

WORKSHOP REPORT 30th MARCH 2005

Addressing corruption in infrastructure services

The international workshop held at Loughborough University on 30th March provided a venue to further discuss concrete steps for implementing this research project. Specifically, the objectives of the workshop were:

- To discuss how to take the project concept forward.
- For participants to present the specific formal/informal mechanisms for fighting corruption in infrastructure service delivery, on which their country case study will be based. These reports will contextualise the workshop discussions.
- To develop a working consensus on how the various participants in the research project are to go about analysing the impact of corruption in service delivery on the livelihoods of the poor. It is noted that there may be significant differences in the case contexts.

Dr Sohail welcomed participants and opened the workshop with an overview of the Research Project including the need for empirical work to address the linkages between accountability arrangements, infrastructure and corruption, a timetable for the research, expected outputs (5-6 detailed case studies together with short case surveys of initiatives) and dissemination of findings. The organisations and people attending the workshop were invited on the basis that they could add value to the project in terms of providing good quality case studies but the research partners also have the capacity to use the research project to lead to advocacy and change on the ground.

Situation Reports by Workshop Participants

In order to make this workshop action-oriented and highly participatory, research partners are asked to prepare a short 15-minute 'situation report' of their intended case study. The situation reports should focus on:

- **The infrastructure sector** (e.g. water supply, sanitation, drainage, access roads and paving, transport, solid waste management, street lighting and community buildings) or related processes.
- **The local level** (poor communities, grassroots applications)
- The types of corruption experienced in **day to day infrastructure service delivery**
- An example of an **accountability initiative to combat corruption**.

1. **Shahabuddin – PROSHIKA:** Corruption is an issue that is crucial to Bangladesh. Bangladesh is the most corrupt country according to Transparency International Corruption Perceptions Index and shows no sign of decreasing. Ordinary people are concerned with law and order issues, law enforcement and the judiciary - courts not trusted. Poverty in Bangladesh is exacerbated by the disaster prone nature of the country and rural-urban migration. However the country is making some progress towards reaching the Millennium Development Goals- lower population growth, infant mortality, literacy, and poverty reduction. During the 1971 liberation war the majority of infrastructure in Bangladesh was destroyed, it continues to rebuilt but there is a perception of uncaring and inefficient public services. Citizens are demanding accountability, more fairness, more justice, more security, and more peace. Bangladesh has been termed an 'uncivil democracy' with nexus between politicians, police and criminals; MPs and political parties are perceived as serving their business interests rather than serving people with good policies. There is a need for change in the structure of government – local government neglected and undermined and different incentives in middle and lower levels of administration.

NGOs have successfully implemented service delivery as contractors, and partners with public sector – which has had a great impact improved livelihoods. A new innovation in monitoring public health consortium was reported in this regard which includes different actors for monitoring and feedback.

PROSHIKA and an NGO called PACT from Bangalore designed governance scorecards on urban service delivery to improve accountability, increase access by the poor, and provide feedback about the quality of service in education and health (social services), electricity, water, sanitation and transport (infrastructure services) judiciary, police and land administration (regulatory services). The recommendations from the scorecards were intended for use in advocacy strategies for improving service delivery. A workshop was held with participants from research process to talk about the research findings however Proshika's deteriorating relationship with government meant that they couldn't implement their strategy to institutionalise user surveys and monitoring systems. Nevertheless, the importance of this kind of accountability initiative is in informing clients about services.

2. **Saad Rashid Transparency International Pakistan:** In Karachi the infrastructure is looked after by the staff of city government. People's complaints are normally registered but if these are not attended to this requires more time and under the table payments. There is often collusion in the allocation of contracts and this can lead to substandard of work. Transparency International has been involved in ensuring that the procurement procedures are more transparent and less corrupt. Transparency international has worked with the government to develop national anti-corruption strategy and to produce rules for procurement. For example TI Pakistan has developed websites where tenders for consultations and contractors are

advertised and publishes the criteria on which tenders are evaluated (for example the lowest bidder is awarded the work), furthermore Annual Evaluation Reports are left on this website for 10 days to ensure that they are open to objections. A state of the art complaints registers has been developed which is a computerised way of registering complaints through email and telephone as well as attending the centre in person- 50% of the population of Karachi has computer access and lodge complaints. Complaints go to the people concerned and their superiors if complaint not attended to within 3 days the complaint is forwarded to the mayor. Transparency International has also been involved in making people aware of evils of corruption and bribery: talks to the general public by honest high profile people, dramas and plays; posters and essay competition for school children.

