



ASOCIACION DE ENTES REGULADORES
DE AGUA POTABLE Y SANEAMIENTO
DE LAS AMERICAS

*Report on the 1st Meeting
Benchmarking Regional Task
Force*

ADERASA
BMK

May 20 and 21st , 2004
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PUBLIC-PRIVATE
INFRASTRUCTURE
ADVISORY FACILITY



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Executive Summary

The first meeting of the ADERASA Benchmarking Task Force (BTF) took place on May 20 and 21st, 2004 at UADE in the city of Buenos Aires, Argentina. It is the first meeting held by the BTF with the assistance of the PPIAF program of the World Bank.

This first meeting of the BTF had the following aims: 1) to agree on the objectives and strategy of the project; 2) to discuss the basis of starting Management Indicators (MI); and 3) to establish the methodology and working agenda to be developed during this primary stage of the project.

Attendees to the meeting were the ADERASA's benchmarking referents of the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay. The referents of the Argentine provinces united in AFERAS attended the meeting as well. International benchmarking expert consultants participated also and there was the academic support of UADE's CEER and Florida University's PURC.

After listening to the opinion of the consultants, successive debate sessions were opened and the following conclusions were drawn:

- Each benchmarking referent is invited to become the leader of the local or national project, basic cell of the system.
- Each country should generate an internal debate allowing the definition of the specific aim for which, according to local conditions, the benchmarking will be developed. This will contribute to the definition of the type of benchmarking to develop within ADERASA.
- The coordination with other work groups of ADERASA will help define the needs of the association and the project's profile.
- In the beginning, a small number of Management Indicators (MI) will be used to make the first comparisons to help consolidate the working group and the methodology. These MI will be modified and complemented throughout the program. The starting MI to be applied during the coming year have been discussed and agreed on in the course of the meeting.
- All the countries will use, as a minimum, ADERASA's ordinary MI to enable its progress towards regional and global bases. Each country, accordingly, will decide on the complementary indicators needed.
- Each country, according to local conditions, will decide on the more advantageous disclosure of the information.
- It is recommended the prompt participation on basis of global MI, as in the case of IBNET from BM. ADERASA will include these MI of IBNET in its basis to facilitate the access of its participants.
- A methodology of work was agreed on, based on those MI chosen by the participants, their reach on regional and national levels, the information timing and the kind of reports to be issued on this first stage.

- A detailed task agenda was approved until the presentation of the first report at the General Assembly to be held next October and a yearly one to be developed during the rest of the program.

The following meeting report provides details on background, contributions of the consultants and the conclusions of those participating.

INTRODUCTION

ADERASA's tasks will include the implementation of a system of MI for the (benchmarking) comparison of water and sanitation operations within its region of influence. The Benchmarking Regional Task Force was created with this purpose according to the provisions of Article 38 of its Statute.

At the ADERASA 3rd Annual Assembly held on 9-23-2004 in Santiago, Chile, the Management included such Task Force in the framework of the agreement signed between ADERASA and the World Bank as part of the *Regional Initiative to Support the Development of Water and Sanitation Regulatory Entities*, (PPIAF), stating that its first meeting would be held during March, 2004 with the participation of a representative of each country and the attendance of external consultants.

As stated above, the **1st Meeting of ADERASA's Benchmarking Regional Task Force** took place on May 20 and 21st, 2004 at the facilities of UADE (Universidad Argentina de la Empresa or Argentine Business University), in the city of Buenos Aires, Argentina.

BACKGROUND

ADERASA's Benchmarking Project originated in the fruitful exchange of ideas within its Management near the end of 2002. The representatives of Argentina were asked, based on international experience and their own, to propose a primary list of Management Indicators to trigger discussions among the members in order to agree on a common basis of comparators.

During May, 2003, a proposed *Manual of Management Indicators* was handed out to all the member countries of ADERASA asking the recipients to make a first attempt to outline the proposed indicators, using the information they had from 2002

Successively, some members of ADERASA (Argentina, Bolivia, Chile, Colombia, Honduras, Panama, Peru, Nicaragua and Costa Rica) returned their indicators and these were added and classified by the Task Force Coordination, which issued a preliminary report for discussion at the BTF meeting

VISION

ADERASA's Benchmarking project aims at classifying, improving and sharing of data among its members, to mitigate information asymmetry. It is

expected to provide a useful tool for the regulatory decision making in its own environment.

The medium and long range view of the project positions ADERASA's associated Regulatory Entities as active members of a data base, shared and coordinated with the needs of other task forces, to provide information for the decision making of such associates. The data base will in turn be electronically connected to a global network of water and sanitation operating systems' data, composed of region nodes and countries which in turn will offer their information.

By means of this worldwide network of access to information, any active partner of ADERASA will be able to search for those useful comparators for competence simulation or problem solution and also to get in contact with regulators and operators around the world for the consultation they wish to make.

