Should Countries Be More Like Shopping Malls? A Proposal for Service Performance Guarantees for Africa

Alan Gelb, Vijaya Ramachandran, and Alice Rossignol

Abstract

Many developing countries have made progress in political openness and economic management but lag in terms of attracting private sector investments, at least outside of narrow resource-based enclaves. These countries may have recognized potential but have not yet established the reputation needed to sustain investment through the inevitable political and policy shocks that take place in most countries. The concerns that deter investors are many but can be broadly classified into high costs that that prevent global competitiveness and high actual or perceived risks.

Political and credit risk guarantees are often used to encourage investors but they cover only a narrow range of risks and are often issued on a deal-by-deal basis. This paper explores the possibility of expanding the range of guarantee instruments to encompass a wider range of risks and to integrate guarantees more centrally into the reform and investment programs supported by donors. The proposed approach is to offer firms Service Performance Guarantees (SPGs) -- the opportunity to purchase insurance against a wider range of risks and through this to strengthen the accountability of both governments and development partners to their clients – in this case the firms. While it may not be practical to fully cover business losses, firms would receive highly visible payouts if service delivery standards fall short of those expected from the program.

Countries competing globally for investors are much like shopping malls that compete to attract tenants -- they need to offer an attractive "service package". This draws attention to the range of services the firms will consider when evaluating investment destinations. The proposal considers whether and how the promise of such a package could be made more credible through a guarantee instrument that could be integrated into reform or investment programs, for example to establish special economic zones. The approach may not be attractive to countries with a well-established reputation and may not be feasible for fragile states that lack the capacity to sustain the most basic conditions for business. It also would require a careful and realistic assessment of the authority of the agency issuing the guarantee, to ensure that it covers risks that are potentially under its control. SPGs can be seen as an extension of the results-based approach to make governments directly accountable to investors.

The authors are grateful to James Emery, Michael Fuchs, Alvaro Gonzalez, Frank Lysy, Gael Raballand, Enrique Rueda-Sabater, Bill Savedoff, and Gaiv Tata for detailed comments and suggestions. This work was carried out with funding from the Government of Denmark and the Government of Australia. The authors are solely responsible for any errors.

CGD is grateful for contributions from the UK Department for International Development, the Danish Ministry of Foreign Affairs, and the Australian Department for Foreign Affairs and Trade in support of this work.

Vijaya Ramachandran, Alan Gelb, and Alice Rossignol. 2014. "Should Countries Be More Like Shopping Malls? A Proposal for Service Performance Guarantees for Africa." CGD Policy Paper 047. Washington DC: Center for Global Development.
http://www.cgdev.org/publication/should-countries-be-more-shopping-malls-proposal-service-performance-guarantees-africa

Center for Global Development
2055 L Street
Fifth Floor
Washington DC 20036
202-416-4000
www.cgdev.org

This work is made available under the terms of the Creative Commons Attribution-NonCommercial 3.0 license.

Center for Global Development
Independent research and practical ideas for global prosperity

CGD Policy Paper 047
September 2014

Contents

1. Introduction

Over the last few decades a number of developing countries such as China, India, Brazil, Turkey, Malaysia, Indonesia, Vietnam and Thailand have moved towards Emerging Market status, and attracted substantial volumes of domestic and foreign private investment. Even though private flows have proven sensitive to large global shocks, such as the crisis of late 2008 and may also be affected by domestic political convulsions, such as those that have recently shaken Thailand, most countries of this type have established a substantial track record as hosts for private business.

Many other developing countries have made progress in political openness and economic management but lag in terms of attracting private sector investments, at least outside of narrow resource-based enclaves. These countries may have recognized potential but have not yet established the reputation needed to sustain investment through the inevitable political and policy shocks that take place in most countries. The concerns that deter investors are many but can be broadly classified into high costs that that prevent global competitiveness and high actual or perceived risks.

Donors and IFIs have many programs with these countries directed towards strengthening their policy frameworks and improving business climates as well as activities aiming to directly support private investment and diversify economies. These include, for example, infrastructure programs to build or rehabilitate power supply or ports, special economic zones, growth poles or other area-based projects to provide a better local package of services, trade facilitation programs to speed up border clearances, matching grant schemes to encourage firms to invest in new technologies or markets, supplier linkage programs and syndicated investments. To help firms mitigate risk, they also offer political risk and credit guarantees. Trade finance guarantee programs have escalated also, in the aftermath of the global crisis which saw the demise of prominent private insurers.

This paper explores the possibility of expanding the range of guarantee instruments to encompass a wider range of non-commercial risks and to integrate guarantees more centrally into the reform and investment programs supported by the donors. The proposed approach is to offer firms Service Performance Guarantees (SPGs) -- the opportunity to purchase insurance against a wider range of risks and through this to strengthen the accountability of both governments and development partners to their clients – in this case the firms -- by triggering highly visible payouts when service delivery standards fall short of those expected from the program.[1]

SPGs restructure accountability, away from donor-government commitments and towards the clients. Even with "results-based" approaches donors and countries can walk away from non-performing projects leaving disappointed investors. The "investments" may have been made and the policies may have been "reformed", satisfying the formal needs of country-donor accountability. But this does not ensure that the clearance times for exports or imported inputs are actually cut, that VAT rebates on inputs into exports are processed speedily, or that power is delivered with fewer outages. And even if the project or program is results-based in the sense that the donor does not pay the country unless the results are delivered, this does not compensate the firms hurt by its failure to deliver the services. SPGs can therefore be seen as an extension of the results-based approach.

Section 2 considers evidence on the business climate as seen by investors. Although the discussion focuses on Africa, the issues are relevant for a number of struggling countries in other regions. It also briefly reviews the nature and scope of guarantee instruments offered by a number of multilateral and bilateral development agencies. While these cover a limited set of risks, it notes that the framing of guarantees as insurance against contractual failures allows for a wider range of risks to be covered, including of the type envisioned for SPGs.

