

Policy Position

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Linking the Corruption, Water and Environmental Agendas to Combat Climate Change

Corruption in the water sector compromises the environmental agenda. It contributes to water scarcity, large-scale pollution and the destruction of natural habitats — all factors which make our response to climate change more difficult.

If present patterns continue, climate change is expected to fundamentally alter rainfall and river flows, drive up sea levels and put water supplies at risk in many regions. The world will see more frequent and catastrophic storms, floods and droughts with incalculable human consequences. The United Nations Development Programme (UNDP) has already warned that the world's poorest are going to bear the greatest burden from these shifts. They estimate that more than US \$86 billion will be needed annually — for environmental infrastructure and social protection schemes — to overcome the rising inequality unleashed by climate change.

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The downstream effects of this damage are clearest in the water sector. The resulting rise in the planet's temperature, combined with environmental mismanagement, may force the resettlement of more than 200 million people living along flood plains as these lands become uninhabitable and key water sources are lost for communities.

The corruption risks posed under such a scenario are high and rising given the competition over shrinking water resources. To reach the root of the problem, policy responses must reflect the positive linkages between combating corruption, preserving water and protecting the environment, whether the initiatives are nationally-devised, such as through irrigation subsidies, or internationally-driven, such as by the Kyoto Protocol.

1. Unraveling the nexus: corruption, water and climate change

As water dries up, corruption — both grand and petty — will increasingly become a means of gaining access to an ever scarcer resource. The rise of corruption creates a vicious cycle. Corruption encourages the overuse of water and forms one of the forces driving the destruction of the environment and climate change. With less water available, the temptation of corruption increases.

Corruption risks to water, as they relate to environmental degradation, are present in different forms around the world. Corruption can be found in the drilling of rural wells in sub-Saharan Africa, the construction of water treatment facilities in Asia's urban areas, the lack of access to drinking water in the Middle East, the building of hydroelectric dams in Latin America and the daily abuse and misuse of water resources around the world. When corruption finds roots in each of these activities, the result is the overexploitation of a key resource for life and the creation of a chain of negative impacts for the environment and the sector.

The impacts of corruption on the water sector tend to be manifested through four main channels, all of which compromise the environment and country efforts to limit climate change:

- 🌐 *Water resources management.* As a result of capture and corruption, a large gap is growing between the demand and supply of water in many places, leaving the environment and the poor on the losing side of this battle. Degradation, overuse and underinvestment have resulted in water infrastructures that are insufficient to protect against droughts and floods, events that are rendered more frequent and extreme by climate change. Corruption risks and abuses escalate when national and global actors have to suspend regular procurement procedures in order to respond to the deluge of humanitarian problems unleashed by severe flooding. Following flood relief efforts in India in 2005, officials and companies from the state of Bihar were charged with embezzling some US \$2.5 million in emergency funds. In the United States, up to US \$2 billion in victim assistance may have been lost to fraud in the wake of Hurricane Katrina.

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- ☉ *Drinking water and sanitation systems.* Corruption can be found at every point along the water delivery chain: from policy design and budget allocations, to operations and billing systems. Corruption affects both private and public water services and hurts all countries, rich and poor. At the same time, bribery is leaving drinking water at the mercy of polluters. In China, for example, corruption is a factor in preventing the enforcement of environmental regulations and contributing to the contamination of aquifers in 90 percent of China's cities. Over 75 percent of the rivers in the country's urban areas have been declared unsuitable for drinking or fishing.
- ☉ *Agriculture.* Corruption in policy choices and resource allocation for irrigation systems — which account for 70 percent of water consumption and produce 40 percent of the world's food supply — has made these lifelines costlier at a time when they are being demanded the most. Well managed irrigation networks are exactly the remedy needed to help offset the impact of climate change on agricultural production. By 2050, the loss of a sustainable water supply — as well as sharp rainfall fluctuations — could reduce current crop yields by more than a quarter and spark a 25 percent spike in global malnutrition.
- ☉ *Hydropower.* While electricity from hydropower can contribute to a more sustainable energy mix, increasing the use of dams comes with high costs. Few other public works projects have a comparable impact on the environment and people, particularly when there is corruption. The hydropower sector's massive investment volumes (estimated at US \$50 to 60 billion annually over the coming decades) and highly complex, customised engineering projects are ripe for corruption. The design, tendering and execution phases all suffer from corruptions risks, including the large-scale human relocation programmes that accompany projects.

