Capacity Building in the Water and Sanitation Sector at times of the MDGs.

Discussion paper prepared for the Round Table Meeting organised by WaterLinks and PSO, January 2006

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1 Introduction

1.1 Background

Discussions, between WaterLinks and PSO, on the theme of water and sanitation service provision have led to voicing a shared concern regarding the push for closing the existing gap in water and sanitation provision. Although both parties recognize the need for closing this gap it is felt that in practice most programmes, projects and discussions with policy makers (in the North and in the South) focus on 'filling the gap' without sufficient consideration of 'filling the gap in a sustainable manner'. A great deal of literature exists on how water and sanitation services should be provided. However, for different reasons lip service seems to be paid to many of these valuable concepts in practice. This is highly surprising as lessons learned from the Water Decade and the subsequent years show that the water and sanitation sector is not helped by just an 'unsustainable increase' in access. Yet, with the targets of the Millennium Development Goals drawing closer it seems that more and more focus is given to the well-known 'number games'.

Sustainable access to water supply and sanitation requires a multi-disciplinary and multi-sectoral approach to the existing problems and attention should be given to the various social, political, institutional and technical dimensions. Literature draws consensus on the need for and great importance of capacity building in the sector. However, the question on how capacity should be build to enable organisations to truly sustain their water and sanitation services seems not to be addressed fully. It also raises a further question on how capacity development for sustainable services is in practice integrated in projects and programmes. Experience from the partners shows that in practice integration seems to happen in a very limited manner. Why?

In order to address these concerns a one-day round table meeting will be organized by WaterLinks and PSO. 12 experts from the sector will be invited to discuss, and exchange views and experiences on this theme.

1.2 Problem Statement

Remarkable progress has been made over the last decades in the water and sanitation sector. However, still some 1.1 billion people do not have access to safe water and 2.4 billion lack access to improved sanitation services (WHO, 2000). Over 90% of the people that are currently un-served live in Asia and Africa. The existing frustration is worsened by the fact that much of the gains in service coverage have been offset by population growth and rapid urbanisation. At the start of the 21st century, global coverage for water supply and sanitation services is estimated at 82% and 60%, respectively. Besides the coverage problems, evidence suggests that most low-income countries do not have the capacity to plan, implement, operate, and maintain their water and sanitation services (4th WWF, 2005).

Ambitious targets have been set during the World Summit on Sustainable Development in Johannesburg in 2002. During this Summit, world leaders agreed to the so-called Millennium Development Goals (MDGs). These MDGs reflect a global commitment to

improve economic, social and health conditions in low-income countries and emphasise a strong water and sanitation component in both development and health policy objectives.

Goal 7 ('Environmental Sustainability'), target #10 aims to *'halve the proportion of people without sustainable access to safe drinking water and sanitation, both rural and urban by 2015'*. According to WHO (2000) data, this means that world-wide, over 15 years, **daily** 310,000 people will need to receive improved water supply and about 460,000 improved sanitation.

Target #10 has a great impact on achievement of other targets reflected in the MDGs. Especially, target #5 (reduction child mortality), target #9 (integrate sustainable development principles in country policies and programmes and reverse the loss of environmental resources) and target #11 (achievement of significant improvement in the lives of at least 100 million slum dwellers by 2020) cannot be seen in isolation of target #10[1].

It is indisputable that the achievement of the MDGs is strongly related to the availability or absence of local capacities and the lack of capacity in low-income countries is one of the main constraints to achieving the MDGs (4th WWF, 2005; Morgan et al., 2005; UN, 2005). The importance of and need to strengthen the capacities of local actors in the water sector has been recognized for decades and the availability or lack of capacity is fundamental to maintaining and upscaling sector development (4th WWF, 2005). However, even at this moment practitioners confess to having only a limited understanding of how capacity actually develops (Morgan, et al., 2005). Furthermore, real capacity seems to be built to a very limited extend into water supply and sanitation programmes as the scope and depth of programmes have been mostly limited to the delivery of formal training packages, and the convening of seminars and workshops to discuss general conceptual issues. Moreover, most activities within programmes have been one-off exercises, without linkages and lacking related follow-up, evaluation and ongoing needs assessment to respond to emerging policy needs and priorities (UNEP, 2002). It should also be recognised that, to date, the provision of capacity building assistance has generally been based on a flow of services from North to South, without encouraging the active involvement of regional, sub-regional and national institutions in their design and delivery. This has resulted in lost opportunities for enhancing South-South cooperation (Ibid).

Although developing capacities comprises a very complex and difficult process, the need for it is recognized for many years. Numerous lessons must have been learned. This brings us to the main question of this discussion paper:

"What are the most important lessons from the past about capacity building in the WATSAN sector in a way that leads to sustainable access to Water and Sanitation Services?"

[1] Although each of these is important the focus of this paper is on target #5 and #10.

