

Water Utility Benchmarking

Benchmarking is essential for those developing and implementing water policy. If decision-makers do not know where they have been or where they are, it would seem to be impossible to set reasonable targets for future performance. Information on water/sewerage system (WSS) operations, investments, and outputs is essential for good management and oversight. This book is designed to help decision makers identify the data required for performance comparisons over time and across water utilities, to understand the strengths and limitations of alternative benchmarking methodologies, and to perform (or commission) benchmark studies.

This book provides an overview of the strengths and limitations of different methodologies for making performance comparisons over time and across water utilities (metric benchmarking). In addition, it identifies ways to determine the robustness of performance rankings.

Current benchmarking activities in Latin America, Asia, Africa, Central Europe/Asia, and OECD nations are summarized.

Five basic approaches to benchmarking characterize current studies:

- Core indicators and a summary or overall performance Indicator (partial metric method),
- Performance scores based on production or cost estimates ("total" methods),
- Performance relative to a model company (engineering approach),
- Process benchmarking, and
- Customer survey benchmarking.

This volume is of interest to the water professionals, water utility managers and senior staff of regulatory agencies, professionals in related government agencies, and consultants.

"The Associação Brasileira de Agências de Regulação – ABAR [1], recognizes and applauds the merits of this book. We welcome the way Sanford Berg's underscores the critical need for key information about how service is affected by the efficiency of water and sewerage operations, investments, and incentives.

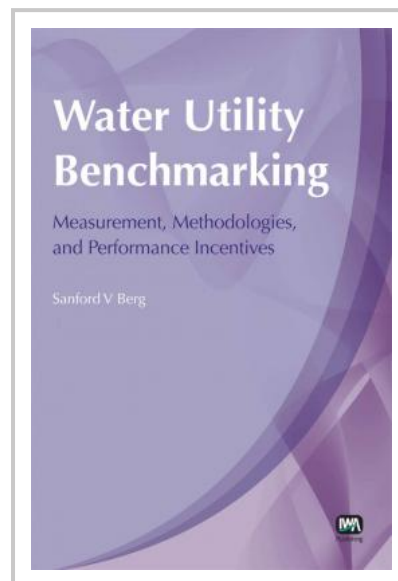
Without benchmarking methodologies, policy-makers, regulators and managers do not know where they have been nor where they are, and it is impossible for them to establish feasible performance targets to be reached by operators.

This book explains how water and sewerage services can be offered at affordable cost to all consumers—the main objective for citizens and policymakers."

RICARDO PINTO PINHEIRO, President of Agência Reguladora de Águas, Energia e Saneamento Básico do Distrito Federal (ADASA), Brasil; and President of the Associação Brasileira de Agências de Regulação (ABAR) 2010.

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Overview of Benchmarking Methodologies, Production and Cost Concepts, Efficiency Scores Reflecting Outputs and Inputs, Outputs and Costs, Statistical Estimates of a Linear Cost Function, Specification of a Nonlinear Relationship; Strengths, and Limitations of Different Methodologies: Technical Considerations, Criteria for Selecting Performance Measures, Partial Indicators (Partial Metric Methods), Aggregating Partial Indices into an Overall Performance Indicator (OPI), Performance Scores Based on Production and Cost Estimates (Total Methods), Index Methods (Total Factor Productivity); Mean and Average Methods (OLS and Corrected Ordinary Least Squares, Frontier Methods, Stochastic Frontier Analysis, Non-stochastic Frontiers: Data Envelopment Analysis, Examples of Empirical Studies, Model Specification and Interpretation; Other Methodologies, Engineering (Model Company) Approach, Process Benchmarking, Customer Service Benchmarking

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