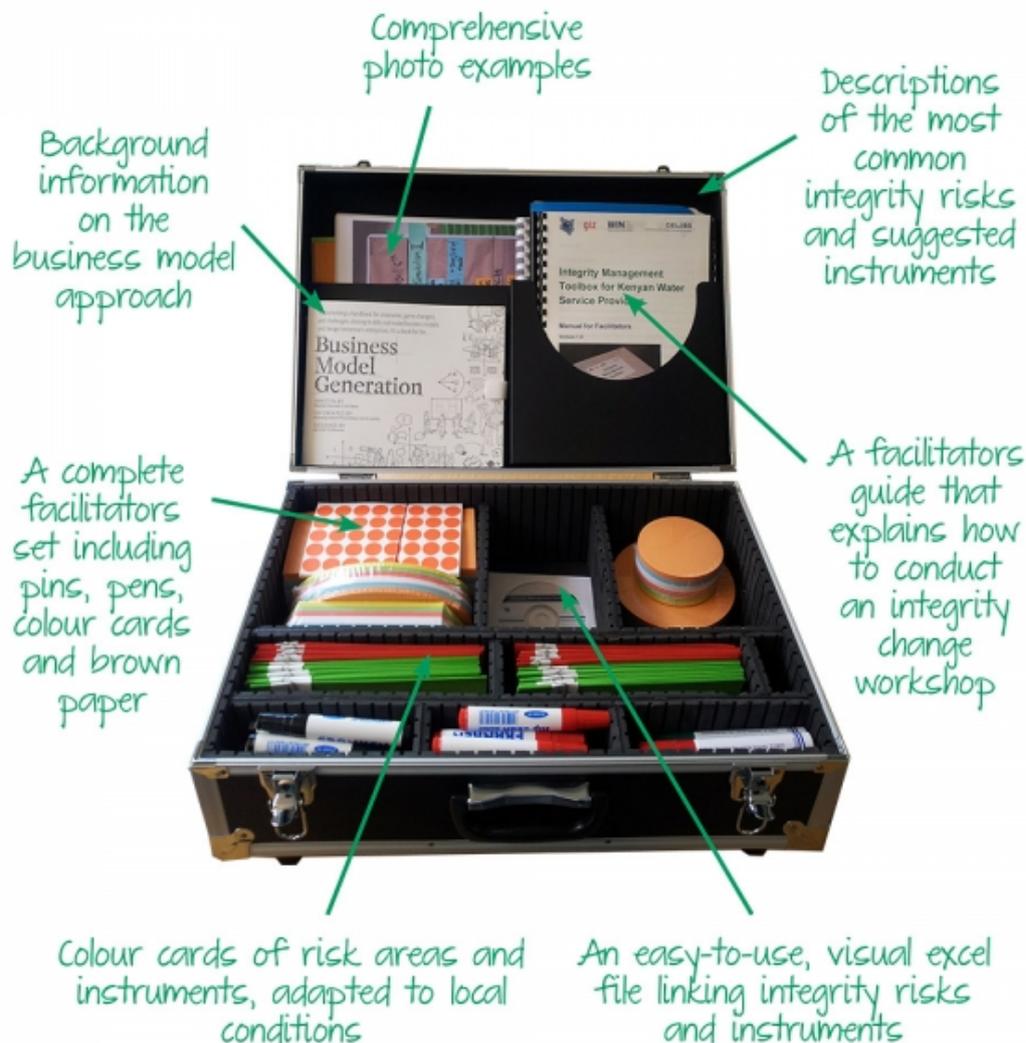


Integrity Management Toolbox for Water Sector SME

Manual for Coaches

Version 2.0 – field-proven version





IMPRINT

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Executive Summary

The Integrity Management Toolbox for Water Sector SME proposes a systematic bottom-up approach to tackling integrity issues of small and medium-sized enterprises of the Zambian water and sanitation sector. Instead of a moralising approach, an *Integrity Change Process* is initiated based on the Integrity Management Toolbox. The process focuses on how SMEs can benefit from a business point of view by systematically implementing integrity management instruments. The main goal is to optimise the SMEs business models and eventually their performance by integrating integrity considerations into day-to-day operations.

The Integrity Change Process is a stepwise approach to initiate and guide a bottom-up change process. In an initial two-day workshop, the first six steps (Steps 1-6) are completed, defining priority actions to be taken in the Integrity Change Process. The last step (Step 7) is implemented within the SMEs during a period of several months or years depending on the complexity of the chosen integrity instruments. This manual guides the coach, whose role is to train and coach the SME, step-by-step through the workshop programme and the following implementation phase. The complete Integrity Change Process comprises the following steps.

- Step 1: Awareness Raising and Introduction to the Integrity Change Process
- Step 2: Description of the SMEs Business Model
- Step 3: Mapping of the Integrity-related Zambian Water Sector
- Step 4: Identification and Priorisation of Integrity Risks
- Step 5: Selection of Integrity Instruments and Development of Integrity-improved Business Model
- Step 6: Development of a Road Map
- Step 7: Implementation and Monitoring of the Integrity Change Process

Two versions of the Toolbox were developed:

<p>A tangible tool-box (in the proper sense of the meaning) for the conducting of workshops consisting of:</p>	<p>An electronic version (on CD) of the Integrity Management Toolbox to inform those involved in the Integrity Change Process, which includes:</p>
<ul style="list-style-type: none"> • The manual for coaches (this document) explaining in detail how to use the Toolbox for conducting an Integrity Management workshop and coaching the whole Integrity Change Process • Elaborate descriptions of the most common integrity risks and suggested integrity instruments for Zambian SMEs • A prepared set of all risks and instruments 	<ul style="list-style-type: none"> • The manual for coaches (this document) explaining in detail how to use the Toolbox for conducting an Integrity Management workshop and coaching the whole Integrity Change Process • Elaborate descriptions of the most common integrity risks and suggested integrity instruments for Zambian SMEs • A comprehensive open-source library,

