This kit is made available to partners interested in compiling cost and performance data for water and wastewater utilities. Through a variety of different routes, both formal and informal, it is hoped that this information will be shared with peers within and across countries. It is part of an effort to build better and more accessible comparison and evaluation tools for the water sector.

Inter utility performance comparison is needed in the water sector, because the sector offers limited scope for direct competition. Firms operating in competitive marketplaces are under constant pressure to outperform each other. Water utilities are sheltered from this pressure, and it shows: some utilities are on a sustained improvement track, but many others keep falling further behind best practice. Performance differentials are striking, even across countries at similar income levels.

This matters, because a well-run water utility is essential to people’s lives. Only the most efficient, financially viable utilities are able to respond to urban growth, connect the poor, and improve wastewater disposal. Access to comparative information will support the development of such well-run companies by providing key stakeholders with the information they need to do their jobs better:

- Utility managers and employees, to identify areas for improvement, adopt realistic targets and—not least—convince authorities of the need for change
- Governments, to monitor and adjust sector policies and programs
- Regulators, to ensure that customers get value, and that providers have incentives to perform and will stay financed if they do
- Customer groups and NGOs, to exercise “voice” in an informed way
- Aid agencies and advisers, to identify what works, advise their clients accordingly and back the advice with convincing “before-after” stories
- Private investors, to identify viable markets and opportunities for creating value.
Provision of comparative information in the water sector has improved in the 1990s, as countries have privatized service delivery and started building regulatory capacities. The United Kingdom is most advanced in the publication of comparative utility data as part of its regulatory regime. Newly established regulatory bodies in Brazil and Peru are now using the core indicators presented in this kit as part of their oversight activity. Internationally, the Asian Development Bank has been a pioneer with its Utilities Handbook, widely referred to by water company managers in Asia. New initiatives are under way in the Baltics, where a group of utilities are benchmarking against each other and their Nordic “twins,” and in Africa a regional grouping (Water Utilities Partnership) has started an effort to develop and share performance indicators across the continent.

These efforts are promising, but international data sets will be hard to develop:
• It is difficult to agree on a universal set of indicators and their detailed definitions
• The availability of reliable data can be limited
• Comparisons between countries can be influenced by the different operating environment each faces
• The usefulness of an indicator, and its likelihood to be monitored, varies across countries.

Given these difficulties and the sector’s decentralized organization, it is unlikely that a central monitoring system can or should be developed. A more feasible objective, enabled by the Internet, is for a distributed network of stakeholders to build their own monitoring capacities and make their data available publicly on a voluntary basis. If shared definitions are used by a sufficient number of participants, at least for a core set of indicators, this network will add value to all its users and contributors by providing them with useful international comparative information.

The Benchmarking Water and Sanitation Utilities: A Start-Up Kit has been developed to support the above concept. In it you will find:
• A set of core indicators on which stakeholders can build their own customized measurement and monitoring system
• A data listing complete with robust data definitions
• A data capture system that also calculates the complete indicator set
• A route to share information via the World Bank Water Help Desk (whelpdesk@worldbank.org).
Selection of appropriate cost and performance indicators will depend on the situation facing each utility as well as the target audience for the information. Policymakers are looking for highly aggregated information, while utility managers want to see detailed activity costs.

The indicators in this kit are presented under a number of headings (see core indicator categories at right). They are considered a minimum (core) set and were developed in discussion with Bank staff, consultants, and country partners working in the water sector. Likely availability of data was a critical factor in the selection of indicators.

The set will not, and is not intended to, fulfill the needs of all the stakeholders in all water and sanitation utilities. Such comprehensive measurement sets would list many pages of indicators, data items, and their associated definitions.

Most utilities will, however, benefit from knowing how they perform in each of these core ratios, how their ratios are trending over time, and how they compare with their peers—nationally and internationally.

It is expected that each utility will enhance this core set by adding its own utility-specific indicators. Such indicators might consider manpower, cost, financial, or quality of service issues, which are of particular relevance to the utility and its stakeholders.

