GUIDELINES FOR INSTITUTIONAL ASSESSMENT WATER AND WASTEWATER INSTITUTIONS

WASH TECHNICAL REPORT NO. 37

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WATER AND SANITATION FOR HEALTH PROJECT

Operated by
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Prepared for
Office of Health
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Activity No. 146

WASH Technical Report No 37

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Prepared for the Office of Health,
Bureau for Science and Technology,
U.S. Agency for International Development
under WASH Activity 146

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GLOSSARY

Institution: An organization which is responsible for providing services in either urban or rural areas. The institution may be either an urban utility or the rural worker department of a government ministry.

Institutional Assessment: A systematic procedure for assessing the performance of an institution based upon the use of standards or performance indicators. The final output of an institutional assessment is a profile of institutional strengths and weaknesses which have been analyzed by major category of institutional function.

Output Measures: Specific measurable elements related to the actual current performance of the institution in delivering its product (the provision of water and the removal of wastewater). Output measures relate to the qualitative and quantitative results of the product, and also to the final results of delivering that product.

Performance Category: A set of related skills, procedures, and capabilities which define a particular area of institutional function or performance. A performance category describes a generalization or pattern of performance which can be observed or verified through research. For purposes of institutional assessment, a performance category is a major area of inquiry (e.g. leadership, autonomy, commercial orientation, management and administration).

Performance Indicators: A set of specific measurable behaviors or procedures related to a performance category which, when analyzed together, indicate the degree to which competency standards are met in a performance category. The performance indicators used in these guidelines were determined on the basis of observations of successful performance carried out by currently operating institutions.

WASH: Water and Sanitation for Health Project. A technical assistance project sponsored by the U.S. Agency for International Development (AID) which is centralized in Washington, D.C.. The project is designed to provide technical support to AID missions and bureaus in water and wastewater, sanitation, and related health areas.

Chapter 1

INTRODUCTION

A. Overview of the Guidelines

The purpose of this document is to provide a set of procedures which will assist in the diagnosis of institutional deficiencies in the water and wastewater sector. Institutions are defined as those organizational entities which are responsible for providing water and sanitation services in either urban or rural areas. The recent history of development assistance work indicates that the fundamental problems facing the sector are institutional in nature. Institutional problems are qualitatively different from specific technical or procedural problems. They affect broad areas of operational performance and therefore are "crosscutting." Organizational autonomy is a good example of this. Organizational autonomy is the degree to which an institution is able to make and carry out a series of decisions which profoundly affect performance in most areas (staff hiring, setting tariff rates, budget development and control, planning, and investment). Autonomy is one of many institutional issues addressed in this document.

Because institutional problems are interwoven through technical and functional areas, the process of diagnosing these problems requires a fundamentally different approach to problem identification. Most past efforts have paid insufficient attention to institutional problem diagnosis. Often deficiencies in an easily identifiable area of institutional performance are identified as the primary problem, when in reality the deficiency identified is merely a symptom of a larger problem.

For example, the need to rehabilitate inoperative plant systems is often identified as a primary problem for many development projects. Taken in isolation as a technical problem, this ignores more fundamental institutional issues such as the need for maintenance management systems, establishment of policies emphasizing operations and maintenance, development of training capability to improve staff skills in supervision and operations and maintenance, and the lack of management leadership to deal with the problem. This is an example of misdiagnosing the problem by ignoring institutional deficiencies.

The approach used in these guidelines focuses on problem definition and identification in institutional areas; it is interdisciplinary and seeks to identify crosscutting issues; and it is designed to avoid the temptation to jump to quick-fix solutions while ignoring the more difficult and basic issues. The methodology used for institutional assessment is based upon team field investigation procedures which identify, define, and verify institutional performance using indicators which have been pre-identified. Performance indicators are grouped according to categories of institutional function. These have been developed o on the basis of field tests conducted by analyzing factors of success or excellence in institutional performance as actually practiced by water and wastewater institutions in two development settings overseas.

The end product of the institutional assessment procedure is a defined profile of institutional strengths and weaknesses which can be used for designing institutional improvement projects.

B. Purpose and Need

Over the life of the Water and Sanitation for Health (WASH) Project, a number of requests have been made for assessing a variety of institutions or diagnosing institutional problems as a first step in the design of an improvement project. Following these assessments, outcomes have taken the form of project designs for institutional development or specific technical assistance in identified problem areas.

These activities represent a growing trend in the donor/lender community in the water and wastewater sector. From September 1974 to March 1982 "905 AID projects [in all sectors] were identified that AID had explicitly coded 'institution building' in its automated data base."[1] During the past several years WASH assessment teams have completed institutional assessment activities in a number of countries, including Sri Lanka, Thailand, Egypt, Zaire, Oman, Jordan, and the Philippines. The total project investment (AID and host country) projected for these activities is in excess of $100 million. All of these assessments have led to projects aimed at institutional strengthening in one form or another. During the process of developing this document, discussions have been held with project officers from the Pan American Health Organization (PAHO) and the World Bank which substantiate the investment and technical assistance trend towards institutional development.

These efforts would benefit from clearly specified guidelines for conducting institutional assessments in the water and wastewater sector. This institutional assessment procedure has been developed by the WASH project in response to the need in the donor/lender community at large and the particular needs of AID.

WASH has also produced a companion document, Managing Institutional Development Projects: Water and Sanitation Sector (Technical Report No. 49). This document offers guidance in designing and managing institutional development projects. It recognizes that even if institutional development projects are based on a sound institutional assessment and are well designed, they still need special care to make them work.

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[1] S. Barnet and N. Engle, Effective Institution Building, A Guide for Project Designers based on Lessons Learned from the AID Portfolio. (USAID, March 1985).

C. The Approach

The approach taken in these guidelines is to assess the institution itself and not the sector. The general environment fostered by sector policies is central to the success of a water or wastewater institution, but the assessment of that sector is not the focus of this document. The approach takes into account the outside environment as one factor that needs to be dealt with.

The institutional assessment procedures presented in these guidelines are based upon the use of pre-identified institutional performance categories. A performance category is a set of related skills, procedures and capabilities which define a particular area of institutional function or performance. Based on field research carried out to develop these guidelines, nine categories were identified. They are listed below and described in detail Chapter 4.

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

All institutions will contain varying degrees of capability in each of these categories. The assessment process requires that a determination be made of the degree of successful institutional performance. Each category is ranked using the performance indicators high, medium, or low. Each indicator can be measured or validated through field investigation. Specific instructions in the use of these performance categories is presented in Chapter 4.

The process of assessing institutional performance with this procedure can be extremely useful. It is based upon observable performance which can be looked at by more than one person and verified. It allows several people to participate in the assessment process while using a common framework. At the end of the process, a detailed profile of the institution is drawn. This profile indicates the specific areas of strength and weakness. Any problems are clearly and comprehensively defined--normally the most difficult and least effective part of project design. These problems are defined in relation to a comprehensive picture of the total institution in its external and internal operating environment.

This comprehensive profile is provided by using the key indicators to systematically investigate each performance category, rating the indicators with supporting data, and then analyzing the data for patterns within and among categories. The data analysis process includes a priority ranking scheme for the performance categories. Specific instructions on how to analyze the data are presented in Chapter 4.

Once the problems are clearly defined, the decision should be clear on the type of improvements indicated (a long-term or short-term project, policy dialogue between the lending agency and the host government, targeted technical assistance or other projects).

D. Potential Users of the Guidelines

There are a variety of potential users of this document:

- Managers of water and wastewater institutions
- Project development officers who work for donor/lenders
- Project assessment/development consultants and teams
- Evaluators
- Project managers.

This document is designed for use by two groups: those who sponsor institutional strengthening activities and those who conduct field investigations leading to project design. Sponsors include donor/lender agencies, governmental ministries, and top management of water and wastewater or sanitation institutions. Investigators include donor agency project officers, assessment teams, consultants, and individuals within institutions (such as planning departments, internal management consultants or management officers).

For sponsors, the intended use of this document is to provide a clear and practical approach to institutional assessment. After reviewing this guide, they may decide to proceed with an institutional assessment. These guidelines should help them to understand the appropriateness of an assessment activity in institutions for which they have responsibility. Additionally, information is presented here about the preparatory work needed before beginning assessment. Some data should be collected in advance and a series of arrangements need to be made. These are detailed below in Chapters 2 and 3. Sponsors could also use this document to review the status of an institution or project (as a yardstick to determine how the institution is performing).

E. The Type of Institutions for Which the Guidelines Are Suitable

The guidelines may be applicable to

- Water supply or wastewater institutions
- Municipal or regional, state or national governmental authorities
- Private or public institutions
- Urban, rural, or village entities.

The guidelines were designed specifically for institutions with responsibilities for water supply or wastewater, or both. The field studies on which the guidelines were based were conducted at relatively large urban and state-wide institutions whose primary focus was on urban water supply, with significant responsibility for rural water and some urban wastewater systems.

The agency selected for an institutional assessment should have a specific and focused responsibility for delivering water and/or collecting and disposing of wastewater. A less suitable example would be a national organization, such as a Ministry of Rural Development, with responsibility for agricultural and other infrastructure elements as well as water supply and wastewater. In addition, the guidelines might be useful for evaluating the effectiveness of the water section of a combined water and power institution.

F. Applicability to Varying Contexts and Cultures

Institutions and organizational structures in the sector vary considerably throughout the world. The procedures are designed to be sufficiently flexible to take variations into account by analyzing the institution within the environment in which it operates. An early identification of mission and goals is a key determinant to organizational structure and function. The way an institution is organized to carry out these functions may vary within the cultural, social, and political context for very good reasons. What is important is the effectiveness of institutional performance within the context. This approach does not assume that all institutions should follow a set functional or structural pattern, but it does define success as meeting defined performance indicators.

G. Applicability to Sectoral Assessments and Institutions in Other Sectors

These assessment procedures are designed with a focus on organizational performance; they are not designed superficially for broad sectoral assessments but could be used as such with modifications. It would be necessary to consider broader issues in more depth (e.g., linkages between entities involved in the sector and comparisons among them, national policy

environment, sectoral trends, long-range demand, manpower supply, sectoral organization, economic climate, beneficiary and social organization, and the relative state of current technology). The indicators used within the model presented would need to be amplified, as well, to focus on an entire sector.

