

Corruption in local government and its impact on rural water services

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Abstract

Most countries in Sub-Saharan Africa are already using the Sector Wide Approach (SWAP) to distribute government resources and bilateral aid for the implementation of water and sanitation services at a local level, or they are in the process of establishing one. This article argues that even though the SWAP has positive aspects in the long term, in the short term it is actually leading to service provision which is less efficient and of a lower quality. One of the main reasons for this is corruption in local governments, which are in charge of provision of water and sanitation services. This situation is illustrated through two case studies from an African country. Reasons for corruption such as need and greed are discussed, as well as the measures necessary to fight it. In order to ensure efficient use of resources and the achievement of the MDGs, as well as empowerment of communities and building capacity on the ground, NGOs are proposed to play a central role in the short term. However, in the long term the government must take over the responsibility for service provision, when transparency and accountability has been improved.

Introduction

For the past decade, the water sector in Africa has gone through profound changes. Implementation was moved away from government agencies to the private sector, and many sectors started the transition from a “project” to a “programme” approach. This shift profoundly affected the way that donors distribute money in developing countries, with more focus on local NGOs and a large share of bilateral aid to support the new programmes. One by one, the countries in Sub-Saharan Africa therefore started moving towards so-called Sector Wide Approaches (SWAPs). This paper will argue that the SWAPs have many positive aspects and could be a desirable system in future, however that the water service delivery, especially in rural areas, is currently becoming worse with the SWAP and not better. This has many different reasons, such as a lack of capacity and resources in local governments, slow and unorganised decentralisation processes and corruption. This paper will focus on the one that, in the authors’ opinion, is having the most detrimental impact on water service delivery: corruption.

The paper will first review some of the literature linked to corruption in the water sector, and outline why the water sector is at special risk for corruption. To illustrate the assumption made above, some case studies from a country in Sub-Saharan Africa will then be presented.¹ In the

¹ The case studies in this paper are based on true stories. However, due to the delicacy of the subject, research was difficult and the authors take no responsibility for facts that might have been wrongly interpreted. The names of the sources are confidential.

end, the causes for corruption in Africa will be looked at in the light of the case studies, and potential solutions will be offered.

Harmonisation of the water sector

With a multitude of actors active in the water sector in Africa, governments and donors saw the necessity for better coordination in order to increase efficiency of the aid and to increase focus on particular goals such as the Millennium Development Goals (MDGs). A process of harmonisation of the water (and, in many cases, sanitation) sector began, and the focus of many of these processes has been the Sector Wide Approach (SWAP). The SWAP is portrayed to have a number of benefits for the sustainability and efficiency of the water sector. Donors and government agencies align themselves around common goals and strategies, and put in place common monitoring and evaluation systems. The funds are paid directly from the main donors to a “basket fund”, which is managed by the Ministry of Finance (in most countries) and then distributed to the agencies in charge of implementing and following up water projects. In countries where the decentralisation process is at an advanced stage, this means that the money is channelled from the central government to local governments. This puts more responsibility on local governments for service delivery, and in this way it increases the capacity of local governments in construction, operation and maintenance. It also creates ownership in local government entities for the projects, and promotes community involvement. Eventually, the projects will benefit positively from this in terms of sustainability (Harvey and Reed 2004). Some countries, like Uganda, have had a working SWAP in the water sector since 2002 (MWE 2009a), whereas other countries such as Mozambique and Malawi are just starting the implementation now. Other countries, such as Mali, are still far away from putting in place a SWAP in the water sector, although some donors are advocating for it (UNICEF 2009).

SWAPs are closely linked to the decentralisation process that many countries in Sub-Saharan Africa started already in the 1990s, but that is still in its early stages. The aim with the decentralisation process is to transfer political and financial autonomy to governments at a lower level, which will be responsible for service delivery. In many countries the SWAP has made it possible to accelerate the decentralisation process, since more money is made available to local governments. Both processes, the SWAP and the decentralisation process open up new opportunities for service delivery by creating employment and capacity at a lower level and bringing the responsibility for service provision closer to the users. However, the two processes also open up new opportunities for corruption, mismanagement and lack of quality assurance, especially at local government level.

