

CASE INFORMATION SHEET

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BERLIN, GERMANY: Corruption prevention strategies of the Berlin Water Utility

The Berliner Wasserbetriebe (BWB) utility company, which provides Berlin and its surrounding areas with drinking water and sewage services, has developed a far-reaching strategy to counter economic crime and corruption before it occurs. The BWB institution has 50.1% of its shares owned by the state of Berlin and 24.95% held by international water company Veolia Water and German energy company RWE. With approximately 4,500 employees, a trainee ratio of almost 9% and an annual investment volume of approx. 250 million Euros, the BWB is one of the largest employers, trainers and service providers in the Berlin-Brandenburg region. It provides drinking water services to approximately 3.7 million people and 3.9 million with sewage services.

Background of the initiative

The BWB anti-corruption strategy was developed and approved in spring 2007 by its board. Despite individual cases of misconduct by employees in the past, it wasn't a specific event that triggered the initiative. Rather, the anti-corruption strategy was launched within its overall-strategy, with the intention of sending a strong message that the BWB has zero tolerance for corruption. By implementing various measures the BWB intends to approach the issue of corruption pro-actively. Corruption in Germany is generally not a new phenomenon; however, several corruption cases within large German companies have only recently come to the surface and been publicly discussed.

The German Federal Criminal Police Office (BKA) 2007 report on corruption states that Berlin in particular shows a significant increase in corrupt practices, 79% of it occurring within the public administration (for nationwide statistics, see BKA Federal Corruption Report 2007, p.7-8). This figure contributed to the BWB's decision to launch an internal anti-corruption strategy.

In the case of BWB, compliance to external and internal regulation for procurement processes is annually monitored by external and internal auditors. All of the audits confirmed that BWB is fully complying with procurement procedure rules. There have been repeated criticisms by external groups about tariff increases since the BWB's privatisation. Doubts over the fairness of increased water and wastewater tariffs

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have led to various legal actions; yet, the tariffs have been checked and approved by the external examination authority. These proceedings were published in the Official Register of Berlin. Until now, all completed judicial proceedings have confirmed that the tariffs comply with the statutory requirements of the city.

Anti-Corruption Strategy of the BWB

In addition to the development of clear guidelines for the company, employees, and suppliers, the following measures have been implemented within the anti-corruption strategy of the BWB:



→ Formation of an Integrity Committee

The committee includes representatives from the auditing, legal and personnel departments as well as employee representatives. Its task is to implement and further develop the strategy within the company. Furthermore, the committee members act as liaison officers for whistleblowers and are available for discussion, advice and information.

→ Designation of an external Ombudsperson

The external Ombudsperson offers a point of support for Whistleblowers which secures their anonymity and provides advice in cases of doubt. All cues are treated with strict confidentiality until the informant approves the release of his/her information.

→ Employee Training

During trainings, employees are taught to put increased attention on potential corruption occurrences. The frequency of these training courses is based on regular risk analyses.

→ Web based training for managers

Executives and managers conduct a web-based anti-corruption training course to raise their awareness and, more importantly, to acknowledge corruption-prevention as one of their managerial functions. Role-play based on concrete cases help managers to test and review their own conduct when approached with difficult situations.

→ Information letters to suppliers and service providers of BWB

In addition to the existing contractual integrity clause (commitment of contractors and employers to avoid corruption), suppliers and services providers were informed in a separate letter about the new corruption prevention measures within the BWB.

→ Online Information about Corruption Prevention Measures

The BWB website features all the information about the Integrity Committee and the external Ombudsperson. This includes a manual for employees with the title "Corruption: How to protect yourself?" and a contact list for internal and external requests.

Example: During the Christmas season, many suppliers and service providers approached the Integrity Committee to gain information about the current regulations for gift-giving. This avoids impressions of undue influence and therefore protects employees as well as suppliers and service providers.

Lessons Learned

A strategic approach is necessary

Management must clearly state that corruption within the company is unacceptable and will be prevented by the development of a strategic approach: Codify, Implement, Organize and Systematize.

Sustainability must be ensured

Anti-corruption measures must be monitored, tested and revised to ensure their effectiveness. Potential for improvement should constantly be explored.

Individual measures must be coordinated within the overall strategy

The different instruments (organization, guidelines, communications and controls) must complement each other and should not act separately as "island solutions".

Communication is key

Experience has shown that a very important part of the anti-corruption strategy is the communication of the measures, both internally and externally. Good communication can foster the acceptance of anti-corruption measures among staff and outsiders.