1.3 Aim

This background document has been prepared to provide input to a one-day round table meeting on the theme of Capacity Building in the Water and Sanitation Sector, which will be organized by WaterLinks and PSO. This meeting provides a forum for 12 experts to discuss and exchange views and experiences regarding lessons learned in capacity building. In order to ensure that the discussion takes place in the framework of already existing insights on this theme, the aim of this paper is to give a brief summary of lessons learned on capacity building in the water and sanitation sector and to look into the possibilities and difficulties for application of these lessons.

1.4 Outline of the Paper

The paper has been outlined as follows:

- Chapter 2 describes capacity and capacity building in the context of this paper. Basically, it provides a common structure on how the organizing partners view capacity and building of capacities in the water and sanitation sector. Paragraph 2.2 describes a model for a capacity building process. The model will be used as the framework for the lessons learned.
- Chapter 3 outlines the lessons learned regarding capacity building. Programme failures and relevant best practices that have been identified are not readily available, recognising this and the scope of this background document, this chapter attempts to provide a brief overview of lessons learned on capacity building.
- Chapter 4 outlines Guiding Principles for Sustainable Capacity Building. These principles should be seen as a source of inspiration for the round-table discussion and as work in progress to which all parties can commit themselves towards.

1.5 Scope of the Paper

The intent of this paper is to trigger discussion and establish a common framework for participants taking part in the round table meeting on this theme. The essence of chapters 2 and 3 is provided in a ‘bullet-wise’ and tabled summary at the end of each chapter. The paper is considered to be a discussion paper that does not claim to be either a complete or academic study.

The term ‘capacity building’ has been highly debated over the past few years. For several reasons some would argue that ‘capacity development’ is a more appropriate term then ‘capacity building’ in this context. However, this paper uses the term ‘capacity building’ instead of ‘capacity development’ as this is in line with terminology used by PSO. There is also continuing debate about the link between capacity and performance. It is beyond the scope of this paper to reflect on this discussion.

2 Capacity Building

2.1 Defining Capacity Building

Capacity building is in the development sector widely recognized as a pre-requisite for poverty reduction. Built capacities in the water and sanitation sector will greatly contribute to the improvement of health, which in turn will have its effects on poverty reduction. However, there are many questions regarding the exact relationship between capacity building and the improvement of the sector in general. Governments, donors, partner organisations, and other role-players in the sector are searching for adequate strategies to address this issue. Ideally, policy and strategies to address capacity building follow the full analysis of the demands and their effects. However, capacity building strategies often derive from the (quick) analysis of a single role-player/organisation in the sector without consideration of the full context in which this organisation operates. Leaving this important part of the analysis out means that the link with the wider sector is left out and it could be questioned what the effect of the capacity building strategy is on the wider sector and on its main aim of improvement of health.

The missing link within the strategies to build capacities might be partly due to the difference in interpretation of the term 'capacity'. Despite the fact that capacity building is being globally advertised as being central to development, people everywhere struggle to explain exactly what capacity is or what is comprises (Morgan et al., 2005). Nearly all discussions and papers about this subject begin with an effort to agree on a definition (just like this one). However, it is felt that only few give some operational help to practitioners (ibid).

Studies show that different ways of thinking seem to have emerged on capacity and building capacities. This paper's perspective is to see capacity as an outcome of organisations that have a collection of more specific abilities distributed among a variety of levels (ibid) and actors. This implies that (Morgan et al., 2005):

- Individuals have personal abilities or attributes or competencies that contribute to the performance of the organisation or system
- Organisation or broader systems have capabilities to do things. These capabilities can be understood as the building blocks of an organisation's overall capacity to perform.
- Organisations or systems try to connect these competencies and capabilities into some sort of **coherent combination** or system (institution environment) that allows them to perform.

So capacity is inside the boundaries of an organisation or a network of organisations, but the capacity is shaped and influenced by the context. Capacity building does ideally not take place inside a vacuum, but in a **broader, dynamic institutional and social-economical context**. Both planning and implementation of capacity building interventions will need to take account of external influences on the context within which such (groups of) organisations operate (PSO, 2003).

In the water sector Alaerts *et al* (1996) defined, close to PSO's framework for capacity building, the three basic elements of capacity building in a holistic way, as;

- Creating an enabling environment with appropriate policy and legal frameworks
- Institutional development, including community participation
- Human resources development and strengthening of managerial systems.

Arising thereof, capacity building involves undertaking a series of activities or processes aimed at development of resources and their management in order to achieve, sustain, prolong or multiply pre-defined objectives. In theory capacity building is an infinite process because changes in frame conditions over time require constant modifications to meet ever-emerging challenges. In this respect literature agrees that it is neither an output nor project but a continuous process (Alaerts *et al*, 1996; GTZ, 2005).