Corruption in the water sector

Transparency International² defines corruption as “abuse of entrusted power for personal gain” (TI 2008). The organisation’s 2008 Global Corruption Report focuses specially on corruption in the water sector (TI 2008). This paper will focus on the service delivery dimension of corruption in the water sector, more specifically in rural areas. In many African countries urban water supply is taken over by private or parastatal utilities, however local government is still largely in charge of rural water supply. According to the report, the water sector is especially at risk for corruption due to the following characteristics (TI 2008):

² Transparency International is an international non-governmental organisation which acts as a global watchdog for corruption.

1. The governance of water is spread across different sectors such as water supply, agriculture and health, and this provides space for loopholes
2. Water is in most countries perceived to be a technical challenge and social aspects such as corruption and the cost of it are not well understood
3. It is capital intensive and requires high investments, which means large flows of public money that provide incentives and possibilities for corruption. Water projects are hard to standardise and require adaptation to the local context, and this leaves space open for manipulation that is difficult to detect
4. Private investment in water is growing in countries that are already at risk for corruption
5. Informal providers are key in the water sector. They are difficult to regulate and control and therefore vulnerable to corruption
6. Corruption in the water sector mostly affects the poorest populations with the weakest voice
7. Water is scarce and becoming scarcer with climate change. The competition over water increases the corruption risk

A newer report by the Stockholm International Water Institute (Jacobson and Tropp 2010) adds the following dimension:

8. Water infrastructure is of a technical nature and many aspects are not easy to understand for politicians or the public who are not trained engineers. This makes it possible for the engineers to give the public false and incomplete information

Especially point three, six and eight are decisive in the context of local government in Africa. The decentralisation process results in a flux of large sums of money to a relatively small government entity for the construction of complex water projects. This makes the water sector extremely profitable and attractive for corrupt officials. Government officials even speculate in where and when to get jobs in order to get access to these large projects, as the case studies will show below. A World Bank study in Uganda revealed that between 20% and 40% of water sector finances are lost to mismanagement of funds yearly. In Africa as a whole the same study estimates that an average level of corruption represents a leakage of more than USD 20 billion over the next 10 years. At a global scale, 40 billion working hours are lost annually due to inefficiencies in the water sector (Stålgren, 2006).

Point six concerns the outcomes of corruption, but is also part of the reason; the affected populations are not capable of holding corrupt governments responsible for their acts. This is because they are mainly poor, vulnerable groups in rural areas, maybe far away from the government headquarter without communication or transport. In many cases communities are not aware of what responsibilities local governments have in terms of accountability or service provision, or they are afraid of reprisals. Even if the communities complain, corrupt juridical systems may make it impossible for them to hold the perpetrators responsible. This is shown in the second case study. The difficulty of local governments to attract personnel with high capacities due to low salaries and poor living conditions exacerbates point eight about technical knowledge. Even politicians that are part of the municipal council or technicians in the engineering department that are supposed to supervise projects may not have enough technical understanding to be able to detect whether the engineer has designed a water supply properly. This will be illustrated by the first case study below.

Case studies

The following section will present two case studies from an African country. In this country, the SWAP has been running in the water sector for some years, and money is channelled from the central government to the district governments, which are responsible for the construction of water supply facilities. The district does not implement the projects directly, but is compelled to submit the project to a public tender which is decided by the district procurement committee. The district is however responsible for the supervision of the project, and the quality assurance.

Small, medium, large?

