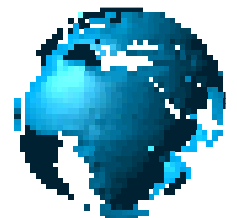


Accountability of utilities to their users

Meike van Ginneken, World Bank

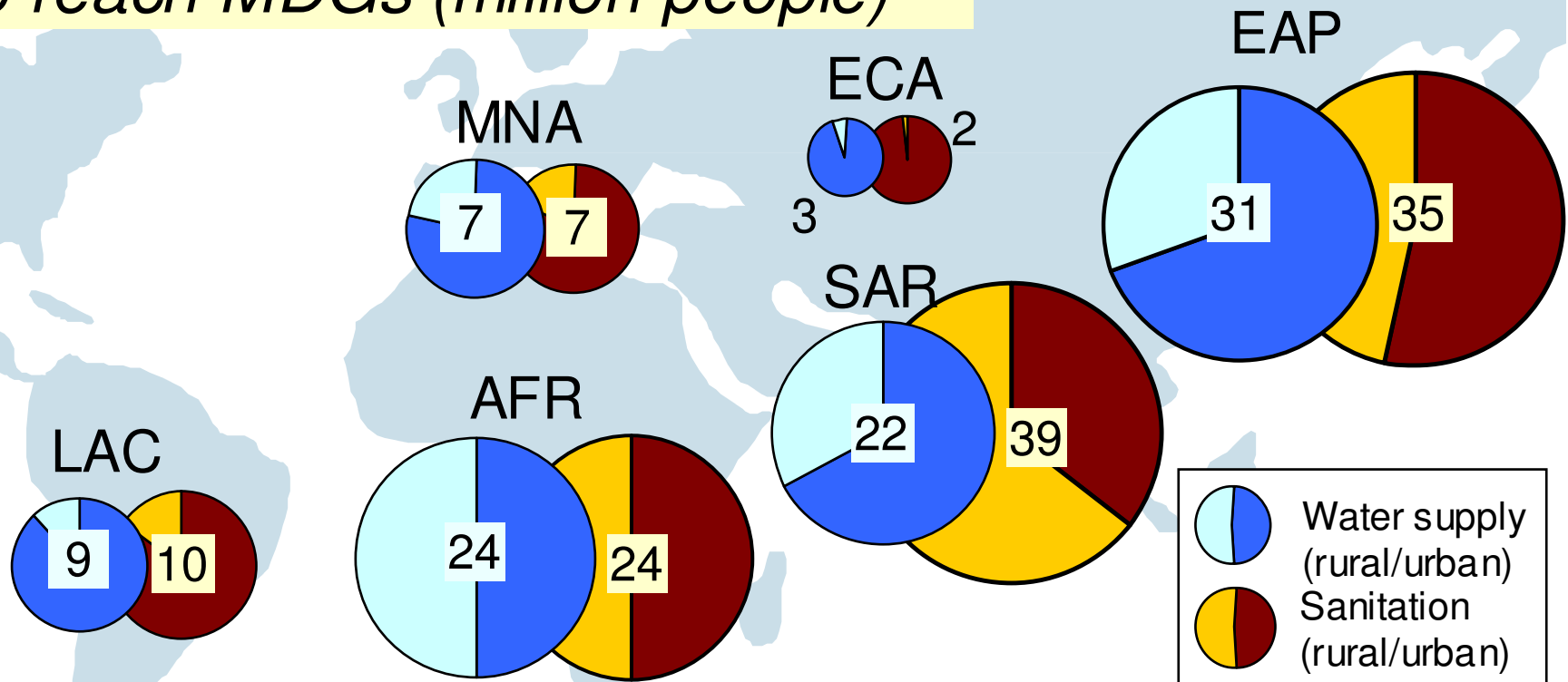
**Thematic Week on Water Services for Supply and Sanitation
Water Tribune, International Water Expo Zaragoza**

July 2008



The starting point: The challenge of the Millennium Development Goals

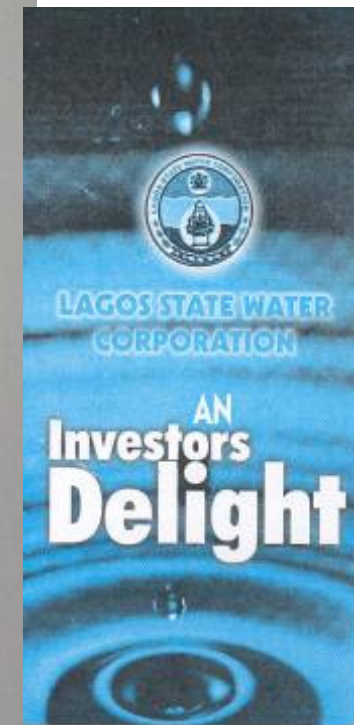
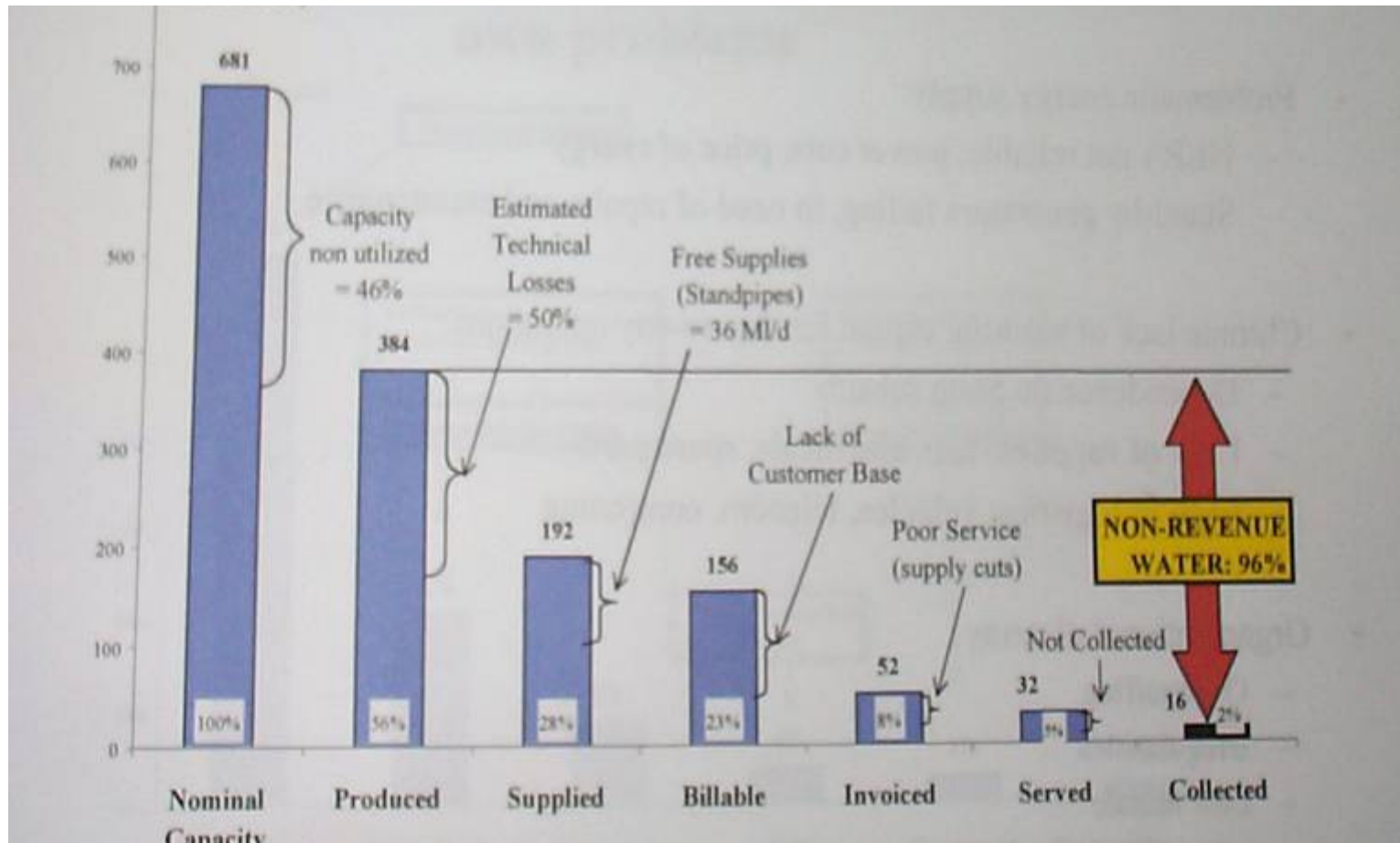
Population to be served each year to reach MDGs (million people)



