

INSTITUTIONAL CAPACITY AND PERFORMANCE IN WATER UTILITIES IN THE NORTH OF MEXICO

Alejandro Salazar Adams
Edmundo Loera Burnes
Noemi Haro Velarde

Content

- Water Utilities' Problems in Mexico
- What is Institutional Capacity?
- Focus of the study
- Characteristics of the cities and their water utilities

Water Utilities' Problems in Mexico

High Urban water coverage (>90%).

However...

- Discontinuous service
- High water loss (50%)
- Low Revenue Collection
- Excessive Staff
- Low revenue/cost ratio (<1)

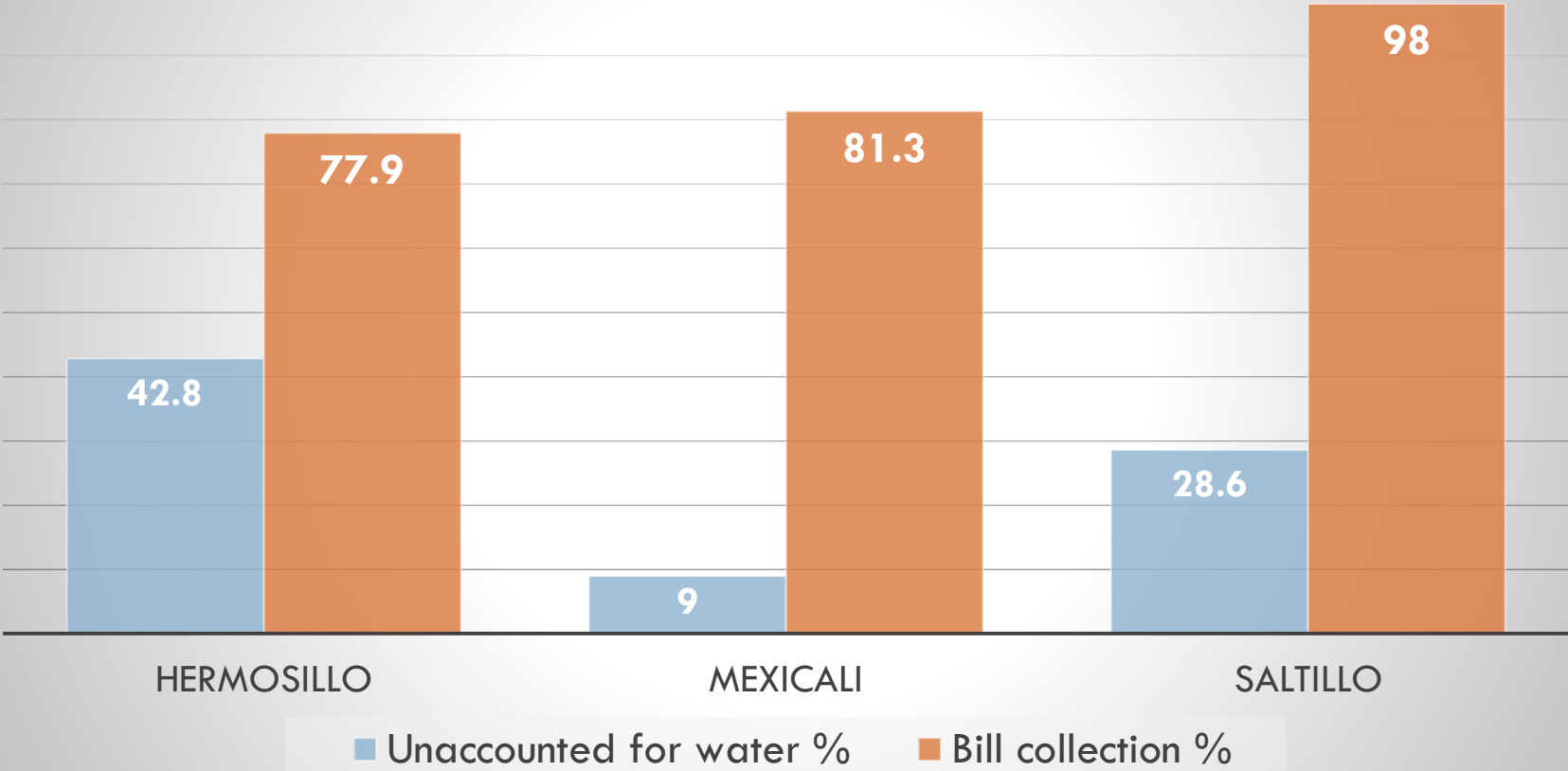
Institutional Capacity

- Despite millions of pesos of federal grants, performance has stagnated
- ¿Why? Low Institutional Capacity- Declaration of Delft (1991)
- Institutional Capacity: The **technical-bureaucratic** abilities of utilities to **transform** their legal, managerial and financial **resources** into actions or **products** that allow them to improve their performance (Loera 2015)

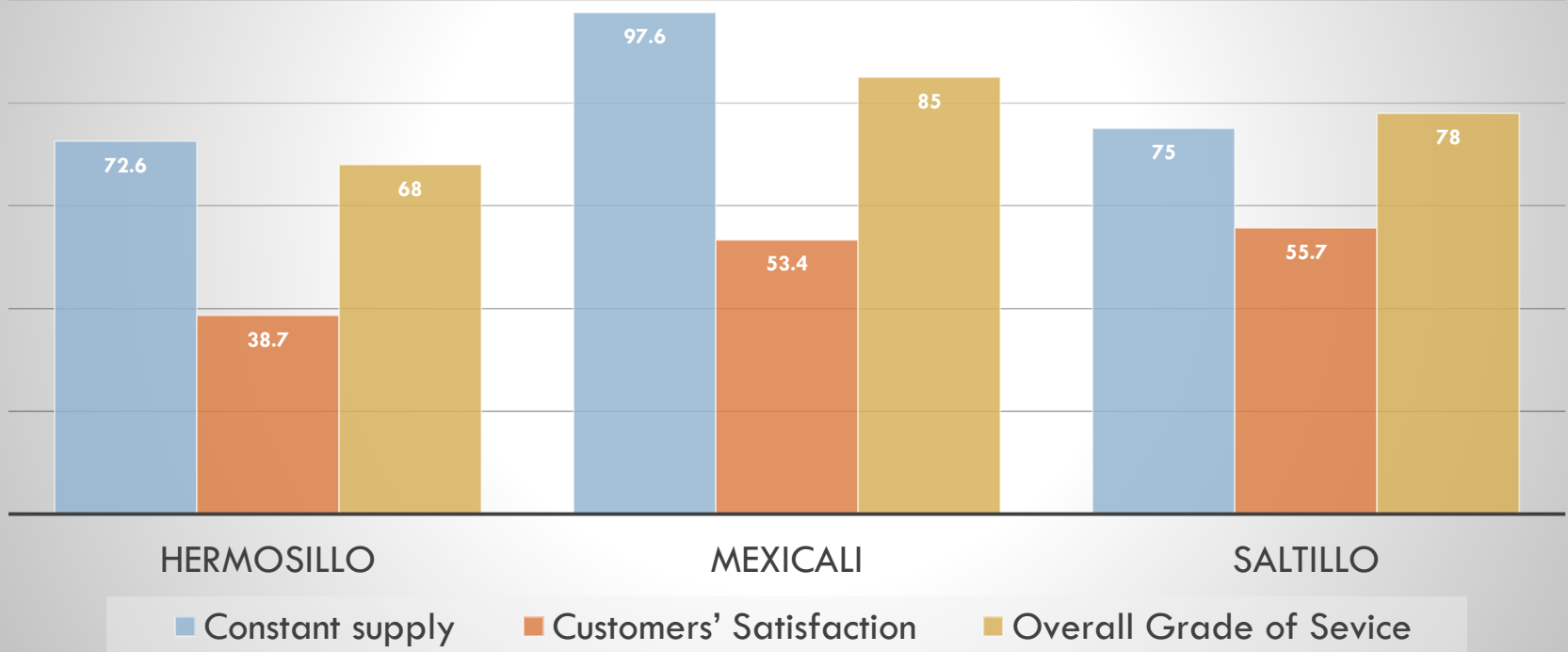
The study focuses on:

