

Cities, climate change and corruption

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Outline

- Scale and scope of the urban corruption challenge..
- ... and the specific environmental / climate dimension
- What to do?

Some preliminaries

- A common definition
 - “abuse of entrusted power for private gain”
- from street level “petty” bribes to state capture
- top-line stats on corruption
 - 25% of households in developing countries pay bribes to access essential services
 - between 10-40% of public budgets lost to corruption
 - 2/3 of people feel things have gotten worse

Urban climate change mitigation

- cities account for 70% of energy-related CO2 emissions

corruption and pollution

- direct, significant impact of corruption on per capita sulphur and carbon dioxide emissions (94 countries, 1987-2000)
- systematic down-manipulation of air pollution reporting in Chinese cities (2000-2009, forensic study, 37 large cities)
- political connections associated with higher pollution levels, more use of coal for power production (China, provinces)
- corruption shifts environmental Kuznets Curve outwards, pollution turn-around only at higher income levels (several studies)

Urban climate change mitigation (cont'd)

- cities account for 70% of energy-related CO2 emissions

corruption and environmental/energy policies

- corruption reduces stringency of energy and environmental policies (various multi-country studies)
- corruption increases deforestation (various multi-country studies)
- bribery (Mexico city) and illicit competition for customers (New York city) underpin systematic circumvention of car emission standards (forensic data studies)
- stickiness: higher accumulated country corruption levels associated with less ambitious climate policies and less global cooperation (131 countries)

Urban climate change resilience and adaptation

- 90% of coastal areas urban, 275 million in areas to be flooded in a 3C rise scenario
- 2.5 billion urban residents in cities with very little or only some bounce-back capacity

- 83% of all deaths from building collapses in earthquakes in the last 30 years in highly corrupt countries due to massive code violations (global mapping)
- higher corruption significantly associated with lower access to improved drinking water and sanitation, lower infrastructure quality (multiple studies)
- corruption is estimated in developing countries to raise the price of connecting a household to a water network by as much as 30 to 45% (various cases)
- construction among most corrupt sectors as perceived by industry practitioners across the world (bribe payer survey)
- corruption destroys social capital and public trust which in turn precipitates more corruption (various studies)
- emergency relief extremely vulnerable to corruption (sectoral analysis)

An urban climate corruption risk perspective

High corruption risks when:

- challenging context: high corruption levels, complex governance situation
- weak capacity, fragmented governance
- shortages and bottlenecks in service, goods provision
- complex, large projects and related procurement processes
- rapid influx of large-scale resources (a resource curse situation)
- asymmetric interest situation: dispersed, distant public vs. immediate, concentrated vested interests

Challenging contexts and complex governance situation?

- **8** out of the **10** countries most vulnerable to extreme weather events (LT-CRI 2018) rank among the bottom third of most corrupt countries in the world (CPI 2016), none are in the upper half of cleaner countries
- **10** out of the **10** fastest growing urban areas are in countries perceived as significantly corrupt (CPI 2010)
- Poor and marginalised communities, often living in urban zones of high-informality conditions and weak formal governance are also particularly vulnerable to climate change

=> a perfect storm of high corruption, climate and urbanisation stresses

Fragmented governance, weak capacities?

- Legal urban governance area<<< functional metro region
 - Manila (8% of population covered), Buenos Aires (18%), Kolkata (28%), Jakarta (34%), Mexico City + Karachi (40%)
- Urban climate action to be coordinated across dozens of jurisdictions (e.g. Mexico City, Sao Paulo) or even hundreds (e.g. Abidjan)
- C40 cities: only half of all urban mitigation potential within grasp of direct city action
- Smaller cities with limited governance capacities at center of urbanisation
- Accredited planning professionals per 100,000 people:
 - UK: 37, South Africa: 3, India: 0.23

Shortages and bottlenecks?

- 150 million urban residents with perennial water shortage today; up to 1 billion by 2050
- escalating demands for urban services and infrastructures => most local agencies operate in constantly in “catch-up mode”

Complex, large projects and related
procurement processes?

