

3rd East and Southern African Water Utilities Regulators (ESAWUR)



“Better Service through Monitoring and Benchmarking”

Energy and Water Utilities Regulatory Authority (EWURA)

National Water Supply and Sanitation Council (NWASCO)

Water Services Regulatory Board (WASREB)

Water Regulatory Council (CRA)

May 13 to 15, 2009

Maputo, Mozambique

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INTRODUCTION

The Water Regulatory Council (CRA) hosted the 3rd East and Southern African Water Utilities Regulators' Meeting (ESAWUR), from 13 to 15 May, 2009. The main objectives of the meeting were the experience exchange, among the regulators, and the adoption and signing of the Memorandum of Understanding (MoU) that sets the terms of cooperation for the ESAWUR members.

The topic was "*Better Service through Monitoring and Benchmarking*" and the participating water and sewerage regulatory institutions were: NWASCO from Zambia, WASREB from Kenya, EWURA from Tanzania and CRA from Mozambique. GTZ, the World Bank and representatives of national institutions from the water sector were also present. The opening session was honoured by the Mozambique's Vice-Minister of Public Works and Housing, Mr. Gabriel Muthisse.

In his address Mr. Muthisse welcomed the participants and stressed the importance of meeting as an opportunity for sharing experiences and learning from others on the best practices in public service delivery.

Aspects such as service quality monitoring and tools used, public awareness and communication approaches, decentralisation on regulation were presented and discussed. The report from the regulators, where the utilities performance is exposed, has been seen as an efficient way of persuading the utilities to further improve the performance and quality of service provided to the consumers.

In addition, the meeting gave an opportunity to the participants to learn the techniques that are being used by others to monitor the service considering the need of improving the public service and fair tariffs.

The participants also visited the Small Scale Independent Providers (SSIPs) operating in the peri-urban area of Maputo City as well as the water supply infrastructure being explored by Águas de

Moçambique, the main private utility in Mozambique.

I – REGULATORS BACKGROUND

The National Water Supply and Sanitation Council (NWASCO), was established by an Act of the Parliament in 1997, and has the mandate of issuing licences to all water supply and sanitation services providers in Zambia and guidelines giving certain minimum requirements of service. NWASCO approves requests for tariff adjustment from providers based on the Minimum Service Level Guarantees.

The Energy and Water Utilities Regulatory Authority (EWURA) was established under the Energy and Water Utilities Regulatory Authority Act, CAP 414, of the Laws of Tanzania and became operational in June, 2006. In the terms of the Government Notice, No.133, published under Sec. 39 (b) of WWO CAP 272, EWURA has the authority to regulate water and sewerage service providers. EWURA is a multi-sector Regulatory Authority which regulates four sectors, i.e. electricity, petroleum, natural gas, water and sewerage.

The **Water Services Regulatory Board (WASREB)** was established in March 2003 to regulate and monitor the provision of water services through setting of standards, development of guidelines, and issuance of licenses to Water Services Boards (WSB) and approval of Service Provision Agreements in Kenya. The WSB are responsible for the efficient and economical provision of water services within their jurisdictions.

The **Water Regulatory Council (CRA)** was established in 1998 by the Decree no. 74, of December 23, as a public institution with financial and administrative autonomy. The main duties of CRA are economic regulation, namely, the setting of tariffs, the safeguarding of the consumers' interests, and the mediation between the private operators in charge and lessors in light of lease or management contracts in Mozambique.

II – EXPERIENCE EXCHANGE

SESSION I & II: SERVICE MONITORING INSTRUMENTS & REGULATOR'S ROLE ON SERVICE MONITORING

EWURA'S experience

In this context, the Tanzanian regulator, EWURA, presented the evolution of the service since the last meeting that took place in 2008, highlighting:

- The acquisition of a data base built through small towns and districts water systems assessment;
- The preparation of guidelines for tariffs set up;
- The licensing of 19 regional operators;
- The operators *reporting* through the informatics system (Majis);
- Six operational zones in place for better monitoring;
- The involvement of the Consumers Consulting Council and the Governmental consulting Council on decision making regarding the tariff application; and
- The development of the Performance Agreement with the Water Supply and Sanitation Authorities.

EWURA also referred to some constraints faced such as the lack of an adequate data base to efficiently regulate and the lack of qualified personnel of utilities in the small towns and districts.

During the detailed explanation of the Performance Monitoring Using a Water Utilities Information System (Majis), EWURA amplified that this system was established in 2006 and is being used by them for performance monitoring of water utilities and by the Ministry responsible for Water to assess the implementation of the Water Policy and the MDG's.

