

PROCEEDINGS

OF

PUBLIC INFORMATION/CONSULTATION WORKSHOP

**DEVELOPING A STRATEGY TO PROMOTE
TRANSPARENCY, INTEGRITY AND ACCOUNTABILITY
IN NEPAL'S WATER SECTOR**



MAY, 2010

JOINTLY ORGANIZED BY

**JALSROT VIKAS SANSTHA (JVS)/NEPAL WATER PARTNERSHIP
WATER INTEGRITY NETWORK (WIN)**



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ACRONYMS

CEO	Chief Executive Officer
CIAA	Commission for Investigation of Abuse of Authority
CPI	Consumer Price Index
DDC	District Development Committee
GoN	Government of Nepal
GCR	Global Corruption Report
JVS	Jalsrot Vikas Sanstha
NWP	Nepal Water Partnership
NGO	Non Governmental Organization
RWSSFD	Rural Water Supply and Sanitation Fund Development Board
SFA	Strategic Framework for Action
SJSK	Shanti Janastah Sewa Kendra
TI	Transparency International
VDC	Village Development Committee
WECS	Water and Energy Commission Secretariat
WIN - ISC	Water Integrity Network, International Secretariat
WSS	Water Supply and Sanitation

1. Context

On May 17, 2010, a half a day workshop on public information/consultation on developing a strategy to promote integrity and accountability in Nepal's water sector was organized in Kathmandu by Jalsrot Vikas Sanstha (JVS)/Nepal Water Partnership (NWP) in collaboration with Water Integrity Network of Transparency International. The workshop was organized in the context of WIN exploratory mission to Nepal led by Dr. Donal O'Leary, member of WIN-International Steering Committee. The specific objectives of the workshop were to: (a) Introduce WIN and its activities, (b) Explore the need and relevance of WIN in the context of water resource development in Nepal more particularly to make a study on transparency integrity and accountability in the water sector of Nepal, (c) Identify the modalities for oversight and management of WIN study, and (d) Identify the major areas of water sector where WIN study should focus, as well as the principal integrity areas. The workshop was attended by 42 stakeholders coming from civil society, government, donors, private sector and the public sector in Nepal. Annex I gives information on exploratory mission and background relating to the organization of the workshop. Annex II list the names and organizations of the workshop participants.

2. Workshop Modus Operandi

The workshop was divided into four sessions. First session was a formal opening welcoming the participants and informing them of the workshop objectives. In the second session, workshop participants were briefly informed of Water Integrity Network activities in Nepal. Third session presented information on water sector integrity studies with a special focus on Nepal. The session was the core session of the workshop covering four thematic areas, namely, a need for water sector integrity studies in Nepal, and water integrity from the perspectives from the public sector, the private sector and the civil society. Fourth session was a closing session which sum up the ideas expressed in the workshop. Information on program agenda is given in Annex III.

3. Opening Session

Welcoming the workshop participants, Mr. S.N. Upadhyay, Secretary General, JVS, highlighted on the need to have a serious introspection into three primary sectors in water, namely, electricity, drinking water and irrigation. At present, Nepal is having a crisis in all of these sectors – load shedding, severe shortage of drinking water and lack of round the year irrigation facilities. Global Corruption Report (GCR) 2008 speaks on the scale of corruption in water sector to be as high as 30 percent globally and 25 percent in India. Mr. Upadhyay opined that the scale of water sector corruption in Nepal must be some where around this vicinity. Mr. Upadhyay also informed the participants on the objective of the workshop – to collect views and suggestions from the participants on the proposed diagnostic study on water sector to be carried out in Nepal in collaboration with WIN from the perspective of transparency, integrity and accountability. TI/WIN has already carried similar studies

in Uganda. In Bangladesh similar study is being planned. The outcome from such study is to have an action plan helping to improve quality and delivery of services in the water sector.

Mr. Ramesh Sharma, Member, WIN-ISC highlighted on the need to talk about the solutions rather than problems in the water sector. He opined that the discussions and exchange of ideas will help to change the mind set and create water sector "clean" and non-corrupting.

Mr. Damodar Gautam, Chairman, Transparency International Nepal Chapter, spoke on the problems of drinking water shortages particularly in Kathmandu Valley. He also highlighted on the anti-corruption works carried out by the local chapter in Nepal since 1996. Mr. Gautam expressed solidarity and cooperation with the works of JVS/NWP and WIN in the proposed water sector diagnostic study.

Giving a concluding remark from the chair, Mr. Kishor Thapa, Secretary, WEC, highlighted that the water sector goes beyond life having an intricate linkage with money, politics, religion and culture. In fact, he termed the sector as a "complex sector". Even though water is transparent, the sector is not. He called for a localization of transparency, accountability and integrity in the water sector. Highlighting the significance of the water sector in Nepal, Mr. Thapa opined that the on-going debate on federalism in Nepal can best be addressed by dividing the country according to water basins. He stressed that this is the only way that is natural, logical and sustainable compared to ethnic and regional modes of federalism. When it comes to water sector in Nepal, politicians and policy makers are often bogged down to the issue of hydro-power. Mr. Thapa opined that we need to come out of this hydro-power myopic orientation and look at the sector from a broader perspective. He informed the participants that National Water Plan of the Government of Nepal has taken the development of water sector from seven broad perspectives, namely, drinking water, irrigation, power, fishery, transportation, marketing and religious and cultural activities.

4. Introduction to WIN in Nepal

Mr. Ramesh Kumar Sharma, Member WIN-ISC, introduced WIN in general and WIN activities in Nepal to the workshop participants. WIN was established in 2008 at the wake of GCR 2008 that was devoted to a thematic issue on corruption in the water sector. In order to promote pro-poor water integrity practices, WIN seeks (a) to prevent and reduce corruption in the water sector and (b) to build water integrity coalition at local, regional and global levels. In order to achieve these objectives, WIN performs several roles. Some of these include: (a) Advocacy and communication for WI action, (b) Stimulation of WI action programs mobilizing WIN members and other partners, (c) Joint learning and capacity building, (d) Monitoring WI processes by promoting water integrity scans at different level, (e) Promote WI pacts among its members and related organizations.

Guided by Strategic Framework for Action (SFA), key objectives to build coalition at local regional and global level includes: (a) extension and strengthening of existing or planned partnership from global to the country level, (b) multi-stakeholder focus including government, private sector and civil society, (c) collaboration and support to existing networks and processes, and (d) building on WIN comparative advantage by linking water and anticorruption sectors.