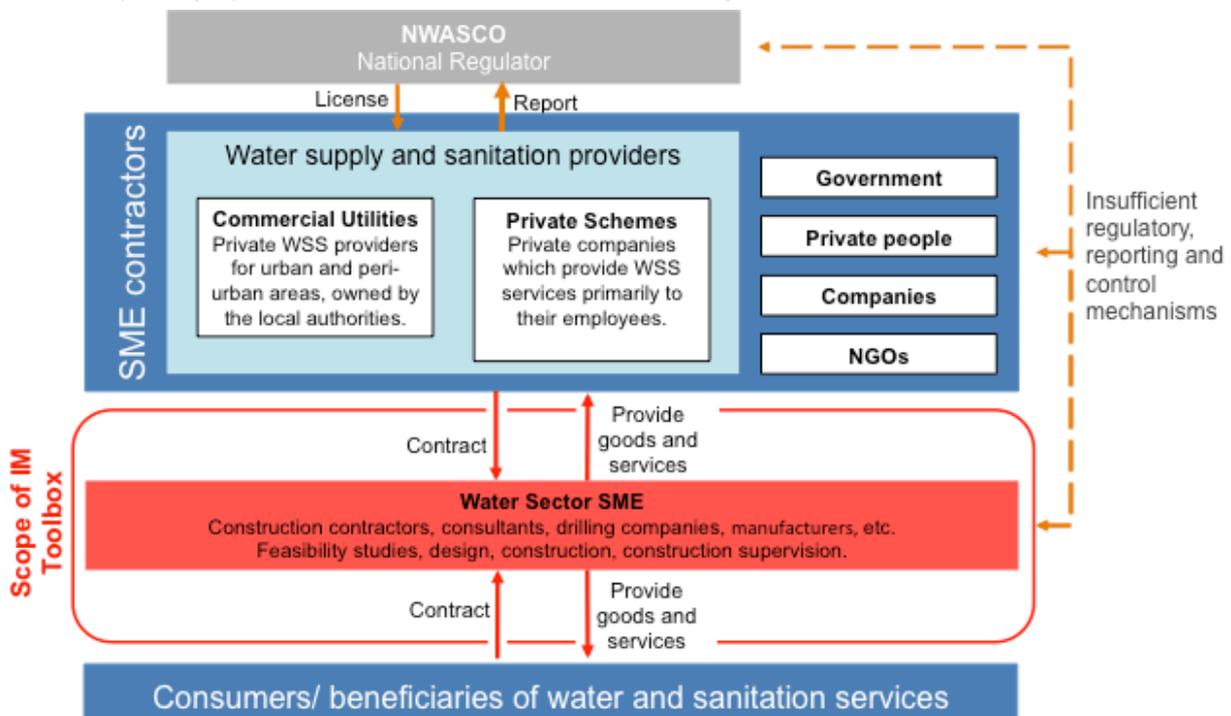
<p>on colour cards to be used for the workshop</p> <ul style="list-style-type: none"> • A prepared set of Zambian water sector players and regulations • A complete coaches' set including pins, pens, colour cards and brown paper 	<p>containing more than 280 integrity-related references and further reading documents</p>
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Why an Integrity Management Toolbox

The international water and sanitation sector faces important challenges of bad governance and lack of integrity such as corruption, fraud, unsustainable practices and non-ethical working conditions, often leading to significant shortcomings in water supply and conflicts.

Apart from public water utilities, small and medium-sized enterprises (SME) in the private sector play an increasingly important role in the water sector when it comes to procurement of goods and services such as consultancies, engineering and construction. These SME of the water sector are mostly contracted by public authorities, water utilities or private companies and are increasingly relevant for the structures of the water sector as they provide water and sanitation services in low-income areas.

Specific integrity challenges can emerge from SME engagement because the private sector is hardly embedded in overarching regulatory, reporting and control structures that would pressure it to abide by integrity principles as water utilities are (see graph).





As private involvement in the water sector is increasing in countries perceived to be highly corrupted, the private sector also becomes increasingly exposed to risks of corruption. A challenge particularly related to the involvement of SME is that they are usually dependent on a few contracts or clients, which makes them easy prey for corrupt officials or useful allies when it comes to collusion among bidders in public procurement. Among the most important reasons for this state of affairs are weak institutional and legal frameworks and procurement systems, unregulated public-private sector contracting and little awareness and know-how for addressing integrity issues at the operational level of these SME.

Integrity management systems are an instrumental element of corporate governance and work two-fold: on one hand, they can be used to communicate values to employees and thus create a positive work climate and improve motivation. On the other hand, they provide instruments to detect and manage integrity risks as well as to prevent violation of laws and sanctions. The present Integrity Management Toolbox aims at raising awareness among water sector SME that transparent, ethical, as well as regulatory compliant practices increase efficiency and performance. This makes it easier for companies to include integrity aspects into their regular business approaches.

Integrity and SME in the Zambian Water Sector

Although Zambia has relatively abundant water resources, the population's access to safe water and sanitation services is still one of the country's major challenges. Access rates to improved water and sanitation services are particularly low in rapidly growing and densely populated settlements in peri-urban areas of the cities and in rural areas. This is because the water utilities' main responsibility is the operation and maintenance of the existing system and network extensions to peri-urban and rural areas often take considerable time. It is therefore expected that, particularly in rapidly growing peri-urban areas, the involvement of SME of the water sector will increase in order to answer service quality concerns and to avoid delays in service provision. It has been estimated that a substantial part (approx. 70%) of feasibility studies, design, construction and construction supervision work will be delegated to those SME.

Zambia's water sector has undergone important reforms, but the reform process has been slow and major challenges such as insufficient investments in the sector, low billing and revenue collection and other integrity-based issues remain. Among the most important reasons for this state of affairs are weak institutional and legal frameworks and procurement systems, unregulated public-private sector contracting and little awareness and know-how for addressing integrity issues at the operational level of private sector companies. SME in the Zambian water sector face specific challenges.

SME of the water sector are confronted with a complex and fast-changing regulatory system and bureaucratic mechanisms at government level. They have no lobby and advocacy at policy level is largely lacking and thus have little authority within the power structures of the water sector. The lack of awareness and mechanisms to avoid corruption practices in the interaction with higher instances or the competition adds to their vulnerability.

SME in the Zambian water sector are very diverse in terms of key activities, size, skills and so on. While many small enterprises tend to be managed by individuals with engineering and natural science backgrounds that have little or no knowledge of business management, medium-sized enterprises tend to be managed by individuals that have undergone management training at the least. This leads to the situation that many of the SME have no management structures or processes in place that would allow them to respond to integrity or other business risks. More established SME have some integrity management instruments in place that make them more resilient to integrity risks.

Initiating an Integrity Change Process

The main purpose of this Integrity Management Toolbox is to support SMEs in turning challenges into opportunities by making integrity issues an integral part of their internal management. The Toolbox supports SMEs in undergoing an Integrity Change Process that enables them to reduce costs and boost their performance, and make them more resilient to reputational and legal risks. In the long run, companies that include integrity management in their business models will have a comparative advantage, because they can systematically prevent and mitigate integrity risks.

The overall objective is that SMEs initiate an Integrity Change Process based on the Toolbox, which takes account of the country specific policy, legislation and regulatory framework. SMEs initiate the change process by individually selecting and applying the most relevant and effective integrity instruments for their company.

The main principles of the Integrity Change Process are as follows:

- it follows a systematic approach to address integrity at the operational level of the SME.
- it creates awareness on integrity and enables SME to manage their Integrity Change Process themselves.
- it promotes good management instead of a moralising approach.
- it shows SMEs how they can benefit (opportunities!) from a business point of view by implementing integrity management systematically.
- it supports SMEs in optimising their business models with the help of integrity management.

As SME have a very diverse awareness and capacities in terms of Integrity, the Toolbox offers two entry points to the Integrity Change Process: Basic and Advanced Integrity Management.

Basic Integrity Management is the entry point into the Integrity Management process for SMEs where only rudimentary knowledge and low capacities on integrity risks and integrity management instruments exist. The aim for basic users is to create awareness on integrity in general and implement simple instruments in a first step and to assure that they are implemented effectively before moving towards advanced integrity management and complex instruments. Compliance with legal and regulatory requirements is essential for basic integrity management.

