

CP3A: Establish reward systems through benchmarking for operators with higher consumer satisfaction

REGULATORY FUNCTION: CONSUMER PROTECTION REGULATION		CP3A
OBJECTIVE CP3 Consumer protection is enforced through sanctions or rewards	ACTION CARD CP3A <h2>ESTABLISH REWARD SYSTEMS THROUGH BENCHMARKING FOR OPERATORS WITH HIGHER CONSUMER SATISFACTION</h2>	
COST: Medium FREQUENCY: One time TARGET GROUPS: Regulators, service operators, consumers, civil society		
DESCRIPTION <p>In addition to mediation, reconciliation, and a range of potential penalties which regulators apply to protect consumers, their interests could often be equally well preserved by other means. One of these is to convert consumer satisfaction into benchmarking exercises, where operators' contractual behaviour is rated. Regulators must however, predefine incentives and rewards for the highest rated operators, and promote and reward operators for high quality service provision as an example for others in the sector. In creating a competitive environment, such incentivized regulation also often results in a decreased volume of complaints and conflicts. As a consequence, this reduces the resources required to resolve complaints by motivating operator compliance. This mechanism, commonly shared through the media, allows regulators to identify consumers' annual champions.</p>		
EXPECTED OUTCOMES <ul style="list-style-type: none"> • Service operators are motivated to comply with contractual obligations. • Consumer protection is facilitated. • Consumer associations are actively engaged in the process. 		
EXAMPLE 1: ZAMBIA <p>In Zambia, the National Water Supply and Sanitation Council (NWASCO) publishes annually operators' performance reports, and the best among them are rewarded. These reports contain information about operator compliance with agreed and predefined consumer protection indicators such as access to water and sanitation, coverage, metering ratios, or hours of supply.</p>		
EXAMPLE 2: MEXICO <p>The National Water Committee (Conagua) is an administrative, regulatory, technical and consulting body that aims to preserve national water bodies and their inherent public assets for their administration, and to guarantee water security in Mexico. To carry out this mission, the agency works with federal, state and municipal governments, as well as with user associations, companies and institutions in the private and public sectors.</p> <p>Conagua was a part of the organizing committee of the "National Water Award for Operators" created in 2008, which was later called the "National Award for Innovative Processes in Drinking Water and Sanitation Services."</p> <p>This award is an annual public recognition of drinking water and sanitation service providers that have stood out as a result of the developments and achievements attained in the performance of their functions, as well as the creation and implementation of new methodologies, technologies or processes to improve such public utilities. The main aim of the award is to stimulate providers to optimize their operational processes and methods in technical, commercial and customer service areas through the implementation of new technologies or processes.</p>		
EXAMPLE 3: COSTA RICA <p>In 2002, the Public Utilities Regulatory Authority of Costa Rica (ARESEP) created, through the Costa Rican Institute of Aqueducts and Sewerage (AyA), the Sanitary Quality Seal Program (PSCS) with the aim of promoting "(...) the integrated management of water resources through compliance with applicable regulations, as well as the efficient management of wastewater and the implementation of hygiene and sanitation measures to improve the environment and public health in Costa Rica (..)."</p>		

The general aim of the program is to provide a tool for voluntary citizen participation for the improvement of the integrated management of water resources and the provision of public aqueduct and sewerage services.

In the particular case of providers of aqueduct and sewerage services, the program aims to develop a tool for the optimization of water resource management through systems maintenance and improvement with the participation of the population in environmental matters for the benefit of service quality and an adequate drinking water supply in Costa Rica.

Accordingly, the PSCS awards a flag (in different categories) to incentivize the efforts, work and dedication of service providers for the benefit of consumers. To this end, there are specific categories for aqueduct service providers and wastewater treatment systems operators.

LINKS

Zambia: NWASCO web page: <http://www.nwasco.org.zm/index.php/media-center/news/121-2016-water-provider-s-performance-report-launched>

Mexico: National Award for Innovative Processes in Drinking Water and Sanitation Services: <https://www.gob.mx/imta/agenda/premio-nacional-de-procesos-de-innovacion-en-servicios-de-agua-potable-y-saneamiento?idiom=es>

Costa Rica: Sanitary Quality Seal Program: <https://www.aya.go.cr/laboratorio/selloCalidad/Paginas/default.aspx>

INTERNAL CAPACITIES NEEDED AND THE ROLE OF PARTNERS

Creating a competitive environment through rewards and incentives requires certain regulatory capacities such as procurement, administrative and public relations. Commonly, regulators can perform this action on their own with support from media and marketing agencies, consumer associations, and civil society, that help to make the exercise publicly available and its content more attractive to the wider public. Regulators' staff must be trained on how to manage award events, and how to apply award methodologies.