GOALS OF THE MEETING

This first meeting of the BTF has the following goals: 1) To agree on the goals and strategy of the project ; 2) To discuss the basis of starting management indicators and 3) To establish the working methodology and agenda to be developed during this primary stage of the project, with the aid of PPIAF. On the other hand a personal knowledge of the referents of the ADERASA's BTF integrating countries facilitated the work to be done.

In order to achieve the coordination among the various task forces of ADERASA in agreement with the Presidency, the coordinators of the Tariffs and Subsidies Regional Task Force and the Regulatory Accounting Regional Task Force were invited to participate.

For guidance and contrast, the attending world experts illustrated the group about the state of the art of world Water and Sanitation Management Indicators, about the reasons and details of indicators' bases used to develop ADERASA's proposal and on working methodology for the development and use of the indicators. There was the presentation of the worldwide data base IB-NET (www.ib.net.org) developed by the World Bank and proposed as a "window to the world". Finally, two universities explained possible uses of the indicators from an academic point of view.

SPONSORS

The meeting was made possible by the aid of PPIAF and the World Bank, the cooperation of ADERASA's associates who helped their representatives, of UADE, AFERAS and ETOSS that shared expenses. There was also the aid of WRC through the IB-NET project, the PURC of Florida University and UADE's CEER.

INVITED EXPERTS

In order to provide a view on the state of the benchmarking art for water and sanitation in the world and to contribute their experience as a guideline and source of inspiration for the BTF's discussions, the following experts were invited:

Bill Kingdom: After leading the implementacion of the benchmarking system used by OFWAT in England and Wales, he developed the Start-UP Kit, first Management Indicators base for water and sanitation with a worldwide range. Presently he is the IB-NET Project Manager. He has a very wholesome view of the water and sanitation benchmarking development in the world and he has taken part in several experiences in various countries with great environmental differences

Iain Naismith: water and sanitation benchmarking expert of the United Kingdom's Water Research Centre (WRC), currently the editor of Watermarque magazine and coordinator of the IB-NET project under contract by the World Bank to the WRC as a follow-up and improvement of the Start-Up Kit. Beyond his wide international experience on water and sanitation benchmarking squemes, he supports IB-NET as a vehicle of universalization for ADERASA

Patricia Duarte: water and sanitation benchmarking expert from LNEC of Portugal. She participated in IWA's Water and Sanitation Management Indicators task force and is a co-writer of those guidelines. Currently she is still the main revision healer of the next edition of such guidelines and she is an aid to Portugal's regulator for the development of its regulatory benchmarking scheme. The Management Indicators proposed for ADERASA are based on those porposed on IWA's guidelines.

Peter Stahre: president of the Scandinavian 6-Cities Group. This group has developed a benchmarking experience of water and sanitation utilities among the cities of Copenhagen, Oslo, Helsinky, Stockholm, Gothenburg and Malmo. This experience is of great interest to ADERASA because it is about six cities of four countries with different languages and judicial environments and part of the same region. The features match ADERASA's regional environment.

Other participants were **Guillermo Sabbioni**, PURC's researcher and a doctor from Florida University (USA), **Gustavo Ferro** and **Paula Margaretic**, researchers and professors at UADE's CEER. These academicians supplied the theoretical bases of possible applications of MI systems.

ATTENDEES

ADERASA's benchmarking referents of the following countries attended the meeting: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.

The representatives of several provinces attended the meeting, since AFERAS (Association of Argentine Regulatory Entities) was its host.

There is a list of attendees and their affiliation at the end of the present report, as **Annex 1**.

AGENDA

The punctuality of the participants and the speakers allowed an almost undelayed development of the complete proposed agenda, also attached at the end of this report under **Annex II**.

MEETING DEVELOPMENT

The meeting was divided into three stages according to the pursued goals: strategic issues were dealt with on the first stage, indicators to be used were discussed on the second and methodology and short and long range work schedule were agreed on during the third stage.

OPENING

Diego Petrecolla, President of UADE's CEER said the opening words of welcome representing the hosts. Then it was the turn of **José Erazzú**, President of **AFERAS**, Argentina's representative entity and finally **Miguel Saiegh**, President of **ETOSS**, regulatory organ of Buenos Aires City. They all had welcomed and complimented ADERASA's endeavor to develop regulation in the region and especially the BTF for the response to the call.

1.- STRATEGIC MATTERS

The talks of Iain Naismith of WRc and Bill Kingdom of the World Bank were support and guideline of the first stage.

Iain Naismith, coordinator of the IB-NET project, explained the features and methodology of work of this worldwide Management Indicators data base for water and sanitary sewer systems and then proposed the possibilities of ADERASA as an active member.

He explained that it is necessary to agree on a series of common MI, defined univocally and to establish a mechanism to share information. This was accomplished by the Start-Up Kit (SUK), unifying information from a primary group of countries.

IBNET intends to continue with this process, offering an opportunity to create a global network of comparative MI including countries with different degrees of development, for use of the operators, regulators, governments, multilateral organisms and those interested in general. Starting at what has already been achieved by SUK, it is intended to facilitate the access to information so much to individual operators as well as those representing countries, thus facilitating the access to new participants or already established benchmarking groups.