Mr. Sharma informed that currently WIN activities have focused in Uganda, Ghana, Vietnam, Bangladesh, Mexico, Columbia, Mozambique and Nepal. Currently, there are 780 members in WIN and of which ten members are from Nepal. Speaking on WIN activities in Nepal, Mr. Sharma outlined four-fold needs. These included (a) The need for a 'home' for WIN in Nepal, JVS/NWP could be a possibility; (b) The need for WI studies to set out the baseline and the work program; (c) The need for a Steering Committee to oversee the work; and (d) The need for all these efforts be underpinned by a funding strategy.

During his presentation, Mr. Sharma also highlighted on the specific activities to be carried out by WIN in Nepal. Several of his suggested activities included regular capacity building training and education programs, networking, mass media campaigns and regular hosting of the meetings. However, he also spoke on the key challenges confronting WIN in Nepal. These included seeking funding support, having a working space and secretarial staff and a coalition to support WIN activities.

Several queries, comments and suggestions were made from the floor after presentation by Mr. Sharma. These included:

- The coalition building is a good start but how can politician and policy makers at different layers in the government like DDC, VDC and Municipality be accommodated?
- How do we increase the participation in WIN activities when many people are not even aware of WIN in Nepal?
- It might be too heavy to take WIN activities at the school level. First, it has to be brought to the civil society before going to the schools.
- "Jagaran Committee" - the World Bank proposed Social Accountability framework - can be accommodated to take up WIN activities in Nepal.
- WIN activities have been initiated in three districts of Nepal, namely, Kavre, Rupandeshi and Nawalparasi.

- There are 209 NGOs related to water sector in Nepal, of these 165 have potentiality to work with WIN.
- WIN activities in Nepal are so far performed on a voluntary basis, therefore, it has not been able to intensify much in Nepal.

Concluding the session, Mr. Bhagwati Kumar Kafle, Secretary, CIAA, informed that on an average CIAA is having 4000 corruption complaints per year. Of these, 100 corruption complaints are related to power sector, 46 to the irrigation sector and 35 to the drinking water sector. Mr. Kafle also opined that the cost of corruption in water sector must be over 25 percent in Nepal. He stressed the need for coalition building among the stakeholders in deterring corruption in water sector. In his opinion its is a ling process but the start has to be made right from the planning to implementation stage of the water related projects.

5. Water Integrity Studies with a Special Focus on Nepal

There were four presentations in the third session. These included (1) the presentation by Dr. Donal O'Leary, Sr. Advisor to Transparency International and also the Member of WIN-ISC on Water Integrity Studies, (2) presentation by Mr. Madhav Belbase, Joint Secretary, Ministry of Irrigation/GON on Public Sector View on Water Resource in Nepal, (3) presentation by Mr. Manoj Goyal, CEO, Clean Energy Development Bank Ltd on Private Sector View on Developing Transparency, Integrity and Accountability in Water Sector and finally, (4) a presentation by Mr. Prakash Kafle on Civil Society View on Water Integrity.

Dr. Donal O'Leary's Presentation: Water Integrity Studies

There were three components in Dr. O'Leary's presentation. First, he gave an overview on WIN engagement at country level. This included WIN's effort to link global activities at the local level. Among the dozen countries now WIN focuses its activities at the country level, Nepal is selected as one of the countries from South Asia. The second part of his presentation focused on case study from Uganda. The case study details on the process leading to the water integrity network. The program initiated in 2008 in partnership with the World Bank's Water and Sanitation Program (WSP) and funding support from BMZ and WSP. In the program, two diagnostic water integrity studies were carried out including an extensive survey involving 2000 interviewees. As a result of these studies, action plans were developed, these were shared in the planning workshops, followed by monitoring action plans and the formation of a WIN coalition. The chief components of Uganda water integrity action plan included:

- Strengthen Political Will
- Independent Regulation
- Enforce Sector Guidelines
- Improve Procurement/Project Implementation
- Implement Integrity Pacts

- Strengthen Civil Society/Media
- Access to Information
- Strengthen Corporate Governance
- Sanctions by Development Partners

The third part of presentation focused on Nepal that is, how can WIN and in-country stakeholders develop jointly a work program to tackle corruption in Nepal's water sector? After highlighting Nepal's CPI ranking, Dr. O'Leary presented some opportunities and challenges in working in the water sector in Nepal. If fragmentation of the actors, including civil society, lack of transparency and oversight agencies and payment for management positions are the primary factors behind corruption in the water sector, informed and diverse media and civil society and government's programmatic approach to the water sector funding provide opportunities to work in this sector.

Dr. O'Leary also presented a four step program to tackle corruption in the water sector. His steps included:

Step 1: Undertake a Diagnostic Study to Prioritize the Corruption Issues in the Water Sector and Define a Project to Study these Issues in Depth

Step 2: Undertake a Detailed Study of Prioritized Water Sector Corruption Issues, including Recommendations and a Proposed Action Plan

Step 3: Multi-stakeholder Workshop to Validate Detail Study Conclusions and Agree on the Action Plan

Step 4: Monitoring Action Plan Implementation which included:

- Developing monitoring indicators
- Program managed by a competent organization
- Oversight committee includes representatives from government (water and governance sectors), private sector (e.g. financing institutions, contractors), civil society (governance and water sector organizations) and development partners.

Expecting comments and suggestions, Dr. O'Leary posed four questions to the participants. These questions were:

- Out of WSS, integrated water resources management, hydropower and irrigation, which subsector(s) are most prone to 'grand' and 'petty' corruption in Nepal?
- Which areas are the most likely to be tackled successfully in the next three years?
- What stakeholders play a key role in tackling corruption in the water sector? and
- How can 'political will' be developed to tackle corruption in Nepal's water sector?

Dr Donal O'Leary's presentation was followed by three other presentations before the plenary was opened for comments and suggestions.