In this particular district, it is common that the water engineer and other engineers “own” construction companies that do water works. A few years back the responsibility for the construction of infrastructure was given to the private sector, however in this district, there were not many construction companies with the necessary skills or capital. The engineers either put the companies in a false name, for which they also create a signature, so that they themselves can easily sign all documents. A different option is to put the company in the name of a friend. Each time for example the construction of a spring protection is planned the water engineer prepares the tender document. According to the national guidelines, there are different sizes of spring protections, depending on the water flow, each with its predetermined price. The engineer makes sure he values the spring one category higher than it really is. For example, even if the spring should be a “small” spring, he calls it “medium”. He now prepares a tender document for a medium spring protection. Then he lobbies and bribes the procurement committee to give him the contract, which is not difficult since they all know each other. Sometimes he promises kickbacks as well. The procurement rules are extremely complicated and there are therefore many loopholes. When his company has received the contract, he constructs a small spring protection and keeps the difference. Since he is also the water engineer, he does the supervision and approves the work even if it is of bad quality or even not functional. The district is big and has many corners, so it is unlikely that anyone will ever go back to this particular spring and check that the work was properly done. Some springs are a one hour walk from the nearest road and the possibility is low that other district officials or even the National Corruption Inspection Agency (NCIA) will ever walk there. It is also unlikely that the population will complain in case the spring breaks down; most complaints never lead to action or get lost on the way so people believe there is no point of complaining.

Corrupt all the way to the top

The second story is about a district that suddenly experienced an influx of refugees from a neighbouring country. The normally quiet and remote district suddenly experienced a host of international organisations to help the refugees. It is common that international organisations also develop projects to support the host communities, and one international donor organisation contacted the district and offered to fund a number of latrines at schools, rainwater harvesting systems and a gravity flow scheme to support the local communities. However, the official of the donor agency in the capital said he would only give this district the money if he was offered a kickback, after all there were many other districts in need too. The water engineer of the district together with the head of administration agreed. When the money arrived at the district account, it was transferred to the personal account of the water engineer, and he made sure that everybody got their share, including the official in the donor agency. Instead of tendering the project, they then decided to use local artisans to carry out the works, which is against the implementation policy of rural water projects. They said that the district was implementing the project, although that is not technically possible since the implementation has been placed on the private sector. The local artisans built some shoddy latrines and rainwater harvesting schemes, and followed

vague recommendations by the water engineer to build the gravity flow scheme. The engineer and his accomplices used district infrastructure such as fuel and vehicles to manage the works, and in this way they used valuable resources, including working hours, which were meant for other purposes. At the same time, the water engineer had started using the money, clearing off debts, buying a new laptop, car and a digital camera. He suddenly realised that the money was getting finished. He now had to use his private money to somehow conclude the construction works in time.

Evidently, the result of this poor implementation procedure was extremely bad quality work. The latrines looked like they would not survive the next downpour, and only the first tap along the gravity flow scheme had water; they had assessed the topography wrongly. Since the project area was close to a main road and still got attention due to the refugee crisis, complaints from the community reached the municipal councillors. When the water engineer and the head of administration heard about it, they first tried to bribe the entire council. The head of administration promised extra “field allowances” taken from the public budget to give them incentives. However, the municipal council has more than 100 members and their attempts failed. The council decided to travel to the site and inspect the work. Even the councillors who have no technical training could see that the work was badly done. They decided to file a case at the National Corruption Inspection Agency (NCIA), but by the time the investigations started the water engineer had already left the district since his contract ran out and he did not have money left to pay the bribes to get an extension.

A few months later, the officials from the NCIA showed up. However, before they managed to do anything, they were intercepted by the head of administration and bribed. They went back to the capital without having visited the project. After a while, the municipal council and the governor started asking questions, and when the governor called the NCIA in the capital, he got to know that the people had already been sent there. This incident prompted the NCIA to fire the two officials that were bribed, and to send a new team. It was now impossible to bribe these officials as well, since they were afraid of suffering the same fate as their colleagues. When they arrived, they asked to be taken to the project site. However, the water engineer had left and only his colleague, the district engineer was there. He took them to the field and pretended he did not know the project site. The district is big and confusing, and they were driving and driving until it got dark and the officials from the capital were tired and demanded to go home. They then returned to the capital and wrote their reports.