By improving the SUK MI base, the goal is to enlarge the data base including more operators, broadening its geographical reach in order to build a time-stable network sustained by legitimate financing.

After reviewing the details of the IBNET project's work agenda, the consultant explained the necessary steps towards the opening of a new node. Firstly it is necessary to decide whether the data will be published nominally or anonymously, that is to say, if the trade name of the operator will show or just a letter or reference number. Then the information should be completed to form the proposed MI. This information is basic and should be of no difficulty for most operators. Finally, a node should be created at a local server linked to IBNET. Each node will include general information about the operators and the benchmarking national system, the very MI of the IBNET base and any additional information one wishes to include..

ADERASA offers some advantages to join IBNET, since it already has its own benchmarking system including most indicators used by IBNET and its associated regulators ensure the continuity in the updating of data in years to come. It could take into account the possibility of creating a node of the whole association on its Internet page. On the other hand, ADERASA's member countries could consider the advantage of building their own nodes. This will enable the association as a whole and its individual members to have access to the information on other benchmarking systems elsewhere, to explore the possibilities of comparison on those issues of interest and to select the best comparators in each case.

As an example, the data on Buenos Aires City were loaded into the IBNET. They were used to show the audience how to operate a search on the project's Internet page: www.ib-net.org

To access Iain Naismith's presentation:

<http://www.aderasa.org/es/documentos3.htm?x=470>

Bill Kingdom, benchmarking expert of the World Bank spoke about the role of benchmarking on the definition of the sector's policies and regulation.

From the stand-point of definition of policies in the sector, he explained with numeric examples, that the current available data shows a strong correlation between the size and the efficiency of the operators, marking noticeable economies of scale.

In particular and using the example of a study made in Vietnam, he showed how the MI can be used for a benchmarking exercise leading to strategic conclusions for the sector, like what would happen if all the operators reached the efficiency of the upper quarter of the country. The reference for that study was the unaccounted water, the cost of energy and the percentage of the systems' capacity used, with the conclusion, that the investment necessary to reduce energy costs and unaccounted water repays itself in 7 years. The resources released by these savings will allow the extension of the service and the investment recovery in 16 years; these savings will make possible the use of the remaining capacity installed for more than 25 years, including the service to extended areas.

In this way, we see how this kind of analysis provides the foundation for debate about the sector's structural reforms: how to give incentive to the

improvement in efficiency to reach the upper quarter through management improvement. Many of the improvements could be self-financed while others will need tariff reforms and/or specific external funding. In all cases, the resources released by efficiency improvement will enable service extension to millions of people.

The consultant explained later how the currently available data make it possible to establish some general indicators for developing countries, showing interesting tendencies when comparing indicators among countries with lower and higher degrees of development.

In regard to regulation, the MI make it possible to measure management improvement, to inform about it and to establish tariff and efficiency goals by means of econometric tools applied to cost data, though this requires a special attention paid to the precision and comparability of the MI.

The publication of the MI and their evolution can be an important regulatory tool: it enables those interested to know the evolution of the operator's management and it empowers the regulator. In Bangalore, for instance, a sort of public "command board" reports the operators' most significant indicators, which are later discussed in public assemblies and their conclusions are later published by the local media.

The benchmarking must emerge from the bottom up. It must be local or national in the beginning to later access more regional or global levels. Currently there are more than 40 countries with their own MI system.

The regional level allows the comparison of similar situations and the reactions of operators and regulators to similar problems, and the development of similar solutions for similar problems. That is the case of the 6-Cities Group, the African Water Utilities Partnership or South East Asia's Water Utilities Network and, why not, ADERASA's experience as an environment in which regulators can exchange information.

International comparison at a global level has a number of difficulties but the road is being travelled by undertakings like that of IWA and its proposals for definition of MI, or IBNET, as a comparison of a series of basic MI.

Summarizing, the MI benchmarking is a basic tool for the development of regulation and the definition of sector policies. The effective regulatory use demands the solution of quality and comparability issues. The publication of MI reinforces regulation. The development and participation in international benchmarking schemes is recommended.

To access Bill Kingdom's presentation :

<http://www.aderasa.org/es/documentos3.htm?x=468>

After these two presentations, attendees were encouraged to discuss issues related to work strategy to be developed by the BTF. The issues discussed and their conclusions are the following:

1.- What is the reason why ADERASA members want to develop benchmarking? Obviously for regulatory reasons even though the shape that the use of this information will take is not yet clear for each country in

particular. It is understood, that the answer to this question could be varied depending on the case. The answers will decant in time and with the use each regulator makes of it. A consensual answer to this question could take good part of the project, therefore it will be necessary to go back on this issue assiduously throughout its development. The clearer the answer might be, the better the MI will be selected as well as the comparing tools. Other ADERASA working commissions are expected to contribute to a definition of the answers.

2.- Coordination with other task forces of ADERASA: It is of vital importance the coordination with the other three task forces of ADERASA, namely that of Tariffs and Subsidies, that of Regulatory Accounting and that of Customers, since their respective work will help define the goals of benchmarking, from which the information to be collected and the development technology to be adopted will surface.