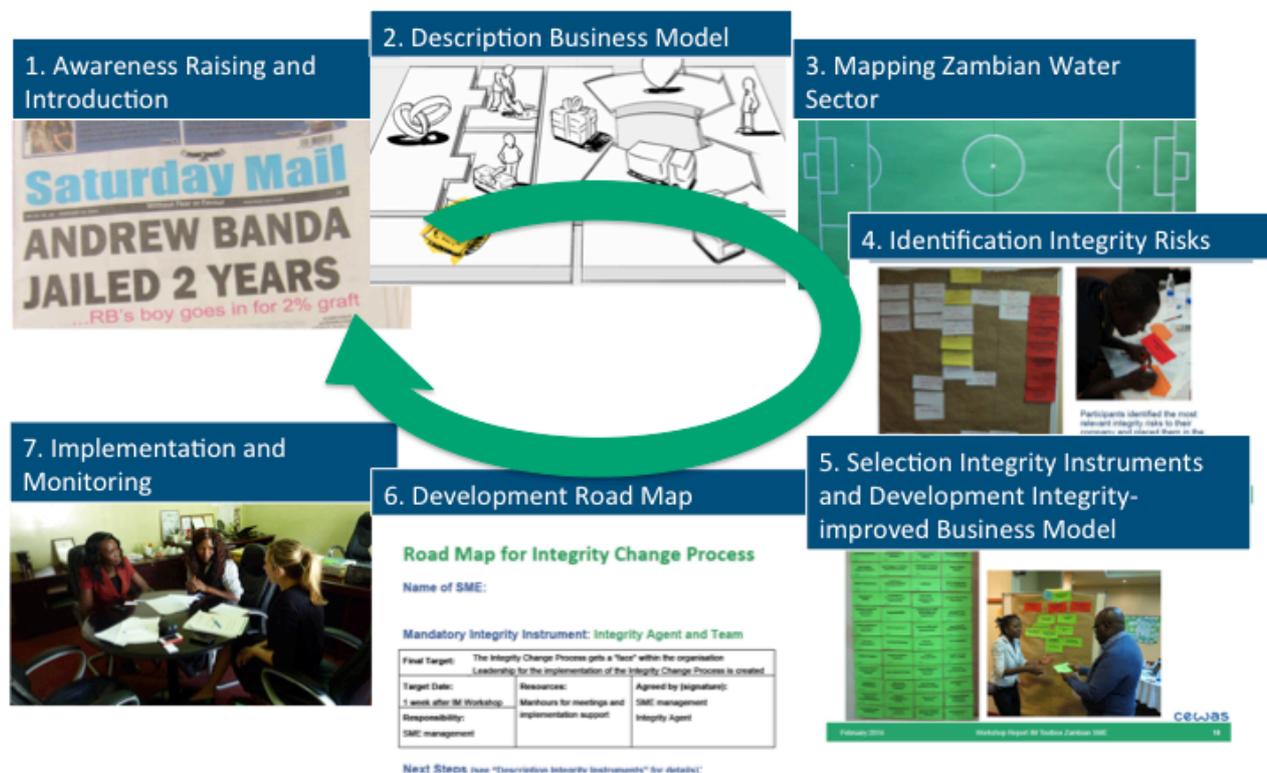
Advanced Integrity Management is for SMEs that have already implemented various measures to enhance integrity successfully. It allows SMEs to improve their corporate integrity in a systematic and business-oriented way to enhance their performance. The aim for advanced users is to apply more complex instruments that build up on the integrity instruments already in place and become sector leaders regarding corporate integrity.

Having named the principles and offers of the Toolbox, it is important to name its limits at this point. The Integrity Management Toolbox for Zambia Water Sector SME cannot:

- ensure implementation of the integrity instruments at the SME level.
- provide general management training to the SME.
- solve integrity issues that are beyond the influencing power of the SME.

How to Implement the Integrity Change Process

The Integrity Change Process is a stepwise approach to initiate and guide a bottom-up change process. The complete Integrity Change Process comprises the following steps.



- Step 1: Awareness Raising and Introduction to the Integrity Change Process
- Step 2: Description of the SMEs Business Model
- Step 3: Mapping of the Integrity-related Zambia Water Sector
- Step 4: Identification and Priorisation of Integrity Risks



- Step 5: Selection of Integrity Instruments and Development of Integrity-improved Business Model
- Step 6: Development of a Road Map
- Step 7: Implementation and Monitoring of the Integrity Change Process

The role of the coaches is to train and coach the SME in going through the Integrity Change Process. In an initial two-day workshop, the first six steps (Steps 1-6) are completed, defining priority actions to be taken in the Integrity Change Process. The last step (Step 7) is implemented within the SMEs during a period of several months or years depending on the complexity of the chosen integrity instruments. This manual guides the coach step-by-step through the workshop programme and the following implementation phase. All required physical *workshop material* (prepared colour cards, pens, descriptions of risks & instruments, etc.) can be found in the Toolbox suitcase; all needed electronic documents (presentations, PDF-documents, Word templates) are filed in the respective Step-folder under “Coaches’ Material.”

Step 1: Awareness Raising and Introduction to the Integrity Change Process

What is Awareness Raising about?

Before the actual work with the Integrity Management Toolbox can be commenced, one has to set the scene and familiarise the participants with the topic, set the tone of the Integrity Management workshop and clarify questions and expectations, so that the target group is ready to perform.

Keep in mind that small and medium-sized enterprises (SME) of the water sector tend to be managed by individuals with little or no knowledge of business or integrity management. This lack of knowledge can lead to the situation where SME neglect integrity risks and the implementation of integrity management instruments. This makes SME more vulnerable, particularly as some of the integrity risks pose existential threats to the SME. It is thus crucial in this step that participants understand what impacts non-integrity can have, how integrity can improve the performance of the SME and why it is important to look at integrity from a business point of view.

What is the Introduction to the Integrity Change Process about?

A change process describes the transition of individuals, teams or organisations from a current state to a desired future state. It is an organisational process that aims to help SMEs to accept and embrace changes within their company or in their environment. In the context of the Integrity Management Toolbox, the change process comprises steps 1 to 7: the Integrity Change Process.

At this point it is important to introduce the idea, scope and principles of the whole Integrity Change Process to the SME. They will not only be participating in the Integrity Management workshop of 1.5 days but also undergoing the subsequent implementation phase that can last from six months to several years. Especially when dealing with SME that lack management skills and long-term perspective it is essential to explain the principles of a change process. You have to clarify that the Integrity Change Process requires the necessary time and commitment, that means that SME have to invest in their people who are the main drivers of change. To be able to create ownership and leadership for the Integrity Change Process with the employees, an SME has to implement three Mandatory Integrity Instruments: the Integrity Agent and Team, the Kick-off Event and Learning Organisation. At this point, you will show them how the Toolbox and the Integrity Management Coaches can support them in undertaking this process.

Objectives

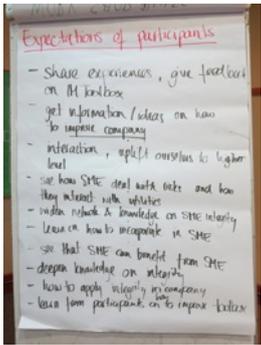
By the end of the introduction, participants will:

- know the rules, programme and objectives of the first workshop (Steps 1-6)
- have a common basic understanding of what is referred to as integrity, be aware of the consequences of non-integrity and the advantages of integrity management

- understand the goals and importance of the Integrity Change Process and how the elements of the Toolbox and the IM Coaches can support the SME in undergoing this process
- know the three Mandatory Integrity Instruments

Process Step 1: Awareness Raising and Introduction to the Integrity Change Process (min. required time: 1h 45min, max. required time 1h 50min)

Please note: mandatory steps are marked green, optional ones are marked yellow. Min. required times (above) refer to the sum of only the green steps. Max. required times refer to the total of green and yellow steps.

