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Benchmarking Experiences in India and the Philippines

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Presentation Outline

- **Benchmarking Urban Water Supply & Sanitation in South Asia**
- **Benchmarking of Small Towns Water Supply in the Philippines**
- **Lessons Learned from the 2 WSP Projects**
- **The Way Forward**

Benchmarking Urban Water Supply and Sanitation in South Asia

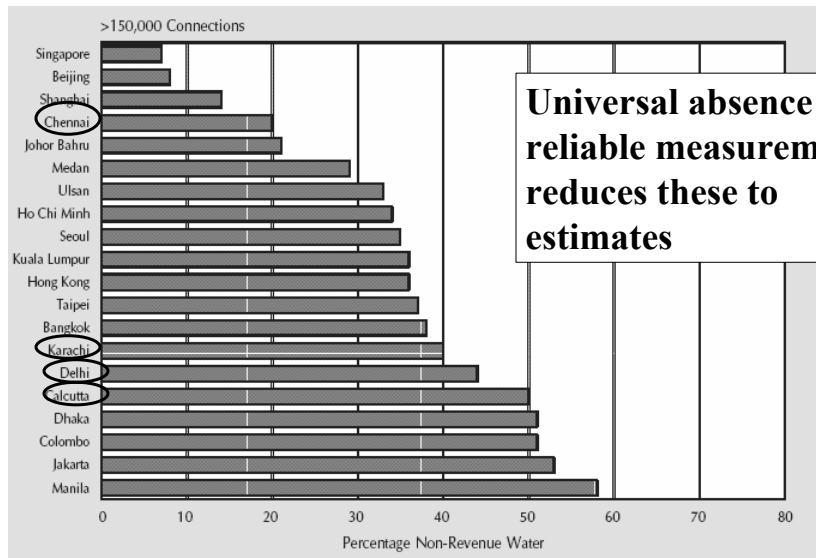
The Realities.....

- Water Sector in South Asia needs to better its performance vis-à-vis international standards
- Poor performance spans the entire gamut
 - *Operating Efficiency*
 - *Quality of Service Provision*
 - *Financial health*
 - *Systems and Processes*
 - *Governance*

AND THE PARADOX.....

Do we really know the performance levels? NO

Some Facts.....



Context

- Sustained improvement in utility performance key to improving services
- Challenge: Lack of reliable information to manage sector performance
- Need: Measure & monitor performance regularly; share best practices to improve services
- Benchmarking emerging as an important tool for performance monitoring and improvement
- Key to success: Regular, Sustainable, Usable

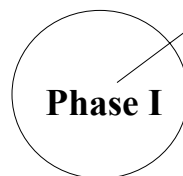
Benchmarking Urban Water Supply & Sanitation in South Asia

- **Part of capacity building among water utilities in South Asia**

Project Objectives:

- *compile comparative cost and performance data* from a mix of large, and representative, utilities in the region
- *to prepare a roll out program for more extensive benchmarking* and associated capacity building across South Asia

