



Corruption in public service delivery: Experience from South Asia's W&S sector

Jennifer Davis

Department of Urban Studies & Planning

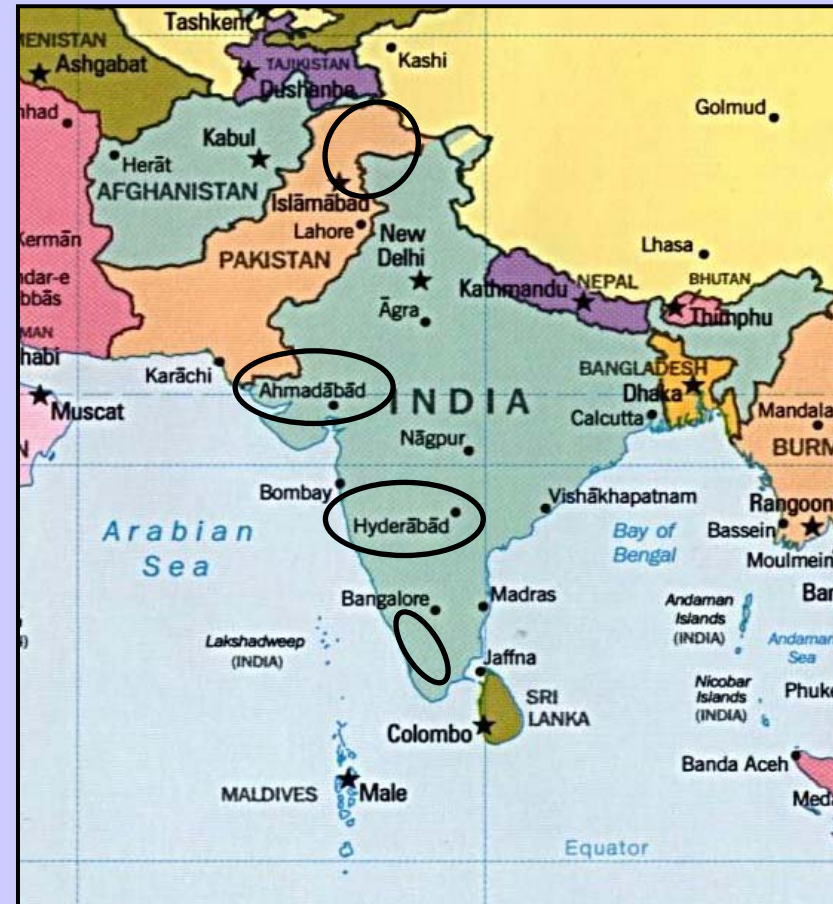
Massachusetts Institute of Technology

jd@mit.edu

- I. Brief overview of study and cases
- II. "Speed money"
- III. Contracting
- IV. The market for transfers
- V. Tackling corruption

I. Brief overview of project and cases

- Collaborative research effort of MIT and WSP-SA, funded by Government of the Netherlands
- Objective: Investigate promising institutional reforms within public W&S agencies in the South Asia region
- 9 cases investigated, with 4 in-depth studies; interviews with ~410 staff, ~940 customers, ~120 key informants



II. "Speed money"

	Frequency of behavior as reported by...		Median reported payment
	Customers (<i>n</i> =411)	W&S agency staff (<i>n</i> =176)	
Expediting attention to repair work	30% had made ≥ 1 such payment in past 6 months	10% "about half the time," "very common," or "almost every time" 27% "happens occasionally"	US\$1.90
Expediting new connections	12% had ever made such payment	3% "about half the time," "very common," or "almost every time" 14% "happens occasionally"	US\$22

II. "Speed money," cont'd.

"Small potatoes" or serious misconduct?

"[W]e must try to improve our public image...[the] people must perceive us as honest. Otherwise, how can we make a case for increasing the tariff? The customer says 'I am having to pay an extra 100 rupees just to have my repairs made on time.' We cannot have this kind of image and expect public support."

"[This type of corruption] is small potatoes.