The Majis is a tailored built database developed locally on the basis of data and indicators which were originally reported in hardcopies. The Reports are currently sent in softcopies to EWURA and copied to the Ministry responsible for Water. Majis has the capacity to produce the utility progress report and utilities comparison reports and helps on the minimization of calculation errors and different understanding of performance indicators by different utilities.

Gains in using the Majis were also pointed out, namely:

- Faster analysis and compilation of reports;

- Better analysis of requested tariff increases;
- Tracking the attainment of performance and MDG targets;
- Use of Majis by the utilities to monitor their performance; and
- Increasing demand from utilities to include more data and analysis in Majis.

However, EWURA recognized some related challenges faced, such as delays in submission of reports, reliability of Internet, data inconsistencies and continuous feedback to Utilities.

CRA's Experience

CRA presented a Case study based in IWA *best practice standard Water Balance* (<http://www.liemberger.cc>) as a tool to calculate the water loss. The presentation, pointed out the benefits that can be obtained if water loss reduction program is well implemented, namely:

- The reduction of commercial losses;
- Raising the system efficiency;
- Reduction of intake flows;
- Increasing revenues;
- Maximization of profitability; and
- Increasing supplied water.

CRA also made a presentation on Monitoring System of Key Performance Indicators (KPI's). The KPIs were grouped in seven categories, namely the Water Quality control, Access to service, Continuity of Supply, Customer Care, Commercial & financial, Investments and Planning and Reporting. This software is to be used by CRA to better monitor the progress of the utilities performance and get accurate reporting as well as benchmarking of utilities. The system was tested, however, the application for data upload by the operators was under development, and CRA considers it as the main obstacle to secure accurate data upload and enforce the regulator's recommendations.

The second case study presented by CRA was the Evaluation and Characterization of Service Quality (Mapping Service Quality), based in GIS (Geographic Information System). The study shows how this tool can be explored to plot indicators such as: Coverage, Consumption, Pressure and Continuity of Supply, Water Quality, Cost of Service (Tariff), Customer Care, Customer Satisfaction, facilitating the representation and decision making process.

Out of the annual report, CRA expects to produce bulletins as a mean of publicly exposing the

operators' performance and stimulating the competitiveness between them on one hand, and on the other, as a way of exercising one of the fundamental rights of customers' which is access to information about the services that are provided.

NWASCO's Experience

This regulatory institution also updated the activities carried out since the last meeting in 2008, highlighting the following:

- Driving efficiency in service delivery through incentives;
- Piloted four providers;
- Development of a Board Manual,
- Training for all 10 CU Boards in February 2009;
- Ongoing implementation of service extensions in peri-urban areas;
- Publication of the seventh issue of the sector report (2007/8) in Nov 2008; and
- Re-establishment of Water Watch Groups instead of Consumer Watch Groups.

NWASCO presented a mechanism of benchmarking that is used to promote service improvement where the indicators used are based on the orientations of the minimum service level guideline. Through this process, NWASCO can establish the goals to be achieved progressively in the sector, increase the expectations of the stakeholders regarding the service, and allow the comparison of performance obtained through benchmarking as well as the performance among the providers.

For benchmarking, the regulator and providers have to start from the same indicators, considering the current scenario and establishing a feasible point for progressing towards. The minimum or acceptable benchmark must depict a desirable target.

All providers were assessed using the same parameters. Weighting of indicators depended on the criticality of the quality of service and financial viability of the provider. Through benchmarking, the regulator issued colored signals regarding the provider's level of service, where green indicated a good service, yellow an acceptable service and red an unacceptable service. The bulletins also specify the indicators that have to be improved.

NWASCO indicated that this benchmarking process is being considered a very important tool, as it stimulates the performance improvement of the providers and awards the best ones.

WASREB's Experience

WASREB made a presentation about the benchmarking mechanism that it is using, the Metric Benchmarking, which consists of comparing the performance indicators of different utilities using numerical indicators.

The procedure of metric benchmarking basically consists of identifying the best practices and sharing with the utilities to improve performance and for producing the IMPACT report/magazine/book that is a performance report of Kenya's water services sub-sector published annually.

In order to improve the data collection for benchmarking processes, they are using the Water Regulation Information System (WARIS) used also as a reporting tool. The WARIS allows presentation of regional and national averages of key indicators.

The use of WARIS was pointed out as fundamental as it allows more comprehensive trends for national level evaluation (compared to previous report), major availability of information and better accuracy of data regarding the providers' performance. It was also mentioned that the stakeholders/partners have been recognizing more and more the relevance of the tool, assuming it with responsibility, and collaborating on benchmarking processes. WASREB presented, as advantages of benchmarking, the improvement of service, more efficient regulation and more confidence of the donors in the sector.