Although this model is designed specifically for performance in the water and wastewater sector, nearly all of the categories of analysis are applicable to other sectors if the analysis is focused on the performance of the institution. The category of technical capability would require different indicators for different sectors. Consumer and commercial orientation may require reframing, depending upon the nature of the service provided by the institution. The methodology of the approach, however, is probably transferable.

H. Team Composition

In designing the guidelines it was assumed that normally a donor/lender agency would sponsor the assessment. However, it is also possible that the general manager of an institution might wish to request an assessment and manage it internally. The institutional assessment procedures which follow are designed to be conducted by an assessment team which is external to the institution. The following comments will provide guidance for assessment team selection.

There are many variations in background possible for the assessment team which will use these guidelines. However, there are certain skills and knowledge which all team members must have in order to carry out the assignment. These include experience and/or demonstrated skills in

- Data gathering techniques, especially interviewing
- Familiarity with utility operations
- Development perspective/project development
- Cross-cultural sensitivity.

The assessment procedures require a minimum of three persons for an in-depth assessment. For larger institutions, four may be necessary; for smaller institutions or rapid assessments, two persons may be possible. The combined skills of the team should include the following subject area and background mix represented at a professional level of experience:

- Organizational/institutional development and training
- Utility management
- Engineering in water/wastewater
- Economic and financial skills.

Additional supportive or useful skills on the team include social and beneficiary analysis, stores and supplies, evaluation of development projects, policy analysis, management sciences, and health experience.

I. Uses of the Guidelines

Since the guidelines were initially developed, they have been used in a variety of ways, not only in AID, but also in other agencies. Following is a sample of the uses of the guidelines:

- Assessing the effectiveness of an institution as part of project design efforts
- Developing terms of reference for an institutional assessment
- Using them as a checklist for monitoring an institutional development project
- Providing the basis for a management training course, especially for the development of organizational performance indicators
- Designing an evaluation of the institutional component of a water supply project
- Discussing institutional strengthening with the director of a water supply agency.

Chapter 2

INSTITUTIONAL ASSESSMENT: AN OVERVIEW OF THE PROCESS

A. The Process of Institutional Assessment: Procedures

The following chart represents the major steps in the institutional assessment procedures. It is the sponsor's task to carry out steps 1 through 3 prior to the arrival of the assessment team. The results of these steps need to be communicated to the team and built into the scope of work of the team. The team will carry out steps 4 through 6. A note about terminology in the chart: "sponsor" is the donor/lender agency which funds the institutional assessment activity; "team" is the outside assessment team; "institution" is the water or wastewater organization which is being assessed. "Organization" and "institution" are used interchangeably.

	STEP	TASK	RESPONSIBLE
1.	Assess Output Measures	• Initial discussions with institutional leadership/idea promotion • Preliminary data collection of output measures • Analysis of outputs • Determine need for institutional assessment • Make go/no-go decision	Sponsor
2.	Agreement with Institution	• Explain process in detail to decision-makers and get agreement and clarity on expectations of end products • Discuss mission of the institutional assessment team and agree on goals and scope • Develop written scope of work • Determine team composition	Sponsor

3.	Prepare Institution for Team Entry	• Discuss arrangements with key managers in institution and form review committee with concurrence from top	Sponsor
		• Make arrangements for team's entry meeting with top management	
4.	Collect Data	• Team meets with top management and review committee to begin process and clarify scope of assessment work	Team
		• Use a variety of methods: interview, observation, job audits, reading, survey instruments	Team
		• Take diagonal "slice" of organization	
5.	Analyze Data	• Independent Analysis	Team
		• Team Analysis	
		• Look for major patterns and themes	
		• Share initial analysis with organizational review committee/leadership	
6.	Diagnose Strengths and Weaknesses	• Compare patterns/themes against performance	
		• Prepare written profile	
		• Present analysis to appropriate decision-makers and organization	Team
----------POST ANALYSIS: NEXT STEPS----------			
7.	Design Project or Development Activity	• Plan with client institution needed project or improvement activities based upon diagnosis, priority problems, and resources	Sponsor
8.	Implement Institutional Strengthening Activity	Implement such activities as proposed and agreed upon	Sponsor/ Inst./ Consult-ant as needed

Steps 7 and 8 of the model are design/implementation steps and, as such, go beyond the scope of the institutional assessment model. They are included here to show the sequence and relationship between institutional assessment and improvement activities. Throughout the rest of the document, the focus will be mainly on the steps involved in institutional assessment (steps 4, 5, and 6).

The remainder of this subsection is intended to provide an overview of each of the steps outlined above. Some of the steps will be described in more detail later in the document.

Step 1. Assess Output Measures (refer to Chapter 3 for more details)

This step is a preparatory work phase designed to determine whether there is a need for institutional assessment. In this pre-assessment step, one way to determine the effectiveness of the institution without looking inside is to examine its product or output. This can be done by determining a series of output measures and comparing performance against these measures. If the comparison of output measures against performance suggests problems, then it becomes necessary to look inside the institution to see what might be causing the problems. Looking inside the institution in this context is the institutional assessment.

The assumption here is that, given a world with limited resources, planners need to conduct an initial assessment of external indicators to gauge the present level of institutional effectiveness. If the level is such that it appears to be satisfactory, then a decision may be made to use resources to assist other institutions or institutional clusters that may be more in need of assistance. Such a determination may be made by evaluating data provided by the institution according to a series of output measures (e.g., debt-equity ratio, unaccounted water loss). The next chapter discusses in more detail the kinds of output measures that might be considered and some ways in which they might be interpreted.

Once this pre-assessment step has been completed, a go-no go decision needs to be made. This kind of decision will never be simple, as it will be based on a blend of output measures, many of which have different standards depending on which part of the world a particular institution is in. The data may have to be interpreted in a comparative manner (i.e., How do other similar institutions in this country or geographic area compare? Is this the institution that can best benefit by an institutional assessment activity?). Of course, if a major infusion of funds is being considered for a particular project, then it makes sense to do an institutional assessment in order to make best use of any concomitant institutional strengthening activities.

During this phase of the work, it will be necessary for the sponsor of the assessment to enter into a preliminary discussion with the institution in order to obtain the necessary information. Early indications of interest by the institution in this activity should be determined at this point. Assuming that a decision has been made to do an institutional assessment, the next step is for the assessment team to enter into a dialogue which will determine and explain the scope of work to the organization and further determine if it is possible to conduct the activity.

Step 2. Agreement with Institution

Given the preliminary interest demonstrated by the institution in an assessment activity, the next step is to discuss the institutional assessment in detail with key management and obtain a commitment to proceed. Decision-makers in a particular institution may agree to an assessment process for any number of reasons. It is essential that they enter into this activity as willing and understanding partners in the whole undertaking. Benefits and expected outcomes should be explained. In developing these agreements with the organization, every effort should be made to make it a truly collaborative effort. This often requires some give and take.

Decision-makers will need to understand that the assessment team will require access to a broad range of institutional information and staff. A scope of work should be written and management agreement to it obtained. At the same time, specific requirements for team leadership should be determined (refer to the skills required of the team, Chapter 1, Section H) and discussions and arrangements to secure the proper team and team leader should be made with the appropriate headquarters offices of the sponsoring agency.

Step 3. Prepare the Institution for Team Entry

At this point there is an agreement in principle between the sponsor and the institution to proceed. The next step is to reach specific arrangements and detailed understandings in order to ensure that the activity is managed smoothly and the team is able to conduct an intensive activity in a relatively short time. During the preliminary talks, the focus was on a general understanding of the process of institutional assessment, the benefits of it to all concerned parties, and the ultimate end product. It is important that key officials understand the specific commitments required of them at this point.

Some specific procedures need to be clarified and agreed upon. These include at least the following: Who will be doing the institutional assessment work and when? Who is the team leader? What are the performance categories being used? What assistance is the institution expected to provide? What time period will it require? What checkpoints are there? When will data be shared and with whom? What results will be shared with people from the institution who participate in the process?

These questions will be answered at a meeting with all the major interested parties present (who may serve on a review committee set up during the assessment to review and guide the team's work). It is useful to follow up this meeting with a short written confirmation of agreements about key issues.

Step 4. Collect data

Institutional assessment activities can best be carried out by a multi-disciplinary team. The team will use a variety of data collection methods, including interviewing, observation, job audits, document review, and simple surveys. Data can be gathered from a diagonal cross-section of the institution

by examining different levels of the organization as well as different departments. Knowledgeable institutional "insiders" can be key in the planning for this stage, as they can help construct these diagonal slices. In addition, the data collection phase needs to be designed to provide sufficient information about each of the performance categories.

The most difficult task for the institutional assessment team at this point, especially if it is very experienced, is to avoid premature judgments (e.g., "Oh yes, this is just like..."). Such preliminary judgments should not be shared among team members as they go about the data collection process. The data must be allowed to emerge and not be evaluated too quickly or forced into preconceived categories during this phase.

Giving instant advice while gathering data is another temptation to be avoided. This, of course, however well intended, defeats the whole process of institutional assessment and turns it into individualized expert consulting.

Data collection may take anywhere from one to three weeks, depending on the size of the team and the complexity of the institution.

Step 5. Analyze data (see Chapter 5 for more detailed information)

After the data is collected, an analysis phase begins. The first step in this process requires that each team member conduct an analysis individually. In doing this, one sifts through the data looking for significant patterns and themes. The team members then come together to share their individual analyses and to develop some shared patterns and themes. This approach normally generates a substantial amount of significant data. Important patterns generally emerge in the early team meetings.

At this point, the results of the initial data analysis can be shared with key decision-makers within the institution. Their reactions and comments may help to strengthen and clarify the initial data analysis, as well to keep them involved at important phases of the process.

Step 6. Diagnose Strengths and Weaknesses

Once the data analysis is reasonably completed, the patterns and themes which emerge are sorted and placed under the relevant performance categories. The team then analyzes the data for evidence to support high and low performance for each indicator. After considering all the indicators in each category, the team arrives at an overall assessment for each one. The output of this process is intended to provide a clear diagnosis of strengths and weaknesses within each area, as well as an overall diagnostic comparison among the various performance categories. This is the output of the institutional assessment process; it should serve as a clear map for future action to help the institution build on its strengths and improve its weak areas.

