



Social efficiency and water operators' partnerships

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Measuring and comparing the performance of water operators, a practice called benchmarking, was first popularized by the private sector and later adopted by public utilities. It is largely concerned with improving 'efficiency', with an overwhelming focus on finance and technical indicators. This emphasis might make sense for private water operators, when profit is the end goal, but it does not adequately account for public service goals such as health, gender equity and environmental sustainability in countries where basic rights have not yet been fulfilled and where financial investments may not be fully recouped. Water Operators' Partnerships (WOPs) have not been immune to this tension. Much of the priority setting in these knowledge-sharing agreements has been driven by benchmarking criteria, sidelining broader social goals in the process.

We present the concept of 'social efficiency' to help bridge this knowledge-sharing gap. Using this framework, public utilities can be judged by the impact they have on public welfare. The more a water operator contributes to the well-being of all citizens – improving health outcomes, environmental conditions, socio-economic opportunities and affordability – the more socially efficient it is. Such progressive results do not necessarily require lean management, financial surpluses or the best technology. A plan to address inequality, a committed workforce, and good intergovernmental coordination may have more impact on overall utility efficiency than a narrow focus on non-revenue water or maintenance costs.

Untapped social expertise

We examined two WOPs, looking at how 'efficiency' factors into their knowledge sharing practices, how performance improvements are measured, and whether the indicators employed can appropriately evaluate social outcomes. Our African case study looked at the WOP between Morocco's *Office National de l'Électricité et de l'Eau Potable* (ONEE) and Burkina Faso's *Office National de l'Eau et de l'Assainissement* (ONEA). In Latin America we examined the partnership between Uruguay's *Obras Sanitarias del Estado* (OSE) and Porto Alegre's *Departamento Municipal de Água e Esgotos* (DMAE) in Brazil.*

These cases were chosen because they involve utilities that have demonstrated excellent performance relative to their regional peers and are seen as leaders in public-public partnerships.

Neither of these WOPs focus on 'social efficiency'. They follow the general trend of prioritizing technical and financial efficiency, with no activities aimed directly at improving services in underserved areas, and no evaluation mechanisms to assess pro-poor outcomes.

And yet, each of these operators showed high levels of commitment to the concept of social efficiency on their own, having implemented innovative pro-poor programs at home. Our research highlights the untapped potential for sharing their social expertise through WOPs.

GWOPA is in a unique and important position to provide the necessary guidance and incentives to match public operators interested in such pro-poor initiatives and to help prioritize social efficiency in partnership guidelines.

Recommendations

Three main recommendations emerge from our analysis if WOPs are to effectively integrate social objectives into their mandates:

1. Recognizing social achievements

All four operators have rich experiences to share with regards to socially oriented initiatives at home: from the extension of rural sanitation in Morocco, to dialogue on environmental protection with communities in water catchment areas in Burkina Faso, to social work in informal settlements in Montevideo and Porto Alegre.

There is a need to value this knowledge as much as technical, operational and financial expertise within the regional WOP platforms and GWOPA.

GWOPA could encourage water operators to share this kind of social work by:

- Organizing regional and international workshops showcasing good practices in those areas.
- Making 'social expertise' an essential part of the WOP 'matchmaking' process.