Section 3 develops the "shopping mall" analogy – a country is viewed as similar to a mall operator trying to attract tenants for its available facilities. The limited research on the economics of shopping malls suggests that astute operators structure contracts so as to attract tenants with the greatest externalities and that the closer the operator can come to providing an "all-in" service package the more likely is the mall or the country to be able to acquire a reputation as a prime investment location. Malls offer commitments to their client firms, and defaulting on these can prove very costly to the owner and operator. Hotels may also offer guarantees to both individual clients and other firms to build reputation for providing high-quality facilities.

Section 4 describes other types of guarantees relevant to the SPG concept: citizen charters and service guarantees and user compensation offered by utility companies. These reinforce several lessons: success requires having quantifiable indicators, minimal transactions costs,

[1] We use the term Service Performance Guarantees (SPGs) to avoid confusion since the term Service Guarantee is used in the literature in different contexts.

and involved users and citizens who understand the guarantees or charters. Except for very large clients for whom individualized contracts are feasible, compensation should be automatic rather than requiring the submission of claims. We also briefly consider the distinction between payment in recognition of (and a deterrent to) poor service, and business loss insurance which is not practical on a wide scale.

Section 5 draws on these examples to consider the implications for the design of SPGs by developing countries as a part of a reform package or focused development project. SPGs could be included as components of donor-supported operations to strengthen the business climate. This raises many questions. What types of service delivery can be captured in quantifiable indicators? Who should underwrite the guarantees? Should payment be automatic or discretionary? How to limit moral hazard, including by firms seeking to game the system? Can new technology be used to expand the scope of guarantees by providing real-time monitoring information? And finally, what might be some implementation challenges for SPGs?

Section 6 concludes, recognizing that more work would need to be done before SPGs could become operational.

2. Easing Constraints on Private Investors in Africa

2.1 The Business Climate

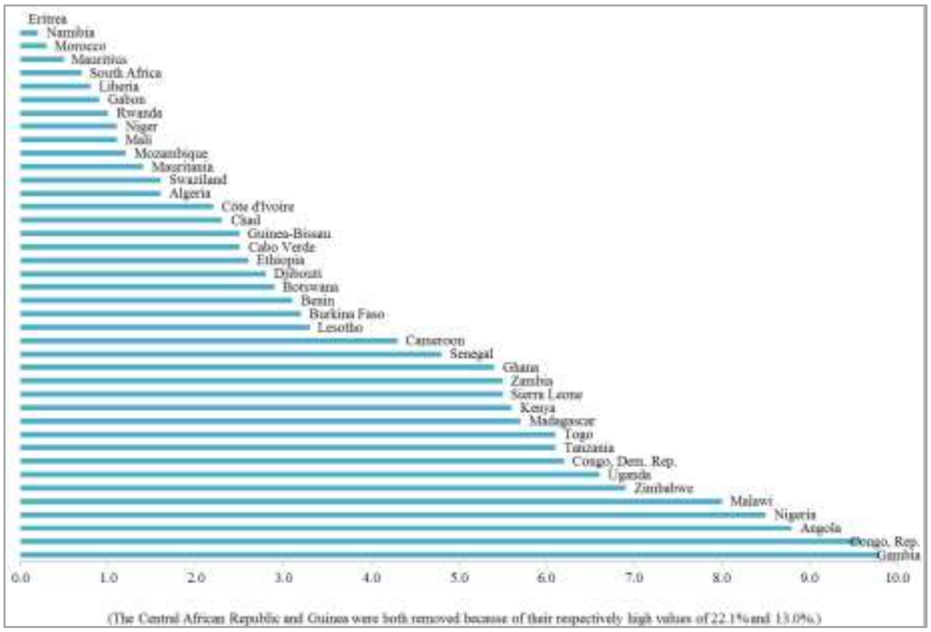
Investment climates in many African countries leave a lot to be desired. While countries differ in many ways, assessments (ICAs) often note the limitations of small markets, poor security and macroeconomic or policy instability. They typically flag the high costs and idiosyncratic risks resulting from poorly functioning infrastructure, as well as institutions that provide services to business. Business climate assessments have diagnosed these problems for a number of years and provided objective measures of some problems as well as reporting investors' subjective assessments of the importance of different barriers to business. The former include the Doing Business indicators and quantitative estimates of the high costs of unpredictable power outages[2] as well as of high indirect costs that reduce the profitability of firms that could otherwise be quite competitive at factory-floor level[3].

[2] World Bank, Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises (Washington, DC: The World Bank Group, 2014)

[3] Benjamin Eifert, "Do Regulatory Reforms Stimulate Investment and Growth? Evidence from the Doing Business Data, 2003-07," *Center for Global Development Working Paper* 159 (2009)

Subjective assessments often point in particular to poor power supply, macroeconomic instability and poorly functioning services, in some cases due to endemic corruption.[4] Figures 1a, 1b and 1c demonstrate some of the burdens imposed upon firms by a poor business climate.[5]

Figure 1a: Losses due to electrical outages (% of annual sales)