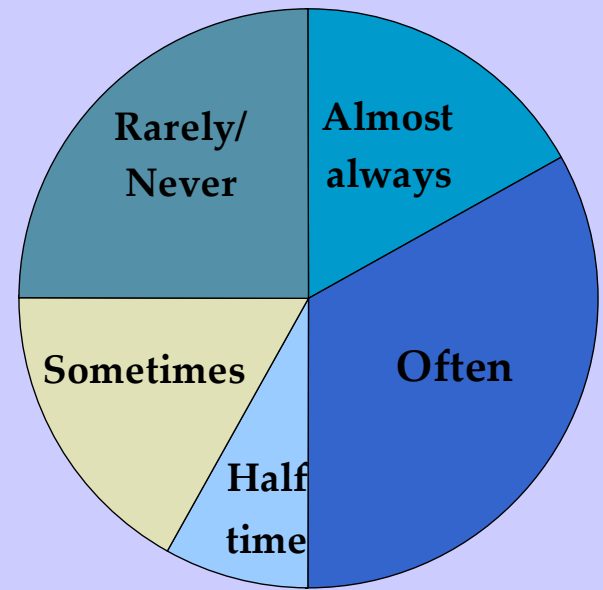
"No one calls this as corruption, even...

[Corruption] is happening at the higher levels."

III. Contracting

- Collusion for “medium- sized” contracts among bidders, between bidders and senior officials
- Kickbacks (6-11% of contract value) financed by “cream skimming” during project execution
- Translates into leakage of at least ~3-5% of contract budget annually

Frequency of side payments by contractors, as reported by W&S staff (n=176)



IV. The market for transfers

- Personnel transfer policies designed to reduce corruption can actually foster it
- Prices for favorable posts ~2.5 to 4 months' salary
- Non-cash 'payments' for assistance with transfers more common

Type, frequency of exchanges for assistance with transfers as reported by staff

	Non-cash 'payments'	Cash payments
"Always (~100%)" / "Often (~75%)"	44	13
"Half time (~50%)" / "Sometimes (~25%)"	46	56
"Rarely / Never " (~0%)	9	31
"Don't know"	1	0
<i>Weighted average</i>	<i>51.5%</i>	<i>27.5%</i>

IV. The market for transfers, cont'd.

- Staff derive moral justification for corrupt behaviors from the need to generate extra-salary earning for transfer market

“I started in this job and I wanted to bring water to the people. I was not going to be involved in all those things, but... [g]radually you are pulled in.”

“Where would you get [the money] if you were in my position?”




V. Tackling corruption

- “New Public Management” tenets such as reduced discretion and increased monitoring are infeasible on their own
- Success observed when some of these approaches were combined with strategies rooted in the social and institutional norms of the region

Case example: Hyderabad Municipal Water Supply & Sanitation Board (India)

- A 'Single Window Cell' consolidated the process for households seeking new W&S connections



 **SINGLE WINDOW CELL
ACKNOWLEDGEMENT/RECEIPT**

Receipt No : 59391 Date : 19-01-2001

Received with thanks from Smt/Sri Shareefa Bee residing at 8-14-139/A/1, Ansari Road, Mustafa Nagar, Hyderabad, Rs 500 (FIVE HUNDRED Only) by Cash towards processing fee along with the application bearing no : 105816 for sanction of water supply, sewerage connection. Your File No is 44397 and for future correspondence please refer this File number only. The file will be processed and information regarding sanction of connection, service charges to be paid etc., will be intimated within 30 days from receipt of application.

FILE NO : 44397

Dy. General Manager
Special Cell. HMWSSB

- Staff have distinctive uniforms, office with AC, computer terminals; competition for SWC positions is intense

Case example: Local Government & Rural Development Department (AJK, Pakistan)

- Elimination of private contractors, tight controls over materials purchase orders
- Semiannual meetings with senior officials provided monitoring, capitalized on power of pride and shame



“[Our project team] goes will go where no one else will go. The villages in the mountains where they have never had a project—we will go there. We will work late into the evenings. We work on Sundays. We work with the people, we don’t exclude them. This is how we are seen by the people.”



Summing up

- Even in South Asia's challenging institutional environment, we documented several strategies that appear to have succeeded in reducing corruption.
- Each involved two drivers: one which altered accountability networks in service provision, and one which increased the moral cost to staff of misconduct.
- Most anti-corruption literature focuses on the former to the near exclusion of the latter — suggests that more attention to social and institutional norms could be valuable.