

Strengthening Capacities in Water Integrity Management

The Integrity Management Toolbox, a tool that has recently emerged in the water sector, contributes effectively to building integrity management capacity at the level of formal water service providers and small and medium sized water sector enterprises.

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Abstract

The Integrity Management Toolbox provides a systematic bottom-up approach to tackling governance issues in the water sector. Instead of a moralizing approach, the Integrity Management Toolbox offers a business-oriented perspective that turns integrity challenges into business opportunities. The Integrity Management Toolbox initiates an integrity change process that aims to increase the level of integrity and hence the (economic) performance of those using the toolbox. Starting point is an initial two-day workshop, during which stakeholders from water sector institutions (such as formal water service providers or small and medium sized enterprises) conduct a participatory risk analysis and an assessment of available integrity instruments. To initiate an integrity change process that will lead to an “integrity-improved business model”, a concrete road map for the implementation of appropriate instruments is developed and implemented under the support and guidance from external coaches.

Background

The lack of efficiency in the provision of water and sanitation services is often rooted in weak governance and a lack of integrity (Global Corruption Report, 2008). Stakeholders like formal water service providers are particularly exposed to corruption issues such as extortion of customers, illegal connections, fraud and embezzlement of financial resources and material. This is due for example to the high complexity and limited transparency of technical operations and procurement. Water service providers face integrity risks (both as drivers and as victims) at all stages of the water sector value chain. Risks can be linked both to partners or governmental institutions (top-down) and employees or customers (bottom-up). Enhancing accountability as a

means to improve service delivery consequently requires sector institutions to adopt integrity tools to avoid that resources are wasted or siphoned off. Hence, the need to address poor corporate governance is frequently emphasized (WASREB 2012). While integrity is extensively addressed on the policy and regulatory level, there is little practical guidance for water sector stakeholders such as utilities or small and medium sized enterprises for tackling these problems at the institutional level.

Turning integrity challenges into business opportunities

In this context, cewas (international centre for water management services) and WIN (Water Integrity Network) with the support of GIZ co-developed the

Key messages:

- Lack of integrity is considered one of the key reasons for insufficient water service provision in many countries of the South
- Although widely addressed on the policy level, integrity until now remains an abstract concept difficult to tackle at the level of sector institutions
- The Integrity Management Toolbox offers a management approach to strengthening water sector stakeholder’s capacities to tackle integrity issues from the bottom up
- The Integrity Management Toolbox serves as entry point to turning integrity issues into business opportunities
- The pilot implementation of the Integrity Management Toolbox in Kenya yielded measurable outcomes. Adaptations to specific target groups in Zambia and Indonesia are currently under way

Integrity Management Toolbox (cewas and WIN 2013). This toolbox is a participatory instrument that aims to strengthen capacities among water sector stakeholders to effectively deal with integrity risks and to turn them into business opportunities. Its overall objective is to initiate a systematic integrity change process at the institutional level to improve performance, based on a fortified business model. Embedded in the country-specific policy, legislation and regulatory framework, the integrity change process can bring „lost money“ back into the water institutions and can reduce costs and reputational and legal risks if properly completed. In the long run, stakeholders that include integrity management in their business models will establish a comparative advantage. Hence, the Integrity Management Toolbox is not a moralising approach, but seeks to raise awareness among its users on how they can benefit from a business point of view from including transparent, ethical and legally compliant practices into their operations. This goal is attained by:

1. helping users to identify integrity risks linked to their business model
2. providing a collection of integrity instruments that can be used to address the identified integrity risks
3. informing the adjustment of the users’ business model so as to enhance efficiency and performance through a higher level of integrity

The Integrity Management Toolbox was developed and piloted in Kenya in cooperation with Water Services Providers Association (WASPA), Kenya Water Institute (KeWI) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. As the concept of the Integrity Management Toolbox can be transferred and adapted to any geographical context, administrative level and target group, the approach has received substantial interest within the development cooperation and water sector community. In the meantime, the toolbox was adapted to small and medium sized enterprises in Zambia and is currently being adapted to the specific needs and requirements of Water Service Providers and River Basin Organisations in Indonesia.