What was the fate of the poor communities that were promised water and latrines but never got any functioning infrastructure? After they realised that complaining to the district did not help, they started, in their desperation, to use the water at the farm of a local businessman. The businessman got tired of people breaking his fences, and decided to put in money to make the system work. He had to put in a considerable sum of money and hire a good company to re-design and fix the water system. Thanks to his efforts and not the government’s or the donor agency’s, people now have water. The latrines were never fixed.

And what happened to the thieves in this story? The head of administration is still there, living on as usual. No-one knows the status of the case in the NCIA, at least no consequences have been seen in the district. The water engineer got a new job in a reputable donor-funded regional water supply agency. He managed to get a nice apartment, buy a car and make his wife and

family happy during his time as a civil servant. Ironically, he is a devoted Christian, and claims he is personally against corruption. What he did was just a way for the government to help him out, because he was recently married with a young child. A new water engineer was employed at the district. He had a good degree and used to work for a private water utility, so people wondered why he would trade the private sector for a government job. That was until it became known that a multi-million dollar gravity flow scheme of more than 40 km was planned for this particular district...

Only a sad story?

The case studies above are of course depressing. But what can we learn from them? In what way can the government, the local NGOs, the international organisations and the donors draw lessons from these examples?

First, it is necessary to analyse in depth the different mechanisms that made the stories so sad. Why were the officials corrupt?

The first aspect that needs to be considered is the “need or greed” argument. Were the officials simply greedy or was it out of desperation and need? It has to be mentioned that government officials in African countries often receive salaries that are extremely low compared to living costs. A study in Uganda revealed that 88% of the respondents from local government were dissatisfied with their salaries (MWE 2009b). Therefore, government is normally the most unpopular sector for engineers and technical people because it pays considerably lower than the private sector or even the NGO world (DFID 2010). For an engineer who has studied for 3-5 years, a government salary is not enough to cover the needs of his aspirations, which are normally shaped by the life in the capital. In addition there are expectations from friends and family, and in countries with a weak social welfare system, extended family expects the few people in wage employment to cover hospital bills, burials, weddings and school fees (Danert et al 2003). This engages most government officials in side activities such as petty trade (often using government vehicles and fuel), private consultancies on the side and so on. Another option is of course to make use of the powers as a government official and directly steal from the public funds in one or another way. In fact, a World Bank study from Uganda revealed that between 10% and 20% of money given to contractors are spent on kickbacks to government officials in order to get the contract (Doya 2009).

Does this mean that if the salaries of civil servants were increased, corruption would disappear? Probably not. But it is a necessary step on the way, because without an increase in salaries, all other efforts may be in vain. A study from Tanzania showed that 41% of respondents cited greed as the leading cause for corrupt behaviour, whereas 28% answered it was mainly caused by low salaries. An additional 17% answered it was mainly due to poverty (Lugongo and Mutarubukwa 2009). However, a National Integrity Study carried out in Uganda showed that 69% of bribery in the country is attributed to greed (MWE 2009c). Once corruption is so deep-going as in the country of our two stories, where international donor agencies, central government agencies, top district officials and the private sector are involved, an increase in salaries would probably not have a large impact. This is because of the culture of corruption, which will require other types of efforts to curb. One of the most depressing aspects of the stories above is the total impunity of the government officials in question. So is the attitude of the water engineer, who thinks that he

has deserved what he took from the government. There is no feeling of responsibility towards the nation as a whole or towards the people.

Another lesson from the stories above is that the accounting and procurement systems in the country allow these practices to take place. The procurement procedure is made complicated to avoid corruption, but at the moment the complexity makes it impossible for the public to understand the procedures and this is exploited by the government officials. In addition, it was possible for the chief administrator to transfer public funds directly to a personal account without any problems or fear for retracement.