This final diagnostic step should be done with key decision-makers (possibly the review committee) in the institution. The best forum for sharing the results is in a face-to-face meeting near the end of institutional assessment

the process. Reactions and contributions by key staff may contribute to some final adjustments of the diagnosis and can help clear up ambiguities in the diagnosis.

The analysis and diagnostic steps can take from three to six days, depending on the number of team members and the complexity of the organization.

Steps 7 and 8. Design and Implement Improvements

These particular steps occur after the institutional assessment has been completed and, as such, they go beyond the scope of this document. They are included here only to point out the relationship between diagnosis and design and project improvement activities. Using the diagnosis which emerges from this process allows for a much more focused approach to institutional strengthening. It helps avoid projects wherein design and project activities are undertaken without adequate diagnosis and which result in relatively parochial or ineffective improvement designs.

B. Managing the Relationship with the Institution Being Assessed

The importance of the relationship with the institution is clear from the description of the steps above. Beginning that relationship and managing it well are critical to the implementation of an effective institutional assessment process. The purpose of this section is to provide practical suggestions which will help an institutional assessment team manage the relationship with the institution being assessed. These suggested actions, if taken by the team, will help ensure a relationship with the institution which is as productive as possible.

Institutional assessment needs to be seen by everyone involved as a positive and beneficial force, something that will contribute to the health and productivity of the institution. All too often the words "assessment" or "evaluation" have taken on negative connotations. The words imply future criticism of the institution's managers, and the results are not used. When the relationship between the assessment team and the institution is not managed well, resistance is encountered. In addition, the validity of the results may be questionable. There are some actions that can be taken to avoid this situation and to set up a positive and collaborative relationship between assessment team and institution.

There are four stages to the activity of managing the relationship with the institution being assessed: Getting initial agreement, entry, maintaining the relationship, and closure. What follows are some practical guidelines under each stage.

1. Getting Initial Agreement

Getting initial understanding and agreement is a difficult task, fraught with the possibility of miscommunication. This is especially true in a development context, wherein the reason for

the assessment may be a condition precedent for another development activity which the key stakeholders in the institution "really" want. To complicate things further, the assessment team may come from a different country or countries, making face-to-face communication difficult. Here are some suggestions:

- Be sure to complete carefully the first three steps of the outline described above and reach a clear set of understandings and agreements with institutional decision-makers (even if the management style of the top person is to decide everything).

- If possible, have the assessment team leader talk directly (by telephone or as part of another in-country trip) to the institution's director. This initial discussion should address or reaffirm many of the issues discussed above.

- Some form of written communication should follow oral agreements made between the institution and the sponsor described above in steps 2 and 3 of the procedures.

2. Entry

The entry strategy for the assessment team involves an initial meeting between the team and the institution's director (set up by the sponsor in step 4 of the procedures). The review committee may be present at this meeting or not, depending upon the management style of the director. The output of this meeting is intended to be a confirmation about the purpose, procedures, and expected product of the institutional assessment. Ideally, it will also lead to real collaboration in the process if the team is skillful at entering the institution and managing the subsequent relationship.

The initial meeting between the team and the institution's top management should include the following:

- Reiterate the overall purpose of the institutional assessment, and its general benefits, the performance categories to be used, and what the ultimate product might look like and be used for.

- Introduce the team members and the role they play in the process.

- Explain the purposes of the different kinds of data-gathering approaches: what each one is meant to accomplish, and why.

- Indicate that it is best to start the whole data-gathering process by interviewing the director and other key stakeholders; ideally, this could be done shortly after the initial meeting.

- Agree on a couple of checkpoints during the two weeks when the assessment team (or team leader) can have short meetings with the director to verify and follow-up on information obtained.

- Solicit the director's input on what kind of assessment information would be particularly helpful for the institution at this time, given what the institutional assessment process is and is not able to produce.

- Agree on what results are to be shared with whom and the form of the presentation (oral review and written summary).

- Agree on when the final meeting with the director is to be.

3. Maintaining the Relationship

In order to maintain the relationship:

- Carry out the checkpoint meetings as agreed to in the first meeting -- or as needed.

- Informally meet with the director and other key stakeholders. This could include informal lunches, staying on at the end of the work day to allow easy initiation of discussions about "how it's going," perhaps an evening dinner or engagement.

4. Sharing Results and Closure

Closure normally occurs after the data have been gathered, analyzed, and an initial diagnosis occurs. First, a meeting with the director needs to be scheduled where the results are reviewed and reactions are sought. Then, it is recommended that a final group meeting be held with the director and key stakeholders to discuss the initial results of the institutional assessment process. That meeting should include the following:

- Some summary debriefing about the institutional assessment process; this should include a review of the original purpose, some information about what procedures were actually used, some census data (what

was the actual diagonal slice of the organization, how many people were interviewed, what documents were read, etc.), some comments about the level of cooperation, and a sharing of the initial data analysis and diagnosis.

- Sufficient time should be allowed for questions and answers and discussion. The assessment team should be careful to document this discussion since issues raised may lead directly to clarifying or altering the diagnosis.

- Agreement on what kind of follow-up (written product or meetings with the sponsor) the director can expect as a result of the institutional assessment and when.

- Appropriate expressions of gratitude.

C. Methods for Data Collection

There are four primary data-gathering techniques that are particularly appropriate for this institutional assessment model -- interviewing, observation, reading documents, and conducting simple paper and pencil surveys. Using a combination of all four should provide a reasonably complete picture of the institution. Other techniques, such as simply spending time "shadowing" managers or observing a particular job in depth (sometimes called "job audits"), are also useful if time allows.

Although it is methodologically desirable to use all techniques, it may not be possible to do so in a particular institutional assessment. Decisions about which techniques are to be used need to be made based on the institutional context which is being examined.

What follows is a brief description of each of the four primary data-gathering techniques.

1. Interviewing

Approximately two-thirds of the information collected will probably come from interviews. Interviewing is a very powerful data-gathering technique. It allows the interviewer to search for meaning and value from within the perspective of the institutional informants. Unclear items can be followed up immediately, and reactions and ideas need not be pre-categorized (such as they are in survey questionnaires). Intangibles such as the tone of the information given, body language, the way interviewees react to the questions, and the pace of the office routine can be considered as observations along with interviews. Interviewing is labor intensive and takes skills which are often assumed and underestimated.

In terms of sample size, everyone in a particular institution does not need to be interviewed. Rather, it is important to interview a diagonal and representative cross-section of personnel from all the major functions. Interviews need to be scheduled at one and one-half hour intervals, even though they may not last that long. Time in the overall schedule needs to be left open so further interviews can be scheduled later when the team is more familiar with the institution.

It is suggested that the interview be divided into two parts. After the introduction, the first part should be general in nature, and allow respondents to volunteer information without being led in any way by the interviewer. The second part should be specific and probe for information about the different performance categories which does not emerge from the general questions but is important. The following is a general interview approach which can be used:

a. State the purpose and rationale for the interview. Include some information about how the data is going to be used.

   Example: "We are currently involved in collecting data to assess how effectively (institution) is operating. Ultimately, the results of the process will help direct activities to make the institution work better. The data from all interviews will eventually be put together: if many people say the same things, it will provide a pattern. We will not identify who contributed which idea during our interviews. Any questions?"

b. Move to the general portion of the interview.

   Example: "What do you see that is operating effectively about (this institution)?"

   "Why is it effective?

   Use only general questions like this, following up with, "What are some other ways it is effective?" or "What are some other signs?"

   Use a lot of follow-up questions or probes and help people to be as specific as possible on key points. For example, if someone says that communication really works well, ask them for a specific recent example; once given, ask the person to take you through that particular example: What happened first? Next? Who did what? What was the significance of that? and so on.

   Repeat whatever sequence is used for "ineffective" factors also.

c. Move to the specific part of interview. Ask questions to gather information related to each of the performance areas which has not yet emerged. Some respondents may have little to say about some of the categories, but will have a great deal of information about a specific functional area of the institution or department (e.g., the chief commercial officer will probably know more about finance or billing systems). More specific guidance and sample questions for each performance category can be found in Chapter 4.

2. Using a Pen and Pencil Survey

Either before the institutional assessment begins or during the data-gathering stage, it may become clear that it is desirable to have quantifiable data in certain categories. For example, opinions may need to be sampled across a larger sample of people than time permits in interviewing. Simple survey instruments can be designed to get at this data. Usually, keeping such instruments to one page or less is desirable in terms of achieving a reasonable response rate.

Also, some organizations have survey data from previous management development or project planning activities. This data should be unearthed and used as appropriate. The numbers that result from survey work can sometimes be used to confirm patterns that emerge from the more qualitative methods spelled out above.

3. Reading Documents

Documents are especially good sources of information if prior studies have been conducted. Manpower studies, legal and financial documents, organization charts, plant designs and specifications will all provide good sources of basic data. Many of these should have been collected during the review of institutional output measures in the pre-assessment phase.

4. Observation

Field trips to inspect works and regional operations (if appropriate) are important to get a balanced view of an institution's operations. Frequently operations and resources are overly centralized. Field staff are frequently excellent sources of information about what is happening in the central office (from the standpoint of the workers).

Additionally, observations during interviews, in the halls, at public service offices, and at odd moments will provide information on such intangibles as attitudes towards the public, appearance of the physical plant, and interactions among the staff.

Another form of observation is the "job audit." This consists of considering the functions of a particular job in depth and comparing it to the written job description. This includes interviewing staff to determine how clearly they see their roles and responsibilities in relation to the organization and other jobs, units and functions.

Finally, it is extremely helpful if some of these techniques can be used to gather direct data about the institution from outside observers such as contractors, financial lending institutions, other government institutions which interact, and representatives of the public. Interviewing "outsiders" seems to be the most easily accepted technique. It is good to begin raising that request early in the data-gathering stage with the assessment team's internal counterparts (those who are helping with the planning). This should allow ample time to set up outside contacts.