There is also a National Accountability Bureau in Pakistan that has been successful in securing prosecutions and ensuring the return of monies however there are suspicions of collusion in plea bargaining.

3. Ondrej Simik Open Society Institute: in certain countries from Central Eastern Europe and Former Soviet Union state companies (run by municipalities) deliver municipal services. Typically these services have efficiency problems, high cost, poor level of delivery and different forms of corruption- such as bribes to fix water pipes. These countries remain typically centralised, with little local government reform and the regional level does not play a key role in service delivery. In other countries in the region the process of privatisation and liberalisation has begun in the delivery of infrastructure services, with local government typically involved in selection of contractors, procurement, and implementation for delivery. However it has been recognised that contracting out of service delivery has affected poor and other socially excluded groups. For example if paving contracts take into account people in wheelchairs this raises the costs of the bid which means that often projects don't happen.

There is the possibility of performing 2 case studies in Central Eastern Europe – one in a country where privatisation of municipal services is underway (Ukraine) and one where this process has not yet begun (Armenia or Georgia).

4. Jayaprakash Narayan LOK SATTA: In India/South Asia a common problem is the imbalance in exercise of power, which makes corruption endemic. In India 92% workers are unorganised and paid on a daily wage whereas 8% are organised and have a monthly wage. Therefore the lowliest government functionary is more powerful than 92% of people – this situation can't be changed overnight. In order to address corruption there is a fundamental need to address the way power operates and change incentives – so that corruption is not fuelled on the demand side.

It can be seen in India that where liberalisation has occurred without political reform corruption increases but also moves to areas where the state cannot be taken out. For example corruption has been reduced in the licence/permit or telephone sectors but the sum total of corruption has gone up since liberalisation. Corruption is often fuelled by a source of legitimate political funds and a weak criminal justice system. There is a need for decentralisation to link taxes and services – often the poor sell their votes to highest bidder to maximise short term gain, or else fail to use their vote through frustration.

In the context of urban services the poor are not often subject to extortion to access services as they generally have free water and electricity but there are loan sharks and mafia who operate in their neighbourhoods, which organise gangs and rackets and to whom residents usually pay monthly rents.

In Delhi city ½ million workers (mainly migrants from Uttar Pradesh and Bihar) secure livelihoods as self employed rickshaw pullers, vegetable vendors, hawkers. It is estimated that police and mafia extort 5 billion rupee/annually from these people. In Delhi an NGO called Manushi (? spelling) has created public opinion/support for an island of non corruption on small parcel of land, the money that these informal workers used to pay in bribes is now paid in rent. However, this project has only been partially successful because powerful local actors are still demanding bribes. It was observed that progress in fighting corruption is not generally successful if the demand for corruption has not changed. There is a need for change in the incentives that operate in institutions – if mechanisms must be in place that promote public good by way of self-interest.

5. Neill Stansbury, Transparency International UK. Transparency International UK launched an international initiative aimed at preventing corruption on construction projects. The initiative is based on the premise that corruption on construction projects can be avoided if all parties (governments, banks, export credit agencies, project owners, contractors and other relevant parties) put into place the necessary preventive measures. TI has produced a series of reports and business tools which deal specifically with avoiding corruption on construction projects. These reports and tools include: risk assessments and action plans designed for project owners and developers in the public or private sector; banks, export credit agencies, guarantors and insurers; construction and engineering companies and consulting engineering firms. The reports assess the risk to these parties as a result of corruption on construction projects, and propose actions to reduce these risks. TI(UK) has also produced an "Anti-Corruption Code of Conduct for Individuals in the Construction and Engineering Industry" and model integrity pacts for construction. It is important to change the incentives that operate in the construction industry to reward companies who do not want to engage with corruption. By promoting a code of conduct it is hoped to encourage greater ethical conduct and give employees a duty to whistle blow - making people less willing to undertake these practices,