2.2 Capacity Building Model

Derived from the above definitions of capacity building (CB) the following levels can be distinguished in a capacity building process (see figure 1).

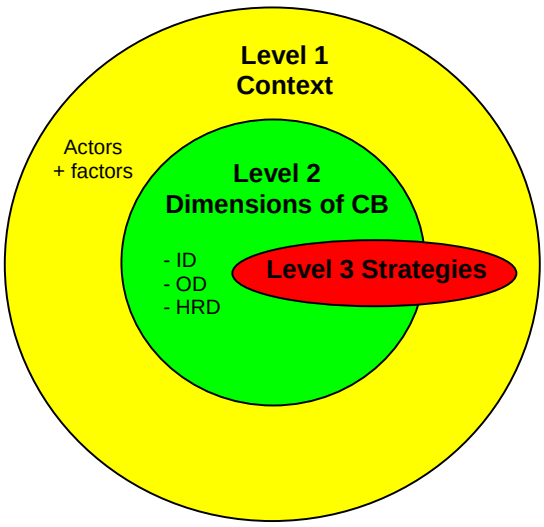

Figure 1: Levels in the capacity building process.

As shown in Figure 1 the capacity building process has to address the following 3 levels[2]:

1) the context in which the actors operate and in which the capacity building exercise will take place;

[2] Most of the existing models for capacity development (UNDP, 1998; GTZ 2005; etc) describe only level 2 of this model as a capacity building process. The above model has chosen to distinguish between the 3 levels as described as the context level goes beyond the institutional environment, and because PSO promotes the concept of working programmatically. A distinct feature of programmatic working is that the new interventions are based on existing processes and that these are aligned to the real problems in its full context. Therefore, the context analysis can be seen as the most important step of programmatic working.

2) the different internal dimensions of capacity building at 3 sub-levels (institutional development (ID), organisational development (OD), and, human resources development (HRD); and
3) the strategy development level.

The context

Structures, institutions, organisations and individuals – all interact dynamically and interdependently. The context ***shapes present capacity*** and provides ***drivers of change*** as well as ***constraints to change***, which organisations and individuals – each in their manner – will respond to, in addition to responding to each other. Individuals and organisations, and their capacity, are ***embedded*** in a certain context (EuropeAid, 2005). This also captures that individuals are not able to articulate all the deeper-rooted factors influencing their choices and actions. Having successful capacity building initiatives requires for the organisation to recognise the contextual factors at work and to manage their initiative strategically in response. An in-depth prior analysis of the context is necessary before good assessment of the capacity building needs can be made and only when a complete picture exists on what function the organisation has in the whole chain of water and sanitation provision, an appropriate strategy can be developed.

The context analysis should include the assessment of:

a) *Structural factors; this* are factors beyond the influence of individuals and short-term decision making. The following structural factors are often considered important (EuropeAid, 2005):
   - The history of state formation, the authoritative resources and legitimacy of the state, and the relation between the economic structures and the state structures
   - Natural and human resources, social and ethnic structures, demographic changes, regional influences, long lasting pandemics
   - Globalisation, geopolitics, global trade and investment regimes, migration, urbanisation
b) *Institutional factors* denote resilient social structures formed by norms and regulations which provide solidity and meaning to social life. Institutions can be formal or informal, and are by definition slow to change. Institutional factors considered important include (EuropeAid, 2005) :
   - Norms for exertion of power and authority, from the family level to the state level, including gender aspects of the power distribution.
   - Socially embedded norms for what government authorities should and should not do, and of how public management should be performed
   - The status and rank accorded to “carriers of public authority”, be it elders, teachers, doctors, clerics, ministers or presidents.
   - Norms governing reciprocity in exchanges of e.g. favours and gifts
   - The norms governing how formalised, official laws ands rules are considered and used compared to informal sets of rules.
   - The broader (sector) development processes; the institutional context ‘outside’ the relevant organisations, e.g., government policy, developments in the market sector, or donors
c) *Actors* that exist within the water and sanitation sector (whether public, private, community or civil society sector). Their links, gaps and dependencies should be established.

Dimensions of capacity building[3]

This level describes the analysis and identification of potential areas for capacity building. It can be sub-divided into 3 sub-levels:

Institutional Development (ID)

Institutional Development (ID) is often defined as the general development that influences the broader context in which organisations operate. This may be a network, a sector, legislation (rules of the game), the political arena, a certain section of the population, the entire civil society, or the surrounding culture. In summary, ID deals with the position and acknowledgement of organisations within the sector or given context. Whereas human resources development and organisational development are generally practical issues that can be planned and monitored in the short term, ID is more vague, and broader, thus usually a long-term process that is seldom under the direct control of a single organisation. If there is no investment in ID then the ties between organisations and their interactions should be strengthened. ID can be divided into a number of dimensions, including:

