Consumers count: How water and sanitation utilities can become more accountable to their users

This note presents tools that can help making service providers more accountable to the people they serve. The voice of users is often muted in water utilities. One consequence is that utilities do not take account of users’ priorities and preferences. The utility, in turn, loses the trust and cooperation of the community that it is supposed to serve. The result is often service deterioration, further alienating users.

Traditionally, users relied on politicians to maintain oversight of budgets and compliance with rules and to intervene on their behalf when services failed. This institutionalized a “long route” of accountability from user to political representative to service provider. Modern approaches to public management seek to hold service providers more directly accountable to their users for the outcomes of their work. Providers are expected to ensure that water flows safely and reliably from taps, that blocked drains are cleared, and that services are accessible and affordable to all. Accountability in this context is about establishing a direct “short route” between users and service providers.

Tools for accountability cannot by themselves provide sustainable water services. But their use can contribute to this goal, by improving utility practices and the utility’s policy and institutional environment.

Tools for accountability range from information to consultation, participation, and recourse

A range of tools can help utilities become more accountable to their users.

Information tools include the publication of annual reports, information provided at service centers or with bills, and structured outreach programs (Figure 1). Information needs to be offered in plain language that users can understand.

While information provision is a one-way process, consultation involves actively seeking and listening to users’ opinions. Surveys, if appropriately designed, can help utilities to understand and respond to users’ preferences, as well as to chart their own performance. More interactive consultation tools include public hearings and advisory committees.

Tools allowing user participation in decision making include giving consumer representatives formal voting rights in the decision-making bodies of utilities or regulatory institutions. At the extreme, this can extend to consumer ownership of a service provider. Involving consumers in service provision can be a way of ensuring accountability as well as simply getting a job done.

A service provider is fully accountable only if users have some way of voicing their concerns (re-
course) and then, if a complaint is justified, obtaining an appropriate response (redress). Complaint systems are an important vehicle through which a utility can engage with users.

**Correctly chosen and properly implemented, tools for accountability have contributed to better performance in many water utilities around the world**

The effectiveness of tools depends on how they are designed and implemented. The challenge is to choose a “suite” of tools to ensure that all service users can engage with the utility or at least have their concerns and views heard and responded to. Individual tools perform different functions. They may communicate key information to users or help utilities to understand users’ preferences and ensure their participation in key decisions, and they may build trust and a habit of engagement between user and utility.

To be successful, tools should be inclusive, efficient, and sustainable. Some tools focus on individuals, while others address the interests of specific groups or communities, and others cover all customers or the entire citizenry (both served and unserved) within a jurisdiction. A tool that targets individuals can be inclusive if it is equitably available to all. The inclusiveness of collective tools often depends on how user representatives are selected and appointed. Special measures will often be needed to reach out to people who have no voice in collective mechanisms or who lack access to information or redress tools. In the context of water services, particular attention must be paid to ensuring that the specific needs of women, minority groups, and poor communities are met.

Tools of accountability often have considerable costs for both utility and users. The transaction costs for users can be a barrier to the successful application of some of the tools and must be evaluated and minimized. For a utility, integrating tools for accountability into normal operational management lowers direct costs and ensures that the tools are linked to internal performance management systems. This strengthens the incentives for staff to adopt a user-focused approach.

Sustainability is also important. Many tools are only effective when implemented over time (information and complaint mechanisms) or repeated regularly (surveys). In some cases, tools introduced by external parties are difficult to sustain, because of their complexity and cost.

**Tools should match the utility and its environment**

Selecting and applying a set of tools is no guarantee of success if the environment is not conducive. Success is often affected by external factors such as the physical and financial constraints that limit the feasibility of improvements in service, political will, the attitudes and culture in user communities, and the lack of clear service mandates.

The corollary to this is that the promotion of greater accountability can help to create a more conducive environment for service provision.

Important factors within the utility include customer-focused organizational structures, effective performance-management systems and the presence of service-oriented skills.

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**Figure 1: Tools for accountability**

| Information | • Community outreach and ad hoc user meetings  
| • Publication of performance data  
| • On-demand information provision |
| Consultation | • Forecast surveys  
| • Retrospective performance and perception surveys  
| • Structured consultation processes  
| • Membership on advisory bodies |
| Participation | • Membership on decision-making bodies  
| • Involvement in the execution of specific utilities activities  
| • Participatory budgeting  
| • Ownership of utility |
| Redress/recourse | • Utility complaint mechanisms  
| • Third party complaint mechanisms  
| • Legal recourse and redress |
Different tools are appropriate at different stages of a utility’s evolution

There is a strong tension between the need for tools, which is higher in less conducive environments, and the potential of tools, which is lower in less conducive environments. Many tools for accountability can only be introduced when utilities have developed some capacity to respond to their challenges. But the need for accountability will by definition be greater in less conducive environments.

Where a utility is pre-functional, with poor services, weak organization, and low levels of public trust, simple measures to share information about the state of the organization and informal consultation on consumers’ priorities will be critical. User involvement in the execution of certain utility functions can help build trust. A pre-functional utility will have limited capacity to introduce its own tools, so tools are often deployed by third parties such as regulators or civil society groups.

As utilities move to a basic then an intermediate stage, improving their organizational structure and services, accountability tools can enable users to understand and act on their entitlements and communicate their preferences. At this stage, utilities will often introduce basic customer service systems, such as complaint processes and informal consultation processes. Utilities can use surveys to obtain information on critical issues, or civil society can provide them with this information generated by consumer report cards. Participatory budgeting can help citizens communicate their preferences to local governments.

As utilities become autonomous, self-sufficient providers of reliable services, tools of accountability become intrinsic to their overall toolkit of management and oversight systems, and become increasingly formal. At this stage, accountability tools can help to prevent utility performance from slipping or being “captured” by politicians or other interest groups. Users may seek participation in utility governance, for instance through membership of oversight boards. Mature utilities can maintain users’ confidence through tools, such as notice periods for public comment on proposed investments or changes in policy or tariffs, that keep the door open for their participation but are dormant for most of the time. Surveys and the publication of service data (in the form of annual reports and other products) will continue to play an important part.

Information sharing and structured consultation processes are vital at all stages when high-impact decisions are being taken on future investment priorities and service levels as well as on organizational structures and the possible involvement of the private sector.

Success factors in context

The application of accountability tools has, in many cases, led to improvements in the performance of water utilities and their services. Some conclusions can be drawn about the context in which they work best.

First, a reasonably supportive environment is needed beyond the water sector. Basic corporate governance and legal frameworks must be in place, with acceptance that political interests should not simply override administrative processes. The broad concept of accountability needs to be accepted, not just by utilities but also by regulators and governments at different levels.

Within the sector, there needs to be sufficiently broad agreement about the application of tools if they are to be useful. Accountability is a process that builds trust but a certain degree of trust is needed from the start. There is a logical sequence for the introduction of accountability tools, related to the state of the utility and its evolution. Some tools are prerequisites for others, so there are some critical paths (although not one set path) for building up a suite of accountability tools.

For accountability tools to be effective, their application must be accompanied by the development of public capacity among utility users. Users’ ability to engage with their service providers will need to evolve as accountability moves from simple information exchange to more substantive engagement in utility management.

Strong leadership from the top, which respects and is able to mobilize the engagement of the utility staff, is needed to embed accountability tools effectively in a utility’s day-to-day operations.

This said, efforts to achieve effective accountability should not be delayed until the conditions
seem right. Energetic application of the tools described here can itself help to transform the broader environment. That outcome, just as much as the provision of cost effective, reliable and safe water supply and household sanitation, needs to be kept at the forefront.