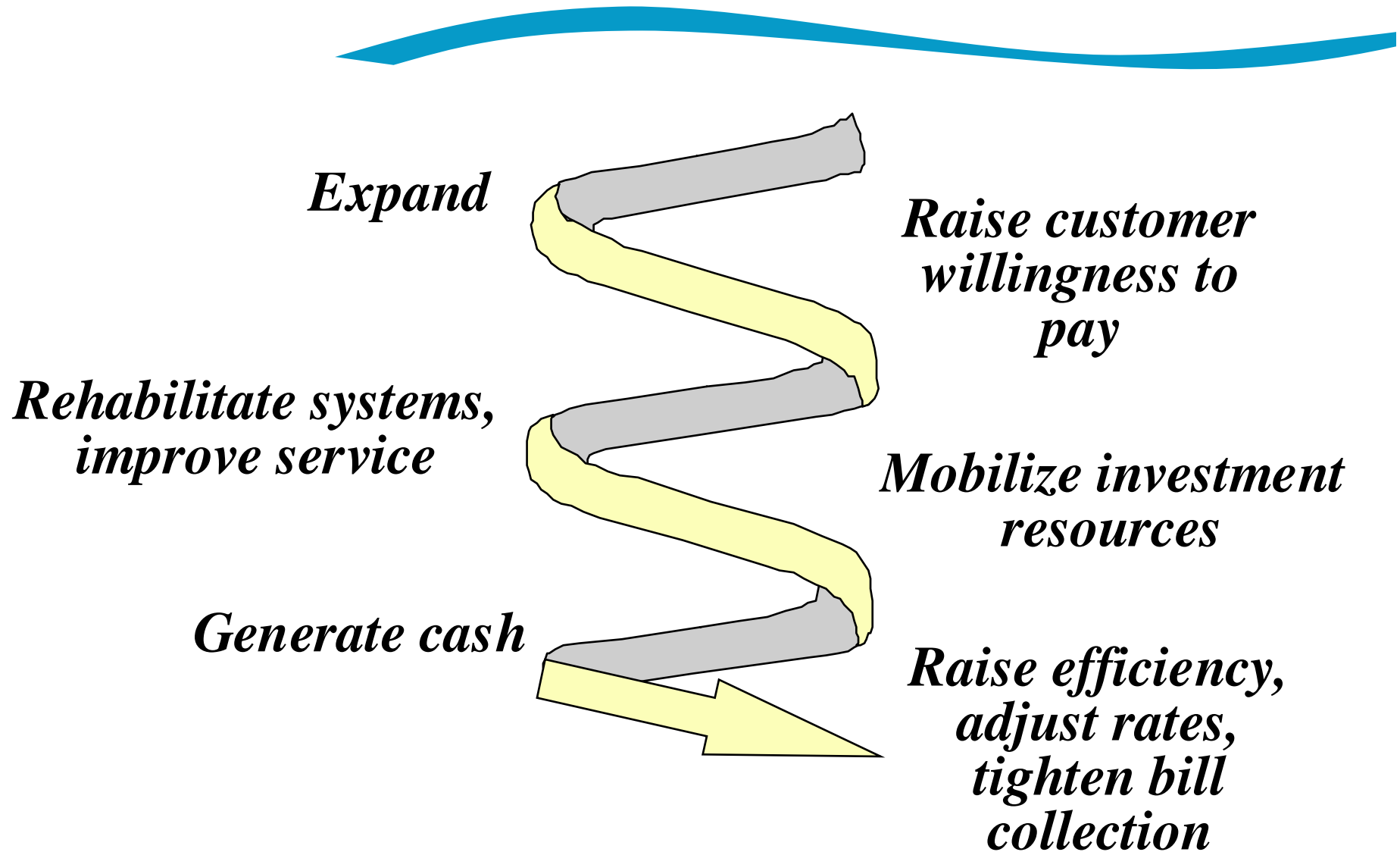


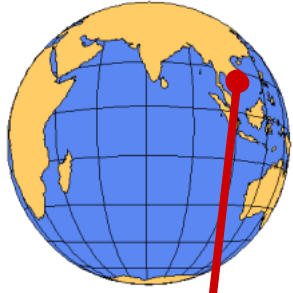
Nigeria

The crisis of utilities: the example of Lagos Water Corporation in the 1990s



Need for critical mass to break the low performance cycle



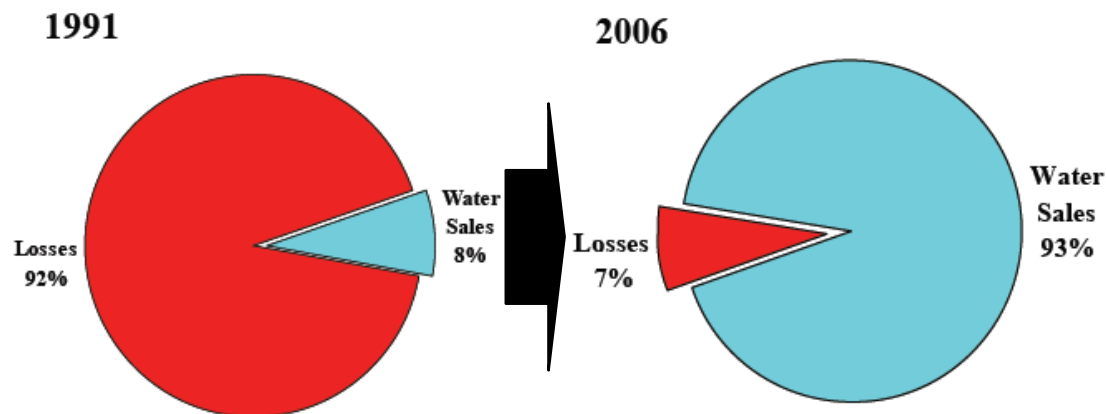


Cambodia

Drastic improvements are possible: Phnom Penh, Cambodia

- Early 1990s:
 - ~ do or die need for change
 - ~ Opportunity for change: govt commits to market economy; new era of reconstruction; openness for new ideas
- Reform program under leadership of Mr. Ek Sonn Chan
 - ~ Institutional change; Human resources development; Financial sustainability; Rehabilitation and new investment; Service expansion; Customer care

Result

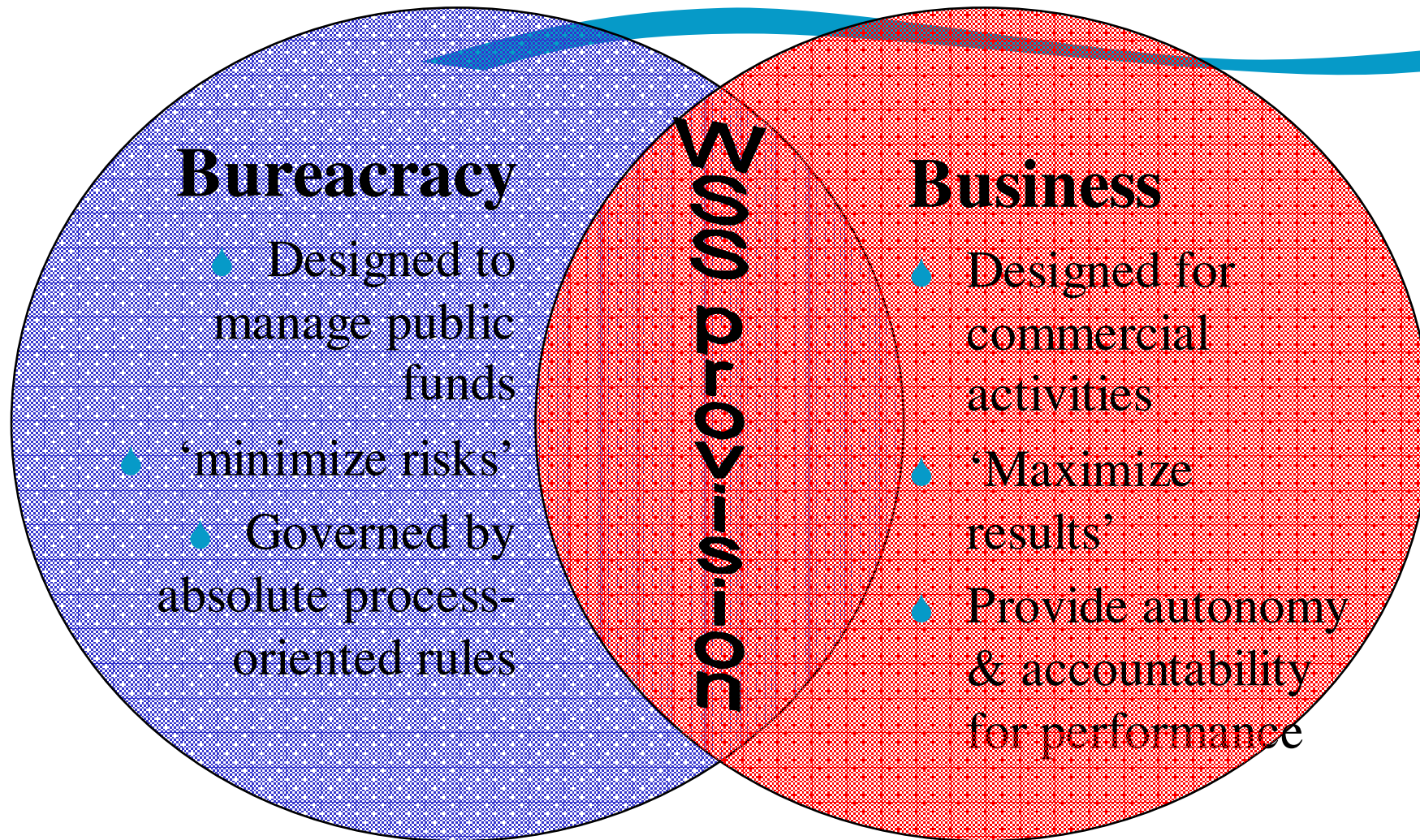


Overview of the presentation

- 💧 Utility accountability frameworks
- 💧 Tools to make utilities more accountable to users
- 💧 Applicability of tools
- 💧 Creating a consumer oriented corporate culture

