Sector-wide Capacity Building

A discussion paper on making investments in training address the real needs of the sector

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The Water, Engineering and Development Centre (WEDC) is one of the world's leading institutions concerned with education, training, research, and consultancy relating to the planning, provision, and management of infrastructure for development in low- and middle-income countries.

Acknowledgements

1.   Introduction

The 2002 water sector overview paper identified financing mechanisms for five areas: ~~R~~rural water, urban water, water resources, water for production, and capacity development. The first four areas were discussed in the overview paper and in separate issue papers. This paper brings a sector-wide approach to the fifth area, the development of the people who work in the sector. The issues are found to varying degrees across the sub-sectors.

1.1   Resources for delivery

Water and sanitation service delivery requires the management of resources, such as:

- Financial resources (capital and recurrent);
- Natural resources (water, basic building materials);
- Physical resources (drill rigs, transport);
- Social (communities willing to pay for water and aware of good hygiene behaviour); and
- Human resources (skilled, motivated workforce and other stakeholders).

Managers at all levels will need to forecast, allocate and control these resources. Investments are required to develop their full potential. Limited human resources (in number, attitude, focus, skill, knowledge or experience) can lead to poor productivity, resulting in higher unit costs in water and sanitation services. From the level of local operators deciding on the daily tasks to senior civil servants tackling national goals, human resources need to be strategically managed. Meeting the sector goals will involve not only increasing the number of schemes constructed but ensuring the ongoing operation of existing services efficiently and effectively.

An integrated approach to managing resources

A lack of one resource requires increased inputs from other sources. Poor natural resources, such as a thin aquifer with low recharge will need skilled staff to carry out surveys, more boreholes drilled, and cost more to produce the same productivity as a more favoured area. The effectiveness resulting from each input of resources will relate to the quality and quantity of the other resources available.
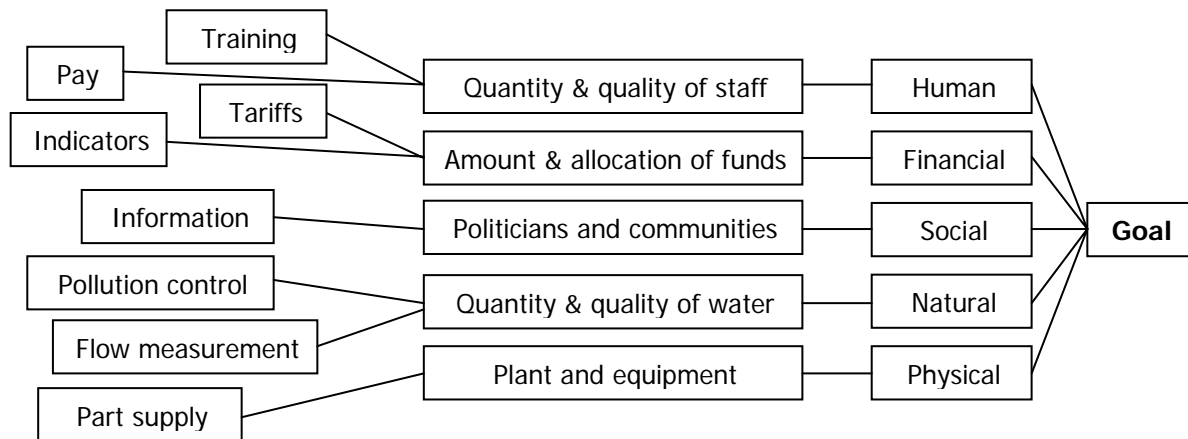
Figure: Each input into the sector contributes strategically to reach the goal

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1.1.1   The human resource

The quality of the human resource is often called its *capacity*. This has three components;

1. Group factors (the working environment, institutional arrangements, organisational structures);
2. Individual factors, such as attitudes, skills, knowledge and experience; and
3. How the individual relates to the group (social environment, motivation, views of the rewards and leadership the organisation offers).

