WATER TAP Manual

A practical guide to managing water integrity in water utilities
Experiences from pilot projects in the MENA region

December 2015

ACWUA
Arab Countries Water Utilities Association

german cooperation
DEUTSCHE ZUSAMMENARBEIT
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WIN Water Integrity Network
Fighting corruption in water worldwide

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Content

List of acronyms

ACWUA	Arab Countries Water Utilities Association
ACWUA WANT	Capacity development programme run by GIZ and ACWUA: "Strengthening the water sector in the MENA region through regional networking and training"
BMZ	Federal Ministry for Economic Cooperation and Development (Germany)
CMS	Compliance management system
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GWOPA	Global Water Operators Partnership Alliance
HCWW	Holding Company for Water and Wastewater (Egypt)
IRC	International Water and Sanitation Centre
ISO	International Organization for Standardization
IWRM	Integrated water resources management
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development
ONEE	L'Office National de l'Electricité et de l'Eau Potable (Morocco)
O&M	Operation and Maintenance
SONEDE	Société Nationale d'Exploitation et de Distribution des Eaux (Tunisia)
SOP	Standard operating procedures
TAP	Transparency-Accountability-Participation
ToT	Training-of-Trainers
UNDP	United Nations Development Programme
UNDP-WGF	UNDP Water Governance Facility at SIWI
WAJ	Water Authority Jordan
WIN	Water Integrity Network

Foreword by ACWUA and GIZ

Integrity and compliance are critical to good governance in managing water resources and providing water services to citizens. Therefore, the Arab Countries Water Utilities Association (ACWUA) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in 2012 started a capacity development initiative on these matters by providing awareness seminars, training and advice, as well as developing tools and instructional materials, with the aim of improving integrity in water and wastewater utilities in the Middle East and North Africa (MENA) region.

This water integrity initiative complemented the ACWUA WANT capacity development programme run by GIZ and ACWUA and resulted in the Water Transparency, Accountability and Participation (TAP) approach being piloted in ACWUA member countries—Morocco, Tunisia, Egypt, and Jordan—during the period 2013–2015, while ACWUA advocated water integrity among their members at international events. GIZ cooperated with the Water Integrity Network (WIN) and its international partners who provided expertise, material and advice.

Water integrity and its pillars *transparency*, *accountability* and *participation* (i.e. TAP) are important determinants on how water resources and water services are governed. The goal of good governance is to allocate and distribute water in fair and efficient ways for all water users through improved TAP in water institutions. Financial transactions and resource allocations between public actors, between public and private actors, and between water service providers (utilities) and water users should be transparent and need to comply with rules and regulations.

Water is not only essential for life and economic development but it is also an immensely political issue, wide open for manipulation, and open to capture and conflict among communities and households, rural and urban areas, industry, and domestic uses and agriculture. These macro and micro dimensions mean that capacity development toward more integrity in the water sector must reflect the diversity in practice, and consider different stakeholders, their motivations and power, and the levels or types of impacts due to lack of integrity.

A lack of honesty and transparency often leads to corruption, i.e. the abuse of entrusted power and resources for personal gain. It can be found in a huge range of interactions at all levels of decision-making and in all aspects of the water sector, along the whole 'water value chain', i.e. from water allocation to the end user and—as wastewater—back to the endangered environment.

Water integrity addresses aspects of (1) water policy, (2) water allocation and distribution and (3) urban water supply and wastewater services. The water TAP approach focuses primarily on water service providers. Generally speaking, there is a great need to strengthen capacities at policy, management, and operational levels in government, the private sector, and civil society to work with water integrity:

- The focus should be on prevention measures, being pro-active rather than re-active,
- We need to emphasize the detrimental impacts of corruption on socio-economic development, especially on poor people who suffer from the effects of corruption,
- Integrated water resources management should be better linked with water services for domestic, industrial, and agricultural uses with a fair and transparent distribution between the sectors,
- We also need to realize that there are different cultural interpretations of corruption.

Capacity development plays a crucial role in enhancing integrity and enabling anti-corruption principles to be put into practice. Strengthening capacities for water integrity requires a multi-faceted approach: building awareness and applying tools to take action toward more transparency; improved accountability and participation; better assessment of corruption risks; effective compliance management; and the sharing of knowledge about opportunities to support integrity or to prevent corruption.

Khaldoun Khashman, Mustapha Nasereddin, Jarrah Al Zubi (ACWUA)

Thomas Petermann and Mostafa Biad (GIZ-ACWUA WANT)

December 2015. Amman, Eschborn and Rabat

Acknowledgements

This Water TAP Manual is the joint effort of many people and organizations. We are grateful to all of the many people who contributed during discussions and during the implementation of the water TAP project in our partner organizations in the MENA region. The principle authors of this Manual are Mostafa Biad (formerly at L'Office National de l'Electricité et de l'Eau Potable (ONEE) in Morocco) and Thomas Petermann (GIZ, ACWUA WANT project), with substantial contributions from Lotte Feuerstein (WIN), Janek Hermann-Friede and Carmen Fernandez Fernandez (consultants).

We are very grateful to WIN for providing guidance and advice. The first training session on water integrity was organized in May 2012 by the GIZ Project ACWUA WANT for a group of trainers, moderators, and utility staff from the MENA region and Eastern Africa. Support came from international partners, especially the UNDP Water Governance Facilities at SIWI (WGF), Sweden, and the International Water and Sanitation Centre (IRC), the Netherlands. We are especially grateful to Jan Teun Visscher, Maria Jacobsson, and Alana Potter for their valuable guidance. The GIZ 'Anti-Corruption and Integrity Programme' with Lotte Feuerstein (GIZ, since 2014 WIN) provided support in terms of linkages with international partners and continuous advice on concepts and approaches.

This Water TAP Manual partly draw on the chapter 'Water integrity: Clearing muddy water' from the Water Impact Guidebook (GIZ 2012) to support training activities implemented by GIZ with partner organizations in the MENA region and Africa during the preparatory project phase 2012–2013. Its primary source is the 'Training Manual on Water Integrity' by WGF (2011). Permission to use the training manual was granted by Hakan Tropp, former Project Director of WGF. The Manual is the result of a partnership between UNDP-WGF at SIWI, WIN, CapNet and Waternet. Other valuable resources on water integrity are the primer of the Swedish Water House (Stalgren 2006) and reports on corruption in the water sector from Transparency International (2008), the United Nations Development Programme (UNDP) (2011) and the World Bank (2009). The WIN website provides further useful resources.

Inspiration on the change process and the business case for water integrity has been taken from the integrity management toolbox developed by cewas, WIN and GIZ (2014), while this Manual has in turn also inspired the recent review of the toolbox.

The Water TAP Manual reflects the experiences of the GIZ Water Integrity Project (MENA) since 2012, in cooperation with the regional water association ACWUA and water integrity teams in pilot utilities in the MENA region. The following organizations put the concept into action:

- ONEE, the national water office in Morocco, with the water integrity coordinator Ahmed Benaddou, in coordination with Samir Bensaid and Abderafii Mardi from the Institut International de l'Eau et de l'Assainissement of ONEE.
- SONEDE, the national water provider in Tunisia, with the water integrity coordinator Atika Souissi, under the guidance of national expert Jihed Ghannem.
- Holding Company for Water and Wastewater (HCWW), the national water company in Egypt, with the overall coordinator Mohamed Moawad and three subsidiaries: Luxor Water Company with the water integrity coordinator Amal Beshay, Gharbia Company with Abdelatti Eltalawy/Ayman Al-Amawy, and Matrough Water and Wastewater Company with Khaleed Saleh Shabody (Siwa) and Amr Mohamed Ali (Al Alamayn), all guided by Abeer Barqawie from the regional pool of experts and trainers.
- Water Authority Jordan (WAJ), Miyahuna and Aqaba Water, the water companies in Jordan with the water integrity coordinators Ibrahim Obadah, Duha Tarawneh, and Montaser Abu Abdallah, guided by Jamal Al Saleh from the regional pool of experts and trainers.

This Water TAP Manual is a completely revised version of the previous 'Training Manual: Strengthening Integrity in Water Utilities' (GIZ-ACWUA 2013) prepared by Mostafa Biad and Jamal Al Saleh to guide the implementation in pilot utilities. This new version considers the approaches and outputs of the Water Integrity Project during the period 2013–2015 and summarizes the findings so as to provide a source of inspiration for further applications in the MENA region and elsewhere.

Mostafa Biad and Thomas Petermann, Rabat and Eschborn, November 2015

1. Introduction and background

1.1 Introduction to the Water TAP Manual

This Manual is written for water utilities that seek to improve their performance by implementing a change process towards higher levels of integrity. The main actors in this process are the utility's management and staff. All water sector practitioners[1] who support utilities throughout this process will benefit from using the Manual to guide their work.

The Water TAP Manual is primarily based on practical experience from the GIZ-ACWUA Water Integrity Project (MENA). It describes what and how things were done in the pilot utilities in the MENA region, under these specific conditions. After an introduction to the project context and the rationale for water integrity in utilities (Chapter 1), the Manual provides guidance on the overall approach and phases of the initiative with examples of the challenges encountered and successes achieved (Chapter 2), followed by step-by-step descriptions of the specific methodologies (Chapter 3) used to operationalize water integrity in these utilities.

Integrity risks and challenges may be very different across water utilities. This Manual therefore provides guidance on how to develop context-specific strategies to move from acknowledging the importance of integrity to analysing the specific risks and taking concrete action. It focuses on how to manage the process rather than prescribing what integrity measures to take. Adaptations to the water TAP methodology are required if applied in other sectors, institutional set-ups or regions.

The Water TAP Manual is the product of practitioners from the MENA region who work in water utilities or for the capacity development programmes of ACWUA and GIZ. The authors adapted the basic concepts of water integrity, as well as tools to assess and address corruption in the water sector (see e.g. UNDP, UNDP-WGF, the World Bank, Transparency International, SIWI and WIN), to their work environment at utility level.

Figure 1: Water sector actors

[1] This includes the management and operational staff of water and wastewater utilities, (water integrity) trainers or expert advisers or staff from water ministries, regulators, and national water authorities.

Beyond the change efforts within individual utilities it is important to bear in mind that complementary actions need to be undertaken by all other actors in the water sector (policy, regulator, legislation, national and local water institutions and basin agencies, other water users, water user groups, customers, wetlands conservation agencies, etc.) in order to achieve the overall objective of allocating and distributing water in fair and efficient ways for all water users in a country.

Table 1: Overview of users, their key questions, and where to find answers:

Levels	User (example)	Key questions	Key chapters	'Nice to have' chapter
Top management	Director General	Why should my utility implement water integrity? What are the expected impacts and benefits for the company? How does one communicate water integrity to key partners and financers? How should we organize water integrity in my utility?	1.3 and 1.4 2.1 (partly)	2.2
	Director of Department, Head of Division	Why should my utility implement water integrity? How can water integrity be implemented? How can my department benefit? What are the required resources? How should the water integrity team be chosen and what qualifications do they need? How should the process/departments be chosen?	1.3 and 1.4 2.1 and 2.2 (partly)	2.1 and 2.2 (full) 3 (partly)
Middle management	Head of section; HR manager	How should water integrity be implemented? What is the water TAP methodology? What are main integrity risks in my unit? What resources are needed?	2.1 and 2.2 (partly) 3.1	2.1 ad 2.2 (full) 1.1 to 1.4
Water integrity team	Water integrity coordinator, process managers	How should water integrity be implemented? How should the change process be facilitated? What support can I get from external actors? What is the water TAP methodology? How should key staff be selected for implementation? How can the interest of the water integrity teams be sustained throughout the various phases?	Whole Water TAP Manual	
	Other water integrity team members	What is the water TAP methodology? How should we use the TAP templates?	2.1 and 2.2 3.1 to 3.3 (partly)	1.1 to 1.4

Staff	Service staff, e.g. accountants; procurement officers, controllers, auditors; HR; Engineers and technicians	How should water integrity actions be implemented? What are main integrity risks in my area of work? How can a water integrity action plan be established for my process or department? What are the benefits for my workplace?	3.1 to 3.3 partly	1.3 and 1.4 2.1
Trainer, coach		How should I apply the water TAP approach in utilities? What is the content and methodology of water integrity and TAP training? How can different target groups be engaged?	Whole Water TAP Manual	
Association	ACWUA	Why is integrity relevant for member organizations? How does one advocate effectively for water integrity in the region? What is our role in an integrity initiative? How do we create incentives among utilities to implement water integrity? What it the water TAP methodology?	1.3 to 1.4 2.1 2.2 (partly)	1.1.to 1.2 2.2 full 3 partly
Development partner	GIZ, WIN secretariat	How do we initiate, plan, and implement a water integrity project? What are the water TAP phases? What support is required in which phases (instruments, tools, capacity building, coaching, funds, etc.)?	1.1 to 1.4 2.1	2.2 3

1.2 Context of the Water Integrity Project (MENA)

In 2012, GIZ started to promote the concept of water integrity at utility level with its partners, ACWUA and about 110 members in 18 countries in the MENA region (Maghreb, the Near East, and the Gulf States). The water integrity initiative was part of the GIZ projects MENA WANT (2009–2013) and ACWUA WANT (2014–2015), which have supported ACWUA to provide capacity building, training, and regional networking services on selected technical and management topics that are relevant to improved water utility performance.

Based on WIN's experience in fighting corruption in the water sector, the project started to build capacity on water integrity concepts and analytical tools among potential trainers and advocators in the MENA region. In the next step, the level of preparedness for introducing concrete measures to enhance integrity at water utility level was explored with chief executives and senior staff from 30 ministries and water utilities in the MENA region in a regional seminar at the ACWUA 5th Best Practice Conference in Oman (July 2012). Discussions at this conference proved that integrity issues are multi-facetted, including technical and management aspects to be applied anywhere—but they also touch on cultural habits and perceptions as well as individual human behaviour across all dimensions of responsibilities, duties, and tasks. At the same time, the adverse impacts of dishonest and irresponsible behaviour and the apparent lack of effective control mechanisms resulted in anti-corruption initiatives being pioneered in

several MENA countries to enhance integrity in government and the public sector, including the water sector.

While there was overwhelming positive feedback and support to enhance water integrity, it was agreed that the term 'anti-corruption' as an entry point for change would be avoided since 'corruption' has a very negative connotation in most cultural and socio-economic contexts. Instead, it was considered more appropriate and action-oriented to strengthen three key pillars of 'good governance' that link closely to water integrity: **transparency, accountability, and participation**. Therefore, the term **'water TAP'** was used in the subsequent phases to specify the methodology applied for the water integrity initiative at utility level. This was complemented by an approach to create a favourable environment for change through: (1) full ownership of the process remaining with the water utilities and their management; (2) direct engagement on the part of the utilities' staff at all stages; and (3) guidance and support by a pool of experts and coaches from the MENA region under the guidance of ACWUA. Furthermore, the water integrity initiative focuses on key processes that are commonly applied at company level and on compliance management.

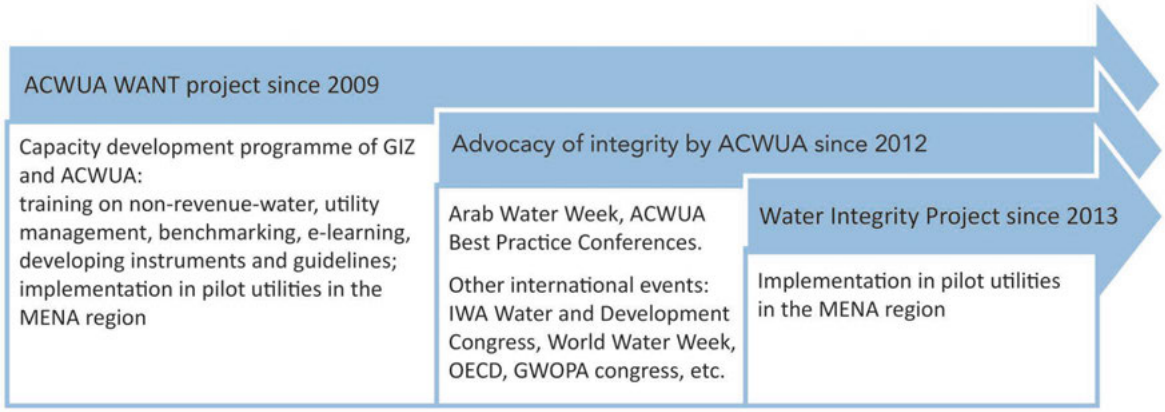


Figure 2: Emergence of the Water Integrity Project (MENA)

In this setup the water integrity initiative was positioned to complement efforts by the government to strengthen anti-corruption and integrity at corporate level and in the national water sector.

The two Regional Governance Funds of the German Federal Ministry for Economic Cooperation and Development (BMZ) for the Maghreb and the Near East regions provided opportunities to test the applicability of the water integrity initiative at utility level. It was agreed at the ACWUA Best Practice Conference 2013 in Algiers to pilot the water TAP approach with water utilities in Morocco, Tunisia, Egypt, and Jordan. Since then, the GIZ projects 'Water integrity in the Maghreb' and 'Water integrity in the Near East' have supported ACWUA's water integrity initiative by providing guidance, advice, and training. As the activities under both projects were implemented as one common initiative, they will be jointly referred to as the 'Water Integrity Project (MENA)'.

Ownership and full responsibility for managing the processes remains with the management of the pilot water utilities in Morocco, Tunisia, Egypt, and Jordan. The ACWUA secretariat has the role of advocating for the concept of water integrity among their members in the MENA region. Furthermore, they provided the platform for regional exchange at the Arab Water Week and the Best Practice Conferences during the period 2012–2015. The promotion of water integrity was adopted in the regional policy at the ACWUA Board Session and is now part of the ACWUA Strategic Business Plan 2015-2019.

During the preparatory phases in 2013 and 2014, further Training-of-Trainers (ToT) of qualified experts, facilitators and advocators from the MENA region took place. They are currently the core team of the 'regional pool of experts' supporting the implementation of the initiative.

Figure 3: Core activities throughout ACWUA advocacy and the Water Integrity Project (MENA)

1.3 Water integrity: The concept and its pillars

Good water governance and water integrity

Good water governance and water integrity are closely linked and overlapping concepts, both aiming at managing water resources and water services for a fair, sustainable, and efficient water distribution for all water users.

While there are many different definitions, we refer to 'governance' as the rules, regulations, and mechanisms needed to articulate interests, formulate policy, manage resources, make decisions, regulate human behaviour, and exercise power (Ernstorfer and Stockmayer 2009). Water governance is therefore about the rules and processes by which decisions are made on the development and management of water resources and the provision of water services and how their implementation is managed and overseen.

Water governance includes more actors than just the government and there are many other stakeholders involved, including:

- National-level water ministries, agencies, regulators, and other relevant line ministries , e.g. environment, agriculture, health, finance, etc.;
- Local government bodies;
- Private, agricultural, and industrial water users, often organized in water user groups;
- Public and/or private water and wastewater utilities and other relevant private sector actors;
- NGOs, media, community groups and other parts of civil society.

Good water governance in a nutshell:

How best to use, develop and manage scarce water resources, considering the interests of all users in a fair and transparent way. Governance is about:

- the **processes** by which **decisions** are **made and implemented**;
- interactions between **government**, **public sector**, **private sector,** and **civil society** to ensure optimal services; and
- **negotiation,** in consideration of different **power relations** between stakeholders, to determine **who gets what, when, and how.**

Adapted from GWP (2003a) and (2003b)

Good water governance implies that water resources are managed and services provided in an equitable, transparent, and participatory manner with appropriate accountability mechanisms and in accordance with human rights standards. The quality of water governance is influenced by rules, actors, and processes. Good water governance therefore has three main components:

1. **Policy, regulatory, and legislative frameworks** that protect water resources and create an enabling environment for ecological sustainability and effective service delivery;
2. **Institutions** that manage and use natural, financial, and human resources in a responsible and efficient manner;
3. **Decision-making mechanisms** that achieve responsible use of political power, and facilitate the participation of stakeholders in a transparent and accountable way.

