



Lesson 2: The Concept of Governance

2.0 Lesson Overview

»I have applied for a water connection but until I pay a bribe, the service provider won't install it. How can I file a complaint?«

Why is governance so important?

A well-functioning public sanitation service is critical for meeting important social challenges (poverty, gender, ...). It must deliver quality public services that match the needs of its citizens in an efficient and equitable way, and be accountable to all stakeholders for all its actions.

Improving water governance implies policy and institutional changes and changes require champions to lead.

While the principles of governance are the same, implementation models may take different approaches from region to region and from country to the other but there are common lessons to be learned.

Policy formulation, resources allocation and regulation functions need to be separated from operational functions.

Water governance considers

- the political, economic, and social processes and institutions
- by which governments, civil society, and the private sector make decisions about
- how best to use, to develop and manage water resources.

It comprises of

- the mechanisms,
- processes, and
- institutions

through which all involved stakeholders, including citizens and other interest groups

- articulate their priorities,
- exercise their legal rights,
- meet their obligations, and
- mediate their differences.

[Source: UNDP 2004. *Water Governance for Poverty Reduction. Key Issues and the UNDP Response to MDG.*]

Keywords:

Sanitation governance
Good governance
Rights based approach
Political will
Stakeholder dialogue
Integrity
Corruption
Risk assessment
Benchmarking
Indicators
Pro-poor

2.1 Definitions

Simple definition: «Sanitation Governance»

Water governance considers the political, economic, and social processes

- which government, civil society, and the private sector use for their decisions
- how to make best use of resources and means (financial and others..) to develop sanitation projects and guarantee access to all categories of users in equitable way.

[adapted from InWEnt & AWC 2006]

Understanding Sanitation Governance

Governance refers to the entire set of systems that control decision making with regard to sanitation development and management.

«Governance relates to the range of political, social, economic and administrative systems that are in place to develop and manage resources and the delivery of the sanitation services at different levels of society» (adapted from Rogers and Hall, 2003)

(for more details refer to the box «Further studies»)

Governance is, of its nature, a political process, by which we mean that it involves policy choices to balance competing interests about who is entitled to what services, how services are provided, who pays and how competing interests are balanced, as well as decisions about how resources are efficiently managed.

Systems of water and sanitation governance usually reflect political realities at national, provincial and local levels. It is therefore impossible to fully separate discussions of sanitation governance from a wider discussion of the governance of society.

Dr. Justamoment and Ms. Gorightahead



How do you define governance?
What is it for you?



I think this is a good topic for participants to discuss? The forum and the pinboard are there for you!

2.2 Features of Good Governance

Systems of water governance invariably reflect and are governed by the wider political realities at national, provincial and local levels. Good governance therefore needs to be developed to suit local conditions.

New reforms do not have to be immediately implemented in a comprehensive or fully integrated way; it is essential that they are workable. Doing a few things well to demonstrate that new approaches work, is both pragmatic and likely to generate public and political support.

There is no single model of good governance. Effective governance systems are to fit social, economic and cultural particularities of each country/region.

Some basic principles or attributes are considered essential for effective water governance.

Characteristics of Good Governance

- Participatory
- Transparent
- Efficient
- Accountable
- Open
- Equitable
- Coherent
- Ethical
- Integrative

Important facts:

Governance is **not synonymous** with government.

Governance is a **complex process** that considers multi-level participation beyond the state.

There is **no single definition** agreed upon to describe governance

Governance is **about the way in which decisions are made**: how, by whom, and under what conditions (Moench et al., 2003). It covers both the manner in which decisions about the allocation and regulation of services are made, and the formal and informal institutions by which authority is exercised.

- Incentive-based
- Communicative
- Sustainable

[Refer to the «Resources» box to get further definitions of these features]

Keys to Good Governance

- Political will
- Sound Policies
- Respect to the needs and dignity
- Regulations for adequate and affordable services
- Public Effective Institutional Structure
- Efficient and accountable Service Providers
- Public-Private Partnership
- Participation of all stakeholders

The main issues of Governance in the MENA region

- Strong fragmentation of the sector
- Problems with institutional set-up (unclear roles of actors) as well as coordination problems
- Notable shortcomings in enforcement of laws & policies
- Decentralization
- Shortage of stakeholder involvement possibilities and their willingness to improve situation
- Insufficient data and information (reliability, accessibility and sharing)
- Shortage of funding
- Generally low public awareness
- Crisis management rather than long-term management
- Reuse and water saving: Scarcity of water and non-sustainable use of water resource (incl. growing water quality problems)
- Increasing use of economic instruments and involvement of the private sector



- The contrasts between traditional and modern water/sanitation management practices (danger of abandoning traditional methods per se)
- Shortcomings in technologies

[Refer to the «Resources» box for the report of an InWEnt Forum on Water Governance in the MENA-Region]

2.3 Keys of Good Governance and the Impacts

Rights based approach

A human rights based approach considers all people equal, development should benefit all individuals. Therefore, when using this approach all development initiatives should work towards enabling equity in water and sanitation projects. To view examples of this approach check <http://www.righttowater.info>.