- Strategic harmonisation (between various organisations working within a certain region or sector, working towards a collective policy towards third parties)
- Operational harmonisation (between various organisations within programmes and collective programme development);
- Learning capacity (exchange of knowledge and experience between organisations within a network that leads to learning processes, whereby policy, and the implementation thereof, is influenced within various organisations in the network);
- External influence (the capacity to look for the dynamic context and exert influence towards third parties to defend certain interests, help define policy and to stand up for (human) rights)

Organisational Development

Organisational development means sustainably improving and strengthening the internal capacity of an organisation (or sections thereof), so that it is better able to achieve its objectives and fulfil its mission. This is not just about improving the quality of the staff, though this may be part of the strategy. Differentiation between the following characteristics of organisational development can be made: strategy and planning, learning capacity, structure, systems, staff, management style, culture, financial management, networking, and, technical competence

Human Resources Development (HRD)

HRD means the improvement and maintenance of the quality of personnel resources within an organisation. This includes the way in which people develop and focus their knowledge, skills, attitudes and motivation within their daily routine – their work within the organisation. At an individual level capacity building is about gathering information and insight, changing perceptions, assumptions, values, common sense, practical skills, attitudes and style. HRD can be divided into three main categories:

1. management,
2. technical, and,
3. attitudes and motivation.

[3] These dimensions are based on the descriptions used by PSO (PSO, Financing of Capacity Building, 2003).

Capacity building strategies
Developing capacity building strategies includes the assessment or analysis of the factors above, deals with setting long term goals that should be achieved (or how performance should be improved); devises a plan, determines the methods, activities, instruments and funds by which the capacity actually will be built; and monitors and evaluates the results and impacts. The concept of strategy means that some choice between alternatives exists and has to be considered. In the capacity building strategy choices will refer to the different dimensions of capacity building, the different domains (knowledge & information, skills, and attitude) covered by the capacity building initiative and consequently, to the different instruments and/or activities (Beyer, 2002). The instruments and activities include:

- Information and knowledge management: e.g. websites, information desk, distribution of relevant information to interested groups.
- Facilitation of processes by external experts.
- Coaching: support an organisation during the learning process.
- Research and establishment of research, professional organisations and resources centres.
- Training: e.g. course, workshop, seminars, on the job, etc.
- Networking: establishment of (electronic) network groups, twinning arrangements, visits, secondments, e-conferences, regional workshops, etc.
- Education: vocational, scientific, post graduate, distance, etc.
- Development of management models for organisations.
- Training funds and scholarships.
- Project and counterpart arrangements.

The above mentioned strategy development is based on the following main principles (Beyer, 2002):

- System thinking; innovation is a result of co-operation between various actors.
- Multi stakeholder process; trying to achieve shared objectives and
- Participation, social learning and joint action planning; developing an action plan in a joint learning process, in which all relevant stakeholders are actively engaged.

2.3 Capacity Building in Essence

This paragraph summarises the main issues described in Chapter 2.

<u>Defining capacity building:</u>

- Capacity building is in the development sector widely recognized as a pre-requisite for poverty reduction.
- Questions exist regarding the exact relationship between capacity building and the improvement of sector performance in general. Governments, donors, partner organisations, and other role-players in the sector are searching for adequate strategies to address this issue.
- Although capacity building is being globally advertised central to development, people everywhere struggle to explain exactly what capacity is or what it comprises.
- This paper's perspective is to see capacity as an outcome of organisations that have a collection of more specific abilities distributed among a variety of levels and actors.

- So capacity is inside the boundaries of an organisation or a network of organisations, but shaped and influenced by the context.
- Both planning and implementation of capacity building interventions will need to take account of external influences on the context within which such (groups of) organisations operate.
- Capacity building is neither an output nor project but a continuous process.

Capacity building model:
The described capacity building model addresses 3 levels that should be distinguished in a capacity building process:

a) the context in which the actors operate and in which the capacity building exercise will take place;
b) the different internal dimensions of capacity building at 3 sub-levels (institutional development, organisational development, and, human resources development); and
c) the strategy level.

The above-described model provides the framework for analysis of the lessons learned.

3 Lessons Learned

Some would argue that large sums of money have been spent in the developing world on "capacity building" over the past thirty years, but that these efforts have failed to stimulate local skill development and retention at scale (WSP, 2004). But it is also recognised that most established approaches to capacity building have merit and can serve a useful function, but in isolation they do little to support the overall growth of skills in the water sector. At present, throughout the water sector stakeholders at all levels are working to contribute to the Millennium Development Goals. However, the efforts are often isolated and ignored by many who could benefit from them. The need to share the insights in building capacities is fundamental but most of the lessons learned from investment and programme failures and relevant best practices that have been identified are not readily available (WWF 4, 2005). Recognising the above statement and the scope of this discussion paper, this chapter provides a brief overview of lessons learned on capacity building in the water and sanitation sector and from the wider development sector. The studies used included general evaluations of capacity building support and many of the lessons learned seem relevant for the water sector and for donors in general. The lessons learned are selected using the framework for capacity building, explained in section 2.2.