Water integrity refers to the same principles as good water governance but has a stronger focus on the behaviour of people and institutions and on anti-corruption: *'The core of water integrity lies in the integrity of people and institutions governing water resources. It requires decision-making that is fair and inclusive, honest and transparent, accountable and free of corruption. The term recalls that management decisions have an ethical dimension, and that leadership needs courage as well as technical skills'* (WIN et al. 2013).

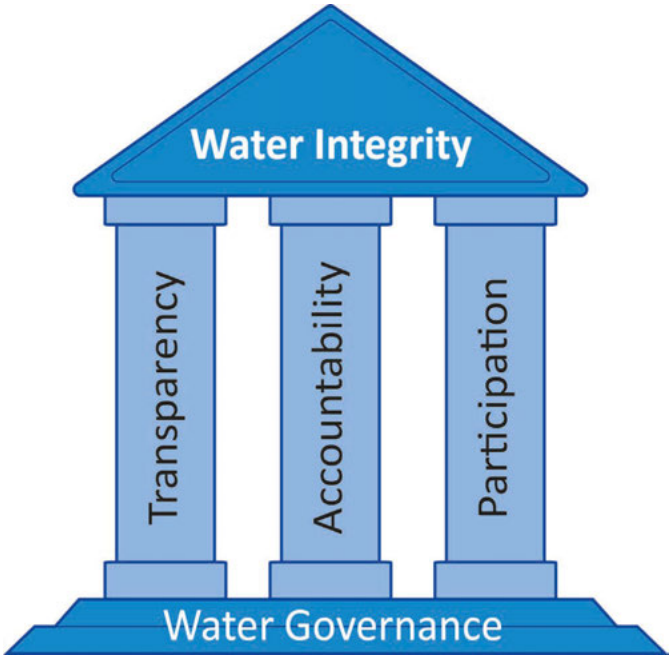


Figure 4: Pillars of water integrity

TAP as the three pillars of water integrity

The three aspects of TAP in the core processes of institutions and their interactions are commonly regarded as the main pillars promoting water integrity (WIN, SIWI 2015). Within institutions, this is underpinned with an approach that fosters ethical leadership.

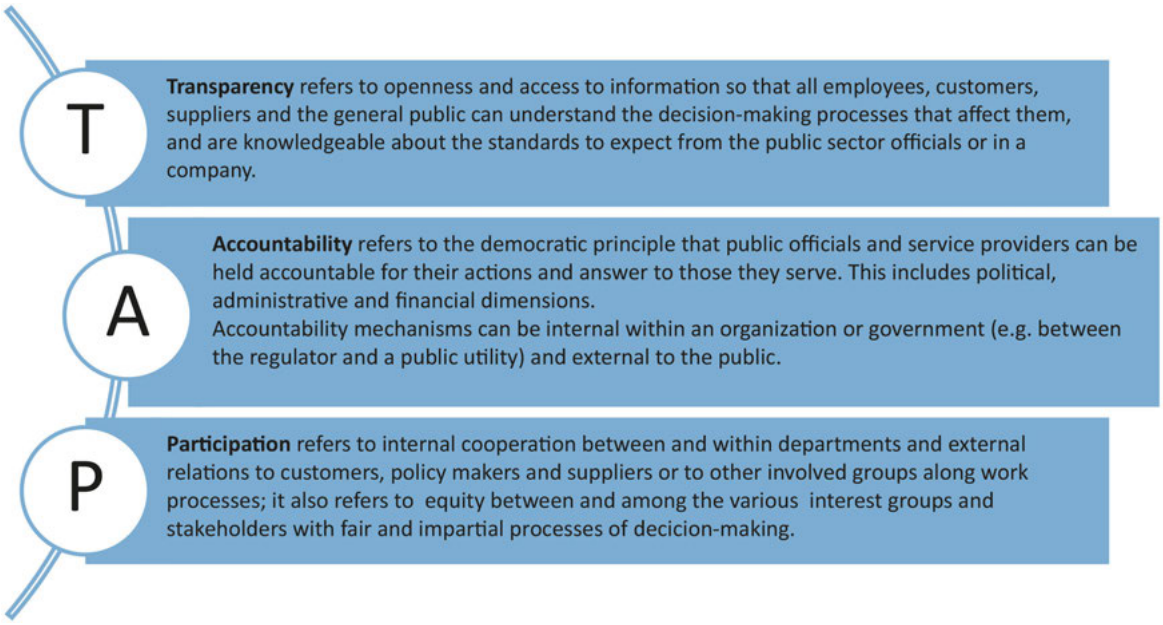


Figure 5: Definitions of TAP principles

The TAP principles are interlinked; for example, enhanced accountability will partly depend on participation and transparency. For utilities this particularly means that 'water supply systems are externally accountable when users receive the level of service they want and are willing to pay for, and have clear complaint mechanisms if the utility does not meet service standards' (World Bank 2007, p. 99).

Without implementing rules and mechanisms that provide voice to users (participation), equal access to information (transparency), and justice, even relatively strong organizations cannot perform their functions adequately. For example, customers will have a problem accepting higher costs for water services if they do not know the full extent of the costs of water supply and environmentally responsible wastewater management due to a lack of accountability and transparency or resulting from the hidden costs of utility mismanagement. Work ethics and honesty can be stimulated by increased transparency and accountability systems that effectively provide negative a feedback mechanism through sanctions.

A World Bank report (World Bank 2007) analyses some important water governance issues related to organizational capacity, water service efficiency, and the role of accountability for the MENA region. The report states that internal accountability mechanisms are generally comparable at global level but that 'external accountability […] is lower than in other regions' (p. 100).

According to the Arab Water Council: *'Solutions to water challenges in the Arab countries have a strong and overarching governance dimension that needs to be addressed as a priority in the water reforms and in the overall development agenda'.*

Source: 5th World Water Forum, MENA Regional Document, 2009.
http://www.arabwatercouncil.org/administrator/Modules/CMS/Technical%20Report%205_ArabMENA_Regional_Document_WWF5.pdf

Some broader considerations on strengthening good water governance and water and water integrity that may be particularly important in the MENA region are:

- ✓ Power relations and interests need to be part of the analysis of the key determinants of the water policy cycle in the Arab region.
- ✓ Water governance has to be recognized as being an equally important response to water challenges as any other technical or political response.
- ✓ A stepwise process towards the institutionalization of accountability of national and local government, users, regulators, and operators should be included at the heart of water reforms and not as a minor component.
- ✓ A common vision on water rights and efficient regulatory and law enforcement mechanisms should be clearly identified and agreed upon in the Arab region.
- ✓ All stakeholders should be given a voice (not only interested groups, powerful networks, and lobbies) to ensure that policy implementation is fair and transparent and to allow participants to find the most economically efficient and socially acceptable solutions.
- ✓ Participation needs to be part of the reform process for water policies and regulations. This encourages all stakeholders' support before, during, and after policy formulation. It also helps in terms of enforcing laws consistently and avoids rules being brought into force until the capacity exists to enforce them.

Water integrity and compliance management systems in water utilities

Individuals or institutions that live up to the concept of integrity carry out their functions honestly and comply with the requirements that are imposed by rules and regulations. Companies, including public and private water utilities, are operating in an increasingly complex regulatory environment where they have to adhere to a variety of laws and standards, including anti-corruption legislation. These rules can be formal or informal and they can be developed with special reference to the water sector or by other relevant institutions. At the same time, many countries have passed legislation that allows managers and even investors to be held to account for misconduct and the economic crimes of companies they manage or fund.

Establishing sound compliance management systems (CMS) is therefore increasingly becoming a necessary standard in medium and large companies such as water utilities, and the International Organization for Standardization (ISO) in 2014 released a guideline (ISO 19600) for comprehensive CMS.

CMS work with a risk-based approach. First, the compliance obligations are established. The establishment of corporate rules, procedures, structures, and control mechanisms for compliance management is then guided by a systematic identification and rating of risks. Resources are targeted at the highest risk areas. Many CMS go beyond pure legal compliance and also take into account reputational risks arising from customer and partner expectations.

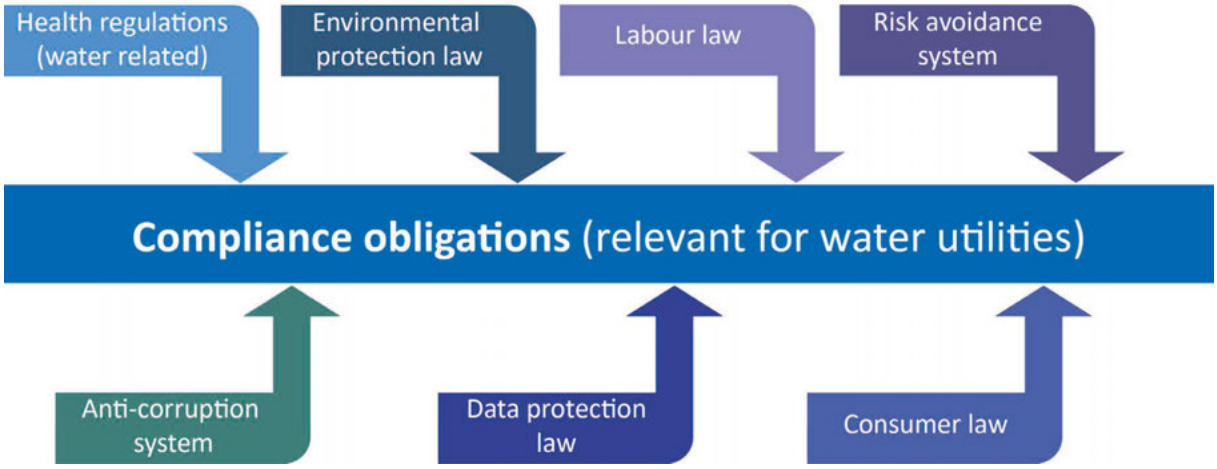


Figure 6: Compliance obligations from the legal framework

CMS and its elements in a water utility (example from Berlin Water) [2]

- ✓ Compliance culture and goals: they are outlined in the code of conduct binding employees to act responsibly, lawfully, and according to the principles of business integrity. Tone from the top is key.

Figure 7: Main elements of a CMS according to the German standard IDW PS 980

[2] Information was provided by E. Schäfer, Ombudsperson Berliner Wasserbetriebe, at GIZ Water Integrity ACWUA Training-of-Trainers, Eschborn October 2013

- ✓ Compliance risks: Corruption in procurement is a major risk; other risks can be related to environmental legislation, health standards, or the quality of service.
- ✓ Compliance programme: measures to ensure that risks are properly managed, following the steps prevent–detect–act, e.g. corruption prevention is ensured by clear orders and descriptions of procedures for procurement, purchasing, meter reading, etc.
- ✓ Compliance organization: organizational structures determine responsibilities and resources for compliance management and integration into the management system. In Berlin Water this includes a compliance department and a compliance committee consisting of executive employees of the departments for compliance, risk management, legal affairs, and human resources. The committee also has an external ombudsperson as a permanent contact person for employees, suppliers, customers, and the general public.
- ✓ Compliance communication: This includes awareness raising among staff and business partners, active dissemination of guidelines (e.g. for acceptance and granting of benefits), creating lines of communication for whistle-blowers, and ad-hoc information on major cases of non-compliance.

An external ombudsperson (e.g. an attorney) is an independent contact point for whistle-blowers that should be protected by attorney–client privilege for confidentiality. He/she receives and investigates complaints and regularly reports to the top management on the legal requirements and compliance systems of the company. Key characteristics of the ombudsperson should be:

- Neutral, unbiased during investigations;
- Appointed for an unlimited period of time; and
- Reachable via hotline, secured e-mail system or by fax; a meeting in person will be set afterwards, on demand.

1.4 Water utilities' performance and the relevance of water integrity

Water utilities are under permanent pressure to improve their efficiency, quality of services, and performance. Compliance and integrity are important determinants in improving a utility's performance and reputation among customers, clients, partners, and financial institutions. Integrity risks can occur throughout all operations of a utility, starting from bribes being used to obtain water permits to procurement processes, falsified water quality analysis or water meter readings, or violations of environmental regulations in wastewater management.

The level of risk is on the one hand influenced by the level of TAP in utility processes and the quality of corporate governance bodies and on the other hand by broader political, cultural, and environmental factors. Different dynamics in the water sector and beyond underline the need for utilities to make integrity part of their regular professional management systems:

☞ Compliance as part of investment readiness

Investors in water and sanitation infrastructure demand that partners have functioning CMS (e.g. according to ISO 19600). Similarly, the upcoming ISO standard on anti-bribery programmes (ISO 37001) will also increasingly become a standard required by investors.

Donors also demand high levels of accountability and transparency to ensure targeted use of funding and value for money. Both donors and private investors conduct fiduciary risk assessments of their partners that determine whether a partner is eligible for grants or loans. If a partner qualifies, higher fiduciary risks will still result in stricter conditionality and higher interest rates.

Table 2: Economic and social losses due to non-compliance and mismanagement

Area	Examples of economic losses	Examples of social losses
Customer relations	High non-revenue water due to illegal connections, falsified metering, and improper billing	Loss of consumer confidence and reduced willingness on the part of customers to pay due to poor customer relations management and loss of reputation and public support
Procurement	Poor value for money in procurement of services and supplies	Good suppliers and service companies do not participate in tenders because they expect collusion or unreliable payments
Human resources management	Inflated salary costs because of ghost workers, e.g. construction workers that are paid but do not show up for work	Low motivation of staff due to lack of performance orientation in recruitment, promotions, and salaries
Operation and maintenance (O&M)	Resources are used improperly or otherwise diverted from their purpose	Vandalism because of the bad reputation of water services

☞ Reputational risks in the interface with customers and partners

A bad reputation due to (perceived) integrity failures dilutes the credibility of water utilities in the eyes of consumers. This can be harmful when it comes to billing and revenue collection as it undermines customers' willingness to pay and may also increase the risk of customers engaging in illegal connections or tampering with meters, or simply engaging with a different, usually informal, service provider. Where local governments tender the provision of water services among private and public providers, companies' reputation among water users and government bodies can be an important factor in winning a service area licence. Also, support from NGOs, which is essential for many utilities, can become compromised for similar reasons.

☞ Integrity and economic performance

Integrity risks and non-compliance undermine utility performance and efficiency gains, as they:

- create economic losses when money is diverted or bad quality goods and services are purchased with high costs,
- undermine the motivation of staff when promotions and bonuses are not based on performance, and
- result in additional costs, e.g. misuse of vehicle fleet, high meeting ('sitting') allowances, and unjustified expenditures by the Board of Directors.

On the other hand, strengthening of TAP can make a key contribution to improving the economic performance and quality of service of water utilities.

☞ TAP in water sector regulation and public finance

Water sector regulations as well as (in the case of public utilities) public finance regulations increasingly impose transparency and accountability standards on the use of tariff revenues by utilities and the development of tariffs themselves. The ability of public water utilities to comply with public finance and procurement regulations, as well as their performance in internal and external audits, will also influence their ability to attract investment and subsidies from the government budget. Moreover, regulatory frameworks in many countries require utilities to enable stronger water user participation, for example through engagement with water user groups and customer feedback mechanisms.

1.5 10 reasons for implementing water integrity in a utility

The table below summarizes 10 reasons to strengthen water integrity in utilities.

Table 3: The 10 reasons for implementing water integrity in a utility

Reasons	Positive impacts
1. Improving **efficiency** and **performance**	Better economic performance
2. Improving **quality of service**	More customer satisfaction
3. Improving **customer relations and reputation**	Willingness to pay
4. Attracting **new investments** from donors, government, and private investors	Access to financial markets and more investments in better infrastructure
5. Receiving **better conditions including lower interest rates** for loans	Improved financial sustainability
6. More **value for money** in procurement	High quality of construction works
7. Boosting **trust** of government oversight bodies	Better external relations
8. **Motivating staff** to advance their careers through high performance	Higher productivity through commitment and ownership
9. Promoting **trust and confidence** among colleagues	Better work environment
10. **Leadership** by example	Good reputation among staff, partners, and customers

2 The water TAP approach and its phases

This chapter describes the water TAP approach and its 10 guiding principles to address water integrity effectively at utility level. The approach was developed by the pool of regional experts and the Water Integrity Project (MENA) under the premises of:

- Focusing on concrete issues and risks in water companies related to TAP in their daily work;
- Building on existing water integrity training material and tools from WIN and its partners and adapting them to the realities and needs of water utilities in the MENA region;
- Considering the institutional framework in the water sector and its companies;
- Taking into account work ethics, cultural norms, and socio-economic conditions in the MENA region; and
- Focusing on the prevention measures and positive aspects of TAP to do a good job, rather than accusing or condemning staff for corruption or misuse of resources and power.

In the second part of this chapter the working steps that were applied during the four phases of preparation, planning, implementation, and regional exchange are described in detail. Several examples illustrate the process and provide background information.

2.1 The water TAP approach

2.1.1 Objective

The water TAP approach aims at establishing commitment to water integrity and transforming it into practical improvements in both the strategic and daily management of water and wastewater utilities, thus realizing the benefits of water integrity as outlined in section 1.5. Therefore, water TAP is also part of a change management process. The criteria and elements of capacity development needed to enhance commercial and technical management in water and wastewater utilities are described in detail in the Water Impact Guidebook (GIZ 2012). The water TAP approach focuses on strengthening transparency, accountability, and participation in a utility's operations and ensuring compliance with internal rules and regulations.

2.1.2 Scope and focus of the approach

Integrity gaps and corruption can be found in a huge range of interactions at all levels of decision-making and in all aspects of the water sector, along the '**water value chain**' starting from water allocation to supply services for end users and back to the environment that can be polluted by untreated wastewater. The water TAP approach does not address all aspects of water integrity comprehensively but highlights what can be done within the scope of influence of a utility to improve its performance through enhancing TAP.

Here the focus is on (1) bulk water production, (2) water supply and wastewater services, and (3) water infrastructure and procurement processes. The approach primarily addresses the internal working processes of water utilities and their risks in terms of TAP. The links to other stakeholders, e.g. government, supervisory bodies, and the water sector regulator as well as to other water users—from an integrated water resources management

(IWRM) perspective in a basin-wide approach—can be part of the policy anchoring and advocacy components of the approach. These aspects need to be clarified at the beginning of a water integrity initiative. Good governance in IWRM can be addressed in complementary sector-wide water integrity initiatives. Anti-corruption or compliance-related policy initiatives at national or local government level are part of the enabling environment, providing further incentives for the private sector or water utilities to apply good governance principles.

While ownership in the water TAP approach is fully with the utility's top management, it also encourages the involvement of external stakeholders like the board of directors, customers, or policy makers in the analysis and implementation of actions. However, in the Water Integrity Project (MENA) it was decided by the top management of the pilot utilities not to involve external stakeholders but rather to keep the water TAP approach as an internal process at this stage. Accordingly, all the steps of the integrity analysis (risk mapping, integrity action plan, etc.) were done internally by the utility staff with minor—on demand—interventions from external experts.

