

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

**Risk/challenge:**

**political transgression in project selection, resulting in unrealistic projects**

Discuss your solution! Think about actors and process in selecting projects.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### **Tool:**

- Stepwise Public Participation, facilitated by technocrats
- Include the legislature in the project selection
- Transparent criteria for prioritizing projects

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### **Risk/challenge:**

**Public participation is conducted as a formality to satisfy popular demand and legal requirement, but ineffective in directing budgets**

Discuss your solution! Think about process, who participates, what information is discussed.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### Tool:

- Participatory budgeting guidelines
- Structured bottom-up collection and prioritization of projects

**Example:** Makueni county in Kenya carries out a formal process for selection of projects for participatory budgeting at village, sub ward and ward level. Large numbers of citizens participate and process facilitation by the county ensures space for women and youth to voice their interests.

More info: <http://www.waterintegritynetwork.net/2018/08/20/game/>

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### **Risk/challenge:**

**Public participation encourages very small, economically unviable or technically unfeasible projects**

Discuss your solution! Think about balancing guidance and participatory decision-making.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### Tool:

- Instilling public participation with technical expertise, separating choice of service (public) from choice of projects/technology (technocrats). Reporting back on technical solutions to the public through public hearings or any other similar means.

**Example:** The Directorate of Water in Kwale County of Kenya acknowledges their responsibility on technical aspects, without jeopardising public role in choosing what they want. They further admit their obligation in reporting back on the same, which they are not yet doing.

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### **Risk/challenge:**

**Funding of infrastructure projects without provisions to manage & sustain the resulting services, leading to poor project supervision and quickly dilapidated infrastructure.**

Discuss your solution! Think about ownership; actors and costs through the project life-cycle.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### **Tools:**

- Planning how to technically manage and financially sustain an infrastructure or a facility before allocating a budget for its execution, and involving the responsible institutions and beneficiaries from the beginning
- Consider the whole-of-life costs of a project (e.g. using WASHCost)

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### **Risk/challenge:**

**Weak preparation of estimates and accounts (compounded by competition for scarce resources) by water sector institutions, resulting in unfinished execution of the projects**

Discuss your solution! Think about coordination with actors outside the sector, technical solutions for better estimates.

Flip to see a tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### Tools:

- Early participation in the budget planning process by water sector agencies
- Strong liaison with Ministry of Finance officials during the budget preparation process
- Use of international costing benchmarks such as WASHCost

**Example:** Some counties in Kenya are intentionally implementing projects in stages as a technical strategy as well as addressing budget limitation, e.g. drilling a borehole, then equipping it, then later adding extension to a small network.

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### **Risk/challenge:**

**Lack of human resources with proper capacities in budget and financial management, esp. at local level**

Discuss your solution! Think about staff recruitment and development.

Flip to see a tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET PLANNING

### Tools:

- Corruption sensitive recruitment
- Capacity development for staff

**Example:** Nakuru County in Kenya addresses challenges of (inherited) underqualified staff through succession plans and competitive recruitment of qualified staff.

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# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### **Risk/challenge:**

**Collusion and kickbacks between bidders and procurement staff in procurement process**

Discuss your solution! Think about: Leadership, skills and staff.  
Procurement rules and process, internal and external oversight

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### Tools:

- Integrity pacts: agreements between project owners, bidders, and CSOs to abstain from illicit practices
- Integrity Training for Government Officials
- Disclosure of contracts and procurement documents by government
- Civil society monitoring of the process and physical checks of infrastructure

**Example:** In El Salvador, the National Water and Sewerage Administration entered into an integrity pact with civil society and bidders for a large project to replace water pipes, in order to increase transparency and build trust.

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# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### **Risk/challenge:**

**Transgression and unmanaged conflicts of interest resulting in selection of unqualified contractors and suppliers**

Discuss your solution! Think about screening of potential contractors.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### **Tools:**

- Due diligence investigations incl. beneficial ownership registers to identify past issues with a potential partners and conflicts of interest
- Black- and white-listing of contractors based on past performance

More info: <http://www.waterintegritynetwork.net/2018/08/20/game/>



# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### **Risk/challenge:**

**Policy/project design often fail to identify multi-sector synergies and make use of innovative technologies to deliver services in the WASH sector.**

Discuss your solution! Think about leveraging innovation.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### **Tools:**

- Collaboration with think tanks

### **Example:**

- Franschoek Water Hub develops and demonstrates innovations e.g. in greywater management and researches their effectiveness

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# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### **Risk/challenge:**

**Manipulation of pre-qualification, producing a short-list which does not contain several key competitors and instead companies who have bribed the responsible officers/engineers or are co-owned by influential people.**

Discuss your solution! Think about transparency in the process and checking past experience with the contractors.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### **Tools:**