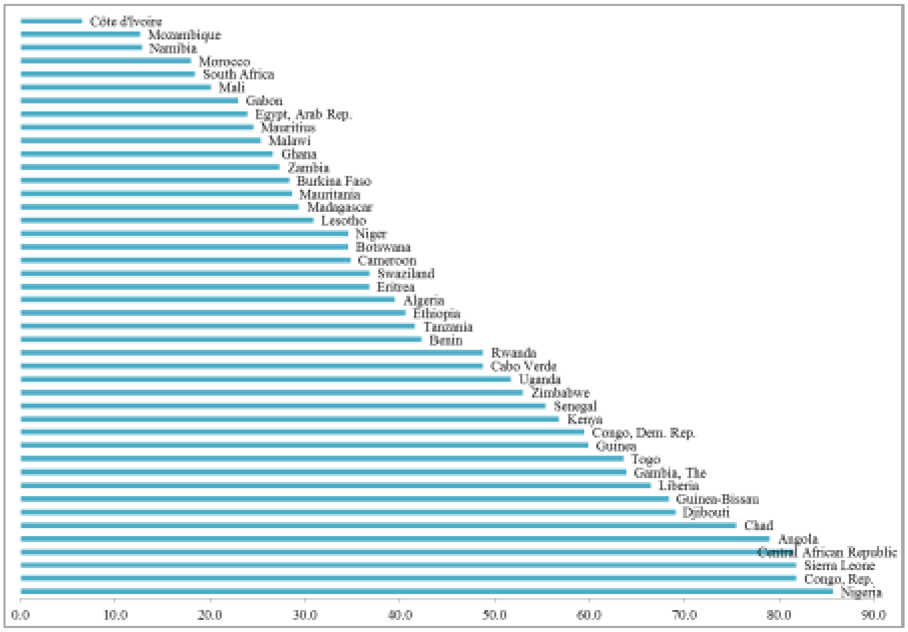


Source: World Bank Enterprise Surveys

[4] Benjamin Eifert, Alan Gelb, and Vijaya Ramachandran, "The Cost of Doing Business in Africa: Evidence from Enterprise Survey Data," *World Development* 36, no. 9 (2008): 1531-1546.

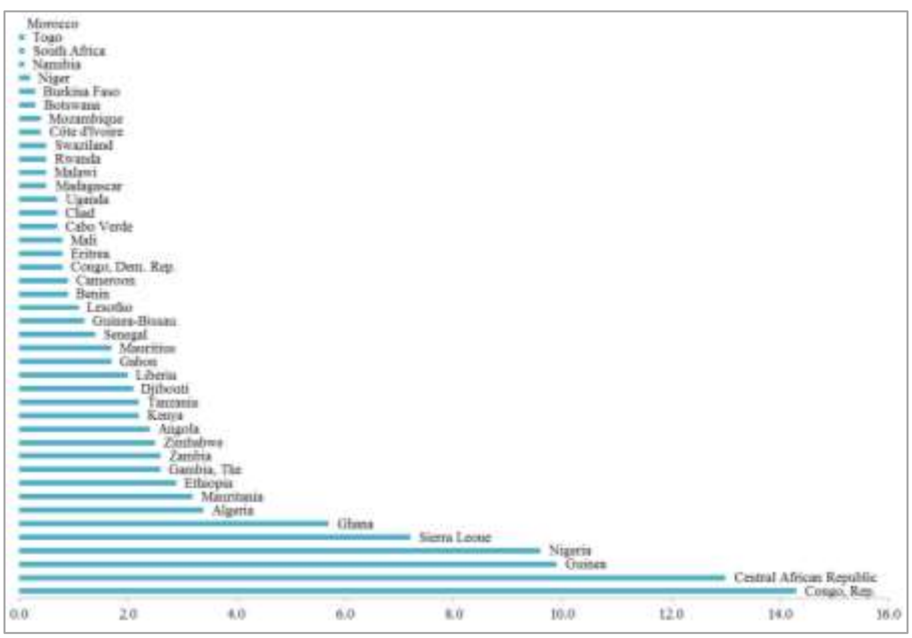
[5] World Bank, "Infrastructure," *Enterprise Surveys: What Businesses Experience*, last modified 2014. http://www.enterprisesurveys.org/Data/ExploreTopics/infrastructure#--1

Figure 1b: Percent of firms owning or sharing a generator



Source: World Bank Enterprise Surveys

Figure 1c: Number of water insufficiencies in a typical month



Source: World Bank Enterprise Surveys

Most of these problems are of long standing. Despite gains in the area of macroeconomic management and wider space for markets and the private sector, improvements in the investment climate have often been slow. Although a few countries, like Rwanda, show that quite rapid gains are possible, improvements in *Doing Business* indicators, for example, are heavily concentrated in a few areas, with very little progress in others, especially those involving the legal system (Gelb et al. forthcoming). While some of the problems do requite large investments to fix, many others do not result from an absence of physical capital but rather reflect perverse incentives (Cantens et al 2010).

How strong are the incentives to improve the business climate? Perhaps they are not as strong as they should be. Eifert, Gelb, and Ramachandran (2008) and Gelb, Meyer, and Ramachandran (2014) point to the possibility of a low-level business equilibrium which is stable or only slowly-changing, and in which governments, donors and firms see limited benefits from vigorously pursuing the investment-climate-related reform agenda.

Governments formally endorse the pro-business growth agenda and usually include reform-minded policymakers with genuine commitment. But they also confront a range of bureaucratic interests that seek to maintain a rent-seeking system. Many countries have little capacity to track progress in outcomes and the implementation of key policy measures; and planning capabilities are weak even in many well-managed countries, such as Ghana and Tanzania.[6] In some cases, such as Ethiopia and Rwanda, the driving force for change has been pressure from the top rather than an institutionalized pressure from the electorate. Not all heads of state are able to generate such pressure and there may be few actual incentives to encourage performance. In Zambia, for example, a major constraint on the continuity of reform effort has been the politicization of key civil service positions and their rapid turnover.

Donors have an interest in well-performing projects, but are not directly accountable for success or results on the ground. They can and do build IC-related reforms into their programs, but unless these are results-based (and so far few are, although new approaches, such as Program-for-Results (PforR), open up promising options) firms bear the risk of poor implementation. One example is the Ghana Gateway project that was initiated in 1998 with World Bank support to create a world-class export processing facility with high quality services and logistics, including by Tema port. The implementation review of mid-2011

[6] *African Transformation Report: Growth with Depth* (Accra, Ghana: African Center for Economic Transformation, 2014)

rated the project Moderately Satisfactory, and indicated that there had been a wide range of improvements, including major reductions in customs clearance and port transit times. However, only a little earlier in February, 2011, in reaction to the "Enemies of the Nation" video by investigative journalist Anas Aremeyaw Anas, the government had announced that it was seeking legal and administrative advice to review the operations of Ghana Ports and Harbours Authority (GPHA) and the Destination Inspection Companies:

"The investigations also brought to light multiple cases of bribery, corruption, stealing, several cases of collusion between security officials and clearing agents as well as loss of goods belonging to importers as a result of inadequate security measures at the facility. The investigation uncovered some of the worst forms of bribery and corruption, lack of professionalism and glaring examples of stealing by these security officials at the port.