The Integrity Change Process

The Integrity Management Toolbox comprises comprehensive information material (consisting of detailed descriptions, red flags and examples on integrity risks and instruments, complemented by a compilation of further readings) as well as a stepwise approach on how to initiate and facilitate a management-led change process (see picture below).

The first six steps of this process are completed in an initial two-day integrity management workshop, in which the priority actions to be taken are defined and planned in a detailed implementation road map. Once the road map is developed, the integrity change process (Step 7) is initiated and supported through external coaches.

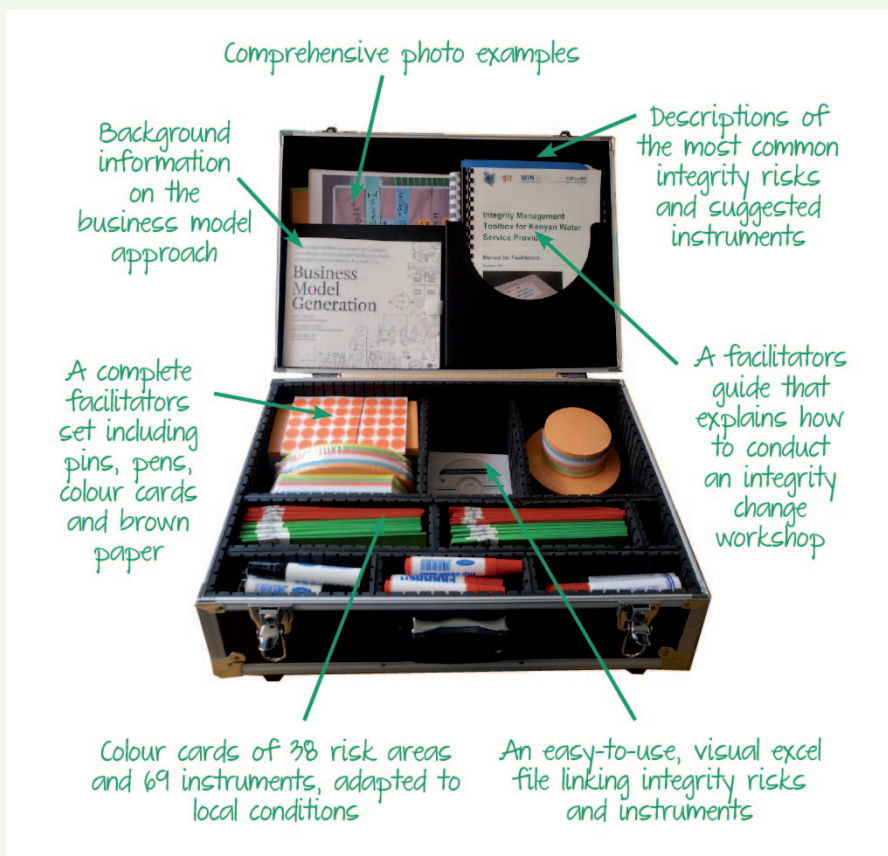


Figure 1: The tangible Integrity Management Toolbox (cewas and WIN 2013)