Rather than focusing purely on the economic growth of a State, a human rights approach focuses attention upon vulnerable individuals to ensure that no one is excluded.

It addresses power disparities and works towards social justice. By defining the the roles and responsibilities of both the duty bearer and the right holder it places responsibility upon the government and empowers individuals to claim what they are entitled to. It is participatory, ensuring all benefactors have their issues and views addressed.

Political will

Improving water governance implies policy and institutional changes and changes require champions to lead.

While the principles of governance are the same, implementation models may take different approaches from region to region and from country to the other but there are common lessons to be learned.

Policy formulation, resources allocation and regulation functions need to be separated from operational functions.

Links between water governance and financing

Improved governance should in theory lead to reduced transaction costs and improved value for money from investments in sanitation management and service delivery.

The sanitation sector in many countries is under-financed. Despite the controversy and attention related to the private sector, private companies and entrepreneurs are only modestly involved.

Governments play an important role in providing incentives for private sector investment. However, this needs to be coupled with clear regulatory and institutional frameworks that define the roles and responsibilities of all parties.

It is also vital that governments ensure that poor people are served and can afford sanitation-related services, while still achieving cost recovery overall.

Stakeholder dialogue and multi-stakeholder platforms

The involvement of stakeholders is central to improved sanitation management and governance: beneficiaries, providers of services, managers of resources and so on.

When people come together in platforms, they have multi-stakeholder dialogues. A multi-stakeholder dialogue is not just a conversation, but an interactive approach to getting things done - “a contrived situation in which a set of more or less interdependent stakeholders in a resource are identified and invited to meet and interact in a forum for conflict resolution, negotiation, social learning and collective action”.

Making Sanitation governance pro-poor and gendered

Without specific attention to gender and poverty issues, initiatives and projects can reinforce inequalities and even increase imbalances.

Conventional wisdom is that the challenge of addressing gender, and achieving pro-poor water governance can be met by initiatives such as:

- Ensuring that the needs of the poor and, particularly poor women and children, are considered when strengthening water policies and laws,
- Ensuring that the poor have access to information and play an active role in decision making, particularly when it affects them,
- Mainstreaming gender and development issues in all water sector activities.

Mainstreaming gender and making water governance pro-poor are political decisions that need time and resources dedicated to them, as well as dedicated champions who are closely involved in the process.

[Further information: Lesson «Sanitation and Poverty»]

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Is there an assessment of governance in the water sector in your country?

Honestly, I do not know. But there will be the first written assignment from the participants about their countries and we will learn whether some good experiences can be duplicated in their countries.



2.4 Important principals of integrity

The **main principals** of Integrity are:

Transparency, Accountability and Participation (TAP)

Klitgaard's "corruption formula"

$$C = M + D - A$$

Corruption equals Monopoly plus Discretion minus Accountability

Definitions:

- **Integrity:** Practices impeding corruption and promoting respect for rule of law
- **Corruption** according to Transparency International is abuse of power for private gain (see box on the right)
- **Transparency:** Clear rules and roles & responsibilities of actors (deeper than only : access to information & understanding decision making)
- **Accountability:** Procedures are applied; actors hold each other accountable (answerable for action)
- **Participation:** Information accessible to third parties who can file effective complaints (access to justice) and influence

Water/wastewater is a high risk sector !!

- Large-scale construction and monopolies
- High level of public sector involvement
- Technical complexity (complex TAP)
- High demand for services, which makes suppliers powerful and encourages bribery
- Beneficiaries (users) not paying for construction (subsidized systems)
- Low awareness of public

Cost of corruption

- Reduces available resources for sector
- Creates inefficiencies in projects (wrong technology choices, additional cost, poor quality etc.)
- Distorts allocations (most profitable choice for corruptor)
- Is endemic disease that infects others
- Endangers the environment
- May effect particularly poorer sections (less resources to bribe, access justice system, cheated by politicians)

Corruption risk assessment:

- Assessing potential corruption risks and putting preventative measures in place is easier and much more cost-effective than trying to clean up corruption after it becomes established.