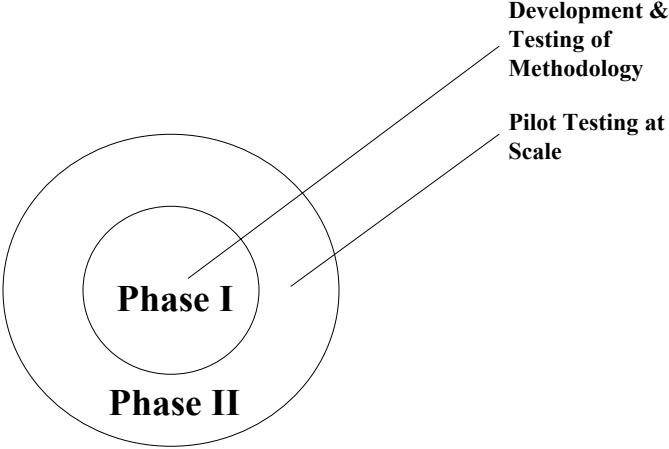
Project Structure



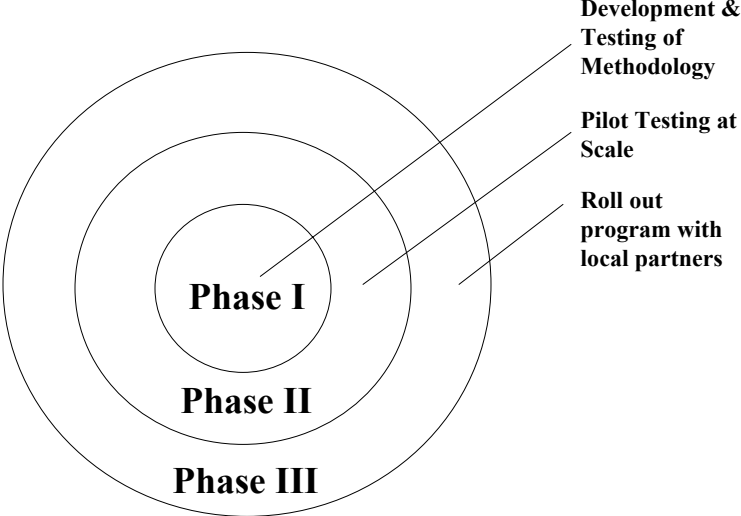
**Development &
Testing of
Methodology**

Phase I

Project Structure



Project Structure



Overall Approach

- uses World Bank's Benchmarking Start Up toolkit as basic template
- toolkit customized to suit national and regional context
- implemented by WSP-SA in Delhi
- Measures utility performance on following aspects:
 - *Technical/operational*
 - *Quality of service*
 - *Financial*
 - *Commercial*
 - *Operational*

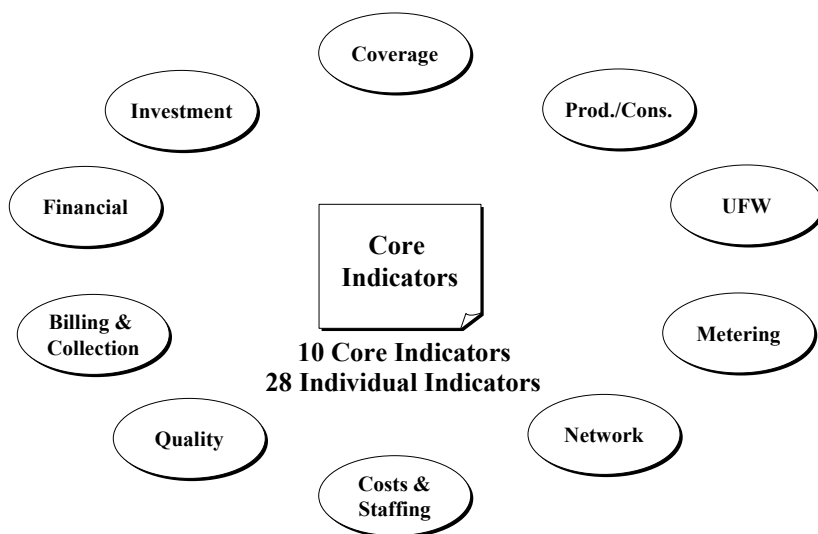
Methodology (6-7 months)

- circulation of concept notes and formats
- visits and individual presentation to utilities
- initial data response from utilities
- clarification on data (comments & queries)
- final data and analysis – results workshop (Phase 1)

Difficulties Encountered

- Difficulties in agreeing on universal set of indicators (10 core indicators- 28 individual indicators)
- Measurement, monitoring and usefulness of indicators
- Availability and reliability of data
- Comparisons difficult due to different operating environments (institutional structure, size, etc.)

