

Chapter seven

You are public...now what? New ways of measuring success

By David A. McDonald

Congratulations! You've just taken back public control of your water services after years of privatisation. The struggle was hard, the transition was challenging, but your public systems are now up and running.

The challenges do not end here, of course. If remunicipalisation is going to be effective it will require new ways of thinking about 'success' and how water services are measured and evaluated.

Undoing the structures and logics of privatisation will take years, possibly decades. The ideologies and mechanisms of neoliberalism have penetrated so deeply into state organisations that remaking public services will require much more than just a change of ownership; it will also require a deliberate effort to remake and rethink how we evaluate performance.

The vast majority of performance indicators used in the water sector around the world are driven by notions of financial efficiency, used in turn to compare water operators with one other. Benchmarking – as these inter-utility comparisons are called – has become ubiquitous, ushering in an increasingly homogenised form of performance evaluation, often foisted upon water operators regardless of their social, political or economic contexts.

This is not to say that we should never compare water systems or measure operator performance. Far from it. Water operators can learn from each other, and water users should be supplied with information that allows them to demand better outcomes locally, knowing what is possible elsewhere.

The problem with current benchmarking systems is their narrow emphasis on financial performance evaluation, the highly centralised nature of

decision-making, and the lack of indicators that look specifically at the ‘public’ nature of a water operator.

If remunicipalisation is going to be effective it will require new ways of thinking about success and how this is measured and evaluated. Herein lies what may prove to be the most difficult part of the remunicipalisation process. Although there is no singular way to measure public sector water performance, any alternative to the current benchmarking systems must begin with a critical review of the institutions and ideologies that inform them.

The aims of this chapter are to briefly review the history of benchmarking systems, highlight their main problems, and hint at possible alternatives for the future.

Current benchmarking systems

Performance benchmarking in the water sector is a relatively new, but well-established practice.¹ The International Benchmarking Network for Water and Sanitation Utilities was the first major international initiative – established by the World Bank in 1996 – followed by the formation of two benchmarking task groups within the International Water Association (IWA) in the late 1990s.² The International Organization for Standardization (ISO) published its framework on drinking water and wastewater services in 2007, with more than 260 performance indicators.

There are now dozens of national water benchmarking associations and a growing number of regional groups. European water operators have been particularly active in this regard (e.g. the European Benchmarking Cooperation and Aquabench), but there are few national – and virtually no regional – benchmarking associations dedicated to water services in Africa, Asia or Latin America.³ Performance evaluation does exist in these regions, but assessment methods are largely imported (some would say imposed) by international financial institutions and funders such as the World Bank and the United States Agency for International Development.⁴

Despite this diversity there is broad consensus within the benchmarking community as to why performance should be compared: it is seen to enhance

transparency and accountability among water operators; to create opportunities for public participation in decision-making; and to contribute to “consensus-based global solutions” for water service provision.

There is also broad agreement as to what gets measured. Although every benchmarking system has its own unique characteristics, most draw heavily (if not entirely) on the more than 260 metrics established by ISO and IWA. The European Benchmarking Cooperation system, for example, is “fully aligned” with IWA protocol and indicators, which are used as “repositories” of performance criteria “for reasons of standardisation.”⁵

Although too lengthy to list in their entirety here, the kinds of criteria used include such measures as: number of water and sanitation workers per 1,000 connections; length of transmission and distribution mains renovated; percentages of unaccounted-for water; number of complaints due to water supply interruptions; volume of electricity consumed; per capita consumption of water; number of mains failures; average time to complete repairs; and price variations for different types of consumers.

Collecting this data is another matter. With so much information to gather benchmarking can overwhelm managers and frontline staff. Even the best trained and resourced water operators in the world complain about how taxing it is.

But even more challenging is the question of how to analyse and compare this data once it is gathered. There are highly technical debates about statistical methodologies, making the full benchmarking process almost impossible for some municipalities, and with outcomes that are largely impenetrable to the average citizen even if it is completed.⁶ Continued outsourcing of some water services can make it hard to track costs, while different ages of infrastructure (and uncertainty about their condition) greatly affect statistical evaluations. In other words, there may be considerable agreement on what kind of performance data to collect and why, but there are substantial differences in terms of how it is assessed, leading to diverse outcomes and interpretations across jurisdictions.

Another concern is that performance measurement can oversimplify complex problems.⁷ For example, metrics looking at the maintenance and replacement

of infrastructure can focus on technical or managerial questions while ignoring deeper political or governance questions, such as equitable coverage and environmental sustainability. Internal decisions can be skewed by this misplaced focus on quantitative *outputs* at the expense of qualitative *outcomes*, with benchmarking becoming an end, rather than a means, to improved water services.

Criticisms of benchmarking

For proponents of benchmarking, none of these challenges are deemed fatal to the measurement enterprise, and they have not altered the underlying principles of, or enthusiasm for, performance evaluations and the criteria they use.