Capacity development plays a crucial role in enhancing integrity and enabling anti-corruption principles to be put into practice. Strengthening capacities for water integrity requires a multi-faceted approach: building awareness and applying tools to take action towards more transparency, improving accountability and participation, assessing corruption risks, ensuring effective compliance management, and sharing knowledge of opportunities to support integrity or to prevent corruption. In light of this, defining integrity goals and a site-specific analysis of how these goals are at risk are the first two steps for appropriate actions to strengthen integrity.

2.1.2 10 water TAP guiding principles

The water TAP approach has 10 guiding principles that were developed and tested with the pilot utilities based on long-term project experience in the MENA region and cooperation with ACWUA and its members. They comply with the shared principles of the Paris Declaration for Aid Effectiveness (OECD 2005) and the common principles for development actors that are important for effective development cooperation and to achieve common goals (Busan Declaration 2012).

In a nutshell, the principles aim at ownership in the region, alignment with sector policy, and securing the sustainability of the process while focusing on concrete results and impacts.

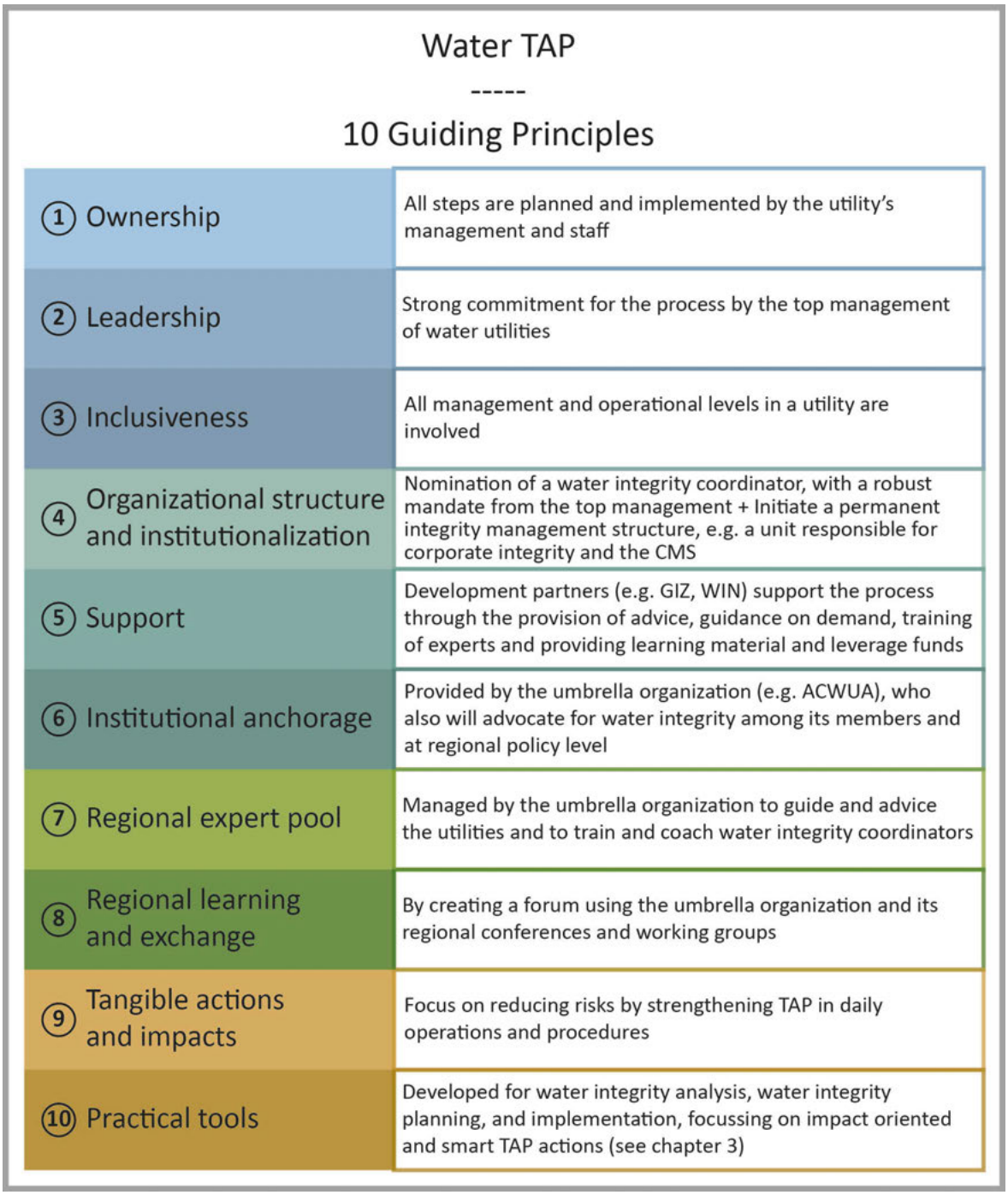


Figure 8: 10 guiding principles of the water TAP approach

2.1.3 Roles and responsibilities of key actors

The approach involves three main types of actor with distinct roles and responsibilities that need to be defined and agreed at the beginning of the water integrity initiative.

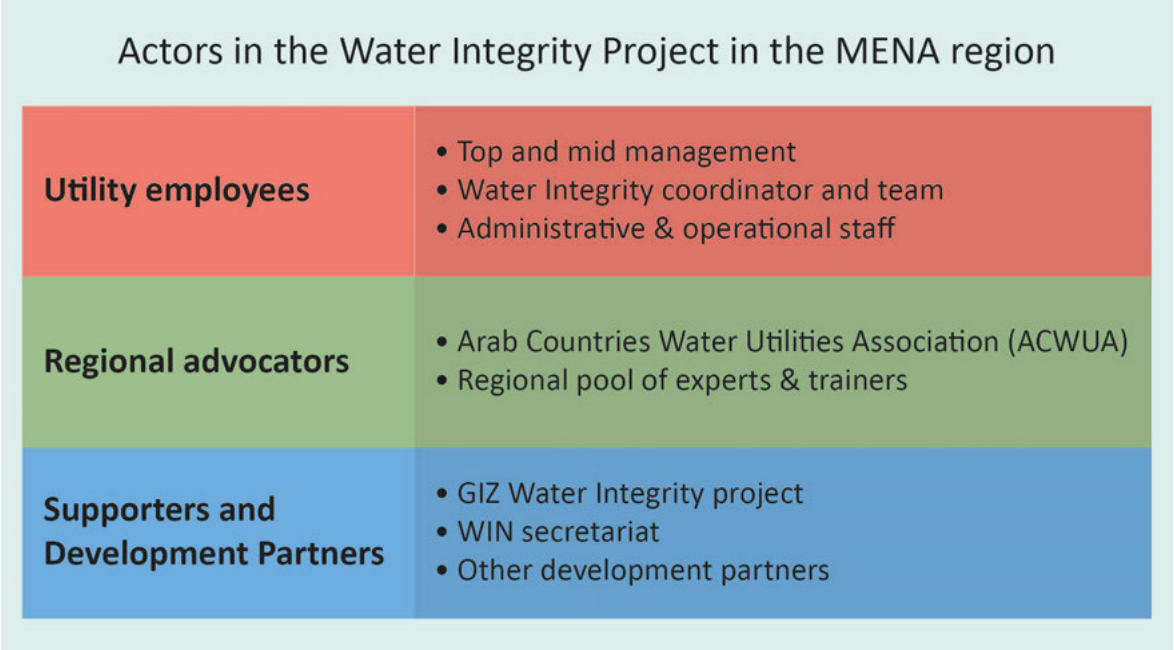


Figure 9: Actors in the Water Integrity Project (MENA)

The following figure illustrates their relations while the tables on the next pages provide an overview on responsibilities and desired profiles of actors that fill the different roles.

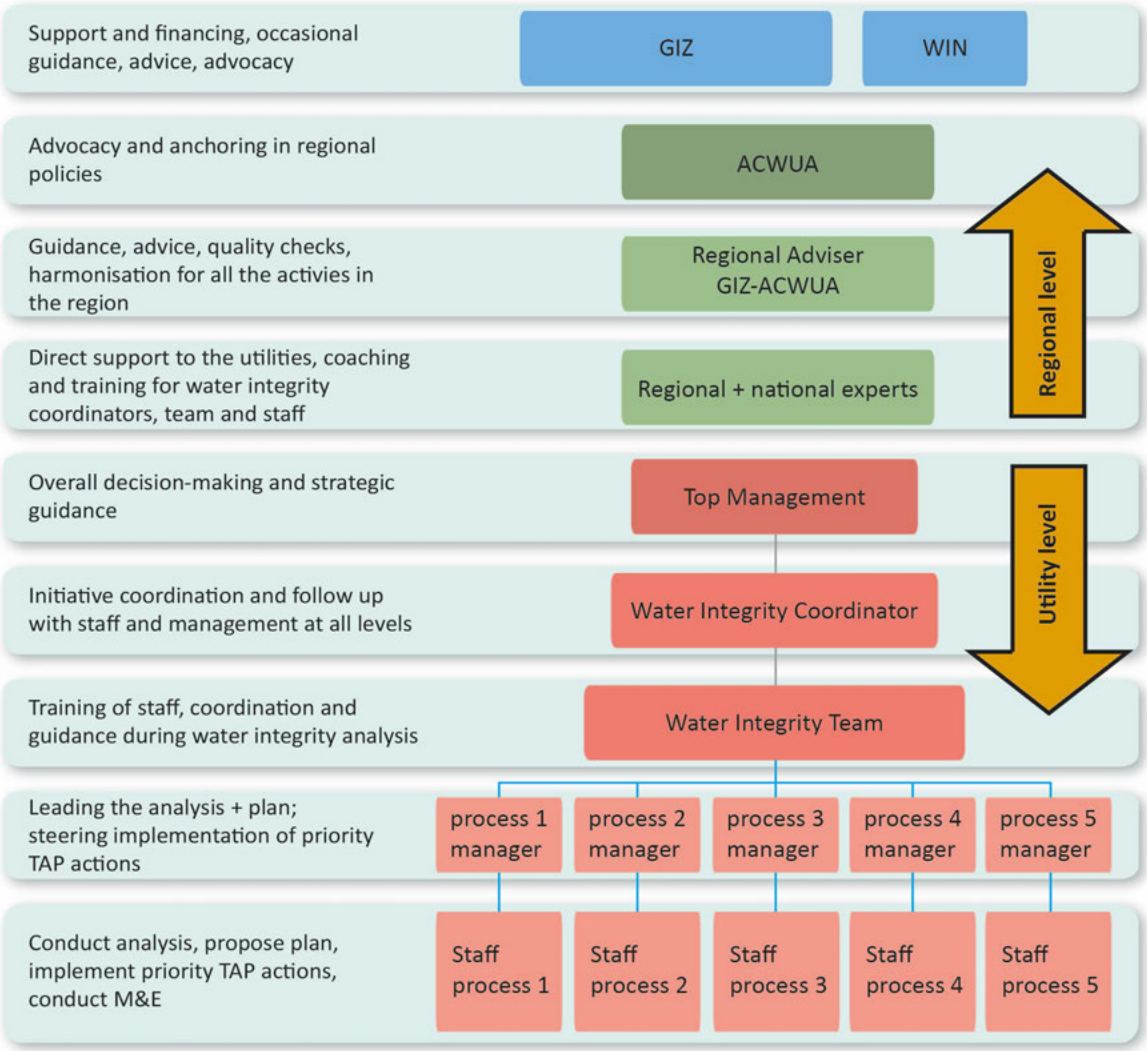


Figure 10: Actors and their roles in the Water Integrity Project (MENA)

Table 4: Roles and responsibilities of key actors

Role	Responsibilities	Desired profile
In the utility		
Top management	Their overall role is to set the tone from the top, thus establishing water integrity as a priority and lending authority to the process. They decide upon entering into an initiative, confirm the selection of priority processes that will be analysed and improved, and mandate the water integrity coordinator and team to implement actions. They also approve major milestones such as the water integrity analysis and plan. Throughout the implementation process, the top management should periodically be briefed on progress and provide strategic leadership. The top management will also decide on institutionalizing integrity management after the initial phase.	The top management of the water utility need to lead by example and demonstrate integrity themselves in how they run the company. They need to provide continuous strong support to the water integrity initiative and facilitate change management, despite possible sensitivities of managers and staff related to water integrity.
Water integrity coordinator	He/she is the focal point and driving force inside the utility for the water integrity initiative. He/she is appointed by the top management and has the mandate to coordinate the overall process and demand deliverables from the involved departments. Throughout the entire process he/she plays a crucial role in motivating staff, following up on the implementation of actions, liaising with top management, and keeping the process running. The coordinator will be coached by the regional and/or national experts and receives advice from development partners/supporters.	He/she needs to have a good knowledge of the utility organization, procedures, challenges, etc. and to enjoy a high level of acceptance, credibility, and authority among colleagues. The tasks require an energetic and well-connected person (possibly including to other water sector actors) who is committed to the process, but is also given adequate time and resources to allocate to this work. In the MENA utilities this was typically a senior manager from the auditing or organizational development department, but this role could also be filled by an individual from HR, the strategy department, or elsewhere. The coordinator needs solid training on water integrity and the TAP approach and methodology.
Process managers	They are appointed jointly by the top management and the coordinator. They lead the water integrity analysis and development of the water integrity plan for one process and are responsible for producing the related documents. They also coordinate the implementation of actions, which helps to foster ownership in the key involved departments. They are the real change agents.	Each selected process usually has one process manager. Process managers need to have good technical knowledge of the process, as well as strong facilitation and communication skills. They also need an adequate level of authority to lead implementation of TAP actions in the particular process and conduct the change, and hence they usually are middle managers. They are trained on water integrity and all the steps of the project implementation by the coordinator and/or by the national/regional expert (together with the staff in each process).

Water integrity team	Their role is to support the coordinator in facilitating the implementation of the initiative, and to give the first approval of reports (water integrity analyses, water integrity plan, etc.). They participate in all meetings and working sessions with the national expert. Later they play an important role in the dissemination and mainstreaming of water integrity and in conducting the change.	Members of the water integrity team should be knowledgeable about and in a position to influence the selected processes. In the MENA programme, the top management of each utility nominated a water integrity team of middle to senior managers (four to six) from different departments; often the team members are process managers or they support the process managers as senior staff.
Staff in each process	Core staff engaged in a chosen process jointly carry out the integrity analysis, develop the water integrity plan, and implement TAP actions (which may also involve others). Individual staff members will be assigned responsibilities for TAP actions and will play a crucial role in the implementation phase. In some cases staff from other departments may also be invited to participate in the process as resource persons.	Depending on the size of the utility and departments involved, typically about five staff members are involved in the activities for each process. In some cases, staff from various departments work together, depending on the processes selected. The staff involved need training on the water TAP methodology. If they have not been involved in the integrity analysis and planning (since the actions may require changes by other actors, e.g. the IT department introducing new procurement software), additional effort by the coordinator will be required to properly introduce them to the process and explain the steps that led to the action.
External stakeholders (optional)	Customers, suppliers (private sector), or external partners may be invited to participate in discussions around the water integrity analysis as resource persons, and to suggest risk mitigation actions	External stakeholders that are involved need to be well known by the process managers and staff and have a trusting relationship with the utility. They should be well respected actors in the sector. Experience from the Water Integrity Project (MENA) has shown that it takes time (>1 year) to build trust and establish formal agreements to invite external stakeholders to participate in the TAP approach. In this case, the project was implemented as an internal initiative but TAP actions were communicated to the public, customers, and the private sector (suppliers)

Institutional support and policy advocacy by a regional partner		
Umbrella organization in the region	While water integrity initiatives may also be introduced in individual utilities, it is helpful to have solid institutional support through national or regional institutions that can engage in advocacy and anchor water integrity in sector policies. They can provide the platform for regional trainer pools, organize ToT and promote water integrity at national and regional fora. The umbrella organization can also provide incentives, for example through awards, benchmarking, showcasing good practices, and organizing sessions at regional or international conferences.	An important decision is whether the initiative shall be set up as a regulatory tool by an oversight body or involve self-regulation by the utilities. In the latter case the umbrella organization should have a neutral position vis-a-vis the policy and interests of water service providers. Depending on the institutional context, the umbrella organization can be a national or regional water association, a regulator, a ministry in charge of water, or in some cases a multi-stakeholder coalition preparing a national water integrity strategy or action plan.
Pool of regional and/or national experts, trainers	While the key elements of the water TAP methodology are implemented by utility staff themselves, they are supported by external coaching and expertise, especially in the initial phase. The external experts and trainers, usually together with the water integrity coordinator, provide inputs on the approach during the sensitization workshop with the top management and train other involved staff on water integrity and the specific water TAP methodology. Throughout the entire initiative, the external experts advise and coach the coordinator. Depending on the design and size of the initiative, there might be an individual or a pool of experts and trainers.	It has proven important that the external experts and coaches are from the country or region and have a deep understanding of cultural, institutional, and professional values, habits, and practices related to integrity. They need to have an excellent background in the management of water utilities and in capacity development, as well as strong knowledge on water governance and water integrity. They need to be well respected in the utility and beyond and have strong communication and conflict management skills, so that they can address sensitive topics like work ethics and corruption. They will usually have participated in training on water integrity and in international events on the topic. If relevant, trainers should speak the local language to communicate directly with utility staff. It helps if experts and trainers are connected to a community of practice in the region or internationally. Organizations like WIN can support them in establishing such linkages.

Supporters; International development partners	Development partners can play an important role in the initial advocacy during the incubation phase of the initiative, e.g. organizing awareness-raising workshops at national or regional level and lobbying leadership of the umbrella organization and/or the utility. Throughout the initiative, they provide support (advice, funds, networking, etc.) to national or regional experts in training, capacity development, knowledge exchange, developing and adapting tools (e.g. training manuals), channelling international good practices, and establishing linkages to international partners, e.g. WIN and its partners. It is recommended that development partners provide funding to create leverage, for example for capacity development including training, demonstration actions, publication of successful achievements (good practices), exchanges, etc.	In order to succeed in the incubation phase, development partners need to have a solid professional network in the region as well as linkages to sector institutions at policy level, especially to support the lobbying strategy. For the subsequent support to the national/regional experts, they need to be able to organize expertise, professional training, and high quality material.
Regional adviser (optional)	*He/she supports the national and regional experts and coordinates the pool of experts on behalf of the development partner and institutional/policy partner in the region (contract based).* *The main role is backstopping the national experts and the water integrity coordinators, providing advice, quality checks, and training. He or she keeps permanent contact with the national experts and proceeds to periodic field visits to the utilities (e.g. discussing the main findings with all the water integrity actors and giving orientations). He or she also supports the exchange between the utilities and the countries and participates in water integrity advocacy and international exchanges.*	*It is important that the regional adviser has a deep understanding of cultural, institutional, and professional values, habits, and practices related to integrity in the region. He or she needs to have an excellent background in the management of water utilities and in water governance and water integrity. He/she needs to have strong communicational skills. Ideally, he/she should have a large and strong network in the region and a good reputation. He/she can be a member of the regional pool of water integrity experts and coaches.*

2.2 How to operationalize the 10 water TAP principles

This section describes the important steps and factors to be considered in the process to initiate, plan, and implement a successful water integrity initiative at utility level.