Mr. Madhav Belbase's Presentation: Public Sector View

Mr. Madhav Belbase gave an overview of water sector in Nepal. Nepal has prepared Water Resource Strategy in 2002 where it is projected to have an investment totaling Rs1200 billion. The percentage of public sector development investment in water sector ranges from 30 to 40%, of which electricity takes up 40 to 60%, irrigation 40 to 45%, and water supply 5 to 10%. About 75% of the population has access to safe drinking water, about 70% of the potential irrigable land has irrigation infrastructure, and, every year, 70MW is needed besides 300 MW to meet the present demand for electricity. Considering the future need for efficient management of the water resources and huge investment, Mr. Belbase opined that integrity, transparency and accountability of the water sector needs to be enhanced. He also highlighted on the complexity of the water sector due to involvement of numerous regulatory and oversight agencies, legal frameworks, policy issues and development goals. He also briefed the participants on recent efforts made by the government to bring improvement in this sector. Concluding his presentation, Mr. Belbase has five messages to deliver:

- Integrity, accountability and transparency can be achieved only when people are empowered.
- Empowerment is possible only when we have informed stakeholders, good policy and a political commitment to implement that policy.
- Equally important is the establishment of a good information system and adoption of technologies.
- In Nepalese context, access to water, food and energy and economic development can be achieved only through huge investment.
- Civil society and private sector are important actors, but the *state* is often the critical driver, though there is a need to reform state-level water institutions.

Mr. Monoj Goyal's Presentation: Private Sector View

Mr. Monoj Goyal presented corruption in hydro-power sector from the perspective of a private sector banker. His presentation concentrated on the special characteristics of the hydro-power sector, corruption prone areas within the hydro-power project development and financing, the impact or the consequences of corruption in the hydro-power, and a strategy to combat corruption in the hydro-power sector. The primary areas of corruption in the hydro-power, as pointed out by Mr. Goyal, are summarized in the box next page.

Mr. Goyal opined that due to corruption in the hydro-power, there has been increase in project cost overrun and time overrun, quality of product and services has gone down, environmental sustainability has been sacrificed. There is erosion of trust and credibility. Corruption has also been a major source of conflict; and it has deterred investors and financiers. He pointed out that the existing load-shedding problem in the country as an indication of corruption problems in the hydro-power sector.

At the end of his presentation, Mr. Goyal expected WIN to perform the role of an anti-corruption watch-dog agency in Nepal's water sector.

Box: Sources of Corruption in Hydro-Power Sector
<p>Corruption at different stages of the project cycle</p> <ul style="list-style-type: none"> • Project Selection/Identification <ul style="list-style-type: none"> – non transparent, undue influence • Planning/Study/Investigation <ul style="list-style-type: none"> – biased, not dependable, no standard norms, hydrological manipulations, lack of data • PPA & Government Concessions <ul style="list-style-type: none"> – Too many authorities, no or poor coordination, confusing and unclear guidelines, no clear priority, slow and bureaucratic, subjected to varied interpretations, manipulative, absence of transparency in PPA, dual character of NEA, PPA non-business like, developers left all out in the open, exposed to risks related to forex, geological, inflation, interest, hydrological, socio-political risks; all natural risks are penalized (no <i>force majeure</i>), fixed notion of 16% IRR. Fails to differentiate between a good and an average project. • Design, tender preparation, contractor selection procedure, evaluation procedure <ul style="list-style-type: none"> – over or under design, non-transparent, confusing tender documents, and collusions • Construction, procurement and implementation <ul style="list-style-type: none"> – Substandard work, unwarranted contract variations, false claims, environmental standard violations, inadequate compensation, corruptions in land acquisition, unreasonable local demands, local political parties, rehabilitation and resettlement of displaced community, corruption in the selection of top officials like Board Members, and Chief Executive Officers. • Operations <ul style="list-style-type: none"> – Non fulfillment of social and environmental obligations, corruption in procurement and O&M, insurance frauds on equipment and performance guarantees. • Distribution <ul style="list-style-type: none"> – Meter reading & billing, theft s <p>Source of financing and corruption</p> <ul style="list-style-type: none"> • National Budget <ul style="list-style-type: none"> – Use of political influence • Concessional financing <ul style="list-style-type: none"> – Politically influenced, bureaucratic, slow, static, often inadequate, subject to corrupt practices, money disbursed on the basis of false documents. • Grant financing <ul style="list-style-type: none"> – Misplaced priorities, performance pressure, limited bidding. • Private equity <ul style="list-style-type: none"> – Grossly inadequate, lack of commitment, desire to have it manipulated to the extent possible, low risk appetite, foreign investment approval process being lengthy and non-transparent, trading of license. • Bank financing <ul style="list-style-type: none"> – Risk averse, lack of knowledge and experience, incorrect pricing, resulting in market distortion and unreasonable expectations. – Proponents' seriousness and transparency: big concern – Unhealthy competition among banks and financial institutions – Issues of corporate governance and conflict of interest.

Mr. Prakash Kafle 's Presentation: Civil Society View

Mr. Prakash Kafle from Shanti Janaastha Sewa Kendra (SJSK), an NGO, working in the field of community based drinking water supply, presented his brief experience on transparency and accountability in the supply of drinking water at the community in

the district of Kavre with the help of Rural Water Supply and Sanitation Fund Development Board (RWSSFD). He expressed his satisfaction being in association with WIN in Nepal.

Comments from the floor

At the end of the session, participants were given an opportunity to express their comments, suggestions and queries. Some important points expressed in the discussion session are summarized here:

- There is a need to ensure security in anti-corruption works.
- Delivery of services is expected to curtail black marketing of goods and services.
- Increasing public awareness need not necessarily brings down the level of corruption as being demonstrated by increase in political awareness in Nepal during two people's movement and increase in the level of corruption as indicated by CPI rankings.
- Adoption big projects need not necessarily solve the problems; it is the politicization of projects that breeds corruption in Nepal.
- What could be an entry point in the ocean of corruption?
- The delay in the construction of Melamchi Drinking Water Project is due to corruption factor. The project has been a great source of corruption.
- The experience gained from Uganda in making studies and preparing an action plan may serve as good background information. In the case of Nepal the study would highlight the unique situation. Any action plan leads to be pragmatic.
- "Non-fulfillment of the commitment as the biggest channel of corruption followed by the "lack of professionalism".
- The differential cost between irrigated and non-irrigated land is about Rs1.76 million per hectare in Nepal.

6. Closing Session

The final session was chaired by Mr. Iswer Raj Onta, Chairman, JVS. In the session, Mr. S.N. Upadhaya and Dr. Donal O'Leary summarized the works to be carried out in future. The main highlights of the sessions were:

- There is an immense need to have transparency, accountability and integrity in water sector in Nepal.
- Some works have been done by WIN, this has to be developed further strengthening the links between water sector and anti-corruption sector.
- JVS has been identified as a potential institution to host WIN activities in Nepal.
- There are problems related to policy matters, planning and institutions in the water sector in Nepal. These problems are not specifically articulated.