3.1 Context

This paragraph outlines the main lessons learned while focusing on the context.

Context analysis
Literature and experiences reach consensus on the lack of sufficient context analysis. This might be due to the limited understanding of capacity building, lack of funding to undertake this analysis, top-driven capacity building initiatives that leave little room for addressing context specific issues, etc. Other factors contributing to the lack of a good context analysis are the absence and inadequacy of capacity assessment frameworks. Morgan et al, (2005) argue that many of the frameworks used are unclear about the nature of capacity and tend to focus on the individual organisation. They are not

designed to identify the different actors and tend to give little attention to system, institutional, and actor interrelationships.

Political influences

Governance and capacity building are often closely related and political and governance structures exert great influence. Capacity building involves shifts in roles, power, access to resources, relationships and identities, and these shifts take place at all levels from the individual, organisational, institutional to the structural levels. Often conflicting purposes of groups involved have to be managed. At times a process of capacity destruction is crucial when groups and organisations struggle to renovate and reform older structures. In other cases, making systematic efforts to improve capacity make little sense given the pressures, vested interests and perverse incentives. Sometimes a strategy for the symbolic manipulation of capacity images should be chosen (Ibid). In Kenya, Nigeria and India political influence have been found to be limiting factors in developing sufficient capacity. (UNESCO-IHE, 2005; Alaerts *et a.l,* 1996). The most important lesson is that the political influences and will should be assessed and addressed in the strategy.

Donors, multi-sector and country conditions

The challenges of capacity building vary across sectors as well as across countries. This is because governments generally are inclined to improve services demanded by powerful interests more readily than those sought by weaker or more diffuse interests. In addition, the tractability of capacity building problems depends on sectoral characteristics like labour intensity and the decentralization of service provision (World Bank, 2005). While the World Bank and other donors seem to be moving to better customize its capacity building approaches to country conditions, it has devoted inadequate effort to deriving lessons along sectoral dimensions and fostering country-led capacity building planning within sector-wide programmes. Traditional tools such as technical assistance and training have often proved in-effective in helping to build sustained sector capacity (Ibid).

3.2 Dimensions of Capacity Building

This paragraph describes the lessons learned on the 3 dimensions of capacity building, namely institutional, organisational and human resources development.

Institutional development

Donors, sector wide approaches and harmonisation

The World Bank (2005) claims that most country strategies do a better job of addressing capacity needs than the strategies of the mid 1990s did. Many strategies are shifting toward sector wide programmes and budget supports, which set broad strategy frameworks for identifying long term capacity building needs in the sector. Together with some multi-sector approaches that address capacity building issues within and across ministries and levels of government, these are promising new directions as they may help authorities prioritise capacity building activities and the support from donors. However, in practice this appears to be happening only in a few countries, as sector-wide approaches in the WATSAN sector are only slowly developing. Most support for capacity building remains fragmented (lack of strategic or operational harmonisation). Frequently, it is designed and managed project by project. Often projects embed capacity building activities in other programme components and do not specify the capacity building objectives. Again many such capacity building activities are not

founded on adequate needs assessments and do not include appropriate sequencing of measures aimed at institutional or organisational change and individual skill building.

Actors and legal frameworks

Current frameworks often do not support the role of small-scale private sector initiatives. Ball (2004) and WSP (2004) have shown that local businesses and NGOs are able to adapt to and offer appropriate and affordable home-grown solutions in water and sanitation delivery. But these enterprises are limited by lack of equipment, materials, skilled labour, outdated standards and lack of access to affordable credit. Capacity building initiatives aimed to alleviate these bottlenecks at private sector/small businesses/NGO level are necessary to allow speeding up the MDG process by acting as implementation agents of the government. Their establishment in areas and spread between communities are required to serve and would promote/transfer new and appropriate technologies besides providing continuity of work for local people.

Absence of well-defined institutional framework at decentralised levels

In many countries, for example in Mozambique, there is a lack of clear structures showing the chain of responsibility between provincial and district levels. Uncertainty has resulted in a weak institutional capacity and poor management of resources in this transition period. The co-ordination of different players with a commonness of purpose is lacking. A targeted capacity building strategy is difficult to design because the government has not set out a clear structure and scope of responsibilities for all stakeholders such as the role of districts, provinces etc in the decentralisation process.

Organisational development

Weaknesses vs. strengths

Many organisational (and also individual) capacity assessments focus on the weaknesses and gaps in performance. More attention should be given to strengths and existing capabilities of organisations that do actually work and learn from these.