Some of the challenges indicated are the delays of the WSPs on data submission and/or submission of incomplete information to the WARIS database, compromising the efficacy of the regulation, limited capacity (hardware/equipment and staff) for data collection, limited funds and little capacity of WSPs for monitoring and inspection.

SESSION III: DECENTRALIZATION ON REGULATION AND INFRASTRUCTURE MANAGEMENT AS MEANS TO IMPROVE THE SERVICE PERFORMANCE

NWASCO's Experience

Regarding this issue, NWASCO presented its experience on adopting decentralization of service monitoring in order to better serve the consumers and to ensure WSS providers comply with the set regulations and provisions of the WSS Act No. 28 of 1997 and other legislation.

For monitoring, the NWASCO uses the following tools:

- Inspections (routine and spot checks);
- Inspectors (strategy to ensure wide coverage);
- WWGs (Water Watch Groups) - service level monitoring by consumers;
- Annual reports; and
- Guidelines set on frequency and what parameters CUs should monitor.

The inspectors of NWASCO have the function of collecting data related to the service provider, facilitating the extension of the regulator's amplitude action through the presence of NWASCO's agents, the WWG, throughout the territory monitoring and confirming the data.

The WWG are volunteers from the community whose main objective is to represent consumer interests in the sector and provide information to consumers on service delivery. Their main functions are::

- Involvement of consumers in water & sanitation services monitoring;
- Monitoring performance on the ground;
- Handling unresolved consumer complaints;
- Provide independent information on services, rights & roles of stakeholders.

The WWGs undertake the following activities:

- Receive and validate previously unresolved complaints;
- Compile records of complaints & actions taken;
- Sensitize consumers on their rights and obligations;
- Collect information on performance of providers (Service Level) & submit to NWASCO;
- Facilitate meetings between Consumers & Water Utility/providers;

- Educate consumers on the role and functions of NWASCO;
- Inform NWASCO on effectiveness of the regulations and suggest possible adjustments;
- Participate in conferences, exhibitions workshops to create public awareness and gain knowledge.

The functioning of the WWG is funded by NWASCO and the spending is approximately US \$1,000 per quarter.

CRA's Experience

To safeguard the consumers' interests, CRA has the responsibility to ensure the protection of consumers interests, establish cooperation with consumers associations, propose the suspension of contractual terms that violate the consumers rights, establish partnership with municipality and promote water committees, regulate the service supplied to consumers by Small Scale Service Providers (SSIPs), evaluate the quality of service and present recommendations for improvement and to handle the appeal complaints of consumers.

In this context, CRA has established partnerships with the municipalities and the actions agreed are being implemented by CRA's local Delegated. The actions include:

- Regular exchange of information, update the stakeholders regarding the situation of the service to the Consumer, in particular with the support of the locally based entities linked to the Municipality;
- Identification and monitoring of the "critical areas", generally in the urban peripheries, promoting the prior attention to improve the Service;
- Performance evaluation of the water utilities;
- Mobilization of entities and relevant organizations for good performance of public standpipes; and
- Support to the Municipality in promotion and organizing Consultation Forums.

The experience of the Delegate in the extension of CRA's Regulatory mandate of, has been progressively implemented and currently in place in eight cities.

Other aspects of decentralization on regulation and local infrastructure management and some topics internationally discussed such as the introduction of incentives to Conventional Provider to serve the

poor were highlighted by CRA. Considering the “non conventional” and “alternative” means to serve the poorest and the adaptations in the service quality standards, CRA intends to rethink the exclusivity regime and promote partnerships for conventional provider/SSIP’s, accommodate the regulatory framework to the non conventional options, and rethink the subsidies to the poorest.

It is the perspective of CRA that the indirect regulation for serving the poor is an option that needs to be considered and is also being analyzed at CRA. A pilot of indirect regulation is to be considered in two levels: Issuing of normative tools at central level and its imposition at the local level by either recurring the community based entities legitimated by the municipalities, ex. the “water Committees” or other local organizations or authorities.

With the implementation of the indirect regulation experience CRA expects to obtain the following results:

- Organization of the prevailing scenario;
- Ensure the improvement of service quality to customers;
- Decentralize to better regulate and protect consumers;
- Increase/ensure municipality involvement;
- Ensure the participation of the beneficiaries, as an added value;
- Involve the local associations/CBOs as better placed entities to pursue the community interests and ensure maintenance of infrastructures.

