

Working Group II

Benchmarking of Utilities for Performance Improvement

1. Lead Speaker – Dennis Mwanza, WSP

Context:

Most public utilities not operating efficiently in Africa

- High Unaccounted for Water (NRW)
- Low Cost recovery
- Low Tarrif 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.