1.2   The water and sanitation sector

The 2002 sector review provided ample evidence that building the capacity of stakeholders is a recognised issue, for example:

- In the rural water and sanitation paper, of the 12 log frame outputs, four directly address capacity building and it is implicit in four more outputs.
- The paper on small towns focuses on the changing institutional environment to develop the sector's use of resources rather than specific training (e.g. using private operators, setting up an Asset Holding Authority, recognising the importance of gender).
- NWSC shows the importance of Human Resource Management (HRM) in large towns, with the "Stretch Out" programme to motivate staff and increase organisational performance.
- Water for production is still in a state of flux, with debate over the next steps, but the need for assessing the sector's human resource has been identified.
- Water resource management recognised human resource development in 1994, so now 70% of technical staff are postgraduate level, with continuing professional development.

1.2.1 The challenges for 2003

In the 2003 rural water supply and sanitation paper, three emerging issues are identified:

1. The staff structure of the District Water Office
2. The balance between capacity building and service delivery
3. Emergency services.

These all have implications for the deployment of the human resources in the sector.

The development of performance measurement and output based working will focus attention on the inputs, financial, physical and human, required to meet sector goals. These indicators will provide evidence to drive the sector strategy, showing what works and what needs more attention.

2.   Developing the human resource

2.1   What is capacity building?

Despite the common use of the term "capacity building" a common level of understanding is needed if activity is to result in a sustained, cost-effective improvement in the workforce.

Whilst training (often a one-off event or a 'workshop') is the usual activity accepted as increasing people's skills and knowledge; capacity building is about more than this. It involves a strategic view of the development of the human resource, in the context of organisation and sector targets. Effective capacity building relates to the role the individual is meant to be filling within an organisation and how that individual contributes to the goals of the organisation. In identifying what capacity needs to be improved, individual job descriptions and organisational structure need to be in place.

Capacity strengthening or *capacity development* is sometimes referred to, recognising that staff already have skills and that development is required by staff at all levels and all situations if an organisation is not to stand still. Recognising the importance of staff's contributions to an organisation's success introduces the concept of the human resource (HR) and human resource development (HRD) as an integral part of management.

Increasing resources in parallel

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An investment in computing training will only be effective if staff also have computers to work on. It will only increase performance if the work requires computers. It will only contribute to reaching the goal if other factors, such as data for analysis or funds for delivery, are also available.

2.1.1 Whose capacity?

If managers are focusing on results, they need to consider all inputs into the process. Here the concept of the human resource needs to be taken as wide as necessary.

"*HRD* ... conveys *a sense of developmental policy that can extend beyond those who work in the organisation to those who, although not legally its 'employees', none the less make an* essential *contribution to its success – for example [non-governmental organisations] ,[private operators] and suppliers*"[1]

When a task is examined, many people will be involved. Training district officials in contract management will not meet the desired results of contracted out services if private and NGO institutions do not understand their role. If the outcome is a functioning community water supply, then capacity of the community has to be developed . The body of people whose capacity needs to be developed is a mix of individuals, groups and communities all leading to a successful outcome.

2.1.2 The changing workforce in the sector

The sector is now involving people from diverse organisations and wider professional backgrounds. This is due to an increase in the activity in the sector and also an expansion of the range of institutions involved. Decentralisation has given responsibility to local districts; privatisation is bringing in the private sector; NGOs are active in everything from advocacy to the delivery of services. The work is also changing; technical staff are working as contract managers, planners, regulators and facilitators. Outputs are changing from physical indicators, to a demand-led service. Increased activity and decentralisation means that technicians now have more management responsibility, for financial, human and physical resources.

The staffing arrangements for DWO offices puts human resources in the centre of service delivery. The role expected of staff will determine both the quantity and quality of the people employed. The decentralization to sub-county level will require local staff to be able to manage their own work to a greater degree than in a centralised management system. Staff employed at each level need to have some guarantee that they have the skills, experience and motivation to deliver. The wage bill not only relates to the money spent, but the value for money that the staff investment can provide.

Change is not unique to the water sector. Any sector that is not stagnating will be developing, with new technologies, more efficient practices and staff joining, gaining experience and learning skills.