Amidst all these corrupt activities, many agents have devised ways of adding the cost of bribe charges to the fees they usually charge importers. As a result, people who import goods into the country through the harbour go through unspeakable frustrations, not least the payment of huge sums of illegal charges which end up in the pockets of private individuals. In the process, it takes months to clear goods from the harbour. Sometimes, the nightmares of these importers are climaxed by the loss of their goods through theft or damages through mishandling.

Over the years, there have been many reports of how unattractive the harbour has become, with many importers channeling their frustrations through diverse ways. It is striking how very little has changed in the system".

In the words of one importer:

". . .clearing goods at the Tema port has degenerated into a protracted and frightening process, so cumbersome, confusing, unwieldy and mystifying. Such a system is not only punitive; it is rather unprogressive in the present time when Ghana is desperately trying to reach out to investors. Given this situation, importers are placed at the mercy of clearing agents whose desperate attempt to earn a living coupled with a weak understanding of the procedures, improvised techniques and in most cases unprofessional approach only serve to worsen the plight of importers. . ."

This example suggests the need for continued vigilance to ensure that programs deliver their intended results and to understand the motivations of those on the ground.

Firms should be the pressure group that advocates for more efficient services. They are well-aware of shortcomings in the business climate and will benefit collectively from a more open and efficient playing field. Business surveys find that if "external costs" were reduced to the levels prevailing in other countries, the impact could be the equivalent of 50% of the wage bill.[7] But at the same time research on the structure of African industry suggests that these pressures may be muted. Many sectors are dominated by a few large and capable firms, shielded from entry and potential competition by the difficulties of the business climate.[8] This reduces their incentives to actively lobby for improvements. The situation is not helped by the high domestic market concentration of larger firms; open entry will cause them to lose this monopoly power. In addition, many successful firms belong to family or ethnically-

[7] Eifert, Gelb, and Ramachandran, "The Cost of Doing Business in Africa" (2008)

[8] John Sutton, *Enterprise Maps* (multiple volumes) (London: International Growth Centre, multiple years).

related networks and the network advantages of such arrangements increase the weaker is the business climate for all firms. Networks and ethnically-based business groups and associations make it more difficult to build trust that is needed for business to present a unified face to government rather than pursuing individual interests.[9]

2.2 The Scope of Guarantees

Guarantees are currently offered by a number of bilateral and multilateral institutions, including OPIC, CDC, PROPARCO, MIGA, IFC and the AfDB. The fact that these agencies are affiliated with powerful bilaterals or multilateral agencies may provide an additional source of comfort to investors. Table 1 provides indications of the size of their activities and portfolios. At first sight the volume of guarantees is impressive -- in FY13, the seven organizations issued some $11.5 billion in guarantees. However, a closer look reveals a more nuanced picture. Programs to support trade finance in the aftermath of the global crisis account for around $7 billion. Part of the remainder involves partial credit guarantees, which insure against private risks. In total, programs to offer insurance against political risk (PRGs), the type of guarantee closest to the proposed approach of SPGs, total only some $3 – 3.5 billion, with the largest concentration being in MIGA.

MIGA covers about 50 projects per year, issuing about $2.5 billion in guarantees. In 2012, 17 of these projects were in Africa, mostly to firms in the infrastructure and service sectors; only 4 projects provided coverage directly to manufacturing or agribusiness. While investments in these sectors may benefit from guarantees made to other investments (for example, a PRG on a power purchase agreement that brings in private investors), these data do not suggest that industry or agriculture are major direct clients for guarantees.

PRGs cover a standard set of risks that typically include currency inconvertibility and transfer restriction, expropriation, war, terrorism, and civil disturbance, breach of contract, and the non-honoring of financial obligations. However, the agencies can cover a wider set of risks of concern to investors provided that they can be expressed in terms of a breach of contractual obligations. For example, from MIGA:

*"**Breach of Contract**: Protects against losses arising from the government's breach or repudiation of a contract with the investor (e.g., a concession or a power purchase agreement)."*

[9] Alan Gelb, Christian Meyer, and Vijaya Ramachandran, "Does Poor Mean Cheap? A Comparative Look at Africa's Industrial Labor Costs," *Center for Global Development Working Paper* 325 (2013)

*"**Non-Honoring of Financial Obligations**: Protects against losses resulting from a failure of a sovereign, sub-sovereign, or state-owned enterprise to make a payment when due under an unconditional financial payment obligation or guarantee related to an eligible investment."*

Table 1: Provision of Guarantees by Multilaterals: Instruments, Coverage, and Issuance

	IBRD/IDA (WBG)		IFC (WBG)	MIGA (WBG)
YEAR ESTABLISHED				
	1944 (IBRD) 1960 (IDA)		1956	1990
INSTITUTION TYPE				
	Multilateral development agency		Multilateral development agency	Multilateral development agency
OWNERSHIP				
	188 IBRD countries 172 IDA countries		184 countries	180 countries
INSTRUMENTS				
	Partial Credit Guarantee (IBRD only), Partial Risk Guarantee (both)		Partial Credit Guarantee, Global Trade Finance Program	Political Risk Insurance
POLITICAL RISKS INSURED				
Breach of Contract	✓			✓
Political Violence	✓			✓
Currency Convertibility & Transfer Restriction	✓		✓	✓
Expropriation	✓			✓
Non-Honouring of Financial Obligations	✓			✓
Regulatory Changes	✓			
GUARANTEE COVERAGE				
Partial			✓	✓
Full	✓			
COVERAGE LENGTH (years)				
	20		20	15
GUARANTEES ISSUED (USD, millions)				
FY 13	458 (IBRD) [a]	60 (IDA) [b]	6959[d]	2800
FY 12	214 (IBRD)	400 (IDA)	6402	2700
FY 11	400 (IBRD)	? (IDA) [c]	5167	2100
FY 10	243 (IBRD)	? (IDA) [c]	3932	1500
FY 09	78 (IBRD)	400 (IDA)	2479	1400

a. Information from the IBRD financial statements.