Time	What	Illustration / Remarks	Needed Material
5'	<p>A. Show the participants the first slides of the ppt¹ “Corruption in Zambia” and explain that the workshop will not be about fighting petty corruption. Then show them the last slides and explain that it will rather tackle corruption issues within and between businesses. It will do so by looking at their business model in a systematic way to identify integrity risks and select appropriate management instruments to counter these.</p>		<ul style="list-style-type: none"> • ppt “Corruption in Zambia”
10'	<p>B. Introduce the Integrity Management workshop:</p> <ul style="list-style-type: none"> • Workshop programme (Steps 1-6) • Workshop objectives and outputs • Workshop rules • Introduction of participants: name, name and core business of SME, position, expectations <p>Note down the expectations of the participants on an empty flipchart. This allows you to keep the participants’ expectations in mind, come back to them during the workshop and if necessary adapt elements of the workshop accordingly. Please note that not all expectations of participants can be met and that it is important to clarify this with the participants from the beginning (see also doc² “Objectives and Outputs”).</p>		<ul style="list-style-type: none"> • 1 Flipchart • Doc “Workshop Programme Example” • Doc “Objectives and Outputs” • Doc “Workshop Rules”
60'	<p>C. Ask participants to capture on the pre-printed newspaper templates which integrity-related headline they would <u>not</u> want to read about their own company. Place the newspaper</p>	<p>See box 2</p>	<ul style="list-style-type: none"> • 1 pinboard³ • Pens • Pre-printed

¹ PowerPoint presentation (to be found on CD in folder „Coaches’ material“)

² Document (to be found on CD in folder „Coaches’ material“)

³ note that working with pinnboards is the most convenient option for the workshop. If getting hold of pinnboard is not possible, you can also use walls, tables or the floor. However in that case, you need to use bluetack or glue instead of pins.

	<p>front pages visibly on a pinboard¹. Based on the statements discuss the different understandings participants have about (non-)integrity.</p> <p>In case some participants have little or no experience in working on integrity and corruption issues: present a worst practice example (Box 2 “Worst practice example”) to show what face non-integrity can have in the water sector.</p> <p>Ask the participants if they have experienced or heard of similar practices in their work environment and what the consequences were. Ask them to name the different consequences they believe non-integrity can have. Write the statements on colour cards and place them on the pinboard¹. Complete the statements by showing more examples from the ppt “Non-integrity vs. Integrity”. This exercise should help to get the group to talk about corruption-related issues and establish a common understanding for the assessment of integrity risks and its consequences.</p>		<p>newspaper templates</p> <ul style="list-style-type: none"> • Colour cards • ppt “Non-integrity vs. Integrity” • Box 2 “Worst practice example”
30’	<p>D. Based on the insights into the risks and consequences of non-integrity, ask the participants what their personal motivations are for implementing integrity in their SME. Note their contributions on the pinboard and use their ideas as a basis to introduce the main business advantages of behaving with integrity using the ppt “Non-integrity vs. Integrity”. Equally present a best practice example (Box 3 “Best practice example”) of integrity and its concrete advantages.</p>	<p>See box 3</p>	<ul style="list-style-type: none"> • 1 pinboard¹ • Pens • Colour cards • ppt “Non-integrity vs. Integrity” • Box 3 “Best practice example”
45’	<p>E. With the help of the ppt “Integrity Change Process” clarify the idea, scope and principles of the Integrity Change Process the SME will be undergoing by taking part in the workshop and the subsequent implementation phase. Explain the principles of a change process and how the 3 mandatory integrity instruments, the IM Toolbox in general and the IM Coaches can support them in this process.</p>		<ul style="list-style-type: none"> • ppt “Integrity Change Process”

Box 1: Dealing with sensitive business information

Some participants may be uncomfortable discussing details about their company in front of their competitors. In order to create transparency, it is important that this subject is raised at an early stage of the training and that potential fears are addressed. The coach can try to reduce reservations by enhancing the perception of other SME as co-players rather than as competitors. From this perspective, other SME are seen rather as potential partners than as a threat.

Nevertheless, it is important that the coaches asks the participants to reflect on what they wish to share with other participants and which information they wish to keep to themselves. If some

participants prefer not to share details on their business model, the coach might want to do without the feedback sessions at the end of steps 2, 4 and 5.

In this case however, since these feedback sessions are an important element for practising future group coaching (mandatory integrity instrument), participants should be asked how they want to deal with this kind of situation in the future.

Box 2. An example of worst practice: Nepotism

Nepotism is a form of favouritism based on acquaintances and familiar relationships whereby someone in an official position exploits his or her power and authority to provide a job or favour to a family member or friend, even though he or she may not be qualified or deserving.

Implications of nepotism for the SME: The new employee (family member or friend of the employer) does not have the necessary skills to perform the activities of the SME. The quality of work and efficiency are reduced, clients get a negative image of the SME and might decide to choose another company for the provision of the required good or service. Qualified employees feel that they are unjustly treated as employees with poor performance and lacking skills benefit from unjustified advantages. The motivation of qualified employees decreases, further reducing the quality of work of the SME.

Implications of nepotism for society: Unqualified workers are employed and perform low-quality work. This can lead to inefficiencies for the society (if a project needs to be redone as a consequence of poor quality work), to health or safety risks and to environmental pollution (e.g. the basement of a pit latrine has not adequately been lined so that the superstructure is not sufficiently supported and could collapse and liquids from the pit latrine infiltrate through the soil contaminating the groundwater).

Source: TI 2009, p. 28

Box 3. Royal HaskoningDHV – An example of best practice

Based in the Netherlands, Royal HaskoningDHV is one of Europe's leading project management, engineering and consultancy service providers, ranking globally in the top 10 of independently owned, non-listed companies and top 40 overall.

After a major scandal in the Dutch construction industry, the Royal HaskoningDHV has put a lot of effort into critically reviewing the company's working practices and the way it cooperates with others. These endeavours resulted in officially establishing (legal) guidelines relating to integrity (code of integrity) and taking up a zero-tolerance-stance towards integrity from the mail room to the board room. Besides the code of integrity, implemented integrity instruments include a code of conduct, a whistle blower scheme and an integrity council to help with dilemmas. As a result, Royal HaskoningDHV has felt tangible, positive effects, ranging from improved working atmosphere, reduced internal conflicts, increased client satisfaction, enhanced image and reputation, simplified resolution of dilemmas and increase of trust among employees, clients, business contacts and the public.

Source: Royal HaskoningDHV n.y.

Step 2: Description of the SMEs Business Model

What is Business Model Description about?

A business model describes the rationale of how an organization creates, delivers and captures value. A simple concept for describing, visualising and assessing business models is the *business model canvas* developed by OSTERWALDER & PIGNEUR in 2010. The business model canvas consists of nine basic building blocks that show the logic of how an organisation intends to make money. The nine blocks cover the main areas of a business: customers, offer, resources, financial viability and social/environmental impact (OSTERWALDER & PIGNEUR 2010). The business model is not a detailed business plan; it is rather a simple blueprint on *one page that can be used to describe* how a company actually creates, delivers and captures value. It is important to note that business models are dynamic over time and only reflect the viewpoint and perception of the group describing the business model. Thus, there is no “right” or “wrong” business model; all business models are subjective visualisations of how an organization creates, delivers and captures value at a given time.