and by making it easier to identify offences. The Code could be adopted by companies and by professional associations as part of, or as an annex to, their ethical codes which govern their employees and members. It will also create a need for training on integrity issues and discipline for those found to be corrupt. For the individual, the consequences could include criminal prosecution, fines and imprisonment for up to 14 years; loss of professional status; disqualification from office; loss of employment; civil claims for compensation; and damage to reputation. For the company, the consequences could include criminal prosecution and fines; debarment from tendering; termination for illegality of the contract in respect of which a bribe was paid; civil claims for compensation; and damage to reputation. It was noted that independent assessments can also reduce the risk of corruption.

6. *Danang Widoyoko, Indonesia Corruption Watch (see handout):* Indonesia has been affected by a number of problems including terrorism, disasters, poverty and unemployment due to the 1999 economic crisis and corruption. The housing sector in Indonesia is state owned, government provides subsidised low cost housing yet the supply of housing cannot provide enough to meet demand. In Jakarta, housing shortages have led to pavement dwellers and forced evictions, in particular there is no policy for people who live on river banks, who are prone to annual floods. Corruption in the housing sector appears to operate in a number of ways: for example housing associations are sold land intended for low income residents; municipal corporation city planners allocate land to developers for shopping centres or luxury apartments rather than to provide housing to low cost housing; corruption in the allocation of low cost houses to people who are not really poor; government turns a blind eye-payment not to enforce contract – or else low income residents sell house/land to make a profit.

7. *Stuart Ngoni Nsana Transparency International Zambia (see handout):* The economic situation in Zambia during the 1980s led to a capitalist development strategy and market reforms for example council houses were sold off at below market value to make president popular. This situation together with rural-urban drift had a bearing on city councils ability to collect garbage and keep cities clean with the consequences of an increase in cholera, and diarrhoea. There followed the involvement of the private sector in service delivery and partnerships were developed. However, there are problems with the selection and contract renewal process, which is not transparent. Citizens feel that they have no voice in the quality of services they receive or mechanism by which they can evaluate the service provider. It is alleged that there is corruption in the selection of companies running services in zones of Lusaka city– certain groups of service providers are favoured- for example selection might be linked to donations to the ruling party. Furthermore there are environmental concerns about fly tipping by companies who do not take waste to the designated dumping sites. These companies are also responsible for the destruction of condemned products from the supermarket such as meat however these products have been found on sale.

The point was made that there is a need to re-educate people in morality, good citizenship, accountability systems and private sector codes of conduct because there is a tendency to glamorise theft in society. It was also stated that there is a culture where people don't feel they should pay for certain municipal services- residents information and education might increase willingness to pay. It was also suggested that awareness of corruption could be raised with a ribbon campaign – similar to that which has increased sensitivity to the issue of AIDS.

Discussion of the Country Case Studies & Research Project: what is involved?

The overall study process was discussed including the timetable for the research, expected outputs and dissemination of findings. It was noted that definitions and understandings of corruption vary from one country to another for example generous hospitality may be mistaken for corruption. Participants discussed the role of values in talking about corruption and made the point that just because people take bribes does not necessarily mean that they are bad people or do not have morals.

In Bangladesh the use of urban service delivery surveys has been relatively unsuccessful at improving service delivery however PPPs (between providers, recipients and community) in the health and education sectors were reported as more successful in curbing corruption in procurement processes, although whether they have improved service delivery is unclear. It was suggested that benchmarking in the health and education sectors can be applied to adjacent sectors such as infrastructure.

It was suggested that corruption in health and education services (for example in the delivery of meals and books) has potentially larger gains than the one-off gains of corruption in construction. However, it was noted that corruption in construction of a building might refer to higher amounts of money and inferior quality of construction that necessitates higher operation and maintenance costs.

