

ADB

# POWEROFTWO

Boosting Performance Through Twinning

Asian Development Bank

**H**ai Phong is a bustling Viet Nam port city of more than 1 million people, located near the world-renowned Ha Long Bay. Just some 900 kilometers away is Da Nang, another growing city often remembered for its sweeping bay, China Beach, and nearby Marble Mountain.

Hai Phong and Da Nang share a significant challenge—providing quality, reliable drinking water to their communities in the most economical and efficient way possible. However, Hai Phong is more successful at this than Da Nang. Thus, in May 2008, Hai Phong committed to help Da Nang with its drinking water services under a twinning program initiated by the Asian Development Bank (ADB). “I see great value in learning from similar utilities, because they have demonstrated methods that achieve results,” says Da Nang Water Supply Company General Director Nguyen Truong Anh.

The arrangement between Da Nang and Hai Phong is one of 11 utility twinning partnerships established with ADB’s help since 2007. The latest two extend the reach of the Water Operators’ Partnerships (WOPs) Program into the Pacific and the People’s Republic of China, with partnerships formed in Tonga and Zheng Zhou.

### Forging New Ties

Peer-to-peer twinning as a development strategy has been around since the first millennium. In many cases, towns, universities, and other entities located in geographically distinct areas (but sharing similar characteristics) pair off to foster human contact, cultural exchange, or knowledge sharing. ADB has adopted and improved on this strategy for its WOPs Program.

The WOPs Program promotes knowledge sharing and builds the capacity of water operators and utilities in Asia and the Pacific. Among its key initiatives is the twinning of water utility operators.

Whereas most twinning arrangements pair off entities with similar characteristics on the assumption that they will

share similar problems and solutions, ADB’s approach is to match a stronger water utility (expert) with a developing utility (recipient). The aim is to enable the latter to improve service coverage and delivery, financial sustainability, and other critical aspects of its performance.

Since commencement of the WOPs Program in 2007, ADB has established 11 utility twinning partnerships. Of these, four have been successfully completed, one was extended with an expanded scope, and five are ongoing or recently started.

### ADB Twinning

| Expert   | Recipient  |
|--|--|
| Male Water and Sewerage Company Pvt., Ltd. (Male, Maldives)              | Thimphu City Corporation (Thimphu, Bhutan)                                       |
| Jamshedpur Utilities and Services Company Ltd. (Jamshedpur, India)       | National Water Supply and Drainage Board (Colombo, Sri Lanka)                    |
| Korea Water Resources Corporation (K-WATER) (Daejeon, Republic of Korea) | Dhaka Water Supply and Sewerage Authority (Dhaka, Bangladesh)                    |
| City West Water (Melbourne, Australia)                                   | Metropolitan Cebu Water District (Cebu, Philippines)                             |
| Ranhill Utilities Berhad (Johor Bahru, Malaysia)                         | Davao City Water District (Davao, Philippines)                                   |
| Phnom Penh Water Supply Authority (Phnom Penh, Cambodia)                 | Binh Duong Water Supply Sewerage Environment Company Ltd. (Binh Duong, Viet Nam) |
| Hai Phong Water Supply One Member Company Ltd. (Hai Phong, Viet Nam)     | Da Nang Water Supply Company (Da Nang, Viet Nam)                                 |
| Puncak Niaga (M) Snd. Bhd. (Selangor, Malaysia)                          | Karachi Water and Sewerage Board (Karachi, Pakistan)                             |
| Yarra Valley Water Ltd. (Melbourne, Australia)                           | Hai Phong Water Supply One Company (Hai Phong, Viet Nam)                         |
| Manukau Water Ltd. (Auckland, New Zealand)                               | Tonga Water Board (Nuku’alofa, Tonga)  |
| City West Water (Melbourne, Australia)                                   | Zheng Zhou Water Corporation (Zheng Zhou, People’s Republic of China)            |

### Facing Common Challenges

Despite their different geographical, cultural, and governance circumstances, utilities share many concerns and challenges. They worry about having access to sufficient and sustainable water supplies, or whether their distribution networks can reach all those in need of water. They look for robust, efficient methods of metering, billing, and collection. They pursue tariffs high enough to recoup their operating costs and to allow them to finance renewal and expansion. They also grapple with issues of autonomy, especially as it allows them to make speedy decisions, and recruit and reward skilled personnel.