Chapter 3

THE USE OF OUTPUT MEASURES

A. Definition

Output measures are specific measurable elements related to the actual current performance of the institution in delivering its product (i.e., the provision of water, the removal of wastewater). Some are empirical and easily determined (e.g., million gallons per day in a water plant); others are more difficult to ascertain (e.g., public satisfaction with the product). Output measures relate to the qualitative and quantitative results of the product and also to the final results of delivering that product. Output measures are evaluated as a pre-assessment step in the institutional assessment procedure to determine potential or need for further assessment activity and to make a decision about whether to proceed with the assessment.

B. The Purpose of Analyzing Output Measures as a Prior Step

The following purposes are served in analyzing output measures as a prior step to deciding and beginning an institutional assessment:

- To indicate the type of institution, size, dimensions of its services, number of staff, and scope of work of the organization
- To provide data for decision-making on whether to proceed
- To determine areas of potential weakness for follow-up during the institutional assessment
- To provide a baseline of information for future evaluations
- To indicate the relative financial and technical status of the institution under review.

This preliminary review can often be made using existing documents and published materials produced by previous researchers or on file in annual reports.

C. If Data Are Not Available for the Output Measures

The organization under review should be requested to undertake some self analysis. Reviewing outputs and organizing them will provide a preliminary indication if such data exists. If the organization is requested to gather data and is willing to do so, this may also demonstrate its interest and commitment to entering into a project or full institutional assessment activity.

Reviewing current outputs may also point the way to problem areas for institutional assessment. Output measures in themselves will not necessarily tell the reviewer why problems exist (which an institutional assessment will), but they will raise red flags in advance. Another result of this review may be that a decision can be made to proceed (or not) with assessment activities leading to project development.

The following section contains a checklist for initial data gathering and review.

D. Output Measures

The following measures are only suggestions and may not be appropriate for all institutions. (It is unlikely that many institutions will have available data for all of these measures.) The actual output measures to be determined in assessing an institution's effectiveness should be tailored to the specific character of the institution. Separate measures for "product results" are given for water and wastewater institutions.

Measures of Output and Results (Water Supply Institutions)

1. Percentage of population served (in the service area)

   a. By piped connections
   b. By public faucets
   c. Other

2. Percentage of accounted-for water (source to delivery)

3. Quality of water delivered (physical, chemical, taste, bacteriological)

4. Extent of interruptions of service

5. Range of pressure throughout the day

6. Time required to repair leaks, inoperative facilities, and main breaks

7. Adequacy of public faucets (where available, data over several years is helpful)

    a. Persons served per faucet
    b. Waiting time
    c. Average distance from dwelling

8. Amount of storage as a percentage of average daily water use

9. Ability to provide adequate service during peak season and hourly demands: ratio of peak hour to average flow

10. Extent of enteric diseases in the service area

11. Per capita consumption of water

Measures of Output and Results (Wastewater Institutions)

1. Percentage of population served (in the service area)

2. Quality of discharged effluent

    a. Relative to effluent quality standards
    b. Relative to effect on receiving waters (if there are no standards)

3. Ability of system to function properly during/following rainfall

    a. Extent of overflows (streets, receiving waters)
    b. Consequences of overflows

4. Extent of unsatisfactory conditions (examples)

    a. Problems resulting from wastewater not discharged to the collecting system such as ponding of sewage near dwellings and/or inadequacies of private septage systems

    b. Odors or flies from the collection system (blockages, inadequate velocities) or the treatment works (inadequate capacity, poor operations)

    c. Polluted receiving waters

5. Responsiveness to repair of blockages or overflows

6. Extent and quality of alternative means available for wastewater and excreta disposal for those not connected to the piped wastewater system

7. Relative improvement or deterioration of the system for the past several years

8. Wastewater as a percentage of water supplied

Measures of Financial/Economic Output and Results

1. Affordability of services provided

   a. As a percentage of median or minimum family income
   b. Relative to charges of similar institutions

2. Adequacy of system of billing and collection

   a. Promptness in delivering bills (days from end of billing period)

   b. Success in collection of charges billed

      - Percentage collected vs. billed
      - Delay period in receiving funds (days) after billing
      - Evidence of enforcement measures in case of non-payment
      - Overdue payable as percentage of total payables

   3. Actual cost of connections vs. fees charged

   4. Fairness of charging for services: percentage of system metered, accuracy of meters, equity in charges in non-metered areas

   5. Debt-equity ratio

   6. Net profit (loss) as percent of invested capital

   7. Debt servicing cost as percent of operating revenues

   8. Total operating costs per customer served

   9. Personnel costs as percentage of revenue: number of personnel per 1,000 customers (connections), per 1,000 people served.

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 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.

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[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

2. Develops strategies to achieve organizational goals

Very Low	Medium	Very High

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

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

5. Establishes and implements levels of tariffs and service charges sufficient to meet costs.

Very Low Medium Very High

6. Maintains control over all revenues generated and collected.

Very Low Medium Very High

7. Establishes and maintains staffing levels sufficient to meet needs.

Very Low Medium Very High

8. Employs, discharges, disciplines, and promotes personnel within established and approved guidelines adequate to institutional needs.

Very Low Medium Very High

9. Establishes levels of employee compensation, including salaries and benefits, sufficient to attract and retain capable staff.

Very Low Medium Very High

10. Determines own organizational structure including roles and responsibilities of major divisions.

Very Low Medium Very High

Worksheet

Organizational Autonomy

Hints for Gathering Data

The indicator questions in this category can be answered by gathering data from interviews and observations. Interviewing individuals both inside and outside the organization (for example in the parent ministry) may provide important information in this category. Suggested questions are presented for each indicator.

Typical Questions

[For Indicator 1]

1. How are organizational policies and goals set? To what extent are they set by the institution alone, by others, or jointly? How are they communicated to various stakeholders?

2. What procedures are required to obtain the approval of others to change policies and goals?

3. What does the "legal charter" of the institution say in regard to its own autonomy?

[For Indicator 2]

4. Is the institution able to independently develop strategies to achieve its goals? Do such strategies exist? How much outside review do they need?

[For Indicator 3]

5. What studies and long-term plans have been prepared in the past five to ten years? Are these studies and plans adequate to meet the needs of the institution? (Give examples.) To what extent do others review and approve these studies before they can be acted upon? Are additional outside approvals needed before works can be constructed? (Describe the procedures.) Is there a ready source of information (statistics, surveys, forecasts, etc.) available for planning?

[For Indicator 4]

6. How are annual operating and capital budgets prepared? To what extent are others outside the institution involved in this process? Are they adequate, reasonable and consonant with needs and available revenues? (Give reasons.)

7. What is the budget approval process? Who must approve it? What is the record of the institution in obtaining approval of the budget it prepares?

[For Indicator 5]

8. To what extent do the present tariffs meet operating costs? All other costs?

9. How many times have tariffs been increased in the past 10 to 15 years? What was the percentage increase?

10. How do present tariffs compare with those of similar institutions in the country (or region or a similar country)?

11. Who must approve proposed increases in tariffs? What has been the record of obtaining tariff approvals which the institution has submitted?

[For Indicator 6]

12. Does the institution retain and control the revenue it collects? If not, what are the procedures for disposition of all revenues generated and collected? To what extent does the lack of control over revenues cause problems for the institution? (Give reasons/ example.)

[For Indicator 7]

13. To what extent is the institution able to set and maintain staffing levels? If the institution does not have such authority, what restrictions exist and who imposes them? What problems arise from this situation?

[For Indicator 8]

14. To what extent is the institution able to employ, discharge, discipline, and promote personnel in accordance with internally set needs and policies? If the institution does not have such authority, what restrictions exist and who imposes them? What problems arise from this situation?

[For Indicator 9]

15. To what extent is the institution able to provide salaries and benefits to its employees in accordance with its needs and policies? What restrictions exist and who imposes them? What problems arise from this situation?

[For Indicator 10]

16. Can the institution organize itself without undue delay and approvals from higher authorities? Who has the authority to approve reorganization? Can the institution easily adapt to changing needs in organizational structure?

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

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

3. Has a sufficient level of operational knowledge to inspire trust.

   Very Low — Medium — Very High

4. Works hard and works overtime as required; gets out in the field or visits other offices; is visible to the rank and file.

Very Low Medium Very High

5. Demonstrates competence, is visibly interested in work.

Very Low Medium Very High

6. Is oriented toward producing results which move work toward meeting goals.

Very Low Medium Very High

7. Identifies clear performance standards and is strict but fair; gives positive and negative feedback where due; disciplines where necessary based on performance.

Very Low Medium Very High

8. Listens as well as instructs.

Very Low Medium Very High

9. Is active, has "we can do it" attitude; assertively makes decisions, moves things.

Very Low Medium Very High

10. Maintains sense of balance between future vision and everyday operational matters ("keeping nose to the grindstone and eyes to the hills").

Very Low Medium Very High

11. Demonstrates personal integrity (i.e., does not claim false overtime, take money, or cut corners for personal gain); instills sense of integrity in others.

Very Low Medium Very High

12. Shows sense of dynamism and energy in everyday contact with others.

Very Low — Medium — Very High

13. Sets positive problem-solving environment (i.e., creates a sense that uncovering problems is desirable and that creative approaches to their solution are effective).

Very Low — Medium — Very High

14. Continuously guides technical staff on need to ensure that levels of technology used by the institution are those which are most suitable in terms of simplicity of operation and maintenance; monitors activities in this regard.

Very Low — Medium — Very High

Worksheet

Leadership

Hints for Gathering Data

The following methods will be especially useful in gathering data about leadership: interviews (individual and group), observation (people and facilities), "shadowing" managers and others to look at those behaviors related to leadership, reading written communications about organizational mission, goals, values, and direction, and doing written surveys which can get at a more quantitative picture of the leadership climate in the institution.

Given the pervasive nature of the leadership dimension, all the assessment team members need to work together to collect and analyze data. One person on the team (selected by the team leader) should play a lead role, however, in organizing and monitoring the leadership data-collection process.