2.2 Factors in building capacity

Staff require three factors to be in place if they are to work to their full potential:

- The <u>work environment</u> must be right (such as management structures, institutional arrangements, allocation of responsibilities);
- The staff need to be <u>motivated</u> to work (adequate rewards (e.g. financial, career paths, recognition) and working conditions, leadership, social environment and enthusiasm); and
- The staff need the correct <u>attitudes, skills, knowledge and experience</u> for the job (which requires the job to be adequately understood and described).

Considering people as a vital resource has led institutions to move from addressing administrative "personnel issues" to "human resource management" (HRM) and the trend from "training" to "human resource development" (HRD), recognising that staff need just as much management to maximise their potential as more tangible assets, such as financial or material resources. Accounts
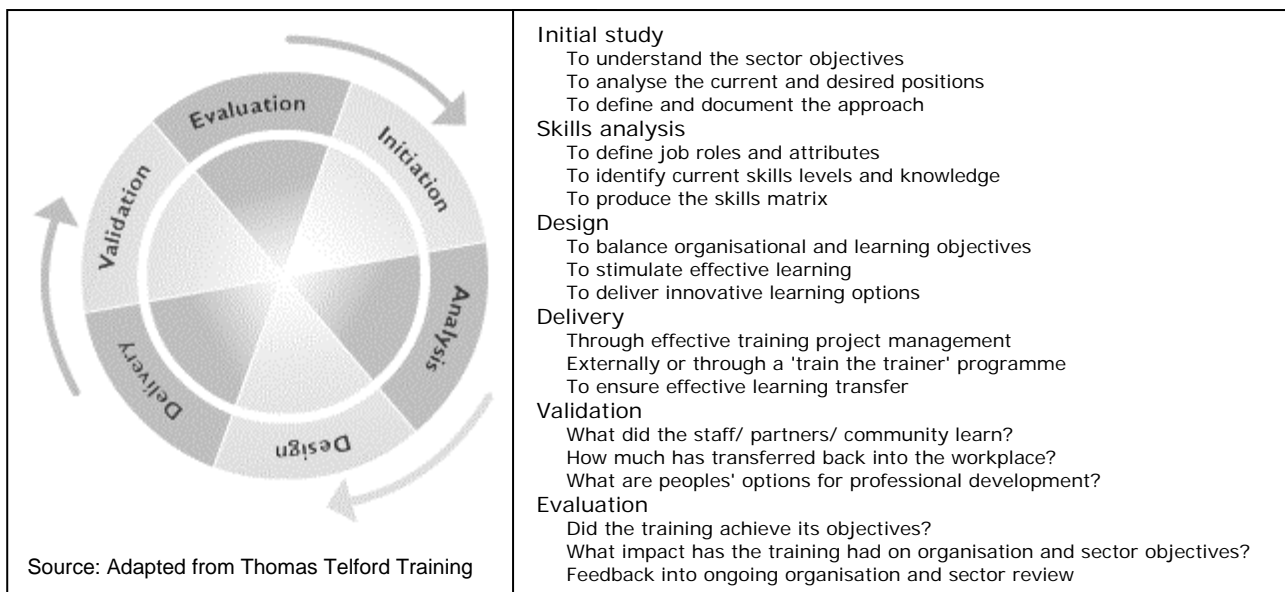
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[1] Adapted from R Harrison quoted in *Introducing Human Resource Management* Foot & Hook, Pearson Education Ltd 2002

are audited and vehicles serviced according to plans, but the development of staff can easily be piecemeal or taken for granted.

2.2.1 Changing the model of Human Resource Development

Just as technical delivery of water and sanitation services has changed to take a more demand-led approach, human resource management has also been developing its approach to meet the needs of organisations. Professional development has to be put into the business context to ensure that investments in staff are targeted to meet institutional strategies. This approach can also be applied to groups of separate institutions to determine a sector-wide strategy, such as the method UWASNET has taken in developing the whole of the NGO sector working in water and sanitation.

Staff development is a cycle of assessment within an organisational strategy, followed by actions to enhance the resource and finally by assessing the impact and the areas in need of further development. This change moves from a one-off "training needs analysis" exercise to on-going "skills analysis" – centring the development of people in their job, the organisation and the sector objectives. Evaluation of need and impact occur at the start and finish of the development cycle.