b. Guarantees issued by IDA not included in financial statements. Information gathered from the World Bank Annual Reports

c. Unable to find the guarantees issued by IDA in FY 2010 and FY 2011.

d. This is composed of the Global Trade Finance Program (created in response to the global crisis) guarantees of $6,477 million, and other guarantees (Partial Credit) of $482 million

	AfDB	ADB	IDB	OPIC
YEAR ESTABLISHED				
	1964	1966	1959	1971
INSTITUTION TYPE				
	Regional development multilateral bank	Regional development multilateral bank	Regional development multilateral bank	Investment agency
OWNERSHIP				
	78 countries	67 countries	48 countries	United States
INSTRUMENTS				
	Partial Risk Guarantee, Partial Credit Guarantee	Political Risk Guarantee, Partial Credit Guarantee	Political Risk Guarantee, Partial Credit Guarantee, Trade Finance Facilitation Program	Political Risk Insurance, Loan Guarantees
POLITICAL RISKS INSURED				
Breach of Contract	✓	✓	✓	✓[e]
Political Violence		✓		✓
Currency Convertibility & Transfer Restriction	✓	✓	✓	✓
Expropriation	✓	✓	✓	✓
Non-Honouring of Financial Obligations				✓[f]
Regulatory Changes				✓[g]
GUARANTEE COVERAGE				
Partial	✓	✓	✓	✓[h]
Full				
COVERAGE LENGTH (years)				
	15[i]	15[j]	30	20
GUARANTEES ISSUED (USD, millions)				
FY 13	280.29	35	601	171
FY 12	0	403	1238	668
FY 11	0	416.6	675	381
FY 10	0	982.82[k]	300	89
FY 09	7.37	396.8[l]	197	263

e. Included as part of expropriation insurance
f. Specialty product only available for projects in countries with a rating of "BB-" or higher
g. Coverage specific to renewable resource projects
h. Typical commitments are insured up to 90%. Loans and capital leases from financial institutions to unrelated third-parties may be insured up to 100%. Equity investments may be insured up to 270% of the initial investment.
i. Increases to 20 years if a sovereign-guaranteed borrower
j. Up to 32 years with Board approval
k. From the 2010 Annual Report. 2011 Annual Report says guarantees were $700M instead.
l. From the 2009 Annual Report. 2010 Annual Report says guarantees were $325M instead.

3. Countries as Shopping Malls or Investor Hotels

Shopping malls and hotels offer a useful perspective on competition for investors on the global capital market. A reputation for "all in" service quality has long been a central concern of market-based service firms and they sometimes use guarantees as a mechanism of conveying their clear commitment to servicing their clients. Guarantees can also serve as promotional tools. They may take the form of a promise to provide compensation that may not always be legally binding but will impact adversely on reputation if not carried through:

"A service guarantee is an explicit promise made by the service provider to (a) deliver a certain level of service to satisfy the customer and (b) remunerate the customer if the service is not sufficiently delivered."[10]

Shopping malls face strong incentives to price their services efficiently and to deliver them as promised. Studies show that they value tenants according to the externalities they are expected to generate. Large "anchor tenants" able to attract people to the mall are likely to receive preferential treatment, in terms of lower rental per square foot, relative to small "mom and pop" stores.

Service quality and the reputation of the management are central for the ability of mall proprietors to continue in business. Failure to provide the full package of specified services such as security, cleanliness and snow removal from the parking lot can give tenants a valid reason to terminate their leases – the terms of the lease embody the contractual obligations of the mall operator. These will be standardized for smaller shops, but the far more complex custom leases of the major anchor tenants will include particular service agreements and remedies. Poor service delivery is very risky for an operator. Much like a country experiencing investor flight, once space is vacated and reputation damaged it is hard to secure new tenants capable of generating the externalities needed to attract others. High vacancy levels, in turn, raise property insurance costs; premiums typically double for property left vacant and subject to larger risks of damage from vandalism or un-noticed roof or plumbing failures.

Guarantees issued by hotels can stress their commitment to process efficiency -- to keep check-in time down to a specified maximum such as five minutes or the time for the delivery of an item to a room to less than one hour. Another type of service guarantee – for example to a tour booking company that channels affluent clients to the hotel -- could be to specify the minimum level of quality and variety to be maintained in the hotel's wine cellar.

Lessons from Shopping Malls and Hotels. Measures used by malls and hotels to boost their reputation offer some lessons for SPGs. They work best when there is a clear standard for a service and are more credible if they involve monetary compensation. They can serve as a signal to customers of devotion to quality, and their signaling effects are greater for lower-quality providers than for those whose quality is already well known. They are also

[10] Jens Hogreve, and Dwarne D. Gremler, "Twenty Years of Service Guarantee Research: a Synthesis," *Journal of Service Research* 11, no. 4 (2009): 322-343

found to reduce customers' perceived risk.[11] It is not clear from the existing literature whether they have actually improved performance; they have improved quality as perceived by the clients but few studies have focused on the impact on actual service quality and innovation in delivery.

Another lesson is the importance of standardized agreements. General service guarantees are distinct from the customized service-level agreements that malls or hotels may make with critical clients. The former tend to be standardized and usually contained within the details of the lease; the latter are closely framed legally binding contracts often running to hundreds of pages and setting out obligations and remedies in great detail. Since the transactions costs of setting them up are high, they will be offered only to particularly important clients with individualized needs.

