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**WATER AND SANITATION
FOR HEALTH PROJECT**

Operated by
CDM and Associates

Sponsored by the U.S. Agency
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MANAGING INSTITUTIONAL DEVELOPMENT PROJECTS: WATER AND SANITATION SECTOR

WASH TECHNICAL REPORT NO. 49

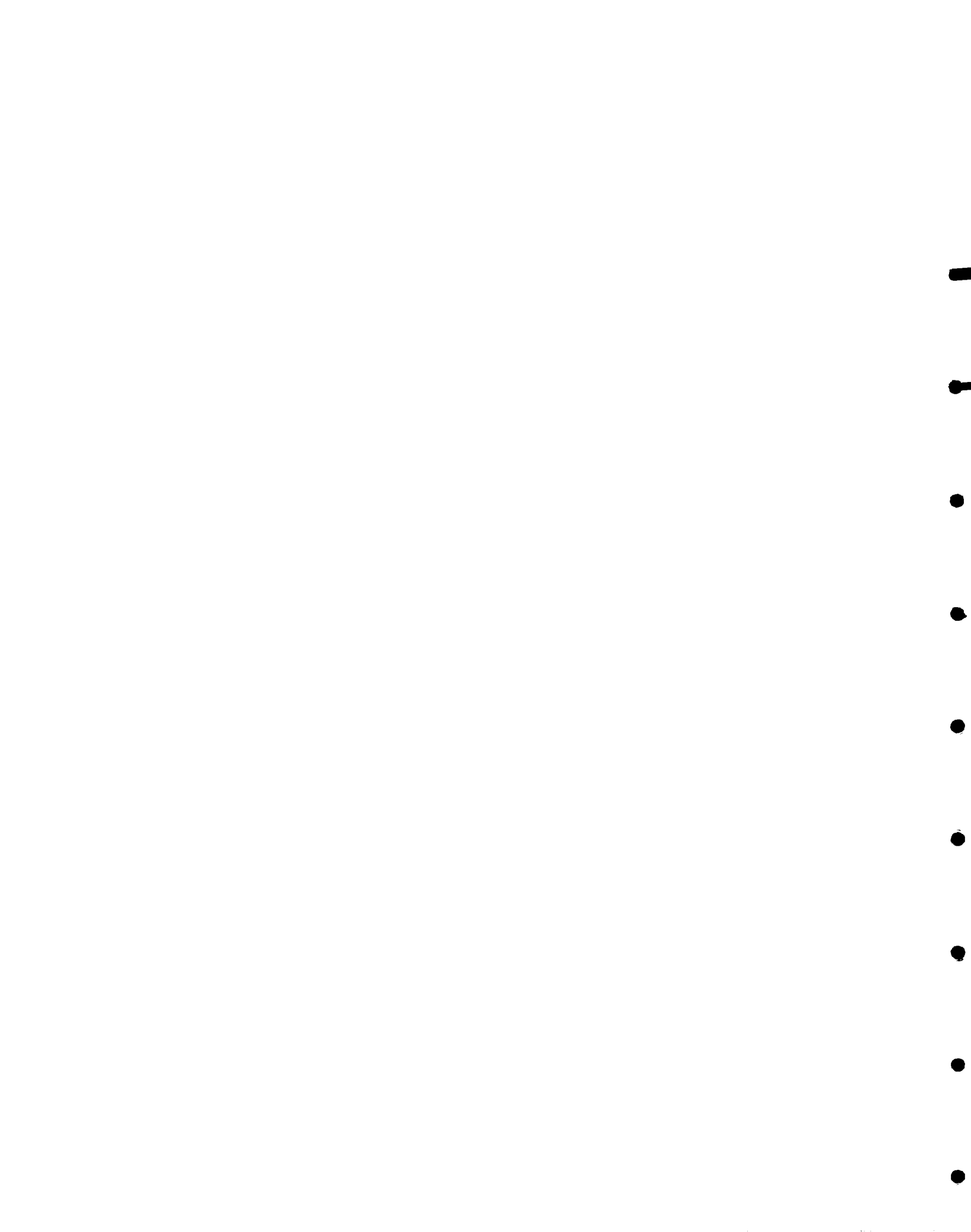
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WATER AND SANITATION SECTOR**

Prepared for the Office of Health,
Bureau for Science and Technology,
U.S. Agency for International Development
under WASH Activity 326

by
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Chapter 1

INTRODUCTION

1.1 Why these Guidelines Are Offered

Developing and managing institutional improvement projects in the water and sanitation sector is a difficult process. There are few successful models to draw from and almost no documentation of practical lessons learned. During the past two to three years, some important progress has been made in the day-to-day management of programs. The drawing to a close of the United Nations International Drinking Water Supply and Sanitation Decade provides the opportunity to gather together some of these lessons from experience and make them available for those who are managing or thinking about creating institutional development projects.

The focus of this manual is primarily on practical project management. A well-designed project sets the stage for successful implementation, but many projects fail during the implementation stage no matter how well-considered the project design. These guidelines are provided to help those implementing institution-strengthening projects (or portions of larger projects with institution-strengthening components) deal with the range of problems encountered during the project implementation process. Guidance is also presented for linking project design with implementation. Some implementation problems are a legacy from the design stage. This is particularly true in areas where the design process has not included important individuals who will carry out the project or who are significantly affected by changes which the project seeks to make.

1.2 Institutional Development Projects in the Water and Sanitation Sector

Institutional development projects are different from most development projects and are generally more complicated. An institutional development project focuses on the development of comprehensive organizational systems and the people within the system which make them work. The overall purpose is to achieve institutional learning or "sustainability" (the ability to continue to solve problems during and after the project intervention). This type of project has proven to be much more difficult than traditional "output oriented" development projects--projects aimed at providing a direct service (e.g., build roads, install sewerage services, immunize children) without substantive inputs into developing the service delivery organization. Although many projects do specify some institution-strengthening goals, project strategy usually focuses on physical achievements as a primary goal.

The primary target of an institutional development project is the institution itself. The secondary target is the beneficiaries that the institution serves (e.g., the community which receives improved water and sanitation). In the institutional learning process, individual learning cannot be separated from the products, procedures, or policies which the participants are learning how to improve. The project results are the results of individual and corporate learning and the people in the system working together, not of outside consultants or a special group set up or hired to do a development task.

The kinds of projects for which this manual draws lessons are comprehensive institution-strengthening projects (e.g. development of all systems, procedures, planning, and training capacity) which have been devoted to water and sanitation utilities serving both urban and rural populations. However, these lessons apply equally to strengthening a ministry, a regional development authority, a private enterprise, or a community-oriented delivery service.

1.3 The Experience Base Used in this Manual

During the past six years, the Water and Sanitation for Health (WASH) Project has produced a series of practical guides for developing and conducting institutional strengthening activities in the water and sanitation sector. The first manual (Cullivan *et al.*, 1988) was designed to assist project developers and institutions in diagnosing and specifying the need for institutional development (excerpts from this document are attached as an appendix). The second document (Edwards and Pettit, 1988) was a guide for conducting project start-up consistent with principles of team building and capacity building for sound project management. The third document (Edwards and Salt, 1988) is a field report describing the process of developing a management development program in a water authority.

During this process, WASH has acquired significant experience in the implementation of institutional development projects in the water supply and sanitation sector. WASH has worked with an institutional development project in Sri Lanka from project conception through the fourth year of implementation, a period spanning seven years. The field research and pilot testing of the three guides mentioned above required in-depth field research in a number of institutions. A continuous stream of WASH consultants has provided technical assistance worldwide to institutional development projects over the years.

This accumulated experience indicates that effective institutional development projects are not common. Implementation problems are legion, in part because long-term consultants are chosen for their technical background and often lack the necessary skills to effectively transfer their knowledge and skills.

This manual will directly address such questions as:

- What does it take to create and sustain institutional change?
- How does one overcome resistance by individuals in the institution?
- How does the innovator establish and maintain the trust of counterparts?

This manual is designed to provide practical and immediately useful information about developing and managing institutional change projects in the water supply and sanitation sector. The lessons are extracted primarily from field experience. Most of the lessons learned and distilled in this manual should be applicable to institutional development in other sectors as well. The approach is to identify typical problem areas and discuss ways that successful practitioners have solved (or not solved) them.

1.4 Intended Users

The users of this document are intended to be the following:

- Field-based staff of donor/lending agencies working on institutional development projects,
- Host country managers and counterparts,
- Technical assistance teams and short- and long-term consultants, and
- Headquarters staff of donor/lending agencies who conceptualize, design, or review institutional development projects.

The document is designed to be used in several ways. First, it should help project teams design and evaluate new projects. Second, it should assist long-term advisors and counterparts when they run into trouble during project implementation. Third, it may provide valuable information to aid in the selection of contractors. Finally, it should provide a basis for technical assistance teams to select their consultants and prepare them to work effectively on institutional development projects.

Chapter 2

ELEMENTS OF SUCCESSFUL INSTITUTIONAL DEVELOPMENT PROJECTS IN THE WATER AND SANITATION SECTOR

2.1 Pre-design Issues

There is a perennial debate in the development community around the issue of "design vs. implementation." Many practitioners argue that a well-designed project needs to start with clear and realistic goals, enough time, thoughtfully sequenced inputs, enough resources, and a tight, well-considered logical framework. The "implementation-is-the-answer" group argues that no matter how well conceived a project may be, "Life is what happens to you on the road." Thus, you had better be prepared to respond to emerging realities if you want to arrive at the journey's end.

Clearly, this cannot be an either/or argument. There are a number of indispensable design and project preparation issues that must be successfully resolved if an institutional development project is to get off the ground. Also, the best-designed project will always encounter unforeseen obstacles that require creative reprogramming. This section discusses the issues and lessons learned in project preparation and design.