Typical Questions

[For Indicators 1 and 2]

1. What is the organization's mission? How do you find out about the mission? About changes in it?

2. What helps people believe in the mission (assuming, of course, that they know it and do believe in it)?

3. What does the word leadership mean to you? As you define it, how well does leadership work around here? (Follow-up, probing for specific examples. Note what the tone and non-verbal expression are like when people talk about leaders.)

4. What are some of the leadership "myths" (in the institution)?

   or

   What kind of stories exist about past leaders (in the institution)?

[For Indicator 3]

5. What is the level of technical knowledge that top management (or unit leaders) have? Could they come into an operational area and be able to make substantive comments on how work is being carried out?

[For Indicators 3 & 4]

6. Do leaders get out in the field/offices? How often? Reactions? Results?

7. What leadership actions are observed at non-managerial levels? Assume for a moment that leadership happens at any level in an organization,

and not just with managers or supervisors. What--if any--leadership qualities do people at your level have? What leadership actions do you see people at your level taking?

[For Indicator 4]

8. Good leaders inspire others to work hard and believe in what they are doing. Are there any leaders like that here? What do they actually do to inspire others?

[For Indicator 5]

9. Do you feel that management cares about what you are doing? or how well you are doing it?

[For Indicators 6, 9 & 12]

10. How would you rate the quality of leadership here? Why?

11. Who would you say provides good leadership in the organization? What is it that makes him/her a good leader? What are some actions that that person takes which you think are effective leadership actions?

[For Indicator 7]

12. What positive impact does (someone's) leadership have on the way <u>you</u> work? Examples? Negative impact? Examples?

13. What do the facilities look like? Is there any sign that leadership relates to how facilities look?

[For Indicator 10]

14. How do you think balance is maintained between long-term goals and short-term goals? What role does leadership play in this?

[For Indicator 11]

15. How do people describe (or do they describe) work values such as honesty, hard work, excitement about technical aspects of the work, professional development, performance standards, fairness, getting ahead?

16. What leadership perks are there? How are they handled by leaders? Viewed by others?

[For Indicator 13]

17. What is management's attitude toward problems that come up to them? How would you feel about bringing a problem up to the top?

[For Indicator 14]

18. What role does the leadership of the organization play in selecting the technology you use in your job?

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

2. The mission of the organization is clear and understood by all managers.

   Very Low — Medium — Very High

3. When asked, staff are able to describe clearly their responsibilities.

   Very Low — Medium — Very High

4. Managers know how to plan and delegate to get work tasks accomplished (tasks are allocated to the right people). Work planning is done with staff involvement. People have a free hand to get work done and are supported in doing it.

Very Low Medium Very High

5. Managers regularly set goals with staff and have a sense of priorities. Goals are limited and realistic and mesh with organizational mission and priorities.

Very Low Medium Very High

6. Departmental/organizational objectives are clear and understood at many levels.

Very Low Medium Very High

7. People are held accountable for getting work done.

Very Low Medium Very High

8. Follow-through on task assignments is done consistently.

Very Low Medium Very High

9. There is good communication within and among all levels; information is shared openly.

Very Low Medium Very High

10. Managers set and use performance indicators (standards) to evaluate work performance. They are understood at appropriate levels.

Very Low Medium Very High

11. Management maintains a climate of teamwork and cooperation among the staff.

Very Low Medium Very High

12. Communication flows freely within and among departments at all levels.

Very Low Medium Very High

13. Managers at all levels use and are well informed about the administrative systems.

Very Low ——— Medium ——— Very High

Management Administrative Systems

14. Administrative systems for the following functions have been developed and are regularly used. (Note: rate each system for effectiveness.)

a) Budgeting

Very Low ——— Medium ——— Very High

b) Commercial

Very Low ——— Medium ——— Very High

c) Accounting

Very Low ——— Medium ——— Very High

d) Procurement

Very Low ——— Medium ——— Very High

e) Management Information

Very Low ——— Medium ——— Very High

f) Personnel

Very Low ——— Medium ——— Very High

g) Maintenance Management System

Very Low ——— Medium ——— Very High

h) Stores, Supplies, and Inventory Control

Very Low ——— Medium ——— Very High

Worksheet

Management and Administration

Hints for Gathering Data

This category consists of two parts, which will require different data-gathering strategies. The inquiry should consist of both interviews (individual and group) and observation. Most often, individuals are not aware of how they actually manage, therefore it may be difficult for them to articulate how they do it. Many of the questions below will probe into indicators of effectiveness; they should be asked of managers and subordinates. Spending time watching managers working within the context of everyday activities is a good way to get a sense of the management style and how people respond to it. This would require an agreement from the institution to allow the researcher to "shadow" selected managers for a day. The key question to answer is this: Are managers able to get the best efforts from the resources they have to work with within the local context?

The administrative systems inquiry will require a mix of expertise to assess effectiveness: maintenance systems, stores and supplies (engineer or utility management expertise), accounting, financial and commercial (financial/bookkeeping skills), management information (utility management skills), personnel (training/human resource development experience). Inquiry into these systems should include reviewing written documents (procedural documents, records), interviewing department heads, and physical inspection in some cases.

Typical Questions

[For Indicator 1]

1. What are the things you do (he/she does) as a manager? How is your job different from other managers? What are the limits of your responsibility? How do you let your subordinates know about what is expected of them? How are they involved in that process?

[For Indicator 2]

2. What is the mission of the organization? (Ask managers and staff this.)

[For Indicator 3]

3. What are your job responsibilities? Are you clear about what you are responsible for?

[For Indicator 4]

4. How do you go about delegating a task to a subordinate? Can you count on your staff to get things done when you are away?

5. Describe some of the ways in which you organize yourself for a task.

[For Indicator 5]

6. What are your priorities for the next week, month, year?

[For Indicator 6]

7. What do you hope to accomplish this year? How did you decide that? To what extent have you discussed this (and received input and ideas) with your staff? (Ask the staff the same questions from their point of view.) Are your objectives for this year written down?

[For Indicator 7]

8. How do you let a subordinate know he is doing a good job? How do you correct deficiencies in how subordinates work? When can you (do you) discipline (reward) a subordinate? What are the procedures you use to promote?

[For Indicators 6-9 & 12]

9. For subordinates: What is it like to work for X? Is he/she the kind of manager you like to follow? When he/she assigns a task does he/she follow-up? Are you given enough support, direction, and freedom to get your job done? How are decisions made in this unit? To what extent do you participate in deciding goals and setting priorities?

10. How do you inform staff of what is happening? (For staff) How do you find out what is going on?

[For Indicator 10]

11. How do you know (measure) if you are accomplishing what you have set out to do?

[For Indicator 11]

12. Do you work as a team in your unit? Do you have regular staff meetings? Do you have input into decisions? How often do you work collaboratively on tasks?

[For Indicators 13 & 14]

13. Describe to me how your (personnel, commercial, procurement, budgeting, etc.) system works? Does the system work well? If not, how would you improve it?

14. How is the administrative system documented? Are there any procedural manuals?

COMMERCIAL ORIENTATION

DEFINITION

Commercial orientation is the degree to which actions in an institution are driven by cost effectiveness and operating efficiency. The performance of an institution's functions should be guided and disciplined by a strategy to achieve financial self-sufficiency at an appropriate stage of growth. This orientation can be viewed at both operational and policy levels, and both levels are important. At the policy level, commercially oriented institutions structure and stage investments, expenditures, and revenues to achieve financial equilibrium annually.

Operationally, everyday activities are guided by quality standards and by constant attention to cost factors. The institution strives to establish a reputation as a financially well run business in the eyes of the financial and outside community in order to obtain financial support for growth and to maximize financial and operating autonomy.

(Note: Commercial orientation may be more readily achievable by water institutions but it is also important for wastewater institutions, even if significant revenues are routinely derived through subsidies.)

INDICATORS OF HIGH PERFORMANCE

1. Maintains yearly balance between expenditures and revenues. Revenues may be partly drawn from subsidies which are phased out according to a planned schedule.

Very Low	Medium	Very High

2. Requires economic and financial feasibility for its projects and other institutional activities.

Very Low	Medium	Very High

3. Staff actions throughout the institution are guided by cost effectiveness as well as quality standards.

Very Low	Medium	Very High

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

Worksheet

Commercial Orientation

Hints for Gathering Information

Looking at profit and loss statements (if maintained) will provide information in this area as a beginning. These will demonstrate the organization's success at achieving planned levels (if planning exists) of financial health. Subsidies, if any, should be identified and tied to specific areas for which the controlling authority has taken a political decision to subsidize (rather than provide a blanket subsidy). If the organization has a commercial orientation, it will be most effective if this is understood and acted on by everyone: decisions at all levels should be cost conscious. The budget formation process is most effective if managers at all levels are tying planning and operations to the budget with a healthy discussion all around to set priorities in line with organizational mission and goals.

Typical Questions

[For Indicator 1]

1. What have been the organization's plans for the financial health of the institution? Have they achieved them? At what levels? Does the government or organization cover expenses, operating expenses plus debt interest, or amortization as well? Is surplus reinvested?

[For Indicator 2]

2. Are economic and feasibility studies required for new projects and activities?

3. How does management approve or reject new projects. What factors are considered (e.g., fit with goals, size, rate of return, risk)? What standards are used? (Ask for examples.) Are internal standards for cost effectiveness different from the standards required by donors/lenders? If so, how?

[For Indicators 3 & 4]

4. How is cost consciousness achieved in this organization? What formal or informal incentives are used with the staff to maximize cost effectiveness? At what levels are these applied (top management, operating levels)? What examples exist of staff innovation to achieve more cost effectiveness?

5. In what ways do individuals and groups take cost effectiveness into account when they plan and organize work? How are alternatives evaluated for carrying out work?

[For Indicator 5]

6. Do all units have a plan and a budget to execute? Do they report against it? How often?

7. How do the budget formulation and approval process work? (Check for who is involved, who approves it, how is the cycle timed, how often budgets are revised, whether annual, medium, and long-term budgets are formulated.)

8. How is the budget monitored? (Check to see if monitoring extends to the level of each department, sub-levels, or if budget information is held at the top and not shared.)

[For Indicator 6]

9. How is the tariff structure determined? To what extent are consumer perceptions about the services they receive and their ability and willingness to pay taken into account? Is a variable rate structure used? How? What is the relationship of the cost of services to the tariff?

