

OECD Global Anti-Corruption & Integrity Forum – Tech for Trust

20-21 March 2019, OECD Headquarters, Paris

Water Integrity: Filtering Out Corruption



HIGHLIGHTS

On March 21st 2019, the OECD Water Governance Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) organised a panel to discuss the impact of corruption on the water sector, entitled “Water Integrity: Filtering Out Corruption”. This panel was part of the broader OECD Global Anti-Corruption and Integrity Forum hosted at the OECD’s headquarters in Paris on March 20th-21st.

The 90-minute panel examined the existing social and technological innovations to promote integrity in water in developed and developing economies. The panel was moderated by **Håkan Tropp** (Head of the OECD Water Governance Programme) and featured four distinguished panellists:

- **Umrbek Allakulov**, Research & Evidence Coordinator at the Water Integrity Network (WIN)
- **Hamish Goldie-Scot**, Technical Adviser to the CoST Infrastructure Transparency Initiative
- **Joannie Leclerc**, Dialogue and Societal Impact Director at SUEZ
- **Paul Maassen**, Chief, Country Support at the Open Government Partnership (OGP)

Introductory remarks

Håkan Tropp, Head of the OECD Water Governance Programme, set the scene by introducing the global integrity challenges that affect the water sector. According to the Water Integrity Global Outlook report (2016), more than 75 billion dollars per year are lost in the water sector due to corruption. While moderately estimated, the situation may worsen unless actions are taken. Firstly, the competition for water is stiffening due to several drivers including population growth, urbanisation, economic growth and climate change. These drivers can increase water scarcity, leading to undermining of development due to water's crucial role in many aspects of life such as health, cooking and cleaning, maintaining ecosystem services, producing food, energy and a myriad of consumer goods. Secondly, water can be particularly prone to corruption because it is a capital-intensive sector, in which there is increasing competition and demand within a situation of monopoly in water service provisioning. These risk factors, compounded with institutional fragmentation and weak transparency, accountability and transparency, lack of independent media and social and political instability, can lead to increased corruption in water, which puts the pace of development at risk and increases its cost.

The [OECD Principles on Water Governance](#), especially **Principle 9 on water integrity and transparency**, underscore the need for mainstreaming integrity practices across water policies, institutions and water governance frameworks. The implementation of these Principles along with related indicator framework and water governance practices are further developed in the 2018 OECD publication entitled [Implementing the OECD Principles on Water Governance](#).

Panel presentations

Umrbek Allakulov, Research and Evidence Coordinator at the Water Integrity Network, led a presentation entitled “Technological innovations for water integrity: opportunities and risks”. Three main ideas pervaded his presentation: encouraging greater understanding of the integrity problem in the water sector before identifying appropriate technologies as solutions, highlighting that the full potential of digital technologies to help improve water integrity remains untapped, and warning that digital technologies can introduce new risks to water integrity.

Before identifying and applying technology to the problem of corruption in the water sector, it is important to take into account off-line accountability relationships such as the presence of willing and able policy makers, level of collaboration and ownership by all stakeholders, and the existence of strong civil society. It is becoming clear that if these kinds of offline relationships are not accounted for, the deployment of technology tends to be ineffective. One example of underperforming applications of technology in the water integrity sector are crowd-sourcing platforms, which often fail to improve the quality of water services because they lack ownership. Research shows that ICT applications for reporting on water supply functionality and complaints tend to be more successful when such initiatives are led by the government or service provider.

Notwithstanding the failures of currently used technology, its full potential in water integrity remains untapped. Concentrations exist around the use of certain technologies, such as complaint mechanisms and monitoring and whistle-blower platforms. Big data is being used to detect corruption red flags in public procurement, though its use remains limited and is not specific to the water sector. More advanced types of technologies, which have proven useful in other sectors, are yet to be tried out to improve integrity in the water sector. Examples of such technologies include Artificial Intelligence and Machine Learning to predict corruption risks, Blockchain as a way of automating high-risk transactions, and satellite imagery to track water allocation.