In Pakistan Integrity Pacts to prevent corruption in procurement have not been fully implemented nationally for example there is considerable interest from other government departments and Sindh province government; Pakistan Steel has implemented an Integrity Pact and reduced corruption yet Pakistan telecommunication has not fully implemented anti-corruption initiatives (presumably because it will be privatised in next few months). In Pakistan citizen-police liaison committees have been established to help the police perform their duties, it was suggested that a similar committee of volunteers might be set up for

procurement. Other anti-corruption mechanisms from the Pakistan case include the media, complaints centres, and Websites.

In India it was noted that there is a market for public office. It was suggested that there is a need for transparency early in emerging democracy and to change the incentive structure in society within a strong political framework. Anti-corruption initiatives should not be a purely technical intervention and require a strong institutional framework.

It was reported that in Indonesia, the poor are not able to access low cost houses for a variety of reasons including a lack of public sector regulation of private companies, bribery in the urban planning/development control process, which has led to a number of malls/shopping centres rather than low cost housing. In Indonesia the housing sector is complicated: in 1999 central government decentralised responsibility for housing however the issue of roles and responsibility has not been resolved. It was reported that in Sumatra a reform has been undertaken that makes the allocation of licenses for building more transparent and free from bribery.

It was stated that the research project would link with strategic plan of Transparency International Zambia. The issue of solid waste management has not been extensively covered, and TI Zambia has an interest in private sector participation in public service delivery and the bearing of central government on the performance of city council authorities. In the solid waste collection sector private sector companies have not been adequately regulated and there are issues of corruption in the way companies are selected. Other issues raised by private sector participation include the quality of service on health and livelihoods, hiring of staff and lenient treatment, and favouritism. Furthermore, in Lusaka city people are not used to paying for certain services. The companies are only selected for 1-year contracts, which suggests corruption may be caused from the length of the contract and the need to recoup investments/security for implementation. There is also the potential to look at peri-urban Japanese funded water project in Zambia under the research project.

Participants were asked to identify any gaps that they could see in the proposed research project. A number of concerns were raised by participants about the research process and these included:

- Avoid academics rediscovering the wheel
- Keep focus on municipal services- are rickshaws a public service or an economic activity?
- Review corruption in light of privatisation of municipal services
- Infrastructure services is broader in scope than urban services

- The project should include political economy aspects (for example in a democracy famines are less common) and expand its scope to include the role of social movements
- The research process should recognise the time bound nature of success
- The project should address the problem of whether the outputs would be better mechanisms/techniques to address corruption in service delivery institutions or more fundamental and political change.
- Look at the possibility of using a case study in mid-size towns to introduce anti-corruption programmes.
- The problem with engaging with corrupt people might be that people do not often acknowledge that they are corrupt or do not take responsibility for their actions.
- The research should not be based on values and morality but take a management based approach.
- Corruption is not just a public sector issue but also happens in the private sector.

Whilst the research project was predominately concerned with day to day corruption, the point was made that the livelihoods of the poor can also be negatively affected by grand corruption and white elephant infrastructure projects. For example government resources might be spent on mega-projects due to corruption rather than local small projects, which might have more benefits for the poor. There is the potential for scenario analysis to look at the choices made, what motivates people and consequences of their actions- the policy-making environment.

Discussion of Proposed Methodology

A discussion was held on the potential problems with investigating corruption; accessing the key informants/respondents; research instruments; quality control; how to analyse the data.

The outputs for the project were described as case study reports, toolkits, papers and conference papers. These findings would be presented at regional and national level. In order to make case studies user-friendly participants were asked in what ways the outputs could best be disseminated in their context:

- Transparency International Pakistan have had success using dramas, school children poster competitions/exhibitions, workshops in colleges/universities, discussions in youth clubs, anti-corruption speeches by famous public figures, and are developing dramas for television.
- Lok Satta, in India, has used public education programmes and is also developing 30-40 seconds TV broadcasts (scripts are being developed) together with popular talk shows. Other useful mechanisms for promoting anti-corruption initiatives include

petitions, political and governance reforms and identification and advocacy of best practice.