4. Citizen Charters and Utility Performance Guarantees

Under a Citizen's Charter, a government guarantees a certain level of service to customers; these can be citizens but also in some cases firms. They offer useful operational lessons for the design of SPGs.

4.1 Charters in the United Kingdom

The Citizen's Charter was launched by Prime Minister John Major in 1991. It aims to improve public services through the publication of targets and standards to be met by all agencies. Benchmarked results are also publicized. A Charter views citizens as consumers, establishing their rights and guaranteeing a certain quality of service. It shifts public service towards a more privatized model, with an "ideal [of] consumerism, not participatory democracy."[12] From the initial set of charters:

"If you need to call an emergency ambulance, it should arrive within 14 minutes if you live in an urban area, or 18 minutes if you live in a rural area, or 21 minutes if you live in a sparsely populated area."
"On London Underground, if you wait more than 20 minutes for a train, you should receive a refund voucher."[13]

---

[11] *Ibid.*

[12] John Mullen, "John Major's Citizens Charter - Fifteen Years Later," in *Citoyens ou Consommateurs?: Les mutation rhéthoriques et politiques au Royeaume-Uni*, ed. Raphaële Espiet-Kilty and Timothy Whitton (Clermont-Ferrand : Presses Universitaire Blaise Pascal, 2006), 35.

[13] *The Citizen's Charter: Raising the Standard* published by HMSO (1991), as quoted by Mullen (2006).

The concept of Citizen's Charters has since been adopted and modified by many nations including Belgium (1992), France (1992), Spain (1992), Malaysia (1993), Portugal (1993), Canada (1995), Australia (1997), and India (1997).

Energy offers an example. Distribution is split between 14 Distribution Network Operator Companies and 6 Independent Distribution Network Operators. Almost 29 million domestic households are covered by these services. In the 1989 *Electricity Act*, the UK made mention of distributor service guarantees, though it did not make them universal at the time. The 1993 *Electricity (Standards of Performance) Regulations* quantified those standards, and established compensation levels for the first time. The most recent amendments of the *Standards of Performance* came into effect on April 1, 2010 and guarantee certain levels of service to consumers (see Appendix A). If standards are not met, consumers may claim compensation from distributors. Prolonged consumer-distributor disputes are settled by the Energy Ombudsman. The latest report containing summary statistics about distributors' performance and guaranteed standard payments was published in 2012, covering 2010/2011. The majority of payments were for delays in restoring power. [14]

4.2 Charters in Australia

In the early 1990s, Australia mandated that a service charter be written and be made freely available by all government agencies, as well as certain industries.[15] The *Consumer Guarantees Act of 1993 (Amended December 2013)* establishes protection for consumers by specifying appropriate levels of quality for goods and services, as well as methods of redress. Accordingly, Commonwealth departments have established official service level commitments, as well as simple procedures for citizens to make complaints or claims against relevant departments. In 1995 the *Scheme for Compensation for Detriment Caused by Defective Administration* (CDDA) was established as one of several government accountability procedures. It provides the opportunity to make discretionary payments to compensate clients – which can include businesses[16] -- who have "experienced [financially quantifiable]

[14] Payments were divided into mandatory payments and *ex gratia*, or voluntary, payments. No explanation is given for the relative proportion of mandatory versus ex gratia payments; it is possible that the latter were pre-emptively made in anticipation of future consumer claims.

[15] Prime Minister John Howard, *More Time for Business*, (Canberra: Australian Government Publishing Service, March 24, 1997)

[16] Any individual, company or other organization having interacted with the government

detriment[17] as a result of an agency's defective actions or inaction."[18] Decisions concerning claims are made at the discretion of each agency, but can be brought to the Commonwealth Ombudsman if the client remains dissatisfied. Though CDDA is intended as a 'last measure' mechanism, the scheme is actively used and referred to in the Commonwealth's Ombudsman Annual Report. Though case studies are available, compensation payment details remain private.

In addition to all government agencies, certain Australian industries are required to have service charters and guarantees, and to belong to an approved External Dispute Resolution (EDR) scheme.[19] These industries are usually public or natural monopolies such as electricity, gas, water, and telecommunications. The energy industry in Australia is composed of both state-owned and private businesses. Full retail contestability has been enforced throughout the country since July 2014, promoting competition between businesses and enabling consumers to choose their energy supplier and rate plans (market or standard).[20] Recent changes have also included the removal of inter-state energy trade barriers and public energy monopolies. However, the energy industry remains highly regulated; most standards are set by the states including for minimum supply and acceptable levels of customer service that must be met by distributors.

The Guaranteed Service Levels (GSLs) in all Australian states set the standards and payout levels that must be met by all electricity companies. These can vary vastly in terms of customer coverage, exceptions, and methods of payment. For example, Victoria operates its GSLs on a financial year basis, requires that payments from retailers to customers be automatic, and has incremental guarantee levels (based on the total number of times or number of hours an event occurs). Western Australia, on the other hand, covers fewer standards overall, requires that customers apply to retailers for compensation under for four of its five standards, and has lower payout guarantees than Victoria[21] (see Appendix B.1-B.6). According to Victoria's Energy and Water Ombudsman, these payments are made in

[17] Personal injury loss (including mental), pure economic loss or property damage

[18] "The Scheme for Compensation for Detriment caused by Defective Administration (the CDDA Scheme)," *Australian Government: Department of Finance*, last modified 2008, http://www.finance.gov.au/resource-management/discretionary-financial-assistance/cdda-scheme/information-for-applicants-cdda.html.

[19] Australian Commonwealth, *Corporation Act 2001: No. 50, 2001 as amended*, vol. 1-5 (Canberra: Office of Parliamentary Counsel, July 19, 2013)

[20] The movement towards full retail contestability started in Queensland in July 2007. Tasmania was the last Australian state to do so, introducing it in May 2012, and completing it in July 2014.