Initial study
    To understand the sector objectives
    To analyse the current and desired positions
    To define and document the approach
Skills analysis
    To define job roles and attributes
    To identify current skills levels and knowledge
    To produce the skills matrix
Design
    To balance organisational and learning objectives
    To stimulate effective learning
    To deliver innovative learning options
Delivery
    Through effective training project management
    Externally or through a 'train the trainer' programme
    To ensure effective learning transfer
Validation
    What did the staff/ partners/ community learn?
    How much has transferred back into the workplace?
    What are peoples' options for professional development?
Evaluation
    Did the training achieve its objectives?
    What impact has the training had on organisation and sector objectives?
    Feedback into ongoing organisation and sector review

Source: Adapted from Thomas Telford Training

Example of a training model – an on-going process of professional development

3. Managing capacity building

3.1 Establishing the need

One of the problems is measuring the value of the human resource. HRD is just a tool in HRM and so the quality and quantity of the human resource is the primary measurement, not the tools used to develop it. As elsewhere, HRD is moving from measuring the quantity of the input (e.g. numbers of training days) to trying to quantify the outcome.

3.1.1 HRD indicators

The development of indicators for human resource development have to be based close to the subject being measured (i.e. focusing on the individuals groups and communities involved and the tasks that each is performing). Unless this assessment is part of a sector-wide or organisational strategy that incorporates milestones, the assessment will result in loss of meaning. For example an indicator such as number of training days a year gives a measure of the amount of activity but

not the quality or impact of the work. Training can even have negative impacts on an organisation's goals, if time and money are spent on inefficient training rather than more important work.

> **Measuring and managing resources**
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> The primary indicator of transport facilities are the number and types of vehicles available. A secondary indicator is the amount of maintenance needed to keep the vehicles working. Knowing the state of the transport facilities allows the correct amount of maintenance to the planned, rather than waiting for vehicles to break down. The development of a Performance Measurement Framework allows the tracking of the inputs that contribute towards a target and identifies where extra resources are required.

3.1.2 Setting the level of investment in the human resource

Lack of an adequate HR indicator means that the impact of HRD cannot be measured, so:

- the value of the human resource is underestimated;
- the value for money of training and workshops cannot be adequately assessed;
- the decision to buy-in skills or retrain workers cannot be made;
- the correct amount of investment required in HRD is difficult to quantify; and
- reporting on HRM/ HRD in the context of the sector's achievements is impossible.

The 2003 rural water and sanitation issue paper raises the valid concern that the money being spent on capacity building may or may not have the same impact on services as investment in direct implementation. Issues of sustainability of the human resource and the sustainability of the physical infrastructure are interrelated. The importance of communities is well recognised, but again, what level of investment is cost-effective? The quantity of investment has to be closely related to the quality of the investment.

"… capacity building has to be effective and well coordinated. USD 27 million can easily be wasted in training programmes, workshops and seminars of little use and where the bulk of the cost is spent on allowances, food and conference facilities. This is the real challenge; i.e. to provide relevant cost-effective training, eventually resulting in the assumed sustainability improvements. A certain amount spent on a training programme requires a lot more personnel resources than the same amount being spent on hardware."[2]

3.2 Internalising HRD

If managers cannot measure a resource, it is difficult to control. Costs and benefits of training, the long-term strategic development of skilled personnel and the interrelationship between expenditure on staff and expenditure on activities can be undervalued.

3.2.1 Management responsibility

In the water and sanitation sector engineers fill many of the management positions. Technical training gives these people an excellent foundation in dealing with management of physical resources, with budgets, construction timetables and deployment of machinery. However, engineering training has often neglected developing managers' ability with more abstract matters. For example sustainability, poverty, gender, inter-disciplinary approaches and environment are diffuse subjects, engineers' ability to deal with them still requires improvement. Technically focused staff try to constrain these "softer" issues, looking at membership of committees, out-sourcing implementation, checklists for EIAs or strict pollution standards, rather than taking a more holistic view. The development of staff has a similar pattern, where 'engineer-managers' can easily identify technical training (such

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[2] Draft issues paper no. 2 (version 15 August 2003)

as operation of treatment plants), they tend to be weaker with less tangible professional skills, such as getting the best out of people at work. This leads to a vicious circle of devaluing management skills and other hard-to-measure attributes.