2.1.1 Assessing the External Environment

The most basic question is, "What external factors will determine if institutional reform is possible?" There are a number of factors to consider:

- Government: Will the government support the kind of changes needed to strengthen a water and sanitation institution? Will they be willing to invest in reform? Is there a political reward for improved services or a political liability?
- Consumers: Is there consumer demand for better service? Does population growth indicate the need for expansion of services? What health factors are operative in the current situation?
- Economic: Are economic factors operating in the environment that would sustain costs of improved service? Are private water vendors charging excessive rates? Is tariff reform needed or sustainable within the economic and political climate?

In one successful WASH-supported institutional development project, a major, and key, factor was that the government (at the highest levels) wanted institutional reform and was willing to support it. In this decision a number of political, social, and economic factors were at play. Budgetary pressure was important: the government simply could no longer afford to provide free

(or greatly subsidized) water supplies. Measures were needed to enable the existing resources to be used more efficiently. The water authority needed to develop systems to bill customers, collect revenues, and provide services at the least possible cost.

Another factor was consumer pressure. Both the rural and urban populations were expanding and demanding better and safer services. Letters were sent to the newspapers with long, embarrassing testimonials about water services. Local politicians were under constant siege by demands for water. Political forces were pushing for increased local autonomy while most government services were centralized.

At the same time, a number of political and social forces were pushing against reform. Grossly overstaffed publicly and municipally owned water plants provided easy sources of employment for political friends. Religious groups and many low-income people believed that water was essential to life, was a gift from higher powers, and should be provided free. Continuously running public standposts in slum areas provided cost-free service. Payoffs for installing free water by circumventing meters and undercharging were common.

Conditions such as these are common. The institution desiring reform and the project developer need to assess these factors and have some measure of assurance that investing in reform will be supported outside the institution. If not, institutional reform can easily be sabotaged. Without political support for change, institutional development is made much more difficult, and possibly should not be undertaken.

2.1.2 Promoting the Idea

Before an institutional development project can begin, it needs to be promoted as an idea. From the donor/lender point of view, the willingness and appropriateness of the institution to undertake a systemwide development project needs to be assessed. From the institution's point of view, an informed decision needs to be made that it wants to undertake reform. A number of questions need to be asked and answered in the promotional phase:

- How does one communicate to potential project participants the meaning of the term "institutional development?"
- Who are the key people and how are they found?
- How can one help them understand what needs to be done?
- Is there a way to demonstrate what an institutional development project can be like?
- How can one get commitment and a sense of professional ownership for a project?
- How does one decide if there is enough commitment to move to project design?

2.1.3 Explaining Institutional Development

As much as possible, institutional strengthening should be treated as an integrated, cross-cutting activity; e.g., experience indicates that it is as important to work with the top leadership of an institution as it is the bottom and middle rungs; it is as important to design a project with input from the institution as it is to carry it out in tandem with the staff of the institution; the outside political environment can sabotage change efforts as effectively as internal resistance. WASH's approach views institutional change as a process of working with the larger institution as well as with the individual organizational units and key people, all at the same time.

A developed institution is one that has positive performance indicators in key areas (water quality, cost effectiveness, consumer satisfaction, etc.) and is capable of self-development. It has the proper systems and procedures in place, and it performs its mission. It has well-trained managers and staff at all levels. The goal of institution building is to create the skills and procedures for self-sustained development. The basic strategy for achieving self-sustainability is a twofold process of improving institutional performance (showing results) and training, both at the same time. Objectively verifiable performance indicators of an institution should improve over the life of a project.

Promoting the idea of institutional development may take many forms, but the essential element is a commitment and an understanding on the part of those most affected by the changes and outcomes of an intervention to a process which, if successful, will require them to change the way they conduct their business. It is not easy to convince people that they need to change. None of us, normally, like to admit deficiencies. If we do, we want to see what is in it for us before we take the risk of trying something new.

A candidate institution for a strengthening project must feel a need to improve but may not know exactly how to go about doing it. Rarely does an institution needing development know how to solve its own problems. The staff at different levels will often be dealing with the symptoms of their basic problems, rather than the causes. Well-intentioned and highly motivated leaders often try to do everything themselves, running from crisis to crisis. Even as they try to solve one problem, they are confronted by overwhelming needs somewhere else.

2.1.4 Discovering Key People

Often, in situations such as these, a small cadre of highly talented individuals is entrusted by the top manager to do everything (frequently in areas requiring responsibility and experience far beyond their years). These people complain that they are overworked and unable to get things done. They cite a lack of necessary resources and note that they are continually harassed by politicians, public consumers, and their own budget people among others.

A core group of leaders is needed in order to start. If there is no willingness to change, an institutional development project is probably not a good idea.

The project developer must identify this core of leadership or any other key people who are committed and begin selling the idea of institutional change. This group needs to be convinced that there is a way they can be helped to do the job they want to get done.

2.1.5 Demonstrating the Organizational Development Process

One element that is rarely understood in the beginning is that building institutions requires teamwork. There must be commitment and leadership from the beginning. The methodology of change is, in part, team building for institutional learning. Given that individuals, groups, and working units together make up an institution, one effective approach has been to demonstrate teamwork to solve problems. It is a way to begin to learn what it takes for management to solve its own problems.

During the promotional phase of two institutional development projects in Asia, WASH conducted workshops aimed at identifying and acting upon institutional problems. The areas selected for the workshop were based upon extensive interviewing. The consultants carefully listened to management, top leadership, and staff at all levels who were asked what they perceived as the problems and needs of their organizations. These data were then analyzed for patterns, and consensus and workshop goals were developed. Top- and middle-level managers were then brought together and the data were revealed. Small problem-solving groups then worked on solutions and made recommendations. Follow-up responsibilities were assigned to task forces and individuals, and a monitoring procedure was defined.

Team-building and problem-solving workshops have been used with success to demonstrate institution-building methods. They serve to:

- heighten interest
- focus the needs
- develop issues and data
- demonstrate some success

2.1.6 Developing Commitment to a Project

When an institution conducts an exercise of this nature, several things frequently begin to happen. People become aware of common problems and begin to see that, if they work together, there is a way to solve these problems. An educational process thus begins on the potential benefits of institutional development. These efforts often create a climate in which project development activity is welcomed or at least entertained as possible.

Many questions about the organization's willingness to enter into a project are answered by conducting demonstration organizational development activities, or through other activities such as project development meetings, that require the institution to demonstrate commitment.

2.1.7 Deciding to Move Ahead to Design

During the promotional stage, the primary challenge to the project developer is to establish that there is a willingness to undertake institutional change at the very highest levels. Important stakeholders must feel that developing the institution will serve their interests. They also need to understand that the project belongs to them, not to the project donors.

In order to make an informed decision, project recipients must have a sense of what will be required of them in order to develop the institution. Institutional change takes time: new systems must be developed, skills built, managers trained, and roles and services often redefined. Depending upon the size of the institution, five to seven years is not unrealistic for a complete organizational turnaround.

The extent to which an institutional staff will seriously attempt to solve problems even if they do not yet have the skills, indicates to the project developer their degree of interest in a larger project. In addition to the formal arrangements of government and donor, the project developer needs to be able to answer the following questions by the end of the project promotional phase:

- Are people willing to take on problem solving?
- Who are the individuals that one may count on?
- How serious are the institution's problems?
- Are problem-solving activities supported at the top? Is there a project champion with the necessary clout to deal with tough issues arising down the line?
- Is there a core group of key people with enough strength to launch a project? What is their potential for success?

2.2 The Project Design Phase

Moving ahead, the next step is to design a project. While there are many considerations in project design (and this document does not pretend to be a design manual), there are a number of factors that are important to institutional development projects:

- The problems need to be defined and described correctly.
- All essential problem elements need to be integrated into a coherent design that addresses the whole institutional system.

- Project goals and strategy need to relate to institutional issues, not be symptomatic or peripheral issues only.
- Project participants need to become involved in designing the project and "buying in" to the proposed changes.
- Inputs need to be sequenced properly.

2.2.1 Diagnosing Institutional Problems

Often an ill-defined project is designed to treat a symptom rather than the real problem. For example, a water utility may have a number of plants needing repair. A donor decides that what is primarily needed is to rehabilitate the plants. An expensive facilities-development project is undertaken. Five years after the construction is completed, the plants are in the same condition as before. The problem remains: management is unable to hold staff accountable; operations and maintenance procedures are lax; staff morale is low. Although the problem was diagnosed as a lack of proper physical systems (which is relatively easy to document, correct, and measure), the heart of the issue was institutional in nature. If physical infrastructure projects are done in the absence of broader institutional improvements, the funds will likely be wasted.

A methodology for diagnosing institutional deficiencies is described in detail in WASH Technical Report No. 37, Guidelines for Institutional Assessment, Water and Wastewater Institutions (Cullivan et al., 1988). The objectives of assessment procedures are to establish a baseline of output measures and develop a profile of institutional strengths and weaknesses. The methodology advocated requires that the project developer study all institutional considerations:

1. organizational autonomy
2. leadership
3. management and administration
4. commercial orientation
5. consumer orientation
6. technical capability
7. developing and maintaining staff
8. organizational culture, and
9. interactions with key external institutions.

After this comprehensive status review, problems can be defined more properly in their institutional setting. These guidelines provide a list of performance indicators that can be used in project design. Excerpts from the guidelines are provided in the appendix.

2.2.2 Integrated Design

A water and sanitation institution has many facets, and experience has shown that treating one element of the system to the exclusion of others is difficult. Institutional problems tend to cut across work units and functional areas. For example, management, training capability, leadership, and technical capability often are found to be areas of institutional deficiency. If management skills and knowledge are deficient, this will be felt in the operation and maintenance of treatment plants, in the billing and collection area, and so on throughout an institution. The lack of training capability within an institution will be manifested in skill deficiencies throughout the ranks. If leadership is poor, the institution will lack coherent purpose, goals, and the strength needed to deal with outside interference in the operation. If plant designs lack proper standards and procedures, the effect will be felt in poor-quality construction, inefficiencies in operations, and higher costs. Poor consumer relations then are engendered due to the poor product produced.