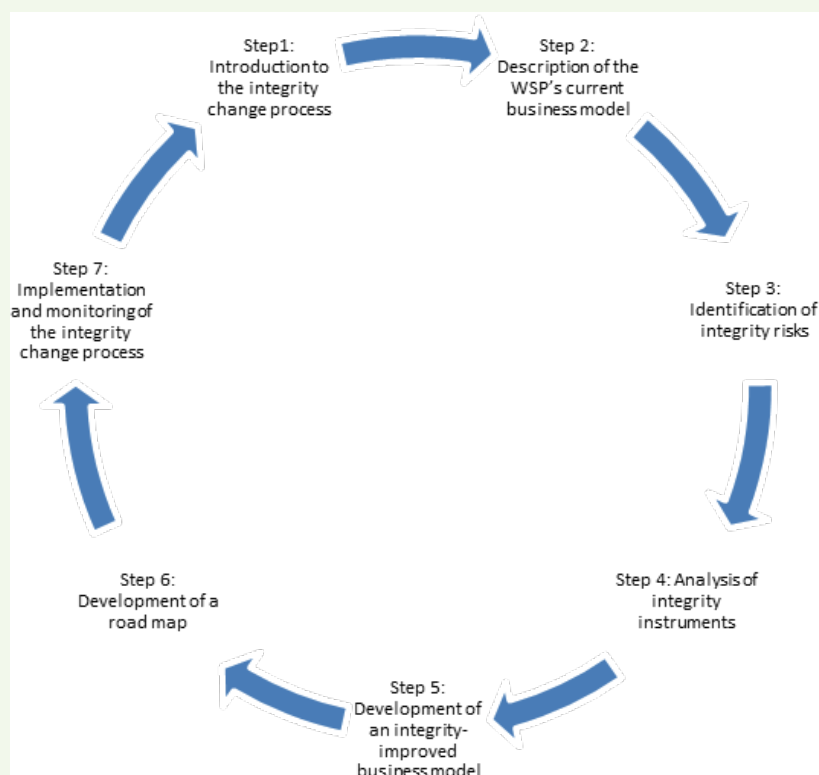


Figure 2: 7-STEP Integrity Change Process initiated by the Integrity Management Toolbox (Source: Own graph)

The introduction to the integrity change process (**Step 1**) aims at familiarising participants with the topic, setting the tone of the workshop, and clarifying questions and expectations so that the target group is ready to perform. It conveys the idea, scope and principles of the whole integrity change process that their company or institution will undergo in applying the toolbox. At the same time, the participants will understand how the toolbox and the integrity management coaches can support them in undertaking this process.

In **Step 2** the participants describe their current business model. The business model is a simple blueprint that illustrates how the concerned organisation creates, delivers and sustains value. It can be represented on the Business Model Canvas (Osterwalder and Pigneur 2010), which depicts the four main areas of a business: customers, offer, resources and financial viability.

During the identification of integrity risks (**Step 3**), participants analyse an inventory of potential integrity risks, link them to their business model and prioritise the most relevant ones for their institution. The risks provided in the toolbox are clustered according to the departments that typically exist in an institution. In the case of water service providers risks are categorised as follows: procurement and contract management; customer relations; operation and maintenance; human resource management and employment; finance management; overall management and controls; and governance. The risks are then prioritised in a participatory assessment of their impact on the business model.

The analysis and selection of integrity instruments (**Step 4**) aims at finding suitable instruments to prevent and mitigate the main risks identified in Step 3. To assist the participants in this process, each risk defined in the toolbox comes with a suggestion of corresponding instruments. The participants assess and prioritise the relevant instruments by categorising them in three groups: 1) instruments that are already successfully in place, 2) instruments that are new and feasible, or that are in place but could be improved, and 3) instruments that are not applicable or not feasible.

The instruments that fall under the second category are subsequently analysed regarding the potential positive impact on the business model (**Step 5**). This assessment provides the basis to decide on a final list of measures. Participants should then clarify how each of the selected instruments will affect their business model. The expected transformation is documented by developing an integrity-improved business model that clarifies the objectives for the envisaged change process.

While steps 4 and 5 provide the *what* (instruments) and *why* (improved business model), the development of a road map (**Step 6**), focuses on the *who*, *how* and *when*. The participants design concrete steps to initiate changes, identify the responsible actors, the necessary time frame and resources as well as concrete targets. The road map is jointly developed by all key stakeholders to create mutual understanding and a momentum for the integrity change process. The road map needs to be approved by the top management in order to provide a solid mandate for those in charge of implementing the selected integrity instruments.