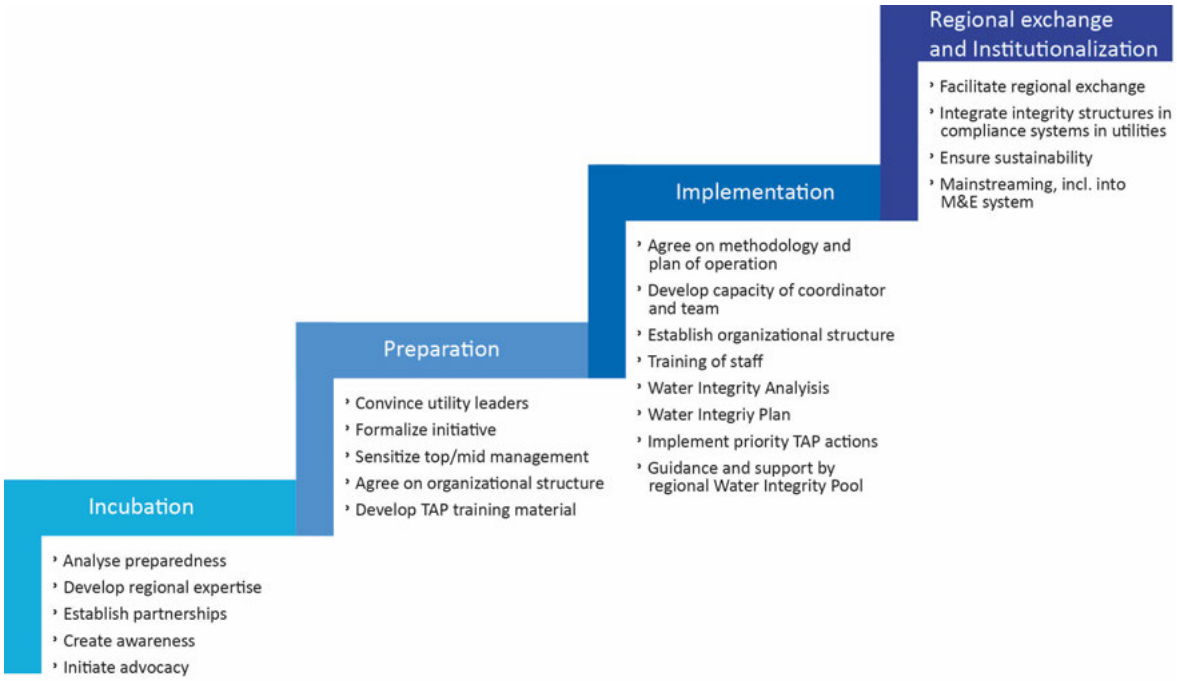


Figure 11: Phases and main activities of the water TAP approach

2.2.1 Incubation of the initiative

Water integrity cannot be introduced from one day to another in a water utility: it is a process that continues beyond the lifetime of a specific project or initiative that is supported by development partners. To be sustainable, such a change process needs the right entry points and an environment that is conducive to good governance principles. The water TAP approach supports the creation of such an environment through a regional or national umbrella organization that advocates for water integrity in policy processes. Other useful entry points could be an anti-corruption policy at national level or a process to establish or improve compliance or risk management systems in sector organizations. Within a single utility, a strong commitment from the executive management is probably the most powerful entry point. To avoid wasting resources and time, such entry points need to be identified at regional or national level and inside the utilities. This assessment of the potential to effectively implement water integrity at utility level needs to be complemented with efforts to sensitize the management and staff of water utilities and other relevant sector organizations. At this early stage, challenges and critical issues—e.g. those associated with the implementation of anti-corruption measures—also need to be openly discussed and the preparedness for change management identified to avoid misunderstandings between the top management and development partners.

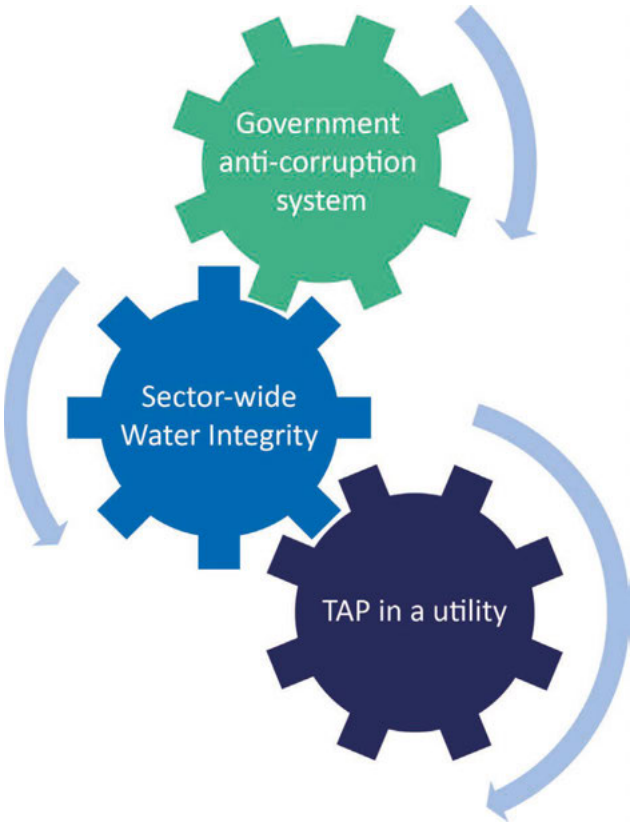


Figure 12: Intertwining of anti-corruption and integrity initiatives

In essence the incubation phase is about:

- *Deciding whether or not to engage in a water integrity initiative at utility level;*
- *Developing capacities at national and/or regional level in order to enhance ownership and enable the sustainability of the process;*
- *Generating support and guidance from a suitable national or regional umbrella organization that acts as an institutional host and provides legitimacy to the process at policy level;*
- *Awareness raising among water utilities on the need to strengthen integrity and make it part of compliance management.*

Guiding questions:

- Which actors in the water sector are prepared to engage in an integrity initiative with concrete actions?
- Is there capacity and expertise on water integrity within the region to support and implement the initiative and how can these be further developed?
- Which institution could anchor the initiative adequately in the water sector?
- Do water utilities accept the need to promote water integrity?

How to start a successful water integrity initiative:

☞ Analyse the preparedness of water utilities and other sector actors to engage on integrity issues

Purpose: You should be able to take an informed decision whether or not to pursue a water integrity initiative at utility level

The first step is to screen national and regional government and sector policies, laws, programmes, and strategies for good governance or anti-corruption initiatives and efforts to strengthen CMS at organizational level. This analysis should also take into account possible risk assessments and reports on the general level of corruption in a country, such as those produced by Transparency International.

Through **informal consultations** with key stakeholders you can explore willingness and opportunities to engage water utilities in a systematic water integrity analysis and plan. First contacts may be established in an informal and confidential setting with the top management and/or selected staff of utilities to assess the readiness to discuss sensitive, hot issues such as workplace ethics, corruption, auditing, and compliance systems. By 'living' transparency, you explain that you are exploring how water integrity and the TAP approach can be implemented so as to enhance the performance of water utilities. In these consultations it is crucial to convey the 'selling points' for engaging in water integrity (see sections 1.4 and 1.5).

The analysis of the water sector and its key actors can be supported and/or verified by water experts from the region. As a result you will identify the countries and utilities that are well prepared to engage in a water integrity initiative, as well as the persons that can convince the top management.

☞ Develop capacity on water integrity and the TAP approach in the region

Purpose: You have access to potential water integrity experts and trainers from the region who are accepted by utility employees and will be able to implement your initiative

1. Identify the most promising water integrity experts and trainers from the region

   Screen your network of experts, moderators, and trainers in the region who you know to have a profound knowledge of the water sector. Local language skills and knowledge of cultural norms and characteristics as well as sensitivities are a prerequisite. Ask water utilities, other water organizations, NGOs, and other development partners to suggest individuals that have the potential to become water integrity experts and trainers. They should have excellent communication and moderation skills, also for discussing hot issues like work ethics and corruption (see the table in section 2.1.3 for the full desired profiles). Regional water integrity experts are supposed to provide both process management and technical inputs to the initiative.

2. Organize ToT for the regional pool

   Organize a **workshop** for the potential members of the new regional expert/trainer pool to develop an in-depth understanding of the integrity issues in utilities and the water TAP approach and methodology. The resource persons for this initial training can be from international organizations with worldwide experiences, such as WIN staff, members, and partners.

   All basic elements and building blocks of water integrity need to be discussed and exercises provided, with hands-on examples. A deep knowledge of the basic literature (see the

reference list for further reading) would be helpful. The training should also focus on how to maintain commitment for the topic (see section 2.3.4).

Agenda outline for ToT

- Basis for water governance and water integrity principles
- State of water integrity at international level
- Tools and methodologies for integrity analysis (toolbox, risk mapping, etc.)
- Case studies by international experts and practitioners (WIN, ombudsperson, utilities, etc.)
- Guided working groups on good practices methodologies
- Drafting approaches for water integrity improvement (own project development)

3. Establish the basis for a long-term engagement with the pool of experts/trainers in the region

Capacity development for regional experts and trainers is a long-term process that may last two years or more, during which the experts and trainers already work with utilities. Depending on the level of expertise in the region, consider engaging international experts to continuously support the new pool of regional experts through backstopping and mentoring.

ACWUA pool of water integrity experts and trainers

The process to build capacity on water integrity started in 2012 with a regional seminar and the invitation of 15 experts and trainers from the region. This was followed by two regional refresher workshops in Germany and several meetings in the region, as well as participation in international conferences and regional events. In addition, the project website served as a tool for continuous information flow among pool members. Currently there are four regional experts (the core pool) involved in four countries and about 12 other water integrity pool members from the MENA region are qualified as water integrity trainers or coordinators.

To facilitate incremental and on-the-job learning, engage the pool of experts in the **adaptation of training material** to the local utility context during the entire implementation of the water initiative project. To complement this, offer refresher training, provide internet-based exchange platforms, and facilitate participation in international conferences or other means of knowledge exchange (see 2.3.4) as important elements in this capacity building process. It will also add value to link the expert pool to a regional organization, e.g. a water association or other professional water network.

☞ Establish a partnership with an umbrella organization as an anchorage point

Purpose: Develop ownership in the region, align with sector policy, and provide institutional anchorage of the initiative at an early stage

1. Select the most suitable umbrella organization

With in-depth experience in a region's or country's water sector it may be quite straightforward to identify the most suitable umbrella organization for your initiative. Usually there are not too many options to choose from, as the selected organizations

should provide a good entry point to engage water utilities on the sensitive topic of water integrity. The umbrella organization can work at national or regional level and should have the mandate and resources to steer the process. It provides guidance to align and comply with sector policies and advocates for formulating dedicated integrity policies and strategies or mainstreaming integrity into overarching policies (see section 2.1.3).

Guiding questions to identify the umbrella organization:

- Which organizations have a robust mandate and are well connected enough in the water sector to introduce and advocate integrity?
- Which organizations have the capacity and access to resources to facilitate and monitor a water integrity initiative in utilities?
- Could the vested and/or political interests of the umbrella organization lead to unwanted influence? If so, how can you mitigate such effects?
- Do utilities trust the umbrella organization and are they willing to cooperate and share sensitive information with it?

The umbrella organization can organize national and regional learning and exchange fora. It may also manage the pool of regional experts and trainers. On demand it is also able to assist during the implementation at utility level. A water association at regional level would be an excellent partner to provide this kind of institutional anchorage.

2. Formalize the partnership with the umbrella organization

   Establish convincing arguments and start lobbying with the potential umbrella organization.

   Conduct personal meetings and discussions on water integrity concepts, challenges, and goals. Once there is commitment from the umbrella organization, clarify the roles and responsibilities as well as the timeframe and resources needed. Finally, describe the main activities and develop a realistic work plan/plan of operation.

ACWUA as a regional umbrella organization

ACWUA has a mandate by its more than 110 members in 16 Arab countries and is linked at policy level to the Arab League and the United Nations Economic and Social Commission for Western Asia. ACWUA is able to provide supporting services, contributes to the development of capacity in the region, advocates for water integrity amongst their members in the region, and can attract external resources for funding of water integrity initiatives, regional expert pools, and exchange with international development partners.

ACWUA welcomed the initiative to introduce water integrity in utilities from its beginning in 2012 and was well prepared to co-facilitate with GIZ all activities as part of their strategic plan. ACWUA is an effective advocator at regional policy level.

It may take up to one year to reach a formal agreement with the umbrella organization. The agreement describes the roles and responsibilities, activities, and resources allocated. It is preferable that the umbrella organization is not directly involved in the implementation of water integrity plans at utility level, as the water TAP approach as implemented in the MENA region seeks to foster self-regulation by utilities and does not follow a top-down approach of imposing rules and regulations on water utilities.

☞ Advocacy with water utilities and other water sector actors

Purpose: Generate interest and commitment from the top management of utilities

1. Awareness raising at regional level

Organize an awareness and advocacy workshop in collaboration with the umbrella organization, preferably at regional level, to create an open and innovative learning and exchange atmosphere. The workshop moderators should be selected from the regional pool of experts/trainers. Make use of the network of the umbrella organization to attract interest and participation. Consult with the umbrella organization on what might be sensitivities or barriers for people to participate and address them where possible. The main target group for the workshop should be top managers of water utilities, but it can provide added value to engage other relevant organizations or individuals, such as:

- Directors, managers, and supervisory board members;
- Managers, commissioners, and other line staff from regulatory bodies;
- Officials from the water ministry (in charge of water policy) and from other national or local water agencies;
- Selected senior professionals from the private water sector, e.g. advisers to ministers or agencies;
- Representatives from water development programmes or relevant NGOs.

If possible, link the sensitizing workshop to an important event for the sector such as regional conferences or meetings or events for the annual water day. This is likely to attract interest and higher participation of key stakeholders. The invitation should be informative and attractive; it helps to highlight the positive impacts of promoting integrity. The Water Integrity Project (MENA), for example, organized a session at the Global Water Operators Partnership Alliance (GWOPA) conference 2015 with the title 'Water integrity: creating opportunities to enhance utility performance and customer satisfaction'.

Important elements of the agenda include:

- Why water integrity is important for utilities (see sections 1.4 and 1.5): international dynamics; potential costs of non-compliance;
- Water governance and integrity: definitions, concepts, interrelation (see section 1.3);
- Impacts and drivers of integrity;
- Tools to promote TAP.

Apart from short lectures on concepts and tools, practical examples from case studies worldwide can be showcased. They should be related to participants' own experiences and underline the relevance of water integrity, anti-corruption actions, and compliance.

Some of the tools can be simulated in group work sessions. This allows participants to use and share their hands-on experiences and perceptions on water integrity and explore what applying the tools would mean in the institutional environment of water utilities.

The feedback from participants at the end of the workshop will be evaluated by the moderators and organizers and provides useful information to guide the strategy for the next steps.

Some questions for collecting feedback:

- *In your perception, how relevant is the promotion of water integrity for utilities?*
- *Would you like to have training on water integrity for top and middle management?*
- *Would you like to apply the water TAP approach in your company?*
- *What are the most important supporting factors to implement a water TAP project in your utility; what are the most compelling challenges?*

Further reading: Seminar on water integrity. Side Event, ACWUA Fifth Best Practices Conference. Oman 2012. Report: http://www.mena-water.net/water-integrity/project-activities/regional-workshops.html

Important lessons learnt from the incubation phase of the Water Integrity Project (MENA) include:

- Efforts at regional level to promote good governance in the water sector before starting in utilities proved useful, for example at policy level with the Arab Water Council and at organizational level with the ACWUA.
- Sound knowledge of the sector and trusting relationships with key actors in each country and the region are key success factors in regard to generating interest and commitment. In this case, the GIZ project staff and its pool of trainers have worked in the region for years and are already implementing other capacity development projects with ACWUA.
- It is easier to talk about corruption and lack of integrity in a general way at international or regional conferences than taking the decision—as a senior manager—to introduce water integrity in 'your' utility or in your country.
- It is helpful to refer to global figures and trends in water integrity issues, but it is a different story to discuss these issues in the context of your own organization.
- As a trainer or moderator, try to avoid from the onset any 'competition' or 'benchmarking' between country delegates or utility representatives regarding the best or worst cases in their countries or utilities; instead, refer to positive examples and focus on the multiple benefits of water integrity and the opportunities to learn from each other.
- In the MENA region, the incubation process took more than one year in order to introduce the topic and explore the preparedness for further actions at utility level.

Time and resource requirements of the incubation phase in the Water Integrity Project (MENA)

The incubation phase from the initial idea to the formalization of an agreement with ACWUA and its utility members took approximately 1.5 years. In this specific case, efforts were also required to raise additional funds for the project in order to complement the ongoing ACWUA WANT programme.

The initiative was built based on a long-standing cooperation with the water sector in the region, including with utilities, ministries, NGOs, research and training institutions, and professional networks. This made access to sector organizations and potential experts easier. The incubation encompassed the initial ToT with 15 experts from the region and lobbying with the regional water utilities association and top management of selected water utilities.

The incubation required the following resources:

- Time of the project manager from the supporting organization (here GIZ) to initiate, steer, and advise the process—calculated as 20% of time budget, plus travel costs in the region.
- Travel costs for experts and delegates from the water association, utilities and other regional partners from the region to participate in the initial workshop and ToT.
- Honorarium for international resource persons to introduce the topic and conduct ToT courses.
- Consultancy contracts with (new) water integrity experts from the region to adapt training material to the regional context and to organize and facilitate the regional sensitization workshop.
- Organization of a sensitization workshop under the umbrella of the ACWUA Best Practice Conference, including costs (all inclusive) for participants from the MENA region.

2.2.2 Preparation phase in water utilities

Awareness and willingness of the top management are the main entry points when it comes to implementing water integrity in utilities. In the next step, clearly defined roles, responsibilities, and objectives need to be agreed upon. Finally, the capacities of the utility staff involved in the initiative need to be developed.

Moving from generating acceptance and commitment from senior managers at regional level to engaging specific utilities is a critical step and it is likely that you will encounter some resistance or hesitation at different levels. Transforming resistance into active engagement and formalizing the cooperation can therefore be seen as a stress test of whether the initiative will be viable and able to produce results.

Guiding questions:

- *Is the top management of any of the pre-selected pilot utilities willing to effectively support the water integrity initiative?*
- *Have you identified the most suitable form of an agreement to get official approval from top management?*
- *Are the different roles and contributions of the utilities and external actors clearly defined and accepted by all relevant actors?*

The process of establishing a cooperation agreement is also a key step towards building ownership and commitment in the utilities, where change needs to happen. This is why in the water TAP approach all activities are planned and implemented by utility staff. Developing the required capacities within the utility is therefore a key activity in the preparation phase.

The preparation process includes:

- Selecting the utilities with the highest potential to succeed;
- Clarifying the roles and contributions of the water utility and external experts and establishing a shared understanding of the objectives;
- Organizing sensitization workshops for top and middle management to create willingness for concrete actions;
- Establishing a formal agreement with the top management of selected utilities to mandate and support their staff in implementing the initiative;
- Agreement on the integrity structure in a utility, usually with water integrity coordinators and water integrity teams;
- Developing and/or adapting the training material to apply the water TAP methodology;
- Developing the capacities of the coordinator and team.

☞ How to prepare for the implementation in practice:

1. Select utilities with promising ownership to implement the initiative

Purpose: Focus on utilities that have high potential for success stories and act as pioneers

Based on experiences from the incubation phase and a good understanding of the water sector in a specific country you can identify utilities that have expressed interest. Select only a few pilot utilities to make efficient use of time and limited resources. Some utilities may already have established measures and/or units for compliance management or units that are entrusted with 'good governance' that report directly to the Director General.