Recipient twins welcome the opportunity to access the experiences and insights of the expert twins on these issues. Of course, not all issues faced by utilities can be the subject of their twinning arrangements. Priorities have to be set to make the best use of available resources and the special talents of their twinning partners.



Indian experts sharing energy saving techniques with Sri Lankan peers

The Twinning Partnerships table lists topics covered in the mutually agreed work plans across the 11 twinning partnerships established so far.

### Why Expert Twins Commit

It is easy to understand why recipient twins would enter the twinning arrangement—they can achieve immediate, tangible performance improvements in specific areas of their operations. However, what do the expert twins get out of this arrangement? After all, they are investing skilled resources in another utility that should have been devoted to their own service needs.

Expert utilities give various reasons for wanting to twin. One is proud of its achievements and wants to demonstrate its knowledge outside of its country. Another sees twinning as a way to provide greater job scope and satisfaction to its senior engineers. Others consider twinning a social duty. The rest want to understand the practices of less-developed utilities so they can both work toward possible improvements in their own operations.

On average, expert twins commit to at least 100 days on-site with their counterparts. These days are spread over a period ranging typically from 12 months to more than 2 years. This is equivalent to a gift of expert time conservatively valued at \$1 million.

Expertise offered includes the provision of senior operation personnel who can advise on improving water quality; reducing nonrevenue water; applying hydraulic modeling; using modern leak detection practices; improving asset management; developing reliable and comprehensive management information systems, including geographic information systems; business planning; improving customer service levels; and even human resources development. Generally, this advice is provided through experts visiting the recipient twin.

### Twinning Means Results

Twinning is not a “feel good” program—it is about getting tangible results in terms of the utilities’ performance. Take the examples of Thimphu and Cebu. Male has committed to work with Thimphu to decrease their nonrevenue water down from around 24% to 15%. Male has an almost unbelievable 2% nonrevenue water rate driven by the need to save on expensive desalinated water.

Midway down the chain of islands comprising the Philippines is its oldest city, Cebu. There, the water utility is well run and serves over 1 million people. The utility wishes to reduce its nonrevenue water, which has already been cut from around 50% a few years ago to the current 28% average. It anticipates gaining performance benefits by twinning with Melbourne-based City West Water, whose customer base is more than three times that of Cebu, and its nonrevenue water rate is just under 9%. At the completion of the twinning agreement, nonrevenue water in a pilot area of the Metro Cebu Water District has been reduced to 11% from the baseline of 39%, and replication of this success is being planned elsewhere in the system

### Making Twinning Work

Both parties pour in time, knowledge, and financial resources to ensure that the twinning works. While it is too early in the WOPs Program to judge what works best, it is possible to discern conditions that could contribute to this end. Obviously, the recipient twin’s commitment to implement the expert twin’s improvement suggestions is a must. Other factors leading to success are described as follows.

**Creating choices for the twins.** Everyone has different expectations, and it is unwise to force relationships. For example, Australian expert utilities indicated preference for Southeast Asian utilities rather than South Asian ones. Another example is a utility in Southeast Asia that, when offered twinning support from

### Focus Areas of Twinning Work Programs

| Utility Location                       | Nonrevenue Water | Water Quality | Distribution System Design and/or Maintenance | Management Practices (including human resources) | Saving Energy | Metering |
|--|------------------|---------------|---|--|---------------|----------|
| Binh Duong, Viet Nam                   | X                |               | X   |  |               | X        |
| Thimphu, Bhutan                        | X                | X             |   |  |               |          |
| Dhaka, Bangladesh                      |                  |               |   | X  |               |          |
| Da Nang, Viet Nam                      | X                |               |   | X  |               |          |
| Davao, Philippines                     | X                |               |   | X  |               | X        |
| Cebu, Philippines                      | X                |               | X   | X  |               |          |
| Colombo, Sri Lanka                     | X                |               |   |  | X             |          |
| Karachi, Pakistan                      |                  | X             |   | X  | X             |          |
| Hai Phong, Viet Nam                    | X                |               | X   | X  |               |          |
| Nuku'alofa, Tonga                      |                  |               | X   | X  |               |          |
| Zheng Zhou, People's Republic of China | X                |               |   | X  |               |          |

two sources, made its choice based on which utility had the lower nonrevenue water rate.