WASREB’s Experience

WASREB presented its experience on the identification of the gaps in communication with consumers and in the development of a strategy to improve the service to the consumers. Therefore, in March 2008, a technical team was sent to Zambia in order to collect the experience of the Water Watch Groups. In June 2008, WASREB held a brainstorming meeting with selected stakeholders to develop a draft of the feedback concept note, and in July 2008, WASREB in partnership with WSP, GTZ, and The World Bank Institute convened a stakeholder’s workshop to further elaborate on the draft of consumer’s mechanism feedback.

Currently, WASREB identified the priority actions relevant to improve the consumer’s service, namely;

- Testing the WWG monitoring and reporting on consumer experiences and resolution of consumer complaints;
- Receive and disseminate information relevant to consumers as obtained from WASREB and WSBs;
- Build consumer awareness on their rights and obligations to optimise benefits under the Regulatory Framework;
- Give systematic feedback on public opinion as it relates to issues of performance, access, and equity in investment planning and service quality;
- Involving in pertinent issues like tariff reviews and public consultations;
- Provide periodic reports for Water Service and customer service standards; and
- Promote awareness.

The WASREB objectives in carrying out these actions are:

- To ensure regular and targeted feedback to WSPs, WSBs and WASREB;
- To improve customer orientation and accountability;
- To provide third party oversight on ongoing investment projects;
- To promote democratic principles in water service provision in line with global trends; and
- To facilitate resolution of conflicts between consumers and WSPs.

SESSION IV: ESAWUR COORDINATION AND MEETING CLOSING

The draft Memorandum of Understanding finalised after the meeting in Tanzania was reviewed for comments. One of the issues discussed was on whether to formalise the association. The members agreed that for now the MoU would simply state the intention to formalise and would be dealt with at a later stage. After agreement on the wording of the MoU, the members present signed the MoU. It was agreed that Rwanda who was not present would be sent the signed copy of the MoU for appending their signature. NWASCO was elected as Secretariat for the association.

SESSION V: FIELD VISIT

CRA organized a field visit to the SSIP’s at the Urban District # 4 in order to show to the workshop participants how they operate, especially regarding

the practices for water loss control that they use. Afterwards the group visited the Umbelúzi Water Treatment Plant. This water treatment plant supplies the great Maputo and has recently benefited from investments, aiming to increase the capacity on water production and distribution.

The visit to the water treatment plant allowed the participants to have an idea of the dimension of how big the system is and the efforts being done by the stakeholders to reduce the losses in the system and increasing the water availability.

Regarding the visit to the SSIP's, the participants had an opportunity to see how they provide water to consumers and how the infrastructures were built. One concern was about the meters that are installed close to the provider's infrastructures and not at the owner of the connection. This situation is not stimulating the SSIPs to reduce the losses; therefore the consumers are being penalized for the losses along the pipes between the meters and their house connections. However, there is an effort from the providers to install the meters close to the consumer's connection.

III – CONCLUSIONS AND RECOMENDATIONS

- ✓ Once more, the gathering of regulatory institutions for experience sharing, was very fruitful as it allowed the participants to share different approaches in order to improve their knowledge of water and sanitation service regulation;
- ✓ During the sessions some working tools and practices revealed to be efficient to stimulate

the provider's performance and somehow the regulatory institutions should adopt them to ensure a better monitoring of the services.

These are:

- The Benchmarking practices implemented by NWASCO and WASREB for stimulating the improvement of the providers performance;
 - The mechanism for calculating the water losses;
 - The Majis as a data base for information production related to the performance of the providers;
 - The inspectors of NWASCO, WWG and the Delegates of CRA, are similar experiences that allow the extension of the regulars action close to consumers;
 - The exchange of experiences between the regulatory staff started by WASREB is a good practice, avoiding the spending of time and resources searching for practices already being implemented.
- ✓ For the next meetings, the regulators recommended an updating of the initiatives presented in the previous meetings in order to better synchronize the stage of evolution of work and also practices sharing;
 - ✓ As usual, emphasis was given to the water supply service than to sanitation. It was recommended by the participants to consider more topics and discussion on sanitation for the next events;
 - ✓ There's a willingness of the participants to continue with the annual meeting initiative. The next meeting was scheduled for Kenya, Mombasa at a period to be advised by WASREB.