- Analysis of the institutional capacity of three water utilities
- In three cities from the north of Mexico:
 - Hermosillo: Municipally owned
 - Mexicali: State gov. owned
 - Saltillo: Public-Private Partnership
- Similar population, located in arid regions, different performance outcomes

Main indicators (2013)



Customers' evaluation (2015)



Institutional Capacity Evaluation

- Macro: political environment
- Meso: managerial and technological resources
 - ▣ Appointment of managers
 - ▣ Metering
 - ▣ Tariffs and collection
 - ▣ Financial resources
- Micro: Human resources
 - ▣ Training
 - ▣ Hiring
 - ▣ Incentives and sanctions

Hermosillo



- ▣ Pop. 784,342
- ▣ Capital of Sonora
- ▣ Municipally owned
- ▣ Water sources: 70% underground, 30% interbasin transfer
- ▣ Water production 100 Mm³ (UFW 42%)
- ▣ Has been subject to water rationing

Hermosillo: Inst. Capacity MACRO

- Juxtaposition of governments (PRI-PAN)
- Political rivalry has affected the decisions
- Conflict around Independencia Aqueduct (2013)

Hermosillo: Inst. Capacity MESO

- Appointment of manager: City mayor
 - ▣ Low tenure (2 years average)
 - ▣ Politically influenced, low qualification
- Metering: 54%. Thousands of meters were purchased but not installed (corruption)
- Financial resources: Government funds, debt



Mexicali

- ▣ Pop. 936,826
- ▣ Low water loss
- ▣ Capital of Baja California
- ▣ Owned by the State of Baja California
- ▣ Water Source: Colorado River
- ▣ Water production: Mm³



Mexicali: Inst. Capacity MACRO

- Baja California was the first State governed by an opposition party (PAN). This led the State government to find resources abroad.
- All utilities in the State are State owned and managed, They are coordinated by the State water commission
- Currently, good relations with other government agencies.

Mexicali: Inst. Capacity MESO

- Manager appointed by: state governor
 - ▣ 4.5 years tenure average
 - ▣ Not always competent, however
- Metering: 100%
- Financial Resources:
 - ▣ Gov. Funds + EPA, NADBANK, Japan Development Bank
- Tariffs and collection
 - ▣ Debt pardon programs by the state government affect collection

Mexicali: Inst. Capacity MICRO

- Staff per thousand connections: 4

Saltillo



- ▣ Pop. 725,123
- ▣ Public-Private Partnership
- ▣ Municipality (55%) + Interagbar (45%) = Aguas de Saltillo (Agsal)
- ▣ Agsal is operated by Interagbar
- ▣ Water production: Mm³

Saltillo: Inst. Capacity MACRO

□ MACRO:

Saltillo: Inst. Capacity MESO

- Manager appointed by executive board, proposed by Operating Partner
 - ▣ Average tenure 3.5 years.
 - ▣ No restrictions on nationality, more experienced
- Metering: 100%
- The law enables sanctions to debtors

Saltillo: Inst. Capacity MICRO

- Staff per thousand connections: 1.7

Summary

- Mexicali and Saltillo:
 - Better access to resources from abroad
 - Higher tenure of managers
 - 100% metering
- Saltillo: less staff (lower costs) and higher training
- Mexicali: collection affected by political interference
- Hermosillo
 - low metering, low training, lower tenure

Conclusions

- In general, better performance correlates to higher institutional capacity
- Access to diversified resources, metering and training are fundamental.
- Minimized political interference has a positive influence.
- Policies so far: more money. Should focus on increasing capacities.



Thank you!

This presentation is part of the reasearch project:

Capacidad Institutcional