

## SQ1A: Define service quality standards and indicators for operators

| REGULATORY AREA: SERVICE QUALITY REGULATION   |   | SQ1A |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
|---|---|------|-----------|-----------|--|-----|------------------------------|-----|------------------|------|-------------------|----|-----------------|-----|-------------------------------|---|-------------------------|-----|--------------------------------|------|
| <b>OBJECTIVE SQ1</b><br>Define service requirements to be met by operators  | <b>ACTION CARD SQ1A</b><br><h1 style="text-align: center;">DEFINE SERVICE QUALITY STANDARDS AND INDICATORS FOR OPERATORS</h1> |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| <b>COST:</b> Low <b>FREQUENCY:</b> Regular<br><b>TARGET GROUPS:</b> Regulators, service operators, consumer associations  |   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| <b>DESCRIPTION</b><br>Regulating service quality entails the establishment of criteria that services should meet to adequately reflect consumer needs, and this requires the operators' full comprehension and acknowledgement. Some of these measures may include, for instance, reliability of services, quality of water delivered, interruption frequency and its duration, average time to restore the service, or the number of consumer complaints. This non-exhaustive list, open to be customized in different circumstances, becomes an essential tool for achieving the quality of service objectives and results associated with them. Each regulator, therefore, defines and calculates a set of performance indicators, which are then published, with results being compared in the sector annual assessment report. |   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| <b>EXPECTED OUTCOMES</b> <ul style="list-style-type: none"> <li>• Clear and transparent sanitation and water service quality standards are measured on all service operators.</li> <li>• Different performance trends are compared.</li> <li>• Consumer associations actively participate and can access the established norms at any time.</li> </ul>  |   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| <b>EXAMPLE 1: ZAMBIA</b><br>In line with its mandate to inform the public on water supply and sanitation issues, the Zambian regulator NWASCO publishes an annual sector report on the performance and status of the sector. This sector report also highlights the performance of providers against set sector benchmarks derived from the Minimum Service Levels guidelines. Benchmarking induces competition among commercial units by motivating them to improve their own previous performance and to outperform others. Eight benchmarks have been set for major indicators, as follows.  |   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| <b>Performance indicators and benchmarks</b> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Indicator</th> <th style="text-align: left;">Benchmark</th> </tr> </thead> <tbody> <tr> <td>1 Water supply and sanitation coverage</td> <td>80%</td> </tr> <tr> <td>2 Unaccounted for water(UfW)</td> <td>25%</td> </tr> <tr> <td>3 Metering ratio</td> <td>100%</td> </tr> <tr> <td>4 Hours of supply</td> <td>18</td> </tr> <tr> <td>5 Water quality</td> <td>98%</td> </tr> <tr> <td>6 Staff per 1,000 connections</td> <td>8</td> </tr> <tr> <td>7 Collection efficiency</td> <td>85%</td> </tr> <tr> <td>8 Cost coverage by collections</td> <td>100%</td> </tr> </tbody> </table>   |   |      | Indicator | Benchmark | 1 Water supply and sanitation coverage | 80% | 2 Unaccounted for water(UfW) | 25% | 3 Metering ratio | 100% | 4 Hours of supply | 18 | 5 Water quality | 98% | 6 Staff per 1,000 connections | 8 | 7 Collection efficiency | 85% | 8 Cost coverage by collections | 100% |
| Indicator   | Benchmark   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| 1 Water supply and sanitation coverage  | 80%   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| 2 Unaccounted for water(UfW)  | 25%   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| 3 Metering ratio  | 100%  |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| 4 Hours of supply   | 18  |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| 5 Water quality   | 98%   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| 6 Staff per 1,000 connections   | 8   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| 7 Collection efficiency   | 85%   |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |
| 8 Cost coverage by collections  | 100%  |      |           |           |  |     |                              |     |                  |      |                   |    |                 |     |                               |   |                         |     |                                |      |

## EXAMPLE 2: AUSTRALIA

In **Australia**, the Essential Services Commission (ESC), which is the multisector regulator in Victoria state, has adopted the following service quality indicators.