The implementation of the integrity change process (**Step 7**) as outlined in the road map is the most important, yet most difficult and time consuming part. After having attended to the integrity management workshop, participants return to their work and implement the integrity instruments chosen during the workshop according to the activities laid out in the road map. Depending on the complexity of the chosen integrity instruments, this step can take from 6 months to several years. For the implementation process to be successful, it is very important to create ownership and leadership. For this purpose, the implementation of the first three elements of the road map (namely the appointment of a change agent, organisation of a kick-off event and group coaching) are vital to initiate a positive change process. External integrity management coaches accompany the process with regular coaching



Figure 3: Impressions from the Integrity Management piloting workshops taking place across Kenya, August 2013 (Source: cewas and WIN 2013)

sessions to support the overall monitoring and reflect upon the user’s integrity efforts. The coaches also document and monitor progress. This information helps identifying and overcoming implementation problems, facilitates decision-making, ensures accountability and provides a basis for evaluation at the end of the integrity management efforts.

Achievements, impact and limitations

The Integrity Management Toolbox’s main aim is to support its users in providing better service and increasing accountability towards customers, thus creating more conducive customer relationships and increasing willingness to pay. At the same time, the users of the toolbox will increase compliance with regulatory and legal requirements. Successful implementation of the instruments raises awareness about the importance of high levels of integrity inside the institution and increases knowledge among staff and management on the integrity risks specific to their institution. In the longer run, integrity management generates benefits for external actors as described in table below.

The Integrity Management Toolbox focusses on integrity issues in the zone of influence of an institution. Hence, it allows addressing integrity issues even if the overall

context of the sector is complex with a framework that is not conducive to integrity. The toolbox can generate visible outcomes in short period of time, as it aims at improving the users’ performance and services directly. The toolbox translates the abstract concept of integrity into tangible solutions supported by concrete guidelines. This allows conveying integrity management to water sector practitioners with little experience in anti-corruption work.

The success of the toolbox greatly depends on ownership within the targeted institution. Initially buy-in from senior management is required, to support the systematic management of integrity risks by assigned staff. Without management support, the toolbox is likely not to have any impact. At the sector level, performance incentives in the policy and regulatory framework should be established to support integrity management initiatives. Ideally, the implementation is accompanied by integrating the integrity requirements into benchmarking standards or other regulatory tools. In the Kenyan case, the regulator (Water Sector Regulatory Board) has established corporate governance guidelines and awards an integrity trophy providing incentives for the integrity management initiative. Furthermore, support from the Water Service Providers Association and by the responsible ministry were important to engage water service providers.

Table 1: Expected beneficiaries and impact

Expected Beneficiaries	Expected Impact
Toolbox users	Increased revenue collection, cost recovery, professionalism, improved service hours, reputability and increased investor confidence, positive work environment and improved staff motivation/satisfaction
Investors/Development Partners	Value for money
Citizens	Improved service delivery
Country	Sustainable socio-economic development due to improved water service delivery

Table 2: Most commonly identified integrity risks and instruments during the piloting of the IM Toolbox in Kenyan water service providers

Most commonly mentioned risks	Most commonly selected instruments
<ul style="list-style-type: none"> • Tempering with meter readers and falsified meter readings • Lacking integrity of staff • Customers have a negative image of water - and sanitation providers • Staff benefitting from illegal connections • Inefficient revenue generation • Low staff competence 	<ul style="list-style-type: none"> • Increase citizen participation • Asset management policy • Work culture training • Sanctions catalogue for unethical behaviour • Strengthen Feedback and Communication with Customers • Supervision & Inspection of Staff • Clear job descriptions • Anti-corruption policy • Integrity training for staff & management • Field inspections • Improved customer complaint management • Improved meter reading procedures • Increased transparency of water connection procedures

The piloting with Kenyan water service providers proved the feasibility of the approach and led to demonstrable outcomes that enhanced transparency, accountability and participation in service provision. Examples of outcomes include more transparent water connection procedures, the establishment of an anti-corruption inspection team, rotation of meter reader, development of a sanctions catalogue and many others.

One of the participating water service providers reported an increase of revenues after the first half year already. Such tangible tools do not only tackle integrity at different levels within the company or institution but also generate ownership among decision-makers. Participants said that if integrity management can be internalised, risk management becomes the duty of everyone inside an institution or company. Besides serving as eye-opener, the toolbox quickly led to measurable results for solving basic problems such as internal communication or improvement of operations. As capacity development tool, the toolbox leveraged confidence, skills and innovative ideas among the participants and improved general levels of transparency and participation.

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