



Report from Agenda Setting Seminar

Water and Anti-Corruption Network Swedish Water House 7 April 2005

Introduction

The overarching objective of the meeting was to bring together relevant actors from government, business and civil society in order to share experiences of corruption and anti-corruption efforts in the water sector and to point out the way ahead for the network. This report seeks to give an account of the discussions and is divided into five main parts.

1. Aims and activities of the project
2. Contextualising the fight against corruption
3. Causes and effects of corruption
4. Discussions during the meeting
5. The way ahead

Aims and activities of the network

The network is part of a project at the Swedish Water House (SWH) which seeks to combine different aspects of water management with the growing importance attached to issues of governance and corruption. The awareness of the detrimental effects of corruption has increased during the last 10-15 years and today many states as well as concerned companies and organisations have constructed anti-corruption strategies or policies. However, very little is yet known about the causes of corruption and how to effectively deal with the problem. At the same time most approaches to corruption have been wide and all-encompassing with little distinction having been made between various types of corruption or corruption in different sectors. The aim of this project is to enhance the current understanding of the dynamics of corruption and to provide recommendations for effective anti-corruption policies related to the sector of water resource management. In this effort the Water and Anti-Corruption Network plays a crucial role by providing ground-based knowledge as well as formulating relevant future needs in close dialogue with other concerned actors.

Contextualising the fight against corruption

In his initial presentation Håkan Tropp from the SWH related the network's activities to the growing interest in issues of governance among actors in the water sector. Although the explicit connection between corruption and water resource management still remains to be made it is important to stress that the Water and Anti-Corruption Network is part of ongoing processes in organizations such as the UNDP, the World Bank and the OECD. According to Håkan one main concern of the network is whether or not the causes of corruption in the water sector are somehow specific or part of a more general social and political pattern.

Nils-Erik Schultz from *Riksenheten mot korruption* presented the network with a judicial perspective of corruption in Sweden. His main point was that corruption might very well be much more common in Sweden than what is generally thought. The fairly new agency which he represents has experienced a case-load far larger than what was initially expected. Nils-Erik's view was furthermore that the Swedish legislation against corruption was very clear and strict. As an example he explained that for an act to count as corrupt there needs merely be made an attempt to initiate corruption i.e. the receiving end does not necessarily have to be active.

Causes and effects of corruption

There is wide agreement among concerned actors regarding the negative effects of corruption on society. In short, corruption breeds resource ineffectiveness by increasing risks and uncertainty causing hampered growth and investments; it furthermore leads to growing social injustices both within and between countries as corruption is always disproportionately borne by the poor; corruption also undermines democracy and the rule of law since it encourages impunity and pollutes democratic principles and decision making.

At the meeting Jan Teorell from the Quality of Government Institute (QoG) at Göteborg University provided the participants with an up-to-date review of current research on corruption. He pointed to the lack of knowledge on the causes of corruption and the need for further research. There are indications that high levels of GDP/capita correlates with low corruption, that cultural factors such as religion, colonial past and ethnic divisions might be important, that different types of monopolies nurture corrupt practices and finally that democratic institutions such as transparency, a vibrant civil society and an independent judiciary counteracts corruption. What is important to note, however, is that most research neither takes development over time into account nor acknowledges the fact that the causality might very well be backwards i.e. that corruption hinders economic and political development rather than the other way around.

Discussions during the meeting

During the round-table session of the meeting all participants took the opportunity to share their views of the connection between water resource management and corruption. Due to different vantage points the experiences varied but, perhaps most important, everybody stressed the lack of systematic knowledge and tools in the area of water and corruption. The initiative was therefore warmly welcomed by everyone as a way of learning together.

Regarding the upcoming *Policy brief* several participants expressed the importance of writing a policy which is specific for the water sector. The amount of general anti-corruption policies and statements is quite considerable but very little has been done with respect to water resource management. The representative from the World Bank, Jakob Granit, highlighted the danger of trying to cover too many areas in a *Policy brief* and suggested a focus on three main areas: how corruption in the water sector is affected by overall development and wealth, how corruption degrades ecosystems and impacts on the distribution of water resources and the question of whether private or public ownership of water influences degree of corruption.

It was agreed upon that the lack of knowledge about the causes of corruption is matched by a similar deficiency of tools and methods to combat corruption. Therese Sjömander from Sida informed the network of how her organization had corruption as a strategic priority between 2005 and 2007 but that she sometimes noticed a lack of experience in the donor community of dealing with the problem on a project-level. This was perhaps especially true in her own area of work i.e. water management. Per Renman from Skanska described Skanska's anti-corruption policy and how in his view the company was making progress. At the same time he stressed that dealing with actual instances of suspected corruption always is a delicate matter and how transparency in combination with external checks & balances was key to success. Admitting certain problems and being humble about them seems to be a necessary first step.

The way ahead

Patrik Stålgren and Håkan Tropp from the Swedish Water House summed the meeting up by thanking all participants for their valuable input during the meeting and once again underlined the significance of a continued open and constructive discussion, not least regarding the *Policy brief*. Furthermore suggestions of interesting case studies are most welcome, especially from the regions of Europe and North America. Finally, all participants should feel free to invite and suggest interested actors to the network.

Ongoing and future activities in the network:

- The ambition is that the network will function as a forum for information sharing from all actors involved. Participants are encouraged to disseminate any relevant information using the network e-mail list or to the core team.
- The network will be widened to encompass a wider group of relevant and interested actors. Suggestions on relevant actors are very much welcome.
- The core team will regularly disseminate information on ongoing activities via e-mail and at the web sight www.swedishwaterhouse.se
- The core team will present a series of background reports regarding general anti-corruption initiatives as well as more specific ones from different sectors. This will hopefully constitute a base for learning and spreading of best practises.
- The network will have a gathering shortly after the summer to discuss a first draft of the *Policy brief*.
- During the World Water Week in Stockholm in August 21-27, arranged by the Swedish International Water Institute, a special seminar about corruption in the water sector will be held. For up-dates see www.worldwaterweek.org/seminarsandsideevents/seminars1.asp
- The core team will edit a special issue of a well renowned environmental journal on the issue of corruption and water resource management. The journal will be distributed to the network and the presented case-studies will feed into the *Policy brief*.