

Tool 1a: WSI Integrity Risk Assessment

An integrity risk assessment may be carried out at any stage in a WSI, though it will be most beneficial to do in the Incubation and Initial Analysis or Formalization phases, and to review the assessment and efficacy of integrity management throughout the life cycle of a WSI at specific intervals. Although risk assessment can be done as a theoretical, desk-based exercise, it is preferable to increase rigor and ownership by conducting informant interviews with **WSI participants** and **affected stakeholders**.

To support prioritized mitigation responses, integrity risk areas emerging through the assessment can be ranked according to the magnitude of the hazard they pose and the likelihood of their occurrence. The nature of each integrity risk area should be elaborated using examples. Options for mitigation should also be set out, drawing on **WSI participant** and **affected stakeholder** suggestions. As stated it is likely to be most efficient to address integrity risks as part of a wider risk management exercise for the WSI.

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| Tool | A guide on conducting a WSI integrity risk assessment that supports identification of the priority risks facing the initiative, and helps evaluate appropriate risk mitigation measures. |
| Related Key Activity | Understanding integrity risks facing WSIs. |
| Purpose | Inventory integrity risks related to the outcomes, participants, and processes that govern a WSI: ✓ Raise awareness of critical aspects that undermine the impact of the WSI. ✓ Identify mitigation measures and responses. |
| Possible Users | WSI initiator(s) or as a group exercise among initial WSI participants; at later stages all affected stakeholders may be involved. |
| Level of Effort | From internal exercise by WSI initiator(s) to comprehensive assessment (e.g., as part of context analysis or general risk management); at the outset of an initiative, risks should be scoped as widely as possible. |
| WSI Phase | Especially during 1: Incubation and Initial Analysis and 2: Formalization, but can be beneficial across all WSI phases. |

[Guidance for implementation](#)

Five steps to guide the development of an integrity risk assessment tool are suggested below:



Guidance for analysis of integrity risks of WSIs

The risk assessment should draw on the perspectives of those participating in, or potentially affected by, the WSI through interviews and/or workshop input to identify the nature of risks faced, their relative significance, and to solicit advice on how they can be managed. The following questions can be used to guide stakeholder discussions:

1. **What are the main integrity challenges facing the future/current/past WSI?** Consider in turn the cause and nature of risks to participant credibility, fair process, and achieving good outcomes.
2. **Who is at risk because of these challenges?** Could the risks potentially impact participants, the public, communities, water institutions, or the environment?
3. **How severe is the impact of the risk?** Are the impacts temporary, long-term, or irreversible? Minor, severe, or extreme?
4. **What is the likelihood of the problem occurring?** Given the context, the nature of the WSI, and the partners, is there a strong, medium, or weak chance that the integrity risk will actually happen?
5. **How can the project prevent or manage the integrity risks?** How can it ensure that participants are credible, processes are fair, and outcomes appropriate?
6. **How effective are these mitigation measures likely to be?** Is it realistic to assume that the integrity risk mitigation measures will be effective? Have they worked well in the past? What has not worked so well and why?

Group responses to these guiding questions should be used to prioritize and plan mitigation actions based on the severity of the hazard and likelihood of occurrence, and to populate the WSI risk register and mitigation plan. The guiding principle here is that a hazard that can potentially exert negative impacts beyond the confines of the WSI itself—on people, the environment, institutions, or society—is assigned a higher hazard score than those likely to impact only the WSI. Risks with either a high likelihood or a high impact warrant special attention and effort to reduce, remove, manage, or monitor risk. The risk register and rating matrix below should be expanded to help **WSI participants** and affected stakeholders to systematically consider risks and the adequacy of mitigation responses. The risk register (Table 2) has been partially filled for illustrative purposes only.

In applying and interpreting these tools, a common sense and proportionate approach is encouraged. The integrity risks facing WSIs can be very real and immediate, affecting large numbers of vulnerable people or the environment and must be seriously considered and managed in a structured way. However, the nature and severity of integrity risks will vary depending on the nature and context of the WSI. Those with long-term experience of the contexts at hand and those involved with and affected by the initiative will be well positioned to establish the relative seriousness of risks and the adequacy of responses.

The example risk register (Table 2) and risk-rating matrix (Table 3) can be used to set out the risks and work through a process of prioritization, which directs mitigation actions toward the most severe risks. Using the example in the first line of the table:

- a. Risk area identified: Participants.
- b. Specific risk identified: The track record of one or more participants damages the integrity of the WSI.
- c. Possible impact identified: The public or political credibility and therefore effectiveness of the WSI could be undermined if one or more participants are severely contravening pollution control law.
- d. Assess likelihood: Drawing on Table 2, participants agree that because they have thoroughly vetted and ensured transparency of internal control mechanisms and compliance by all partners in the WSI, the likelihood of this occurring is low: “unlikely — a possibility of occurrence”. A low score of 1 is therefore assigned, with a heat-based color scheme denoting levels from low (yellow), medium (orange), and high (red).
- e. Assess impact: Based on discussion, and bearing in mind the nature of the WSI and its context (which concerns water quality in a severely polluted basin where people and ecosystems are impacted), it is decided that the impact of a partner causing serious pollution on the integrity of the WSI would be significant (orange, score 2) because of the long-term impact on the initiative.

- f. Mitigation actions (specifying who, what, and when): Actions to reduce the likelihood or impact of the integrity risk are specified here and include [Tool 4: WSI Participants Due Diligence Investigation](#). Who does what and when is specified to remove ambiguity and ensure that mitigation actions can be tracked.
- g. The tolerability of the risk is considered based on this previous profiling of the risk and agreement on the likely efficacy of the mitigation measures.
- h. Ownership of risk management and reporting is assigned, and a review period specified; in this case to the WSI initiator, who will review the risk and update the status of mitigation actions every six months.