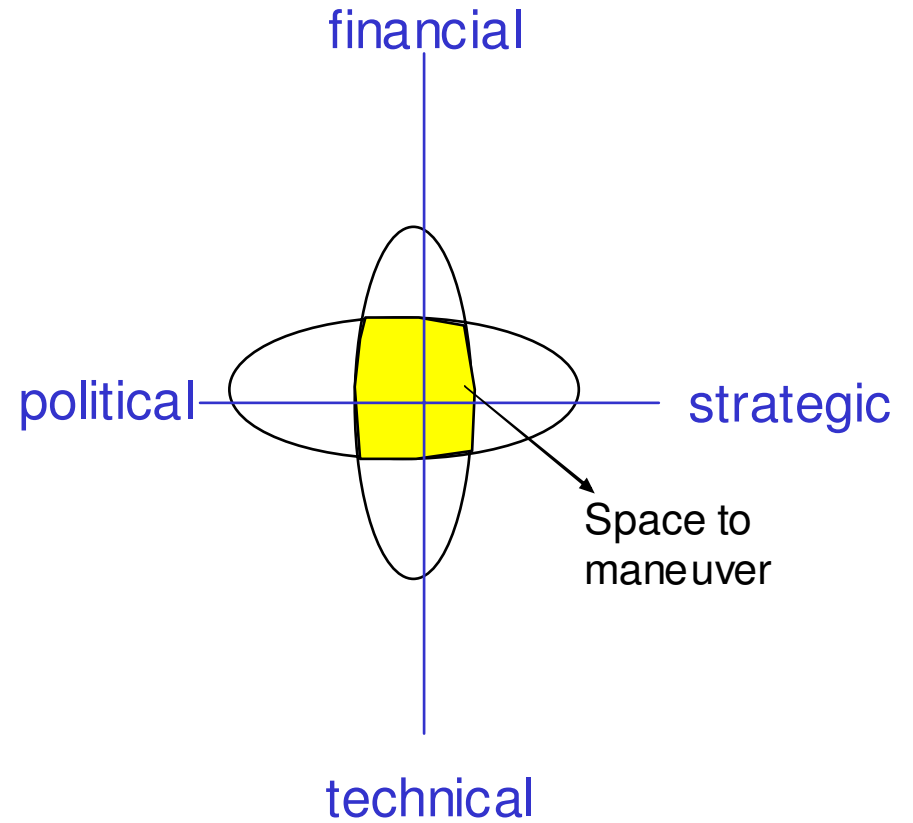
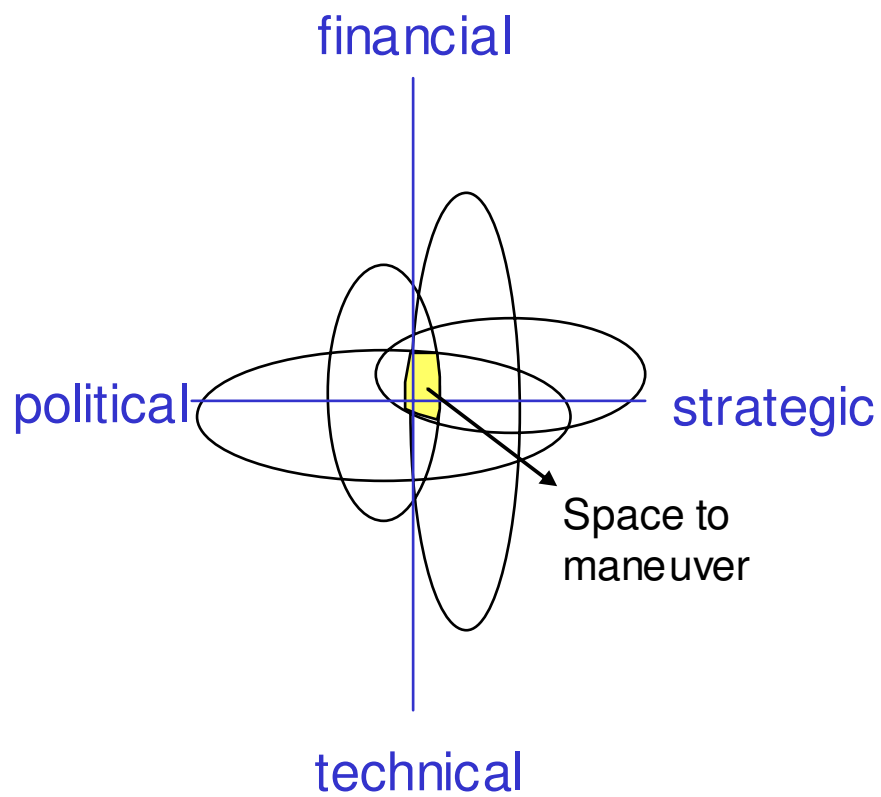


Bureaucrats in business or business men in bureaucracy...

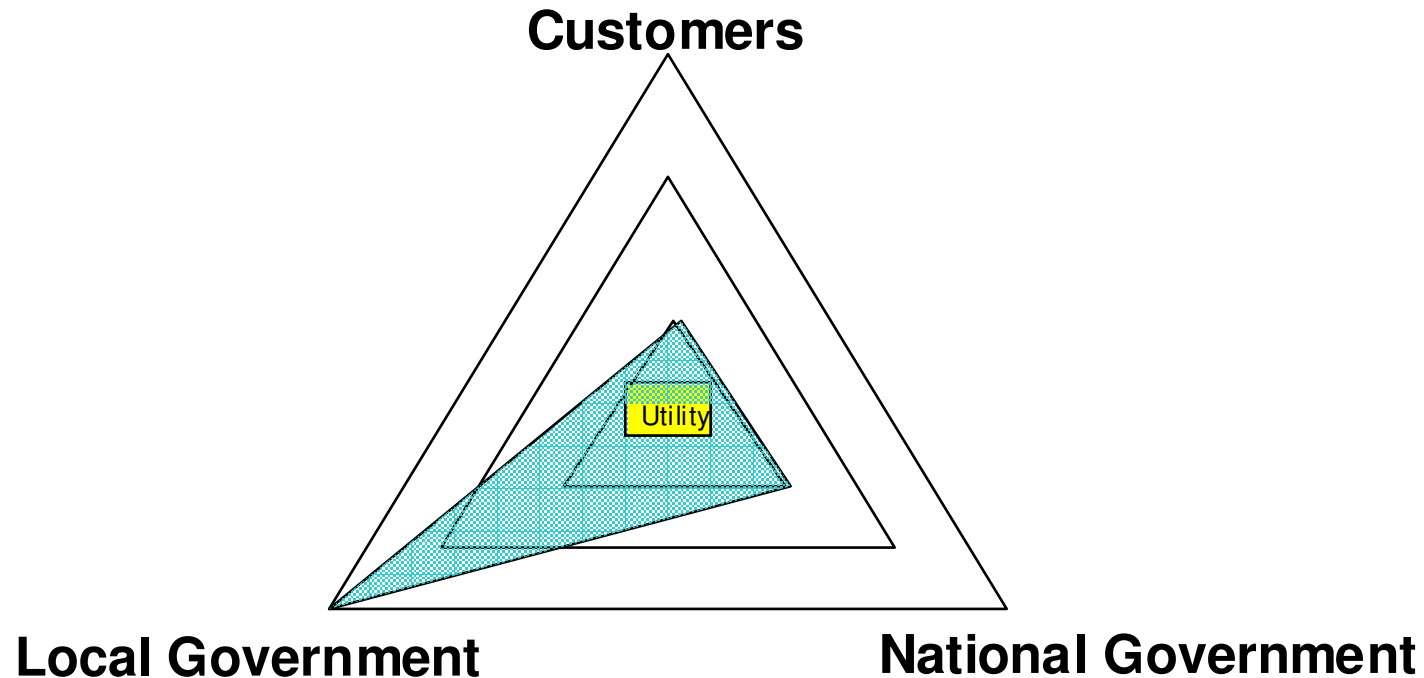


A clash of cultures or a win-win opportunity?

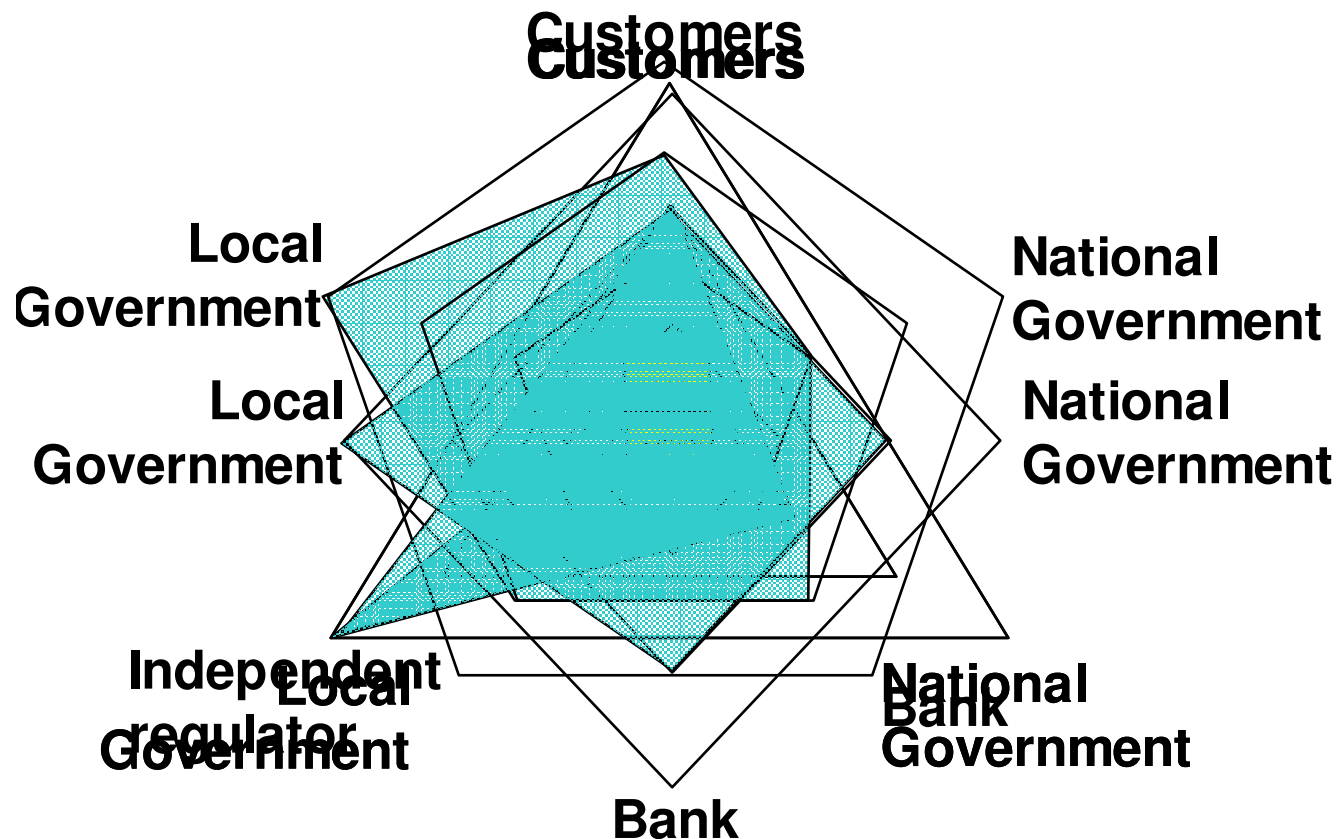
Autonomy: removing conflicting rules



A traditional utility: accountability skewed towards local government



Possible reforms to balance accountabilities



Reform measures:

- Raise tariffs
- Source external funding
- Introduce regulator

What is the correct balance of accountabilities?