In the short term some of the core indicators may require data that is not currently collected by all utilities. It is expected that this will be rectified over time as users begin to appreciate the value of understanding their comparative performance in these key areas. A full description of the core indicators is presented on the disc held in the pocket at the end of this document.

Start-Up Kit: Core Indicator Categories

- A. Coverage
- B. Water Consumption and Production
- C. Unaccounted-for Water
- D. Metering Practices
- E. Pipe Network Performance
- F. Cost and Staffing
- G. Quality of Service
- H. Billings and Collections
- I. Financial Performance
- J. Capital Investment
The indicators compiled by an individual utility are highly relevant for establishing targets and monitoring trends within that utility. They are at their most powerful, however, when shared with peers so that inter utility comparisons can be made.

The figures on the right illustrate the type of comparative assessments that are possible when utilities share data. They show a “snapshot” of staffing levels per thousand connections in a number of different countries. These results allow managers and other stakeholders to understand relative performance, both within a country and between countries. Clearly the greater the number of individual utilities contributing data, the greater the benefit is to the group as a whole.

Similar analyses are possible for all the core indicators. The data can also be presented in alternative ways. For example, core indicator values can be compared for similar-size utilities around the world or for all utilities within a particular geographic region.

The Start-Up Kit allows annual data to be entered for the period 1994 to 1998. Updates of the kit will be issued in the future. Trend analyses for each indicator are therefore also available to users.

Ideally, the data made available from partners will be attributed to named utilities. This will open up the opportunity to identify and contact better-performing utilities to find out what actions they took to achieve their superior performance.

Routes by which utilities can share their data, and hence make the comparisons presented here, are outlined in the next section.
The core indicator set requires data to be collected from which the indicators are calculated. The data categories are presented at the right, and full details are provided on the disc held in the pocket at the end of this document.

A simple data capture system is provided on the disc to help partners compile data and to calculate the core indicators. Users should enter their data in the relevant fields and the indicators will be calculated automatically.

The data capture system provides internal consistency checks. It is important, however, that the data supplied is carefully checked by the utility.

Partners are encouraged to share their data with their peers. This might mean exchanging data on a “one on one” basis, sharing information through a national professional body or trade association, or placing the data on the utility’s home page. In addition, the Water Help Desk at the World Bank (e-mail whelpdesk@worldbank.org) will be pleased to receive data from partners in the industry using the completed forms supplied on the disc.

Forms can be submitted to the Help Desk by e-mail. Partners will be asked whether their data is to be presented in either an attributable or non-attributable form.

Data will be made available to contributing partners only, on request to the Water Help Desk. The Help Desk will not check the submissions. Users will undertake their own due diligence to verify the adequacy of the information supplied.

Comments/Suggestions
The core indicator list presented in this kit, and the method of sharing information, are first steps in establishing a network of informed data providers and data users. If you have any comments or suggestions on the content and use of the information, please contact the Water Help Desk.

Data Categories
(with examples)

Utility Information:
- Name, location, contacts

Country Information:
- GDP per capita
- Exchange rate

Utility Service Area
- Total population
- Service provided

Water Services
- Population served
- Water connections at year end
- Length of water distribution network
- Volume of water produced
- Volume of water sold

Sewerage Services
- Population served
- Sewerage connections at year end
- Length of sewers
- Proportion of sewage that is treated

Financial Information
- Total operating revenues
- Total operational expenses
- Labor costs
- Year-end accounts receivable

Tariff Information
- Fixed charge per month for residential customers
- Connection charges—water and sewer
Getting Started

Your disc

This disc contains all you need to participate as a partner in benchmarking the core indicators— as described in this document. It holds the electronic data capture system, data definitions, and a description of the core indicator set.

Follow these simple instructions to get started:

1. Put the disc in the a: drive of your computer.
2. Open the "readme.txt" file (text file).
3. Read the instructions.
4. Proceed as directed.

Problems?
If you have any problems or questions, please contact the Water Help Desk (e-mail whelpdesk@worldbank.org).

Simple data collection form

Facilitated sharing of information

Automatic calculation of core indicator set

Routine data consistency assessment