[21] The only standard that lines perfectly between the two states is that of wrongful disconnection from supply. Western Australia guarantees a pay-out of $94 per day to Victoria's $235 per day (values were converted from AUD to USD as per exchange rate on June 26, 2014)

recognition of poor service rather than as compensation for resulting losses,[22] and the Queensland Competition Authority defines GSLs as "deterrent values."[23] However, Victoria's Ombudsman also mentions that,

"If your damage or any other monetary loss directly related to the incident exceeds the GSL monetary limit, you can lodge a compensation claim with your local distributor. Your distributor will assess whether compensation is payable or not."[24]

Despite the conflicting nature of these statements, there is evidence[25] that customers have been compensated for broken appliances resulting from unplanned power outages, as well as in a few other instances. The specifics remain unclear relative to the Australian government's qualifications of "detriment," and actual compensation payouts are not disclosed.

In cases of customer-retailer or customer-distributor conflicts, all states have an Energy and Water Ombudsman scheme which serves as a faster alternative to formal legal processes. Case handling requires that a consumer first attempt to contact his/her distributor or retailer directly before the EDR assists them to contact higher-level personnel. If these options do not work, the Ombudsman will open an investigation. The office of the Energy Ombudsman is financed by industry members (retailers, distributors, etc) who pay a yearly membership fee. They must also compensate the Ombudsman for costs incurred from handling consumer complaints. Reimbursements are for individual cases or are split according to members' share of cases.

Ombudsmen services are free for consumers. Despite the existence of the Ombudsman, only 8% of complaints[26] in 2012-2013 were made about customer service, and less than 2% were about supply issues. Most disputes are related to billing (54%) and customers' ability to pay. While the GSL scheme is available to customers that consume less than 100 MWh per year (usually individual households and small businesses), there is no clear scheme of compensation for losses incurred by larger businesses and manufacturers. All customers have the right to make a claim to their distributor; the result appears to be largely dependent

---

[22] "Customer FAQs," *Energy and Water Ombudsman: Victoria*, last modified 2014. http://www.ewov.com.au/faqs/customer-faqs.

[23] Queensland Competition Authority, *Review of Electricity Distribution Network Minimum Service Standards and Guaranteed Service Levels to apply in Queensland from 1 July 2010: Final Decision,* (Brisbane: Queensland Competition Authority, April 2009)

[24] "Customer FAQs," *Energy and Water Ombudsman: Victoria*, last modified 2014.

[25] From case studies in Annual Reports

[26] Averaged across Energy and Water Ombudsman Annual Reports from all six states.

on the liability clauses in the contract. For example, Essential Energy (based in New South Wales) maintains a consumer guarantee that covers,

"the replacement of the goods, the supply of equivalent goods, the repair of the goods, the payment of the cost of replacing the goods, the payment of the cost of acquiring equivalent goods or the payment of the cost of having the goods repaired."[27]

On the other hand, another clause within the same contract specifies that,

"To the fullest extent permitted by law, we are not liable for any indirect, special, third party or consequential loss or damage (including, without limitation, economic loss, loss of profit, loss or corruption of data or business interruption) suffered by you."[28]

Fuel for a diesel-powered generator may thus be covered by this liability clause but the losses from an interruption in the activities of a business without a generator would not be covered unless the interruption was due to some negligence or wrongful action on the part of the distributor. The finer points of this, however, would probably need to be debated before a court of law. For a breakdown of GSL payments and energy consumption in one of the Australian states (Victoria), refer to Appendix C.1-C.4.

4.3 Citizen Charters in India

India introduced Citizen's Charters in May 1997 with the *Action Plan for Effective and Responsive Government at the Centre and State Levels*. As of 2011, the Department of Administrative Reforms and Public Grievances (DARPG) recognized 813 charters: 84 by central government ministries, 566 by state governments and 163 by union territories. Based on the British system, India's charter initiative emphasizes client/user obligations.

The adoption of charters has not had the expected impact:

"Most government agencies seem to have viewed implementing a Citizen's Charter simply as an exercise in drafting a short document rather than an opportunity to fundamentally institute systemic changes to improve service delivery quality and increase accountability."[29]

In 2007, a decade after the charter initiative was launched, only 26% of citizens were aware of their existence, and only 7.4% of those had both seen and read a charter[30]. The content of

[27] Essential Energy. *Deemed Standard Connection Contract*. (Port Macquarie: Essential Energy, July 2013.) 5.

[28] *Ibid.* 6.

[29] Public Affairs Centre, *India's Citizen's Charters: A Decade of Experience*, (Bangalore: Public Affairs Centre, 2007) 36.

[30] *Ibid.* 23.

charters was often incomplete: only 54% outlined grievance mechanisms, and just 4% included a compensation clause[31]. The absence of a compensation clause as well as overly lax compensation standards,[32] has rendered the system ineffective. Though the charter system is still in place, India has recently turned to service-oriented legislation as a substitute for the charter initiative.

Another case of a standards-based approach is the Right to Information Act (2005). It gives all Indian citizens access to government information[33] to encourage transparency increase accountability and decrease corruption. All government departments and state-owned firms (including banks) must appoint a Public Information Officer (PIO)[34] . If the information is not supplied in time or the applicant is unsatisfied with the information provided, they may file an appeal to the First Appellate Authority, and then to the Information Commission. The Commission may penalize the PIO for late service, starting at Rs. 250/- ($4.15) per day and capped at Rs. 25,000/- ($415); it may at its discretion compensate the citizen from those funds. If the application was delayed, both appeal processes can waive the applicant's fees.

Two requirements have made the RTI Act a matter of contention: privacy and application fees. When filing an application, citizens must provide their names and addresses, which become public record and in Delhi, RTI applications (both pending and disposed) are posted online with this information (see Appendix D.1 for an example). Evidence suggests that some whistleblowers have been physically harmed since the Act was adopted in 2005, dampening the Act's ability to make the government accountable.

Fees can also be a disincentive. While citizens can make complaints freely, both applications and access to information carry fees in the RTI system (for details, see Appendix D.2). In the past, states have modified these fees and often increased them which has raised concerns

[31] *Ibid.* 18.