3.- Amount of indicators to be used: the response to the starting proposal of the manual's indicators, delivered in May, 2002 to all the members of ADERASA points out, that the 80 proposed indicators cannot be completed by a great number of participants. On the other hand, other international experiences show that the consolidation of an ordinary data base usually takes a few years. Hence, it is advisable to start it with a small amount of indicators and then grow little by little. From this arises the recommendation to cut back the amount of MI to a smaller number to that proposed, task which will be developed throughout the future discussions of the task forces during the meeting. However, every country can use those indicators, the most suitable in each case. whenever they complete, as a minimum, those recommended by ADERASA.

In order to facilitate the access to IBNET, its MI will be included in ADERASA's data base.

4.- Development stages: the benchmarking development, as it has been seen, it is based on the local work, and the implementation of national schemes is of vital importance. These national schemes must be developed on a common MI's base that allows its future international comparison, be it regional or global. In some cases, when the regulation is unified for the whole country, the development of these national schemes could be done within the very centralized regulatory entity. In other cases, of federal administration, it will be necessary to turn to national programs or associations that join provincial or state regulators. This development at country level is vital for the regulators, because they will have a better view of the relative local management quality, which will be a guideline and support for their regulatory decisions and the implementation of incentives. Successively or simultaneously regional schemes can be developed, as the one proposed by ADERASA, or global ones like that of IBNET.

The national stage is basic and it is required that the members of ADERASA make a special effort to its development, in coordination with the MI defined by the association for the entire region.

5.- Information publicity: Some information publicity experiences have been developed already, as in the case of Peru and Brazil. The reaction of the operators is not always the one wished for, since some of them tend to retain

or distort the information they release thereafter. However, the utilities do not seem to offer resistance to the public release of their information.

Therefore, each country should analyse its particular situation and decide whether the information will be released anonymously or with the operator's trade name. This latter option is highly recommended, since the contextual information is very valuable at the time of establishing comparisons and anonymity hinders its evaluation. Nevertheless, each member of ADERASA should decide according to their convenience, which the most convenient methodology for their case will be.

6.- Integration to IBNET: the incorporation to this global benchmarking scheme will allow the exchange of information with a greater number of operators worldwide, improving comparisons and conclusions. However, this decision lies in the hands of each member. As they regard their incorporation as beneficial, they will only have to make it known to the network managers, with whom they will be able to agree on the conditions. At the next ADERASA meeting, the General Management will be advised to create a node on the Association's Internet page.

2.- INDICATORS TO BE USED BY ADERASA

Patricia Duarte, of LNEC, and Peter Stahre of the 6-Cities Group, explained the origin and evolution of IWA's MI and the use of MI in Scandinavia respectively, which made a reference framework for later discussions among the attendees in regard to the definition of indicators to be adopted by the BTF and its methodology of work. Alejo Molinari, coordinator of the BTF introduced the proposed MI for ADERASA, which were later discussed, selected and corrected by the attendees in three working commissions.

Patricia Duarte is part of the task force from the LNEC (Laboratorio Nacional de Engenharia, National Laboratory of Engineering) of Portugal. She coordinates the MI definition work of the IWA (International Water Association), including the field test that was carried out for two years for drinking water. During her presentation, she described the contents and the evolution of IWA's MI project, she explained basic concepts for the implementation of a MI system and she described some specific projects currently being developed.

She started saying, that the performance evaluation is basically a management tool and its more and more generalized use is dictating a new dynamics to the water industry. The use of MI makes comparisons possible, either internally to track evolution in time or with other operators. It requires the use of reference standards, like MI and service quality levels.

The IWA water and sanitary sewer MI projects have contributed to a precise definition of a broad series of MI with a well defined and encompassing structure of worldwide use but easy to adapt to specific situations. Their development took several years of discussions with the support of more than 300 operators and regulators of many countries, including a field test of water indicators that lasted two years. The result of this process is a guideline of water indicators and another of sanitary sewers. The project has not included to date the

gathering and comparison of data, though it has been an inspiration for several national experiences currently being developed, Argentina as one of them.

The MI systems developed by IWA have a common context information chapter useful to draw a profile of the region, the system and the operator. Then the systems of water and sanitary sewer indicators are developed based on similar chapters: resources or environment, infrastructure, staff, operations, service quality and economic-financial ones.

Regarding the implementation of an indicators system, it is a process to be implemented organically and coherently with the organization's goals. The MI among those offered by IWA which describe the objectives better can be chosen and complemented with those considered necessary. Then the necessary data for their conformation will be identified. It is always an evolution process that grows richer in time. and it allows data exchange among different utility sectors. The result of its implementation must enable management improvement and the process feedback, in continual application

Later the speaker described some benchmarking projects where LNEC participates. It is of a special interest a MI project for pipeline rehabilitation currently developed and which, using as a base the indicators stemming from IWA's project, these have been complemented with other specific indicators related to the condition of the pipelines.