Outsourcing or mainstreaming?

One option often used is to externalise the issue, separating out the job descriptions – so for example "gender" is often dealt with by gender experts rather than technical experts. Gender activity is considered to be dealt with by ensuring women attend meetings rather than through reducing the burden on women and children through the design of water and sanitation facilities. HRM is also often treated as an external issue, unlike financial management, which is recognised as a core responsibility. Identifying staff's on-going training needs is just important as developing annual budgets and cannot be divorced from the planning. If managers are to maximise the performance of their staff they need to take responsibility for staff development and HRM themselves rather than delegating control to an expert who may not appreciate the work priorities. Recognising the value of staff leads to further investment and a virtuous circle of continuing professional development.

3.2.2 Impact on outcomes

The undervaluing of the human resource has less obvious impacts. Lack of an institutional memory (relying on individual staff experience and informal communication) means that work (and mistakes) is often repeated, leading to wastage. Reliance on project-based work tends to mean that each project starts again on a cycle, rather than building on experience and existing knowledge. Inadequate staffing (both in quantity and quality) can result in real financial losses. A study noted that 33% of expenditure on water and sanitation services was wasted due to poor value for money, partly due to "*inadequate orientation of the district staff to effectively supervise the works*". (Directorate of Water Development - Technical Audit/Value for Money in TSU 8 Districts for FY2001/2002. Kabale District Report, 2003.)

3.3 Changing how we think and act

Good practice in human resource development is easily explained and generally makes sense. However, it is more difficult to take responsibility and action. It is clear that a financial manager has prime responsibility for the work performance of accountants and book-keepers (and takes steps to manage and improve their performance), so all managers should accept responsibility for the training and development of their staff. This does not mean acting in isolation but rather working directly with other managers, training and personnel staff to identify and prioritise HRD needs and contribute to the shaping of cohesive corporate human resource strategies. This is particularly challenging where heavily centralised decision-making procedure is being thrust into a decentralised structure.

All this points toward the need for a shift in the way we think and act in relation to HRD. Attitudes towards training and the prevailing organisational culture regarding learning and access to it, risk undermining the skills people have and their willingness and ability to participate in change.

3.3.1 Taking responsibility

Although organisations have book keepers and accountants to support financial matters, the prime financial responsibility lies with management at every level. Similarly, although assessing and managing the human resource is a skilled task, it is the responsibility of each manager. Support may be given by a human resource professional and administration of training can be carried out by dedicated staff, but supervision and development of individuals is a core management activity.

Subsidiarity is moving management responsibility down to the lowest reasonable level. The different aspects of HRM and HRD need to be developed to different extents at different levels; technical staff are being given more responsibility so need the skills to manage delivery. Sector wide and

strategic responsibilities cannot be delegated and there is an argument for giving HRM a higher status within the organisational structure to reflect its importance. For example, for NWSC, staff costs are one of the biggest areas of operational expenditure[3], exceeded only by plant costs. Managing that expenditure is a key activity if the organisation is to produce value for money.

Decentralisation and fragmentation of the sector will mean that it is becoming more difficult to provide HRM support, hence district engineers being provided with interim support through the TSUs. Increasing private involvement may promote a short-term approach to staff training and lead to qualified and experienced staff being poached from government and NGO organisations The human resource of the sector is a common resource and may be vulnerable to market forces.

Supply and demand

The demand responsive approach recognises the role the consumer of a service has in demanding how it is delivered, rather than just accepting what a supplier offers. Assessing the human resource will enable managers to demand investments in their staff and provide evidence for that demand. The suppliers of capacity development are organisations that can deliver individuals with increased skills, knowledge and experience, such as universities and colleges.

