

CASE INFORMATION SHEET

No 1/2009

BOLIVIA: Improving Transparency and Accountability in a Public Water Utility With Citizen Participation

As more and more water companies and development agencies intensify their efforts to support citizen participation for performance monitoring, strategic cooperation between company staff and citizens must be cultivated. Yet, effective coordination among these diverse actors has, traditionally, been difficult to achieve.

At times, citizens may distrust professionals who work within corrupt public service entities and company professionals may undervalue the capacity of ordinary citizens to contribute to company performance. Yet it is necessary to recognize that both company professionals and non-professional citizens pursue the same goals: *well performing public service companies, efficiency in the use of limited public resources, and equitable access to quality water and sanitation services.*

The case of **SEMAPA** demonstrates the potential and efficacy of such relationships to prevent corruption and strengthen company performance and accountability and should be considered a valuable lesson for all water integrity supporters.

Corruption Problems and Prevention

For decades, Bolivia's public sector has been plagued by staggering levels of economic and political corruption. The 1990's decentralization policies moved corruption networks to local levels. In Cochabamba, these illicit associations, composed by elected representatives, company officials and private contractors, exploit the municipal water and sewer service provider (**SEMAPA**), impede citizen access to information and protect each other from legal sanctions. Consequently, as the city's demand for water and sanitation services grows, **SEMAPA's** ability to effectively respond, has been highly constrained.

In 2006, the hiring of a new General Manager in **SEMAPA** was fraught with illegal acts favouring a particular candidate.

Despite several complaints issued by various social organizations, **SEMAPA** hired the controversial figure.

At the time, **SEMAPA** was launching a major service expansion project financed by a \$US 12 Million loan from the Inter-American Development Bank. Soon after hiring the new GM,

CEADESC

Centro de Estudios Aplicados a los Derechos Económicos, Sociales y Culturales

Project Information

The Centre of Applied Studies for Economic, Social, and Cultural Rights (CEADESC)

CEADESC tries to combat corruption in **SEMAPA** by analyzing how illegal activities are collectively carried out and creating new transparency mechanisms, targeting specific management processes currently being exploited by corruption networks, in order to enhance the public's ability to monitor performance and promote institutional accountability.

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reports of corruption surfaced, such as bribes from contractors and excessive payments for public works. Before long, **SEMAPA** had difficulties to pay contractors for their work, company debt sky-rocketed and the IADB suspended the loan due to mismanagement by **SEMAPA**.



Anti-Corruption Strategies – The Citizen Director

SEMAPA introduced the concept of Citizens Directors (CD) to its Board of Directors, which is the highest decision making body of the institution. CDs are elected representatives of the community to ensure that service demands of water users are entered and responded to by **SEMAPA** and that civil society plays an empowered role in monitoring and sanctioning company performance.

- Company professionals alerted the Citizen Directors when they witnessed corruption cases in **SEMAPA**
- The CDs formally requested official documents to verify the case
- **SEMAPA** professionals and the CDs collectively analyzed the data and prepared a report which documented widespread corruption (estimated ≈ \$US 1 Million)
- The CDs submitted the report to the **SEMAPA** Directory and requested a formal investigation of the General Manager; the political officials in the Directory refused to back the proposal
- The CDs took the case to the company's Union to seek their support
- At this time, the Union supported the General Manager. However, the CDs convinced them that the economic losses of the corruption case placed their jobs and an IADB loan in jeopardy
- The Union agreed and, with the CDs, made a public denunciation
- Fearing a public relations crisis, the political officials agreed to suspend and open a legal investigation of the General Manager

“2006, was a difficult time to work in SEMAPA. For a short period, so much money was leaving the company that contractors were not getting paid and we (the workers) feared we were not going to receive our salaries. The confidence of the employees was very much affected. I mean, it is hard for an employee to be motivated to work when you know the top-boss is pursuing his own interests instead of the company's. Thankfully, we now have a new leadership, things are starting to go back to normal and the work is getting done.” SEMAPA employee

Lessons Learned

Transparency policies within SEMAPA are inadequate and must be improved:

- Retrieving key company information was problematic due to lack of clearly defined public accessibility mechanisms and resistance from officials to divulge documentation

The inherent value of strategic cooperation between professional and civil society actors in performance monitoring

- The combination of insider knowledge and citizen representatives' authority to access key documents contributed to the mission's success.

Citizens can be effective whistle-blowers on corruption as employees may hesitate due to the risk of backlash by company officials

- Over a period of several months the Citizen Directors were the most vocal actors in exposing the corruption to the public

In SEMAPA citizen participation is providing new opportunities to limit corruption by further opening up the company to public scrutiny

- Prior to the inclusion of citizen participation via the Citizen Directors, the public was unaware and unable to effectively sanction the widespread corruption persistently occurring in SEMAPA