She also briefly explained the MI water and sanitary sewer project that is being carried out at the ISO (international Standard Organization) through its TC224, that aims at the standardization of a reference framework for the gauging of water and sanitary sewer service activities This project involves 40 countries and there is a Latin American chapter to it led by AIDIS, whose conclusions and proposals will be disclosed at the next meeting of the entity next August

Finally she described a project being developed by LNEC for IRAR, Portuguese regulator for water, sewer and solid waste. The goal is to identify some 20 indicators for each service, then used to describe the operators' financial and service quality management. The regulator intends to disclose such indicators to expose utility management to the public.

As a conclusion, the speaker pointed out, that the base work developed by IWA has been an inspiration for different national and international benchmarking projects, both regulatory and operative, of some specific applications and the international normalization through ISO.

[To access Patricia Duarte's presentation](#)

: <http://www.aderasa.org/es/documentos3.htm?x=476>

Peter Stahre, President of the 6-Cities Group, described the experience of his group, showing the evolution of its metric benchmarking into process benchmarking and pointed out the results obtained by the participants.

The group comprises the cities of Oslo, Gothenburg, Copenhagen, Malmo, Stockholm and Helsinki. Four of them with a population of around

500,000, one with over 800,000 and the fifth not reaching 300,000, except for Copenhagen, the rest use surface water.

The benchmarking experience began in 1994 as a response to the need of a common management tool to control the achievement of proposed goals, to a better knowledge of factors of increasing costs and the set up of a competition system of comparison which could allow them to identify and adopt better practices.

After consolidating a metric benchmarking system and since they were operating utilities, they moved forward with some process benchmarking exercises in those areas considered the most problematic. Currently, they are developing a method for the global utility efficiency determination.

Metric benchmarking enabled them to compare utility management based on common MI, measuring the achievement of goals in time and comparing management levels of each one with the rest. The yearly work process starts in February with a first meeting where the work standards are set for the year. Between April and June, the MI are reported to the coordinating center, which evaluates them and prepares a preliminary report which is later examined by the task force at a second meeting in August. The report is discussed during that meeting, which is later revised into a final report to be presented at the Management's annual meeting in September

The amount of data to be reported has been reduced in time, reaching 109 today, combined in two reports, one for the higher management including the main MI and a more detailed one for the intermediate management.

Several MI were revised and it became obvious the need for their cross reading, in order to obtain a better understanding of the information they convey to us.

Having the goal in mind to learn from the best, the proceedings contained in the most sensitive MI were selected, in order to make a detailed analysis of the reasons why some utilities showed a better performance record than others. Thus process benchmarking experiences were developed for unaccounted water, sewer blockage, pipeline rehabilitation and fresh water service interruption timing.

The working methodology for process benchmarking stems from metric benchmarking MI, which are later complemented with other more detailed indicators, which reflect the situation of those with a lower performance. The survey process and data validation is audited by the best qualified utility technician. The process ends with a several day meeting among the technicians of the utilities involved where the proceedings are discussed, and they hear the observations of their peers. Based on this exchange, the proceedings are adjusted and later verified against the same indicators, to evaluate the impact of those improvements introduced..

The group is currently trying to develop a methodology that allows the assessment of utilities' global efficiency. It is understood, that this is a complex process in which a great variety of factors are to be estimated together and where not all of them are under the responsibility of the management.

The lessons to be inferred from the experience of the 6-Cities Group could be summarized as follows

- For a successful benchmarking experience it is necessary a strong management commitment.
- Start with an assessment of management practices focused on relevant aspects.
- Establish clear definitions of the indicators and a methodology consisting on a survey of their data.
- Stick to a simple scheme not requiring much information.
- Do not restrain information to the higher management, but release it in all responsibility levels of the utility.
- Process benchmarking is a natural consequence of metric benchmarking.
- Follow the evolution of key MI along a period of time, long enough to measure the impact of those decisions made.

To access Peter Stahre presentation:
<http://www.aderasa.org/es/documentos3.htm?x=478>

Alejo Molinari, BTF's coordinator introduced the genesis of the Task Force and the proposal made from the group coordination in May 2003.

He presented an overview of how the work of different commissions created within ADERASA is interrelated and the specific role of the MTF in such a context. He later described the proposal made in May 2003 in detail, which is mainly based on IWA's work, taking into account the indicators proposed at that time by BM's SUK and drawing inspiration from other experiences like that of the 6-Cities Group.

He insisted on the need for a qualification of data to improve it in time. He stressed the importance of this in ADERASA's environment in view of the low quality of the information available.

He then reviewed the results obtained on the Preliminary Report, based on the information provided by the attendees and he showed some overheads about their comparability.