There are more radical critiques of the process, however. One of these concerns is that benchmarking practices are anti-democratic, conducted by 'experts' with little effort to include citizens or workers in the evaluation process. Instead of enhancing transparency, benchmarking systems tend to be conducted behind closed doors and can be manipulated by managers and policy-makers that want to "produce truth" in ways that may be completely disconnected from realities on the ground, possibly reinforcing unequal forms of service delivery, and serving to shape the way people perceive water planning and investments.⁸ In this regard, benchmarking becomes a gatekeeping tool for constructing 'common sense' from the top-down, often celebrating market-based concepts of success and progress while marginalising alternative forms of water governance and valuation.⁹

A second critique is that benchmarking is used to promote commercialisation in the water sector, by giving competitive advantage to private operators in rule-setting. Critics argue that benchmarking organisations are stacked with large multinational corporations acting in their own interests, shaping 'international standards' across a wide swath of topics, from environmental sustainability to corporate governance.¹⁰ The ISO has come under particular fire, with critics arguing that most of its committee work is conducted in a handful of countries in the North and dominated by large multinationals, making it little more than a "corporate private regime."¹¹

On a related note, current benchmarking systems are also criticised for encouraging—even requiring—commercial behaviour by water operators. When used as a way to simulate market pressures, water benchmarking “strongly motivates operators to be efficient and innovative, mitigating their operating costs and expenses” and easing the way for market-oriented water managers to succeed.¹² Benchmarking can even prepare the ground for outright privatisation, forcing public water operators to make their financial performance accessible for corporate review, in an effort to “pinpoint those [utilities] with revenue-generating potential”¹³ and to “identify viable markets”¹⁴ for private takeover.

A third fundamental criticism of current benchmarking systems is that its universal performance criteria homogenise water and the people that use it, ignoring cultural and political differences and imposing Eurocentric standards on the rest of the world. By contrast, critics argue that there are no constant, universal truths: “the common good can never be specified *a priori* (...) as a static measure for the quality of governance,”¹⁵ implying that universal standards for performance measurement are practically and philosophically impossible—a radical critique indeed. At the very least, these concerns suggest that we must “remain vigilant about the temptation to unequivocally use ‘science’ and the objectification it entails in dealing with water’s complexity.”¹⁶

An alternative measurement system?

Where does this leave us with regards to performance evaluation of remunicipalised water utilities? Should benchmarking be rejected outright as a top-down, commercial and homogenising force? At one level, yes. Mainstream benchmarking systems are so deeply embedded in market ideology and so inherently technocratic as to make them difficult to reconcile with the aims of public, transparent and equitable water services.

But I am equally convinced that we cannot abandon efforts to measure the success (or failure) of water services entirely. Nor are all benchmarking systems – or the people that run them – inherently neoliberal. Tracking and understanding unaccounted-for water can take on many different aims and characteristics, for example.

And without some commonly agreed upon performance criteria how are we to establish global demands for improved water access, affordability or worker health and safety? How can we share common experiences of 'good' (versus 'best') practice and use these to improve equity in water services elsewhere? And most concerning of all, if we abandon benchmarking altogether, are we simply leaving this powerful tool in the hands of those who (intentionally or otherwise) can use performance indicators to commercialise water services or overlook inequalities?

My proposal is thus an urgent but modest one: to work towards building alternative methods of performance evaluation and to create counter narratives of progressive reforms. An alternative model would offer some standardised measurement principles and criteria – without which it would be impossible to have a meaningful dialogue across jurisdictions – but be much suppler than current benchmarking systems in their encouragement of local interpretations and prioritisations that are not captive to the logic of the market.

I would also advocate for an alternative model that retains some existing mainstream performance indicators, such as measurements of water quality, response times for repairs, and the numbers of employees per 1,000 connections. Not only are such indicators important in their own right, they offer a strategic entry point for the introduction of new and modified systems of measurement that ask deeper questions about water quality across income groups, about the impact of the inability to pay on unaccounted-for water levels or the gendered composition of the workforce to name but a few of the types of equity-oriented metrics that could be employed.

These alternative indicators build on work that has already begun in practice, such as the 'performance principles' used by more than two dozen public water operators in Brazil, including universality, equity, social participation and access.¹⁷ The Municipal Services Project has expanded on these indicators in the form of 'normative criteria' for performance, which have been applied to the study of a wide range of public services around the world.¹⁸ Qualitative factors such as public ethos and public sector solidarity have also been added.

These alternative frameworks remain fairly abstract, however, serving as high-level reference points for comparative research on public services, as opposed to sector-specific indicators with clear quantitative measurements. In this

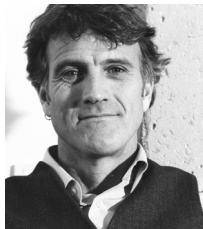
regard, much work remains to be done in translating these broad principles into concrete day-to-day variables of analysis that can empirically foreground questions of equity and public access.

It may also be wise to consider a much reduced number of indicators than current benchmarking systems employ. As noted above, the more than 260 measurements that make up mainstream benchmarking systems are difficult (if not impossible) for many water operators to manage, and impenetrable in their scope and analysis for the average citizen. The challenge is to find a balance between the complex reality of water systems and the need for simplification that “helps focus people’s minds.”¹⁹ It may also be useful to look at ways of representing benchmarking in visual formats, such as the ‘spider diagrams’ employed by City Blueprints for Water used to simplify and pictorialise its benchmarking system,²⁰ though other visual representations could also be effective.

None of this will be easy. Decisions on the total number of performance indicators and how to compare and prioritise these metrics will be challenging. It will also be difficult to attract managers and policy-makers to an alternative benchmarking model if they do not see (or want to see) the problems of current systems, not to mention the time and resources that will be required to make the analytical and organisational shift.

And yet, the timing could not be better. With more than 180 water services having been remunicipalised over the past 15 years, and with dozens (if not hundreds) looking at the possibility of remunicipalisation in the next decade,²¹ the political will to think about what it means to be ‘public’ is as strong as ever. These newly remunicipalised entities are well placed to see the need for changes to the way we do performance evaluation, and they have the operational mandate to try and make it happen. This trend provides an exceptional opportunity to collectively build an alternative measurement future.

Congratulations are still in order, but the longer term struggle has really just begun.



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