- Hydro-power sector is inflicted with corruption in every stage of project development and financing.
- Coalition building can deter corruption, this is evidenced by recent scandals related to the contracting of Machine Readable Passport (MRP), resignation by the Education Minister and contracting out of the hotels in the national conservation parks.
- For the future course of action the proposal put forward by Dr. Donal O'Leary was felt to be the right course.

The conclusions from the workshop are:

1. There is rampant corruption in water sector in Nepal and this need to be tackled for the greater benefit of the poor.
2. Nepal's global perception of the corruption need to be improved to attract private sector investment including foreign direct investment and donor support.

Background Note, Objectives and Desired Participants´ Inputs to the Workshop

Developing a Strategy to Promote Transparency, Integrity and Accountability in Nepal´s Water Sector Public Information/Consultation Workshop

Background

1. The WIN is a coalition of stakeholders in the water and governance sectors, that was established in 2006 to promote transparency, integrity and accountability in four major subsectors in the water sector: water supply and sanitation (WSS); integrated water resources management (IWRM); irrigation; and hydropower. The WIN Secretariat (WIN-S) is located in Berlin in the offices of the Secretariat of Transparency International (TI-S).
2. To promote results `on the ground`, one of the major activities that the WIN supports is the development and implementation of a Water Integrity National Survey (WINS), which usually consists of the following steps:
 - (a) Undertaking a Scoping Study, which identifies the major water subsectors where the WINS should be focused, as well as the principal integrity areas;
 - (b) Undertaking a more detailed Risk/Opportunity Study, the results of which are confirmed by detailed surveys;
 - (c) Convening a meeting of the major stakeholders, led by the Government in cooperation with representatives of civil society and the private sector, to develop and endorse an Action Plan based on the recommendations of (b); and
 - (d) Monitor Implementation (by various stakeholders) of and Adjust, where necessary, the Action Plan.

These country activities would need to be facilitated by a Multi-stakeholder Oversight Committee and managed by a `Host` Organization. Such country activities are usually financed by Development Partners (DPs), through their headquarters and/or their country offices. Limited financial support is also provided by the WIN-S.

3. Hence, JVS in association with an Exploratory Mission of WIN to Nepal is organizing half a day meeting of the stakeholders of water resource development with representatives from civil society, government, donors, the private sector and the public sector in Nepal with a view particularly to:

- Introduce the WIN and its activities.
- Explore the need and relevance of WIN in the context of water resources development in Nepal
- The modalities for oversight and management of WINS.
- Identify the major area of water sector where WINS should be focused, as well as the principal integrity areas.



**Developing a Strategy to Promote Transparency, Integrity and Accountability in
Nepal's Water Sector
Public Information/Consultation Workshop**

Jointly Organized by

**Jalsrot Vikas Sanstha (JVS)/Nepal Water Partnership
and the Water Integrity Network (WIN)**

Venue: Hotel Everest, New Baneshwor, Kathmandu

Date & Time: May 17, 2010: 14.00 -18.15 hrs

PROGRAM AGENDA

Time	Activities and person/s
14.00 – 14.20	Registration
14.20 – 14.50	Session # 1: Opening Session <i>Chair: Mr. Kishor Thapa, Secretary, Government of Nepal - Water and Energy Commission Secretariat</i>
14.20 - 14.25	Welcome and Objectives of the Workshop: Mr. S.N. Upadhyay, Secretary General, Jalsrot Vikas Sanstha (JVS)
14.25 – 14.30	Welcoming Remarks: Mr. Ramesh Kumar Sharma, Regional Manager, Rural Water Supply and Sanitation Fund Development Board, Nepal and Member of the WIN International Steering Committee (WIN-ISC)
14.30 – 14.40	Remarks: Mr. Damodar Prasad Gautam, President, Transparency International, Nepal
14.40 – 14.50	Remarks: Chair
14:50 – 15:10	Tea Break
15.10 – 15.55	Session # 2: Introduction to the Water Integrity Network <i>Chair: Mr. Bhagwati Kumar Kafle, Secretary, Commission of Investigation Abuse of Authority (CIAA)</i>
15.10 – 15.25	Introduction to the Water Integrity Network: Mr. Ramesh Kumar Sharma, Member of the WIN-ISC
15.25 – 15.45	Questions and Comments by Participants
15.45 - 15.55	Remarks: Chair
15.55 – 16.00	Break
16.00 – 17.15	Session # 3: Introduction to Water Integrity Studies with a Special Focus on Nepal

	<i>Chair: Mr. Uma Kanta Jha, Secretary, Government of Nepal - Ministry of Irrigation</i>
16.00-16.15	Introduction to Water Integrity Studies with a Special Focus on Nepal: Dr. Donal O’Leary, Transparency International, Berlin and Member of the WIN-ISC
16.15-16.25	A Public Sector View: Mr. Madhab Belbase, Joint-Secretary, Government of Nepal – Ministry of Irrigation
16.25–16.35	A Private Sector View: Mr. Manoj Goyal, CEO, Clean Energy Development Bank Limited.
16.35– 16.45	A Civil Society View: Mr. Pushkar Kafle, Board Member, Shanti Janaastha Sewa Kendra (SJSK)
16.45 - 17.05	Comments by Participants
17.05 – 17.15	Remarks: Chair
17.15 – 17.20	Break
17.20 – 17.45	Session # 4:Closing Session <i>Chair: Er. Iswer Raj Onta, Chair, Jalsrot Vikas Sanstha/Nepal Water Partnership</i>
17.20 – 17.25	What We Have Heard: Mr. S.N. Upadhyay, Secretary General, Jalsrot Vikas Sanstha (JVS)
17.25 – 17.35	Way Forward and Vote of Thanks: Dr. Donal O’Leary, Member, WIN-ISC
17.35 – 17.45	Closing Remarks: Chair
17:45 - 18:15	Refreshment (Hi -Tea)
<i>Master of Ceremonies : Mr. Sanjay Dhungel</i>	
<i>Rapporteur : Dr. Narayan Manandhar</i>	

Public Information/Consultation Workshop

Developing a Strategy to Promote Transparency, Integrity & Accountability in Nepal's Water Sector