Three commissions were later formed by the attendees with the aim of discussing within the proposal, The groups assigned the MI as follows:

1. Structure and service quality indicators.
2. Operation indicators.
3. Financial economic indicators.

To access Alejo Molinary's presentation:
<http://www.aderasa.org/es/documentos3.htm?x=466>

The discussions resulted in a reduction of the proposed MI from 80 to 58, the redefinition of some of them and the revised definition of some of the data to survey. The final listing of MI the BTF will work with in the next period will be available at www.aderasa.org section Benchmarking (public documents) and the form will be e-mailed to each member of the BTF. This listing will be used for the gathering of information of the 2002, 2003 and 2004 periods and will be revised and analysed next year at the 2nd BTF Meeting

The invited experts were later asked to express their opinion about the debates they attended as well as their view about the issues discussed.

Bill Kingdom, representing the experts, pointed out that there is a great variety of available MI, but first it is necessary to clearly define what use those MI will have. The case of the regulators differs from that of the operators, since they need the information to regulate and not to manage. Hence, regulators do not need to go into details but just monitor the trends and the impact of regulatory decisions on services rendered by the operators.

The subtraction of indicators is a natural tendency of technicians, but it generates great difficulties in the quality of information and the comparability of data.

On the other hand, deciding the level of addition of MI is of great importance because, for instance, when costs are subtracted, the distribution of general expenditures may lead to distortions and arbitrariness, this attempting against the comparability of MI.

In order to categorize the information, a least three different ranks must be taken into account.

1.- Stable characteristics of the system: they cannot be changed by the operator and vary in a very long range, for instance, the weather, the geography, population density, etc. This is contextual information which becomes explanatory factors at the time of analysing and interpreting the MI.

2.- Controllable in the short range: they set tendencies in time, the impact of regulatory decisions and the quality of the operation. For instance, losses, staff number, blocking, time of response to claims, etc. This indicators are of vital importance to regulators.

3.- Controllable in a medium range: they have to do with questions like capacity, coverage, level of investment, etc. and they are of interest to the planning of investments and tariffs. They are of interest to regulators if each operator is considered. But it is of interest also to the political authorities, to the market and to multilateral organisms when it is about the information added to country or regional level.

On the other hand, Peter Stahre, based on his experience, gave advice to start off with a small amount of common MI, keeping the system as simple as possible to grow in amount and complexity later on as the different uses of the information are defined. This, in turn, makes possible the building of the

network and the solidification of the working methodology, which sometimes takes a few years of practice.

He insists that the common system be as basic as possible, allowing the different countries to decide on which MI and methodology are more suitable for their needs. The regional system must evolve into a reference one, staying as flexible as possible before local schemes, that should be free to adopt the form and methodology they desire.

3.- METHODOLOGY AND WORK PLAN

With the intention of illustrating some possibilities offered by current technology for the analysis and interpretation of MI results, this latter part of the meeting was started with extensive presentations by Gustavo Ferro and Paula Margaretic of UADE's CEER and by Guillermo Sabbioni of PURC from Florida University. Both academic centers carry out research work about the behavior of utilities beside the teaching of specific courses.

Gustavo Ferro and Paula Margaretic showed the audience the possibilities offered by modern theory for the analysis of MI gleaned by the benchmarking groups. After making some basic concepts clear, they explored the capability of the Data Envelopment Analysis (DEA), explaining it through an example developed at CEER for water and sanitation utilities.

To access G Ferro and P. Margaretic's presentations::
<http://www.aderasa.org/es/documentos3.htm?x=472>

Guillermo Sabbioni, PURC's researcher and a doctor from Florida University (USA) reviewed some basic theoretical concepts and analysed different benchmarking analysis methodologies and their relative consistency based on work carried out at that research center.

Among his conclusions, he warned about the disparity of possible results according to the analysis methodology used, which could lead to erroneous interpretation, depending on the analysis recipient.

To access Guillermo Sabbioni's presentation:
<http://www.aderasa.org/es/documentos3.htm?x=474>

3.1. WORKING METHODOLOGY

Following these presentations came the proposal and discussion of the working methodology to be adopted by the BTF and the work plan for the three years of the PPIAF program, counting the present term.

The topics discussed and their conclusions were the following

1.- Internal development in each country: those responsible for the benchmarking of each regulatory entity are called to be the coordinators within their own country, state or province in order to develop, according to their

possibilities, their own internal system. Each regulator will adapt the scheme according to their own particular conditions and will be free to use all the MI they consider necessary for their case. They are advised to start with a few and increase the number in time. On the other hand, the adoption of ADERASA's MI as a basis will facilitate their data report.

For the year 2004, whose data will be gleaned during 2005, each country will report at least on the three major urban centers. Whoever is capable of providing more services will be free to do so.

2.- Unified or by-service information: in the first trial year which derived in the "preliminary report" made available to the attendees before the meeting, the information was reported by availability and by city or country. As of the next years, the information will be made available to ADERASA by each service. Then there will be studies to consolidate it by country.

3.- Information recipient and report timing: the information will be locally validated by the accountable person of each country. The data will be qualified with their respective letter and number code according to the recommendations in the ADERASA MI guidelines.