If one intervenes to develop one subsystem to the exclusion of others, the deficiencies in the nondeveloped areas tend to lower the level or subvert the move toward improvement. For example, it may be possible to develop highly efficient billing and collections using computers, training, and inputs focused in this area. But if this were done without improving the product, the consumer might refuse to pay for unsafe water that is intermittently supplied--particularly when its high price covers the inefficiencies of poor management (overstaffing, high operational costs, consumer neglect, etc.). If the organization moves to cut off services to the nonpayer (a common occurrence in situations such as these), then the public may make political moves to restore service. An institution with poor management and poor leadership would be powerless to stop these consumer moves. Such scenarios are not uncommon in piecemeal development interventions.

A "vicious cycle" phenomenon is typical of organizations that are in need of institutional strengthening. Despite the quality of the intervention in one area, there are always reasons why it won't work. Deficiencies in other areas subvert the best efforts to improve one subsystem alone.

Experience has shown that the only way to attack problems that are institutional in nature is through integrated, systemwide efforts. All institutional systems must be addressed concurrently and involve people at the top, middle, and bottom (vertical relationships). Institutional development programs evolve strategies to strengthen work units and improve lateral coordination among units. Equally important to the institution is its external relationships with consumers and the political institutions that support or influence the life of the institution.

2.3 Project Goal Areas

What should an institutional development project include in the water and sanitation sector? One scheme to attack major institutional problems suggests the development of comprehensive project goal areas that follow "major streams" of interrelated strengthening activity such as the following:

- management development
- systems and procedures development
- commodities (required to demonstrate or develop procedures)
- training systems development and skill training, and
- structural and organizational adjustment.

2.3.1 Management Development

A management development program is not a management training course, although management training should be an element of it. A well-conceived program to strengthen management will aim at changing managerial behavior in the work place. This program would coincide with the development of new systems (delegation of financial authority, improved procedures, performance review, etc.). The program should provide systematic and long-term support to management, supervisory, and administrative functions over the life of the project. If addressed thoroughly, this area should include on-the-job support and coaching for managers at all levels, usually through consultant-counterpart relationships. It should also include short courses or workshops in management skills, tailored to the needs of the institution (not ready-made, imported packages). Follow-up activities on the job should be designed to apply concepts and skills introduced in the workshop setting. A management development strategy should start with the top management and flow down through successive levels of supervision. WASH Field Report No. 230, February 1988, The Management Development Program for the National Water Supply and Drainage Board of Sri Lanka (Edwards and Salt, 1988) describes this approach in more depth.

Another important aspect of management development is the question of incentives. If managers and their subordinates are paid wages that cannot compete with private industry in the same country, it is likely that the best will leave. Institutional reform may require completely reorganizing manpower levels, job classification, and staff-to-consumer ratios. A cost effective operation should be able to support adequate salaries. This process often requires an incremental strategy: as cost effectiveness measures are implemented (demonstrating results) and staffing levels are adjusted, wages should increase. In addition to salaries, incentives can also include advancement, various forms of recognition, increased participation in decision-making, and more interesting assignments.

2.3.2 Systems and Procedures Development

The identification and selection of the procedures to develop will depend upon the institutional assessment and the pre-project investigation. In WASH activities, improved standard operating procedures have been developed in virtually each working unit by developing written manuals, forms, and checklists for all phases of operation.

For example, schemes for developing new or rehabilitated water systems have included written procedures for pre-feasibility investigations, design, procurement, construction supervision, commissioning, operations, and maintenance. In the financial management area, procedures have addressed fixed assets inventories, budgeting systems, financial planning, inventory control, billing, and collections. Training units have broadened their capabilities through the development of core curriculum training manuals and materials and the training of trainers. For overall management control, management information systems have evolved that include overall performance measures and unit performance standards.

The objectives of developing systems and procedures are twofold: to develop a needed, controllable standard of excellence to carry out the work of the institution and to train staff in how to develop and carry out their own procedures. In this process, it is often tempting to lose sight of the objectives and try to "implant" systems by having outside consultants develop them or impose them. This almost never works. People will use what they understand and feel they own; they will usually reject what is imposed upon them. Systems and procedures are most effectively developed by working together with the staff. The consultants' role is to sensitively bring ideas and experience that can be integrated with local realities and constraints.

2.3.3 Commodities

Physical inputs, such as equipment (computers, vehicles, word processing), need to be provided to enable new systems to function. Scarce project funds may be "eaten up" in commodities and needed technical assistance inputs neglected. If the major objective of institutional development is training or institutional learning, then commodities should be carefully selected to relate to those objectives. One strategy, used in institutional development, develops systems relating to the construction of physical infrastructure by providing only enough commodities for "demonstration."

For example, one project in which WASH has assisted, water-treatment plant design procedures were developed by using selected small demonstration sub-projects as a learning laboratory. Sufficient commodities were provided in the program plan to rehabilitate three small plants and construct three small plants.

The project designer must always make trade-offs in this area. Physical inputs are attractive and seem more permanent than technical assistance and training. Institutions are often more willing to undertake structural and managerial changes if "the pot is sweetened" with needed equipment in a project package. Also, multidonor approaches can be developed in which some

donors provide commodities that support overall institutional changes while others specialize in technical assistance. Some funds may be loaned, others granted. The specific mix is determined by the policies of all the parties involved.

2.3.4 Training Systems Development and Skill Training

An institution's ability to sustain learning requires that it be able to develop and maintain staff long after outside technical assistance activities have been completed. A developed institution is a learning institution. In successful water and sanitation institutions that WASH has studied, training is everybody's job and so is learning. Developing a training capability within an institution is critical to sustaining project inputs for the long term. Staff come and go, but an institution must be able to pass on knowledge and skills.

Key elements of a training system include a core staff of training specialists, training materials and manuals, needs assessment capability, and hands-on training expertise. Successful approaches usually spread the training function throughout an institution by coaching supervisors and managers in training techniques. This equips supervisors to train on the job, in addition to conducting formal training sessions with the support of training specialists.

2.3.5 Structural and Organizational Adjustment

An institution need not always reorganize in order to develop itself. In fact, many would argue that the surest way to threaten people and kill a project is to undertake massive reorganization. However, most institutional strengthening efforts require at least some of the following: adding and dropping functions, moving toward increased decentralization or amalgamation, or combinations of both.

Many institutions in need of strengthening seem to follow a pattern of centralization: power and decision-making are concentrated in the hands of a few (or, sometimes, a single individual). Since no one person can do the job of everyone, this arrangement usually does not work well. Structures often need to be set up for delegation of authority. If this is done in concert with increasing managerial skills, it can prove very effective.

Setting up structures that are responsive to consumers often requires establishing service centers. If the centers coincide with improved client-responsive mechanisms (such as on-call repair crews, hotlines, complaint tracking, etc.), they can prove effective.

Changing a structure is never an end in itself. In the previous examples, structural change (adding a function) was effective only if improved performance, procedures, and/or systems were also put into place. Caution must be exercised in making structural changes. During the project-design phase, changes need to be kept open-ended to allow broad-based input. Structural changes must be tentative and subject to a great deal of review.

Peoples' fears for their job security can be easily raised, and thus a pocket of needless resistance is created. Successful implementation of structural change requires a careful process of developing and communicating new roles, developing and training new procedures, and promoting a high degree of involvement from those whom the changes will affect.

2.4 Using the Core Group

The best time to begin institutional development is during the project's design phase. Involving participants, the staff who will be affected by the project, in design decisions, as well as information gathering and overall project strategy, is a good way for them to learn about the project and to begin to feel that it is theirs, not the donors.

One way to accomplish this is to form a "core group" to act as advisors and informants in the design process. This is the same group of key people identified in the pre-design phase. Eventually, they will probably become the steering committee and the force behind the project during the implementation phase.

This group reviews suggestions and strategies proposed by the project developer(s), proposes ideas, and provides culturally appropriate contributions to project strategy. Specific review mechanisms could include regular review meetings and a final design-review workshop or retreat.

2.5 Sequencing Project Activities

It is difficult to set up parallel intervention strategies that will simultaneously improve work in progress, train people in new skills, allow for mistakes, develop trust among the project team, and deliver identifiable project targets. An institution's work-in-progress must be taken into account as well. There never seems to be enough time, and change occurs slowly.

Unfortunately, no formula exists for designing the sequence of project activities. Designs are entirely project specific. However, some recommendations may be made based upon experience:

- Allow enough time for an institutional development project. Five to seven years is the minimum for institutional renewal. In fact, in some cases a ten-year time frame might be appropriate. A two-year phasedown/handover period, during which project assistance is reduced, should also be programmed. This period allows testing of an institution's ability to manage continuous self-renewal without outside help.
- Design a project sequence as if it were a training program: learning, systems development, and inputs should dovetail and build upon one another.

- If reorganizing (and this requires new positions, job descriptions, identified staff), do this gradually over a two-year period, for reasons already discussed.
- If systems development coincides with construction activities, try to ensure that commodity inputs will arrive in time to use the activity as a model.
- Management development and training should begin almost immediately. This training can serve as a demonstration area where ideas are exchanged and important skills (such as communications, planning, conflict resolution, working with staff, and others) can be developed and used throughout the project.
- Find a project area where it is relatively easy to show early and dramatic success; this is a good place to start. Gaining credibility is the first task of the project.
- During the first few months of the project plan a needs-assessment phase, with an action plan flowing from the contributions of key people. The project start-up workshop described below should focus on developing a plan to conduct a project needs assessment. The needs assessment need not duplicate pre-project assessments, but should serve to focus the intervention strategy on areas that are most important and feasible.

2.6 Elements Which Must Be in Place Before a Project Is Started

2.6.1 The Technical Assistance Team

The technical assistance team in institutional development projects will usually make or break a project. It is important to specify and get the right mix of skills, but it is most important to be able to select individuals who have the right attitude and personality for working in skill and technology transfer. Getting the appropriate technical assistance team requires that the project developer or manager be able to:

- Determine the appropriate skills needed
- Have selection mechanisms which provide the right people
- Change staff when needed
- Supplement the technical assistance team as needed.