17th May 2010, Kathmandu, Hotel Everest

PARTICIPANT'S LIST

S.No	Name	Designation	Organization
<u>JVS/NWP</u>			
1	Mr. Iswer Raj Onta	Chairperon	JVS/NWP
2	Mr. Som Nath Poudel	Vice Chairperson	JVS/NWP
3	Mr. Surya Nath Upadhyay	Secretary General	JVS/NWP
4	Dr. Upendra Grautam	Executive Member	JVS/NWP
5	Mr. Bhubaneshowr Pd. Daibagya	Advisor	JVS/NWP
<u>Government</u>			
6	Mr. Koshor Thapa	Secretary	WECS
7	Mr. Uma Kanta Jha	Secretary	WECS
8	Mr. Bhagwat K. Kafle	Secretary	CIAA
9	Mr. Sunil Bd. Malla	DG	DoED
10	Mr. Suresh Raj Uprety	Joint Secretary	WECS
11	Mr. Sagar Gautam	SDE	WECS
12	Mr. Sanjay Dhungel	SDE	WECS
13	Mr. Naveen Mangal Joshi	Director	CMIASP (DoI)
14	Mr. D. P. Jaishy	SDE	Mol
15	Mr. Madhab Belbase	Joint Secretary	Mol
<u>International Organization</u>			
16	Dr. Dhurba Pant	Head	IWMI
17	Mr. Knapp Andreas	WASH, Chief	UNICEF
18	Mr. Ashutosh Tiwari	Country Director	WaterAid
19	Mr. Narendra Kumar Gurung	Program Officer	JICA Nepal
20	Mr. Damodar Pd. Gautam	President	TIN
21	Mr. Remesh Kumar Sharm	Member	WIN
22	Dr. Donal O'Leary	Sr. Advisor	WIN
<u>Civil Societies & Private Organization</u>			
23	Mr.Ratan Budhathoki	Knowledge Management & Advocacy Manager	NEWAH
24	Mr. Rajendra Aryal	President	FEDWASUN
25	Dr. Prachand Pradhan	Patron	FMIST
26	Mr. Samudra Sigdel		FMIST
27	Mr. Pradeep Gangol	Executive Manager	IPPAN
28	Dr. Suman K. Shakya	Deputy Executive Director	ENPHO
29	Mr. Jagdish C. Gautam	Chairperson	ABTRACO
30	Mr. Pushkar Kafle	Board Member	PPMS, Kavre
31	Dr. Narayan Manandhar	Anti Corruption Expert	Freelancer
32	Mr. Manoj Goyal	CEO	CEDBL

Media & Individuals			
33	Ms. Sharmila Thakuri	Reporter	RSS
34	Mr. Shyam Basnet	Editor	Hamro Sampada
35	Mr. Jeevan Thanju	Editor	HydroNepal
36	Mr. Shri Krishna Subedi	Reporter	Sagarmatha TV
37	Mr. Rajendra Shakya	Photographer	Annapurna Photos
38	Dr. Kishor B. Aryal	Former Secretary	MoWR
39	Mr. B. K. Pradhan	Former Secretary	WECS
40	Mr Pradeep Mathema		JVS/NWP
41	Ms. Rukmini Adhikari		JVS/NWP
42	Mr. Bharat K. Sapkota		JVS/NWP

Annex: 4

Water Integrity Network

WIN Water Integrity Network

Advocacy and Network to Fight Corruption

Ramesh Kumar Sharma
WIN International Steering Committee Member
Public and Non Profit Sector Constituency

WIN-N Water Integrity Network
Advocacy and Network to Fight Corruption

OUTLINE

- Background
- Objective of WIN
- Main Roles of WIN
- Corruption Concerns
- Outreach Model
- Action Plan
- Coalition Building
- Membership
- Setting up the WIN-N
- Way Forward: Suggestions

Background

Corruption in the water sector can raise the investment costs of achieving the Millennium Development Goals target for water and sanitation by almost \$ 50 billion - Global Corruption Report 2008.

- Global Corruption Report 2008 is starting point for WI strategy.
- The Strategic Framework for Action (SFA) has been developed to achieve impact (change) in present scenario. As it addresses water corruption related issues it needs high degree of integrity and commitment for desired action.



WIN-N Water Integrity Network
Advocacy and Network to Fight Corruption

WIN-N Water Integrity Network
Advocacy and Network to Fight Corruption

Objective of WIN

- Promote Pro poor Water Integrity practices to prevent and /or reduce corruption in the water sector.
- To build Water integrity WI coalitions at local regional and global level

Main Roles of WIN

- **Advocacy and communication for WI action**
- **Stimulation of WI action programs mobilizing WIN members and other partners**
- **Joint learning and capacity building**
- **Monitoring WI processes by promoting water integrity scans at different level.**
- **Promote WI pacts among its members and related organisations.**

Corrupt Interaction Concerns

Interaction	Water Supply	Water Resources	Hydro Power	Irrigation	Ground Water
Public/Public	Planning, Implementation Bribery, Irregularity/ Collusion in Tendering	Registration difficulty of water sources, Water Quality false Report, Money for Transfer	Irregularity / Collusion for Tendering, Bribe for posting in earning place	Political influence for Project selection	Bribery for drill permit, structure location change, Transfer in earning project.
Public/ Private	Collusion in Tendering Poor quality Non Local Materials, Contractor bribery	Political Industry bribe Checking Officer	Poor Material quality, False Paper work, Political pressure to obtain approval of Socially Environmentally risky projects, Inflate cost estimates, Bribe from contractor to the owner to ignore work delays.	Canal alignment changed to satisfy wealthy people, Illegal commission in Procurement, Bribery in tendering / contracting	Bribery to omit small projects and bring costly large projects, drill permit, poor quality procurement, inflate bill to cover commission amount.
Private/ Consumers- Civil Society	False Meter reading Bribe for connection, repair, rotation water supply	Bribery and influence used to suppress water quality issue.	False meter reading, billing and cash collection, Bribe for connection, Electricity supply rotation.	Bribery for irrigation water supply rotation adjustment, false record, billing	Bribery to have environmental impact by deep bore ignored, Bribe for repair, new connection.