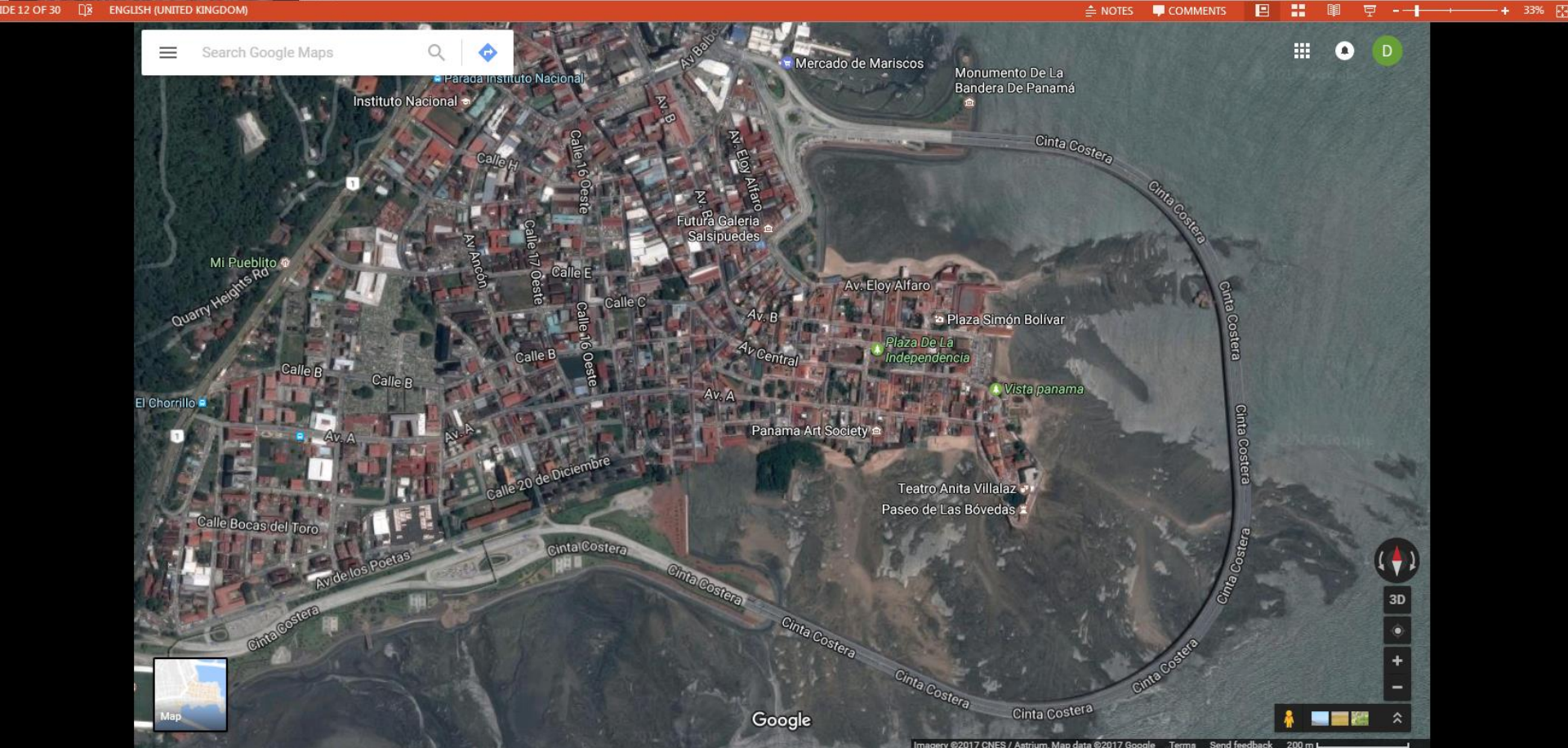
Panama City – Old Town



Panama City – Old Town now



Panama City – Old Town aerial view



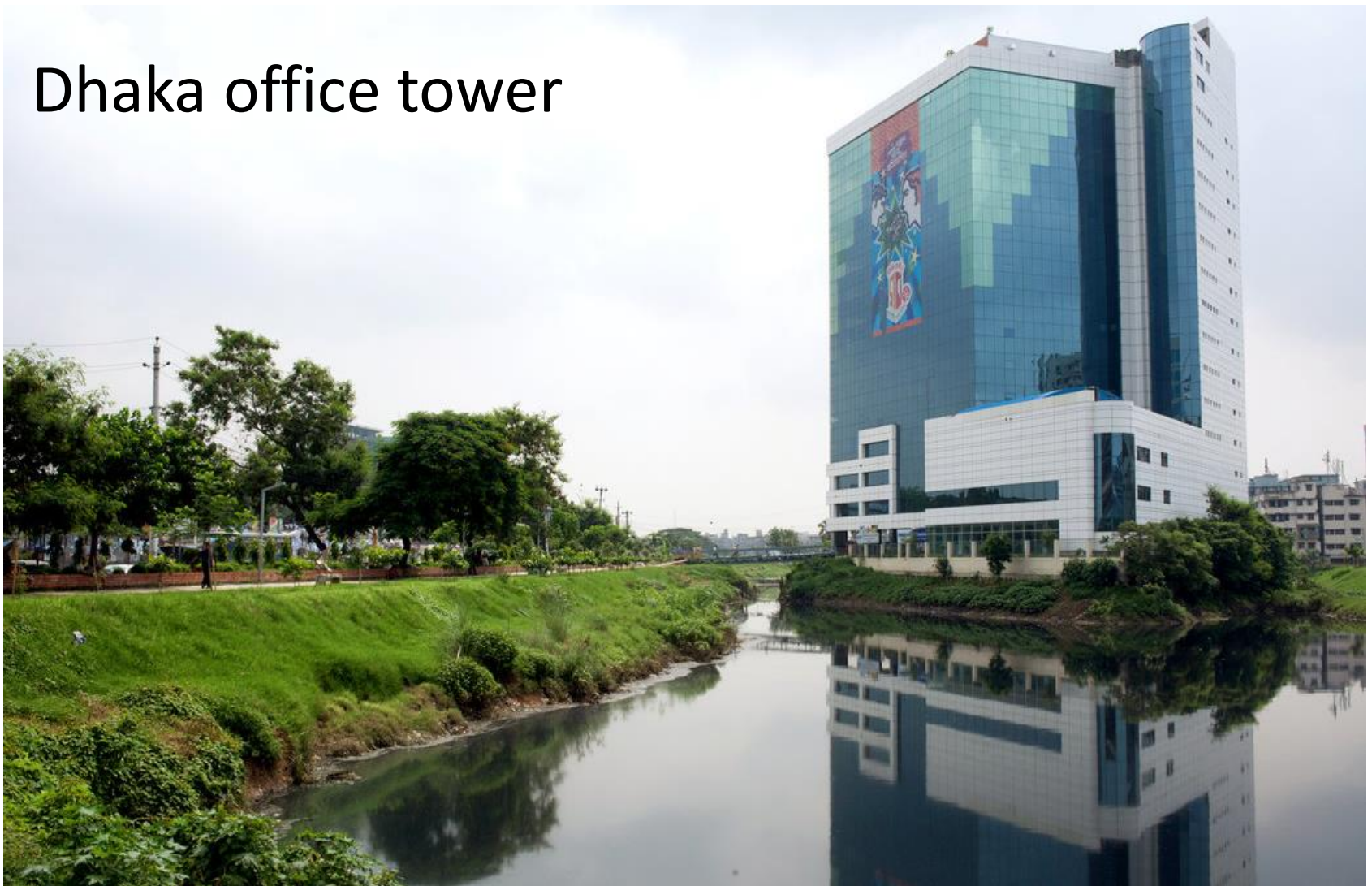
“Large-scale resource influx?”

- At least USD 100 billion per year to be provided for climate finance by 2020

Asymmetric interests and power?

77% of survey respondents in African cities and 61% in Asian cities believe public office holders benefit most from urban reforms due to corruption (2009)

Dhaka office tower



- land illegally obtained
- built without proper approval
- threatening crucial urban lake drainage system
- inaugurated by two prime ministers
- several court orders for demolition since 2011
- “a scam of abysmal proportions” (High Court)
- nothing has happened (April 2016)

Dhaka: Bangladesh

- Office tower: owned by Bangladesh Garment Manufacturers and Exporters Association, main trade group
- Sector accounts for $\frac{3}{4}$ of countries exports, employs 4 million workers
- 10% of parliamentarians directly in garment business, various others with indirect interests

What to do? Fostering integrity in urbanisation and climate action

- Cities not only as hotspots, but also as potential beacons of integrity
- Some key lessons for tackling corruption
 - No magic bullet solution
 - Systemic issue: ring-fencing projects only stopgap measure
 - Not a handwashing intervention – long term engagement, since vested interest will push back, find new corrupt ways
 - Often you cannot fight corruption by fighting corruption – look at root causes

