Working Group II

Benchmarking of Utilities for Performance Improvement

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Context:

Most public utilities not operating efficiently in Africa

• High Unaccounted for Water (NRW)
• Low Cost recovery
• Low Tariff levels
• High staff per 1000 connections
• Availability of supply

Problem of capacity to deliver……..

• Decades of public investment
• Poor sector and institutional arrangement choices
• Many public sector management issues
  – Problems of financial viability
  – Accountability
  – Autonomy
  – Lack of regulatory framework
  – Institutional organisation of water service delivery

Benchmarking Initiatives

Global and other Regions:

• IWA
• IBNET
• South Asia Utility data book
• Benchmarking of utilities in Brazil

Regional
• Water Utility Partnership – Performance Indicators and Benchmarking Project
Preamble of Group II

Objectives and Incentives of Benchmarking

- Benchmarking of utilities should be based on **in-house interest** motivated by the need to improve performance and satisfy customers.
- Data collection and analysis should translate into enhanced performance by utilities contributing the data.
- Benchmarking is a managerial tool
- A process of learning from others - exchange of knowledge experiences exchange of knowledge experiences exchange of knowledge experiences
- Should be linked to a particular project - motivated by ISO certification.
- How is the data going to be used – blind data is another option.
- What value does benchmarking add to utility performance?
- Standardization and validation of data

Key elements to consider

Priority No. 1:

i) **Identify and set customer service levels and quality- 1**

- Response time to customer complaints
- Time taken to connect new customers, etc.
- Time frame of service – dealing with problems.
- Citizens’ report card – consumer perception on services – score sheet
- Citizens Action – Lobby and advocacy with the utility managers – Bridging the gap – Urban areas
- Gauge customer satisfaction then work backwards to benchmark-indicators related to customer satisfaction – dynamic from 15 to 24 hours of service.
- **Servicing the poor** – how many of the new customers are from the poor neighbourhoods.
- **Gender in utility performance.**
ii) **Benchmarking of individual managers**

- Efficient and effective use of resources
- Capability to achieve performance targets

**Priority No. 2:**

i). **Linkages between and obligations of Government, Regulators and Operators**

- Institutional set up varies from one country to another.
- Utilities are required to submit their performance indicators when applying for tariff adjustments.
- Need to facilitate exchanges between utilities.

ii). **Financial viability of utilities – financial markets require credit rating of utilities**

- Possibility of bankability of utilities by local financial institutions
- Commercial/financial institutions require credit rating of utilities.
- Benchmarking/financial indicators to establish credit-worthiness of utilities.

**Footnote – Categorization of Utilities.**

- The need to put the information received from utilities in context.
- Capture unique characteristics and situations of different utilities.
- Benchmarking is a process on an issue by issue- bulk supply, distribution, customer care, --to put information received from utilities in context.
- Not constrained by differences in utilities.