When describing the building blocks of the SME, it is helpful to explicitly reflect on who (partners, customers, civil society, institutions etc.) is influenced by the business. This perspective can help business owners to better understand not only the business’ function but also its position within its business landscape.

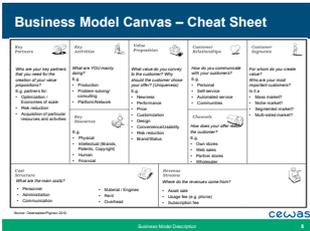
The SMEs business model is the starting point of the Integrity Change Process, as it serves as the basis for assessing the most relevant and threatening integrity risks of the SME. In a later step, the business model is the key tool to identify the most promising integrity instruments to improve the SMEs operations and performance. Finally, the current business model of the SME serves as a baseline to monitor the progress of the SME towards an integrity-improved business model.

Objectives

By the end of this module:

- Participants will understand the concept of the business model canvas. Participants will have a clear understanding of the nine building blocks of their SME and of the way their SME creates, delivers and captures value.
- Participants will have developed a business model canvas for their SME.

Process Step 2: Description of the SMEs current business model (Min. required time 1h 15min, max. required time 2h)

Time	What	Illustration & Remarks	Needed Material
10'	A. Introduce the business model canvas concept with its building blocks with the help of the respective introductory ppt and the example on “Super-Toast”.		<ul style="list-style-type: none"> • ppt “Business Model Description” • Doc “Super Toast Story” • Book “OSTERWALDER & PIGNEUR 2010: Business Model Generation”
5'	B. Distribute and shortly explain the Business Model Canvas Cheat Sheet		<ul style="list-style-type: none"> • Pre-printed Business Model Cheat Sheets
30'	C. Create a deeper understanding on how the business model canvas works by co-developing the business model of a company that all participants know (e.g. mobile phone).		<ul style="list-style-type: none"> • 1 pinboard & pins • Empty canvas on brown paper
60'	D. Let the participants describe the business model of their SME. If a SME is represented by a group of people, appoint a group member to write on the cards. Supervise the teams and explain the meaning of individual building blocks if needed, but let them have the lead in describing their business model.		<ul style="list-style-type: none"> • 1 pinboard per group • Empty canvas on brown paper • Colour cards & pens • Pre-printed Business Model Cheat Sheets
15'	E. After each group has developed its business model, come back to the plenary and discuss the key learnings of this step. For this purpose you can ask the following questions: <ul style="list-style-type: none"> • Did you encounter any difficulties during this group work? How did you solve them? • Did you experience any success moments during this group work? How did you reach them? <p>This exercise should get the participants to discuss any problems they have encountered and share solutions with each other. It is important to let them have the lead in the discussion and note their statements on the flipchart. Only intervene if the discussion goes stagnant or off topic.</p> <p>This kind of exchange between all the SMEs is vital and will help them practice a typical group coaching situation that they will encounter in the implementation phase in step 7.</p>		<ul style="list-style-type: none"> • Flipchart & pen

Step 3: Mapping of the Integrity-related Zambian Water Sector

What is Mapping of the Integrity-Related Zambian Water Sector about?

While step 2 clarified the SMEs internal dynamics for creating value, step 3 aims to complete the picture by reflecting on the external forces that influence the SME. In order for SME to identify and anticipate integrity risks, and know which external stakeholders are potential partners in their integrity change process, it is important for them to understand the political, structural and institutional framework they are embedded in.

One possible methodology to assess a sectoral framework is a mapping exercise, in which functions of institutions and existing laws and regulations are associated to different actors and stakeholders of the analysed sector. Such an exercise does not only increase the understanding for the structure of the playground on which the SME go about their daily business, but also outlines the possible team-players (enablers/partners), adversarys (inhibiting forces) and referees (rule givers) in the game against non-integrity in the Zambian Water sector.

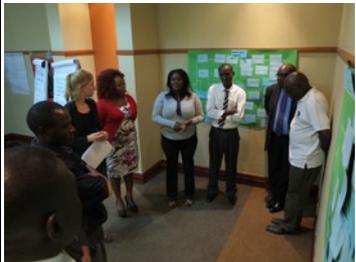
Objectives

By the end of this module:

- Participants will have a clear understanding of the different actors involved in the integrity-related water sector of Zambia
- Participants will know their potential institutional/structural enablers and disablers on their path towards integrity
- Participants will understand the laws and regulations they are obliged to comply with

Process Step 3: Mapping of the integrity-related Zambian water sector (min. required time: 25min, max. required time 45min)

Time	What	Illustration & Remarks	Needed Material
5'	A. With the help of the introductory ppt presentation introduce the importance of knowing the institutional and structural framework of the water sector.		<ul style="list-style-type: none"> • ppt "Mapping Water Sector"
25'	B. Divide the participants into 2 equal groups. In line with the analogy used in the introductory presentation, announce that in the following exercise, you will together develop the structure of the playground of the football game "SME vs. non-integrity". Provide each group with one prepared drawing of the football pitch and with a prepared stack of colour cards. The blue cards contain the integrity enabling/ disabling actors in the		<ul style="list-style-type: none"> • 2 football pitches • Prewritten and empty blue cards • Blue Tack gum/ Scotch

	<p>Zambian water sector (teammates or opponents) and the regulatory framework for integrity (rules of the game). The back of the cards lists the activity of an actor or the content of a regulation. Ask the 2 groups to place the pre-written blue cards either on the sidelines of the football pitch (for rules of the game/ legal framework), in the pitch on the own righthand side (for teammates/ enablers) or on the opponent's lefthand side (for opponents/ disablers).</p> <p>Support the participants if needed, but let them have the lead. Make sure that every member of the group gets to deposit their opinion. Appoint a group leader if necessary.</p> <p>Provide empty cards too, so that participants can add other relevant actors or regulations of the sector and their respective activity or content.</p>		
15'	<p>C. After 30 minutes make the groups switch football pitches to reflect on the other group's results. Depending on available time have each group formulate 1-3 questions to the other group as to why they placed the cards they did and discuss the questions in the plenary: Are there differences between the produced football pitches? What is the correct design? Ask if certain actors or regulations were previously unknown to participants or if there are any new actors and regulations that should be taken into consideration.</p> <p>It is important to explain to the SME that in later steps of the IM Process, they can use some of the actors for implementing their chosen integrity instruments and increase their levels of integrity.</p> <p>Make the transition to the next step by explaining that there are a number of risks that result from the presence of the identified opponents in the football pitch. Clarify, that you will now have a closer look on what these risks are.</p>		

Step 4: Identification and Priorisation Integrity Risks

What is the Identification and Priorisation of Integrity Risks About?

SME of the Zambian water sector are confronted with a high diversity of integrity risks. Corruption, dishonesty and illicit practices can lead to a reduction of the company's cost efficiency, increase the risk of legal prosecution and lower reputation. In order to reduce SME vulnerability to integrity risks, SME need to take measures to counter the risks they are exposed

to. This requires that the integrity risks are identified in the first place. Only then effective measures to prevent or mitigate these risks can be identified and implemented.