Outreach Model



- Advocacy
- Newsletter
- Information Sharing
- Monitoring
- Fund Raising & Fund Management (WIN Fund)
- Build, Strengthening Member and Partnership Network
- Co funding
- Facilitating, Training
- Learning & Info Sharing
- Use of common tools and methodologies
- National Action programs
- Others adopting approaches and using tools and methods
- Enhanced water integrity
- Poverty reduction
- Better water access for the poor
- Better Access to Electricity

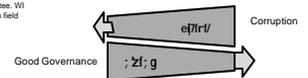
Action Plan

GLOBAL

- ADVOCACY**
- Presence of Secretariat staff and ISC in international and regional workshops for partnership building, fund seeking activity.
 - Advocacy Support members by Advocacy guide and information kit to plan organize advocacy workshops in country, region, jointly with strategic partners
 - Produce greater no of case information sheet for advocacy and capacity building.
- 1. INFO SHARING/LEARNING**
- **Communication** WIN website, newsletter, publication, Publication and reply to few queries
 - **Tools:** develop tools, methodologies, strategies and test to diagnose reduce corruption, WI scans, WI Action programs from countries shared
- 2. Capacity Building for advocacy** Co financed workshops by SI partner, prepare for WI scan and Action Program
- 3. Monitoring** WIN Secretariat and International Steering committee, WI scan, progress in field members report.

National

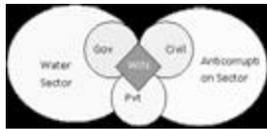
- Develop Country based WIN Network group
- Expand Network with active members
- Code of Conduct
- Support existing alike networks for co working
- ISC WIN country based scan demand check
- Encourage local initiatives for WI scan.
- Testing by Small Grant Fund to limited cases
- Encourage writing of Case Information Sheet from members.



Coalition Building

- Guided by Strategic Framework for Action (SFA), Key objective to build coalition at local regional and global level.
- Extend and strengthen existing or planned global partnership to country level.
- Multi-stakeholder focus including Government, Private sector and Civil Society.
- Collaboration and support to existing networks and processes.
- Building on WIN comparative advantage by linking water and anticorruption sectors
- Learning Orientation
- Website resource and support

• Focused countries Uganda, Ghana, Vietnam, Bangladesh, Mexico, Columbia, Mozambique and Nepal



Membership

Win membership continued growing. In 2009 it reached 760 covering five continents. To reflect on integrity issue WIN members participated in various Global Water events and in Berlin Secretariat programs.

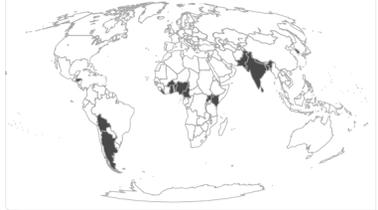
FIGURE 1 WIN membership, by category



FIGURE 2 WIN membership, by region



FIGURE 3 WIN's local action worldwide



Setting Up The WIN-N: Some Things to Keep in Mind

- The need for a 'home' for WIN-N (JVS/NWP?);
- The need for WI studies to set out the baseline and the work program;
- The need for a Steering Committee to oversee the work;
- The need for all these efforts be underpinned by a funding strategy.

WIN-N Plan: Preliminary Suggestions

Stakeholder Support for WIN Nepal Network

- Regularize Consolidate WIN Nepal Stakeholder meeting and working
- Motivate RWSSFDB Social Accountability Trained Groups/NGOs to WIN works
- Regular Meetings and Communication from contact office with network members
- District level workshops to network with new partners, stakeholders, civil society
- Conduct capacity building trainings (Anticorruption works, monitoring, case writing)
- Prepare and distribute WIN materials to participant, members, policy makers
- WIN N Presence in National Regional Conferences, workshops, seminars
- Approach and Networking with similar motive partners
- Approach Media, build members capacity to expose WIN in FM, TV, News papers
- WIN yearly rewards, recognition, motivation to active members/network
- Youth program (School, Various Youth Club Groups)

Challenge

Coalition need to be supported, seek funding agency for WIN activity, assisting hand, work space, Event & Program Costs / Presence in Conference, training/ workshop cost

THANK YOU!
Namaste
Winners

Annex: 5

Introduction to Water Integrity Studies with a Special Focus on Nepal

17 May 2010

Donal O'Leary
Sr. Advisor, Transparency International
Member, WIN International Steering Committee

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Presentation Summary

- Overview of WIN's country engagement, focusing on integrity studies
- UGANDA: Case Study
- NEPAL: How can WIN and in-country stakeholders develop a work program to fight corruption in the water sector: Some pointers for discussion

Country Engagement

- Big WIN flag and small WIN flag
 - Strategic engagement
 - Linkage and leverage partnerships
- Regional and country level engagement via WIN
 - West Africa, Latin America
 - Advocacy, capacity building, regional processes
 - South Asia Regional engagement being discussed by GWP, its local partners and the WIN
- Linkage of global to country-based activities

Country-Level: Towards WIN Country-Based Water Integrity Action (2010)

- Uganda
- Mozambique
- Benin
- Burkina Faso/WA
- Nigeria
- Ghana
- Mexico
- Colombia
- Bangladesh
- Viet Nam
- Nepal
- Nicaragua/CA

Uganda Pilot Overview

- First WIN pilot country program, focusing on WSS
- Initiated in 2008
- Water and Sanitation Program (WSP) of the World Bank: on-the-ground partnership
- Funded via BMZ and WSP
- Develop multi-year multi-stakeholder water integrity programme

UGANDA: Country Process Key Steps

- Existing anti-corruption action plan
- Two diagnostic water integrity studies (including one extensive survey of nearly 2,000 interviewees)
- Studies managed by a Sectoral Good Governance Working Group
- Key recommendations
- Action plan development
- Adoption and planning workshop
- Action plan monitoring
- WIN coalition

UGANDA: Action Plan Major Components

- Strengthen Political Will
- Independent Regulation
- Enforce Sector Guidelines
- Improve Proc./ Project Impl.
- Implement Integrity Pacts
- Strengthen Civil Society/Media
- Access to Information
- Strengthen Corporate Governance
- Sanctions by DPs

III. How can WIN and in-country stakeholders develop jointly a work program to tackle corruption in Nepal's water sector?

What is the Overall Perception of Corruption in Nepal?

- According to TI's Corruption Perception Index (CPI), with a score of 2.3 out of 10, Nepal ranks 143 out of 180 countries.
- TI listed Nepal in the category of countries having 'rampant corruption'.
- TI Nepal has commented: 'In 2010, even after 2 years of the Peoples Movement and Constituent Assembly elections, Governments and political parties have not been able to address, corruption, lack of accountability and transparency....In the absence of political will, anticorruption agenda has not received due priority.'