The individual consultant on the technical assistance team (which may consist of a mixture of local and outside consultants as required) has the delicate job of helping to create change and improvements without creating dependency and resentment, or "helping without seeming to help." There is extensive literature on "the change agent." Very little of this literature (or the experience of successful interventions) indicates that the consultant is required to take over and tell people what to do or dazzle them with brilliant technical expertise. Yet, this is the most common approach practiced by most consultants. There is a prevalent misguided notion that the way to help someone learn is to show them that they don't know what they are doing and demonstrate the right way to do it. In consulting terminology this is called the "expert approach."

While experts are sometimes needed to bring in and install a new technology or recommend a specific, highly technical procedure, most institutional problems which consultants can affect are solved by helping the client gain the skills to remove or work through the constraints in the system. Often the issue is not that the client does not know what is right (or even how to do it right) but that he/she is constrained or prevented from doing it. Institutional problems usually require, therefore, a "working along with" approach--a flexible approach of moving into a problem, then moving aside--sometimes demonstrating or coaching, sometimes listening and supporting, sometimes being enough of a friend to confront.

A consultant working on an institutional development project does not develop new procedures and systems by writing a manual and turning it in (as if it were a report). He or she works with the client on scoping out the work, reviewing suggestions piece by piece, making changes based upon "reality testing" under local conditions. He or she gets the client to do some of it and then does some of it, in turn, when needed. Once a procedure is drafted, it must then be "worked through the system" to implementation. This "working through" requires a strategy to disseminate and train others in its use. Countless meetings are required. In sum, 80 percent of the work is communication, trust, and patience; 20 percent is expert knowledge; all of it is training.

Those who have most successfully worked in institutional development settings have an appropriate mix of skills in both the subject matter and these more generic skills:

- Ability to communicate cross-culturally
- Listening skills
- Interpersonal maturity and patience (unflappability)
- Ability to work with groups as well as individuals
- A strong, confident self-concept able to withstand resistance and frustration

- Maturity sufficient to take a back seat and not claim credit or take over and deprive others of learning opportunities
- A certain measure of toughness and persistence in the face of obstacles, mixed with a positive or optimistic point of view ("It's hard, but we can do it.")
- A nonconfrontational style.

Notwithstanding the generic skills listed, technical assistance consultants must be able to inspire confidence and respect for their knowledge and skills in the subject area for which they are hired, or they will not be able to gain access to or acceptance by the client. A typical mix of technical skills in two institutional development projects that WASH has assisted have included:

Permanent Team

- Utility management, project management, team leadership, and engineering
- Financial management and commercial and information systems
- Human resource development and training
- Operations and maintenance of water treatment plants: process control and laboratories
- Operations and maintenance: mechanical
- Stores, supplies, and computer systems
- Engineering: investigations, design, and construction
- Project support

Intermittent Team

- Management training specialists (frequent)
- Institutional development, organizational development specialists (frequent)
- Personnel and administration specialists (time limited)
- Accounting and financial systems specialists (time limited)

- Manpower planning and staffing (time limited)
- Groundwater specialist (very short time)
- Health education and community organization specialists (time limited)
- Public relations and public information specialist (time limited).

Experience indicates that sponsoring institutions and donors have had great difficulty in ensuring that the right people are selected for technical assistance teams. The dilemma is that most selection processes are done on the basis of written information and referrals: proposals often list people who are not available when needed (all the safeguards notwithstanding); people with qualifications on paper are often ineffectual when they appear. The next step in the selection process is interviewing. This provides more information about capabilities but "interviewing well" is not the same as doing the job.

Team selection options can be reduced to the following: a) paper selection (traditional procurement); b) paper selection and interviewing before final acceptance (traditional procurement plus best and final interviews); and, c) trial and error (i.e., get the consultant team that seems the best of those proposed and then weed out the misfits after the project starts).

Of the options listed above, the trial and error method seems to be the most commonly used. It does have the disadvantage of using the project's first year to sort out an appropriate team; the expense--in anger, frustration, and funds--is high. This approach also requires a strong decision-maker in the donor or client contracting agency.

No matter what technical assistance team is selected, the project manager may need to bring in unforeseen specialized assistance as problems and issues emerge in an institutional development strategy. The project manager should set aside a source of uncommitted project funds. Ten to fifteen percent of a total project budget is not unreasonable for contingencies.

2.6.2 The Counterpart Structure

Assuming the technical assistance team is selected, an additional element is required before the project may start: a counterpart structure. As the primary tools of institutional development are training and skill transfer (along with the systems and procedures development), the institution should present a counterpart structure that will carry institutional learning to the rest of the agency. If a national-level water authority has 3,000 employees, no technical assistance approach can hope to work with everyone; thus, the team will need to select key individuals, who will in turn work with others.

The first consideration is to be sure that counterparts are identified before the technical assistance team arrives, no matter what the method of selection. Essential time can be wasted and unneeded frustration results when consultants must search for someone to work with. The project start-up procedure outlined below requires that an initial project team be identified.

Selection of counterparts depends upon the project strategy and the size of the institution. Should they be, necessarily, the chief managers of sections or divisions? Considerations should include the following:

- Who would benefit most by working with technical assistance consultants?
- Who has the time available?
- Who would be most receptive to ideas?
- Who will best be able to disseminate ideas?
- Should assignments be voluntary?

Often a technical assistance strategy will require that consultants have several counterparts. One set includes influential managers in key sections that the project is trying to improve (these could be termed the primary counterparts). Influential managers usually are very busy and find it difficult to provide the time necessary to allow consultants to work along with them. But they must be worked with. Another set of counterparts includes individuals just under the key managers. These should be people who have more time and are respected and trusted by their bosses. There is nothing more frustrating (nor more ineffective) than to be shifted off to someone who needs to be given something to do. A third set of counterparts includes important lateral and lower-ranked individuals with whom the consultants must communicate and coordinate activities and who must be influenced.

Selection of secondary counterparts might occur during the project start-up process. The technical assistance team, along with the primary counterparts, could develop a procedure for interviewing, explaining the project objectives, and selecting those individuals who demonstrate most interest and ability for working with the consultants.

2.6.3 Essential Equipment

Little has been specified in this manual about sequencing of inputs because each project strategy is unique. However, the sequencing of commodity inputs and essential project tools deserves a word. A relatively smooth and well-designed project strategy should ensure that, for example, when it is time for training in laboratory procedures and installing new systems, the equipment is there. Putting into place computerized billing and collection procedures and budgeting systems requires equipment. Whatever the item, a rule of thumb is that it takes twice as long as planned to specify, correct the order, procure, ship, clear customs, install, debug, repair, etc.

Project vehicles are another example. Field surveys, transportation to the project office, and other project-related travel are all essential and require vehicles. Unless local procurement is possible, delays of up to one year are not unheard of in receiving project vehicles. These and other commodities required in the first year should be ordered well in advance of the project consultants' arrival.

Arranging for and preparing office space is another area that can impede a smooth operation and create unnecessary frustration in the early days of a project.

A thoughtful procurement and commodity management plan needs to accompany the project strategy.

2.7 Getting Started Right: The Project Start-up Process

Institutional development projects lend themselves to misunderstanding by project participants. First, managers may not have a clear vision of the future unless they have visited successful institutions and have seen firsthand a smooth operation. People want to know where the project is leading them. Second, it is often unclear how in terms of a project strategy training and working with counterparts in a series of improvement programs will make a difference. A leap of faith is almost required: "Let's try this out and after a year you will see improvement." The most common, natural human response is skepticism.

A properly managed project start-up process must begin to address this "show me" dilemma. It is a process of developing trust by degrees. The start-up process needs to tackle this issue directly. An outside consultant should talk with all the key project participants in confidence and determine areas of confusion and mistrust. Then, to demonstrate that people have been listened to, the consultant conducts a workshop on the identified issues. The staff members work on solutions together and get as much information as is possible about their concerns.

WASH has developed, pilot tested, and used such a workshop approach to project start-up. This approach has been described in WASH Technical Report No. 41, Facilitator Guide for Conducting a Project Start-up Workshop (Edwards and Pettit, 1988). The essential elements of proper project start-up as set forth in this report are these:

- Determining what project participants need to know about the project
- Clarifying misunderstood issues and reaching agreement before starting the project (including project management, counterparts, unclear project goals, technical issues)
- Developing a beginning understanding of what a project team is and mechanisms for communication and working together
- Developing a structure for project management
- Developing a beginning action plan

- Communicating the project's purpose and obtaining the support of individuals within and surrounding the institution which can be defined as "important stakeholders" of project outcomes

Experience in institutional development projects indicates that no matter how one plans or how successfully a project starts, the first year of project activity is a shakedown year. Areas of misunderstanding will emerge, some consultants may not work out, identified counterparts will change, and original understandings may not be as firm as one had thought. The first year of an institutional development project may be viewed as a time to learn how to work together. This is a two-way street. The consultants learn the proper pacing of the culture and the rate at which ideas and information can be absorbed. They also learn how decisions are really made within the organizational and cultural context. The project participants learn how to use the consultants and how to communicate with them. They also learn (if the technical assistance is effective) to take responsibility for changing and learning and not to expect the consultants to be junior staff members.

Projects often flounder during the first year and sometimes fail completely. For this reason and those previously explained, it is often helpful to have a project-review activity (including interviews and a problem-solving workshop) toward the end of the first year. After this, project monitoring/review activities may be scheduled annually or as needed.

Chapter 3

LESSONS LEARNED: TYPICAL PROJECT MANAGEMENT ISSUES

3.1 Change Management: Some Principles from Experience

Lesson #1: Institutional development is a human process requiring adaptability and flexibility in the strategy.