Competencies and abilities

Part of the process of capacity building involves the way organisations alter the pattern of the competencies and capabilities as they grew in size and scope of action, and the complexity increased. Using specific competencies and capabilities from different organisations even allows for a more focused operational discussion of the capacity building issue, as they are emerging properties of the system of which they are a part (Morgan, et al., 2005). Professionals need skills and models, which are necessary to draw out these competencies and abilities.

Lack of attention to organisational change

Studies (Morgan, et al., 2005; Europeaid, 2005) show that there is relative lack of attention being paid to organisational change issues. Certainly in initiatives aimed at the public sector little emphasis is given to the difficulties and challenges involved in designing and managing programmes of intentional change.

Human resources development

Motivation, attitudes, behaviour

The main lessons learned at this level is that change through capacity building will mainly be achieved if sufficient attention is given to issues such as human motivation, attitudes and the importance of informal patterns of behaviour. However, experience teaches that these issues are not often addressed within existing capacity building strategies as many professionals and trainers do not have the knowledge, skills, confidence and time to do so. Also participants in capacity building activities shy off integrating and discussing these issues.

Incentives and rewards not adequate to retain skilled staff within the sector

The incentives offered by many governments for qualified professionals are not adequate to keep staff working in the provinces outside the city or within the sector. Some shift to other employers in better paying sectors of the economy (if the bachelors degree in engineering is not a limiting factor also diversify in career choice e.g. in the finance sector) or leave the country all together (UNESCO-IHE, 2005). In Mozambique, this results in uneven distribution of available engineers (highest concentration is in Maputo) and has put a strain on service delivery in the provinces and districts where their services are most required (80% of the country population reside).

Capacity building requires more than only training engineers

There is a tendency to consider that all water-related problems will be solved with engineering skills, while in the field most common failures in projects are related to social, political, financial or economic factors (4th WWF, 2005).

3.3 Strategies

This paragraph describes the lessons learned regarding capacity building strategies.

Continuous processes

In general terms it is agreed that capacity building is a continuous process. This has consequences for capacity building strategies, as one of the characteristics of these change processes is that they have a starting point but no clear predetermined end point. The lesson learned is that this can cause difficulty in a project and programme dominated sector and it raises questions on how this should be dealt with in such an environment.

Lack of holistic view in capacity building strategies

Capacity building strategies:

- are too often designed without taking into account the specific context (as mentioned above). This results in that the strategies are not situational enough and do not address the real issues.
- are too fragmentised, usually they address one specific organisation or one specific group of organisations without taking into account the relation and linkages (or perceived linkages) they have with other organisations in the sector resulting in ignorance of their mutual effect on each other.
- usually address organisations/institutions at one specific horizontal level (e.g. national or community level). Capacity building strategies addressing local government cannot be successful without properly taking into account their vertical relations with national governments or with community representatives.

Training as a capacity building strategy

Training is often the only considered activity (and strategy) within a capacity building programme. Little thought is given to what difference this training can make in real terms and what needs to happen within these organisations to use the newly acquired knowledge and skills in your work. Even when this is done, no follow-up activities are planned to support the participants in the implementation of their newly gained knowledge.

Monitoring impact

A major problem with capacity building strategies in the sector is that there is still a general inability to detail capacity building action plans in a positive sense in contrast to easily identifying it as a cause for project failure (Alaerts *et al.,* 1996). Capacity building suffers from a benchmarking problem with few indicators to measure its success in meeting goals thus resulting in the low priority it is given in many programmes. Impact is in general only measured at the level of implementation of capacity building activities (such as training). Few systems and tools exist to measure impact on individual, organisational and institutional performance. Capacity building objectives are often not clear on what should be achieved at the different levels.

Incentives

Incentives (such as daily allowances) to participants to take part in capacity building activities provided by donors and governments seem to provide the 'wrong' motivation for participation in events.

Funding

Lack of technology or even funding of infrastructure is not longer identified as the main obstacles to making progress in terms of the MDGs but lack of capacity to address the problems in a sustainable way has been identified (4th WWF, 2005). Funding is critical for continuous capacity building processes and the issue of adequate funding for

capacity building is at present not sufficient addressed. In general there are relatively low budgets for capacity building activities within projects or programmes.

Practitioners and capacity building strategies

In practice few practitioners seem to have faith in grand capacity strategies. In general there is no systematic plan for capacity building programmes, only for the activities that take place in the programmes.

Instruments for implementing capacity building strategies

Table 1 below provides a brief overview of capacity building instruments. The instruments described should not be seen as exhaustive but are commonly used within the water and sanitation sector.