3rd East and Southern African Water Utilities Regulators' Meeting

Hosted by
The Water Regulatory Council (CRA), Mozambique
 in
 Maputo, Mozambique 13th-15th May

“Better Service through Monitoring and Benchmarking”

Agenda

ARRIVAL DAY (12th May)			
DAY 1 (13th May)			
Time	Topic	Responsible	Timetable (indicative)
8.30 – 9.00	Registration	Participants	30 min
9.00 – 9.50	Official opening	Participants	50 min
	Break		05 min
09.55 – 10.20	Adoption of the Agenda and Apologies	CRA - Mozambique	25 min
10.20 – 12.30	Session I: Service Monitoring Instruments		
	1. Achievements from May 2008 to May 2009	EWURA -Tanzania	25 min
	Coffee Break		15 min
	2. Water losses Indicators in Water Supply System	CRA - Mozambique	25 min
	3. Debate	Plenary	60 min
	Lunch Break		90 min
14.00 – 17.00	Session II: Regulator’s role on Service Monitoring		
	1. Performance Monitoring Using a Water Utilities Information System (Majls)	EWURA - Tanzania	25 min
	2. Better Service through Benchmarking	NWASCO - Zambia	25 min
	Coffee Break		20 min
	3. Benchmarking and water presentation	WSRB - Kenya	25 min
	4. Service Quality monitoring: regulatory tool to promote efficient operations	CRA - Mozambique	25 min
	5. Debate	Participants	60 min

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DAY 2 (14th May)			
Time	Topic	Responsible	Timetable (indicative)
9.30 – 13.00	Session III: Decentralization on regulation and infrastructure management as means to improve the service performance		
	1. Better Service through Monitoring (Water Watch Groups and Part-time inspectors)	NWASCO - Zambia	20 min
	2. Delegates of CRA	CRA - Mozambique	20 min
	3. CRA’s Delegate Experience	CRA - Mozambique	15 min
	4. Debate	Participants	35 min
	Coffee Break		20 min
	5. Decentralization on regulation and local infrastructure management	CRA - Mozambique	20 min
	6. Enhancing Consumer’s Feedback In Water Services Sector	WSRB - Kenya	20 min
	7. Debate	Participants	60 min
	Lunch Break		60 min
14.00 – 17.30	Session IV: ESAWUR Coordination and Meeting Closing		
	1. Cooperation of Members: Discussion, adoption and signing of MoU	Participants	90 min
	2. Coffee Break		20 min
	3. Meeting out puts		25
	4. Next Meeting Set Up and Closing session		40
19.00 – 21.00	5. Dinner – Marina Waterfront		120 min
DAY 3 (15th May)			
	Lunch Break		90 min
09.00 – 13.00	Session V: Field Visit		180 min
	1. Water Treatment Works		
	2. SSIP’s		
	Lunch Break		90 min
14.30 – 17.00	3. Cultural Excursions	Participants	150 min
DEPARTURE DAY (16th May)			

LIST OF PARTICIPANTS

Guests to the Opening Session		
	Participant	Organization
1	Nelson Beete	FIPAG
2	Miguel Alves	
3	Jossefane Faiane	
4	Luís Tavares	The World Bank
5	Manuel Fernandes Thomas	Águas de Moçambique (AdeM)
6	F. Matsinhe	Matola Municipality
7	Paulino Cossa	Mozambique Water Suppliers Association (AFORAMO)
8	José Nhaca	Underground Private Water Suppliers Association (AMATI)
9	Peter Hawkins	Water and Sanitation Program
10	Rosária Mabica	Water Aid
11	Carla Costa	Water Services for Urban Poor (WSUP)
Meeting Participants		
	Participant	Organization
1	Yvonne Magawa	National Water Supply and Sanitation Council (NWASCO)
2	Mugeni Mulenga	
3	Peter Mutale	
4	Herbert Kassamani	Water Service Regulatory Board (WASREB)
5	Francis Maluki	
6	Haruna Masebu	Energy and Water Utilities Regulatory Authority (EWURA)
7	Robert Swere	
8	Muna Mahanyu	
9	Exaudi Fatael	
10	Dirk Pauschert	German Agency for Technical Cooperation (GTZ)
11	Andreia Goerthr	
12	Manuel Alvarinho	Water Regulatory Council (CRA)
13	Fernando Nhantumbo	
14	Lúcia Léu	
15	Chabane Combo	
16	Zarco Ferreira	
17	Samuel Simango	
18	Francisco Xavier dos Santos	
19	Fernanda Mucupe Tete	
20	Marcelino Pangaia	
21	Hélder José Henriques	
22	Magalhães Miguel	
23	Ricardo Amós	
25	Leonido Funzamo	
26	Lídia Marques	
27	Ália Remane	
28	Berta Macheve	
29	Clara dos Santos	
30	Jossefane Faiane	Water Supply Asset Holding and Funding (FIPAG)