- In Bangladesh PROSHIKA have developed a campaign strategy based on alliances
- Transparency International Zambia have sent press packs sent to media organisations documenting the major outcomes and recommendations of their work which can then be published. It was also noted that TV is also an important medium in the Zambian context. of stakeholders together with electronic and written media: theatre groups have proved particularly effective in disseminating information at the sub district level.
- The Local Government Initiative in Hungary predominantly uses policy forums, seminars and a web-based strategy for dissemination of information (collected by anchors in each country within the network), to bring together different stakeholders and transfer best practice.
- Corruption Watch Indonesia has also used media campaigns, influencing political opinion (local MPs, housing ministry) and ombudsmen.

Dr Sohail raised a number of issues for participants to consider in the research process these included:

- **Timing** – can the partners perform the case study by the end of the year?
- **Quantitative data** – partners should consider whether they want to collect quantitative data through sampling, this will have resource implications.
- The research process should be **transparent and open** – it should document facts, these should be presented in a neutral way in order to try to improve the situation.
- The use of an anonymous **corruption diary** to document where and how corruption is happening.

Implementing the Research Project – what next?

The potential research partners were asked to produce a short proposal for their research project by end of next week (8th April). Milestones will be agreed with the research partners and funds released accordingly.

Conclusions

The workshop focused discussions on

1. Initiatives to combat corruption in infrastructure delivery and

2. Ways to investigate anti-corruption initiatives in infrastructure delivery, focusing on the perspectives of various stakeholders, especially the poor,
3. Suggestions of how to take analysis of the problem of corruption to a solution stage.

The discussions highlighted critical issues for the research process and generated suggestions and analysis about how to move forward into the next stage of the project.

- Shahabuddin from PROSHIKA proposed a case study based on benchmarking the accountability initiatives currently used in the health and education sectors and was also interested in looking at the role of social movements in fighting corruption.
- Danang Widoyoko, Indonesia Corruption Watch, proposed a case study based on the low cost housing sector in Jakarta where it is thought there is corruption in the allocation of land and houses. He also suggested another potential case in Sumatra where an anti-corruption initiative has been developed in the issuing of licenses and permits.
- Jayaprakash Narayan, LOK SATTA proposed a case study in Delhi looking at the livelihoods of rickshaw pullers, vegetable vendors, and hawkers. The case study would be based on an anti-corruption experiment of an NGO called Manushi (? spelling) which has created an island of non corruption in the city.
- Ondrej Simik, Local Government and Public Service Reform Initiative/Open Society Institute thought there is the possibility of performing 2 case studies in Central Eastern Europe – one in a country where privatisation of municipal services is underway (Ukraine) and one where this process has not yet begun (Armenia or Georgia).
- Saad Rashid, Transparency International Pakistan, discussed the work of TI Pakistan in raising awareness of corruption among the general public, students and school children, the development of Integrity Pacts for procurement, websites to improve transparency and enhanced complaint mechanisms.
- Stuart Ngoni Nsana, from Transparency International Zambia proposed a case study investigating the selection of private sector companies for solid waste management in Lusaka and also mentioned other potential cases in the water sector and rural roads.
- Neill Stansbury, Transparency International UK referred to the creation of Codes of Conduct and External Investigations to curb corruption in the construction industry.

Participants

1. Danang Widoyoko, Indonesia Corruption Watch: icw@antikorupsi.org
2. Jayaprakash Narayan, LOK SATTA, loksatta@satyam.net.in
3. Ondrej Simik, Local Government and Public Service Reform Initiative/Open Society Institute. <http://www.osi.hu/lgi>
4. Saad Rashid, Volunteer, Transparency International Pakistan: ti-pak@khi.paknet.com.pk
5. Stuart Ngoni Nsana, Programme Officer - Research and Advocacy, Transparency International Zambia: snsana@tizambia.org.zm
6. Shahabuddin, **PROSHIKA**
7. Neill Stansbury, Transparency International UK