| SERVICE QUALITY INDICATORS   |   |
|--|---|
| Domestic customers with instalment plans (100 customers)           | Average customer interruption frequency (interruptions per customer) (number per customer)          |
| Non-domestic customers with instalment plans (100 customers)       | Planned water supply customer interruption frequency during peak hours (interruptions per customer) |
| Domestic restrictions for non-payment of bills (100 customers)     | Average duration of planned interruptions (minutes)   |
| Non-domestic restrictions for non-payment of bills (100 customers) | Average duration of unplanned interruptions (minutes)   |
| Restrictions restored within three days (percent, domestic only)   | Average customer minutes off supply (minutes)   |
| Restrictions over 14 days (per cent, domestic only)                | Bursts and leaks (per 100 km of water mains)  |
| Domestic legal actions (per 100 customers)                         | Average response times to bursts and leaks – priority 1   |
| Non-domestic legal actions (per 100 customers)                     | Average response times to bursts and leaks – priority 2   |
| Average debt level – restrictions (€)                              | Average time to rectify bursts and leaks – priority 1 (minutes)                                     |
| Average debt level – legal actions (€)                             | Average time to rectify bursts and leaks – priority 2 (minutes)                                     |
| Hardship grants and applications (per cent)                        | Planned customer interruptions not restored within 5 hours (percent)                                |
| Average value of hardship grants (€)                               | Unplanned customer interruptions not restored within 5 hours (percent)                              |
| Customer responsiveness and service                                | Water losses  |
| Average time taken to connect to an operator (seconds)             | Wastewater service  |
| Calls answered within 30 seconds (percent)                         | Sewer blockages (per 100 km of sewer main)  |
| Complaints received by water businesses (percent)                  | Customers experiencing a single sewer blockage  |
| Water quality complaints (percent)                                 | Sewer spills from reticulation and branch sewers (per 100 km)                                       |
| Information statements processed within 5 days (percent)           | Containment of sewer spills within 5 hours (percent)  |

## EXAMPLE 3: URUGUAY

The Energy and Water Services Regulator of Uruguay (URSEA) has the legal authority to request that service providers submit the information required for the performance of their functions. Accordingly, URSEA issued Resolution No. 83 of 2009 regulating the delivery of accounting information for regulatory purposes in the drinking water and sanitation sector. The information to be provided, in addition to accounting information, defines the basic statistical information to be reported by providers, including 54 indicators that are divided into the following categories: Coverage, Physical Assets, Water Production, Company Staff and Environment.

For each of the indicators, the following references are to be established: category, information or name, unit of measurement and definition, as shown in the following example:

| Num | Type     | Sub-type       | Data   | Unit        | Definition   |
|-----|----------|----------------|--|-------------|--|
| 5   | Coverage | Water coverage | Population served with household drinking water connection | Inhabitants | Number of inhabitants with access to network drinking water through household connection, at the end of the period   |
| 6   | Coverage | Water coverage | Duration of supply services                                | Hours/Day   | Weighted average of service hours between continuous and discontinuous service connections (e.g, 2 24-hours connections and 2 18-hours connections = 21 hours) |

Among the indicators defined by the regulator, some of the most important are those associated with network coverage, metering coverage, water losses, drinking water quality and wastewater treatment level.

#### **EXAMPLE 4: PANAMA**

The National Public Utilities Authority (ASEP), Panama's regulator, has the power to establish norms of efficiency, quality and other aspects of service provision that providers must comply with. Accordingly, the regulator has defined service quality goals establishing optimum quality levels for drinking water and sanitary sewerage service providers within the systems they operate in.

The service quality goals set forth by ASEP correspond to the following aspects: drinking water quality, network water pressure, continuity of supply, wastewater treatment, wastewater quality, sanitary sewerage overflows and response to queries and customers. For this purpose, the regulator sets forth seven (7) general indicators for the aqueduct service, five (5) for the sewerage service, three (3) for customer service and four (4) for measuring individual goals of each provider in relation to other aspects.

For each indicator, the regulator details elements such as: goal to be reached, measuring system, information delivery period, assessment period and compensation for non-compliance.

#### **LINKS**

Zambia's regulator (NAWASCO) web page: <http://www.nwasco.org.zm/index.php/regulatory-tools/monitoring-performance-reporting>

Australia's Essential Services Commission (ESC) web page: <https://www.esc.vic.gov.au/water/sector-performance-and-reporting/water-performance-reports>

Uruguay. Resolution No. 83 of 2009:

[http://www.ursea.gub.uy/web/eresolucionv21.nsf/A19F70CF1E6E52868325796400457E7C/\\$file/RE%2083-009.pdf?OpenElement](http://www.ursea.gub.uy/web/eresolucionv21.nsf/A19F70CF1E6E52868325796400457E7C/$file/RE%2083-009.pdf?OpenElement)

Panama. Resolution No. JD-2914 of 2001: <https://www.asep.gob.pa/?p=41398>

#### **INTERNAL CAPACITIES NEEDED AND THE ROLE OF PARTNERS**

As much as some of these norms and standards could be universally applied, tailoring them to specific contexts or shaping new ones will require internal regulatory capacities, ranging from technical water engineering skills and financial capacity for monetization of these measures, to customer relations abilities. Whereas to a certain extent some of them could be supported by related ministries and service operators, much required capacity building and multi-stakeholder consultation around applicable standards could be supported by development partners and consumer associations. Regulators' staff must also be trained on basic service quality performance standards, and how to apply them in their own context.