- Each situation is different
 - ~ Diversify accountability (from triangle to rectangle to pentagon)
 - ~ Balance accountability (maximize the surface area)
- Expansion of the “web” of accountability will take many years
- Accountability to customers is consistently a critical success factor

**Customer
Service**



Our priority.

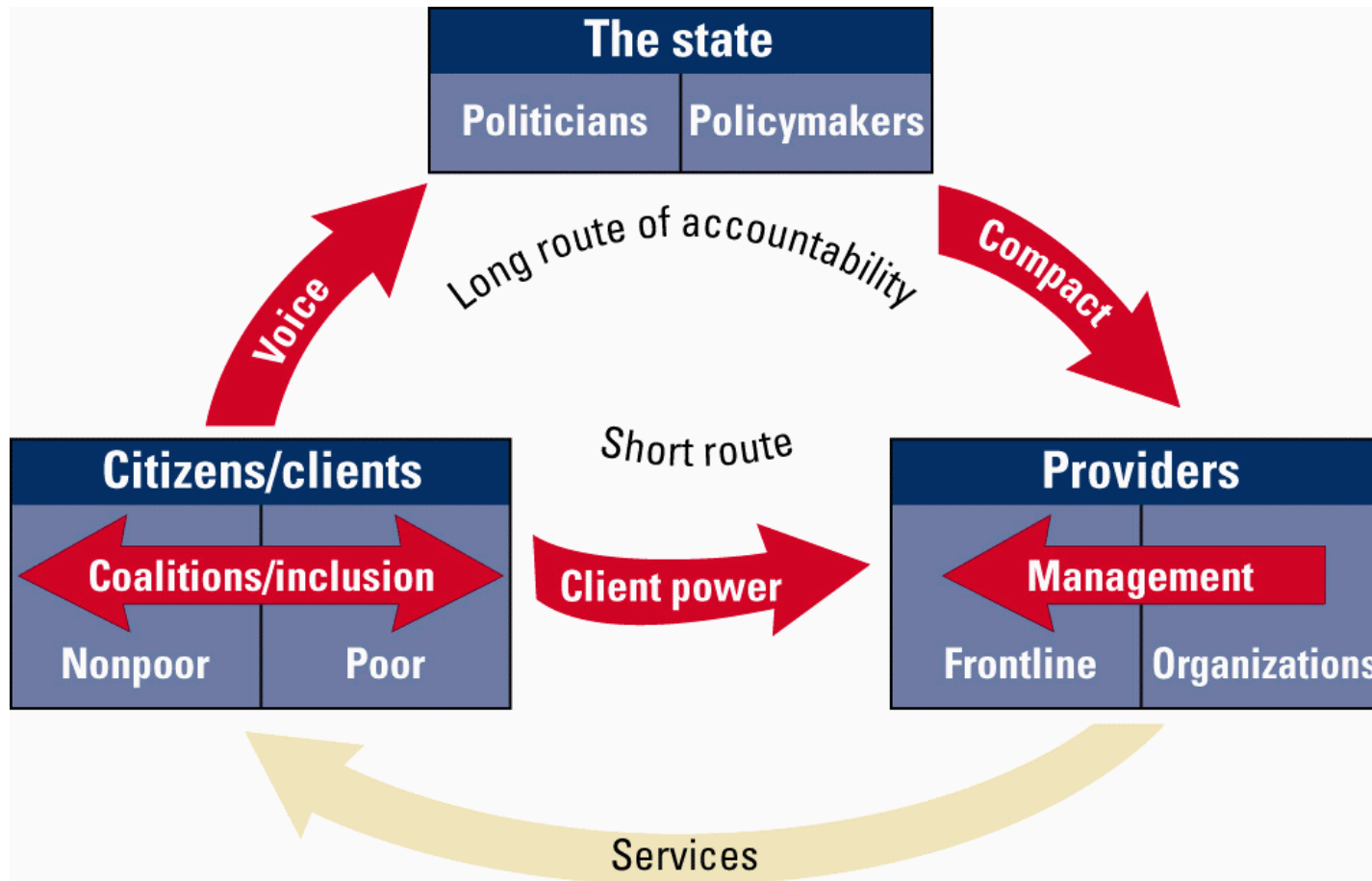
The risk of not being user-oriented: the Ballot and the Brick

“Surveys in the run-up to the [2006 South African] election indicated that protest and voting were rated equally as mechanisms to attain improved levels of service delivery.... “

Booyesen, 2007



The long and short route of accountability between users and utilities



Overview of the presentation

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A taxonomy of tools



information

- Community outreach and ad hoc user meetings
- Publication of performance data
- On-demand information provision

consultation

- Forecast surveys
- Retrospective performance & perception surveys
- Structured consultation processes
- Membership on advisory bodies

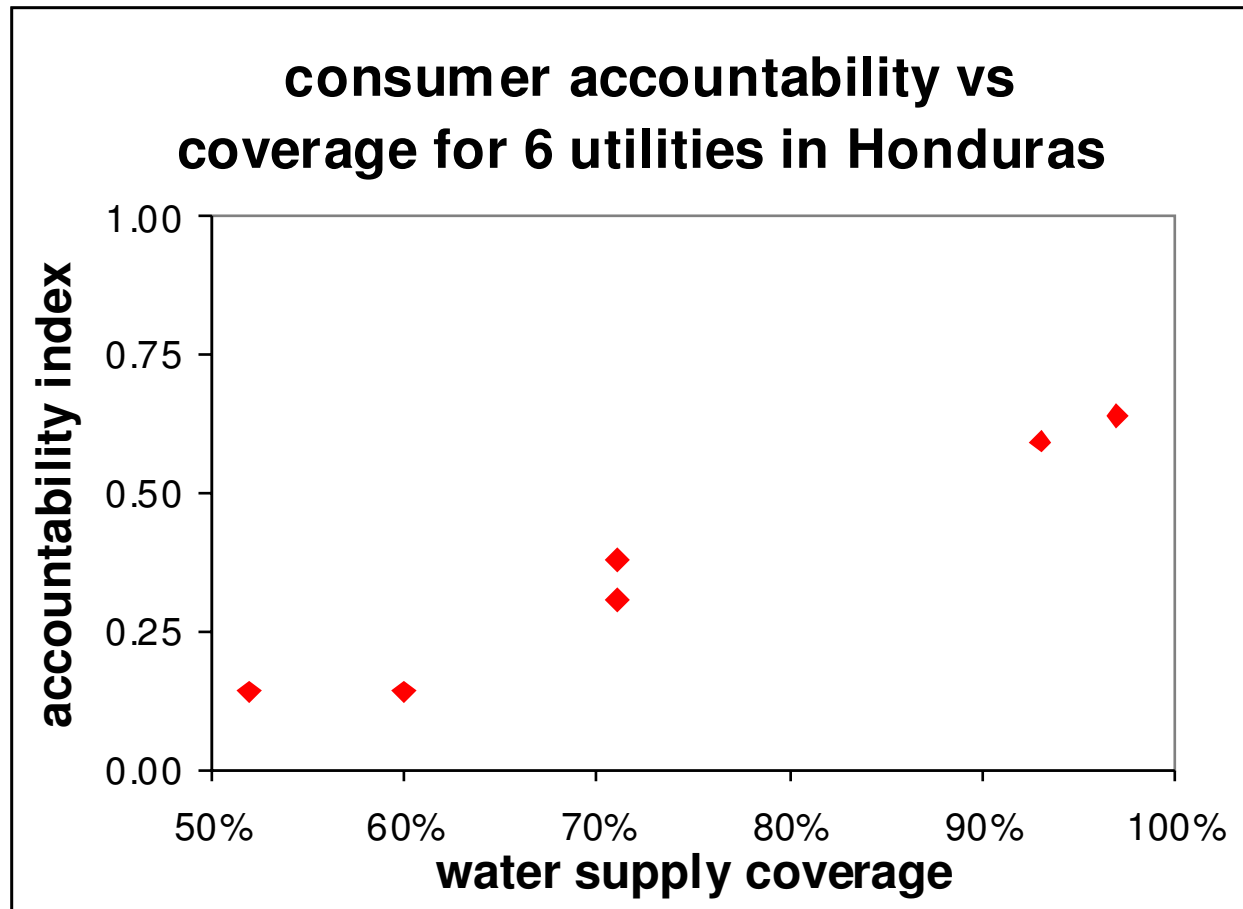
participation

- Membership on decision making bodies
- Involvement in the execution of utilities activities
- Participatory budgeting
- Ownership of utility

redress & recourse

- Utility complaints mechanisms
- Third party complaint mechanisms
- Legal redress

Well-performing utilities have strong consumer accountability



but unclear if relation is causal....

Four criteria for consumer accountability tools



- ◆ ***Effectiveness***: Has the use of the tool contributed to better, more accessible, and safer drinking water and sanitation?
- ◆ ***Inclusiveness***: Who is involved: a small group or all consumers? Do the poor have equitable access?
- ◆ ***Efficiency***: What are the costs of applying the tools and how do they compare to the benefits?
- ◆ ***Sustainability***: How long have the tools been used? Is the approach ad hoc or can it be institutionalized?