3.4   Meeting demand

Uganda does have a wide range of educational establishments catering for the water and sanitation sector, from technical institutes to post-graduate courses at university, including specialist organisations such as the Mbale School of Hygiene. Beside the formal educational establishments, there are NGOs, in-house training centres, consultants and trainers available to run courses and workshops. However the supply side of the sector can only provide relevant staff development if it knows what is required by the industry.

Although the parallel with demand responsive approaches is useful, caution must be used. Provision of demand-led professional development needs to consider *whose demand?* Individuals may have different priorities to an organisation, especially when an organisation is trying to re-train technical staff so they can take on more commercial, regulatory or facilitation roles, rather than direct implementation. Informing demand should align personal career development with the aims of the organisation and the sector.

3.4.1 Bringing supply and demand together

International research by the UK Water, Engineering and Development Centre (WEDC) has shown that the water sector in various countries is under-going institutional change. This change needs to be managed, with attention being paid to the changing needs of the sector's human resources. Educational establishments can provide support with both expertise and training to meet changing circumstances but only if they have the right communication with the employers to understand the needs of the workforce in a changing environment. However, educators in turn need support to respond to the changes in their work – in terms of training material and modes of delivery. Some efforts have been made to establish networks of capacity building organisations, but these have not always proved to be effective or sustainable. However, lessons can be learnt from successful examples, to improve the contribution all stakeholders can make to the goals of the sector.

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[3] In the budget for financial year 2002-3, staff costs were 26% of the operating expenses, plant costs 29%, admin was 24%, supplies and services 10%, premises 3% finance 1%.

4.   Current activities

At the moment an assessment of HRD activities in the Ugandan water sector is being facilitated by WEDC[4]. Consultations have identified many worthwhile HRD activities within the sector, examples of which are given below.

4.1.1 Creating the institutional environment: UWASNET capacity building framework:

This framework was developed by local consultants co-ordinated under WELL[5]. It has taken a process-based approach to help individual and groups of NGOs to clarify their role in the sector and identify human (and other) resource limitations that limit them from fulfilling their role. The first stage has two strands, one facilitating NGOs to determine their vision, mission and organisational structure as a precursor to identifying their resource weaknesses. The second strand sets up a framework for NGOs to work together on capacity building activities, locally, regionally and nation-ally, prioritising needs, identifying capacity building opportunities and accessing funding.

4.1.2 Motivating staff: NWSC stretch out programme

The core strategy for meeting NWSC's key targets is centred on good management, such as "one minute management". This has placed managers at the centre of meeting the organisation's goals. The Corporation's "stretch out programme" has incentives to motivate staff in meeting operational and financial targets. This recognises the staff's key role in maximising the return on the other (fi-nancial and technical) resources and rewards them when targets are met.

4.1.3 Developing skills to meet emerging needs: Makerere University

The Faculty of Technology is running a scheme to train engineering students through district fo-cused internship attachments. This is designed to give students some practical experience to com-plement their theoretical training. It will also help them understand the needs of future employers – especially in rural areas were there is a need for suitably qualified and motivated staff. For the em-ployer, the presence of skilled staff will improve the supervision of construction of water and sanita-tion facilities. This project has the additional benefit of bringing university staff into contact with engineers in the field, enabling lecturers to understand the needs of district engineers more com-prehensively and adjust teaching to suit the requirements.

4.2   Initiatives

The current consultation is identifying a wide range of initiatives and activities, from universities, colleges, employers, donors, international organisations and NGOs. These cover all aspects of ca-pacity building, from resources centres to curriculum change. The number of sector-based work-shops is an indicator of the quantity of capacity building activities, but obscure the direction and impact of all the separate initiatives. Funding does not seem to be the barrier to improving human resources in the sector, rather the need for the level of co-ordination that has been developed in technical areas under the sector-wide approach.