In step 4 of the Integrity Change Process, SME representatives evaluate possible risks affecting their company using the Integrity Management Toolbox. Ideally, staff from different positions within the SME is involved to tap into the company's collective knowledge of the situation.

As SME have limited time and financial resources, it is not possible for them to answer to all integrity risks they are or could be exposed to. The methodology for selecting the risks must ensure that only the highest priority risks are being treated. When a preliminary selection of risks is done, the risk assessment should be made on the basis of expected impact on the business model. So, if the impact represents a severe threat to the (survival of the) company it should be a priority risk.

The risk analysis resulting from step 4 serves as an entry point to the selection of concrete measures the SME can take in order to reduce their vulnerability to corruption and other illicit practices and enhance corporate integrity. If documented properly, the outcomes of this step will serve as a baseline to monitor the impact of the Integrity Management interventions in step 7.

Box 4: Losing Face

Participants may be more or less open in talking about corruption risks within their own company. Particularly if several SME take part in the training, some participants may be reluctant to talk about sensitive issues. It is important that the workshop coach creates an atmosphere where nobody is "losing face". Depending on the openness of the group to the subject, the coach may:

- *Ask questions indirectly such as "would a corrupt management be a major integrity risk" instead of asking "is your management corrupt?".*
- *Ask for sensitive information in a positive way: „What do you do against corruption in your business?“ Usually people are willing to give information about the positive actions they take. The answer to such a question can imply where the corruption risks lie within the SME.*
- *Conduct sensitive parts of the workshop anonymously (e.g. selection of key risks within a company). Participation of at least three people needs to be encouraged in order to ensure anonymity in the integrity risk selection.*
- *Form groups for each SME and have each group assess the risks of their own organisation to avoid externals being involved in the discussion.*

Objectives

By the end of this module, participants will:

- Have identified key integrity risks and their impact on the SMEs business model through brainstorming, reflection and discussion
- Gain an understanding of how to use the Integrity Management Toolbox to find information on integrity risks

Process Step 4: Identification and Prioritisation of Integrity Risks (min. required time 1h 30min, max. required time 1h 50min)

Time	What	Illustration & Remarks	Needed Material
5'	<p>A. At the beginning of the exercise, the coach should clarify that an SME can face a large variety of risks. Explain the necessity to prioritise risks: of all the corruption risks a SME faces, one could say that reducing those 20 per cent of the risks that really matter can improve the performance of the SME significantly and in an efficient manner. This is all the more important as SME have restricted time and financial resources available.</p>		
30'	<p>B. Ask the groups to familiarise themselves with the integrity risks provided by the Integrity Management Toolbox (displayed on a brown paper, see photo). Clarify any unclear terms if needed with the help of the doc "Integrity Risks Description"</p> <p>Explain that the Integrity Management Toolbox may not comprise all risks an SME may face. This should not keep participants from identifying other risks.</p> <p>Ask the participants of each group to identify risks that their company has already faced or could be exposed to in the future. Suggested approach for this exercise:</p> <ul style="list-style-type: none"> Each participant chooses the 5 risks they perceive as most important from the pinboard (or marks them on the print-out list) and hands them over to the coach. During the coffee break, the coach summarises the results. The 7 risks that were selected most frequently are used to continue the exercise. 		<ul style="list-style-type: none"> Integrity risk colour cards pinned on pinboard (one set per group) Doc "Description Integrity Risks" Print-out lists "Integrity Risks"
30'	<p>C. The groups should now establish the link between the shortlisted integrity risks and the business model of the SME to understand the impact the risks can have on the business model. Ask them to note the expected impacts on round colour cards and place them in the business model (together with the risk cards). Make sure that participants are aware of the most direct impact the risk can have in the business model.</p>		<ul style="list-style-type: none"> Business models from step 2 Round colour cards
30'	<p>D. Ask the participants of each group to classify the identified risks according to their priority. For prioritising the risks, ask them to identify the 3 risks whose impact on the business model would be most severe.</p> <p>The assessment of the risks can lead to discussions among SME members. Let them negotiate their assessment by themselves but</p>		

	make sure that everyone has an equal voice in this process.		
15'	<p>E. After each group has identified its priority risks, come back to the plenary and discuss the key learnings of this step. For this purpose you can ask the following questions:</p> <ul style="list-style-type: none"> • Did you encounter any difficulties during this group work? How did you solve them? • Did you experience any success moments during this group work? How did you reach them? <p>This exercise should get the participants to discuss any problems they have encountered and share solutions with each other. It is important to let them have the lead in the discussion and note their statements on the flipchart. Only intervene if the discussion goes stagnant or off topic.</p> <p>This kind of exchange between all the SMEs is vital and will help them practice a typical group coaching situation that they will encounter in the implementation phase in step 7.</p>		<ul style="list-style-type: none"> • Flipchart & pen

Step 5: Selection of Integrity Instruments and Development of Integrity-improved Business Model

Step 5 consists of two elements: the selection of appropriate integrity instruments and the development of an integrity-improved business model.

What is the Selection of Integrity Instruments About?

Non-integrity can be a result of both the lack of integrity of the management and of the staff or the lack of knowledge and skills to implement management instruments which could reduce the risk of illicit behaviour. Additionally, corrupt practices in public procurement or a complex regulatory system can affect the integrity of an SME. In order to tackle these risks, adequate integrity instruments need to be selected and implemented. A successful implementation will lead to an improvement in the SMEs level of integrity which can significantly increase its cost effectiveness, improve its reputation, reduce the risk of legal prosecution and provide it with a unique selling proposition. High levels of corporate integrity contribute to a situation where strategic, HR- and investment-related decisions are made with a focus on how the SME performs best. However, it is usually not feasible to counter all identified risks at once.

In step 1 the three Mandatory Integrity Instruments Integrity Agent and Team, Kick-off Event and Learning Organisation were introduced; they are mandatory for all SME to implement within the first six months of implementation. In step 5a further Integrity Instruments will be identified to target specific integrity risks. SME choose these integrity instruments according to the priority

risks they have chosen to tackle. The selection of these instruments will take stock of the measures they have already put in place, identifying feasible additional measures and discarding instruments that cannot be implemented. Instruments which can reduce several of the identified risks are to be considered more important than instruments addressing only one particular risk.

Box 5 - Note to the coach

It is important to highlight that this exercise is for the SME themselves and should benefit the company. Each SME should therefore focus on how they can improve their performance through enhanced integrity. Step 5 of the Integrity Change Process is therefore not about listing a large amount of instruments as successfully implemented. Instead, the SME should establish a feasible set of measures the company can take to enhance its integrity.

What is the Development of an Integrity-Improved Business Model About?

To make sure that the selected instruments can be implemented effectively, it is necessary to determine what should be achieved with each of the selected measures and to develop clearly defined targets. For this purpose, in step 5b the participants determine which areas of the business model are affected by each of the chosen Integrity Instruments and what impact can be expected if the tool is implemented successfully.