2. Meet the top management of the utility

Purpose: Confirm the willingness of top management to take action in their utility

Any successful change management process in a utility must be initiated—or supported—by the top management. A personal relationship that builds on trust, respect, and professional competences will facilitate communication between the external supporters of the water integrity initiative, the umbrella organization, and utility management. Whether or not contact has already been established during incubation, it is essential at this point to arrange an individual meeting and explain the initiative and its potential impacts in more detail. Throughout these discussions it is highly recommended to focus on the positive impacts and opportunities of water integrity rather than possible deficiencies. The slogan 'fight against corruption' is in many situations not the best entry point. The following considerations and preparations are recommended:

- The first official meetings on water integrity need to be prepared carefully. Optional, individual meetings with the Director General (or equivalent) and/or meetings with other top management at director level can be arranged, depending on the decision-making structure in a utility.
- Prepare the arguments that are most likely to convince the top management that implementing water integrity is an opportunity not a threat. Sections 1.4 and 1.5 provide an

overview of possible arguments for promoting integrity in water utilities. Wherever possible, underpin those with facts and numbers.

- Prepare a presentation of the TAP approach and methodology to explain the process and expected results. Wherever available, refer to past experiences and successful projects.
- Explain in detail the different roles and responsibilities in the process and be prepared to discuss possible options that consider the specific situation in a utility and country, for example the legal and institutional frames, organizational structure, etc.
- Make reference to other regions, countries, and utilities with positive achievements.
- Clarify how far the utility can contribute by their own resources.
- Know exactly what you can offer (i.e. your resources) to the utility to guide, advise, and support them in implementing the initiative.

During the meetings the following points are useful to keep in mind:

- Always remember that your aim is to initiate an internal change management process within the utility. Therefore, the management should drive and be in command of the process.
- Steer the meeting to reach agreements on the next steps for follow-up and to build solid commitment from the top management.

In some cases, this important step to confirm willingness and commitment needs to be repeated in further meetings with the Director General or group meetings with members from the top management.

3. Sensitization workshop with the top and middle management of the utility

Purpose: Establish support and agree on the water TAP approach and methodology

Although the support of the General Director is the main entry point, all managers at department level should be aware and supportive; after all, it is their staff who will conduct the analysis and implement measures. Later, these managers need to approve the water integrity plan and TAP actions because they will have an impact on those procedures that are under their control.

To lend priority to the process, the Director General should assign a person to prepare and organize the sensitization workshop. He/she will be advised by a member of the regional pool of experts to identify the participants and set the date, venue, and agenda of the workshop. The workshop should be moderated by the regional expert, jointly with the organizer from the utility.

The workshop will sensitize the managers on what water integrity means in the utility and familiarize them with the water TAP approach and methodology. Based on a shared understanding of the process, the following agreements should be reached:

- Position water integrity as part of good corporate governance and a compliance system – and as an opportunity rather than a threat;
- Approve the approach to identify opportunities to enhance transparency, accountability, and participation in key departments and processes in the utility;
- Full ownership and commitment by the utility management to the initiative as a self-regulatory approach;
- Define the roles and responsibilities of regional advocators, including the regional pool of experts and trainers, and the supporters;

- Approve the water TAP methodology with the three main outputs: water integrity analysis, water integrity plan, and TAP actions (implementation);
- Decide which departments and processes will be selected for the initiative: the management group discusses the value chain of the utility and selects the key processes to be analysed. It is recommended to start the initiative with a limited number of processes (for example, not more than five and fewer in small utilities) based on the ambition of the management group. Try to avoid unrealistic and overly ambitious targets at this early point as the number of processes can be extended later;
- Define for each process which department is responsible for the process (lead department) and which other departments are involved;

Organizational structure in the pilot utilities of the Water Integrity Project (MENA):

The utilities assigned different organizational units to be responsible for the project, depending on internal conditions:

- Morocco, ONEE: Audit & Organisation Department, with a strong link to the risk management service
- Tunisia, SONEDE: Central Department for Good Governance
- Jordan, Aqaba Water: Department for Quality management; Miyahuna: Department of Audit
- Egypt, HCWW: Section Human Resources and Training of the Holding Company, responsibility for subsidiary water and wastewater companies that are implementing water TAP

In some companies, the project administration (overall organization, handling funds) was entrusted to the departments of international cooperation and communication. Often these are responsible also for communication with the regional umbrella organization ACWUA.

See also section 2.2.3

- Agree on the organizational structure to implement the initiative: usually a water integrity coordinator, a process manager, and the water integrity team are required;
- Identify suitable persons for key roles, e.g. the water integrity coordinator and process manager (see Table 4);
- Agree on a rough outline for the plan of operation. A template should be provided by the regional expert;
- Plan the next steps for the training workshops for the water integrity coordinator and team (by the regional expert) and for the staff from the involved departments (by the coordinator);
- Agree on internal and external communication procedures;
- Agree on how to formalize the process.

4. Formalizing the water integrity initiative in each utility

Purpose: Agree on the initiative's objectives, roles, and responsibilities of key actors, the plan of operation, and the budget

To formalize commitments and make the initiative official, the supporter (e.g. an international development partner) and the utility will enter into formal agreement, such as a letter of intent, a memorandum of understanding, or a formal contract. Typically, the agreement contains:

- Objectives of the initiative in the utility;
- Roles and responsibilities (see section 2.1) of the partners, including regional advocators and the pool of water integrity experts and trainers;
- Organizational structure for water integrity project (i.e. team, coordinator, etc.);
- Resources (budget, staff, in-house facilities, advisory services, etc.) provided by the supporter as well as the contributions of the utility, the umbrella organization, and other partners;
- The plan of operation that outlines the main activities and a time schedule (see template in Annex 7).

How to reach an agreement: example from the Water Integrity Project (MENA)

- *The draft agreements in Morocco, Tunisia, Egypt, and Jordan were negotiated between the GIZ project manager and the head of the international cooperation department of the utility.*
- *The final draft agreements were then discussed and agreed with the top management of the utility.*
- *The agreement contains a plan of operation with a list of activities, responsibilities, and the associated breakdown of budget for different phases of the water integrity projects.*
- *The draft agreements were checked for compliance with rules and regulations by the GIZ country offices; they are responsible for contracts and the financial administration of GIZ projects abroad.*
- *Finally, the agreements were signed by the representatives of the utility and GIZ country offices.*
- *This whole process to reach an agreement took about three to five months for each utility.*
- *Some challenges came later during the implementation of the projects, to match the different complex administrative and financial procedures of two or more organizations involved and to comply with their rules and regulations.*

2.2.3 Implementation of the water TAP methodology

The implementation of the water integrity initiative and the application of the TAP methodology are subject to organizational policy and internal dynamics within the water utility. In essence it is part of a change management process. This means the implementation needs an approach that keeps all individuals and groups involved positive about achievements rather than stressed or threatened by another 'internal auditing' attempt by top management. They should maintain the perception throughout the whole process that they are creating new opportunities to do a better job by enhancing TAP. It is the role of the water integrity coordinator to coordinate the overall process and to create and maintain this positive spirit. She/he will be supported by the experts and trainers and the international supporters.

Guiding questions to check readiness for implementation:

- *Does top management engage in and prioritize the implementation of the water integrity initiative?*
- *Do they agree to apply the TAP methodology?*
- *Does everybody have the capacities and resources allocated in time to implement the plan of operation?*
- *Are adequate incentive systems for the staff involved established?*

This long-term change management process will have to be sustained beyond the lifetime of a project. From its beginning, options need to be explored to establish permanent organizational structures with a robust mandate to be responsible for integrity and compliance inside the utility.

The key activities to implement the TAP methodology are:

- Establish internal structure
- Develop capacity in the utility and allocate budget
- Conduct a water integrity analysis in selected processes
- Develop a water integrity plan
- Implement TAP actions

How to facilitate and coordinate the implementation of the TAP methodology

☞ Establish and consolidate the organizational structure to coordinate the initiative

Purpose: Establish dedicated responsibilities for integrity management in the utility that can last beyond the water integrity project

All change management processes in an organization need 'change agents', who are credible and knowledgeable persons who guide and steer the process. A key success factor is therefore the assignment of the right people as the water integrity coordinator and members of the water integrity team who manage the water integrity analyses and develop the water integrity plans on selected processes with their utility colleagues. While candidates for the water integrity team have been identified during the sensitization workshop, the regional expert needs to follow up with the top management to ensure that people with the required profiles are formally appointed.

Water integrity team members should be respected individuals from relevant departments and the team composition should ensure a balanced mix of sound technical understanding, knowledge of rules and procedures, and knowledge of contractual issues. Once the team is constituted, members need to understand their roles and responsibilities (see Table 4.)

Typically, staff implement the water integrity initiative in addition to their normal duties. The management should be aware that the water integrity coordinator needs a tentative time budget of 25–30%, while the process managers should be permitted to allocate 10–20% of their work time. The top management and their supervisors must ensure that they get this time budget, preferably as part of their individual goals, in compliance with the internal incentive schemes. In addition, they need a robust and clearly communicated mandate to perform their duties.

☞ Train the water integrity coordinator, process managers, and team

Purpose: Develop the capacities to facilitate the implementation of the water TAP methodology through the water integrity coordinator and team

Once the top management has officially appointed the water integrity coordinator and team and prioritized the key processes for the initiative, a workshop is organized to train the coordinator and team on the TAP methodology. This workshop is usually moderated by the regional expert supporting the utility and perhaps other trainers from the regional pool and may be organized jointly with the umbrella organization. The workshop can be organized for the coordinator and team from one utility or several utilities from one country or neighbouring countries, if the initiative starts at the same time. Apart from efficiency considerations, this may assist in identifying common issues, initiating discussions among utilities, and setting the basis for an exchange platform at national or regional level. If conducted in a single utility, the workshop should be organized by the department in charge of the water integrity project, possibly with support of the human resources/training department.

The content of the workshop should be adapted to the site-specific context of the utilities and translated into their working language. The Training Manual on Water Integrity by WGF, WIN, and others provides a good basis for the more general background parts of the training. The agenda should include the following:

- Introduction to the concepts of water governance and integrity (see section 1.3);
- Integrity in the water sector: focus on utilities (see sections 1.4 and 1.5); and
- Methodology: water integrity analysis and plan (see sections 3.1. and 3.2).

The concepts and methodology should be explained in detail, with an emphasis on understanding the reasons and benefits of the initiative. Experience has proven that it helps to divide each session of the workshop into two parts: a short presentation by the facilitator (30–45 minutes) and a subsequent working group session (1–2 hours) with practical exercises to verify the level of understanding and to reflect on the topics.

Interactive, action-oriented, and participatory adult learning methods should be applied. The team of trainers and moderators must ensure that the learning objectives are fully met. If needed, further individual training or continued coaching can be used to complement the workshop.

☞ Training of relevant staff and further preparations

Purpose: Ensure that staff from the involved departments are informed on the water integrity project and properly trained to carry out the water integrity analyses and develop water integrity plans for the selected processes

It is one key activity of the water integrity coordinator to organize and conduct the training for staff from the involved departments on the water TAP approach and methodology. The training of staff is carried out by a trainer from the regional pool of experts/trainers, with the coordinator as the co-trainer. Initially, the coordinator and the regional expert jointly decide how the training of staff will be structured. There are two options:

1. An initial training session that covers the whole water TAP approach and methodology in depth with the main outputs (water integrity analysis, water integrity plan, and the implementation of TAP actions).
   Additionally, further sessions can be arranged—on demand—before each of the step is carried out in order to refresh people's memory and discuss jointly the achievements.
2. In-depth training sessions on each of the steps prior to their implementation.

Training of staff in the Water Integrity Project (MENA)

In a setting where participants came from different utilities spread across a country, a single large training session was organized, followed by several small refreshment sessions in each individual utility. In small utilities, in-depth workshops were organized in a sequence for each of the phases.

The success of the training relied on intensive work in small groups on exercise examples. Clear presentations by the trainers and joint discussions of the results of the different working groups were critical.

Resource requirements:

- 1–3 months for planning and implementing the training of staff, depending on the number of utilities and team members involved.
- 1 and 2 month periods for conducting first the training for the water integrity coordinators and team, then the training of staff.
- Around EUR 5,000–10,000 was allocated for each utility for the training and associated organizational, advisory, and preparatory works. These costs were covered by GIZ.
- The utilities themselves contributed essentially in kind by providing organization staff, allocating venues, contributing to travel costs for staff, etc.

The training of staff should focus on conveying sufficient details of the methodology (see Chapter 3), explaining the single steps thoroughly, simulating the methodology with practical exercises, and making use of the templates (see the annexes) and further material. The staff should also be encouraged to explore other relevant resources (see the reference list). The main challenge is to explain the integrity risk mapping and how to proceed for each process.

☞ Conduct the water integrity analysis

For each process identified by the top management a water integrity analysis will be conducted by a process team of core staff under the guidance of the process manager. These process teams are composed of members from the departments or organizational units that are involved in a given process. While the process manager leads the team and is responsible for the tasks related to the specific process, the water integrity coordinator is responsible for the overall organization and for providing resources. The coordinator may also actively participate in process team meetings. His/her main challenge is to provide guidance and to maintain the continuous engagement of the process teams through the whole initiative, despite their daily workload.

The format of the integrity analysis depends on the size of the process team and complexity of the process: it can be a one-day workshop for the whole team or several half-day meetings of one sub-team. Usually, a sequence of several meetings needs to be arranged by the team members to finalize the analysis; in this vein, regular weekly or bi-weekly meetings proved useful in some utilities. Continuous informal contacts among involved staff are important to stimulate internal discussions and to ensure progress; this can be via emails, chats, phone calls, official notes, etc.

The coordinator usually follows up on the implementation of the process analysis through weekly or bi-weekly meetings with each of the process managers to:

1) Monitor progress (related to the plan of operation);
2) Provide the necessary support for specific tasks and clarify emerging questions; and
3) Check and advise on the quality of the results.

The results of the analysis are presented in a short report and tables for each process, and responsibility for these lies with the process manager. Finally, the coordinator (assisted by the regional expert if needed) summarizes the results of all processes in a comprehensive water integrity analysis report.

This report is then presented to the top management and approved (often after some revision). Depending on internal decision-making procedures, this can happen in a workshop or in a top management meeting.

☞ Prepare the water integrity plan

The next phase is the development of a water integrity plan for each process by the respective teams who did the analysis. The water integrity plan defines priority TAP actions to mitigate the risks that have been identified during the analysis. It indicates a schedule and required resources (staff time and money) for each action and allocates responsibilities among the involved staff members (see Chapter 3 for details and the templates in the annexes). The format for developing the plan is variable and includes workshops, group or individual meetings, and brainstorming exercises. The process teams may ask other departments or external specialists for advice if needed.

After thorough planning by the process teams, the water integrity coordinator (with assistance from the regional expert if needed) collates the results for each process in a summarizing table and report. At this stage, the water integrity plan and proposed TAP actions for each process need to be cross-checked for consistency and if needed harmonized to present the consistent view of all departments and the whole utility.

Resource requirements for the water integrity analysis and plan in the Water Integrity Project (MENA)

- 1–3 months for each process integrity analysis, depending on the complexity and type.
- 2–4 months to produce a consolidated draft report for five processes that are analysed in parallel.
- 1–4 months for presentation of the analysis to top management and discussions. This can be a bottleneck in larger companies depending on the availability of managers and their preparedness to make decisions.
- 1–3 months for each process integrity plan.
- 2–5 months to produce the draft integrity plan, harmonized for all processes in a utility.
- Up to 6 months for final approval of the integrity plan and decision making on TAP actions by the top management. This often requires several iterative steps, depending on the type of TAP actions and the resources needed.
- Resources required are mainly staff time for the process team meetings and external advice from the regional expert; minor costs accrue from report production, office consumables, and workshop material.

Finally, the results are presented to the top management and discussed in a workshop for final approval. The top management will eventually decide which of the proposed TAP actions will be implemented and set priorities, considering the available resources (staff, budget, time, etc.).

The priority TAP actions should involve some quick wins so that the dynamic of the process can be maintained and the motivation of staff and top management be stimulated. These will need to be smart and easy to implement actions, showing quick and tangible results.

☞ Implementation of TAP actions

Once the water integrity plan has been approved and resources allocated, the staff members who are responsible can start implementing TAP actions. The time and effort required will vary depending on the complexity. In some case, other departments will need to be involved. For example, staff from the customer services department may need to work with the IT department for the introduction of new online customer feedback mechanisms.

Examples of TAP actions in the Water Integrity Project (MENA) that changed core utility procedures:

- ONEE, Morocco: the mainstreaming of water integrity elements in the organizational procedures is currently under way.
- Egypt: the general procedures for recording overtime and weekend work in the HR department of a utility were changed to reduce misuse, resulting in significant savings.
- SONEDE, Tunisia: changings in the billing systems were initiated and will be part of new standard operation procedures.
- Aqaba, Jordan: the complaint system was analysed and procedures improved to meet transparency and accountability requirements.
- Miyahuna, Jordan: the procedures for recruitment were revised.

Further examples are shown on the website: www.mena-water.net or www.acwua.org/training

Procedural changes may face resistance from staff and managers whose work will be affected, so the coordinator will have a key function to follow up with responsible staff and process managers and to support them in addressing challenges. To manage expectations and mitigate resistance, the coordinator and process managers need to continuously liaise with the affected departments, hear out their concerns, and explain how the changes will improve performance in the longer run. First results and successes should be communicated and celebrated to keep up the momentum.

☞ Process Management: Involvement of top management in the approval of results and prioritization

Purpose: Maintain commitment for the initiative and legitimacy for the water integrity plan

The coordinator should engage the top management in the approval of results and the decision-making on core milestones:

- While the TAP analyses and TAP plans for each process are approved by the line managers in charge, the consolidated **water integrity analysis and plan** for the utility need to be officially approved by the top management.
- The water integrity plan should be verified and the **resources required** for the implementation of the priority **TAP actions** should be approved and be part of the annual business plan (see section 2.2.4).
- **Progress reports** on the implementation of the water integrity plan should be shared and discussed with the top management at regular intervals, preferably at least every three months.

Experiences from the Water Integrity Project (MENA)

Generally, a flexible approach in each utility is required to produce results.

- The process for approval of the integrity analysis and plan varied a great deal between the utilities, depending on the management structure and culture as well as on individual leadership principles.
- A rigid reporting and feedback system is difficult and time consuming to implement and maintain.
- It is difficult to systematically introduce progress reports and indicator-based monitoring systems; oral reporting and assessments systems still prevail.

☞ Support process: Continuous guidance and advice by the regional experts and trainers

Purpose: Generate high quality results for each of the selected processes

Regional experts can be contracted directly by the utility, through the umbrella organization, or by a development partner. In general, they are the permanent link between the utility, the umbrella organization, and the development partners. Their supporting role is mentioned throughout all phases and steps. In summary, their tasks in supporting the utilities are:

- Preparing introductory meetings with top management;
- Introducing the approach and methodology in the sensitizing workshop;
- Supporting, training, and guiding the water integrity team and involved staff to perform the integrity analysis and develop water integrity plans;
- Assistance and quality management for process managers and the integrity coordinator in reporting;
- On-demand advisory services during the implementation of the priority TAP actions;
- Facilitating internal and external exchange, including exchange visits and international events;
- Providing feedback to the umbrella organization and the development partners;
- Organizing, jointly with the water integrity coordinator and team, feedback sessions with the top management, and (every four to six months) with the development partners and regional umbrella organization.

Resources required to guide and advice the process: Examples from the MENA region

- Up to 15 workdays per individual utility in the preparation phase, and around 30 workdays for three utilities in one country.
- About 15 workdays per utility for advice during analysis and planning including reporting.
- About six workdays for assistance in advocacy and feedback.
- About six workdays for each utility for assistance in regional exchange activities.
- In total, about 42 workdays are required for one utility per year. The workdays are distributed over the whole period, with some peaks in workload and several weeks off.
- Costs for local and international travel.