Technology does present intrinsic risks, however, of which we should be aware. One of these is the digital divide: though technology is increasingly being made available to users, to whom is it made available? What proportion of the population can afford it? How many people are actually aware and who has the ability and agency to make use of it? There is a risk that technology intended for good use may inadvertently cause social exclusion, which is counterproductive in the fight against corruption. In addition, there is a danger that technology may actually be used for perverse purposes or manipulated by corrupt actors. As is the case with any other tools, the potential of emerging and digital technologies for better integrity depends on who uses them and toward which purposes.

Paul Maassen, Chief and Country Support at the Open Government Partnership (OGP), led a presentation entitled “Citizens reshaping the water sector: concrete governance ideas and actions” which focused on the importance of empowering citizens at the heart of governance as a value proposition for improving integrity in the water sector. By opening up government to public input and oversight, more credibility, legitimacy and trust in government is achieved. The application of open government principles is crucial to reduce corruption and promote integrity in the water sector.

Within the Open Government Partnership initiatives, more than 30 countries have made 53 commitments on water, some of which are very ambitious and potentially transformative. Open government approaches can be used to open up the contracting process in the water sector and multi-stakeholder approaches can be used to combat inefficiencies and mismanagement. By bringing citizens into the process, water policy can be designed and strengthened and delivery of services can be monitored in order to bring about improved public water services.

Some of the examples of commitment to open government in water are: (i) the Water for All program in Brazil to organise and disclose data on the execution of the program through a universal data platform to allow public monitoring; (ii) the 2016 national public consultation process for the National Water Plan in Uruguay which gave way to *Deci Agua* (a permanent counsel of citizens to discuss water policy areas) (iii) the open data initiative in Seoul through which the government published information about the quality of the tap water which led to increased tap water consumption and (iv) an initiative in La Libertad, Peru, whereby the government decided to digitally map water access points. These examples demonstrate that any conversation on water integrity needs to acknowledge that water is a crucial element to citizens and, therefore, citizens must be involved in shaping these policies and monitoring services because they bring scale.

Some action recommendations for governments include making information about water more readily accessible for citizens, tracking and publishing performance indicators systematically, involving citizens in the design, monitoring and evaluation of public services and encouraging permanent open dialogue between citizens and government about points of potential improvement.

Hamish Goldie-Scot, Technical Adviser to the CoST Infrastructure Transparency Initiative, led a presentation entitled “CoST: Building trust to strengthen performance in water infrastructure procurement” in order to introduce the CoST Infrastructure Transparency Initiative. Working in most infrastructure sectors, CoST is currently active in 14 countries, with a target of four additional members joining each year. Focussed on all parties working together to deliver the right infrastructure to the right quality on time and on budget, This initiative looks to develop a process for generating trust in the water infrastructure procurement cycle. CoST seeks to trigger a virtuous cycle of trust in the procurement process, investment in capacity, and improved performance.

Led by a formally constituted Multi-Stakeholder Group (MSG) that includes representatives from the government, the construction industry and civil society, this process starts with procuring entities committing to the disclosure of data at all stages of procurement of water infrastructure projects. The scope and format of the data to be disclosed (some proactively, and some reactively) is defined in the Open Contracting for Infrastructure Data Standard (OC4IDS). This is typically made available through a single online portal, for which the SISOCS open source software is now available through CoST. Some or all of this data is then reviewed by experts commissioned by the MSG and analysed in a non-judgmental manner. This leads to the communication, in a CoST Assurance Report, of compelling information based on agreed facts, together with considered recommendations where appropriate for improvements to the institutional and regulatory environment.

There is an increasing body of evidence to suggest that, when applied in concert, the four features of CoST (Disclosure, Multi-Stakeholder Working, Assurance and Social Accountability) constitute an effective method for addressing issues of inefficiency, mismanagement and corruption that can undermine infrastructure procurement. Its positive focus on working together to improve management, rather than allocating blame, has been welcomed by most stakeholders, as has its insistence on serving to strengthen existing accountability mechanisms rather than introducing new ones.