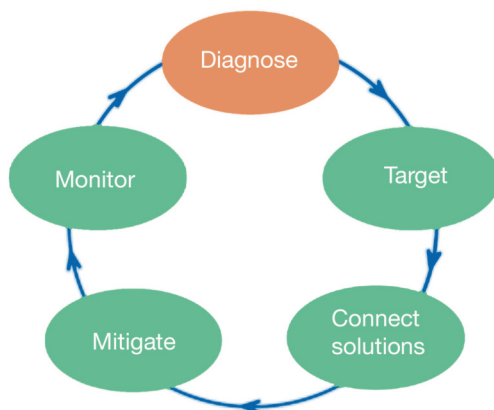
Common forms of corruption

- **Bribery:**
Probably the most common form of corruption, bribery is the giving of some form of benefit to unduly influence some action or decision on the part of the recipient or beneficiary.
- **Collusion/ complicity:**
an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party. The most common form of collusion is when bidders agree among themselves on prices and "who should win." This may or may not involve paying bribes to government officials so that they may "turn a blind eye" to the practice.
- **Misuse and theft:**
The taking or conversion of money, property or other valuables for personal benefit. It might involve diversion of public funds to one's own bank account or stealing equipment from the utility's warehouse.
- **Fraud:**
The use of misleading information to induce someone to turn over money or property voluntarily, for example, by misrepresenting the amount of people in need of a particular service.
- **Extortion:**
Extortion involves coercive incentives such as the use of threat of violence or the exposure of damaging information in order to induce cooperation.
- **Abuse of discretion:**
The abuse of office for private gain, but without external inducement or extortion. Patterns of such abuses are usually associated with bureaucracies in whom broad individual discretion is created. It might involve, in a situation of water scarcity, giving preferential treatment to one neighborhood over another.
- **Favoritism, nepotism, and clientelism:**
The act is governed not by the direct self-interest of the corrupt individual, but by some less tangible affiliation, such as advancing the interest of family (nepotism), a political party, or of an ethnic, religious or other grouping. These practices often occur in hiring and promotion of staff. They can also take the form of building a new water system in "the minister's village."
- **State capture:**
Situation where powerful individuals, institutions, companies or groups within or outside a country use corruption to shape a nation's policies, legal environment and economy to benefit their own private interests.

For more definitions consult the TI Anti-Corruption Plain Language Guide

- Corruption risk assessments need to be linked to actions that prevent corruption
- There is no single agreed upon methodology for corruption risk assessment in the water/wastewater sector. However, many useful frameworks and tools have recently been developed and to some extent tested, and new sets of guidelines and better quality case studies provide most of the elements required for users to undertake a tailored corruption risk assessment.

(for more details refer to the box «Further studies»)



The Assessment Cycle. Source: Butterworth, 2010.

Thinking point:

In achieving the Millennium Development Goals do we need more resources, or is it a matter of using them honestly and effectively? Or both?

In their study of water utility companies in Africa, Estache and Kouassi compared productivity among 21 water companies in Africa and found that nearly two-thirds of their operating costs were due to corruption (*) Seen from this point of view, good governance and transparency could free up most of the resources needed to achieve the Millennium Development Goals. Using resources honestly and effectively, rather than using more resources is arguably an answer to achieving the MDGs for sustained water and sanitation services that reach the poor. With more resources currently becoming available to achieve the MDG water and sanitation targets, it is imperative to prevent abuse and to use the funds wisely.

(*)Estache and Kouassi, 2002

2.5 Attempts to Assess: Benchmarking and Indicators

Benchmarks and indicators need to be developed and used to assess and evaluate governance at community, national and regional levels. Many projects have achieved to set up governance indicators and measuring systems. In this lesson, we present examples from both local (country) level and the international level. (for more details refer to the box «Further studies»)

Evaluation of Good Governance in the Water Sector, Uganda

Methodology & Approach from

Sustaining good governance in water and sanitation in Uganda

While in general the MDGs represent a global commitment and a shared responsibility to reduce human poverty in its basic dimensions, easy access to water and sanitation will also assist in restoring human dignity and reducing hunger and illness, among others. Although the MDGs apply to the country as a whole, they can be achieved most effectively through action at the local level, since it is here where inequalities between people can be addressed most effectively.

The recommendations include adopting a rights-based approach, domesticating the right to water through the Constitution, using social marketing to improve the delivery of sanitation services, adopting transparency, accountability and participation as guiding principles, and popularising the localisation of MDGs.