Institutional change requires a never-ending series of decisions about how to proceed in a changing environment. It requires the consent (and often consensus) of individuals who are trying to get a job done while trying to change the way they do their work. Managing the process requires flexibility.

For example, first-year targets in a project plan may require completing new job descriptions for all key staff. A job description committee is formed. The committee discovers that the staffing pattern and requirements for key staff have not been determined. Completing the task requires a decision from the top. The top cannot make this decision because they do not have the information; a manpower study is required. The staffing pattern also depends upon the development of new positions in a reorganization scheme. The reorganization scheme requires the setting up of decentralized operations and new offices, laboratories, and mechanical workshops. Staffing must be decided; individuals assigned. This procedure requires that compensation and incentive schemes be developed for assigning staff to posts outside the capital city. Budget allocations for decentralization have not been approved; and, because of current government policies, a hiring freeze is in effect. How will reporting relationships be determined in the new job descriptions?

The construction of new offices is not programmed until the second year of the project, but equipment cannot be ordered nor construction planned until the offices are designed. Architects must be hired. The construction program will need to be delayed a year. New staff need to be assigned now or the decentralization program will not get off the ground in the first year as planned.

Attendance at committee meetings is irregular. Staff are called upon to deal with a series of crises. One or two people decide to proceed with the work. After several months of writing job descriptions, it is discovered that the qualifications for new positions do not meet trade union criteria. Committee members return after missing two months of meetings and do not agree with the work of the two individuals who have labored long hours on overtime and weekends. Resentments develop.

This example is not atypical of the complex relationships within an institutional system. The web of institutional change brings with it polarized interests, delays, and frustrations. The project targets have slipped by eight months; the activity must be reprogrammed. It was probably unrealistically planned in the first place, but no one could have anticipated all of the contingencies and unforeseen occurrences.

Many more examples (in any project area) could be cited, but the point is made. The management of institutional change requires patience and flexibility; the target is ever moving.

Lesson #2: Most institutional change engenders opposing forces.

When a procedure is changed, somebody has to do something differently. When greater efficiencies are sought, work patterns must be altered. If an operation is overstaffed, people need to be shifted around or laid off. When authority is delegated, decision-making patterns are disrupted, and people who now make all decisions with limited information need to hand over some of their prerogatives to other decision-makers. When weak organizational functions are strengthened by adding new staff and new functions, those who controlled the functions before may need to make space for new decision-makers.

Whatever the change, someone will dislike it. In some institutional change projects in which WASH has assisted, resistance to organizational change has tended to follow patterns. Certain individuals or groups have more to lose than others. The wise change agent will discover where those pockets of resistance lie and move to anticipate them before they develop and coalesce into strong opposition. The principle of including in the decision-making those who have something to lose is one proven method of meeting the needs of the potential loser. The outcome can often be a creative solution or a workable compromise. Sometimes, however, the only solution is the power option--"We will do it." This may be necessary when the stakes are too high for compromise. For example, an organization with significant corruption may cease to exist if those responsible are not punished and removed. In this instance, no compromise is possible.

One must realize that the existing pattern of behavior, whatever the issue or change attempted, is there for a reason, often a very good one. People behave in ways that make sense to them. When one attempts to create change, one must examine the current situation and determine who has a stake in maintaining the status quo. This stakeholder analysis will enable the change agent to anticipate resistance and, more importantly, plan for a satisfactory resolution of the problem. The agent communicates with the source of resistance, finding out what is wanted or needed. Then, a strategy is developed to deal with that need if at all possible.

Lesson #3: It is important not to take on too much; a good place to start is with the least threatening change.

The inexperienced change agent often wants to prove to the world that great things can be accomplished quickly. If a large and complicated area of institutional change is undertaken as the first major effort, there is a great danger of proving the opposite.

For example, setting up a computerized billing and collection system may appear to be a good thing to do as a first effort (along with other project areas). It is dramatic. It's modern. It provides important management information. If successful, it may even significantly improve revenue collections.

However, if billing and collection cannot be done effectively by hand because basic accounting and bookkeeping procedures are not followed and meters are defective and not read properly, a computerized system could well be a disaster ("garbage in, garbage out"). One consequence could be enormous consumer dissatisfaction. The political fallout from pervasive incorrect billings could even spur the powers-that-be to suspend tariffs altogether. Back to square one.

A more prudent and simple beginning would be to teach accounting skills and start a meter rectification program. The chances of success are greater. The positive impact on the utility is still significant, and the change agent will have demonstrated good results. The computerization program can wait for a year.

Lesson #4: It is important to work with the whole system. This includes all levels at once: up, down, and sideways.

An institution or organization resembles a physical organism in certain ways: change in one part of the body affects or creates compensatory actions in another. For example, a new sub-unit is to work with the community participation and education in the construction of new water systems. To accomplish its mission, this unit depends upon the collaboration of the following units and groups: the engineering investigation and design units (to which it is attached), the public health ministry (an outside organization), community political groups (outside organizations), community members (the client), the office of finance and accounting (a lateral group), and the operations and maintenance unit (a lateral group).

In starting up the sub-unit, the change agent and the new staff decide that they want to begin promotion and education in six selected target communities. They try to consult with the heads of the engineering investigation and design units. The unit chiefs are too busy to work with them and do not seem interested. The functions of the new sub-unit are probably not well understood. The staff of the new unit and the consultant feel they must show some results to justify their mission to the organization, so work begins with a six-month flurry of activity.

At the end of the promotion campaign, the sub-unit turns to the engineering investigation and design units and asks for engineers to assist and work with them. Six communities are all ready, the projects are promoted, and local structures have been developed. Bring on the designers.

The designers respond. "We have been given other priorities by top management. We can't spare any people right now. Those projects are very small, and we have powerful clients waiting for the bigger projects."

The staff of the new sub-unit are frustrated. The community and the lateral organizations feel they have been misled and promised things which cannot be delivered. The new sub-unit flounders. Project deadlines are missed. The new unit is not accepted into the organization.

The lesson is clear: The consultant and the sub-unit failed to collaborate sufficiently with individuals above them in the system. They did not pace their own work with lateral units. They made promises which they could not keep. Support was probably needed at the highest levels of the organization, but this was not worked out either.

Lesson #5: Information is power in organizational systems.

In a healthy institution most management information is openly shared by all. It is the job of the change agent to pull information out of the system, organize it, and make it available for managers. Setting up a management information system is one of the most important tasks in institutional development.

This task is not easy. The agent must decide what information is important to have and determine performance standards by work units and for the whole institution. Often information is hidden, unreliable, or does not exist. People may resist developing management information systems when they realize that information about organizational, unit, and individual performance will become part of the system.

Once management information is available, people may be held accountable, make informed decisions about overall strategy, and plan and project. Management information also invites comparison among work units. This comparison can be healthy, although embarrassing. A modern institution cannot function properly without it.

Information equals power. This principle is illustrated by the following example. An organization was running deficits in some areas and profits in others. It received large subsidies from the government that overlapped with budgeted capital expenditures. Funds budgeted from one capital project were switched to others to cover immediate needs. Sometimes they were commingled with operating funds to cover emergency debts. A financial information system was set up over a one-year period. Once financial information was clearly accounted for and arrayed, it became clear that the projected deficit of the organization including debt service would require embarrassingly large subsidization unless tariffs were raised. The long-term picture was bankruptcy.

Before the financial information system was set up, managers did not know if they had funds to spend or what the financial picture was. The finance manager could reallocate portions of the budget, moving funds from one place to another. The government did not know the true amount of the subsidy. The political forces were pleased that so many new systems were being constructed but little thought had been given to the consequences.

When the true financial picture emerged, the following scenario ensued: the politicians blamed the water authority for being inefficient and overspending; the water authority blamed the politicians for forcing them to construct systems that could not recover the investment; operating costs were projected to spiral because the new systems required expensive power and more manpower; and the government was forced either to raise tariffs or raise subsidies. Ignorance was bliss, but information required action.

3.2 The Nature of the Consulting Relationship

There are several important considerations in defining the role of a successful technical assistance team. It may be made up of a combination of local and foreign consultants and usually is. Some consultants may be programmed to work with the project from start to finish, while others may be scheduled intermittently or appear only once. In WASH-assisted projects, the continuity of the technical assistance team has been important, even with intermittent consultants. Continuity is important because of the nature of the technology transfer process (discussed below) and because the technical assistance team must develop a close working relationship before effective work can begin. This process can take the entire first year to be successful.

Defining and maintaining the relationship between the technical assistance team and counterparts is one of the most important requirements in a successful project. There are a number of ways this relationship can be enhanced, and there are a number of pitfalls.

First, understanding the dynamic between consultants and counterparts is important. A helping relationship is in process. The consultant is trying to transfer skills and knowledge within the framework of the counterparts' everyday work settings. The counterparts are trying to do their normal job and at the same time attempting to take the ideas, methods, and procedures suggested or introduced by an outsider and apply them in a form that can be workable within the organizational setting. This dynamic usually occurs within the context of different cultures. Whatever is introduced or learned needs to make sense to the counterparts in terms of their ability to use or apply it. This often requires that the innovation undergo a "cultural translation" process, i.e., it must be adapted to the norms of the local culture and the organization.

This dynamic and the relationship is fraught with potential for misunderstanding. At the two extremes, the consultant may be seen as all-knowing or rejected as inappropriate to local conditions, hence of no value or, even worse, a bother.

If the consultant is seen as too strong, there is the danger of creating an unhealthy dependency. In this case, the counterpart could take ideas and skills uncritically, without really understanding them, and try to apply them directly which may not work. Another pitfall for the all-knowing consultant is that the counterpart or client may feel, or be made to feel, inferior because of the supposed superior knowledge imposed by the consultant. This often generates an unexpressed resentment. The result in many cultures is polite passive resistance: the "Yes, yes, you're right; I will do it tomorrow" syndrome. Or, apparent cooperation is followed by rejection of the idea or procedure after the consultant has left.