2.2.4 Institutionalization, regional exchange, and advocacy

Strengthening water integrity in a utility will usually start with a project that is a time-bound initiative or pilot, often supported by an international development partner. Nevertheless, effective mechanisms to mitigate and manage integrity risks should in the longer run be institutionalized and become part of the comprehensive CMS of the utility that is reflected in the strategic planning and business plan. This requires continuous efforts, time, and resources, as well as appropriate organizational structures.

Throughout the initiative, many staff members are motivated to engage in the process and to internalize integrity values in their work. Some of the TAP actions will induce lasting changes in standard operating procedures (SOP). To maintain this momentum and ensure compliance with new procedures in the long run, the water integrity coordinator with the support of the regional expert should from the very beginning try to identify options for permanent integrity management structures and mainstreaming into existing management tools. The implementation of the entire water integrity initiative will produce valuable insights on this, so the coordinator should regularly take stock of which options are proving to be viable and new opportunities that may arise. These include:

- **Involve existing risk management or compliance systems:** Ensure that the person responsible for risk management or compliance plays a leading role in the development of the water integrity analysis and plan.
- **Linking to ongoing reform processes:** If there is a re-structuring or other major organizational development process ongoing, assess whether a new compliance (or integrity) management system and unit can be introduced or further developed as part of these reforms.
- **Linking to strategic planning:** If a strategy exists or is being developed to improve the performance of the utility, make sure that the water integrity plan becomes a part of these efforts.
- **Linking to performance assessments or objectives for staff:** If a system to monitor staff performance exists you should try to convince both the responsible staff members as well as their supervisors that the implementation of TAP actions is integrated into the performance objectives.

How to prepare and promote the institutionalization of the water integrity initiative

☞ Identify existing structures and processes for mainstreaming water integrity

Purpose: Developing ideas on how water integrity can be institutionalized

While linkages to existing structures and procedures (e.g. risk management, auditing, etc.) are already taken into account when nominating the water integrity coordinator at the start of the initiative, a clear strategy is needed at a later state on whether and how far integrity is to be institutionalized. This decision can be taken in an informed manner once important parts of the water integrity plan have been implemented, probably after six to 12 months when the effectiveness of measures can be already be assessed.

In public utilities, this should be aligned to overall government efforts of mainstreaming integrity or anti-corruption principles. Internationally, many companies have established comprehensive compliance management systems and units that combine functions related to ensuring integrity, labour and human rights standards, non-discrimination, and others.

☞ De-briefing: Organize a closing meeting with the top management to discuss the outcomes and first impacts of the initiative and identify options to institutionalize water integrity

Purpose: Top management approves the institutionalization of water integrity, thus creating an enabling environment to sustain water integrity as a priority

Once the results of the initiative have been properly analysed and documented and the options for institutionalizing water integrity prepared, these need to be discussed with top management. The water integrity coordinator and team together with the regional expert and with the support of the development partner prepare a de-briefing meeting with the top management to discuss outcomes and the long-term impacts of the initiative. Provided that the outcomes of implementing priority TAP actions from the water integrity plan are positive and substantial, this meeting should be used for a discussion on how to institutionalize water integrity. Each utility will identify specific arrangements that meet their demands and follow their internal policy and organizational procedures. Recommended inputs and guiding questions for preparing such a de-briefing are:

- Recommendations on options for institutionalization, including necessary resources (time, budget, staff, external support, etc.).
- Final water integrity report including (no. of pages are indicative):
  - Executive summary (2 pages)
  - Brief description of the project and its objectives (1 page)
  - Description of the process and phases (2 pages)
  - Brief outline of the water integrity analysis (1–2 pages)
  - Brief outline of the water integrity plan (1–2 pages)
  - Preliminary evaluation of the outcomes and impacts of priority actions (1–2 pages)
  - Feedback from involved units or individual staff members on 'indirect, soft, or non-tangible' effects of the initiative (1 page)
  - Suggestions how to upscale the initiative (1 page)
  - Suggestions on the follow-up and monitoring and evaluation format (1 page)
  - Annexes with tables of the water integrity analysis and plan

Guiding questions

- *Are there signs of a change (awareness, attitude) regarding water integrity?*
- *To which extent have you reached the objective of the water integrity initiative?*
- *Which benefits or tangible results have you realized?*
- *What have been major challenges and obstacles during analyses and implementation of priority actions?*
- *Have you communicated the water integrity initiative with your customers or national institutions? What was their reaction?*
- *What are the proposals for mainstreaming and sustainability?*

☞ Establish a permanent focal point or unit for integrity within the structure of the utility

Purpose: Somebody is permanently engaged to promote integrity in the utility, with a solid mandate that is reflected in the organizational chart, and this is well communicated to staff

Top management needs to determine how far integrity can be reflected explicitly in the utility's policy and strategy. Eventually, the organizational structure and regulatory framework need to be amended with the appointment of a permanent focal point. This may take some time (between six and 24 months) because senior staff should be involved and decision makers in a utility need to agree, including the board of directors and eventually ministries, regulators, and other political bodies.

Top management needs to decide what the main responsibilities of the integrity management focal point should be and where this function should be established within the organizational chart of a utility. It can be directly linked to the Directors' Office or attached to a suitable unit, for

example auditing, organizational development, human resources, or to the strategic unit (depending on the main responsibilities of the focal point). If the utility already has a compliance management unit, the integrity management function can be integrated there.

The resources need to be allocated and fixed in the annual business plan, including details of the budget, office, and support staff. Finally, a suitable person needs to be appointed with a clear mandate. This has to be effectively communicated inside the utility. A key function of the water integrity focal point will be receiving and investigating complaints. Moreover, she/he provides (confidential) advice to employees related to integrity questions and should have a formal role that means them being consulted in the review of relevant procedures (see section 1.4).

Examples from the Water Integrity Project (MENA)

- In Tunisia the Ministry of Good Governance has seconded units for 'Good Governance and Anticorruption' in public institutions. At SONEDE, the water integrity coordinator works in this Good Governance Directorate. The integrity risk management will be embedded in this unit.
- In Egypt, the integration of water integrity in the audit department is under discussion.
- At Miyahuna, Jordan the water integrity coordinator is based at the Audit Unit.
- In ONEE, the organizational development department is coordinating the water integrity initiative; it is linked to the risk management system of the company.

☞ Promote advocacy at regional level through the umbrella organization

Purpose: Establish an effective forum for exchange and advocacy and provide incentives for utilities and individual staff to press ahead in enhancing water integrity

Institutionalization in utilities and among individual staff can be encouraged and complemented through policy anchorage at national and regional level. The umbrella organization can play a vital role in this process. In the MENA region, the support from and feedback to political bodies such as the Arab League and the Arab Ministerial Council of Water Ministers, supported by organizations like the Arab Water Council and Economic and Social Commission for Western Asia, can be an important element for policy change towards water integrity. International guidelines and standards such as the OECD Principles on Water Governance can be important reference points for advocacy in this regard.

Advocacy is one of the core functions of a regional association. Once the secretariat and its members have agreed to promote water integrity as a strategic goal in the General Assembly and meetings of the Board of Directors, they are able to provide the forum for regular exchange among utilities and a learning platform for the regional pool experts and trainers.

Mainstreaming water integrity or the upscaling or replication of water integrity initiatives in a region can be an outcome of advocacy by the regional water association. Associations have direct links and information channels with their utility members. They have a good reputation for delivering impartial content and promoting demand-oriented approaches that are already proven effective and being communicated as good practices by other utility members from the region with similar political, cultural, economic, and social backgrounds.

Regional advocacy and exchange in the Water Integrity Project (MENA)

- ACWUA adopted water integrity as a goal in their strategy and in the Strategic Business Plan 2015, approved by the Board of Directors.
- ACWUA held a best practice conference in Oman in June 2012 with a one-day side event on water integrity.
- There was a half-day workshop on water integrity during the Arab Water Week in January 2015, organized by ACWUA and partners.
- There was a session on water integrity at the International Water Association congress on Water and Development in Jordan, October 2015, with ACWUA as the co-organizer of the congress.

International events:

- Presentation at Water Integrity Forum, Delft 2013.
- Presentation at Stockholm International Water Week, September 2014.
- Session on water integrity co-organized by ACWUA, GIZ and WIN at GWOPA congress in Barcelona, September 2015.

At the same time, a regional association can create (and rely on) an atmosphere of trust and goodwill among its members. Often the political and institutional pressure from a regional association is positively focused on good practices and perceived as less harsh than pressure that comes from a national regulator or ministry. Accordingly, it might be more likely that utilities take action on a sensible issue such as water integrity as a result.

☞ Facilitate knowledge exchange and twinning between utilities at national/regional level

Purpose: Build capacities among staff, ensure quality of results and maintain commitment

The water integrity coordinator can organize learning events for the relevant staff to facilitate exchange on achievements and challenges during the implementation process. For this purpose, joint training or coaching sessions can be organized. Meetings of the water integrity team can equally be used for knowledge exchange. These exchanges can be internal or confidential sessions through which employees share their experience and provide feedback, support, and assistance to one another, jointly solving problems related to the implementation process. It is advisable to invite top management to officially open such events to demonstrate their commitment to the initiative.

At national or regional level, water integrity coordinators and teams can exchange on:

- What the common benefits or incentives are for maintaining a high level of staff interest;
- How to maintain the commitment of senior management; and
- What the options are to create permanent organizational structures to sustain the water integrity initiative within the utility.

Regional exchange between utilities in the Water Integrity Project (MENA)

- The exchange between SONEDE (Tunisia) and ONEE (Morocco) was organized in two rounds.
- The first round was held in Tunisia as a two-day workshop after the analysis phase.
- Joint discussions were held explaining how the analysis was carried out for each process, and what the main challenges, findings, and lessons learnt were. This helped each party to improve some parts of the analysis, gave new ideas for tackling risks, etc.
- The second round was held in Morocco as a three-day workshop after the elaboration of the plan. Participants discussed each process with detailed measures to mitigate the risks and the implementation plan.

Some learnings:

- The sessions need to be well prepared and some information needs to be shared before the meetings.
- In-depth working groups are possible for similar processes; other processes need to be discussed in the plenary.
- The utilities expressed their interest in the exchange and requested additional time to also discuss aspects beyond the immediate initiative.

The resources required for organizing the exchange workshops:

- The regional expert is needed to assist in organization, setting the agenda, moderation, and in editing a report.
- Each utility organized travel and nominated the staff.
- The receiving utility organized the workshop, issued the invitations, organized the venue and the logistics, and supported the accommodation for the invited utility.
- Funding for the exchange was provided by GIZ

☞ Develop regional performance indicators and a benchmarking system for water integrity

Purpose: Measuring the outcomes and impact of water integrity plans will enable utilities to identify tangible achievements. It will also help the water integrity coordinators to follow up on the implementation of TAP actions, support learning, help prioritize actions, and take corrective measures where needed.

A regional association is well positioned to host a benchmarking system and can, together with the pool of experts and in consultation with the utilities, also identify suitable key performance indicators.

Benchmarking systems should be used for:

- Assessing performance;
- Comparing with other utilities or processes; and
- Learning from other experiences.

The indicators should enable progress on the TAP actions within the water integrity plan to be monitored and the connection to performance in the targeted processes to be tracked. The indicators should be useful for both internal controls and for benchmarking. The indicators should be clearly defined and comply with the SMART criteria.

Initiating benchmarking in the MENA region

The knowledge exchange of good practices and twinning meetings in water integrity between different utilities and countries were highly appreciated by the utilities and have prepared the ground for establishing a benchmarking system.

The ongoing regional benchmarking (at utility level, on energy efficiency and non-revenue water) between ACWUA members provides a potential computer-based platform for benchmarking on key performance indicators related to water integrity.

However, its implementation seems to be difficult and a long-term process because many data and processes are still treated confidentially, especially when internal procedures, rules and regulations are in consideration.

Define the measurement system for indicators:

International experience related to monitoring of change processes suggests that:

- Different levels (output, outcome, impact) should be monitored;
- Different tools (e.g. performance indicators, checklists, surveys) should be used;
- External (customer) or internal (staff) surveys may also be considered as an appropriate tool.

Annex 8 provides a template for monitoring.

Regional indicators in the Water Integrity Project (MENA)

During intensive discussions on measurements for each TAP action, performance indicators were proposed.

However, often the water integrity teams found that the outcomes of actions were non-quantifiable, at least in the short term.

Therefore, they agreed on quantitative or descriptive terms to measure outcomes via a checklist or surveys.

☞ Maintain a regional pool of water integrity experts and trainers

The pool of regional experts/trainers is established at the start of the water integrity initiative. In the Water Integrity Project (MENA), this proved to be a real asset. These experts and trainers acquired international knowledge during the incubation period and a rich hands-on experience during the implementation phase. They provided valuable expertise and support to the utilities in terms of training, advice and coaching along all phases and steps of the initiative.

Once such an investment in capacity development at regional level has been made, the pool should be hosted and sustained by the umbrella organization and be connected to other international advocators and development partners that work on water integrity, such as WIN, SIWI, Cap-Net and their partners.

The regional experts might become involved in other water integrity programmes, share their knowledge in communities of practice, and receive support and advice from international experts.

Regional pool of experts/trainers in the Water Integrity Project (MENA)

Some experts from the ACWUA pool were involved in the implementation of the project in pilot utilities. Others were involved in activities with complementary programmes or recent initiatives in the MENA region that address water integrity for the whole water sector, such as:

- The SIWI 'Water Integrity Capacity Building Programme in MENA' in Morocco, Tunisia, and Jordan.
- Water integrity seminar organized by the Ministry of Water in Morocco.
- Awareness for associations in Jordan, etc.

The website of the Water Integrity Project (MENA), hosted by ACWUA, provides the basis for continued exchange, a learning platform, and tools for advocacy.

www.mena-water.net or www.acwua.org/training

2.3 Conclusions and good practices from the Water Integrity Project (MENA)

The following issues have been identified as success factors that need to be considered for a water integrity initiative:

- ✓ Entry points to introduce the water TAP approach
- ✓ Context and institutional arrangements
- ✓ Linkages to political processes in the whole water sector
- ✓ Managing the process
- ✓ Assuring key actors' participation throughout the initiative
- ✓ External advice and exchange of experiences
- ✓ Building a common knowledge base and information sharing
- ✓ From planning to action: dealing with expectations, fears and uncertainties

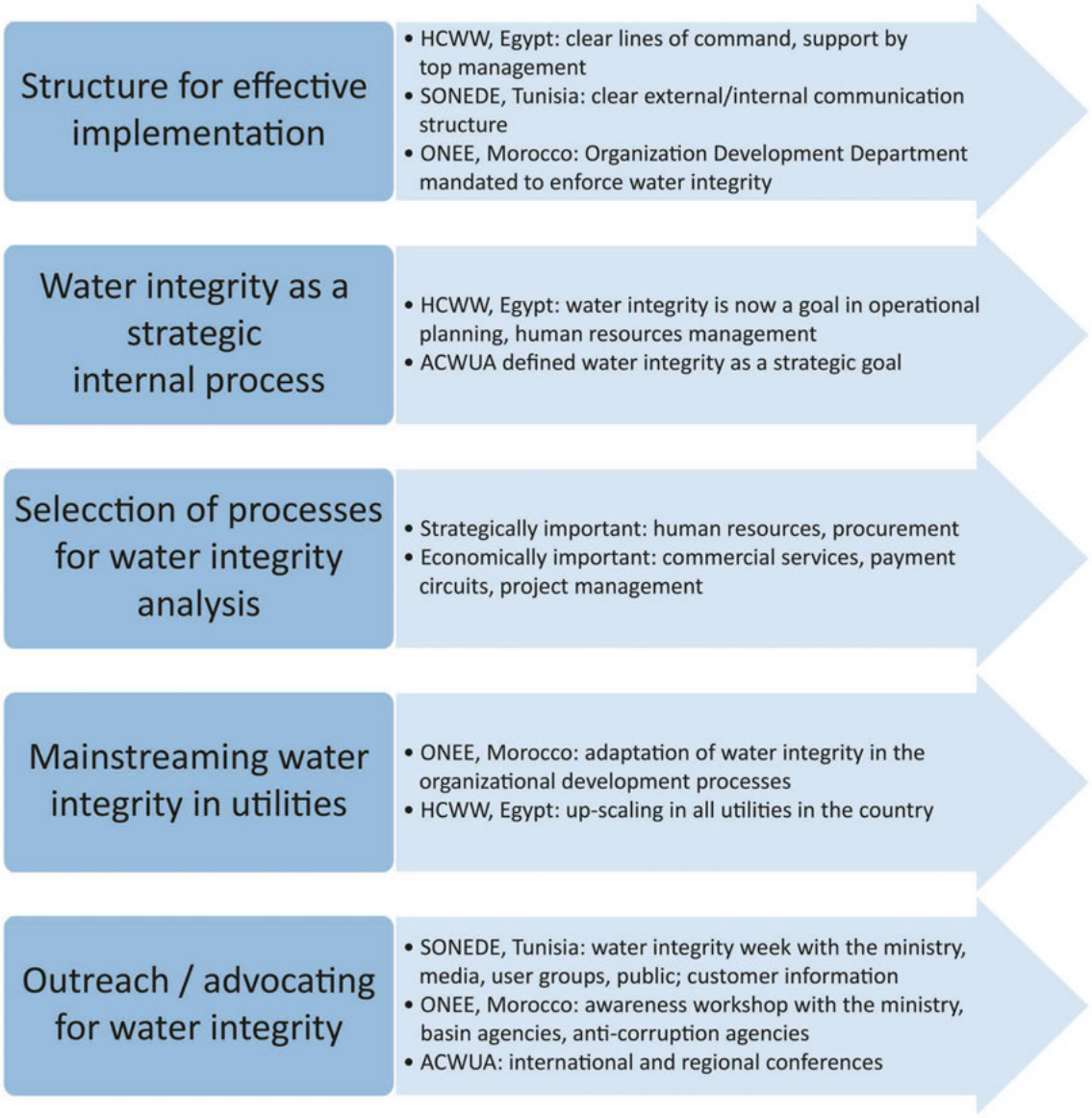


Figure 13: Good practices from the Water Integrity Project (MENA)

10 lessons learnt from implementation of the water TAP approach in the MENA region:

1. Facilitate a strong feeling of ownership and participation at all steps of the water integrity initiative, at all levels—from top management to the operational staff.
2. Strong and committed leadership is required for overall organization and administration.
3. External interferences during the implementation might threaten the process, e.g. during selection of processes, implementation of TAP actions, monitoring and evaluation. Regional experts, the umbrella organization, supporters, or other stakeholders from the water sector should only engage on demand by utility staff and top management, or advise to ensure quality management and international standards.
4. Advocate water integrity as an opportunity, not a threat; focus on good governance, successful compliance management, improving customer relations, and doing a good job at all levels.
5. Introducing water integrity means introducing change management and this can imply conflicting interests or distrust among decision makers and between utility staff. Therefore:
   - Include conflict management mechanisms. Conflicting interests between staff, departments, or managers need to be communicated and discussed; clashes in personalities need to be resolved.
   - Promote an environment of trust and freedom to talk about integrity-related issues, at first with top management and later with the entire staff involved.
   - Strengthen an open communication channel between the water integrity coordinator and top management.
   - Create incentives to motivate the staff; clarify that incentives are based on equal opportunities and on performance and are therefore not comparable to bribes.
6. Select a water integrity coordinator and process managers with strong credibility and provide them with a robust mandate and resources required, as well as backing from their seniors.
7. Link the initiative to existing structures such as risk management, compliance management, code of conduct/work ethics, etc. and appreciate what has already been done.
8. Mainstream water integrity through ongoing organizational development processes and strategic plans—and finally as part of the annual business plan with sufficient allocation of resources to implement the water integrity plan.
9. Exchange among water integrity teams in a utility, between the utilities in a country, or the region and at international fora can contribute significantly to the quality of results and boost motivation.
10. Talk about water integrity achievements internally and outside the utility: advocacy in the water sector, customer relations, social networks (web), press conferences, etc. The utilities can see this as a chance to position themselves as pioneers in the sector.