Some Positive and Negative Characteristics Of

Nepal's Water Sector

- Fragmentation, including in Civil Society
- Lack of Transparency and Oversight
- Payments for Management Positions
- Informed/Diverse Civil Society, Media
- Programmatic Approach being Considered for Sector Funding

CONCLUSIONS : (1) Work on Governance and Anticorruption is Needed
(2) Unique Opportunities and Challenges

'Grand' and 'Petty' Corruption in the Water Sector

- 'Grand Corruption' related to proc./project implementation
- 'Petty Corruption' (false meter readings, billing, illegal connections, etc.)
- TOOL: Integrity Pacts
- TOOL: Citizen Score Cards

A Proposed Stepwise Program to Tackle

Corruption in Nepal's Water Sector: I

- Step 1: Undertake a Diagnostic Study to Prioritize the Corruption Issues in the Water Sector and Define a Project to Study these Issues in Depth
- Step 2 : Undertake a Detailed Study of Prioritized Water Sector Corruption Issues, including Recommendations and a Proposed Action Plan
- Step 3: Multistakeholder Workshop to Validate Detail Study Conclusions and Agree on the Action Plan

A Proposed Stepwise Program to Tackle

Corruption in Nepal's Water Sector: II

- Step IV: Monitoring Action Plan Impl.
 - Monitoring Indicators
- Program managed by a competent org.
- Oversight committee includes reps of:
 - Government (water and governance sectors)
 - Private sector (e.g. financing institutions, contractors)
 - Civil society (governance and water sector organizations)
 - Development Partners

Some Questions for Discussion

- Out of WSS, integrated water resources management, hydropower and irrigation, which subsector(s) are most prone to 'grand' and 'petty' corruption
- Which areas are the most likely to be tackled successfully in the next 3 years
- What stakeholders are key to tackling corruption in the water sector
- How can political will be developed to tackle corruption in Nepal's water sector

IV. Summary

Added Value of WIN

- Filling a gap left by other water sector networks and organizations
- Building important bridges between anti-corruption movement and water sector
- Working with other networks, organizations and individuals to tackle corruption:
 - Better quality and more efficient investments
 - More accountable organizations

Thank you

Namaste!

Annex: 6

A Public Sector View

Madhav Belbase

Introduction

The Overall National Goal is
“Living conditions of Nepali people
are significantly improved in a
sustainable manner”

Introduction

- Water Resource - important resources
- Water Resources Strategy was formulated in 2002
- Ten strategic outputs
- About NRs 12 00 billion Rupees

Considering the future need of efficient management of the water resources and huge investment – integrity, transparency and accountability of the water sector needs to be enhanced – the theme of the WIN.

Investment in Water Sector

- In Nepal investment of irrigation sector from government coffer dates back to seventeenth century, construction of Raj kulos (Royal canals)
- The percentage of public sector development investment in water sector is 30 to 40%.
 - Electricity 40% to 60%
 - Irrigation 40% to 45%
 - Water Supply 5% to 10%

Water Sub-sectors

- Water Supply and Sanitation – about 75% of the population have access to safe drinking water
- Irrigation – About 70% of the potential irrigable land has irrigation infrastructure
- Hydropower – Every year 70 MW is needed besides
- Other economic sectors include industries, recreation & tourism, navigation etc.

Institutions Involved

- National Planning Commission – planning and coordination
- Water and Energy Commission – Coordination and advisory role
- National Water Resources Development Council
- Ministry of Energy
- Ministry of Irrigation
- Ministry of Physical Planning and Works
- Department of Irrigation
- Department of Electricity Development
- Nepal Electricity Authority
- Department of Water Supply and Sewerage
- Nepal Water Supply Corporation
- Department of Water Induced Disaster Prevention
- Groundwater Development Board
- Department of Hydrology and Meteorology
- Department of Soil Conservation and Watershed Management

Policies in Water Sector

- Water Resources Policy (under preparation)
- Hydropower Development Policy
- Irrigation Policy
- National Sanitation Policy
- National Water Supply Sector Policy
- Kathmandu Valley Strategy on Water Supply and Sanitation
- Water Resources Strategy
- National Water Plan
- Periodic Plans

Acts and Regulations in Water Sector

- Water Resources Act 1992
- Water Resources Regulations 1993
- Irrigation Regulations 2003
- Electricity Act 1992
- Electricity Regulations 1993
- Drinking Water Regulations 1998

Related other Laws and Regulations

- Good Governance Act and Regulation
- Public Procurement Act and Regulation
- Local Self Governing Act and Regulation

Policy Principles of Water Sector

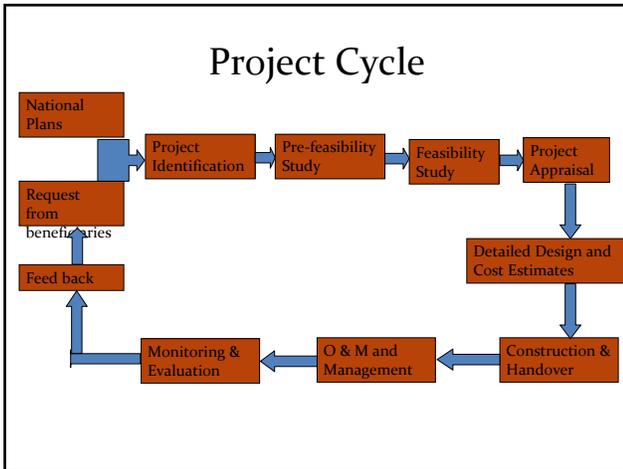
- Integrated Water Resources Management
- Sustainability and Protection of Environment
- Decentralization of Water Services that involves Autonomous and Accountable agencies
- Economic Efficiency and Social Equity
- Participation and local consultation
- Institutional and legal frameworks for coordination and transparency
- Adoption of the best technologies and practices

Policy Principles of Water Sector

- Other guiding principles
 - Social Development
 - Economic Development
 - Environmental Sustainability

Doctrines of Water Sector

- Integration
- Coordination
- Decentralization
- Popular participation
- Equity



- ### Role of Different Sectors
- Project Planning – Public, communities and private
 - Project Implementation - Public, communities and private
 - Project Operation and Maintenance – Public, communities and private
 - Monitoring and Evaluation – Public

- ### Efforts made by the government
- Water sector constitute about 35% of the total development expenditure of the government
 - Demand driven approach in project selection
 - Participatory approach in project implementation
 - Empowerment to the local bodies
 - Encouragement to the private sector