The accountable person of each country will send the information to the Program Coordination in the same format as received. However, the possibility of automatization will be considered so that each country can load their own information directly on ADERSASA's Internet page. The Program Coordination belongs to AFERAS of Argentina and it operates from the City of Buenos Aires. The e-mail addresses are:

rgchio@etoss.org.ar; elobasso@etoss.org.ar y amolinari@etoss.org.ar.

Telephone number and fax is: (**54 11) 4816-5068. These addresses will be available for any consultations in the course of the project unless it is so specified.

4.- Type of reports to prepare: there were several opinions on this issue, but the prevailing idea was that, at least for now, the reports should be merely descriptive, leaving each country the analysis and drawing of conclusions at their convenience. The type of report used for the preliminary report made available before the meeting was widely welcome. As the data base grows, the convenience and type of analysis to include in the reports will be examined in future annual meetings.

5.- Annual Meetings: based on the operative experience of the 6-Cities Group, it would be advisable the holding of two annual meetings: one at the beginning of the year to adjust the working plan and the methodology details and another later on after the data have been received and analysed, for a discussion of the preliminary report before its completed version. Notwithstanding the budget of PPIAF assistance, currently only one annual meeting is scheduled for the next two years, (2005-2006). Therefore, until this question is settled, one meeting will be held during the second half of each year, after the data in the preliminary report have been received and revised, but soon enough in relation to ADERASA's General Assembly, to allow the adjustment and writing of the final report which will be presented each year before the above mentioned Assembly.

3.2. WORK PLAN

Two work plans were agreed on. The first to be developed during the next months of 2004 for the presentation of the first report at the next ADERASA's General Assembly, to be held between 8 and 9 October, 2004.

ADERASA BTF's WORK PLAN FOR 2004

	TASK	JUN	JUL	AUG	SEP	OCT
1	Report preparation BTF 1st Meeting and indicators charts agreed on.	■				
2	Filling in, grading and data validation for the years 2002 and 2003.	■	■	■		
3	Sending of data to the Program Coordination.		→			
4	Preparation of the 2002 and 2003 Report			■	■	
5	Distribution of the 2002 and 2003 Report				→	
6	Presentation of the Report at ADERASA's Annual Assembly.					■

There was agreement on an annual program for the organization of tasks the BTF will develop during the PPIAF program in the next two years.

ADERASA BTF's ANNUAL WORK PROGRAM

	TASK	JAN	FEB	MA R	APR	MA Y	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	Data compilation			■	■	■							
2	Sending data to the Coordination					→							
3	Preparation of the preliminary report						■	■					
4	BTF's annual meeting							■					
5	Annual final report								■	■			
6	Presentation of the report at the annual assembly										■		

According to this program, by the end of July, 2004, those accountable from each country will be sending the revised and complete information from 2002 and 2003, in accordance with the new list discussed at the meeting, to the Program Coordination. The Coordination will prepare the final report based on the already distributed preliminary one, which will be returned to those accountable from each country and which will be presented at the Annual Assembly to be held in the first week next October.

For the year 2005, those accountable from each country will send the data by the end of May. The Coordination will prepare the preliminary report to be discussed at the next BTF's meeting.

MEETING CLOSING

After reaching the above mentioned conclusions, the authorities of UADE and AFERAS greeted the attendees, thanking them for the intensive job done and wishing them success in the work to be developed until the BTF's 2nd Meeting to be held at the end of July, 2005 in a location to be defined.

ANNEX I

List of attendees – Addresses and phone numbers are not disclosed by reasons of computer security. In need of communication with the attendees, please contact the Coordination: (rgchio@etoss.org.ar ; elobasso@etoss.org.ar).

COUNTRY	ADDRESSEE	INSTITUTION
Sweden	Peter Stahre	M W&W
United Kingdom	Iain Naismith	WRc plc
Portugal	Patricia Duarte	LNEC
USA	William Kingdom	World Bank
USA	Sabbioni Guillermo Sebastian	PURC
Bolivia	Carlos Gámez	SISAB
Brazil	Marco Antônio Sperb Leite	ABAR
Chile	Dora Campos Salamanca	SISS
	Magaly Espinosa	SISS
Colombia	Luis Augusto Cabrera	CRA
Costa Rica	Daniel Echeverría Lutz	ARESEP
Ecuador	Carlos Espinoza	ECAPAG
	Homero Vera	ECAPAG
Honduras	Marco Aurelio Matamoros Rodríguez	ERPCSA
México	Horacio Almazan Galache	Chihuahua
	Nicolas Holguin Rodriguez	Chihuahua
Nicaragua	Benita Ramírez	INAA
	Lizeth Detrinidad	INAA
Panama	Eurípides Amaya	ERSP
Paraguay	Salvador Quenhan	ERSSAN
	Eduardo Gonzalez	ERSSAN
Peru	Ernesto Zaldivar Abanto	SUNASS
Uruguay	Alejandro Parodi	URSEA
Argentina:	Alejo Molinari	ETOSS
City of Buenos Aires	Román Ghio	ETOSS
	Miguel Saiegh	ETOSS
	Jorge Delhon	ETOSS
	Daniel Estrada	ETOSS
	Emilio Lentini	ETOSS
	Rafael Barabino	ETOSS
	Alberto Scozzatti	ETOSS
	Alejandro Rossi	ETOSS
	Carlos Castro	ETOSS
	Gustavo Ferro	UADE
	Paula Margaretic	UADE
	Gustavo Funes	AFERAS
	Armando Asioli	ENOHSA
	Oscar Vélez	JVP
	Ignacio Peña	JVP
	Natalia Drault	IRAM
Buenos Aires	Federico Rando	ORAB
Chubut	Hector Aguero	OMRESP
Catamarca	Emilio Raiden	ENRE
Corrientes	Ricardo Hope	ERAOSC
	Florencia Romero	ERAOSC
Formosa	Marcelino Ybars	EROSP
La Rioja	Esteban Díaz	EUCOP
Mendoza	Eduardo Muñoz	EPAS
	Raúl Puebla	EPAS
Misiones	Guillermo Manfredi	EPRAC
Santa Fe	José Kertz	ENRESS
	Jorge Hammerly	ENRESS
Tucumán	José Erazzú	ERSACT
	Leandro Díaz	ERSACT
	Ricardo Zappella	ERSACT

