REGULATORY FUNCTION: **SERVICE QUALITY REGULATION**	**SQ3A**

OBJECTIVE SQ3 Facilitate adherence to service requirements, and continuous improvement in service provision	**ACTION CARD SQ3A** **ESTABLISH SYSTEMS OF INCENTIVES AND REWARDS FOR OPERATORS' PERFORMANCE BY REGULATORS**

COST: Low   **FREQUENCY:** Regular

TARGET GROUPS: Regulators, service operators, consumer associations, media agencies, civil society

DESCRIPTION

As much as the verification and sanctioning of non-compliant operators to service quality norms and standards could be efficient in protecting consumers interest, it only works as an action when poor performance has already occurred and consumer interests have already been damaged. It is therefore advised to apply, alongside sanctions, a range of regulatory incentives and rewards to motivate operators' compliance to existing standards. In accordance, regulators should establish systems of incentives or rewards for the improvement of services over time. Such mechanisms, commonly shared through media, allow regulators to identify annual sectoral champions.

EXPECTED OUTCOMES

- Service operators are motivated to comply with the policy.
- A regulator service quality function is facilitated.
- Consumer associations are more engaged in the process.

EXAMPLE 1: BRAZIL

In **Brazil,** the water sector does not have a compulsory federal quality of service assessment, except on the water quality. The National Water and Wastewater Information System (Sistema Nacional de Informações sobre Saneamento, SNIS), has played a significant role in this area. The activities of SNIS are developed by means of gathering information provided on a voluntary basis by operators that are given incentives to join this programme. If operators intend to be funded by public capital, they are compelled to supply data to SNIS. In accordance with the fundamental principles for the provision of public services, Law N. 11445 seeks to ensure the transparency of actions, based on information systems and institutionalized decision-making processes.

EXAMPLE 2: PORTUGAL

In **Portugal,** until 2014, the regulator ERSAR, in partnership with the newspaper Água&Ambiente, annually rewarded the most distinguished Portuguese operators with the Water and Waste Service Quality Awards. The goal of this initiative was to identify, reward, and publicly disclose the operators that excelled in the service provision. See the regulator's communication video below.

LINKS

Brazil SNIS web page: http://app4.mdr.gov.br/serieHistorica/

ERSAR video clip: https://www.youtube.com/watch?time_continue=8&v=S93ZOfRlQfw

INTERNAL CAPACITIES NEEDED AND THE ROLE OF PARTNERS

Creating a competitive environment through rewards and incentives requires certain regulatory capacities such as creating incentives within the available regulations, communication, and public relations. Commonly, different regulators perform these on their own with support from marketing and media agencies, consumer associations, and civil society, to make the exercise publicly available and its content more attractive to a broader audience. External partners could further support the structuring and dissemination of awards and incentives.