

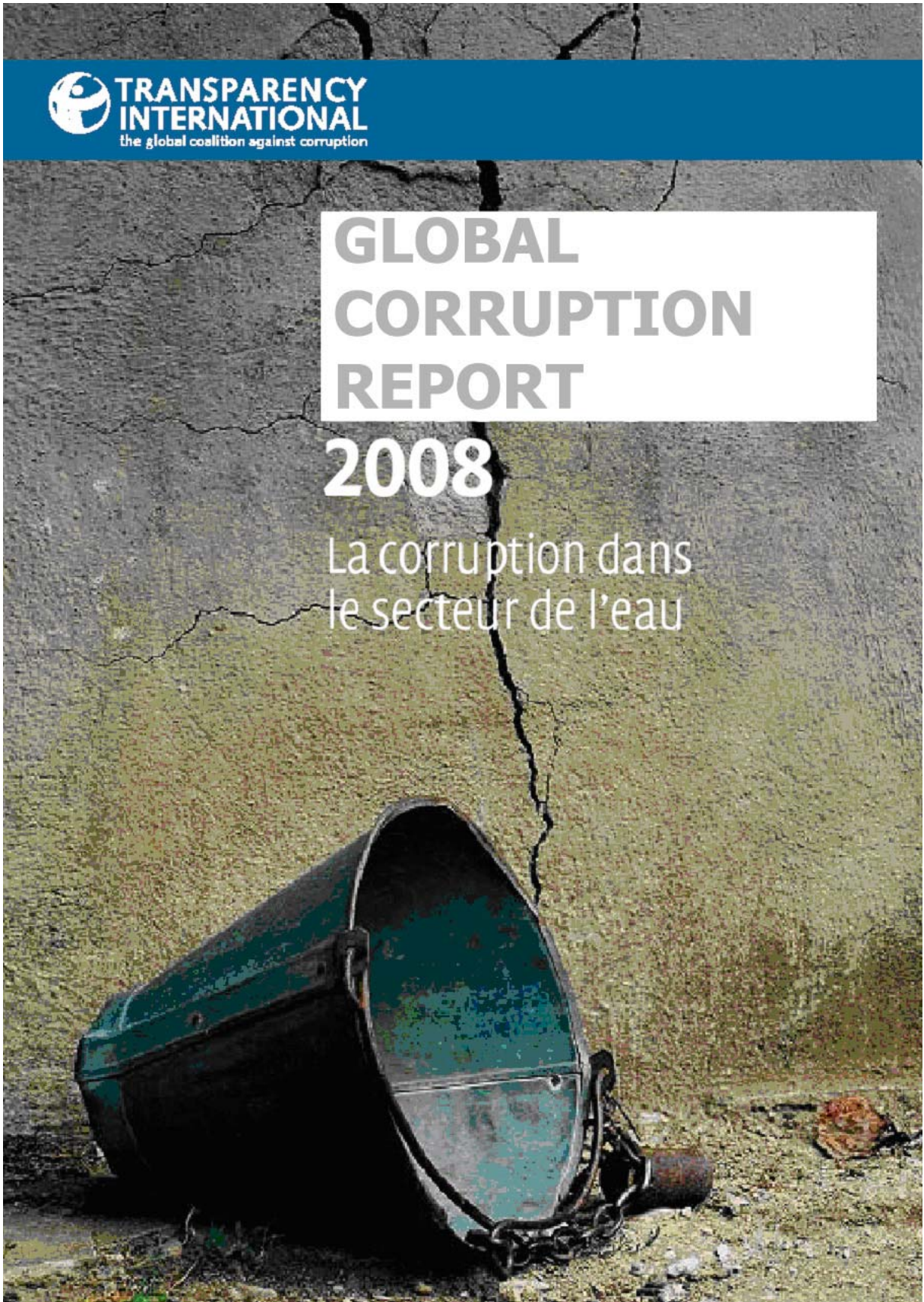


**TRANSPARENCY  
INTERNATIONAL**  
the global coalition against corruption

# GLOBAL CORRUPTION REPORT

## 2008

La corruption dans  
le secteur de l'eau



with the poor. Both private and public utilities should be encouraged to take steps that increase transparency and the role of independent oversight by auditors and regulators.

While the solutions seem simple, these have not been easy tasks in the past nor will they be in the future. Water corruption that harms the interests of the poor is based on a complex system of unequal power relationships and interlocking incentives that is difficult to tackle. It took many years for this system to be built, and it will likely take many years to tear it down.

A wide range of promising initiatives and instruments are at hand. None of them can single-handedly stamp out water corruption and make the system more accountable to the poor. But together they can provide the mix of incentives and sanctions, choice and voice, and checks and balances that will help to break corrupt power relationships and make water more accessible and affordable for the poor.