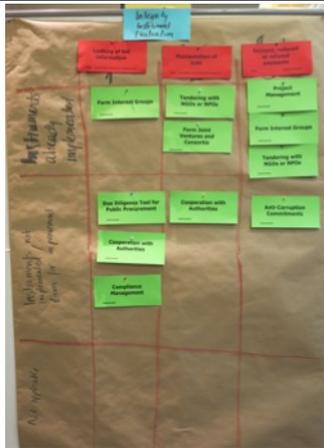
Objectives

By the end of this module, participants will:

- Have identified a set of Integrity Instruments to address their priority risks
- Have determined how each of the selected Integrity Instruments will contribute to the improvement of the SMEs business model

Process Step 5a: Selection of Integrity Instruments (min. required time 1h 45min, max. required time 2h 15min)

Time	What	Illustration & Remarks	Needed Material
5'	A. Explain that the exercise is not only about identifying new instruments , but that each SME should assess which instruments have already been implemented and where additional efforts are required. Both new instruments and those with room for improvement need to be considered in the Integrity Change Process. Further clarify the difference between simple and complex integrity instruments, using a few examples from the Integrity Management Toolbox.		<ul style="list-style-type: none"> • Integrity Instruments colour cards pinned on pinboard (one set per group)
10'	B. Explain what information is provided for each Integrity Instrument by showing the doc “Integrity Instruments Description” and how		<ul style="list-style-type: none"> • Doc “Descriptions Integrity Instruments”

	<p>participants can filter instruments addressing specific risk areas. Explain that the Integrity Management Toolbox does not comprise all integrity measures a SME may take, and that this should not keep participants from identifying other instruments that can help to advance the integrity of the SME.</p>		
20'	<p>C. Ask the group to select the instruments related to their most relevant risks by picking them from the board and putting them in the middle section of the brown paper “Integrity Tool Evaluation”. The interlinkages are indicated on the back of the risk cards. If instruments are selected more than once, write the instrument on a colour card again so that it is visible that the instrument relates to several risks. SME should concentrate on these instruments as they can address multiple risks and are therefore particularly efficient.</p>		<ul style="list-style-type: none"> • 1 pinboard per group • Brown paper “Integrity Tool Evaluation”
45'	<p>D. Ask the groups to go through the instruments for the priority risk areas. Each group should cluster the respective instruments in three categories:</p> <ul style="list-style-type: none"> • Instruments that have been implemented effectively already; • Instruments that have been implemented but there is room for improvement and such instruments that are new, interesting and feasible to implement; • Instruments that are not feasible or not applicable for other reasons (e.g. lack of adequate capacities, etc.). 		
40'	<p>E. The instruments that are considered ‘new and interesting’ or where a need for improvements was identified will be used in the next step. In case a large amount of instruments has been clustered in this category, make sure that the groups re-assess whether the instruments are clustered correctly. Some groups may have a tendency to:</p> <ul style="list-style-type: none"> • consider too many instruments as successfully implemented. In such a situation, the groups should reflect on what has been achieved with each instrument and whether they see potential for further improvements. • consider too many instruments as feasible to implement. In such a situation, the groups should reflect on the amount of time, financial and human resources that are needed to implement the instrument and whether the implementation is realistic. • The category complex/ simple might help the groups to decide which instruments to choose. In general a balanced mix of the different 		

	<p>categories should be achieved. Clarify that basic users should concentrate on the implementation of the simple instruments.</p> <p>The group should reduce the number of potential instruments to a set of max. 3-5 instruments.</p>		
15'	<p>F. After each group has chosen its Integrity Instruments, come back to the plenary and discuss the key learnings of this step. For this purpose you can ask the following questions:</p> <ul style="list-style-type: none"> • Did you encounter any difficulties during this group work? How did you solve them? • Did you experience any success moments during this group work? How did you reach them? <p>This exercise should get the participants to discuss any problems they have encountered and share solutions with each other. It is important to let them have the lead in the discussion and note their statements on the flipchart. Only intervene if the discussion goes stagnant or off topic.</p> <p>This kind of exchange between all the SMEs is vital and will help them practice a typical group coaching situation that they will encounter in the implementation phase in step 7.</p>		<ul style="list-style-type: none"> • Flipchart & pen

Process Step 5b: Development of an Integrity-Improved Business Model (Min. required time 45min)

Time	What	Illustration & Remarks	Needed Material
45'	<p>A. Ask the group to identify the elements of the business model that would be affected by each of the Integrity Instruments chosen in the previous step. The groups should determine what changes in the business model they expect from the implementation of these instruments. This should be documented on additional round colour cards that are placed in the business model with the corresponding instrument. Having done this, each SME now has an integrity-improved business model.</p> <p>Make sure that participants identify the immediate and most direct effect of the instrument. Many are tempted to record improved revenues as an effect, whereas this might only be an indirect impact of the instrument.</p> <p>Also ask the groups, which additional partners they need to consider in the „Key Partners“ building block of their business model to increase their leverage for the implementation of their Integrity Instruments. For this purpose ask them to review the actors of the water sector mapped out in the football pitch in step 3. Ask</p>		<ul style="list-style-type: none"> • Business model from the previous steps • Chosen Integrity Instruments from step 5a • Round colour cards • Football pitch from step 3

	them to record the additional partners on round colour cards and place them in the integrity-improved business model accordingly.		
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Step 6: Development of Road Map

What is a Road Map About?

A road map guides the Integrity Change Process of implementing the integrity-improved business model. This map is jointly developed by the management and an appointed integrity agent (can be the same person) and defines a sequence of activities that must be performed in order to ensure a successful implementation of the Integrity Instruments.

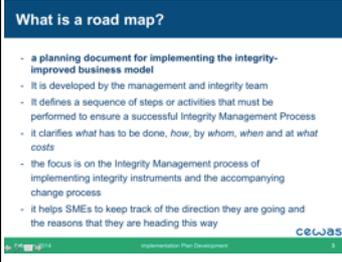
The purpose of the road map is to create a mutual understanding of the Integrity Change Process among those responsible for its implementation and a basis for SME management and Integrity Management Coaches for monitoring the implementation process. The road map provides details on *what* exactly has to be done, *how*, by *whom*, *when* and *at what costs*.

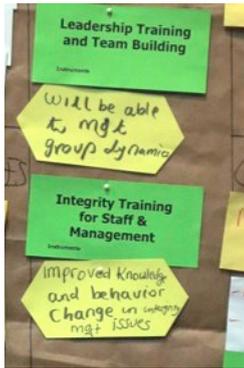
Objectives

By the end of this module, the SME will:

- Understand the importance and purpose of a concrete road map
- Have developed a road map for the Integrity Change Process

Process Step 6: Elaboration of a Concrete Road Map (Min. required time 1h 45min, max. required time 2h)

Time	What	Illustration & Remarks	Required Material
15'	<p>A. With the help of the ppt “Road Map” introduce the participants to the advantages of elaborating a road map and discuss the various steps to elaborating one by showing them the template.</p> <p>The template contains predetermined targets, actions, target dates, responsibilities and resources for the Mandatory Integrity Instruments. Remind the participants that these instruments have to be implemented by all SME and use these as an example on how to fill in the road map.</p>	<p>What is a road map?</p> <ul style="list-style-type: none"> - a planning document for implementing the integrity-improved business model - It is developed by the management and integrity team - It defines a sequence of steps or activities that must be performed to ensure a successful Integrity Management Process - It clarifies what has to be done, how, by whom, when and at what costs - the focus is on the Integrity Management process of implementing integrity instruments and the accompanying change process - It helps SMEs to keep track of the direction they are going and the reasons that they are heading this way 	<ul style="list-style-type: none"> • ppt “Road Map” • Doc “Road Map Template”