Table 1: Lessons learned on common capacity building instruments in the WATSAN sector (WSP, 2004)

Instrument	**Lessons learned**	
	Positive	Negative
Projects and counterpart arrangements	Skills may be transferred and the impact on individuals and their organisations may be tremendous	Reaches a limited pool of individuals. Many gravitate away from the domestic sector into international organisations. Those that remain develop into an elite cadre of skilled resources upon whom government and donors call repeatedly. The local water and sanitation skills market needs to be deepened and made more transparent.
Resource centres	In the best of cases resource centres go on to develop new ideas and to train and build capacity in the domestic market	Largely lack entrepreneurial skills and they have usually been protected from commercial competition by dedicated funding provided by government or donors. In the open market both governments and donors may prefer to pay higher prices for international experience, or turn to consultants or training expertise with international stature.
Training funds/ scholarships	Play an important role in developing skills in the very top levels of professions	Reach and impact on the domestic market is generally limited. Students upon return to their home country or organisation find out that the newly acquired skills and knowledge are not always sufficient. No funds have been dedicated to mass development of decentralized skills.
Professional organisations	Such as the Organisation of African Water Suppliers and the IWA, play an important role in maintaining professional standards and can promote local organisations and innovative research.	Existing professional support agencies tend to be focused on traditional “technical” areas of the business. Mechanisms which help such professional bodies work together with professionals with different skill sets and experience may have potential, and could also benefit from closer links to international umbrella organisations.
Dedicated regional capacity building/ networking projects	The most successful of which in recent years has been the Water Utilities Partnership, can provide an opportunity for traditional organisations to enhance their impact and institute challenging research, gaining in the process	Lack of a clear implementation mechanism for building individual utilities, and lack of a strong coalition of financing partners is frustrating WUP’s efforts to consolidate and further develop lessons from its early phases.

	access to NGOs, resource centres and others working in the sector.	

3.4 Lessons Learned in Essence.

The matrix below (table 2) summarises the lessons learned regarding capacity building in the water supply and sanitation sector. It should be recognised that this matrix contains gaps in what is being learned over the past years. This is partly due to the nature of this discussion paper but also due to the need for more detailed insight into capacity building programmes at large. The lessons learned are selected using the framework for capacity building explained in section 2.2.

Table 2: Capacity building lessons learned

Levels	Issue	Short description lessons learned
Context level	Context analysis	Lack of sufficient context analysis due to limited understanding of capacity building, lack of funding to undertake analysis, top-driven capacity building initiatives, and inadequate capacity assessment frameworks.
	Political influences	Governance and capacity building are often closely related and political and governance structures exert great influence. Political influences and will should be assessed and addressed in the capacity building strategy.
	Donors, multi-sector and country conditions	Donors get a little bit better at customising its capacity building approaches to country conditions but devote inadequate effort to deriving lessons along sectoral-dimensions and fostering country-led capacity building planning. Technical assistance and training have often proved in-effective in helping to build sustained sector capacity.
Dimensions of capacity building		
• Institutional development	Donors, sector wide approaches and harmonisation	Strategies are shifting to sector wide approaches in a few countries but most support remains fragmented project by project.
	Absence of well defined institutional framework at decentralised levels	Co-ordination of different players with a common purpose is lacking which makes it difficult to design a targeted capacity building strategy.
	Actors and legal frameworks	Current frameworks do often not support local businesses and NGOs while these actors can be useful in offering home-grown solutions and could act as implementation agents for the government. These organisations are often not part of formal capacity building initiatives.
• Organisational development	Weaknesses vs. strengths	Little attention is given to building capacities and strategies on existing strengths of organisations.
	Competencies and abilities	Although capacity building should alter the pattern of the competencies and capabilities of individuals and organisations, they are not very well analysed. Therefore professional skills and models are necessary to do so.
	Lack of attention to organisational change	Little emphasis is given in programmes to the difficulties and challenges involved in designing and managing programmes of intentional change.
• Human resources development	Motivation, attitudes, behaviour	These issues are not often addressed within existing capacity building strategies as many professionals and trainers do not have the knowledge, skills, confidence and time to do so. Also participants in capacity building activities shy off integrating and discussing these issues.
	Incentives and rewards not adequate to retain skilled staff within the sector	The incentives offered by many governments for qualified professionals are not adequate to keep staff working in the provinces outside the city or within the sector.

	Capacity building is more than training engineers	Still the focus of training in capacity building initiatives is on engineers while the sector has recognised the interdisciplinary nature of water and sanitation sector delivery.
Strategies	Continuous processes	As capacity building is a continuous process (with no predetermined end) how does it fit in with a project and programme dominated sector?
	Lack of holistic view	Strategies are often not situational enough to address real issues, they are too fragmented as they normally only focus on one organisation without taking into account linkages to the broader sector and organisations, usually only address organisations at one specific horizontal level.
	Training as the only capacity building strategy.	In many cases only training is perceived as the 'strategy' for capacity building. This activity is not embedded in a broader framework of capacity building with as result little impact of activity itself.
	Monitoring impact	Action plans have generally few indicators to measure its success in meeting goals and impact is only measured at implementation of training level. There is lack of tools and systems for monitoring impact.
	Incentives	Incentives (such as daily allowances) to participants to take part in capacity building activities seem to provide the 'wrong' motivation for participation in events.
	Funding	The issue of adequate funding for capacity building is at present not sufficiently addressed.
	Practitioners	Few practitioners seem to have faith in grand capacity strategies. In general there is no systematic plan for capacity building programmes, only for the activities that take place in the programmes.
	Instruments	See table 1