[For Indicator 7]

10. How are the financial records maintained? How often are they audited? Who audits them? How has feedback from auditors been used? How are audit information and financial records shared? With whom? How often? Is the public made aware of how the financial picture of the institution may affect them and services? How?

For Indicator 8]

11. To what extent is it organizational policy to promote the concept and inform employees and the public that the organization is run as a business enterprise? Does the staff think of the organization as a business?

12. What priority do you (as a manager) assign to the company's financial health? To what extent does the top management team state or demonstrate their commitment to a businesslike approach?

13. What strategies exist to maximize productivity of resources?

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

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

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

   Very Low _____ Medium _____ Very High

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

   Very Low _____ Medium _____ Very High

5. The institution makes efforts to invite and evoke an effective level of consumer participation (e.g., consumers bring concerns/complaints to the institutions).

Very Low ——— Medium ——— Very High

6. There are concerted efforts made to project a positive image of the institution to consumers.

Very Low ——— Medium ——— Very High

7. The level of complaints from the public is relatively low.

Very Low ——— Medium ——— Very High

Worksheet

Consumer Orientation

Hints for gathering data

The whole assessment team needs to be involved in gathering data about consumer orientation. There are at least three data gathering activities which will be very useful here. First, the assessment team should listen while talking to employees to determine how they relate (or do not relate) consumer interest to their own jobs or the job of their unit. Second, the team can look for any specific, working mechanisms that are meant to connect consumers to important parts of the institution or to serve as consumer action/complaint channels. Finally, the team can examine the ways in which the institution tries, on a general level, to educate the public or to relate to it through public information channels.

Assuming that employees say they are oriented toward consumers, the main difficulty in gathering data will be to determine how serious they are in this regard. To do this, it is necessary to find out, for example, how well the consumer mechanisms actually work. It is also important to judge whether on-the-job behavior is altered or driven by specific consumer reactions or by a general consumer orientation. To determine the latter, specific examples need to be sought.

In order to gather data, team members can have as part of their protocol a section directed toward consumer orientation. If the institution maintains consumer request/complaint records, these could be inspected.

It is important to note that consumer orientation should exist at most or all levels of the institution and not just with those who interact with the public.

Typical questions

[For Indicator 1]

1. Who do you see as your consumers?

2. What day-to-day impact do consumers have on your work? Examples? What impact do they have on others in your office? The organization?

[For Indicator 2]

3. What happens if a consumer has a complaint? (Probe for examples.)

4. Do you interact directly with consumers? If yes, how? Under what circumstances? What impact do they have on you? You on them?

5. What forces drive you to do good work? (The answer may not have anything to do with consumers, but it is worth asking the question.)

[For Indicator 3]

6. What specific mechanisms exist to handle consumer input into organizational direction? How well do you think they work? Examples?

7. What specific mechanisms exist for handling consumer complaints? How well do they work? Examples?

[For Indicator 4]

8. What kinds of public information activities occur? How effective are they? What about the press?

[For Indicator 5]

9. In what ways do you try to get consumers to be more active (if they are not)?

[For Indicators 1-5]

10. Observe the ways in which the specific consumer mechanisms actually work (e.g., spend some time observing the emergency hotline operator, or shadow the customer complaint department clerk).

[For Indicator 6]

11. Listen for the tone when employees talk about consumers. Are consumers seen as irritants? Are they talked about in paternalistic tones? Does it feel like a textbook consumer answer? Do you get the impression that consumers are seen as a legitimate force or one that is barely tolerated?

12. Observe normal interactions between employees and consumers (e.g., meter readers). How do they dress, address consumers, respond to routine meetings?

[For Indicator 7]

13. Ask to see any records that exist on consumer complaints.

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

2. Ensures effective control of the quality of the end product and all other technical operations.

   Very Low — Medium — Very High

3. Successfully completes projects which meet intended objectives in a timely and economical manner.

   Very Low — Medium — Very High

4. Ensures that technical tasks at all levels are completed properly.

   Very Low — Medium — Very High

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

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

7. Maintains levels of in-house technical skills adequate for routine technical responsibilities and sub-contracts to outside specialists those tasks which are either beyond the institution's own capabilities or necessary to meet peak needs.

Very Low Medium Very High

8. Conducts practical research and experiments to improve existing uses of technology for local conditions and needs.

Very Low Medium Very High

9. Technical information is routinely shared among planning, design, and construction units to ensure smooth technical coordination.

Very Low Medium Very High

10. Technical staff members demonstrate a strong interest in technical learning and keep up with new information in the field.

Very Low Medium Very High

Worksheet

Technical Capability

Hints for Gathering Data

To answer the indicator questions for technical capability, three approaches are suggested: interviews, field visits, and reading plans and reports. Interviews: Conduct interviews with persons within the organization at all appropriate levels. Outsiders such as regulatory bodies or financial agencies which have reason to be familiar with the institution's technical capability are also good sources of information. Field Visits: Get out in the field and observe the results, both the good and the bad. Observe the operations of existing facilities, construction of new projects, and the work of repair and maintenance crews. Plans and Reports: Look at the quality and breadth of the plans and reports being prepared; then interview the people who prepared them.

Typical Questions

[For Indicator 1]

1. Who makes technical decisions? What decisions are made? What are the qualifications and experience of the technical decision-makers? How are technical decisions made? At what levels? What examples are available of studies and plans requested by management? What examples are available of successful decision-making?

[For Indicator 2]

2. Who is responsible for quality control (overall and by departments)? Is this responsibility clearly indicated in the employee's job description? Do other employees know of these responsibilities? What is the attitude toward quality control of employees at lower levels? What steps does management take to ensure quality control? To what extent is quality maintained? (List examples of success and failure by your observation.)

[For Indicator 3]

3. Tell me about the projects (new or rehabilitated works) undertaken in the past few years? How do estimated costs and schedules compare with end results? Are these projects meeting intended objectives? (Observe and inspect these examples.)

[For Indicator 4]

4. What are the routine technical tasks performed? Who assigns the tasks? Who is responsible for monitoring task execution? What is management's role in this? How successfully are tasks completed? (Observe routine technical tasks in the field and write comments.)

[For Indicator 5]

5. What steps and procedures are followed in hiring technical staff and in developing and maintaining their skills? What opportunities are there for staff to broaden their technical skills (e.g., formal training programs, job rotation)? How do employees feel about the institution's efforts to enhance their skills? Is the technical staff sufficiently capable?

[For Indicator 6]

6. What types of technology are used (e.g., treatment processes, instrumentation, disinfection, energy systems)? To what extent are the systems operable and economical? Is the technology suitable given the level of skills, funds for spare parts, levels of manpower? (Observe works in the field and corroborate interview data.)

[For Indicator 7]

7. What types of planning and design work are performed by the institution's own staff? To what extent does the institution contract with outside specialists for its needs? What are these services? How does the engineering staff control and monitor construction? What is the balance between services contracted out and in-house work?

[For Indicator 8]

8. What types of research and experimentation are conducted? Are they useful or practical? Why? What are the annual budget and manpower allocations devoted to research? What conclusions were reached or actions taken as a result of research completed? If no research is being conducted, do you think it should be?

[For Indicator 9]

9. How is feedback exchanged among planning, design, construction, and operations and maintenance units? To what extent does one unit influence the other with data, experience, or ideas? To what extent do units seek advice from one another and share information to improve design and/or operations?

10. Is there a technical library? Are technical journals or reports circulated?

[For Indicator 10]

11. To what extent do staff subscribe to and read technical journals? How often do they attend conferences? (Note: Do staff talk about technical matters with enthusiasm or excitement?) Do staff use the library (if one exists?)

DEVELOPING AND MAINTAINING STAFF

DEFINITION

Developing and maintaining staff include those activities directed toward recruiting staff, providing skills to do the jobs and grow professionally, and providing adequate job satisfaction and wages and benefits to retain competent personnel.

Effective institutions develop and maintain their personnel. This includes both formal training programs and the informal training that occurs through on-the-job training, apprenticeships, and job rotation. In addition to a regular process of skill transfer, effective institutions maintain staff through providing sufficient incentives, compensation, employee benefits, and promotion opportunities so there is a minimum of unwanted turnover. Institutions that develop and maintain staff feel that people are their most important asset. There is a constant emphasis on learning.

INDICATORS OF HIGH PERFORMANCE

1. Mechanisms exist and are utilized to promote skill transfer.

   a. Organized skill transfer training programs (such as seminars or demonstrations) are designed and used to meet institutional goals.

   Very Low ——— Medium ——— Very High

   b. There is an informal process (such as internship) to effectively transfer skills.

   Very Low ——— Medium ——— Very High

2. A clear process for determining skill needs exists and is the basis for designing training programs.

   Very Low ——— Medium ——— Very High

3. Managers are actively involved in skill transfer and training, as supervisors or through delivery of courses.

   Very Low ——— Medium ——— Very High

4. Personnel express an interest in learning new ways of doing things.

   Very Low ——— Medium ——— Very High

5. A system exists for developing competent managers and supervisors.

Very Low | Medium | Very High

6. The institution provides adequate incentives to maintain staff.

   a. Salary levels are adequate to maintain personnel.

   Very Low | Medium | Very High

   b. The institution provides opportunity for social support (e.g., social centers and sports clubs).

   Very Low | Medium | Very High

   c. Employee benefits (pension, vacation time, sick leave, insurance) are an important part of the overall compensation package and together with salaries provide adequate incentives to maintain staff.

   Very Low | Medium | Very High

   d. Employee turnover is at an acceptably low level.

   Very Low | Medium | Very High

7. A clear system exists for hiring qualified personnel and firing or disciplining personnel when necessary.

Very Low | Medium | Very High

8. Employees demonstrate good morale and openly state that the institution is a good place to work.

Very Low | Medium | Very High

9. Active systems are in place for providing ongoing formal and informal feedback to personnel about job performance.

Very Low | Medium | Very High

10. Employees feel involved in and informed about the institution's activities.

Very Low | Medium | Very High

Worksheet

Developing and Maintaining Staff

Hints for Gathering Data

The investigation of this area falls into two general areas: (1) training/ skill transfer capacity and (2) employee benefits and incentives.