Core Indicators



Some Findings

(Indian Utilities/Developing/Developed Countries)

- **Unaccounted for water (UFW)**

27%	23%	16%
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- **Staff/1000 connections**

11.6	5.0	2.1
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- **Water availability (hours)**

5.6	24	24
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Some Findings

(Indian Utilities/Developing/Developed Countries)

- **Operating ratio**

2.7	0.7	0.7
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- **Collection period (months)**

12.9	3.0	1.8
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Phase I: Key Issues

- Process Issues
 - Availability of information
 - Clear communication of indicator definitions & their interpretation
 - Mechanisms to ensure quality/reliability of data
 - Comparability: Choice of utilities/cities
 - What is the right comparison: Utility or City/Town
- Organizational/Institutional Issues
 - Willingness/interest to participate
 - Weak local partner in IWWA (continues to be an issue)
 - Team/Logistical constraints

Institutionalizing Benchmarking

- Utility buy in and commitment needed as well as political support
- Capacity building for benchmarking critical
- Start benchmarking at state level
- National level body to be set up and supported by MoUD – independent 3rd party
- Initial funding necessary; utilities contribution to sustain program in long term

Benchmarking of Small Towns Water Supply in the Philippines

Benchmarking of Small Towns Water Supply in the Philippines

Purpose

- Develop a methodology for selection & elaboration of performance indicators.
- Promote the use of benchmarking as a tool to improve utility performance.
- Compile performance profiles of small towns water utilities.
- Provide practical training to institutional partners.

Benchmarking of Small Towns Water Supply in the Philippines

Scope and Selection

- **20 participating water utilities** ranging in size from 1,000 to 5,000 connections.
- **5 types of water utilities** : water districts (9), rural water & sanitation associations (2), water cooperatives (5), local government-run utilities (3) & private sector (1)

Project Duration: 12 months

Benchmarking of Small Towns Water Supply in the Philippines

Project Organization

- Executed by Government of the Philippines: WSSPMO-DILG, NWRB, LWUA & PAWD
- Managed by: Project Team (Team Leader and 2 coordinators from each agency)
- Guided by: International Adviser and WSP Country Team Leader)
- Quality assurance by: Peer review team from government and international panel

Benchmarking of Small Towns Water Supply in the Philippines

Methodology

- *Use World Bank's Benchmarking Start Up toolkit as basic template; design questionnaire*
- *Consultation workshop with participating water utilities – select indicators*
- *Collect data and check consistencies (queries)*
- *Prepare utility profiles, comparison tables and initial analysis of utility performance*
- *Results workshop – presentation of results and performance analysis; recommendations for expansion and institutionalization of benchmarking*

Benchmarking of Small Towns Water Supply in the Philippines

Some Findings

Coverage: *range (19%-100%); average (65.1%); top quartile (84%)*

Availability: *range (2.5 – 24 hrs); average (20.1 hrs); top quartile (24 hrs)*

Consumption: *range (61-205 lpcd); average (118 lpcd); top quartile (132 lpcd)*

Benchmarking of Small Towns Water Supply in the Philippines

Some Findings

UFW: *range* (6%-59.7%); *average* (23.8%);
top quartile (11.5%)

Operating ratio: *range* (0.59 – 1.39);
average (0.92); *top quartile* (0.81)

Accounts receivable: *range* (0.3-4.7
months); *average* (1.6 months); *top
quartile* (1 month)

Benchmarking of Small Towns Water Supply in the Philippines

Some Findings

Average tariff (Php/m³): *range* (3.23 -21.90);
average (11.34); *top quartile* (15.77)

Production cost (Php/m³): *range* (1.54 -
15.21); *average* (7.77); *top quartile* (11.18)

Staff/1000 connections: *range* (4.3 – 13.9);
average (7.7); *top quartile* (6.0)

Benchmarking of Small Towns Water Supply in the Philippines

Sector Issues

- **Coverage:** franchise and delineation of service area
- **Regulation** of RWSAs, cooperatives and LGU-run water utilities
- **Support to small water utilities** other than water districts (technical, financial, institutional)

Benchmarking of Small Towns Water Supply in the Philippines

Institutionalizing Benchmarking

- Expansion to include more utilities
- Include process benchmarking and move towards performance improvement
- Establish national benchmarking program with either the NWRB (regulator) or PAWD (national water association)
- Seek initial funding support to set up program

Thank you