The disregarded consultant, who is rejected outright, is usually met with, "I'm sorry, I'm busy." Or he or she may hear a great deal of skeptical comment: "You don't know what it is like to work here." "That won't work here." "Why do consultants make so much more money than we do?" "You're too junior to really have anything to teach me." Situations have occurred in which the frustrated, pushy, dominating consultant offends to the point of being ordered off the project.

Given these pitfalls, the consultant's challenge is to enter into a helping relationship that is characterized by mutuality and trust. Mutuality requires that the consultant be genuinely aware of his or her own deficiencies in another setting and open to learning from the counterpart. Trust requires that the consultant be willing to admit mistakes and take risks with the counterpart--be a good enough friend to confront, differ, and compromise when needed. Show the counterpart that you are trustworthy and also trusting. If the process is a two-way street (mutuality), the basis for a helping (and learning) relationship is established. When there is trust it's usually acceptable to fight or deal with differences openly.

Lesson #6: The effectiveness of the consultant-counterpart relationship is directly related to the amount of trust that can be established and maintained.

3.3 Skills and Technology Transfer

The process of transferring skills and technology in a consultant-counterpart relationship can be thought of as informal training. There are elements of a role model, coach, patient listener, friend, collaborator, helper, mentor, and teacher. As discussed above, the consultant usually does not get past the door without establishing a degree of trust and confidence. It is important to realize that learning is a two-way street. The counterpart is learning new skills, ideas, or procedures, while the consultant is learning how to adapt them and use them under local conditions (as well as how to be an effective consultant).

Training, whether it be formal or informal, is greatly enhanced by following a few principles of learning. The process can and should be made explicit rather than implicit, conscious rather than unconscious.

- Establish the need for learning: The first principle is that if someone is going to learn something or do something differently, what needs to be learned must be determined. And the learner must agree that, in fact, a problem exists. Often, the problem will be a procedure, a system, a set of skills, a behavior, or a combination of all of these things that needs to be changed. The dimensions of the need must be determined: To what extent is this a problem? How much of the problem is related to the lack of skills, the need for a new procedure? Is the problem related to unclear policies or larger organizational issues?

This analysis will help in deciding the strategy to follow in the intervention. For example, if the problem is only a skill need, the consultant can demonstrate the skill and set up a coaching and on-the-job training procedure. However, if it is a policy issue (along with other things), the strategy will require convincing a larger audience of the need for change, drafting new policies, committee work, and so forth.

- Obtain agreement for change: If the consultant is to help effectively, the counterpart needs to recognize the need and "buy in" to the idea that "We are going to work together on remedial action." This "buy in" requires discussion and reaching agreement on expectations for outcomes. This discussion lends itself to setting up and writing down some goals, or expected outcomes: e.g., "Within the next three months, the six chief engineers in this section and the consultant will have drafted a procedures manual for designing small water treatment plants." If there is no agreement on the problem, nor willingness to participate in solving it, the consultant should not proceed. To do so sets the stage for frustration. Too often consultants will say, "I know better," and proceed on their own to try to force a change.
- Setting up a strategy and targets: The consultant and counterpart need to decide how, when, and who will be involved in developing a work plan for the (learning) project. Specific outcomes and objectives need to be set up and sequenced logically. Agreements on times to work together and time to meet need to be set up. Everyone must be realistic at this point. Impossible targets and meeting times that cannot be met only provide sources of frustration and that can undermine the whole process.
- Developing a monitoring plan: During the planning stage, checkpoints to review the work or learning program must be set up and agreed upon. Monthly, weekly, or reasonable review points provide the opportunity to meet, review progress, review commitments, and flexibly replan what is being done. They are good times to reflect on what is being learned as well as on what is being accomplished.
- Conducting the activity and monitoring: During this process of working while learning, the consultant needs to walk a fine line between doing too much and not doing enough. If a good trusting relationship has been established, the strategy can be discussed. That is, the consultant can ask, "How much of a lead do you want me to take in this; do you want to do this part and just let me review it (or watch)?" There are no rules in this process; whatever needs to be done to enhance the learning process should be done.

Giving feedback is important; in fact, it is essential. The counterpart and the consultant need to have information about what they are doing and how they are doing it. If a coaching strategy is in progress (or mentoring or demonstration), the learner needs to try

out skills and be guided or corrected when wrong and reinforced and praised when right. Feedback should be continuous (both corrective and positive). Once again, if a trusting relationship has not been set up, giving or receiving feedback effectively is impossible.

3.4 Managing the Process of Institutional Change

A number of important considerations emerge in the process of institutional change in a project. A great many variables coincide:

- Decisions must be made and remade,
- Coordination and communication mechanisms must be set up and maintained,
- Mechanisms for innovations and their review be set up and maintained,
- Conflict, differences, and resistance must be managed,
- Progress must be monitored in relation to targets and workplans in all the various project areas,
- The degree of institutional learning must be monitored and continuity maintained,
- Resources and technical assistance inputs must be coordinated,
- The larger institutional environment (outside forces) must be monitored and informed for positive rather than negative support, and
- Periodic renegotiation and replanning must take place on project progress with review mechanisms.

Maintaining momentum while attending to all of these variables is a bit like conducting a symphony orchestra with each section playing a different tune or reading a different score. Each section of the institution has its own tempo, its own idiosyncratic instruments, and its own players. Each section, in fact, performs in a different room but frequently meets in the hall and around the water cooler while playing. This creates interesting but noisy encounters; the opportunity for dissonance, rather than music, is high and dissonance most likely will occur.

3.4.1 The Steering Committee

In WASH-assisted projects, one important mechanism for coordination and information has been the steering committee concept. This committee should be composed of all important decision makers within the institution, usually the heads of units, sections, divisions, and the highest manager (middle and top management). The steering committee should serve as a public forum for discussing progress and problems. Meetings are scheduled regularly, perhaps once a month.

The topics for discussion often focus on the interaction of project activities with the institution's work agenda. For example, the project target is to set up a new function and staff. At the meeting a progress review examines how this is going. Problems in getting positions staffed are aired. It becomes clear that the personnel section is having problems meeting its "normal" agenda and also attending to project needs. The forum provides an opportunity for decision-making on issues such as these, because all decision-makers are present.

The list of possible discussion items for a steering committee could be endless. It includes allocating staff, how to obtain resources, reviewing policies relating to new manuals (delegation of financial authority, personnel policies and procedures, job descriptions, procurement guidelines), improving the performance of particular work units, sharing successes and innovative ideas, making progress reports, etc.

In addition to its substantive work, the steering committee can serve as a model and training ground for proper meeting procedures and can reinforce team development and team communications concepts introduced in the management development program.

3.4.2 The Management Committee

This group is much smaller, consisting of the project director from the client institution, the technical assistance team leader and deputy, and the donor project manager. Its role is to track overall project administration (finances, reports, ordering, and procurement of commodities).

3.4.3 Focus Groups

The focus group is essentially a working advisory committee whose advisors have a direct stake in the outcome of a given project area or task area. For example, a project task may be to develop new procedures for the stores and supplies function. Stores and supplies in a water authority directly serve such functional areas as construction and plant operations and maintenance; to a lesser degree all offices depend upon supplies. The stores section plans to set up centralized, amalgamated warehousing, streamline the ordering and specification process, and computerize functions.

The focus group for this task consists of the chief of stores and supplies, an assistant, a consultant advisor, and representatives of the sections that would be most affected (either helped or hindered) by the proposed changes. The focus group works with the implementing section and the consultant to help sort out problems and become a part of the solution. As the systems are developed and put into practice, the innovation has understanding supporters who will help disseminate the ideas and procedures.

The use of focus groups leads to improved quality of solutions, the support of those affected by the change because they have contributed to the solution, and saving time in the long run although the process may seem time-consuming.

3.4.4 Task Forces

A task force is a temporary work group formed for the explicit purpose of managing a piece of work or solving a problem. Its mission usually relates to the organization; and is broader in scope than the interests of one section or unit. It may be, for instance, a cost-reduction task force, a strategic-planning task force, or a decentralization task force. It usually reports to the top manager or the board of directors and if set up properly will have the authority to do its job without the usual bureaucratic constraints. Members of task forces are chosen for their knowledge and ability to get the job done without regard to their organizational rank. They operate as a team and are organized internally according to the task. When the task has been completed, the team is disbanded. It is not intended to be a permanent committee.

3.5 Project Review Mechanisms

Because of the intense work that institutional development projects require, project participants can easily lose perspective. It is important to take a step back occasionally, review goals, and sort out problems and issues that no one has had time to deal with. An outside consultant, skilled in workshop problem-solving, can bring a fresh eye and a noninvested, or neutral, perspective to the process. Two mechanisms have proven to be highly useful for project monitoring and review: the monitoring workshop and the formal evaluation.

3.5.1 Periodic Monitoring Workshops

The monitoring workshop seeks to improve internal functioning and project management. It differs from a formal evaluation in that its purpose is direct intervention in the project, using a procedure termed "action research." The project is reviewed using a variety of data-gathering procedures. Actions are then designed to correct problems. These actions are carried out immediately. Resulting actions may include team building, conflict resolution, and problem solving/review and planning procedures. These may be addressed in a workshop or acted upon immediately. Project monitoring is scheduled yearly.

When WASH conducts a monitoring workshop, the process generally calls for two consultants: one skilled in project management and facilitation, the other in a technical area that needs attention. The consultants interview people and review all project areas. From this review procedure, issues are identified, written up, and used to structure a workshop. The workshop process is used to review the issues, bring information to bear on them, and generate recommendations from small group discussion. Participants devise plans to reprogram or adjust the project as needed.

The interviewing and research procedure should cover the overall project strategy (such as the status of technology transfer, institutional learning, and project management) and the achievement of specific project targets in each technical area. To assist in data gathering, WASH has used a "rapid assessment monitoring form." This form lists measurable indicators tied to specific project targets. There is a set of questions for each project area. The same form is used each time and modified as needed. The project participants and the consultants fill it out (usually the technical assistance team). When analyzed by the outside consultants, the form flags problem areas, which are then followed up with verification procedures: interviews and project document review.