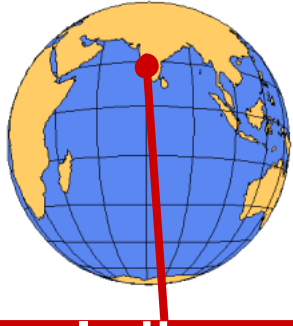


Honduras

Effectiveness: tools contribute to better services in Puerto Cortes, Honduras



- Early 1990s:
 - ~ WSS services managed by a national utility; Poor performance: WS coverage 62%, intermittent supply: 50% UAW
- From 1994, reforms:
 - ~ Asset ownership transferred to municipality: O&M decentralized to a municipal water department (lease)
 - ~ Department corporatized into government-owned company (APC)
 - ~ Municipality sells part of its APC shares: now 19% municipality, 62% by cooperatives (11,000 members), 19% households
 - ~ Local regulatory committee; members nominated by prof associations
 - ~ public meetings, surveys, complaint mechanism
 - ~ Substantial tariffs increases (with community consultation)
 - ~ Metering, improved collection, less illegal connections and leaks
- Now:
 - ~ 92% WS coverage, 24/7 supply, 30% UAW



India

Efficiency: excessive cost for consumers makes tool ineffective

- ◆ India's capital Delhi has serious water problems:
 - ~ Not enough bulk supply capacity; no 24/7 service
 - ~ Tariffs too low to fund O&M
- ◆ DJB introduced new complaints mechanism & customer charter
- ◆ Survey found complaint system:
 - ~ **expensive**: costs for user complaint were up to 20 times the average monthly water bill (= 50% average annual hh income)
 - ~ **slow**: > half of the complainants had to wait > 6 months.
 - ~ **unfriendly**: > 50% of complainants: front-line staff are rude;
 - ~ **ineffective**: in only 45 percent of cases did the DJB act.

THE HINDU

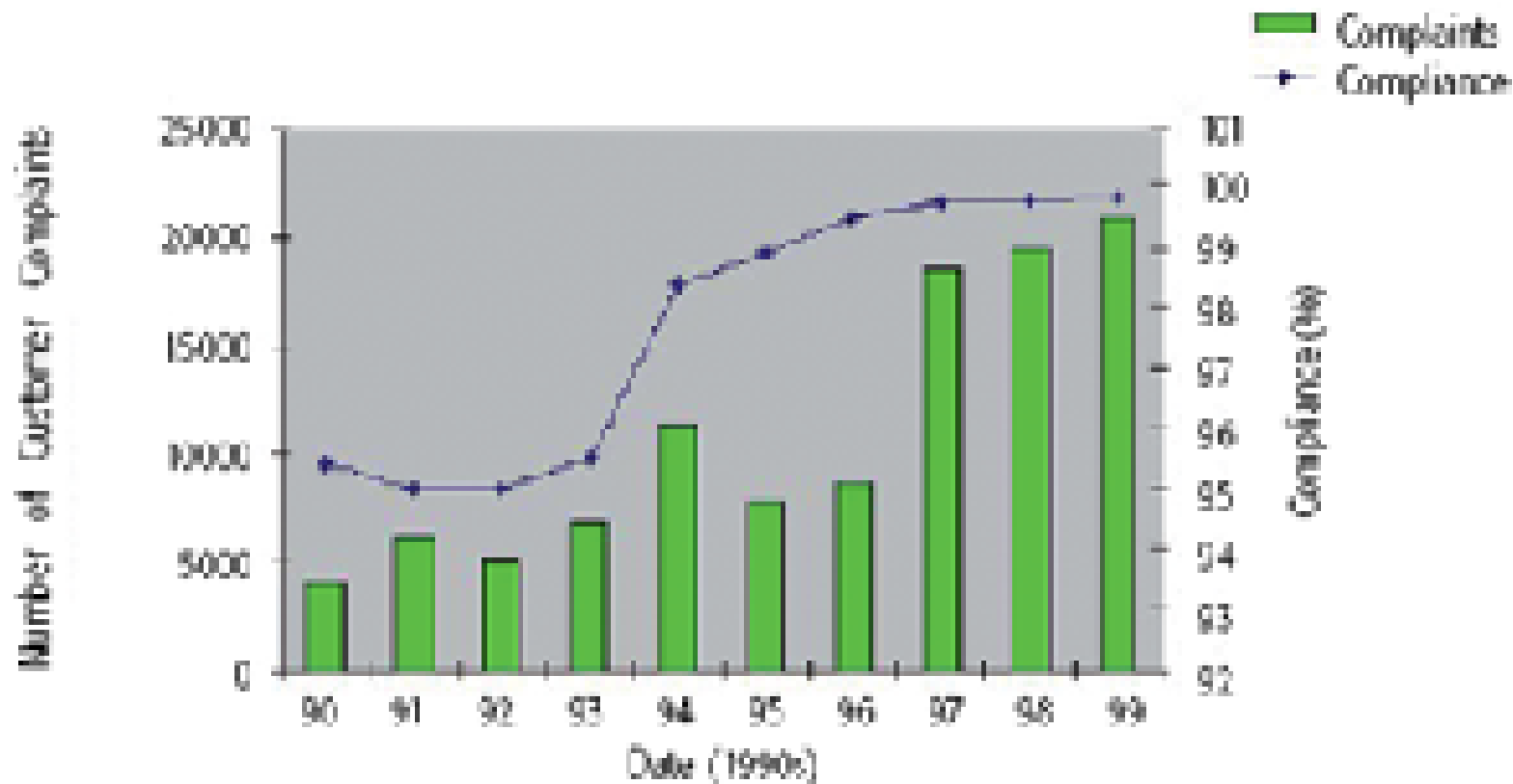
Online edition of India's National Newspaper
Monday, Jul 17, 2006

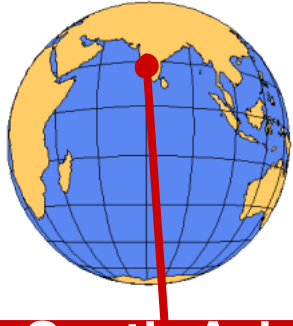
New Delhi

Sounds strange, but water complaints see a dip this year

Number of complaints received is bad indicator for effectiveness

Customer complaints and compliance data. UK 1990 - 1999

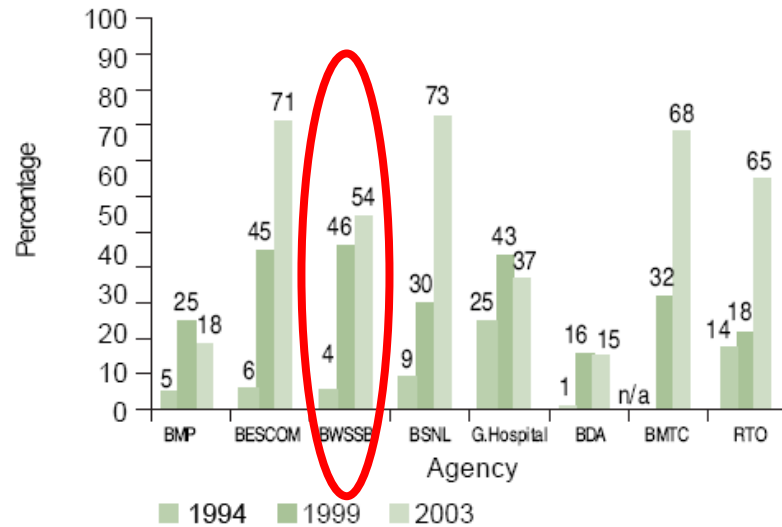




South Asia

Inclusiveness: Surveys can help finding out what (all!) users want

Satisfaction with Public Services across CRCs in Bangalore



Source: *Can Public Feedback Enhance Public Accountability: Experiences with Citizen Report Cards*, Gopakumar Thampi, 2005

- BWSSB Bangalore Water Supply & Sewerage Board
- BESCOM Bangalore Electricity Supply Company
- BSNL Bangalore Telephone Company
- BMP Bangalore City Corporation
- BDA Bangalore Development Authority
- BMTC Bangalore Metropolitan Transport Corporation
- RTO Road Transport Authority

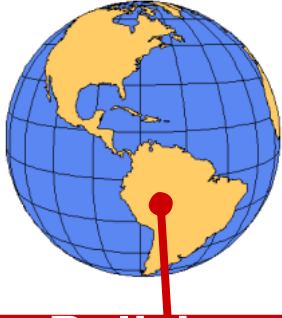




Zambia

Sustainability: Intensive user engagement is hard to sustain over time

- ◆ In 2001, the national regulator of water services (NWASCO) set up the Lusaka Water Watch Group (LWWG)
 - ~ Members were selected competitively for a voluntary two-year term, got training and logistical support.
 - ~ LWWG interacted with consumers through letters, telephone, and meetings
- ◆ Early success, by 2004:
 - ~ LWWG resolved a number of complaints and utility was responding better to new complaints
 - ~ Utility consulted with the group and informed it of upcoming events such as planned rationing or supply interruptions
- ◆ But, sustainability is an issue:
 - ~ Despite its good track record, LWWG had three vacancies out of the membership of seven people by 2004