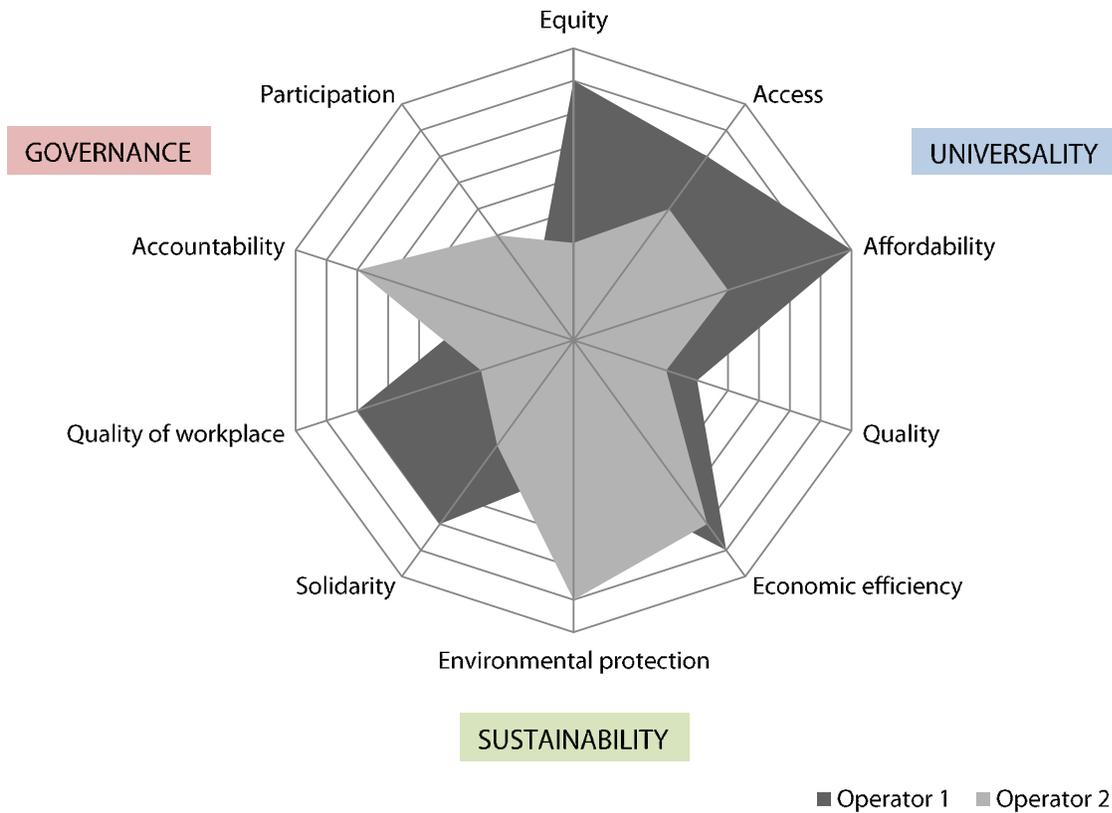
2. Pursuing and measuring social efficiency

WOPs cannot be based on the assumption that financial, operational or technical improvements will 'trickle down' to reach the poorest segments of society. Concerted efforts to design, implement and evaluate projects with explicit social goals are also required:

- Every diagnostic visit should include a social analysis component.
- Work plans can integrate activities directly related to improving services for target communities and indicators to monitor such advances.
- Final project evaluation should assess social outcomes even when activities are more technically oriented.

To do so, a new set of performance criteria will be required. Figure 1 provides a more holistic view of public operators' performance. Each indicator combines quantitative and qualitative measurement methods to show how initiatives are impacting people's lives. The criteria should be flexible enough to reflect the fact that some social and environmental impacts fall outside of neat cost-benefit calculations, and that prioritization of goals can differ from one place to another, based on cultural preferences and available resources.

FIGURE 1:
Comparing performance by public water operators



Performance on social indicators can then be compared across operators, highlighting the most useful match-ups for knowledge sharing. By way of example, Figure 1 suggests that Operator 1 could share expertise on equity-oriented initiatives while Operator 2 could transfer knowledge on environmental protection.

3. Broad-based participation

Opening up the WOP process to actors with an interest in achieving more direct benefits for the poor, and with extensive ties with communities, could go a long way to achieving the GWOPA mandate of “providing a better service to more people, especially the poor”. GWOPA should actively seek out utilities with strong track records on citizen participation, and

invite unions and civil society actors to share their experiences on water and sanitation services as part of workshops.

- Communities should be consulted to identify needs before entering the WOP design phase, with special attention to marginalized groups.
- More utility workers could be involved in planning and implementation (vs. a few ‘experts’) to generate multiplier effects.
- Civil society actors could play a very useful role in qualitative project evaluation, among other things.

Conclusion

There are no magic bullets for addressing the massive challenges of global water service inequities. What is clear is that progress depends on better water operator performance in terms of social efficiency and that WOPs can assist in this regard, facilitating information sharing and identifying 'good practices'.

The changes proposed here will not be easy to make, but they provide opportunities to (re)engage with public sector water operators to develop concrete programs to support work on pro-poor goals, in accordance with GWOPA's mandate and the Sustainable Development Goals.

*** This is a summary version of a research report that will be available online in November 2015.**

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Acknowledgements

This research would not have been possible without the guidance and contributions of Samir Bensaid, Juan Berhau, Adriana Marquisio and others who participated in discussions at our Montreal workshop in October

2014. The research was funded by GWOPA as part of its Boosting Effectiveness of Water Operators' Partnerships Initiative.

FURTHER READINGS

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ABOUT THE PROJECT

The Municipal Services Project (MSP) explores alternatives to the privatization and commercialization of service provision in the electricity, health, water and sanitation sectors. MSP studies progressive models deemed successful in an effort to understand the conditions required for their sustainability and reproducibility. The project is led by academics, NGO representatives, labour leaders and activists from different sectors and regions who believe in strong research for social change.