The interviews should go beyond the monitoring forms and probe for attitudes, feelings about the project, relationship issues, problems in organizational functioning, performance of the technical assistance team, and problem areas that the project should be addressing. The most important data usually come from interviews conducted confidentially. The forms serve only to document indicators of performance.

3.5.2 Formal Evaluation

Formal evaluation should be conducted at least at the midterm and probably at the end of the project. The midterm evaluation should provide any recommendations for corrective action that have not been picked up in the annual monitoring procedure. The formal evaluation would not normally include direct intervention by the evaluators. Rather, it should review the institution's progress: improvements in output related to project interventions and comparisons with the performance-measure baseline established at the project's inception. The end product is a report with findings and recommendations. The evaluation team should include individuals with technical competence in the major project areas, as well as expertise in organizational change and (probably) utility management.

3.6 Decision-Making in the Cultural Setting

Managing the process of institutional development is greatly enhanced if the technical assistance team understands the general culture and institutional norms and how they operate. Most cultures operate with a great deal of consensus (this is true of most Asian cultures and probably many others as well). Many traditional cultures also have a strong power orientation, with a great deal of deference reserved for hierarchy in decision-making. It is the interaction of hierarchy (the top man decides, supposedly) and consensus (everyone needs to be consulted) that often confuses Westerners: if the top man decides, then why must everyone be consulted?

Each organization, in turn, operates with a particular, widely understood, but often unarticulated, decision-making pattern. The pattern often reflects the decision-making style of top management and relates to both personal preference and style and larger constraints (i.e., degree of political support, connections, personal power). The decision-making pattern will determine:

- The amount of risk that individual managers feel comfortable in taking to bring up or implement new ideas
- The speed with which top management will move on decisions
- The amount of consultation top leadership will require with other managers, trusted friends, or the outside hierarchy
- The degree to which major decisions must be "washed" through committee processes
- The strategy one must follow in introducing new ideas

In some WASH-assisted projects, for example, decision-making often follows a pattern: a) the top manager is consulted first; b) he or she usually will say "yes" (but this is understood to be a provisional yes); c) an informal polling procedure is carried out by the top manager to check with important ministry, board, trade union, and trusted individuals; d) the decision is given further encouragement or discouragement (seldom an outright "no"); e) a group is set up to study the decision or the idea is delegated to an action group to develop and get a consensus around the issue. When everybody has agreed with the decision, it is implemented.

Following this procedure, major decisions can take from four to six months, sometimes longer. Decisions that do not have popular support or are too radical are reversed or canceled in this process.

However, if a decision is extremely important politically, will have major consequences, and is sure to be unpopular and not make it through the consensus process, the power orientation of the culture can be used to "kick it upstairs." This procedure pushes the decision up to the highest possible level, as quickly as possible, so that the most powerful person can make the decision directly. This saves lower-level decision-makers from the embarrassment of being wrong or making an unpopular choice. Nobody loses face and the decision gets made.

The outside consultant, accustomed to a Western decision-making pattern, almost always takes the first "yes" (which is culturally understood to be provisional) as the answer. He or she then proceeds to implement or move the process towards implementation only to discover that nothing happens. The consultant then (mistakenly) thinks he or she is being lied to or put off. The seeds of mistrust are planted and a downward spiral of action/disappointment can often ensue. Many cross-cultural misunderstandings revolve around the failure to understand and creatively use culturally appropriate decision-making procedures and communications.

3.7 Managing Outside Forces

The principle for dealing with influences outside the immediate institution is, "If it can help or hurt you, you need to be in communication with it." Institutions are not self-contained within the boundaries of offices and staff. This is particularly true of utilities. Bands of influence radiate out of or into water supply and sanitation institutions from the public or consumer, from employee connections, from labor unions, and particularly from political interests. Providing water usually translates into votes for politicians. Providing public sector employment in most developing countries is also a highly political issue. Tariff levels are often highly politicized.

Changing a water supply and sanitation institution cannot normally be accomplished without high-level political support (in many countries this includes support from cabinet-level politicians). Most water authorities in developing countries operate as semi-autonomous or as direct dependencies of the central government (or a state government). Successful water supply and sanitation institutions maintain a constant dialogue with political forces. They explain what they are doing and how their service helps the community and the politicians. They lobby for support.

In the process of institutional development, enlisting support for changes and building bridges to interests that will help in the development of the institution are important. Setting up advisory groups, developing information packages, publicizing successes, and explaining to the public what is being done and why are all important strategies for managing outside forces. When this is not done, or not done well, a high degree of outside interference in the institution (and the project process) can be expected. Given that most institutional development projects aim to strengthen the organizational autonomy of the institution, this area of the project must be managed successfully.

3.8 Conclusion

A great many lessons have been learned in the process of developing institutions in the water and sanitation sector. Institutional development projects are difficult to manage. The project institution and the technical assistance team need to have and maintain a clear vision of what they are trying to accomplish. This must be done in the face of natural resistance and a constantly moving target. The process requires flexibility and a mature perspective; a sense of the whole must be maintained while focusing on the particular. It is inherently a process of human interaction and brings with it the need to develop and maintain trust. Human change requires the consent of the client, no matter how well-intentioned the change agent.

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APPENDIX

Excerpts from

Guidelines for Institutional Assessment: Water
and Wastewater Institutions

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Excerpts from

Guidelines for Institutional Assessment: Water and Wastewater Institutions

Chapter 4

PERFORMANCE CATEGORIES

A. Definition and Use of Performance Categories

As indicated in Chapter 1, a performance category is a set of related skills, procedures, and capabilities which define a particular area of institutional function or performance. These have been grouped together for purposes of analysis. For example, "commercial orientation" includes cost effectiveness, operating efficiency, financial planning, quality standards relating to cost, monitoring and accounting systems, and staff awareness and commitment to commercial goals.

A performance category describes related skills, procedures, and capabilities which can be observed or verified through field research. In the assessment process, a performance category is a major area of inquiry: data are gathered and analyzed to form a generalization about organizational performance in the area. The results are compared against an agreed upon standard. In this document, the standards are called "indicators of high performance."

B. How the Categories Were Determined

Field research was conducted in two institutions selected to represent examples of outstanding performance in the sector. The institutions were selected after reviewing approximately twenty possible sites nominated by well recognized experts in the field. The institutions represent situations where donors and lending agencies normally operate so that the categories would provide lessons learned in overcoming the normal barriers to development by the institutions under study. In addition, an effort was made to select both urban and rural agencies involved in both water and wastewater with a development history and demonstrated excellence in a full range of organizational and technical areas.

One institution selected was a very large state water and wastewater institution in Southern Brazil (SANEPAR) comprising both urban and rural systems. SANEPAR was formed and developed into an outstanding institution in a short period (fifteen years). This was accomplished within the context of a setting typical of development situations (political turnover, rising prices, the need to rapidly address growing urban expansion, inheriting old municipal systems with untrained staff, and related problems). The other example selected was in Malaysia: the water supply agency for Penang. This institution does not provide wastewater services but meets all the other criteria. It is a very old system which was started during colonial days and continues into the present. It serves the entire island which has a mixture of rural and urban populations.

The field research methodology followed the basic tenets of social field research.² No prior hypothesis was made on the outcome: the researchers followed a plan of inquiry which focused primarily on the question: "What are the factors, ingredients, and causes of success in this institution?" The answers emerged from the results of the inquiries.

Research techniques included reviewing written documents (published output measures), interviews, and observation. Two teams, consisting of two individuals each, conducted research at the two sites at approximately the same time period with no cross-communication between teams about the data during the field work. After two weeks of field research, these data were analyzed for patterns by each team separately. Performance areas were defined and measures of performance were recorded.

At the end of the field research the two teams met to compare their data and to determine a single set of performance categories. Although the institutions under study were in very different cultural and economic settings (Malaysia and Brazil), there was a striking unanimity of opinion on the reasons for successful performance by the two institutions. Even though the institutions had very different histories and were organized in completely different ways, each performed with highly successful results. The performance categories below were derived from this analysis.

C. How to Use the Performance Categories and Worksheets

The performance categories and indicators listed in Section E below represent a set of competency standards for success. Each performance category is defined with a generalized statement which characterizes the category and states why it is a key area of institutional performance. The definition is followed by examples of key indicators for high performance. The indicators are followed by a worksheet which consists of examples of typical questions and guidance for gathering the data which relate to the category. (The worksheets are not included in this excerpt.)

The research process requires that sufficient information be gathered to justify the performance rating for each indicator listed. When sufficient data are gathered, the team should analyze them and rank the performance indicators under each category as high, medium, or low. Justifying evidence should be listed under each indicator in the final presentation of the analysis.

Although each indicator is provided with a rating scale in this document (from low to high), it is assumed that team members will organize data and supporting evidence informally on note pads, and not be limited by the wording or scale given on the performance indicator pages. Supporting material must be collected in a fluid, non-rated manner, and later analyzed and ranked as patterns become evident.

² For a detailed explanation of this methodology, refer to L. Schatzman and A. Strauss, Field Research, Strategies for a Natural Sociology. Englewood Cliffs, N.J.: Prentice-Hall, 1973.

After each performance category is researched, an overall analysis should be made within and among categories using a procedure which is explained in Chapter 5.

D. Team Approach to Gathering Data in Performance Categories

In order to manage the process of gathering information in nine separate categories, it is suggested that all team members gather information in all categories during the first round of interviews using the general guidelines for interviewing described in Chapter 2, Section C (Methods for Data Collection). Institutional information tends to be crosscutting in nature and many individuals within an institution will have information in a number of areas. After initial information gathering, the team can assess where the information gaps are and assign specific follow-up data-gathering tasks within the areas of technical background of team members. Decisions about who should interview whom during the first round of information gathering is an internal team matter. It is suggested that the background of team members be taken into account where useful in order to establish credibility and relationships with different divisions of the institution.