Engagement options for different stakeholders 1

- City governments
 - diagnose and reform most pressing institutional weaknesses: Local Integrity Systems Analysis
 - adopt open procurement and open contracting standards
 - raise transparency levels: real estate ownership, asset/income/interest declarations
- Private sector
 - local integrity pacts around big public works projects
 - join construction sector transparency initiative (COST)

Engagement options for different stakeholders 2

- Civil society:
 - a plethora of follow-the money and social accountability mechanisms available
 - participatory budgeting
 - social audits
 - assess/rank/compare, diagnose: e.g. Slovakia Cities Transparency Index
 - provide reporting platforms /helplines
- Donor agencies:
 - join IATI
 - support local champions

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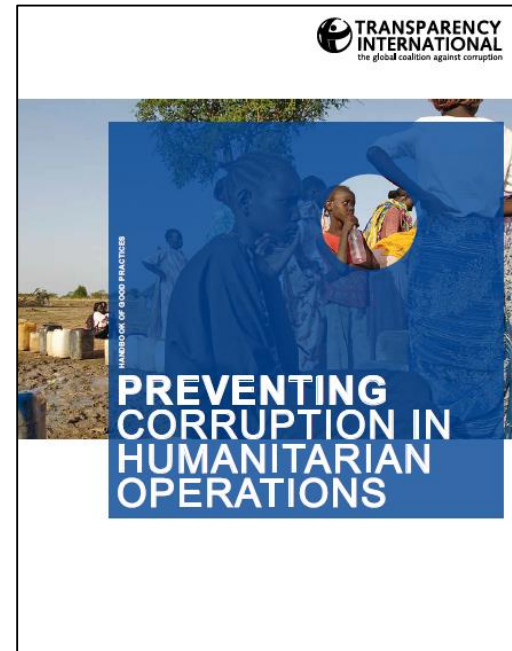
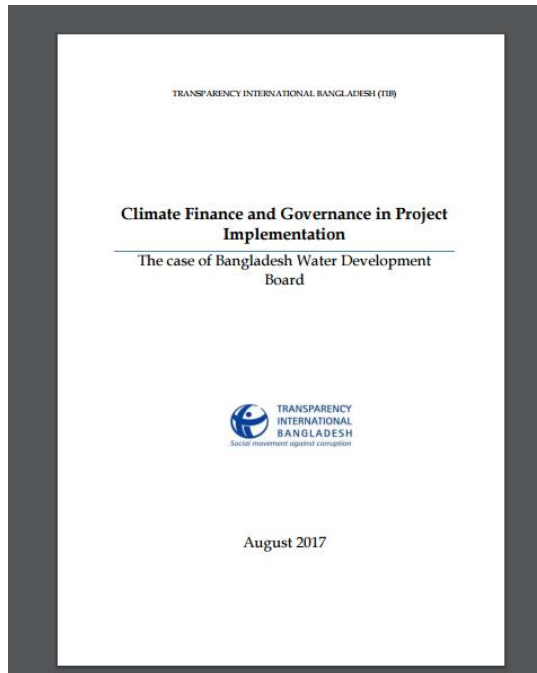


Unknown
\$ 35,846,256



Examples of NGO resources

- Bangladesh: Analysis of Water Development Board
- Global: Handbook Humanitarian Assistance



Citizen reporting – Anti-Corruption Assistance TI Advocacy and Legal Advice Centers (ALACs)

2003 WAS THE FIRST YEAR ALACS WERE
OPENED

200,000+ CITIZENS HAVE CONTACTED AN ALAC
SO FAR

100+ ALAC OFFICES ARE OPEN

60+ COUNTRIES HAVE FULLY OPERATING
ALACS

Engagement options for different stakeholders

- Urban professionals
 - Raise awareness / preparedness for corruption challenge
 - Example: course module for urban planning schools / planning professionals

Urban planning course module



A – The basics of corruption



B – Corruption in urban development and planning



C – Individual and organisational dynamics of corruption and integrity



D – The role of professional ethics in urban planning



E – Tackling urban corruption – taking action as an urban planner



More about the course



ALL PALACES ARE TEMPORARY PALACES

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- working papers „cities of integrity“, „land resource curse“, „ambient accountability“ on SSRN
- urban development + corruption course: www.transparency.org/urbanintegrity