ANNEX II (sheet 1/2)

Work Agenda

Day 1: 20th May, 2004

08:30	<u>ACCREDITATION (Introduction of ADERASA's Task Force)</u>
09:00	<u>Topic: Welcoming Words</u>
09:15	Ing. José Erazzú – President of AFERAS Lic. Miguel Saiegh – President of ETOSS
09:15	<u>Topic: Presentations – Meeting Goals and Methodology</u>
09:30	Alejo Molinari – Coordinator of the Regional Benchmarking Task Force Introduction of attending Delegates, their goals and expectations.
09:30	<u>Topic: IBNET – WB Management Indicators strategy</u>
10:15	Iain Naismith – WRc/IBNET – Presentation and questions.
10:15	Coffee break.
10:30	
10:30	<u>Topic: Benchmarking for regulation</u>
11:15	Bill Kingdom – BM – Presentation and questions
11:15	<u>Topic: ADERASA's benchmarking strategy</u>
12:30	Debate among Delegates and invited experts, to set goals and ways of implementing ADERASA's management indicators system Moderator: Bill Kingdom .
12:30	Lunch break.
14:00	<u>Topic: 6-Cities Group benchmarking experience</u>
14:45	Peter Stahre – 6 City Group – Presentation and questions.
14:45	<u>Topic: IWA management indicators and ISO perspective</u>
15:00	Patricia Duarte – IWA/ISO – Presentation and questions
15:00	Coffee break.
15:15	
15:15	<u>Topic: ADERASA's indicators proposal</u>
16:00	Alejo Molinari – AFERAS – Presentation and formation of debate groups.
16:00	<u>Topic: ADERASA's indicators proposal</u>
18:00	The Delegates will debate MI to be adopted by ADERASA in groups in order to set the basis of work to be done. Moderators: each group will choose its own moderator and will count on the attendance of at least one of the invited experts.

ANNEX II (sheet 2/2)

Day 2: 21 May, 2004

09:00 09:20	<p><u>Topic: Application of DEA with Regulatory purposes</u></p> <p>Gustavo Ferro – Paula Margaretic – CEER/UADE – Application of DEA (Data Envelopment Analysis) with regulatory purposes in the Water and Sanitation Sector..</p>
09:20 09:40	<p><u>Topic: PURC studies on Benchmarking</u></p> <p>Guillermo Sabbioni – PURC – Presentation of benchmarking studies currently developed at PURC - Preliminary conclusions of a study carried out in Peru. Presentation and questions.</p>
09:40 10:45	<p><u>Topic: ADERASA´s indicators proposal</u></p> <p>The debate on MI to be adopted by ADERASA will continue in groups.</p>
10:45 11:00	Coffee break.
11:00 12:30	<p><u>Topic: ADERASA´s indicators proposal</u></p> <p>The debate on the MI to be adopted by ADERASA will continue in groups Each Moderator will prepare the conclusions of his group.</p>
12:30 14:00	Lunch break.
14:00 15:45	<p><u>Topic: ADERASA´s indicators proposal</u></p> <p>Each Moderator will present to all Delegates in common, the conclusions of his group in the morning debate.</p>
15:45 16:00	Coffee break.
16:00 17:00	<p><u>Topic: ADERASA´s indicators proposal – Methodology</u></p> <p>The Delegates will debate on the work methodology the BTF will adopt and the work plan for the next three years. Moderators: Patricia Duarte – Román Ghio.</p>
17:00 17:30	<p><u>Topic: Conclusions</u></p> <p>Presentation of conclusions of the meeting and the work plan until the next meeting. Moderator: Alejo Molinari.</p>
17:30 18:00	<p><u>Topic: Closing of the meeting</u></p> <p>Presentation of UADE´s CEER: Diego Petrecolla. Closing Words: ADERASA authorities.</p>