The risk-rating matrix in Table 3 can be used to help varied audiences score and prioritize integrity risks based on **likelihood** of occurrence and **impact** of hazard presented. The function of likelihood and impact scores can be calculated to indicate risk severity.

Table 1: Simplified Example of a WSI Integrity Risk Register

| a. Risk area | b. Specific risk | c. Possible impact(s) | d. Likelihood | e. Impact | f. Mitigation actions (who, what, when) | g. Is the risk tolerable with mitigation? (Y/N) | h. Risk manager and review period |
|------------------------|-----------------------|---|---------------|-----------|--|---|--|
| Participants | Track record | Partners undermine public credibility of the WSI and co-partners because of mismanagement, ongoing pollution, non-payment of tax, or corruption. | 1 | 2 | WSI initiator to carry out thorough local due diligence check on formal partners and require full disclosure on compliance prior to MoU signing. Select appropriate partners based on nature of WSI. Test credibility with focus group. Draw up detailed partnership agreement. Agree on a public position on partner performance and existing strategies. | Yes — Dependent on nature of WSI and partners — best judged locally by WSI participants and stakeholders | WSI initiator: report every 6 months. |
| Participants | Continuity | Staff representing partners change jobs frequently so the levels of internal accountability, institutional memory, and the chance of getting things done are low. | 3 | 2 | Secure and record senior formal commitment to WSI. Partnership agreement detailing contingency plans. Monitor and report partner staff attendance and delivery on agreed actions. | Yes | WSI initiator and WSI participants |
| Participants | Cont... | | | | | | |
| Processes & governance | Planning and design | Flawed planning means that focus of WSI does not address shared water risk, thus wasting funds and effort. | 2 | 2 | Ensure that situation and context analyses, including a political economy analysis, are completed and incorporated in design. Establish clear theory of change validated by balanced group of WSI stakeholders and affected stakeholder groups. Establish, track, and report on WSI M&E framework. | Yes | WSI practitioner, initiator |
| Processes & governance | Cont... | | | | | | |
| Outcomes & SWM | Policy capture | WSI results in policies, laws, or actions that | 3 | 3 | Establish potential perverse outcomes of WSI at early stage with WSI participants and affected stakeholder | No — In some contexts—highly contested | WSI initiator |

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| | | privilege certain groups (through guaranteed water access or lower costs), and prejudice against interests of the wider public, vulnerable groups, or environmental concerns. | | | groups. Include legitimate and credible interests that can potentially be affected negatively by WSI at governance level. Full public disclosure of design, intent, and progress of WSI. Independent oversight and evaluation. | water, compromised governance, low partner controls, lack of stakeholder representation—the risks of capture may be too great and mitigation measures ineffective. | |
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Table 2: WSI Integrity Risk Rating Matrix

| | | IMPACT: Moderate | IMPACT: Significant | IMPACT: Catastrophic |
|---|---|------------------|---------------------|----------------------|
| | | 1 | 2 | 3 |
| Likely: Will probably occur | 3 | 3 | 6 | 9 |
| Possible: May occur at some time | 2 | 2 | 4 | 6 |
| Unlikely: Will probably not occur | 1 | 1 | 2 | 3 |
| 1 — Low: Monitor and manage using routine procedures. | | | | |
| 2 — Medium: Management responsibility must be specified. | | | | |
| 3, 4 — High: Senior management attention, detailed planning, and monitoring needed. | | | | |
| 6 — Very High: Immediate action required to explore suitability of initiative. | | | | |
| 9 — Extreme: Unacceptable risk. | | | | |

The following matrix provides a reference to evaluate the level of impact of specific integrity risks of WSIs:

| | IMPACT: Moderate | IMPACT: Significant | IMPACT: Catastrophic |
|---|--|---|--|
| Beyond the confines of the WSI — impacts on: | | | |
| People | n/a (any negative impact on people is significant or catastrophic) | Temporary or localized detriment to people's health, livelihoods, or well-being. | Permanent or widespread reduction in health, livelihoods, and well-being. |
| Environment | n/a (any negative impact on environment is significant or catastrophic) | Temporary or localized detriment to environment. | Permanent or widespread detriment to environment. |
| Institutions | Some competition with local institutions for authority or resources. | Undermining of local institutional performance. | Long-term undermining of institutional functioning at local, basin, or national scale. |
| Internal to the WSI — impacts on: | | | |
| Economy | Inefficiency and poor value for money. | Ineffective use of budget. | Creates cost distortions or gross waste of funds. |
| Reputation | Local mention and scrutiny only. Ability of partners and initiative to operate unaffected. | Persistent national concern and external scrutiny. Long-term brand impact for initiative. | International concern, government inquiry, or sustained adverse media. Brand Impact on partners. |
| Capability | Some impact on delays and system quality. | Impact resulting in reduced performance of partners or initiative. Targets not met. | Protracted unavailability of critical skills and people external to the initiative. |

Further reading:

- Voluntary Services Overseas (VSO). 2004. *Participatory Approaches: A Facilitator's Guide*. London: VSO.
<http://www.participatorymethods.org/resource/participatory-approaches-facilitators-guide>.
- Department for International Development (DfID). March 2003. *Tools for Development: A handbook for those engaged in development activity*, Version 15.5.
<http://webarchive.nationalarchives.gov.uk/+/http://www.dfid.gov.uk/Documents/publications/toolsfordevelopment.pdf>.