5.   Training for Real

In recognition of the needs and problems associated with capacity building, a project focusing on the sector-wide issues of capacity building was started in July 2003. It aims to look at the founda-tions of human resource development, rather than a piecemeal review of curricula, courses or

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[4] The Training for Real project is being carried out under the SWAp and involves staff in the UK and Uganda.
5 WELL is a DFID funded resource centre, providing information and advice to governments (national and local), and NGOs working in water, sanitation and environmental health. See www.lboro.ac.uk/well for more information

workshops. By improving the communication and mutual understanding of organizations supplying and demanding capacity building, the targeting of activities could be improved and a more focused, sustainable and cost-effective workforce should emerge – for the whole sector. One round table meeting of key personnel has already taken place and a further is planned for the end of October, building on the findings of the consultation stage and the Joint Sector review.

5.1   Issues arising

The consultation stage of the training for real project has identified a range of questions besides the more fundamental questions of the quality and quantity of the investment required.

What the consultations are showing

- There are many capacity building initiatives; are they all necessary? Should they be co-ordinated? Can the stakeholders retain ownership of shared initiatives? Who should champion capacity building in the sector and at what level? Should this be organised at MWLE, DWD or sub-sector level?
- The various asset holding, regulatory, enabling, co-ordinating and monitoring roles that are emerging within the sector mainly focus on concrete activities, financial issues, contractual and performance monitoring. Human resources can form the major asset of some organisations, so should human resource development be added to the regulation remit?
- Each sub-sector and organisation has highlighted the need for capacity development. Is a human resource development strategy needed for each sub-sector? How should a sector-wide strategy be developed? Can the process move from isolated training-needs analysis to skills analysis and continuous professional development?
- Training materials: recent initiatives such as the MoH/ SIDA/ UNICEF booklets on sanitation promotion have provided good material for advocacy and training. What other material is needed? Who should provide it and how they can be adopted sector-wide?
- Training formats: are workshops the best way to develop staff? What is the most efficient way to provide effective training?
- Incentives for training; how can short-term financial remuneration (e.g. workshop allowances) be adapted to motivate individuals towards long-term career growth and organisational development?
- In order to provide targeted training, task allocation and job descriptions are required. Increasing movement of staff between institutions will require understanding, recognition and acceptance of work experience throughout the sector. Is some sort of common understanding needed in order that educational establishments and professional institutions can provide managers, engineers, socio-economists and technicians for the whole sector?
- Resource centres: DWD has a library at Luzira, water resources information is held at Entebbe, NWSC has a vocational training centre at Bugolobi; universities have libraries and laboratories for training students; the UWASNET consultation on capacity building noted the need for accessing resource materials. IRC/SNV are facilitating the development of a further resource and information centre network. How should resource centre initiatives be rationalised, co-ordinated and monitored?
- The Performance Measurement Framework will have an impact on how resources are allocated. What indicators of HRM and HRD will best suit the sector?

5.2   Future work

The training for real project is still gathering information and opinions from stakeholders in the sector, indeed monitoring the discussions of the Joint Review is part of that consultation process. However some indications of what is required are beginning to emerge.

- There is clear demand for an improvement in the management of capacity building sector-wide – in terms of content, delivery and value for money of training and related activities.
- A human resource strategy is needed to provide direction and co-ordination. Strategy has been developing through the sector wide approach for the delivery of water and sanitation services, but has not extended to the management and development of human resources.
- Communication between capacity development providers and employers in the sector is vital and appears feasible with the correct facilitation.

- What are the real incentives for training and drivers for change?

Whilst there are many other detailed points that could be addressed, these need to be placed in a wider strategic context. The original proposal for the *Training for Real* project focused on the issue of improving the demand and supply of capacity building, to provide

"*Motivated and responsive HRD and training providers, better equipped to provide employer* relevant *professional development of water and sanitation sector staff*"

However the first stage of the project has identified that HRD suppliers can only meet the needs of the sector if the sector knows what those needs are. This requires a sector-wide HR strategy. Whilst a dialogue between the different stakeholders is still essential, this will only provide part of the action needed to streamline training initiatives. The previous research done in this area demonstrates that there is no simple blue-print for HRM and HRD. The methods and tools required will need to be selected to suit the local situation and need to be selected by the people who will use them. A "standard solution" will not work effectively – just as demand responsive approaches have demonstrated in water supply design.