Perhaps the main lesson to be drawn from the case studies is the risk of channelling donor funds through local governments using SWAPs. Only the first case involved SWAP funds, however both stories show what local government officials are willing to do for personal gain. In the health and education sector, major donors are in some countries already pulling out of SWAPs after uncovering scandals. The stories above are not isolated cases; in a number of districts and municipalities all over Africa such stories occur. Due to false reporting and weak monitoring and evaluation systems, only few of these cases are brought to light or to the attention of the donors that funded them. With the SWAP, individual donors are not responsible for particular projects anymore, and the government therefore does not need to account for every single project. In a country where corruption is as deeply entrenched as in our sample countries, an increase in donor funds is only likely to increase the stealing if drastic measures are not taken. And these measures will only work if the process encompasses the entire society. If nothing is done, poor communities will increasingly suffer from poor quality work or no work at all, whereas local government officials get rich.

A new direction in sector harmonisation

Considering the analysis above, which way should we go? The challenge is to increase the coverage and functionality of rural water supply systems, but at the same time involve the government and create enough local capacity for sustainability. In the opinion of the authors, local NGOs should play a key role in this process. NGOs are different from the private sector in the way that they have other objectives than profit, and normally have a genuine interest of improving the lives of the unfavoured communities. This makes them able to communicate with both governments and local communities, build bridges and carry out projects that respond to real needs and result in ownership and sustainability. In addition to the water service delivery, NGOs involve the community in many different ways, such as involving them in the decision-making process of local government, civic education, gender sensitisation, accountability training etc. If done successfully, the water project can be used as an entry point for a community transformation programme, involving capacity building on a number of issues. A strengthened and emancipated community that is aware of the duties of the government officials and its own rights will help to fight corruption from below.

However, there are many risks. Among the variety of NGOs present in developing countries, it is clear that NGOs can also be vehicles for extracting personal gain, just like a private company or the public sector. However, in the opinion of the authors, NGOs are more flexible and adapt faster to new systems and regulations, and should therefore be a part of the solution. In order to minimise the risks, NGOs need to be included in a framework so that their quality and

underlying agendas can be carefully controlled. This includes technical competence but also capacity in design, community involvement, monitoring and evaluation and of course accounting. This is a difficult and costly task, and therefore donors and governments must commit sufficient funds to put in place effective and enforceable regulations. NGOs should also be compelled to work closely together with local governments, encouraging common decision making, cooperation and transfer of capacity; both in technical terms, social terms, accountability terms and especially in work ethics. The money should be exclusively managed by the NGO, however in future joint schemes could be piloted, by for example introducing new electronic accounting systems or integrity pacts (WIN 2010). Regulation and coordination of the NGOs should be carefully designed in order not to undermine the very existence of the NGOs, which is being an independent civil society organisation.

The authors still agree that using NGOs as service providers is not a long term solution. When enough capacity has been built both at the grassroots level and at the local government level, NGOs should slowly pull out of service delivery and infrastructure development and focus on capacity building, support and advocacy for disadvantaged groups. NGOs should at all times be prepared to hand over to local authorities where ever possible, meaning that an exit strategy has to be an integrated part of any involvement. At the same time, NGOs have to stay for a longer time and have to make proper commitments to fulfil their role. Ideally, while NGOs build capacity from the ground, governments should be given incentives by donors to perform well in accountability and governance. The real clean-up and change in culture and attitude, however, can only come from the state itself.

Conclusion

While sector harmonisation processes are channelling more funds through government and more responsibility (however, less accountability) on government, this paper argues that in the short term, this is reducing the quality and coverage of rural water supply delivery. This is due to several factors, but the most significant factor is corruption, and while corruption is ongoing there are no incentives to improve procedures, systems or capacities. If the MDGs are to be achieved and the sustainability of rural water services improved, the SWAP is currently counterproductive, because corruption makes huge sums of money disappear and leads to poor quality work. In order to reverse this trend, NGOs could be included in service delivery in the short term, however with strict regulation and proper coordination. Local government has to take an active role in the integration of the NGOs' activities into their overall plans and strategies. Only if a consensus about the overall approach in delivering services is achieved between all different actors will the activities contribute to the common goal (e.g. MDGs). By enhancing fair and competent cooperation between NGOs and local government outstanding results can be achieved. In this way, capacities and competence can be built from the grassroots and upwards, and hopefully lead to a less corrupt society in future.

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