In the training and skill transfer area, it is important that a thoughtful and effective mechanism be in place for staff to learn skills and keep current (both old and new staff). This need not take the form of a training or human resources department, although it may. It is important to find out how this is accomplished, if it is. If a formal training department or program exists, it is important to see training being done. Information gathering should take the form of reviewing written curriculum and training materials, interviewing, and observing training. If the primary approach to training is apprenticeship on the job, it is important to find out how long it takes for a staff person to become effective and productive. Is the program thoughtful? (I.e., Are people consciously assigned different jobs or parts of jobs to learn with review points and an assigned mentor? Is there a program of increasing responsibility?)

In the area of employee benefits and incentives, information gathering will require review of written personnel policy documents, interviews, and visits to employee facilities such as social clubs and recreation centers.

Typical Questions

Training and Skill Transfer

[For Indicators 1 & 2]

1. How do new staff learn to do their job? How did you?

2. If employees attend a course outside the institution, is there any way to (or how do they) teach others what they have learned?

3. Tell me what happens in a typical training program? (Can I see one in action?) What were you able to do differently on the job as a result of the last training session you attended?

4. How do you (as a manager, training officer, etc.) determine what staff need to know in training? How do you ensure that people get training in the specific areas in which they have problems or learning needs?

[For Indicator 1 a]

5. How is training planned and scheduled? How is the training department organized? What is the ratio of trainers to participants in a training session? What training materials are used? How were they developed?

[For Indicator 3]

6. Who does training? (Here you are trying to determine if the managerial and supervisory staff are actively involved in skill transfer processes.)

[For Indicator 4]

7. How does this institution learn from its mistakes? Is there a "learning atmosphere"? Are personnel interested in self-development? Are they encouraged to take courses, attend workshops, etc.?

[For Indicator 5]

8. How do managers get trained (i.e., learn their jobs and improve their skills)?

Benefits and Incentives

[For Indicators 6 a, b, and c]

9. How is employee morale here? What kind of place is this to work? Under what conditions would you consider leaving?

10. How do staff salaries compare with opportunities outside? (If the organization pays substantially lower than outside opportunities...) Do the benefits here make up the difference? What are the benefits?

11. Does the organization provide organized opportunity for social activities?

[For Indicator 6 d)

12. Find out what the staff turnover rate is on an annual basis.

[For Indicator 7]

13. How are staff hired? What is the system for taking on new staff? What is the mechanism for planning manpower needs?

[For Indicator 8]

14. How do you feel about working here? If you had the choice would you continue working here or seek employment elsewhere?

[For Indicator 9]

15. How do you find out what others (your boss) think of your performance? What kind of system exists for performance feedback; does it help you do a better job?

[For Indicator 10]

16. Do you feel a part of (do you participate in) the organization? How are you informed about what is going on?

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

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

3. Employees are able to articulate the history and legends of the organization in positive ways.

Very Low Medium Very High

4. Continuity in the organizational culture is maintained (even with staff turnover at high or low organizational levels).

Very Low Medium Very High

5. Staff place a value on maintaining the physical plant (offices, treatment plants, grounds) of the organization. Facilities look clean, well maintained, and attractive.

Very Low Medium Very High

6. Power and status are defined as something the entire organization shares in varying degrees, especially the status associated with doing a good job.

Very Low Medium Very High

7. Sub-groups and alliances within the organization serve as a positive means of informal communication and a rallying point in the organization during periods of crisis or to support healthy change.

Very Low Medium Very High

Worksheet

Organizational Culture

Hints for Gathering Data

Much of the information relating to organizational culture will come through indirect means: observing the way people present themselves and the organization, noting the appearance of offices and facilities, seeing how staff interact on the job and (if possible) in informal activities. Spending time with staff after hours in social activities may be a good way to pick some of this up (as well as a great deal of other information).

Determining and defining the existing sub-groups, interest groups or "clans" in the organization may prove to be very difficult. Often these take the form of alliances which come together to protect interests (such as civil engineers vs. other engineers or engineers vs. non-engineers). This information may be volunteered if the team is able to establish a good deal of trust. Finding out if these interest groups have served to block or enhance organizational innovation may not be possible within a short time.

Typical Questions

[For Indicator 1]

1. What's it like to work here?

2. Try to attend informal gatherings or after-work activities; observe how people relate to each other.

[For indicator 2]

3. What do people expect of each other around here in terms of doing the job? Here, you are trying to determine if there are unspoken ground rules, unofficial guidelines, or collective beliefs about the "way we are": e.g., "Everybody is very honest here, we expect each other to be so;" or "people who work here are expected to be current on what we are doing so they can explain our programs to the public (or politicians);" or, "we expect all our engineers to be up to date (or cost conscious or efficient)."

[For Indicator 3]

4. Tell me about the history of the institution. (Note: If there is a pattern of stories, anecdotes, myths, does a positive or negative trend emerge?)

[For Indicator 4]

5. Has the organization had a constant core group of people over the years. If so, who are they?

[For Indicator 5]

6. Observe the way facilities look. How are they maintained?

[For Indicator 6]

7. Who are considered the important people here? Who really makes things happen around here? How do people get hired here? (Here you are trying to determine what role personal influence may have in operations.) If you get a stock answer such as "they just apply to the personnel department" probe a bit more: how do they really get hired?

[For indicator 7]

8. When was the last time a big organizational change (e.g., new director, new department head, new procedure, new program, new technology) happened here? What happened? What groups came together either to support or block the change?

9. What are the important interest groups in the organization?

10. Who spends time together informally or socially (e.g., groups from schools or universities who entered together and stay together)?

11. How do these groups react to a crisis, new ideas, new staff, other groups?

12. To what extent do politicians intervene (or try to) in operations (staffing, choice of services, favors for friends)? How does the organization deal with this?

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

2. Management maintains direct contact with the key individuals in all important external entities.

   Very Low — Medium — Very High

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

   Very Low — Medium — Very High

4. Programs are developed to influence the public in support of institutional goals.

   Very Low — Medium — Very High

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

   Very Low — Medium — Very High

Worksheet

Interactions with Key External Institutions

Hints for Gathering Data

The suggested way to gather information in this category is to interview selected groups outside the agency which are directly linked to the legal, funding, and political affairs of the agency: the sponsoring ministry, lending institutions, and any governmental representatives who interact with the institution. Interviewing top management within the institution will also provide answers to many of the questions listed below.

Typical Questions

[For Indicator 1]

1. What and who are the key external influences on this organization? Which are the most important?

2. How do you stay informed about what may be affecting you from the outside?

3. What changes have occurred in policy, financial, and regulatory areas in recent years? What role did the organization play in these changes?

[For Indicator 2]

4. Who are your key contacts outside? Who is responsible for keeping in touch with them? How often?

5. Who initiates contact? What are the objectives of these contacts?

[For Indicator 3]

6. What strategies are used to influence key external institutions?

7. What are the objectives of these strategies? To what extent are they active (to attempt to control or manage outcomes) or passive (wait and accept what comes or react after the fact)?

8. How do your strategies to influence outside forces relate to your work program or goals?

[For Indicator 4]

9. What types of public information activities do you carry out? How are they defined?

10. To what extent have your public information programs created or supported your image? What is the type of public image you are trying to create?

11. To what extent have your public information programs improved your bargaining position with external institutions? (E.g., Has the organization been able to defend itself against negative political pressures or influence unrealistic rate setting?)

[For Indicator 5]

12. What are the main external obstacles? Will it be possible to overcome them? How? Which obstacles do not seem possible to overcome?

13. What creative solutions have you tried? Which ones have worked in the past to deal with external obstacles?

14. What have been some of the short-term or partial solutions you have tried (e.g., short-term hiring freeze) to deal with external pressures?

Chapter 5

ANALYSIS

A. Introduction to Analysis

All major data gathering activities should be completed to permit the team to begin collating the information for its final analysis process. The team will have worked with the assessment review committee to set up interviews in general and specific areas, written documents will have been read, field trips and observations will have been completed, and gaps in the data will have been accounted for and filled to the extent possible. To reach this point will take at least two weeks, perhaps more.

The analysis process should conclude with a written profile that is sufficiently documented for accuracy and persuasiveness of the strengths and weaknesses of the institution. The data should be complete enough to allow the sponsor (donor/lender) and the institutional leadership to make decisions on what types of remedial activities should be undertaken to overcome identified institutional weaknesses.

B. Suggested Analysis Process

The following five major steps are suggested for analysis. They represent a sequence which is designed to provide rigor and balance in analysis and presentation. The time required for analysis and presentation of the first draft should require about five days, depending on the size and complexity of the institution and the amount of clerical support for the team. The times are estimated for an in-depth analysis. If the guidelines were used for a rapid assessment (two weeks), the times would be substantially reduced.

Step 1. Individual Analysis: Estimated time--1/2 to 1 day

Prior to synthesizing the research information as a team, each assessor should independently organize his/her data and rate each indicator in the categories for which he/she has information. It is assumed that individual team members have been organizing information to some extent as they have gathered it. A profile of strengths and weaknesses for the overall category should be made with supporting data (such as quotes and verifiable facts) listed.

Step 2. Team Analysis: Estimated time--2 days

The entire assessment team should meet and present findings (justifying ratings, debating judgments) and arrive at an overall picture of the institution. It is suggested that key supporting data for each category be listed on flip charts, with all team members contributing what they have. The written product can be taken, in part, from this work. It is important (in

order to arrive at a true diagnosis of problems) not to jump to solutions or suggested project activities at this stage of analysis.[1] The language needs to be diagnostic and should be amply supplied with verifiable data.

Step 3. Synthesis and Weighting: Estimated time--1 day

During the above step or right after it, the team will need to make some decisions about which category is more important and in need of attention than others. The team should develop a scheme and rationale for weighting the relative importance of the categories. Then a review of overall patterns should be made by sorting for trends in the data, both within and among categories. For example, if an institution is totally controlled from the outside (for example by a minister or an outside board), the consequences of this will undoubtedly affect a number of areas: hiring staff, quality of staff, budget, tariff structures, goals, management, staff morale, etc. Or, if leadership is weak (or strong) the entire organization will feel the effects. Weaknesses in one sub-system will inevitably affect other sub-systems and the overall organization to different degrees. The synthesis should indicate priorities and relative weight among dimensions. It should be recognized that this is a subjective process which is dependent on the team's best professional judgment within the current situation.