E. Performance Categories

The performance categories to be assessed are listed below. Each performance category is presented in a separate section which includes a definition, performance indicators, and worksheets.

1. Organizational autonomy
2. Leadership
3. Management and administration
4. Commercial orientation
5. Consumer orientation
6. Technical capability
7. Developing and maintaining staff
8. Organizational culture
9. Interactions with key external institutions

ORGANIZATIONAL AUTONOMY

DEFINITION

Organizational autonomy is the institution's degree of independence from the national government or other governmental or regulatory bodies. While not unrestrained, this independence must exist to the extent that the institution is able to conduct its affairs and meet its responsibilities in an effective manner with minimum interference and controls by other entities.

Effective organizational autonomy is characterized by the power to make decisions about the following important matters: budget, revenues, hiring levels, pay and incentives, control of personnel, institutional policies, planning and construction of projects, and organizational goals.

An adequate level of autonomy is a prerequisite to the success of institutions in this sector.

INDICATORS OF HIGH PERFORMANCE

1. Sets own organizational policies and goals and changes them as necessary to provide guidance and direction in achieving the objectives of the institution.

Very Low	Medium	Very High
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2. Develops strategies to achieve organizational goals

Very Low	Medium	Very High
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3. Conducts such studies as may be necessary and carries out long-term planning to meet the expected demands on the institution; approves and acts on such studies and plans, including the construction of recommended facilities.

Very Low	Medium	Very High
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4. Prepares annual capital and operating budgets consonant with needs and available revenues; is successful in obtaining approval for the budgets.

Very Low	Medium	Very High
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LEADERSHIP

DEFINITION

Leadership is the ability to inspire others to understand the institution's mission, to commit themselves to that mission, and to work toward its fulfillment. It goes well beyond proficiency in management skills. In order to perform its functions in a competent manner, an institution in any sector needs to have effective leadership at many different levels.

Effective leaders serve as positive role models. They provide motivation for managers and staff to perform their functions in often difficult and sometimes apparently unrewarding contexts. Effective leaders help transform the institution by making it active, energetic, and visionary and by making the sum of the parts greater than the whole. In effective institutions, such leadership does not reside only with the top manager. Elements of it can be seen at various levels of the organization, from the foreman level to the general manager level, although these elements may differ slightly from level to level.

The indicators below are generally written from the perspective of a generic leader who can be at any level of the organization.

INDICATORS OF HIGH PERFORMANCE

1. Provides clear sense of mission; articulates mission; involves people with the mission so they get a sense of ownership of mission; gets people excited about the mission, believing in it.

Very Low	Medium	Very High
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2. Serves as a positive role model (e.g., honest, hard working, balances people-needs with organizational needs, believes in hard work, is enthusiastic).

Very Low	Medium	Very High
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3. Has a sufficient level of operational knowledge to inspire trust.

Very Low	Medium	Very High
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MANAGEMENT AND ADMINISTRATION

DEFINITION

Management is organizing people and resources to accomplish the work of the institution. Effective management is demonstrated by the capacity to get the most out of the resources available (human and other) in a deliberate or planned manner. Good managers have a clear sense of goals and priorities; they know who to rely on to get a job done and how to delegate to them the means to do it. Effective managers are aware of operational details; they monitor the work and follow-up consistently. An effective management climate is characterized by teamwork, cooperation and good communication among the staff.

The counterpart to management skills is the existence and use of key administrative systems. These are the policies and procedures which regulate and guide the actions of management. The mature organization has designed or evolved effective sub-systems such as personnel, budget, accounting, financial management, commercial procurement, and management information systems.

INDICATORS OF HIGH PERFORMANCE

Management Skills and Capabilities

1. Managers have a clear sense of their own and others' roles and responsibilities. They communicate roles and expectations clearly to others and involve them in the process of defining their roles and responsibilities.

Very Low	Medium	Very High
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2. The mission of the organization is clear and understood by all managers.

Very Low	Medium	Very High
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3. When asked, staff are able to describe clearly their responsibilities.

Very Low	Medium	Very High
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4. Takes into account cost effectiveness when individuals and groups plan and organize work.

Very Low Medium Very High

5. Monitors expenditures against approved budgets.

Very Low Medium Very High

6. Maintains attitude of consumer orientation throughout the institution and is responsive to client needs and requests.

Very Low Medium Very High

7. Maintains clear, auditable financial records.

Very Low Medium Very High

8. Staff espouses a commercial orientation and thinks of their service function as a business.

Very Low Medium Very High

CONSUMER ORIENTATION

DEFINITION

Consumer orientation is organizing and directing the services of the institution towards consumers. People who staff an effective institution in the sector see serving consumers as their primary function. All work, all programs, all innovations are directed toward greater efficiency, effectiveness, and equity in service to the consumer. Staff at every level are aware of this consumer orientation and see it as governing positively their important daily operational decisions and actions.

Effective institutions in the sector have workable means wherein consumers can interact with them. These may include emergency outlets or "hotlines" when there are crises, clearly identified places where disputes about bills or service can be arbitrated, ways that interested consumers can make suggestions in overall policy, and so on. Creative and cost-effective ways are sought to inform and educate the public. Where consumerism is not present, appropriate, politically acceptable means are employed to attain an effective level of consumer protection in the institution.

INDICATORS OF HIGH PERFORMANCE

1. Staff at every level demonstrate they are oriented toward serving consumers; when observed, their decisions and actions are clearly driven by what is best for the consumer.

Very Low	Medium	Very High
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2. There are identifiable mechanisms for consumers to interact with key areas of the institution over important matters (e.g., emergency hotline, bill disputes, service problems).

Very Low	Medium	Very High
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3. There is clear evidence that the institution responds to complaints, emergencies, and suggestions which consumers make.

Very Low	Medium	Very High
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4. There are identifiable, ongoing, and effective measures to educate consumers about institutional services and requirements.

Very Low	Medium	Very High
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TECHNICAL CAPABILITY

DEFINITION

Technical capability is the measure of the institution's competence in conducting the technical work required to carry out the responsibilities of the institution. Most of this technical work is performed directly by skilled, qualified employees, but outside specialists whose work is supervised by the institution's staff may be used where appropriate.

INDICATORS OF HIGH PERFORMANCE

1. Consistently makes sound technical decisions and effectively serves management by conducting technical studies and planning as requested.

Very Low	Medium	Very High
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2. Ensures effective control of the quality of the end product and all other technical operations.

Very Low	Medium	Very High
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3. Successfully completes projects which meet intended objectives in a timely and economical manner.

Very Low	Medium	Very High
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4. Ensures that technical tasks at all levels are completed properly.

Very Low	Medium	Very High
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5. Develops and maintains staff with adequate technical skills to perform needed services; promotes broader knowledge of aspects of technology beyond the individual's specific area of expertise.

Very Low	Medium	Very High
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6. Uses or adapts technology which is suitable for the specific needs of the institution and avoids temptation to use more exciting--but not appropriate--technologies learned by staff who were trained in other settings.

Very Low	Medium	Very High
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ORGANIZATIONAL CULTURE

DEFINITION

Organizational culture is the set of values and norms which inform and guide everyday actions. The culture forms a pattern of shared beliefs and assumptions which translate into behavior which can be observed.

An organization's culture is conveyed in a number of intended and unintended ways. Although often unstated, cultural beliefs, behaviors, and assumptions serve as a powerful means for defining and justifying organizational operations either in positive or negative ways. This will sometimes be expressed by introductory explanations given by staff with the message "this is what we are about here." It will be unintentionally expressed in the tone of the message (excited, bored, harassed, organized). It will also be expressed unintentionally in the way facilities look. Are they clean, kept up, or in a shambles?

Another factor in corporate culture is how the institution has dealt with change or crisis. When a major change has been introduced (new technology, organizational restructuring, a new billing system, new leadership or influential staff), people are often required to alter the way they operate. It is important to know how the organization has responded to new systems or personnel. Does it refuse to change, pretend to change, change superficially, change only for a short term or in a distorted fashion, or does it realign its forces positively to support innovation? An unhealthy corporate culture will be highly resistant to any change; forces will line up to protect narrow self interests (such as graft or petty bureaucratic authority) at the cost of overall organizational health.

The organization with a positive culture has a clear sense of mission and identity. This is often expressed by a majority of the employees in the form of "legends about the organization" or messages about "who we are." In positive terms, this often takes the form of a sense of pride in belonging to the group and a sense of the history of the organization which is passed on from old to new employees.

INDICATORS OF HIGH PERFORMANCE

1. An observable team spirit exists among the staff.

Very Low	Medium	Very High
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2. People express a sense of ownership and pride about working that is communicated by such statements as "this is a good place to work."

Very Low	Medium	Very High
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INTERACTIONS WITH KEY EXTERNAL INSTITUTIONS

DEFINITION

The institution's capacity to influence positively and strategically those institutions which affect its financial, political, and legal ability to perform is the essential characteristic of this category.

Many entities in the external environment affect the performance of a water/wastewater institution. These include the political (parent ministry and legislative bodies), financial (lending sources and budget/finance ministry), and regulatory entities (municipal government, state government, health ministry) which have an influence over operations. An effective organization has the ability to influence and adapt to these external entities to achieve its goals. This is accomplished by anticipating activities which might affect the institution and establishing strategies to deal with them.

INDICATORS OF HIGH PERFORMANCE

1. Top management stays well informed about external policy, financial, and regulatory issues and actions.

Very Low	Medium	Very High
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2. Management maintains direct contact with the key individuals in all important external entities.

Very Low	Medium	Very High
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3. Specific strategies are formulated to influence policies, legislation, and other activities to obtain necessary approvals and resources.

Very Low	Medium	Very High
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4. Programs are developed to influence the public in support of institutional goals.

Very Low	Medium	Very High
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5. Management adapts creatively to obstacles (e.g., supplements inadequate salaries with other kinds of incentives).

Very Low	Medium	Very High
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