The recommendations are being proposed in response to several key governance challenges that may keep Uganda from attaining the MDG targets on water and sanitation. These include a decrease in investment in the sector, an overlap of institutional roles among the key actors in water and sanitation, a lack of sufficient professional and technical staff to facilitate delivery, inadequate coordination at district level, poor accountability that is manifested in the occurrence of corruption, limited transparency and insufficient opportunity for public participation in decision-making. These specific governance-related issues are compounded by larger challenges that could impact on Uganda's ability to achieve the MDG targets on water and sanitation namely rapid urbanisation, population growth and the impact of climate change.

Monitoring pro-poor water and sanitation service levels in Kenya

MajiData is the pro-poor database covering all the urban low income areas of Kenya which has been prepared by the Ministry of Water and Irrigation (MWI) and the Water Services Trust Fund (WSTF) in cooperation with UN-Habitat, the German Development Bank (KfW), Google org. and GIZ.

MajiData contains a large amount of important information on all urban low income areas of Kenya. This online database will assist the Water Service Providers (WSPs) and Water Services Boards (WSBs) to prepare tailor-made water supply and sanitation proposals for the urban slums and low income planned areas located within their service areas. The fact that data is linked to satellite imagery will also allow for the improved management and operation of these areas by WSPs.

MajiData will provide the Water Sector with the information required to measure impact and progress towards the achievement of the Millennium Development Goals and the targets set by our Vision 2030.

We also expect the residents of the urban areas to use Maji-Data. By comparing their area with other low income areas they will be in a position to motivate their providers to improve service levels or prepare project proposals



The «Worldwide Governance Indicators (WGI)» Project

The eighth release of the Worldwide Governance Indicators project (WGI), one of the most comprehensive cross-country sets of governance indicators currently available, highlights the serious challenges that remain for rich and poor countries alike, and draws attention to the well-established link between better governance and improved development results.

The WGI project reports aggregate and individual governance indicators for 215 countries and territories over the period 1996–2012, for six dimensions of governance:

- Voice and Accountability
- Political Stability and Absence of Violence
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

The aggregate indicators combine the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. The individual data sources underlying the aggregate indicators are drawn from a diverse variety of survey institutes, think tanks, non-governmental organizations, and international organizations.



Further studies / Secondary readings

You may find the following videos, readings, and links helpful to give you better understanding about this lesson's topic. Although it is relevant material, the study is not obligatory to complete the e-Learning lesson successfully.

- **Right to water and sanitation**

[Link: <http://www.righttowater.info>]

- **Water Integrity Network**

The Water Integrity Training Manual is intended to develop institutional capacities and prepare for change through increased knowledge and enabled action on integrity, transparency and accountability. It provides conceptual groundings, examples of good practices and applications of anti-corruption measures.

[Link: <http://www.waterintegritynetwork.net>]

- **Welcome to Water Governance Facility**

[Link: <http://www.watergovernance.org>]

- **Transparency International - the global coalition against corruption**

[Link: <http://www.transparency.org>]

- **Worldwide Governance Indicators**

[Link: <http://info.worldbank.org/governance/wgi/index.aspx#home>]

- **MAJIDATA, The Kenyan online water and sanitation database on urban low income areas**

[Link: <http://www.majidata.go.ke/information.php?MID=Mw==&SMID=MTc=>]

- **Sustaining good governance in water and sanitation in Uganda (63 pages)**

This paper focuses on the progress Uganda has made in attaining the MDG targets on water and sanitation and concentrates on the governance framework for delivering that country's water and sanitation MDG targets. (PDF, 63pp)

[Link: <http://www.issafrica.org/publications/monographs/sustaining-good-governance-in-water-and-sanitation-in-uganda>]

- **Improving Transparency, Integrity, and Accountability in Water Supply and Sanitation; Action, learning, Experiences**

This manual is a useful tool for those who wish to diagnose, analyze, and take action against systemic corruption in the water and sanitation sector. Although the manual's central focus is on two countries (Honduras and Nicaragua), many of the principles, case examples, and tools are more broadly applicable. The manual serves as a practical guide for governments, civil society organizations, and citizens themselves in their quest for a model of service provision that responds to the pressing needs of people in the developing world. (PDF, 170pp, 2 mb)

[Link: <https://openknowledge.worldbank.org/handle/10986/2628>]

- **Principles of good water governance**

Rogers and Hall, 2003 (PDF, 46pp)

Link: [<http://www.tnmckc.org/upload/document/bdp/2/2.7/GWP/TEC-7.pdf>]

- **Water Governance in the MENA Region: Policies and Institutions**

Report from an International Conference at the Dead Sea, Jordan, June 7 – 11, 2009

[Link: <http://www.thirdworldcentre.org/inwentsearep.pdf>]