3 Water TAP methodology

Introduction

The water TAP methodology encompasses a water integrity analysis and the development of a water integrity plan that prioritizes TAP actions for subsequent implementation. The tools and formats used will be described in detail in this chapter. The methodology follows a preventive and risk-based approach, since assessing potential integrity risks and putting preventative measures in place is much more cost-effective than trying to clean up corrupt practices after they have occurred.

A water integrity initiative needs to be based on a sound understanding of the current situation, to avoid ineffective and resource-intensive integrity activities that only move problems from one area to another or do not yield any outcomes. An integrity risk analysis is therefore the first step for identifying and establishing effective measures that prevent illicit practices and breaches of rules and regulations, which are then defined and prioritized in the water integrity plan.

Before the tools are applied in the utility, capacity building of the relevant staff is required by creating awareness on water integrity issues, informing them on the water integrity initiative, and training them on the water TAP approach and methodology. The different formats for sensitizing and training utility management and staff were explained in Chapter 2. Detailed knowledge on the methodology is particularly crucial for the water integrity coordinator, the process managers, and the staff involved in the different processes.

3.1 Water integrity analysis

The integrity risk analysis will provide the necessary information to understand where and how different types of integrity challenges may occur. Such information allows for the early identification of potential problems and the effective design of preventive actions. While acknowledging that there are a variety of different risk analysis tools that can be applied to water sector institutions, the following section will describe the analysis framework that has been adapted and successfully used in the Water Integrity Project (MENA).

The water integrity analysis at utility level focuses on core processes of the service delivery value chain (in areas that have been identified by top management in the preparation phase). The methodology involves a sequence of logical steps:

1. Identifying the actors in the each process and their possible violation of TAP standards or corruption interactions (offer/demand); see also Figure 5, page 7
2. Mapping of these risks and their early warning indicators;
3. Prioritizing risks according to significance (probability/impact) using qualitative techniques;
4. Identifying and assessing risk mitigation actions; and
5. Summarizing findings in a summary table that shows process steps, risks, and early warning indicators, their likelihood and severity, as well as existing and possible additional mitigation actions.

The results of the water integrity analysis serve as the primary input for developing the water integrity plan.

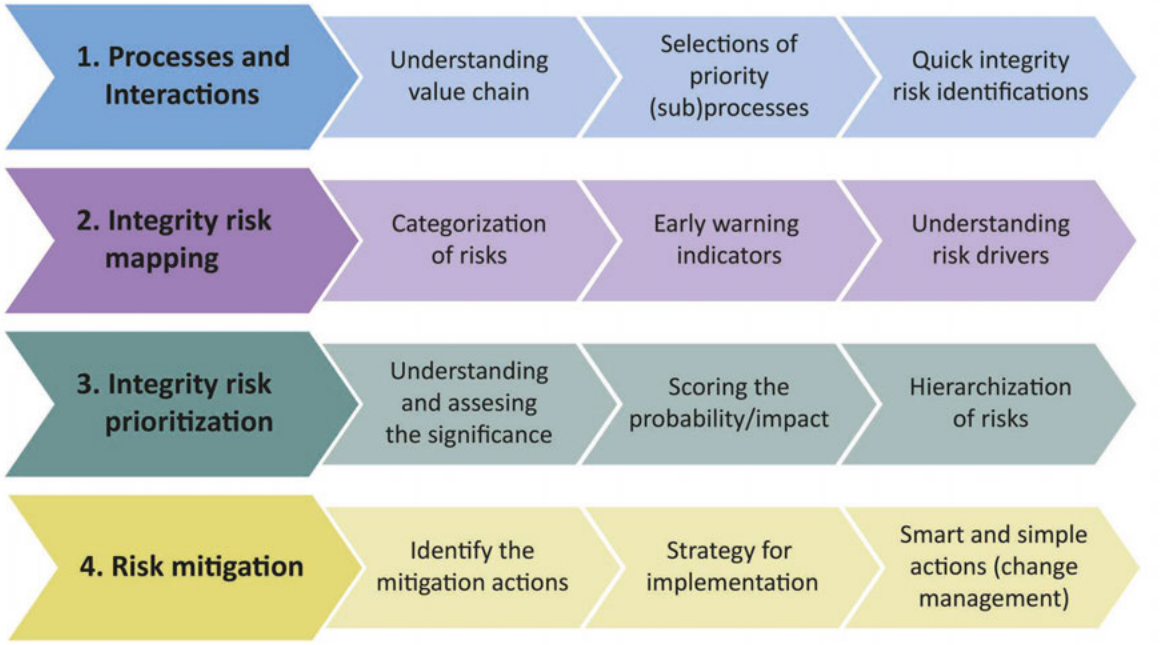


Figure 14: Sequence of logical steps for the water integrity analysis

3.1.1. Analysing processes and actor interactions

Purpose: Analyse the processes to be tackled and establish the integrity risks that may arise in the interaction of the main actors

Steps:

1. Understand the value chain of water service delivery by the utility and identify the main processes.

Value chains in a water utility:
The value chain is an overview of the core operational and support processes of a utility, in the logical order in which they produce value for customers.
In a utility the operational processes usually include infrastructure development and construction maintenance works, water production, water distribution, and commercial/customer services.
Typical support processes encompass procurement, finance and administration, human resource management, and logistics.
According to the organizational structure of each water utility, one process can be undertaken in one single department or can cut across different departments.
The standard operation procedure (SOP) explain how the different activities or process steps are performed. They can be linked to some internal rules or external regulations, etc.

2. Break down each process into its sub-processes.

Sub-processes are the activities involved in a process, which help to describe more in detail how the process is organized.
For example, typical sub-processes in the tendering process are:

- Defining the type of tender procedure
- Setting an invitation for bids
- Receiving the bids
- Evaluation of bids
- Awarding of contracts

3. Describe the main actors of the process and sub-processes along with their roles:
   - Take into account that there may be internal and external actors and that most processes involve staff from different departments.
   - Some guiding questions are:
     - In which order are the activities (sub-processes) of the process taking place?
     - Who are the main actors of the process and sub-processes?
   - Identify the interactions of utility staff with other external and internal actors of the process. Explicitly check for interactions with public actors, private actors (suppliers, constructors, etc.), and consumers.
4. Scan and identify the different integrity risks among the main actors:
   - Start brainstorming the possible risks between actors.
   - List potential integrity risks that each interaction may lead to and try to categorize the possible corrupt practices.
   - Integrity risks usually require the involvement of at least two parties (offer/demand).

This first step is critical for the whole water integrity analysis, because it is the basis for all following working steps. It should be done in sufficient detail and with the participation of staff from all relevant organizational units in discussions. Sufficient time for repeated cross-checks should be allocated.

Typical formats are working sessions with brainstorming exercises and plenary discussions, as well as individual and small group discussions. The meetings should be organized by the water integrity coordinator in cooperation with the process manager for each process separately.

Further material:

Annex 1 provides a template for the analysis of processes and interactions.

Table 5: Example of process and integrity risks in the interactions

Process	Interaction sub-processes	Utility staff – Public actors	Utility staff – Private	Utility staff – Consumers
Commercial	**Sub-process (1):** **Service connection**	Favouritism, politic influence for preferential treatment Illicit connections of some public officers	Collusion: Overbilling by contractors, theft/diversion of inputs (connection material)	Extortion/favouritism Speed money for preferential treatment
	Sub-process (2): **Meter reading & billing**	Administrative corruption regarding billing: fraudulent meter reading, over- or undercharging		Fraudulent meter readings Falsification on water bills
	Sub-process (3): **Collection**	Avoidance or partial payment		Avoidance or partial payment Avoiding disconnection
	Sub-process (4): Complaints			Extortion/favouritism Speed money for preferential treatment

Processes and sub-processes that were chosen as high priority and analysed in pilot utilities of the Water Integrity Project (MENA) included the following:

- **Human resources**
  - Recruitment (needs, announcement, evaluation nomination)
  - Training (planning, implementation, evaluation)
  - Appointment in senior positions (promotion)
  - Staff evaluation
- **Procurement and purchasing**
  - The whole procurement process
  - Tendering and technical evaluation
  - Limited tenders, direct orders
  - Contract management, contract implementation
- **Project management**
  - Needs identification and budget
  - Planning and design
  - Construction work supervision
  - Commissioning
- **Commercial**
  - Customer service (connections)
  - Big consumers (e.g. commercial, industrial or local water service providers)
  - Water meter reading
  - Billing collection
  - Service for third parties
- **Operation & Maintenance (O&M)**
  - Spare-parts and maintenance (purchasing, stock management)
  - Water supply using truck-tankers
- **Legal issues**
  - Compensation for working on Fridays (weekends) and vacations
- **Communication**
  - External communication
- **Complaints**
- **Information system**
- **Labs and water quality control**

3.1.2. Risk mapping

Purpose: Identify risks regarding each activity of the selected process and the early warning indicators for each risk

Steps:

1. List the integrity risks regarding each sub-process of the selected processes. Develop the draft list from the previous step (interactions) using the following guiding questions:
   - Do you know of any case of fraud or non-compliance of TAP principles that has affected a process and sub-process (in your organization or in other utilities)? What were the main drivers?
   - What are the integrity risks of each (sub-)process? Discuss and scan.
   - What kind of integrity risk is it? Use the categorizations of the literature (See Annex 9 for an overview of common forms of corruption in the water sector).

Categorizations of integrity risk, identifying the early warning indicators and understanding the main drivers for violation of transparency, accountability and participation standards, or possible corruption:

1. Understand each kind of illicit practices of TAP or corruption risk
2. Why is it likely to happen, what are the internal and/or external reasons encouraging/preventing corrupt behaviour, and/or incentives/dis-incentives for illicit practices of TAP or possible corruption?

Later in the analysis, effective mitigation actions to prevent or reduce the scope of such risks are identified.

2. Characterize the early warning indicators of each risk.
   Early warning indicators are initial signs that the risk might in fact materialize as an illicit practice.

   Guiding questions:

   - Could you point out the possible cause(s), the drivers, impact, etc.?
   - What would be the early indicators that could be used to alert decision makers, investigators, or the public that corrupt practices might occur?
   - What are the factors encouraging non-compliance (i.e. factors allowing corruption)?

Further material:

Annex 2 provides a template to compile and order the information from this step in a summary table.

Be aware of these common traps:

Some common mistakes made by the team and staff during the analysis in this step are as follows:

1. There is a tendency to include all kind of risks in this analysis. Remind the staff in charge of the risk mapping that this analysis is for non-compliance **corruption risks only** (other risks, such as commercial risks, technical risks etc., are also important for the risk management system but beyond the scope of water integrity).
2. The grey area between **professional mistakes and corruption/non-compliance**: It is not always obvious to draw the boundaries between a risk of non-compliance or corruption and professional mistakes. However it is recommended to keep those risks in a mapping matrix and analyse the impact. To identify the drivers and feasible mitigation actions, reflect on the question: 'Is the non-compliance on purpose or because of a lack of competence/professionalism?'
3. **Confusion between the main elements of this step**. Sometimes, the team members understand exactly the possible TAP violation or corruption practices in a sub-process, but when reporting on the analysis matrix they do not see exactly the logic of (1) what are the non-compliance or **corruption risk**, (2) what are the **signs** to identify that the risk is in fact likely to occur and requires attention (e.g. high O&M costs, the same bidders, fluctuating billing revenues, etc.) and (3) what are the **reasons** making it likely to happen (lack of control, gap in the SOP, low salaries, easy money, etc.).

Table 6: Example for risk mapping in recruitment

Process	Sub-processes	Risks	Early warning indicators	Factors encouraging non-compliance
HR Recruitment	**Defining the profile nee**	Favouritism Nepotism (create a job for special persons) Political influence	Increase of number of non-qualified staff Overstaffing	Lack of standards for defining needed profileLack of standards for justifying a new position, lack of jobs descriptions
	Selection of the applications	Oriented selection criteria: Favouritism Nepotism	Lack of clear selection criteria Lack of double checking/participatory decision-making mechanisms	Weak internal systems Lack of checks
	Test interview	Favouritism/nepotism Fraud (falsification of results) Corruption/bribery	Lack of double checking/participatory decision-making mechanisms	

3.1.3. Prioritization of integrity risks

Purpose: Determine the probability and the potential impact of each integrity risk and prioritize them according to their significance.

Steps:

1. Assess the significance of the integrity risks identified in the previous step.

   The level of significance is the result of two criteria:

   - Probability: likelihood of a risk to occur (or frequency of occurrence); and
   - Impacts: consequences caused by the occurrence of a risk. These can involve economic losses and direct or indirect detrimental effects on staff, assets, or other resources of the utility.
     - Discuss and score the probability. This can be done in an individual (possibly anonymous) exercise with subsequent presentation and discussion of results. You may either try to reach consensus in the discussion or take the average score, justify, and document the answers. Alternatively, you may do the whole exercise as a group discussion. In any case, justify and document the answers. .
     - Discuss and score the impact. This should follow the same process as for probability and must justify and document the answers. The guiding question is: 'If the risk happens, what will the consequences be?'
2. Repeat the same exercise for the other risks.
3. Classify the risks according to the distribution on the chart.

This chart permits a quick overview on where all the risks are located (probability/impact level) and allows the respective prioritization of risks.

It is important to mention that the scale for scoring is a choice of the water integrity team. It can be 1 to 4 but the grading scale can be refined even more according to the level of detail intended by the team; indeed, it can be quantitative or descriptive.

The most important result of this exercise is to have a sound and clear idea about the significance of integrity risks and to reach an agreement throughout the whole process team as to which ones need to be addressed first.

Further material

The templates in the Annex 3 may be used for the rating of probability and impact; as well as to compile and order the information from this step in the form of a summary table.

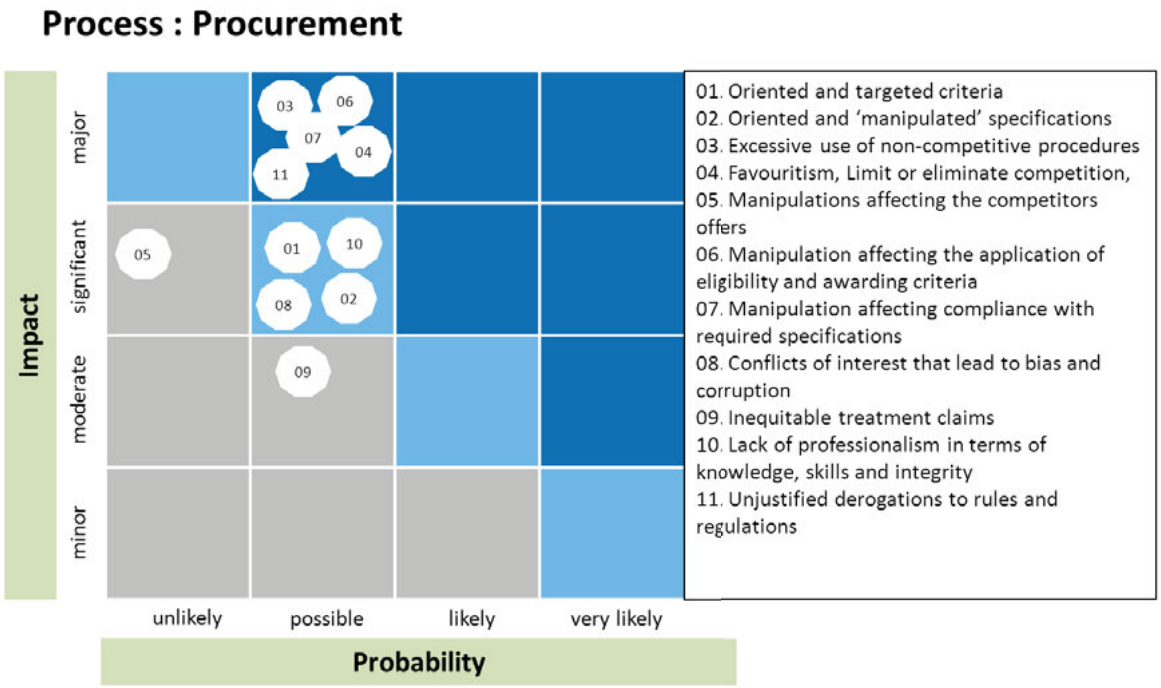


Figure 15: Risk prioritization in procurement from pilot utility of the Water Integrity Project (MENA)

3.1.4. Risk mitigation

Purpose: Identify the most useful mitigation measures to enhance integrity and prevent each risk from happening

Steps:

1. For each risk, identify mitigation measures:
   - Mitigation measures are control elements and other preventive actions to eliminate/reduce the risk.
   - Think about the instruments to promote and strengthen TAP in the sub-process. This can be done in an open brainstorming discussion or in smaller groups.
2. Discuss the effectiveness of these mitigation measures for each risk. What can be done to enhance effectiveness?
3. Classify mitigation measure into existing instruments, instruments to be improved, and new ones to be established:
   - Identify instruments and control mechanisms that are already implemented and effective in covering the risk; discuss if they are sufficient.
   - Identify actions that are already in place in the utility but that are only partly covering the risk or only partly being implemented on a daily basis (important residual risk). These need to be strengthened or improved.
   - Identify measures that do not yet exist in utilities and should be set up and implemented.
4. Analyse all this information and use it to review the prioritization of risks.

   The identified measures are analysed and compared to the existing situation to reveal a list of mitigation actions classified according to their current level of implementation and their capacity to reduce risks. For example, risks that already have adequate mitigation measures are referred to as 'under control' and may be reclassified in the prioritization table.

   The results of this step will also be used later as a starting point for developing the water integrity plan.

Further material:

The template in the Annex 4 may be used to compile and order the information from this step in the form of a summary table.

Table 7: Risk mitigation in recruitment from pilot utility of the Water Integrity Project MENA

Process: HR recruitment **Sub-processes**	**Main risk**	**Early warning signs**	**Mitigation actions / instruments to promote and strengthen TAP**
Defining the profile needs	Defining the profile needs	Favouritism Nepotism (open a job for special persons) Political influence	For all below: clear SOP for recruitment Clear standards for profile needs And standards job descriptions
Selection of the applications	Selection of the applications	Oriented selection criteria: Favouritism Nepotism	Predefined selection criteria, Public announcement And public display of results Systematic Double check
Test interview	Test interview	Favouritism/nepotism) Fraud (falsification of results) Corruption/Bribery	Independent/neutral committee for evaluation Anonymous process

3.1.5. Final analysis

Compile all the information from the water integrity analysis in a summary table to be used for the creation of an action plan in the next step.

Steps:

1. Summarize in one document the most important information from each step of the water integrity analysis.
2. Put all the justification elements in an annex (steps 1 to 3 explained above).
3. Use the comprehensive matrix (for each process or sub-process) to show the risk mapping, prioritization, and retained control measures.
4. Indicate for each mitigation measure if it is linked to transparency, accountability and/or participation (see 3. Column from the right, water integrity: TAP).

Experience in the Water Integrity Project (MENA) suggests that most actions in water utilities were linked to accountability (individual responsibility for actions), few actions to transparency (access and understanding some procedures and rules by clients/partners/employees), and very few to participation.

This can be attributed to the fact that the TAP analysis and self-assessment is done by the utility staff themselves. In a complex CMS, other stakeholders such as national and local government and customers or independent external evaluators can be involved in the analysis and planning. They may request more transparency and participation in the processes.