15'	<p>B. First, note the targets for each chosen Integrity Instrument in the road map. The objective of each instrument should state the direct impact that you would like to see when implemented properly. It is the impact you would like to see in your business by choosing this instrument. These impacts can be easily adopted from the work done in the previous step.</p>		<ul style="list-style-type: none"> • Integrity-improved business model • Print-out of Doc "Road Map Template"
90'	<p>C. Once the target is adopted from the business model, let the participants of each SME complete the road map with specific actions, which should be taken in order to achieve the implementation of the Integrity Instruments, as well as target dates etc.</p> <p>For each instrument the participants should also note which partners can support them in implementing the instrument.</p> <p>If a group finds this particular step hard, let someone read the description of the instrument out loud to get an idea of the actions that can be taken to implement this instrument.</p> <p>Remember to check if the time schedule is feasible. The road map should include tasks which can be achieved in the stated target dates.</p>		<ul style="list-style-type: none"> • Doc "Road Map Template"

Step 7: Implementation and Monitoring of the Integrity Change Process

What is Implementation and Monitoring of the Integrity Change Process about?

Implementation refers to the undertaking of the activities as they are laid out in the road map in step 6. The implementation is the longest and most difficult step of the whole Integrity Change Process. After having attended the 1.5 day workshop the participating SME return to their businesses and implement the Mandatory and further Integrity Instruments chosen during the workshop according to the activities laid out in their road maps. Depending on the complexity of the chosen Integrity Instruments this step can take from 6 months to several years. As already introduced in step 1, it is very important to create ownership and leadership for this step to be successful. For this purpose the implementation of the Mandatory Integrity Instruments (Integrity Agent and Team, Kick-off Event and Learning Organisation) is vital in this step.

In step 7 unexpected difficulties can arise and resistance from different levels may affect progress and the overall implementation of the integrity instruments. A sound understanding of the reasons why activities were completed and also why certain milestones were not met is crucial for a successful Integrity Change Process. To support the overall monitoring and reflect

upon the SMEs integrity efforts external Integrity Management Coaches should accompany this step with coaching sessions.

The primary objective of the coaching process is to assure a successful implementation of the road map that was developed by the SME, including the achievement of the objectives for the different integrity instruments. To ensure maximum learning benefits from the network of participating SME, all SME that participated in the workshop should gather for a Community of Practice (see also Mandatory Integrity Instrument Learning Organisation). The Integrity Management Coaches task is to help prepare and facilitate these sessions. Box 6 provides a set of guiding questions based on which the sessions can be structured.

Apart from coaching the SME, the coaches further have the responsibility of making sure that progress is monitored and documented. Monitoring is a continuing function that aims to provide early indicators of progress, or the lack thereof, in the achievement of results. The information gathered helps to track progress, facilitates decision making, ensures accountability and provides a basis for evaluation. Monitoring is also needed to see whether the process goes according to budgetary requirements. Box 7 below provides guidance when which monitoring steps should be implemented.

Objectives

By the end of this module:

- SMEs will have created ownership and leadership for the Integrity Change Process within the SME by appointing an Integrity Agent (and Team), carrying out a Kick-off Event and becoming a Learning Organisation
- SMEs will have implemented the Integrity Instruments as laid out in their road maps
- IM Coaches will have monitored the Integrity Change Process together with the SME Integrity Agent

Process Step 7: Implementation and Monitoring of the Integrity Change Process (min. required time: six months, max. required time: several years)

Time	What	Illustration & Remarks	Needed Material
1 week to several years	A. Appoint Integrity Agent and Team: Appoint Integrity Agent Appoint Integrity Team (for larger SME) Initiate and take leadership of Integrity Change Process Meet regularly	See the Road Map and Description Integrity Instruments for more details	<ul style="list-style-type: none"> • Doc “Road Map Template • Doc “Description Integrity Instruments”
1-2 months	B. Carry out Kick-off Event: Decide on the date of the event and invite all participants Organise the logistics, the programme and any necessary material (presentations, hand-outs, picture, writing material, drinks and snacks etc.)	See the Road Map and Description Integrity Instruments for more details	<ul style="list-style-type: none"> • Doc “Road Map Template • Doc “Description Integrity Instruments”

	<p>Carry out the event including the following agenda items:</p> <ul style="list-style-type: none"> Information about the Integrity Change Process and the planned activities Feedback from the employees Celebration and kick-off of the Integrity Change Process <p>Process the results of the event, adapt the road map accordingly and communicate the results to the participants</p>		
Min. 6 months	<p>C. Become a Learning Organisation:</p> <p>Install information platform and communicate its existence, purpose and use</p> <p>Community of Practice:</p> <ul style="list-style-type: none"> Identify potential members Organise regular meetings <p>Team Learning:</p> <ul style="list-style-type: none"> Decide on most appropriate learning event depending on competence level, responsibilities, challenges employees face at work (trainings, leadership development and team building, collegial coaching) Plan learning event according to Description Integrity Instruments Use lessons learnt to adapt and optimise Integrity Change Process 	See the Road Map and Description Integrity Instruments for more details	<ul style="list-style-type: none"> Doc "Road Map Template" Doc "Description Integrity Instruments"
Varying	<p>D. Implement Integrity Instrument:</p> <p>Implement the Integrity Instruments that were chosen in step 5a according to their priority.</p> <p>The IM Coaches should provide regular coaching sessions in the first six months to ensure proper implementation and monitoring (see box 7).</p>	See Box 7, the Road Map and Description Integrity Instruments for more details	<ul style="list-style-type: none"> Doc "Road Map Template" Doc "Description Integrity Instruments"

Box 6 – Guiding questions for coaching sessions

- Which targets have been achieved?
- Why were they achieved?
- Which targets have not been achieved?
- Why were they not achieved?
- What problems did you encounter?
- How did you solve them?
- Which problems could not be solved?
- How could these problems be solved?



Box 7 – Monitoring of the Integrity Change Process	<i>Months after initiation of Integrity Change Process⁴</i>												
	1	2	3	4	5	6	7	8	9	10	11	12	
A. Determine who will be involved in the design, implementation and reporting of the monitoring.													
B. Clarify the scope, purpose, use, audience and budget													
C. Develop a set of questions that you wish to have answered by the information gained in monitoring.													
D. Have selected individuals of the SME identify relevant indicators and targets for the implementation of the Integrity Change Process. They need to be deduced from the objectives laid out in the road map and allow for quantitative or qualitative measurement.													
E. Define the data selection methods and measure the present state of indicators.													
F. Analyse and synthesize the information you obtain to see if there are patterns or trends that emerge from the process. Assess the perceived implementation of the Integrity Change Process by looking at the past, present and target state of the indicators. The comparison of past and present states illustrates the achieved development, while the comparison of the present and the target states illustrates the need further actions. The assessment of the development should be conducted by different individuals and should be done in regular intervals during the implementation phase.													
G. Interpret the findings, provide feedback and make recommendations													
H. Communicate the findings and insights to relevant stakeholders													

⁴ Time span: six months to several years depending on overall length of implementation phase