Bolivia

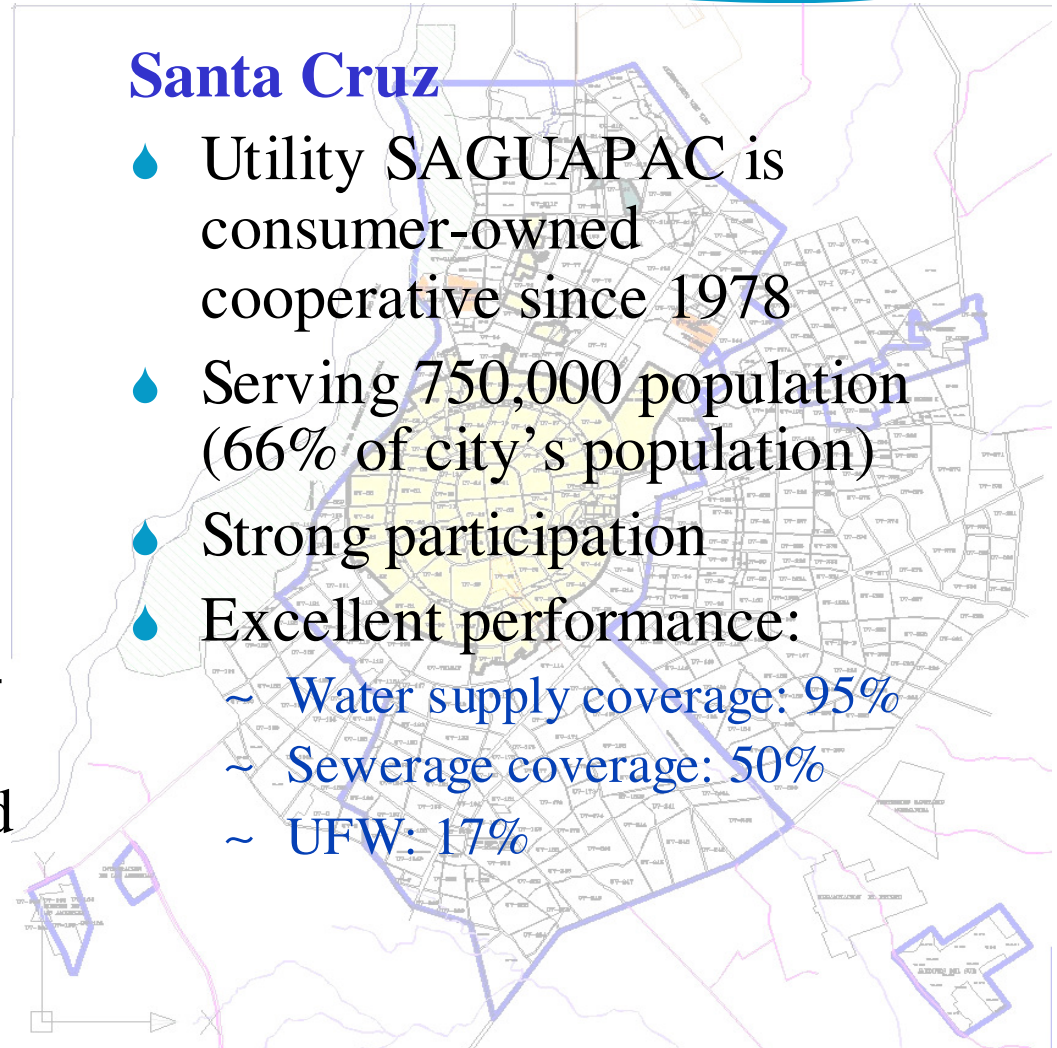
Bolivia: back to the ballot and the brick....

Cochabamba

- termination of private provider's concession contract was triggered by massive street protests
- consumer ownership and management mechanisms adopted
- Just two years later, only 4 percent of the eligible residents voted for a Board representative

Santa Cruz

- Utility SAGUAPAC is consumer-owned cooperative since 1978
- Serving 750,000 population (66% of city's population)
- Strong participation
- Excellent performance:
 - ~ Water supply coverage: 95%
 - ~ Sewerage coverage: 50%
 - ~ UFW: 17%



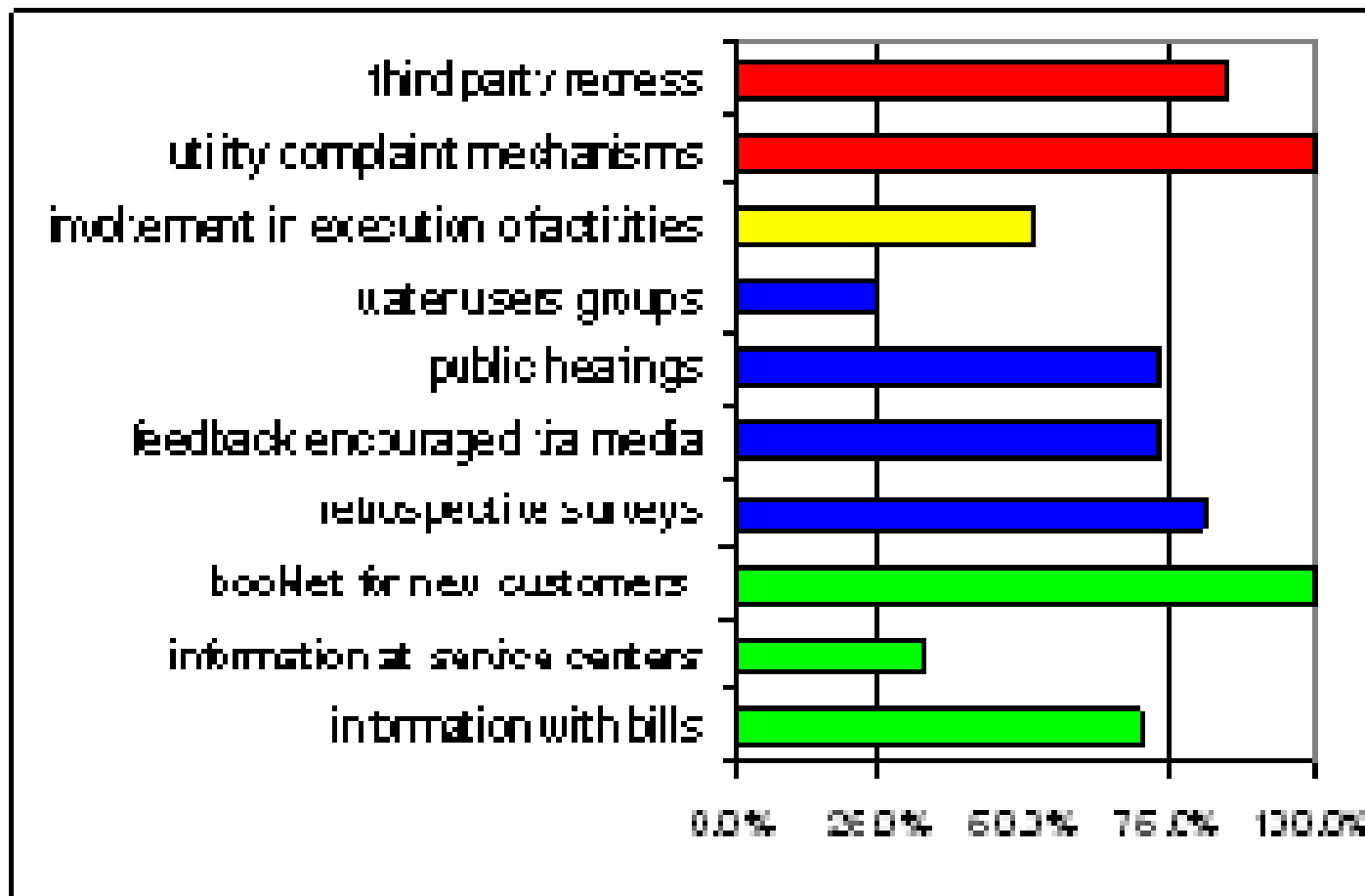
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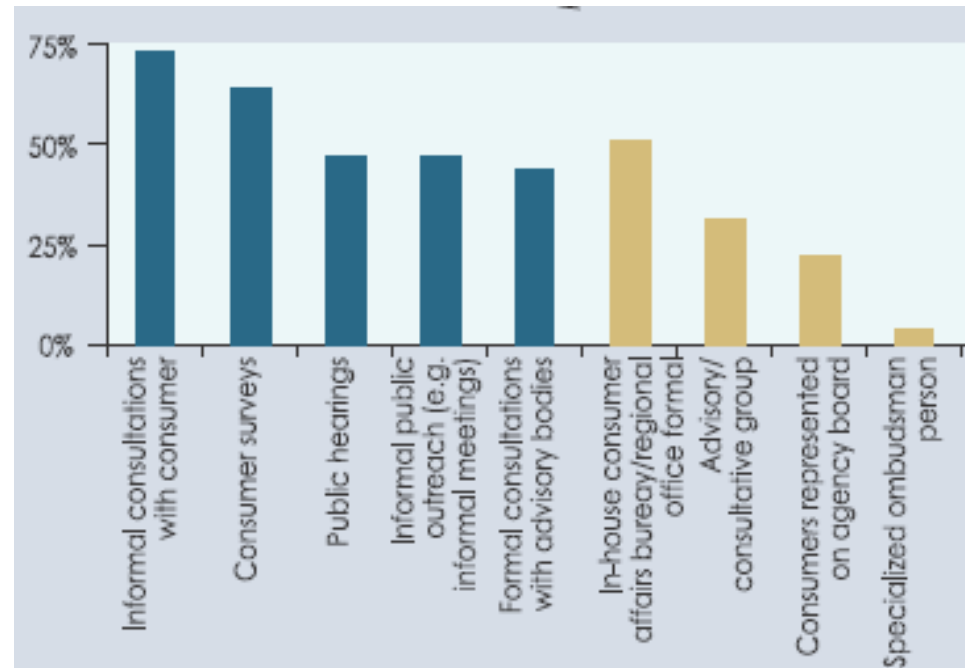
Prevalence of tools: most utilities use several tools