Putting human resources the foundation of strategy

The development of a performance measurement framework offers an ideal opportunity for a strategic look at how capacity development and training fit into the overall sector. This will allow investments in staff to be placed alongside other investments, to ensure it is adequately resourced and prioritised.
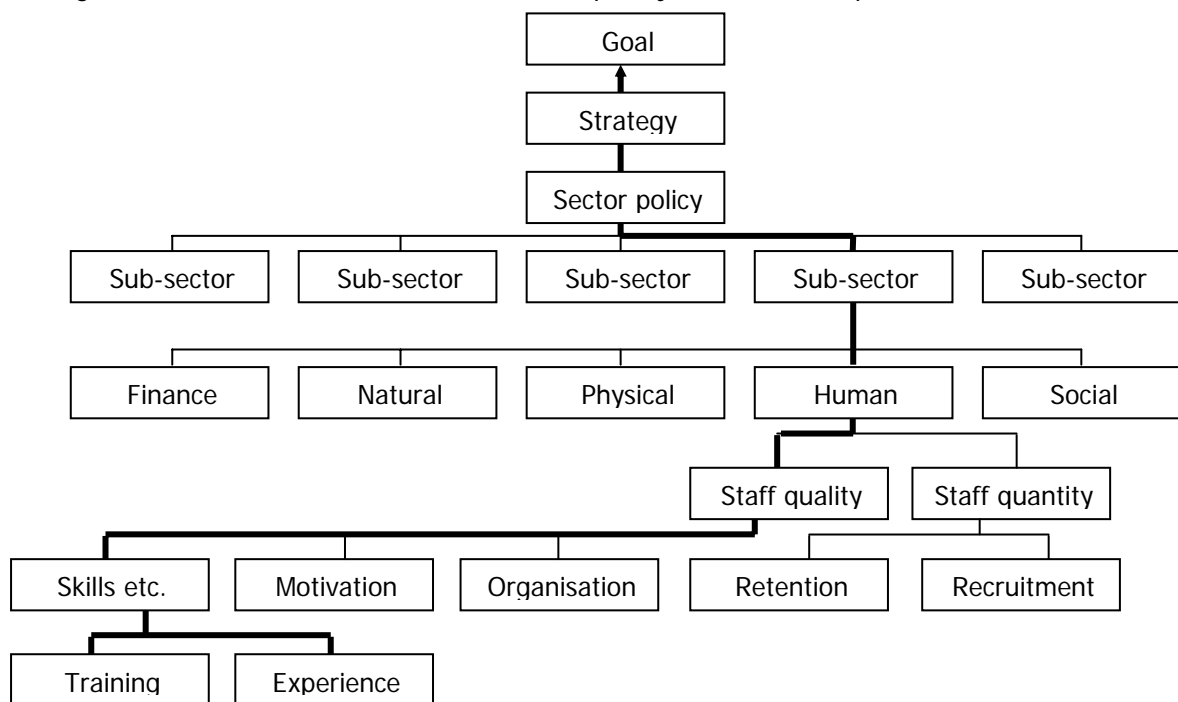
Although staff form the foundation of an organization, responsibility for HRM needs to be at the top level.

5.2.1 Next steps

The initial stage of the *Training for Real* project was designed to verify if the activities planned for the main part of the project were required and feasible. Whilst this is appears to be the case, the questions about value of capacity building investments have broadened the requirements from just promoting dialogue to the need for a common human resource strategy for the sector, bringing together the different components (sub-sector managers and training suppliers) in a co-ordinated fashion. However, in order to develop a such strategy, the process needs to be agreed by the stakeholders, the need for a strategy accepted and appropriately championed.

The project offers an ideal opportunity to build on the current dialogue on capacity building in a changing institutional environment and move towards the development of an appropriate strategy, but this will require alterations to the original proposal for the next project stage. Depending on the discussions at the sector review, the project team will propose that the next stage is altered to not only work on improving the dialogue between capacity building suppliers and employers, but that a process is developed to formulate a human resources strategy for the rapidly evolving water and sanitation sector. This will be tabled at the next *Training for Real* round table meeting in October.