- ### Efforts made by the government
- Public procurement has been made more transparent, systematic and uniform through the act and regulation
 - Prioritization of water use
 - Establishment of sub-sectoral ministries, boards etc.
 - National Vigilance Centre and Commission for Investigation of Abuse of Authority

Challenges

- Development of water resources infrastructure
- Accessibility to water for life line use and food production
- Achieve economic efficiency of investment in water sector
- Devolution of resources and authority
- Capacity building of the local bodies
- Private sector participation in terms of investment
- Commitment in implementation of plans and policies
- Effective monitoring and evaluation and feed back mechanism

Challenges

- Project selection includes criteria like regional balance, social justice, environmental impact, besides the economic, but there is lack of set parameters to apply these criteria
- How to make participatory approach successful?
- Adoption of appropriate technology
- Data collection related to water

Remarks

- Integrity, Accountability, Transparency can be achieved only when people are empowered.
- Empowerment is possible when we have people aware of their power, good policy and political commitment to implement the policy.
- Equally important is establishment of good information system and adoption of technologies.
- In Nepalese context, access to water, food and energy can be achieved only through huge investment.

Thanks for your
attention

Annex: 7

Developing a Strategy to Promote Transparency, Integrity and Accountability in Nepal's Water Sector

Public Information/Consultation Workshop 17 May 2010

Presented by:
Manoj Goyal
Chief Executive Officer
Clean Energy Development Bank Limited
Nepal

Reasons for corruption

- WEAK GOVERNANCE
- POOR ECONOMIC DEVELOPMENT
- HEAVY DEPENDENCE ON GRANT ASSISTANCE
- WEAK SOCIAL NET

Hydropower and Corruption

Characteristics of Hydropower

- Complexity in study, investigation, design and construction
- Lumpy investment
- Long gestation period
- Data limitation
- Involvement of several ministries and departments (e.g. agencies for power, agriculture, roads, environment, forest)
- Private sector plays a vital role

Corruption at every stage of project cycle

- Project Selection/Identification:
 - *non transparent, undue influence*
- Planning/Study/ Investigation:
 - biased, not dependable, no standard norms, hydrological manipulations, lack of data,
- PPA & Government Concessions
 - Too many authorities, no or poor coordination, confusing and unclear guidelines, no clear priority, slow and bureaucratic, subject to interpretations, manipulative, absence of transparency in PPA, dual character of NEA, PPA non-business like, Developers left all out in the open, exposed to risks: forex, geological, inflation, interest, hydrological, socio-political risks; All natural risks penalized (no force majeure), fixed notion of 16% IRR. Fails to differentiate between a good and an average project

Continued.....

- Design, tender preparation, Contractor Selection procedure, Evaluation procedure:
 - over or under design, non transparent, confusing tender documents, collusion
- Construction, Procurement and Implementation
 - Substandard work, unwarranted contract variations, false claims, environment violations, inadequate compensation, land acquisition, unreasonable local demands, local political parties, Rehabilitation and resettlement, Selection of top officials- Board, and Chief executives
- Operations
 - Non fulfillment of social and environmental obligations, procurement and O&M, insurance fraud on equipment and performance guarantees
- Distribution
 - Meter reading & billing, theft

Source of financing and corruption

- National Budget
 - Use of Political influence
- Concessional financing
 - Politically influenced, bureaucratic, slow, static, often inadequate, subject to corrupt practices, money disbursed on the basis of false documents
- Grant financing
 - Misplaced priorities, performance pressure, limited bidding
- Private Equity
 - Grossly inadequate, lack of commitment, desire to have it manipulated to the extent possible, low risk appetite, foreign investment approval process lengthy and non transparent, trading of license
- Bank Financing
 - Risk averse, lack of knowledge and experience, incorrect pricing resulting in market distortion and unreasonable expectations
 - Proponents' seriousness and transparency: Big concern
 - Unhealthy competition among banks and FIs
 - Issues of corporate governance and conflict of interest situation

Impact of Corruption

- Project cost overrun and time overrun
- Brings down quality of product and services
- Sacrifice of environmental sustainability
- Erosion of trust and credibility
- Leads to conflict
- Deters investors and financiers
- "Load shedding – a critical issue in the present context"

Key Elements of Anti- corruption Strategy

- Move from denial to acceptance of problems
- Build a coalition of management, employee and consumers
- Improve Utility Business process
- Strengthen accountability
- Encourage public participation

Anti- corruption Strategy at different levels

- Governance Level: Demonstrable evidence of commitment, resources for implementation and legal and institutional frameworks play a proactive role, make the one window policy effective; infrastructural facilities (access road, transmission lines); FDI approval process can be further simplified for hydropower projects.
- Utility Level: Reform, technology improvement, Adopting suitable measures to ensure employee support, performance contract and audit, increase its efficiency; make PPA policy scientific, practical, and receptive to foreign investors to encourage more investment in power, Pricing could be linked to some scientific index. Electricity should be charged as commodity therefore the tariff should not be below the Production Cost. "Social Tariff" should be treated separately, if need be. Coordination between NEA & DoED.
- Employee Level: Reward, punishment and monitoring
- Civil Society/ institutions: Transparency and accountability
- Consumer and General public: Ensure participation in all aspects of governance

Development: Way Forward...

Precondition:

- Every stakeholder behaves responsibly
- Quality prevails at each and every stage of development
- All political parties commit not to disturb the development process
- Local problems are addressed at the government level
- Investment in Hydropower to make business sense

Project Proponents

- Deliver the desired level of commitment & transparency
- More of institutional promoters/ developers should come forward with a corporate approach

Institution like "WIN" is required

- To plug in loop holes
- To handle, reduce or manage corruption in an effective way

Let's expect and wish; "WIN" as watchdog for anticorruption drive.

Thank You!

manoj.goyal@cedbl.com

Glimpses of the Workshop



Registration



Welcome: Mr. S. N Upadhyay



Participants



Opening Session Chair: Mr. K. Thapa



Presentation: Mr. R. K. Sharma



Presentation: Dr. Donal O'Leary



Remarks: Mr. P. Kafle



Presentation: Mr. M. Belbase



Presentation: Mr. M. Goyal



Session Chair: Mr. U. K. Jha



Q/A Session



Closing Remarks & Wrap up: Mr. I. R. Onta