Survey of 39 water utilities in Vietnam



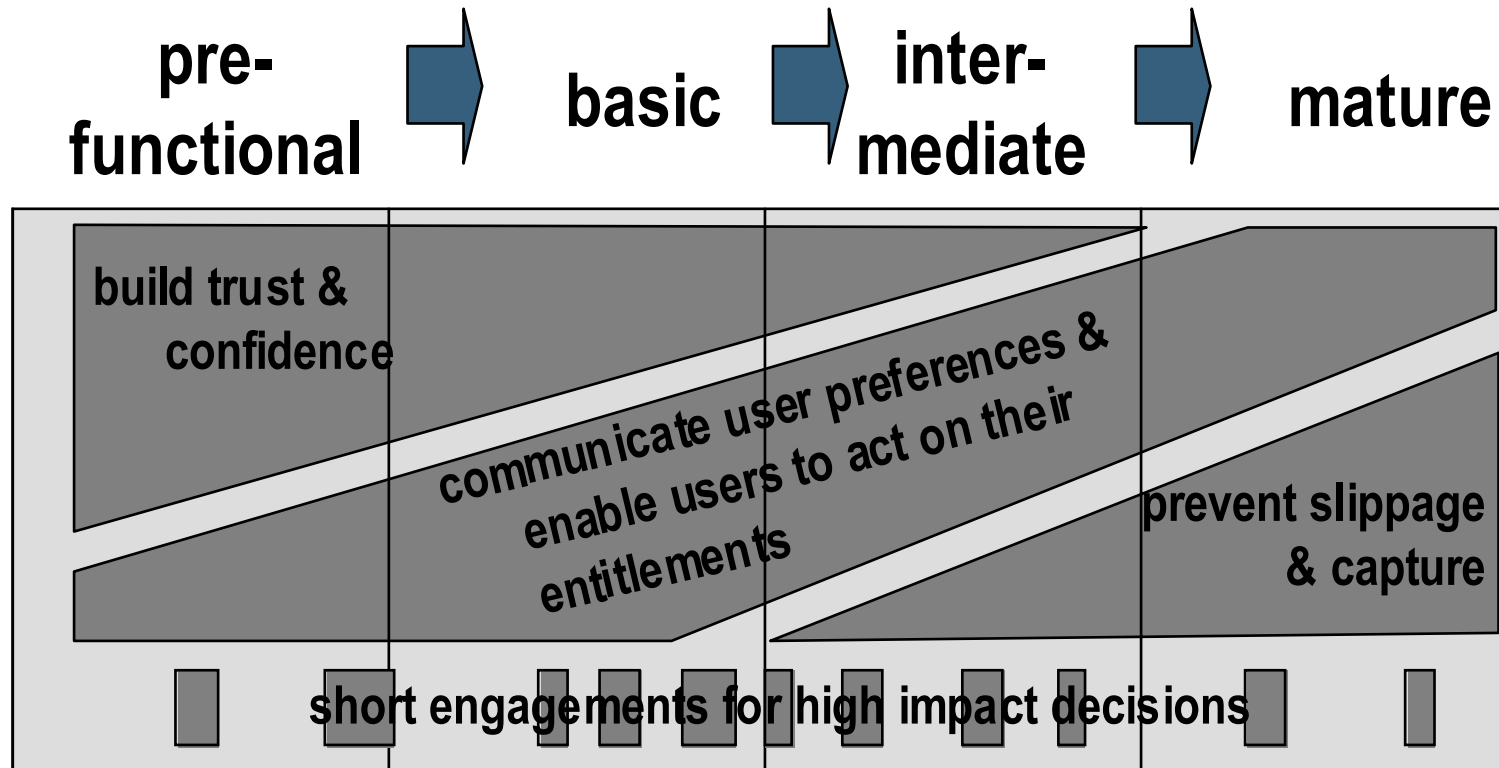
Prevalence of tools: Most regulators involve consumers in their decision making

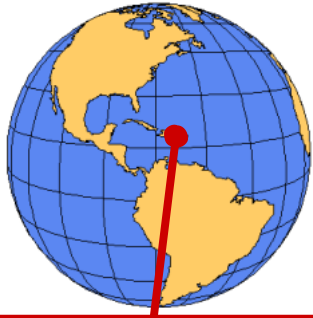
- Information
- Consultation
 - ~ e.g. surveys, hearings, advisory bodies
- Participation
 - ~ Representation in boards
- Redress/Recourse



Source: Muzzini, 2005 (survey of 45 regulators in East Asia)

Different tools are appropriate at different stages of a utility's evolution



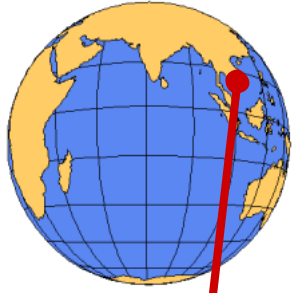


Haiti

Building confidence of users towards a (dysfunctional) utility

- ◆ Haiti's capital Port-au-Prince - 2.5 million people, 68 % in slums
- ◆ 1995: Water supply coverage 13%
- ◆ CAMEP (national public utility) partnered with French NGO (GRET)
- ◆ Extension of water supply through public taps managed by neighborhood committees (service delegation contract with CAMEP)
- ◆ Results
 - ~ 800,000 people (50 percent of the slum dwellers) got water supply
 - ~ committees a 'middleman' between the users and CAMEP
 - ~ Indication of trust between users and utility: collection rate from committees is nearly 100 percent (compared to 50% elsewhere in PaP)





Singapore

Preventing slippage of well performing utilities



- Singapore Public Utilities Board applies a complete set of customer service tools
 - ~ ‘CARE’ model (Call-Action-Response-Evaluate)
 - ~ Complaint system: automatic \$50 compensation in the event of service failure. 99 percent success rate in addressing complaints, which average between 45 minutes and five days to resolve
 - ~ contact center (PUB-One) can be reached 24/7 through toll-free telephone, fax, email, SMS, web-chat, and internet
 - ~ eight feedback channels help obtain information on users that guides the planning and day-to-day
 - ~ extensive training for staff
- impressive performance: UAW 5%, universal coverage, 3 staff/,000 connections

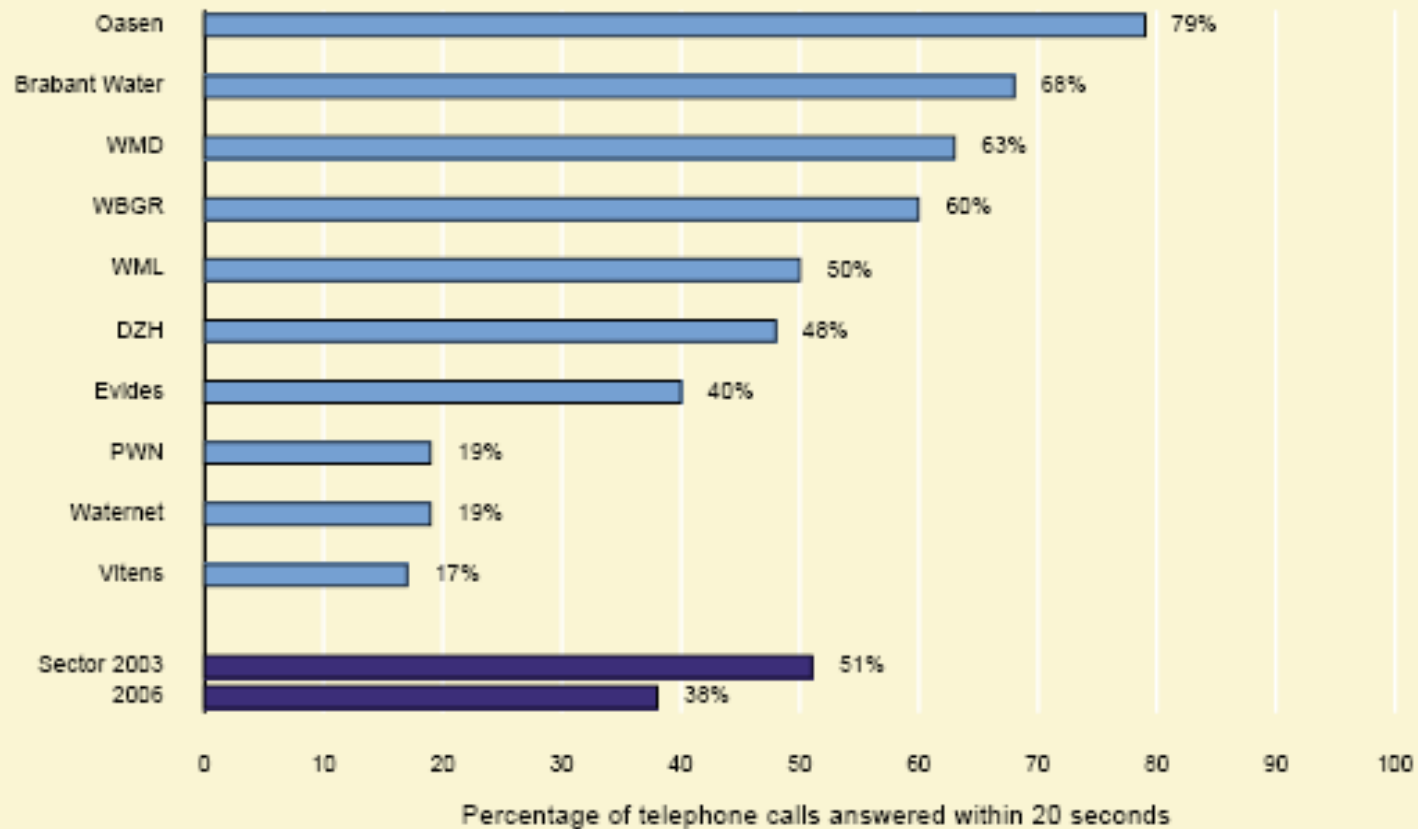


Netherlands

Indicators can be very sophisticated

Figure 15

The percentage of spot-check telephone calls answered within 20 seconds (excluding time spent in a menu) shows a substantial spread, with a 38% sector average.





Ukraine

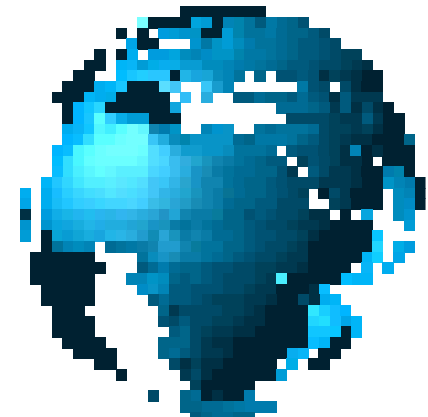
Civil society initiative can be formalized over time...