4 Guiding Principles for Sustainable Capacity Building.

It is globally acknowledged that the lack of capacities in low-income countries is one of the main constraints to achieving the MDGs. Although building capacities comprises a very complex and difficult process, the need for it in the water and sanitation sector is recognized for many years. Over the past years numerous lessons have been learned. However, it is questionable to what extend these lessons are sufficiently taken into account in new initiatives.

This chapter summarises 9 'guiding principles' on what is desirable to be minimally taken into account to make development interventions in the sector more sustainable in time. The aim of this chapter is not to have a finished blueprint on what 'should or should not be done' to capacitate the water and sanitation sector. It should rather be seen as a source of inspiration for the round-table meeting and as work in progress to which all parties can commit themselves towards.

Guiding principles for sustainable capacity building[4].

- *Allocation of **sufficient funds** explicitly allocated to capacity building efforts. Investments in technical solutions should be accompanied with a budget for capacity building that is in balance with the overall budget.*
  Funding is a critical obstacle for continuous capacity development delivery. It is not only about increasing the total amount available for capacity development it has also to do with a relatively increase of project funds for capacity building within the framework of a project or program.

- *Need to **customize capacity building approaches** based on an appropriate and sufficient needs and context analysis*
  Capacity building efforts must acknowledge country specific contexts, including sector policies and institutional progress.

- *Sufficient emphasis should be given to encourage **country-led capacity building** planning with **local ownership** and local implementation of capacity development actions*.
  Ownership, leadership and empowerment of the local stakeholders are crucial elements in capacity building initiatives. This must be considered in the design of strategies to develop the knowledge and local capacities in a sustainable way. The creation of partnerships for addressing capacity development and social learning has proved to be an effective vehicle for sharing information and knowledge while making use of the expertise, skills and experiences available

- *Capacity building activities should be **built into larger and broad strategic frameworks** such as the sector wide programmes and budget support (longer term capacity development objectives, co-ordination of different players)*

[4] The guiding principles have been formulated by E. Uytewaal (IRC) and are drawn from:
- lessons learned outlined in the previous chapters of this document and;
- main issues arising in the draft baseline document on Çapacity Building and Social Learning prepared for the 4th World Water Forum in Mexico, March 2006.

This also implies appropriate investments to enable the building of long term partnerships with and among local organisations as an effective way for sharing knowledge while making use of the expertise, skills and experiences available

- *Capacity building should be addressed as **a continues process** based on a **holistic view** with sufficient attention to the multi disciplinary connotation of the problems in the sector.*
  Enhancing the sectors capacity will not be achieved by stand-alone, one- of or fragmented activities nor will it ever be achieved by involving technical or engineering skills only. An integrated approach, based on a multi-disciplinary vision, has more change to solve the problems which are unusually influenced by social, political, financial or economic factors.

- *Capacity building should be based on a **coherent and coordinated approach.***
  Capacity building has for a long time been interpreted as equivalent to training activities. However, capacity building strategies should take into account the different dimensions of human resources development, organisational and institutional development in a more integrated way.
  Networks of local organisations should be promoted as effective platforms for cross-sector and multi–level knowledge sharing and coordination.

- *Need of promotion of **change of attitudes** in addition to building new capabilities.*
  It's more important then ever not to repeat our mistakes. We need to learn from our successes and share and use the new insights in future decision-making This implies the willingness of the actors in the sector to learn form the passed. But the challenge is even more complex it has also to do with the readiness of the different organisations for learning and particularly "joint" learning in the sector. This not only implies that each development intervention in the sector should pay explicit and sufficient attention to enable documentation, sharing and learning of experiences but it also implies a shared vision on the value of "organisational and sector learning", This vision also needs to be reflected and appropriately addressed in the organisational structures and procedures of the different organisations and institutions active in the sector.

- *Need for development and introduction of **appropriate systems for information sharing and knowledge management** in the sector*
  Information sharing and knowledge management consist in the backbone of the capacity building concept. To become more efficient and effective it's important to include dissemination and knowledge management components in the design of all development initiatives.

- *Need to invest in development and implementation **of appropriate monitoring and evaluation frameworks and tools.***
  Capacity building requires time and appropriate measurement**.** It is a continuous change process. Within the sector we count with ample experiences in monitoring and evaluating the results of programme and projects. However it's till very hard to record the interim state of the capacity building process reflected in the actual local abilities to achieve given objectives. The development of a good monitoring and evaluation framework also implies the development of good and smart indicators for capacity building.

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