2. Finding the right responses

Fighting corruption in the water sector is in the interest of a diverse group of stakeholders, some of whom may not realise they have a common aim of reforming how water and the environment are governed. Stakeholders include governments, environmentalists, development campaigners, concerned citizens and businesses (whose operations depend on a stable water and energy supply).

Building awareness among these different actors can help to create the common ground needed for designing more effective strategies and mobilising cross-cutting coalitions to ensure the scale and impact of global initiatives such as the Kyoto Protocol are realised.

Part of this coordination means promoting responses that prevent corruption in the water sector before it begins since cleaning up after it is difficult and expensive. The following recommendations focus on how to change the water policy environment to initiate a sustainable reform process:

Water and Corruption: The TI Global Corruption Report

This policy position draws on the *TI Global Corruption Report 2008: Corruption in the Water Sector*.

The Report brings together more than twenty leading experts and practitioners to examine the corruption risks in all areas of the water sector, including water resources management, drinking water and sanitation, irrigation and hydropower.

Case studies and research reports from all around the world are used to demonstrate that corruption is a catalyst and consequence of the global water crisis. The Report also offers a wide range of practical suggestions for policy reform and stakeholder engagement to tackle corruption in the water sector.

For more on the Report, go to: www.transparency.org/publications/gcr.

To purchase this GCR and others in the series, please visit Cambridge University Press at www.cup.cam.ac.uk.

Linking the corruption, water and environmental agendas

This TI Policy Position is part of a series on preventing and responding to corruption in the water sector.

The three topics covered look at different impacts and policy responses related to corruption in the water sector: climate change and the environment, integrity in water governance, and the costs of corruption for poor citizens. All three policy positions are based on the *TI Global Corruption Report 2008: Corruption in the Water Sector*.

To learn more about the GCR 2008, please visit:
www.transparency.org/publications/gcr.

Additional details on global efforts to combat corruption in water can be found at:
www.waterintegritynetwork.net/.

For more information about this policy position and others in the series, please contact Craig Fagan at the TI-Secretariat: [plres \[at\] transparency.org](mailto:plres@transparency.org).

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Integrating anti-corruption platforms into policy agendas

- Integrating anti-corruption measures into environmental and developmental programming can help to improve the coordination, sequencing and timing of initiatives at the local, national and global level. Without this change, measures successful at stamping out corruption in one place may cause it to reappear in another, where it is harder to detect and deter.

Streamlining policy agendas on corruption and the environment

- It is critical to leverage existing agreements — such as international conventions on forests, species, climate change, bribery and other areas — to link corruption, water and environmental concerns. For example, the Aarhus Convention on Access to Environmental Information provides a good platform for demanding more participation, transparency and integrity and for carrying these principles over into the water sector. Another is the UN Convention on the Law of the Non-navigational Uses of International Watercourses. This agreement outlines important measures that could be used to help shape global water-sharing agreements, although more countries need to be encouraged to sign up for it to be truly effective.
- Corruption also needs to feature more prominently in the Kyoto plus agenda, reflecting its role as a pivotal issue and factor in climate change responses.

Strengthening commitment and undertaking monitoring

- Once corruption is streamlined into the nascent conventions and strategies being put forth on climate change, mechanisms need to be present to credibly verify and enforce country commitments. For example, promoting and monitoring the enforcement of the UN-led Framework Convention on Climate Change (Kyoto Protocol) and the Convention against Corruption (UNCAC) are critical to hold signatories to their promises.

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Transparency International (TI) is the civil society organisation leading the global fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, Germany, TI raises awareness of the damaging effects of corruption, and works with partners in government, business and civil society to develop and implement effective measures to tackle it. For more information go to: www.transparency.org