Further material:

Annex 5 provides a template for the summary table of the final analysis.

Table 8: Risk mapping of the 'water meter reading and billing' process from pilot utility of the Water Integrity Project (MENA)

#	Risk on Integrity	Impact	Probability	Control measures	Existing control measures		New control actions to set-up
					Existing and effective	TAP Actions to improve	
5	The reader conspire with the customer and helps him in un legal way	Major	Possible	Buy new devices	--	--	--
				Readers circulation	--	Readers circulation	--
7	Not modifying the the geografical locations of the customer meters on the provided maps for the purpose of not showing ithese modifications in the	Major	Possible	Internal Checking	--	commit the readers to check and submit their modifications	Take samples and compare it on site (spot check)
				Buy new devices	--		
8	The reader does not put the correct meter reading on prpose	Major	Possible	Internal Checking	Following up checking and comparing between the water meter readings formzs with the ones submitted by the reader	Taking into consideration the customers complains and not just solving the problem	Strengthening the roll of the direct supervisor spot checking on site
				Buy new devices			
				Readers circulation			
10	Not showingthe unknown meters on the addition list	Major	Possible	coordination between all sectors	--	--	Checking the list for the new water meters and filing it properly
					--	--	Checking the exchanging list and reflecting it correctly on the system
				Readers circulation	--	--	Reading circulation
					--	--	Checking the customer water readings with no bills issued in the previous quarter and adding it to the batch
14	Not issuing the bill on site for purpose of increasing working hours	Major	Possible	Buy new devices			
				Checking and analyzing the readers work	Comparing between the readers work in same group (the opening and closing of the water reader instrument)	Checking the readers time work programm	
21	Not treating the water meter readings in the additional list which leads to loosing it	Major	Possible	Following up and checking of analyzing the addition list results	Following up and checking of analyzing the addition list results	Feed Back	Asking feedback for the customer water meter readings added and treated
22	Not circulating the additional list on the concerned sectors	Major	Possible	Strengthening the role of internal control	--	--	Strengthening the roll of internal audit
				The report formaly request	--	--	--
23	Dividing and decreasing the bills into several smaller bills which should not be divided into several bills to help the customer (against the company's policy)	Major	Possible	Establishing Committees	Transferring it to specialized committee	--	Creating a new program to calculate dividing and decreasing the bill on specific bases and conditions
24	Approving some of the dividing bills even it could be real or approximated	Major	Very Likely	Creating new status on the water meter instrument	--	--	Separating the approximate readings from the actual
25	Forming an order (internal memo) to prevent the existing of these meter readings in the service disconnecting list	Signiflcant	Likely	Specifying the authorities	--	--	Limiting the the authorities of these orders to certain people
					--	--	Checking on these orders regularly
29	Cancelling some of the billls on purpose or not including it	Major	Possible	Checking before and after the cancellation	Proceeding with the cancellation only by the approval and signature of the director	Checking these cacellations by the specialized employee	The cancellation done based on signed order as per the procedure in the company
30	The administrative employee does not check on porpose any violation done by the customer (like un leagal use or installing the water meter in reverse)	Major	Possible	Checking by the direct supervisor	--	Checking by the direct supervisor	Strengthening the roll of internal audit
				Distribution of tasks	--	--	--
31	Not providing the customer with the bill	Signiflcant	Likely	Loading the water meter instrument with the correct bill data and submitting it on daily bases	The high bills only distributed	--	providing the readers with the correct bill data on daily bases to be distributed

3.2 Water integrity plan

The water integrity plan describes the sequence of measures that need to be introduced and the activities that need to be performed in order to mitigate the risks identified in the analysis. A plan that clearly defines tasks, responsibilities, and timelines guides the implementation process. It also helps in creating a mutual understanding of the envisaged implementation process among those responsible for each of the tasks. At the same time, the water integrity plan is a management tool for the water integrity team and top management to follow up the implementation of the identified actions to respond to integrity risks.

The figure below shows typical elements of a water integrity plan:

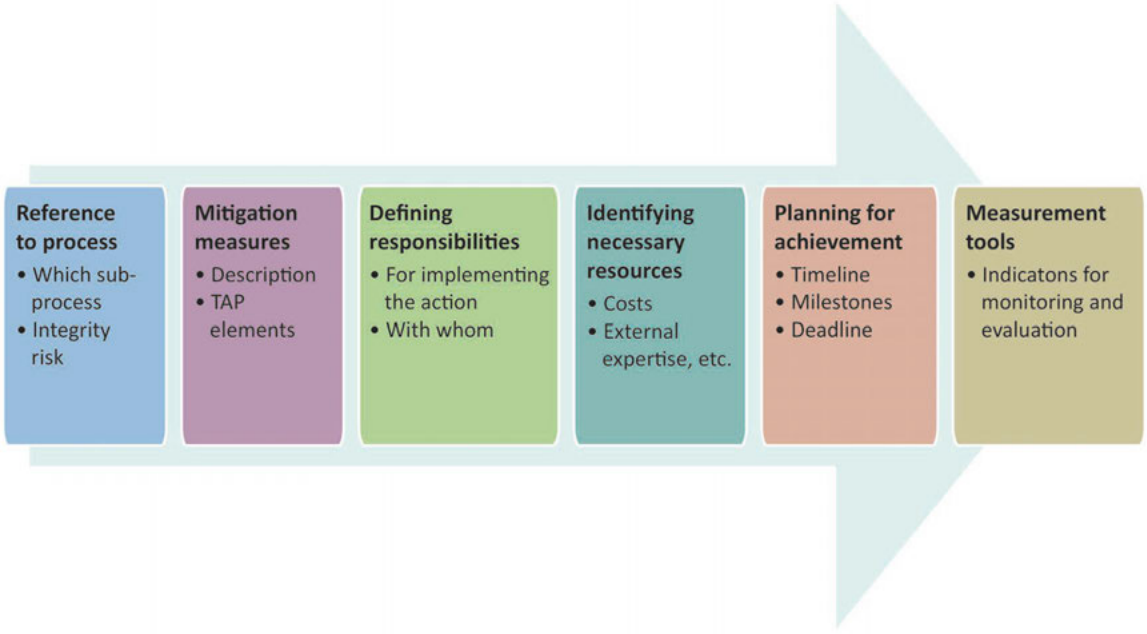


Figure 16: Elements of the water integrity plan

Steps:

1. Describe the TAP actions

The TAP actions reduce possible integrity risks by strengthening one (or more) of the three integrity pillars: transparency, accountability, and participation. They are based on the mitigation measures in the final analysis matrix. The actions should be described in a clear manner specifying the tasks to be performed.

2. Defining responsibilities

   Exactly who is responsible for the implementation of each TAP action should be determined in a joint exercise with the staff involved in the integrity initiative. The plan should be very explicit about who is doing which task and with whom.

3. Specify the necessary resources

   Identify the necessary resources to implement the TAP actions and quantify them. From experience, resource requirements are related to the following:

   - Working time of the internal staff allocated to achieving specific tasks;
   - External support or expertise (to be quantified in term of workload and/or cost);

- Special investment for specific actions (e.g. remote meter billing, software for billing system management, etc.);
- Budget for capacity building (training, awareness raising, etc.) and organizational development (follow up procedures, rules and regulations).

4. Establish the timeframe

Define a timeline for the achievement of milestones and the full TAP actions. Actions that have a repetitive character must also be clearly defined by indicating their frequency, e.g. annual auditing, biannual awareness workshop, meter readers rotation every four months, monthly report on commercial complaints, etc.

5. Develop performance indicators

   Discuss how each mitigation action can be measured and let staff propose adequate performance indicators. For non-quantitative actions, staff should agree on a way of measuring (checklist or survey) to determine the extent of impact achievement. International experience related to monitoring of change processes points out that:

   - Different levels (output, outcome, impact) should be monitored;
   - Different tools (e.g. performance indicators, checklists, surveys) should be used; and
   - External (customer) or internal (staff) surveys may also be considered as an appropriate tool.

Examples of mitigation measures and actions from the Water Integrity Project (MENA)

- Setting up new, or improving, standard operating procedures;
- Amending decision-making processes to be more inclusive:
  - Double checks: job description checks by the concerned department and by the HR department (recruitment process);
  - Participatory approaches: working in committees for the evaluation of offers (procurement process);
  - Separation of functions: construction work supervision is separated from contractor payments (projects management and payment circuit);
- Improving internal control mechanisms: systematic control embedded in the procedures (construction commissioning and payment of contractors);
- Organization amendments: create new structures in the organization, etc.

Further material

Annex 6 provides a template to compile and order the information from this step in a summary table.

Table 11: Action plan for 'HR recruitment' process from pilot utility of the Water Integrity Project (MENA)

Process	Sub-Process	Risk on integrity	Mitigation Actions	Responsibility	Necessary Resources/Coast	Indicators (Monitoring)	Observations	Planning for acheivement	Most critical indicators
recruitment	Identify vacancy and updated job description	Activating the vacancy for particular person	auditing and accountability	recruitment and the concerned directorate	activating HRMS SYSTEM	Quantitative	filling all the vacancies with the required numbers according to the HR recruitment plan		Commitment to implement employment and manpower planning rate plan
	Filtering all applications to prepare preliminary list	Excluding or adding names on personal basis (discrimination)	separate job responsipilities	recruitment section	activating HRMS SYSTEM	Qualitativ	automation of application selection process		
	Conduct interviews with applicants	Select interviews committee targedet/ false	auditing- rotation	recruitment and learning and development sections	select a neutral member of all committees of interviews according to Speciality and job level	Quantitative	qualified and proffessional Committee members		
	Choose the most appropriate	Give preference in the appointment for applicants from outside the company instead of the company's employees for personal reasons or mutual interests	succession plan	recruitment and the concerned directorate	activating HRMS SYSTEM	Quantitative	Develop a succession plan according to employees data base		number of succession cases to the total appointments
	Appointment	favoritism in appointment	update employment policy in line with the involvement of the representative of the Civil Service Bureau	recruitment and concerned directorate	activating HRMS SYSTEM	Quantitative	Appointments only based on actual requirements and increase the proportion of commitment to apply the policy		
				internal audit and management	The presence of a neutral party to review and auditing appointment reports				
	feedback phase for output of the recruitment stage	disregard the results of employment Outcomes to cover errors in employment processes or policies	auditing and accountability	recruitment and concerned directorate	develop a policy to be followed upon all concerned parties and ask for periodic reports of the recruitment process of various departments	Qualitative/Quantitative	Reduce errors in recruitment process by improving the effectiveness of procedures		
	employee orientation	hide information about the nature and the actual working environment or functional features on purpose to force him to the resign and hire other candidate	develop a policy	recruitment and HR directorate	Orientation programs prepared by departments	Qualitative/Quantitative	Increase knowledge of new employees of the nature of the positions they applying for to reduce resign cases because of this reason		

Annexes: Templates for water integrity analysis and water integrity plan

These tables (water integrity analysis and water integrity plan) are filled by a team of staff from relevant departments under the leadership of a process manager. This usually involves a series of participatory working sessions and discussions.

Annex 1: Template for analysis of processes, sub-processes, and interactions

Objective:

1. **Complete & validate, formalizing the selected process (use flowchart)**
2. **Scan and locate the different integrity risks between the main actors**

Description of process (and sub-processes), in group work:

- Identify who the main actors of the process (sub-processes) are;
- Order the activities of the process;
- Identify who is doing what;
- Identify the interactions and scan integrity risks: Link activities to suppliers (internal or external) and customers (internal or external) of the process, identifying what kind of risk is involved;
- Use the table template.

Process:	**Interaction**	**Public actors: Public officials**	**Public officials: Private**	**Public officials: Costumers**
	Sub-process (1):	Which kind of integrity risk can happen in this interaction?		
	Sub-process (2):			
	Sub-process (3):			
	Sub-process (4):			

Annex 2: Template for integrity risk mapping

Objective:

1. **List the risks (and type of risks, fraud, favouritism, extortion, etc.) regarding each activity of the selected process.**
2. **Characterize the early warning indicators (signs) of each risk.**

Discussion and guiding questions:

- Do you know any case of integrity risks that has affected a process/sub-process (in your organization or in other utilities)?
- Could you point out the possible cause(s), the drivers, impact, etc.?
- Work with different persons of the group (Staff, process group, etc.):
  - Discuss and scan the integrity risks of process or sub-process.
  - What kind of integrity risk is it? (Refer to definitions in the manual)
  - What would be the early indicators that could be used to alert decision-makers, investigators, or the public to the possibility of corrupt practices?
  - Discuss the factors encouraging fraud/non-compliance (i.e. the factors allowing corruption)

Process	Sub-process	Risks	Early warning indicators	Factors encouraging fraud

Annex 3: Templates for prioritization of integrity

Objective:

1. **Discuss and determine the probability and the impact of each integrity risk.**
2. **Prioritize the risks according to their significance (impact, probability).**

For the integrity risks previously identified: assess the **level of significance**, which is the result of two criteria:

- Probability: likelihood of a risk occurring (or the frequency of occurrence)
- Impacts: consequences caused by the occurrence of a risk

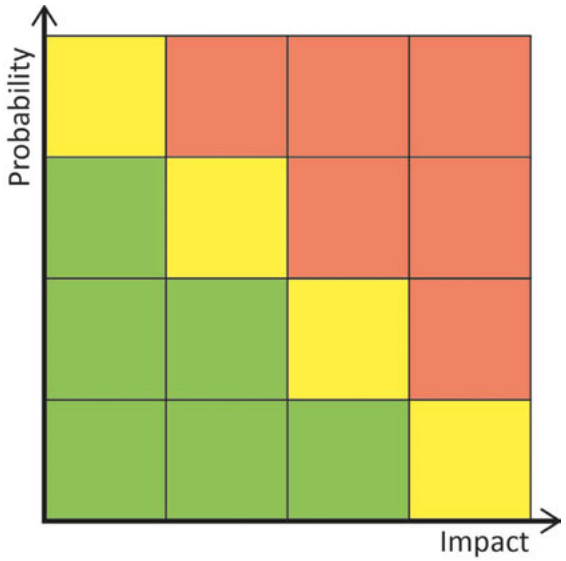
i. Discuss in the group and allocate a score to the probability, either by consensus or average. Justify/document the answers.

ii. Discuss in the group and allocate a score to the impact, either by consensus or average. Justify/document the answers: If the risk is likely to happen, what could be the consequences? (in the absence of mitigation actions).

Repeat the same exercise for the other risks.

Classify the risks according to the distribution in the table on the right.

Impact		Probability	
1	Minor	1	Unlikely
2	Moderate	2	Possible
3	Significant	3	Likely
4	Major	4	Very likely



Annex 4: Template for identification and assessment of mitigation actions

Objective:

1) **Identify the best compliance tool to enhance integrity and prevent that type of risk from happening (already existing, to be improved, or to be set up).**
2) **Focus on the risks with no existing mitigation actions.**

- For each risk, identify the control elements necessary to eliminate / reduce the risk.
- Discuss in the group the effectiveness (individual or collective) of these mitigation elements according to each risk.
- Think about the instruments that best enhance the integrity of TAP and the participatory tools that can be used to help avoid the risks.
- Identify the existing instruments, those to be improved/strengthened, or those to be set up.

Risks that already have adequate mitigation actions are referred to as 'under control' and may be reclassified in the prioritization table.

Process (and sub-processes)	Main risk	Early warning signs	Mitigation actions / instruments to promote and strengthen TAP	Observations and priorities

Annex 5: Template for the final analysis summary

Department process	Sub-processes	Water integrity			Integrity risks	Early warning signs	Potential impact	Probability (frequency)	Mitigation actions	Existing (adequate)	To improve/ To strengthen	To set up	Priority
		T	A	P									

Annex 6: Template for the water integrity plan

Ref. of the risk	Sub-process	Mitigation actions	Responsibility	Necessary resources /costs	Planning for achievement	Indicators (monitoring)	Observations
According to risk analysis matrix		*(Classified according to priorities in analysis matrix.)*	*(Direction/entities responsible and with whom?)*	*External experts, internal, time, and cost estimation*	*Necessary time, expected date for achievement, etc.*	*Quantitative and/or qualitative*	*Expected impacts, key success factors, etc.*

Annex 7: Template for plan of operations

	Activity	Responsibility	Milestone	2015																																Remarks
				Jan				Feb				March				April				May				June				July				August				Sept.				Oct				Nov				Dec			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
1	Sensitization workshop top management	utility + reg. pool + supporters	Workshop																																												
2	Report of workshop top management	Reg. expert + coordinator	Report																																												
3	Selection of staff	utility	List of staff																																											
4	Knowledge workshop for middle mgt + training of the Staff	coordinator + regg expert	Training + report																																												
5	Preparation and start of analysis	coordinator + reg. expert	Draft analysis																																											
6	Analysis report	coordinator + reg. expert	Analysis Document																																											
7	Presentation of the report to top management	coordinator	Report approved																																											
8	Identify indicators for benchmarking	coordinator + reg. experts	PI's and benchmarks document																																											
9	Water integrity planning	coordinator	Draft document																																										
10	Exchange with other utilities (on process + analysis)	utility + supporter + reg.l pool	Report of exchange																																											
11	Feedback on draft plan by other departments	coordinator	Finalizing plan																																										
12	Presentation of the Plan to top management	coordinator	Approval and prioritization																																										
13	Training to all the staff of each process	coordinator + reg. expert	training + report																																										
14	International exchange at conferences	utility + supporter + reg. pool	Report of exchange																																										
15	Implementation of the WI Plan process	utility + regional expert	Monitoring																																										

Annex 8: Template for performance monitoring

What?	How?	Performance Indicators	Checklists	Surveys
Output	**Actual measures**			
Outcome	**performance of integrity (TAP)**			
Impact	**Effective performance of utility**			

Annex 9: Forms of non-compliance and corruption

Bribes	Decision makers obtain money or favours in return for preferential treatment, services, or products.
Speed money	A form of bribery that serves to quicken the process, e.g. of getting a water connection.
Embezzlement	Theft of resources of the utility, e.g. stealing construction materials or money.
Kickback	An illegal secret payment made as a return for a favour. For example, A influences a tender process to make sure B wins the contract, and B in return passes on 10% of the contract value to A.
Favouritism / Clientelism	Corrupt distribution of resources (contracts, jobs, etc.) according to kinship, political alliance, family, friendships, etc.
Patronage	Support or sponsorship by a patron (a wealthy or influential guardian) usually through forms of favouritism/clientilism.
State capture	Undue influence on the rules of the game (laws, regulations, political or regulatory decisions, etc.)
Fraud	Economic crime that involves some kind of trickery, swindle, deceit, manipulation, or distortion of information, facts, and expertise, most of the time in order to steal money or get paid for work not provided properly.
Interest peddling	An individual solicits benefits in exchange for using his or her influence to unfairly advance the interests of a particular person or party.
Collusion	An arrangement between two or more parties designed to achieve an improper purpose. Often used by competitors to decide in advance who 'wins' a contract.
Insider trading	The use of information secured by an agent during the course of duty for personal gain.
Extortion	Resources extracted by the use of coercion, violence, or the threat of force.

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Useful websites

Water TAP websites: www.water-mena.net and www.acwua.org/training

Water Integrity Network: www.waterintegritynetwork.net

Water Governance Facility: www.watergovernance.org

Transparency International: www.transparency.org

Global Water Partnership: www.gwpforum.org

U4 Anti-Corruption Resource Centre: www.u4.no

ACWUA
Arab Countries Water Utilities Association

german cooperation
DEUTSCHE ZUSAMMENARBEIT
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