- Transparent procurement procedures incl. four-eye principle for pre-qualification
- Systematic performance evaluation of contractors , black- and white-listing according to past experiences and corruption offences (if possible sharing information among sector organizations)
- Due diligence investigation

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# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

**Risk/challenge: Manipulation of design so that only one bidder can meet the specifications or in order to inflate the contract volume.**

Discuss your solution! Think about oversight.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## DESIGN & PROCUREMENT PROCESSES

### **Tools:**

- Separation of design and construction tasks (contractor who does the design cannot bid for construction)
- Disclosure of technical specification and evaluation documents
- Integrity pacts or other forms of independent oversight in the procurement committee

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Risk/challenge:**

**State corporations managing public investments in water are subject to political transgression and poor financial management, leading to overpricing, uncertainty and institutional competition on roles in managing investments.**

Discuss your solution! Think about boards of directors of state owned enterprises, relationships with local governments.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Tools:**

- Transparent and accountable corporate governance structure.
- Code of conduct to establish standards on behaviour within an organization.
- Build project management capabilities of responsible WASH sector agencies

### **Examples:**

Kenya: The regulator WASREB provides corporate governance guidelines for water utilities and monitors compliance through the annual benchmarking

Albania: The regulator ERRU developed an integrity code in a participatory process with the staff, which at the same time served as sensitization.

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Risk/challenge:**

**Poor project supervision capacities resulting in low quality and overpriced projects.**

Discuss your solution! Think about oversight and monitoring.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Tools:**

- (regular and unannounced) Field inspections
- Independent assessor to supervise construction
- Community monitoring

### **Examples:**

Kenya: The regulator WASREB provides corporate governance guidelines for water utilities and monitors compliance through the annual benchmarking

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Risk/challenge:**

**Gaps in local government water policies, strategies and legislation.**

Discuss your solution! Think about what is needed at local level.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Tools:**

- Adaptation of the overall sector policy/strategic frameworks, laws and regulations at the local level.

### **Examples:**

Counties in Kenya have started to formulate own policies, strategies and acts/by-laws to adopt national guiding/regulating documents.

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Risk/challenge:**

**Diversion of revenues from water and sanitation services for other purposes.**

Discuss your solution! Think about ring-fencing and oversight.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Tools:**

- Regulatory oversight and enforcement on the use of ring-fenced revenues.
- Involvement of CSO's in public financial management, e.g. through social audits

### **Examples:**

In Kenya, water service providers are autonomous and retain their revenues. Possible surplus has to be used for extension of services before paying shareholders. The Auditor General checks if they use their revenues in line with these rules.

In Mozambique, social audits by Helvetas and partners uncovered that municipalities had used water user fees for other purposes despite ring-fencing. The issue was addressed through public feedback mechanisms, and the national association of municipalities.

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### **Risk/challenge:**

**Payment of contractors without verification or quality control, resulting in sub-standard or unfinished works.**

Discuss your solution! Think about internal and external control systems.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET IMPLEMENTATION

### Tools:

- clear payment approval procedures incl. quality checks and four-eye principle
- internal and external audits, disclosing their findings and implementing their recommendations

**Examples:** In NARUWASCO, Nakuru county, the internal auditor checks invoices and carries out spot checks before payment, not after.

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET M&E & AUDIT

### **Risk/challenge:**

**Gaps in local government coordination, monitoring and evaluation systems for the water sector, leading to duplication of projects or wilful malpractice.**

Discuss your solution! Think about coordination and monitoring.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET M&E & AUDIT

### **Tools:**

- Stakeholder coordination at local level for joint planning, monitoring and evaluation.
- (publicly accessible) Asset and project registers
- Transparency boards at project site showing the budget, location and funder

**Examples:** Several counties in Kenya are establishing multi-stakeholder county water fora as coordination mechanisms.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET M&E & AUDIT

### **Risk/challenge:**

### **Weak systems to track public investment projects.**

Discuss your solution! Think about monitoring and reporting.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET M&E & AUDIT

### Tools:

- External oversight on project implementation (e.g. audit institution, civil society monitoring)
- Strong sector monitoring and reporting systems
- Online information platform on water sector investments

**Example:** InfObras in Peru is an online portal that combines information on public infrastructure budgets, procurement and contracting and physical progress. Citizens can post comments and pictures, raise questions.

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# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET M&E & AUDIT

### **Risk/challenge:**

**Poor link between plans, legally appropriated budget and expenditure undermine right targeting, value for money and accountability.**

Discuss your solution! Think about oversight and coherence.

Flip to see tools and examples.

# THE TRILLION DOLLAR QUESTION

## PROJECT & BUDGET M&E & AUDIT

### **Tools:**

- Harmonized coding/standard chart of accounts for different budget documents, reporting formats and systems across the budget cycle
- Budget tracking (from allocation to expenditure, audit) by civil society

More info: <http://www.waterintegritynetwork.net/2018/08/20/game/>