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INSTITUTION BUILDING FOR THE DECADE: THE ROLE OF CONSULTANTS

by P A BATCHELOR, K STARKEY and D PARISH

1. The investment programme now being planned and implemented, in pursuit of the goals of the UN Water Supply and Sanitation Decade, are, by their very scale, giving rise to an urgent need to strengthen the institutions responsible for planning, developing, operating and maintaining water supply and sanitation schemes. In some cases it is necessary to create entirely new institutions to carry out these tasks.

2. The terms institution building and institutional strengthening provide a convenient umbrella for much of the work management consultants carry out in water utilities. They are terms coined by the major lending agencies to cover our work as advisers, analysts and catalysts for change.

3. The nature of the institutional problems varies widely. In the case of small rural supply schemes or basic sanitation programmes, the emphasis is often on the achievement of grassroots community participation, the development of simple but effective measures to ensure the proper maintenance and protection of facilities once built and, in some cases, the identification of some means of cost recovery or cost sharing to cover on-going operating and maintenance costs. At the other end of the spectrum, in dealing with large scale urban schemes, the range of technical options involved may extend from low-cost technology sanitation programmes to complex modern water treatment and distribution and piped sewerage with full treatment and disposal. The institutional and management framework will need to match this and may necessitate the adoption of sophisticated management systems and procedures, including, increasingly, the use of computers.

4. In tackling these problems we have to avoid pre-conceptions. While technology transfer, in a management sense, may be important we cannot impose pre-packaged solutions derived from experience in Europe or North America. It is necessary to understand local circumstances and to derive appropriate management solutions, tailored to local cultures, manpower availability, political and social objectives and financial constraints.

5. We do not offer an off-the-shelf package because, despite superficial similarities, each situation is different and our work has to be tailored accordingly. We are not retained to provide instant solutions but to bring to bear techniques and experience to tackle institutional problems and to find solutions. We attach great importance to the process of gaining acceptance for and commitment to the solutions proposed and to the provision of assistance in implementation. In order to achieve this, we have developed a step-by-step approach in which we aim to understand the problems involved, develop solutions and help carry them out in a practical way.

6. Accordingly the remainder of this paper can be divided into three parts dealing in turn with the DIAGNOSIS of institutional problems, the DESIGN of new or improved arrangements and the steps needed for IMPLEMENTATION.

7. The approach and techniques we shall be discussing apply broadly both to situations in which we are called upon to help design new institutions and to those where we are required to reorganise or strengthen existing ones. What varies very much, from case to case, is the balance between diagnosis, design and implementation and the relative importance of different techniques depending on the local situation, the time available and the amount of detail required.

Diagnosis

8. Experience has taught us that effective diagnosis is the key to success. Our approach to diagnosis has four key elements:

- understanding the environment
- defining institutional objectives
- estimating available resources
- reviewing existing institutional capacity.

9. We attach great importance to careful diagnosis since this lays the foundation for subsequent work. Understanding the environment in which water utility services must operate and unravelling the complex interrelationships often involved is particularly important. We are also specially

concerned to ensure that institutional objectives are defined in a way which is compatible with the financial and human resources available. Many of the institutions we have been asked to help face an acute shortage of skilled manpower; very often the scarcity is most acute, not in engineering but in planning, finance and other management skills. Moreover, since water and sanitation utilities are so often 'the poor relation' they find it difficult to attract and retain good quality staff even when such skills are available.

10. In assessing the capacity of existing institutions we are very often concerned not only to evaluate their current performance (using a variety of performance measures and efficiency audit techniques) but also to estimate their capacity to adapt to change, to take on new responsibilities and to face new challenges.

11. In comparing the efficiency and effectiveness of one institution with another, either within the country or elsewhere, it is never sufficient to adopt a merely mechanistic approach. Informed judgement and a keen awareness of political, social and economic factors are essential; this frequently calls for a blend of local and international expertise. The former bring a close understanding of local culture, expectations and constraints; the latter can bring relevant experiences from other countries who have tackled similar problems in the past.

12. What we try to achieve, during the course of the diagnosis, is a detailed understanding of the current situation and a realistic interpretation of what objectives are being pursued and what can realistically be achieved. We need to know what capacity exists for absorbing institutional change and what basic constraints will limit the rate and direction of such changes. Many ambitious development programmes have foundered not so much for lack of funds as for lack of manpower and difficulties in adapting to the demands of a major investment programme.

Design

13. Institutional design has become all-embracing. It involves far more than the design of a suitable organisation structure. A sound legal framework is needed to provide the foundation and, in addition to recommendations for organisation structure (organisation charts, job descriptions etc), the design should also encompass the specification of management systems, the development of appropriate schemes and conditions of service and the recruitment, deployment and training of manpower.

14. The approach to institutional design therefore needs to be a multi-disciplinary one. It frequently involves several individual specialists with skills in drafting legislation, designing organisation structure, manpower planning, personnel policy, management information, systems design, stores and procurement, operational management and training. The process of specifying and designing management systems should go hand in hand with the definition of the legal framework and organisation structure; the three elements are closely interrelated.

15. In defining an appropriate legal framework, organisation structure and management systems for water utilities a number of key issues repeatedly arise:

- how much institutional change can be accomplished within a given time span?
- should all aspects of management of the water cycle be integrated?
- is there a case for greater decentralisation?

16. Our experience suggests that there is no universal blue-print for success and that imported solutions to institutional problems rarely work. Our search often leads us to narrow down the options to seeking local solutions which have proved workable but which demonstrate the capacity to adapt to change. The needs of large scale urban systems and small informally-managed rural systems differ dramatically but similar basic techniques can be applied in designing suitable management systems so long as needs and objectives have been thoroughly understood.

17. We attach particular importance to ensuring that the institutional arrangements we propose fit the institution into its environment and do not attempt to isolate it from it. Effective mechanisms must be established for the management of external relationships and steps must be taken to obtain commitment to and appropriate influence for the institution.

Implementation

18. Successful implementation must be based on general acceptance of the validity of the proposed changes and whole-hearted commitment of those who are charged with piloting them through. A careful balance must be struck between the need to prepare thoroughly for the changes to take place and the need to keep up momentum once a decision to make changes has been taken.

19. In an effort to manage the implementation of major projects, frequent use is made of Project Implementation Units

as a means of short-cutting some of the bureaucratic obstacles to change. Our experience suggests that they are by no means an unmixed blessing and may create new problems of coordination or even invite obstruction from existing institutions.

Some Key Lessons

20. Our work in institution building in the water sector has enabled us to grasp some of the complexities of managing change. In order to achieve success, institutional issues should be addressed as early as possible in the planning cycle. This enables options to be fully explored, allows account to be taken of alternative levels of resources and gives recognition to the fact that institutional design is an iterative process. It also provides time to design institutional arrangements which are compatible with the environment in which they must work and which can secure the acceptance and commitment of those who must make them work.