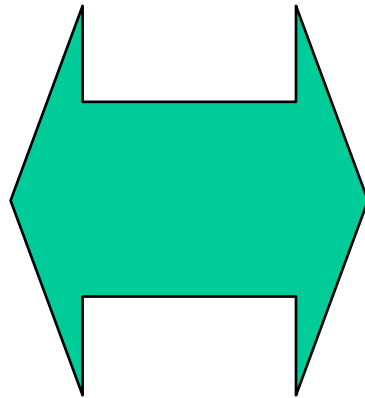
- Slow response of the Soviet authorities to 1986 Chernobyl nuclear disaster increased existing mistrust of officials
- Community groups organized to address drinking water quality and pollution
- Ukraine was established as an independent republic in 1991
- Community groups over time established local stakeholder committees for WSS sector
- Reforming mayors turned groups into more formal advisory bodies (from municipalities, service providers, and civil society)
- Multi-stakeholder oversight became a requirement for tenders with private operators as well as for contracts with *vodokanals*
- Consultation mechanisms were formalized by national legislation in 2000

Overview of the presentation

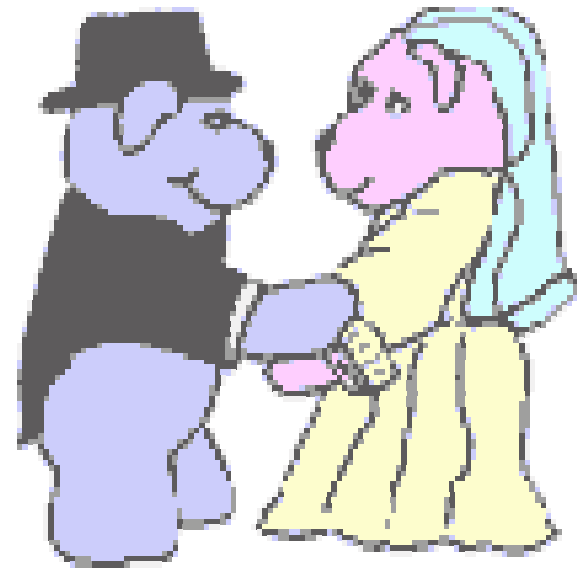
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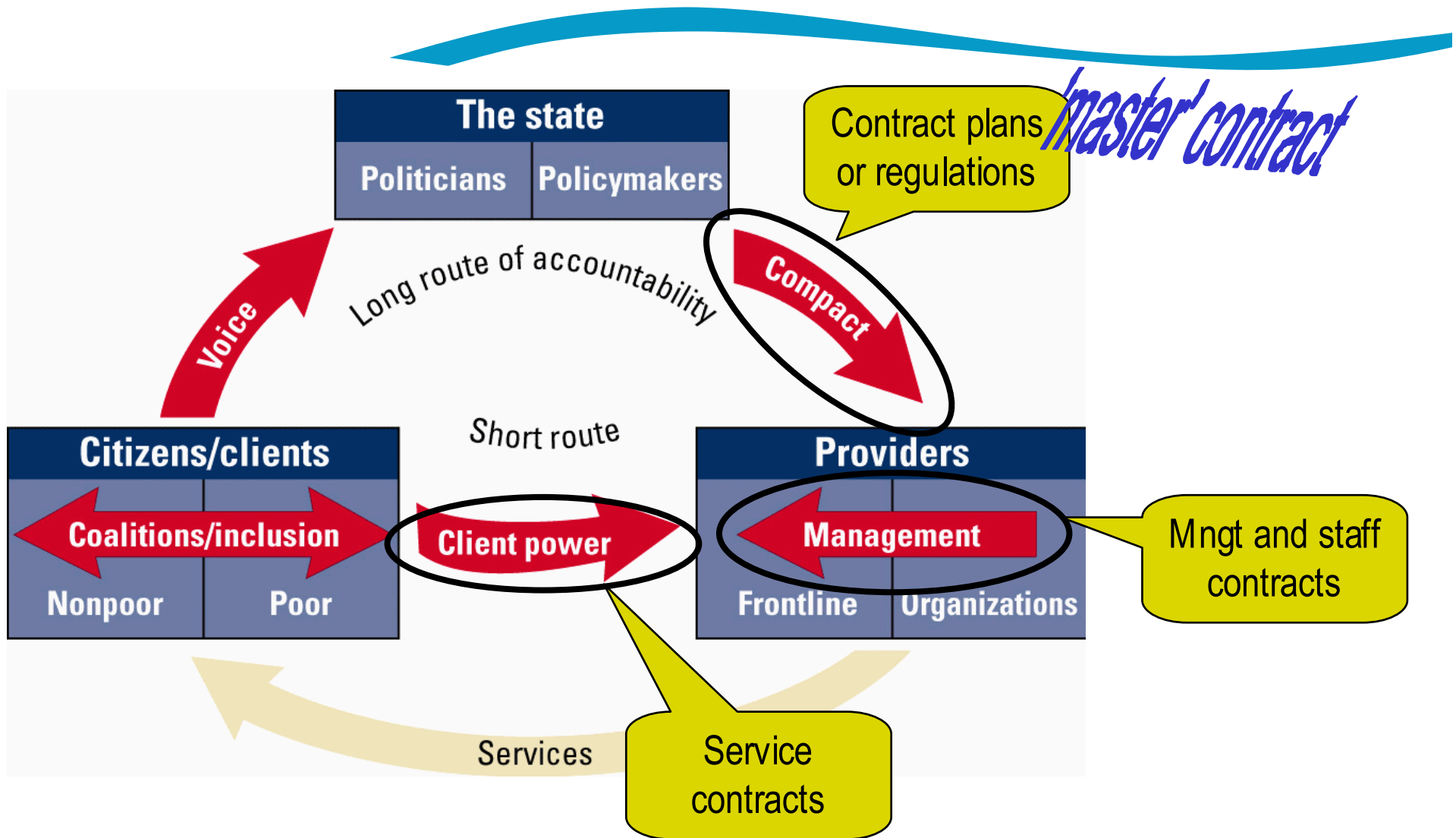
legalistic



partnership



A chain of contracts to formalize accountabilities



The role of a regulator in making utilities more accountable to their users



Enforcement of rules:

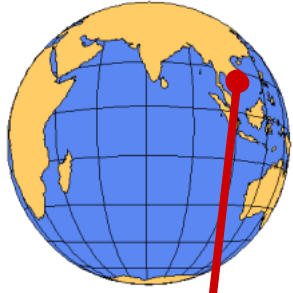
Ensuring that utilities are user focused

Direct action:

involving consumers in regulator's own decision making

Facilitation:

Helping utilities to improve user focus



Singapore

How PUB (Singapore) motivates & develops its staff and decentralizes

- Autonomy to define its own pay scales, to hire & fire
- Clear promotion policies based on merit
- Grooming of staff and rotation policies
- Extensive training of staff (1.8% of operational budget)
- Visible mission statement and positive corporate culture
- Clear definition of responsibilities and processes (ISO-9001)
- Well- defined internal communication channels



Mexico

Linking tools to decision making and utility operations



◆ SIMAPAG (Guanajuato)

- ~ Monthly user survey (200 consumers/month)
- ~ “Client perspective” is the most important perspective to assess performance in balanced scorecard

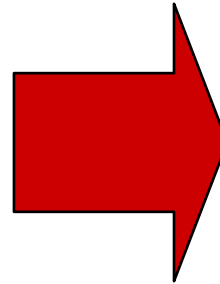
◆ SADM (Monterrey)

- ~ Complaints, radio comments, & survey results organized by topics
- ~ Designated working groups discuss ‘bundles’ of inputs
- ~ Extensive staff training on customer service.



Honduras

User-focused organizational structures



- After a year of customer resistance to payment despite service improvements, the private operator in San Pedro Sula, Honduras:
 - ~ Embarked on a strong consumer outreach program
 - ~ Elevated the post of director of customer relations to the same level as that technical director

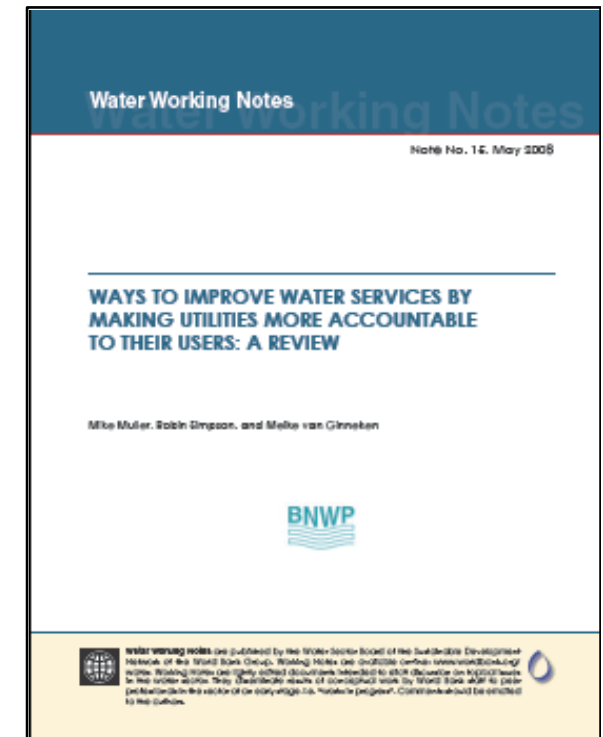
More on the topic

Today @ 5 pm video session on this topic (Kenya, Uganda, Honduras & Peru) in this venue



Take away message

“The challenge for practitioners is not to identify and implement the perfect “magic bullet” to promote and protect user interests. It is the more subtle one of instilling and maintaining appropriate cultures within utilities, and increasing the satisfaction and building the trust of the users, as well as enhancing users’ ability to interact with the utility effectively.”



www.worldbank.org/water
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