The presentation included specific illustrations of how the constructive nature of the CoST approach has led to increased trust between stakeholders in the context of Ukraine.

Joannie Leclerc, Dialogue and Societal Impact Director at SUEZ, led a presentation about the role of the private sector in the fight for integrity in the water sector. Integrity is particularly crucial for private companies in the water sector because they often manage common resources that are directly linked to the collective interest of the community. Therefore, integrity has become central to business models, where ethics plays an important role in economic performance.

Companies in the public services sectors, such as water, are facing increasing demands from users for transparency and accountability. Due to their critical nature, it is very important for them to achieve acceptability of their operations, not only by their users, but of employees as well. The water sector is not particularly lucrative in emerging economies and therefore those who decide to work in the water sector instead of other natural resource sectors often act on personal ethical convictions. For these types of professionals, working for ethical companies is especially important. Therefore, companies also have a stake in developing ethical performance so they can attract a larger talent pool of water professionals.

Furthermore, large companies are starting to face increasing legal obligations, which oblige them to be more vigilant and transparent about risks that can occur along the value production chain. In places where corruption is rampant various corruption risks can be difficult for companies to detect. Therefore, companies also have a stake in integrity in order for risk control to be carried out more effectively and efficiently. A 360-degree vision about corruption is important in order to protect corporate reputations, aided through citizen denouncement of corrupt and/or inefficient practices through social media and online rating agencies.

Making sure that ethical business culture pervades a company means sparking discussion amongst all employees through inclusive discussion groups. This is assisted through new technologies, which present great potential in order to create solidarity and trust between water stakeholders. However, they also present many risks, such as cyberattacks, environmental impact, the effects of exclusion of different and diverse groups from the tech world and correct protection of personal data.

Key conclusions

The panel on Water Integrity arrived at some key conclusions for closer thought and reflection.

Firstly, the water sector, due to its features and circumstances, presents a high risk for corrupt activities, which, consequently, hinders sustainable development goals and can cause serious disruptions in the lives of people around the world. It is estimated that corruption in the water sector costs up to 75 billion US dollars a year. Ultimately, **corruption puts development and its sustainability at jeopardy** and the achievement of the SDGs will take much longer and at a much higher cost, if accomplished at all.

Secondly, **new technologies** such as Blockchain, Artificial Intelligence and Big Data have the **potential for improving the monitoring of corruption**, but the water sector remains behind in tapping into their potential, partly because corruption's offline causes are still misunderstood and therefore, technological solutions are not correctly adapted to the problem. Consequently, it is paramount to understand what integrity issues are trying to be resolved before applying any technologies.

Both the **involvement of citizens** in water policy and management and the **development of trust** were identified as factors that can aid in promoting more integrity and reducing corruption within the water sector. These factors, in turn, can be encouraged by technological innovations that are taking place today. For example, open government initiatives powered by the possibilities endowed by open data and Big Data analytics offer a realm of opportunity for improved governance in the water sector.

Collaboration between the private and public sector is crucial for these open-data, citizen involvement and trust developing initiatives to work at optimal level towards increased integrity. The private sector has a stake in collaborating towards reduced corruption in the water sector because it is costly and promotes inefficiencies and un-level playing fields. Private companies also face increasing pressures for ethical performance from employees, users and regulators. While there are no silver bullets, there is potential for new technologies to empower stakeholders to demand transparency from both the public and the private actors of the water sector. Nevertheless, there are many potential risks to be considered as well, such as who controls the technology and the data or information it generates. An underlying lack of sound data, as well as the digital divide, are additional risk factors.

Finally, the need for **coordinating anti-corruption measures across sectors and scales** was emphasised. An open invitation was extended across sectors and stakeholders to join hands to collectively enable coordinated approaches to water integrity.