## Corruption in urban water use by the poor

Bernard Collignon<sup>1</sup>

In addition to a host of day-to-day insecurities, the informal status of most slum dwellers makes them especially vulnerable to corruption. Though they have the right to vote and the responsibility to pay taxes, they are often denied the official documents and legal standing they need to compete with other customers for access to water. A simple way to overcome these handicaps is to pay an overhead.

In most large cities in developing countries, water is normally provided either by standpipes or household connections – both of which present many corruption challenges for the poor.

Securing an individual in-house connection can be an almost insurmountable challenge for the poor, as described in chapter 3 of this report.<sup>2</sup> Poor households, especially in slum areas, lack not only legal entitlements and political clout, but also the money to pay for or bribe their way into obtaining a household connection. This leaves public standpipes and informal providers as the main water source for millions of poor households in the developing world. The incentives for corruption are as diverse as they are powerful.

## Corruption to capture the market and ways to counter it

Securing a local water monopoly can boost profits at the expense of the poor, and operators often resort to corrupt practices to stave off competition. Such ‘water mafias’ have been reported in South and South-east Asia, but rarely documented in detail.<sup>3</sup>

---

1 Bernard Collignon is the chairman of Hydroconseil, a consulting firm in the water sector (Avignon, France).

2 See article starting on page 40.

3 Regional Institute for Research on Human Settlements Technology, ‘Small Scale Water Providers in Metropolitan Jakarta’, PPIAF-funded study for WASPOLA Working Group, 2005; *BBC* (UK), 19 August 2004.

Nonetheless, effective competition can grow from the informal sector. In Maputo, Mozambique, inefficiencies on the part of the main utility have given rise to a flourishing informal water market. More than 200 small-scale alternative suppliers channel water from private, unregulated boreholes through self-built networks to thousands of clients, covering 40 per cent of all city districts. Most providers are competing for additional customers, and networks commonly overlap.<sup>4</sup> These competitive, alternative markets can play an important role in extending network coverage and curbing predatory water pricing.

### Competition between customers when resources are under stress

When water becomes scarce, customers compete to obtain as much of it as possible. This creates more incentives to resort to corruption to grab more than one's fair share. This problem is common in Kathmandu, Delhi, Algiers, Nairobi, Port-au-Prince (Haiti) and many other large cities in the developing world with water shortages.

When water companies are unable to provide sufficient water pressure throughout the entire city at the same time, they resort to rationing – making water available only for portions of the day or week in each district. Utility staffers charged with opening valves and distributing water are in a very sensitive position, and find themselves with very good opportunities to pad their income illicitly. High-income households and water resellers that serve slums are prepared to pay bribes for access, driving up prices and skewing water allocation further towards the rich and influential.

Water shortages are normal in Port-au-Prince. A group of valve attendants traverses the city every day, opening and closing valves to distribute water – district by district and even street by street. Along the way, rich people bribe them in order to get more water. But they also compete with slum water associations (*comités de l'eau*), which also bribe valve attendants to fill their storage tanks for resale. The final payers of the bribes are the slum dwellers – those who, obviously, have the least money to spare.<sup>5</sup>

### Local jobs for loyal voters

Filling local water jobs provides yet another opportunity for corruption. Standpipe attendants, sometimes known as *fontainiers*, who resell water to local communities have low turnover (US\$3–10 per day) and very low net revenue (US\$1–4 per day). Nevertheless, as job opportunities in the slums are limited, competition for the position is intense.

Because a late bill payment can result in a water company swiftly cancelling a *fontainier's* contract, they have been known to offer bribes to keep their jobs.<sup>6</sup> In addition, in Mauritania,

4 Seureca and Hydroconseil, 'Projecto de Reabilitação das Redes de Água Potável da Aglomeração de Maputo', Final Feasibility Report to FIPAG, Government of Mozambique, 2005.

5 B. Collignon and B. Valfrey, 'La Restructuration du Service de l'Eau dans les Bidonvilles de Port-au-Prince', presentation at the second Rencontre Dynamiques Sociales et Environnement, Bordeaux, 9–11 September 1998.

6 B. Collignon and M. Vézina, 'Independent Water and Sanitation Providers in African Cities: Full Report of a Ten-country Study', Water and Sanitation Program (Washington, DC: World Bank, 2000).

fontainiers have been known to get their jobs in return for a bribe.<sup>7</sup> One way or another, these bribes are ultimately paid by standpipe customers. Finally, many water companies allow local governments to select standpipe attendants, opening the door for these officials to abuse their power by providing friends and 'good voters' with jobs. This practice has been reported in Indonesia, Mali and Senegal.

---

<sup>7</sup> Hydroconseil, 'La Gestion des Bornes-fontaines Publiques dans la Commune d'El Mina', l'Atelier de l'Agence de Développement Urbain de Nouakchott, Mauritania, 2003.