Step 4. Preliminary Presentation: Estimated time--1 day

Prior to putting the analysis in written form, a presentation of the major findings should be made to the assessment review committee. It is suggested that this take the form of an oral report supported by flip charts which contain major talking points and a synopsis of the strengths and weaknesses profile. This presentation of the assessment should describe overriding themes and patterns in an overview, followed by a presentation of each category with specific deficiencies and strengths. The team will probably need about one half day to organize this. It will require about three hours to present with discussion.

The presentation will allow representatives from the institution and the sponsor to make comments and question judgments and data. This can be used as data to make final adjustments in the analysis, if appropriate. This process should allow the institution (and the sponsor) to get a thorough preview of what will be coming. The final written product, therefore, should not contain any major surprises.

Step 5. Reverification of Findings: Estimated time--1/2 to 1 day

The preliminary oral presentation should raise any questions needed for follow-up. Subsequently meetings should be held with individuals and groups to gather missing information. Corrections should be made in the data prior to writing the final report.

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[1] If the team is tempted to jump to possible project activities, one way to keep this from interfering with the task is to list ideas on a separate sheet and put them aside to be included in an appendix or as informal ideas for the project design phase.

Step 6. Final Presentation: Estimated time--3 days

The data should be reviewed with decision-makers. A one- or two-page executive summary should be made of the assessment which represents a composite team view. This should be followed by the complete report. If indicated, "next steps" and recommended actions (in general terms) could be included at this point, either as a conclusion or in an annex.

C. Relative Importance of Performance Categories

During the analysis phase it is important to review the performance categories with an understanding of the relative weight of each. If critical factors are not in place or not likely ever to be in place, then an investment in development should be very carefully considered. Alternatives such as policy dialogue or carefully staged conditions precedent to a project may be in order. Categories are weighted in relation to their importance for successful operation of an institution. The relative difficulty of making changes in the category will need to be considered in priority setting. The suggested order of priority based on the examples of the two successful institutions studied is as follows:

Order of Priority	Performance Category
First	Autonomy*
Second	Top Leadership*
Third	Management and Administrative Systems
Fourth	Commercial Orientation Consumer Orientation
Fifth	Technical Capability Developing and Maintaining Staff
Sixth	Organizational Culture Interactions with Key External Institutions

This order of priority does not imply that any one category is unimportant or that the first priority category will necessarily guarantee success in the categories ranked below it. The categories themselves were selected because they all are key areas for success. The rationale for the order of importance was based upon a consideration of those factors most important for the institutions that were studied to be able to operate as self-sufficient entities. In institutions which may be assessed using these guidelines, the

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* Good performance in these two categories is considered essential to success.

relative order of importance for each category may shift, depending upon local conditions. However, it is the firm belief of the research team that organizational autonomy and leadership are the most important categories for any self-sufficient, successful institution in the sector.

If the institution does not have enough autonomy to make important decisions, and if the political situation is such that a strategy for gaining increasing degrees of autonomy is impossible, then development efforts to improve the organization will continually be frustrated. To decide to invest considerable sums in development efforts without a strategy to address this issue would probably be a mistake. The action indicated for the donor/lender is to enter into policy dialogue with the power which controls the institution and try to reach agreement (as a condition precedent to any investment) for a plan to grant increasing responsibility to the institution. In the absence of a strategy for autonomy, the likelihood of an institution becoming self-sustaining or improving itself is low. The data from the assessment process and the research examples could be used as possible information in negotiations or policy dialogue.

The second most important factor is leadership, particularly at the top. Most development efforts require strong support and leadership. If an organization has weak leadership with few prospects for change, each step it takes will be fraught with confusion, it will be dependent on outside consultants, and ultimately will be unable to sustain change. Institutional improvement efforts may likely be perceived as a threat to insecure leaders and be subverted. In this situation, the development strategy needs to start at the top before major investments are made to improve the entire institution.

Given sufficient autonomy and good leadership, the relative importance of the other categories is less critical. If an institution has strong leadership (or the potential for developing it) and the capacity to make decisions affecting its future in critical areas, then its strengths and weaknesses, as shown in the assessment, become the basis for serious consideration for project design. The assessment team will need to develop its own rationale for order of importance within the context of the information. In setting these priorities, it is useful to consider which categories should be improved to net the highest potential impact on the problem areas. At the same time, consider which categories would prove more difficult to correct.

For example, the team could consider a ranking analysis scheme similar to the example presented below, which has been developed for a hypothetical institution.

Performance Profile for Lenapa Municipal Water Services

	Evaluation of Performance		
PERFORMANCE CATEGORY	HIGH	MEDIUM	LOW
Autonomy		x	
Leadership		x	
Management and Administration			x
Commercial Orientation			x
Consumer Orientation			x
Technical Capability		x	
Developing and Maintaining Staff			x
Organizational Culture		x	
Interactions with Key External Institutions			x

Out of the above profile might come the following conclusions of the priority categories:

Priority Category	Highest Potential Impact Activities	Degree of Difficulty in Making Improvements (high, medium, low)
1. Autonomy		
	Change legal charter to delegate operating authority to a board of directors down from minister; delegate authority down to director from board	High
	Delegate authority for approving tariffs from cabinet and legislature to ministry	High
2. Management and Administration		
	Improve management information systems	High
	Develop management skills	Medium
	Set up modern accounting	Moderately High
	Develop personnel policies manual	Low

Priority Category	Highest Potential Impact Activities	Degree of Difficulty in Making Improvements (high, medium, low)
3. Develop Staff		
	Design & develop training system (staff, curriculum, & training skills)	Moderately High
4. Technical Capability		
	Improve technical skills	Medium
	Standardize plant designs	Moderately Low
	Rehabilitate 50 percent of plants to increase capacity	Moderately High
	Establish leak detection program	Medium
5. Commercial Orientation		
	Develop project cost/benefit system & obtain staff commitment to it	High
	Develop unaccounted for water program & train staff	High
	Develop sales program	Medium
6. Consumer Orientation		
	Develop consumer intake/complaint capability integrated with rapid response repair teams	High
	Design computerized system for consumer requests	Moderately High

In the hypothetical example, the team decided that organizational autonomy was a major factor because the institution, although constituted as a semi-autonomous entity, reported directly to the Ministry of Interior. The minister approved all appointments and signed all contracts over $10,000. This created a politically oriented staffing situation and a very unresponsive and slow contracting mechanism. Competent staff were demoralized with the situation and many had resigned. The legal charter provided for delegation of authority to a board of directors but this had not been acted upon. Because of the legal charter, the category was ranked as "Medium." Without this, it would have been ranked "High."

Under current governmental policy, all tariffs had to be approved by the president's cabinet, after proposal by the legislature. It was judged that changing these procedures (even though the legislation creating a semi-autonomous entity provided for remedy) would prove to be extremely difficult due to political considerations. However, the recommendation was that a strategy of policy dialogue would appropriately begin to address these issues with the intended outcome of a staged procedure for granting autonomy over a five-year period. The changes would become loan covenants, subject to review at annual check points, as conditions for loan dispersal. Without an agreement for these changes, loan/grant activity was not recommended by the assessment team.

The category for which there is a strong need and where significant improvement would help the institution is management and administration. This is also a category where change can be more readily effected. The next priority in terms of impact and likelihood for change are the two categories of staff development and technical capability. Commercial and consumer orientation were considered the last two priorities because the data indicated that it would take a major, long-range series of improvements to begin to improve this area. Organizational culture was considered to be more a reflection of all the other areas than a category which could be acted upon directly, so it was left out of the ranking scheme. Interactions with key external institutions was considered an important area but, the team reasoned, should be a part of improved management skills (an executive management development program was recommended in the appendix of the final report).

In the above analysis process, the relative importance of each category in relation to the others was considered within the context of the specific local situation. In another situation, an organization may be very old and may have established a strong technical capability over time. This could provide a springboard for improving management or consumer orientation. In such a case, technical capability may be considered a lower priority than consumer orientation but an important supporting factor. If an organization has already achieved a considerable degree of autonomy, then autonomy would not be an issue for intervention but would provide the basis for the organization to make critical decisions about hiring, structure, and tariffs.

Chapter 6

TRANSITION FROM ASSESSMENT TO REMEDIAL DESIGN

The data which are derived from the institutional assessment will lead to a range of possible improvement projects and activities. These could range from very specific short-range improvements to an integrated, seven-year institutional development project. The institutional assessment procedure should provide a profile of the strengths and weaknesses of the institution. Areas of deficiency, and their effects on other sub-systems in the organization, should be clear. The assessment should point the way toward problem solving. The output measures determined during the early phase should have raised a series of questions for the institutional assessment team which by now should have been answered. The loop may now be closed by comparing initial questions about what was going on inside the institution with the institutional analysis. This should have identified the problem areas and provided detailed, verifiable information about their causes and consequences to support the initial indication of needs and problems.

The next steps should be to decide if remedial action is warranted and, if so, what kind. The basic data required for a pre-project documentation ("Project Identification Document" in AID terminology) should be close to being in place as a result of the assessment. The institutional assessment report could serve as the complete annex or supporting documentation for a subsequent report. If a design team is indicated (for a complete project design) for the next step, the project officer will know the mix of skills required on the team. If an improvement activity is under way (such as a project or specific technical assistance) it may need to be reoriented, strengthened, or canceled.

In addition to the above, the following basis for next steps should have been established:

- A working group within the institution has been identified which is familiar with the range of needs for remedial action.
- Realistic levels of expectations for what needs to be done have been established.
- The problem areas for design of remedial actions have been established and documented.
- A baseline of information for future evaluations has been established.
- An entrée with key participants within and outside the institution should have been established and support enlisted for follow-up actions.

- A sense of the overall time required for improvement can be estimated by assessing the degree of seriousness or extent of the problems.

With the above factors in place, decisions and processes for the next steps in designing institutional improvement activities should be relatively clear.