**Matching the personal and organizational chemistry.** Recipient twins do not want to be dictated to. After all, it is a twinning, not a takeover. The forceful management style of some cultures may strike a jarring note with utilities from other countries. Getting the chemistry right depends on observing the style and behavior of utility representatives during workshops and being aware of cultural differences.

**Ensuring an easy flow of communications.** English is the common medium for communications across countries, but this skill is often difficult to find, especially when dealing with technical subjects. The challenge has been met to date by having two delegates from each utility participate in dialogues and diagnostics—and at least one of them usually knows English. One in-country twinning has also been completed in Viet Nam, and because both twins shared a common language, early discussions were smooth and productive. In Central Asia and South Caucasus, where English is a rarity, utilities use Russian as their common language. Workshops have been conducted in Russian, and experts are sought out with Russian-speaking skills.

Twinning is very like two strangers meeting and seeking to build mutual trust. To introduce the twins to one another and to ensure that a practical work plan is produced, ADB has adopted the use of a twinning facilitator. This job includes getting the twins to work through a short but systematic diagnostic process with the specific aim of preparing an agreement, work plan, targets, and budget before the visit ends. An earlier attempt to work without a facilitator proved to be difficult and slow.

**Knowing what the expert twin expects to gain.** This knowledge ensures their commitment to the process. There is no commercial motive in twinning—it is mostly a case of government utilities helping other government utilities (though some private utilities are also serving as experts). However, since experts have identified various motives for engaging in the process, making those benefits a reality should keep them interested.

Similar to this current round of twinning, future partnerships should continue to be supported through the associations such as the Central Asia and South Caucasus Water Utilities Association (CASCWUA), South Asian Water Utilities Network (SAWUN), and South East Asian Water Utilities Network (SEAWUN). These networks provide an excellent medium for utilities to meet, exchange information, and signal their interest in achieving change through such strategies as continuous improvement, benchmarking, and twinning.

Further, based on the twinning experiences, detailed twinning guidelines were developed. The first edition

was released in September 2009. The guidelines provide guidance and advice to those who are interested in joining the ADB's twinning activities and those commencing a twinning partnership.

While twinning is still in its relative infancy, there is growing evidence that it is an effective way of building utility capacity and improving the performance of developing water utilities. After a relatively slow start, momentum increased significantly during 2009 as information on it was disseminated more widely. In 2010, interest continues to develop from potential recipients and expert utilities, and the numbers of twinning partnerships planned has increased accordingly. Hopefully, twinning partnerships will grow into longer-term strategic alliances, providing potentially lifelong partnerships between utilities that share the common goal of delivering "Water for All."

## How Twinning Works

ADB's approach to twinning covers the following steps.

- Identify experts.
- Identify expertise offered.
- Canvas recipients and their needs.
- Seek compatibility in size, culture, and language.
- Observe experts and recipient candidates in workshop conditions.
- Offer possible candidates to the experts before approaching the recipients.
- Once a recipient twin agrees, expert and ADB conduct a brief onsite diagnostic study.
- Agree on priorities with recipient twin and expert, based on the diagnostic study.
- Use the diagnostics to test the chemistry of the twinning relationship.
- Conclude diagnostics with a signed agreement, including work plan, committed resources, and ADB budget support.<sup>a</sup>

While the diagnostic activities typically take only 5 days, preliminary work takes some time. In fact, it took from November 2007 to December 2009 to establish only nine twins. However, given the current level of interest in the program, it should be possible to establish up to 10 partnerships annually if the funding allows.

<sup>a</sup> ADB will finance the travel and accommodation of participants for exchange visits. Twin utilities are expected to provide human and time resources.

## CONTACTS

For further information, please contact

**Michael White**  
Urban Development Specialist (Water Supply and Sanitation)  
mewwhite@adb.org.

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