[32] For example, the Hyderabad Metropolitan Water Supply and Sewerage Board mandates that new water connections be sanctioned or denied within thirty working days. If the time is exceeded, a compensation of Rs. 20/- ($0.33) is to be paid. If the decision is still not made fifteen days later, the consumer will get an additional Rs. 20/- ($0.33) and a personal explanation from the managing director. 8 weeks after asking for water, a consumer could still not have the *permission* to connect, and only have been compensated Rs. 40/- ($0.66) (values converted from INR to USD using rates from June 26, 2014).

[33] With the exception of matters of public welfare/safety, which can remain private up to 20 years after the case has been closed. Political parties do not come under the RTI Act as judged by a parliamentary committee in December 2013.

[34] The Central Government now has an online portal to facilitate request submission for citizens, in addition to physical submission as most state governments still do. There is also a growing business to have third-parties file RTIs on behalf of citizens for an extra fee.

that the Act was being deliberately rendered inaccessible. In 2011, the Department of Personnel and Training asked that states 'harmonize' their fees, but it is unclear whether all states have followed through. Some states have broken or outdated RTI links suggesting a less than supportive reaction.

Right to Service Acts offer other lessons for SPGs. They are service guarantees enacted in several Indian states from 2010 onwards, starting with Madhya Pradesh. Though provisions vary, the Acts are intended to protect citizens against wrongful denial or unjustified delay of service. They inform citizens of time limits for various services[35] and establish a redress mechanism for complaints. Officers may be fined and citizens compensated for poor service (see chart in Appendix D.3 for details). Most states have chosen to adopt fees of Rs. 500/- ($8.31) to Rs. 5000/- ($83) for service denial; and Rs. 250/- ($4.15) per day or Rs. 5000/- ($83), whichever is less, for late provision of service.[36]

While compensation systems are clear (in contrast to the Citizen's Charters) the Right to Service Acts have many limitations and their impact remains in question. Both appeal and penalization rates are low. "Interviews [in Madhya Pradesh] suggested that about fifty officials had been fined under the act during its first 18 months" and, though the number of penalizations was undetermined for Bihar, only 170 appeals had been filed in the first six months of the Act.[37] To place this in context, the populations of Madhya Pradesh and Bihar are 72.6 million and 104 million respectively.[38]

Popular awareness about the Right to Service Acts remains low despite the publicity surrounding them. A year after their implementation, only 1 in 4 people (the 1225 person sample included 300 elected representatives) surveyed in Madhya Pradesh knew of the Acts. Just 1.6% was aware of the appeal mechanisms, and no one knew that compensation could be claimed from officers or the First Appellate Authority if they had failed to perform their duties.[39]

---

[35] It is believed by the government that the transparency of such deadlines will also reduce corruption amongst officials and citizens since the service must be delivered no matter what. However, Nick Robinson notes that services have actually slowed since, and that corruption may still occur to influence transaction speed (though not the final product).

[36] Swagata Raha, "State Legislation on Right to Time-Bound Delivery of Service," *Accountability Initiative Policy Briefs* (2012), 11.

[37] Nick Robinson, "Right to Public Service Acts in India: The Experience from Bihar and Madhya Pradesh," *Accountability Initiative Policy Briefs* (2012), 7-8.

[38] From the 2011 Census. The interviews were also conducted around that time.

[39] B Muralidharan, *Evaluation and Management Audit of the Madhya Pradesh Lok*

The length and complicated nature of the process of compensation may also contribute to low utilization. In all states the First Appellate Authority has a conflict resolution timeframe that is either a) not mentioned, or b) 30 to 45 days. Filing a complaint may be complicated by existing policies,[40] the training and helpfulness of staff, and the accessibility of complaint-processing bureaus (number, location/geographic spread, languages, spoken, etc.). The opportunity cost of filing a complaint may therefore be too high to actually follow through. The coverage of most acts only guarantees unreasonable delays in services (a subjective assessment), with fine levels that, in some cases, can be very low.[41] Jammu and Kashmir is the only state to fine officers for poor quality of service. Officials have raised concerns that the imposition of time limits on service delivery may actually lower the quality of services.

4.4 Performance Contracts in the USA

In 1993, two years after the UK launched its Citizen's Charter initiative, the Clinton administration introduced the National Performance Review (NPR), a program aimed at redefining government service delivery as a business transaction, evaluating the efficiency of government agencies and "putting customers first." NPR cut superfluous programs and reoriented agencies by helping them develop standards of performance. By 1995, multiple government agencies were listed as having better service than Fortune 500 companies – that year, the Social Security Administration ranked highest of all providers of telephone customer service. Despite the program's similarity to Citizen's Charters and the existence of complaint mechanisms, there are no stated redress or compensation mechanisms.[42]

Utilities and private companies are not obliged to establish standards or consumer guarantees in the United States. They have consequently become an additional selling point, or 'feature,' of certain products. While many companies selling private products or services have set standards (e.g., FedEx and L.L. Bean), guarantees are virtually non-existent in the

---

Sewaon Ke Pradan Ki Gurantee Adhiniyam, 2010: Independent Report, (Hyderabad: Center for Organization Development, 2012), 20.

[40] A single-window policy for example requires that all forms can be picked up, filled out, and submitted in one location. Madhya Pradesh does not have this explicit policy, but Bihar does. There are similar differences amongst all states that have enacted a Public Service Act.

[41] Delhi, for example, only covers the delay in service provision by Rs. 10/- ($0.17) per day, capped at RS. 200/- ($3.32) per application. It is unlikely that a user would go through a bureaucratic process of several months to obtain the compensation (it is not provided automatically). The fee is probably not high enough to actually have an effect on officers and the process overall.

[42] The recent scandal over falsified performance data by the Veteran's Affairs department suggests however that all service claims deserve both greater scrutiny and more effective citizen feedback mechanisms. See for example http://www.nationaljournal.com/congress/the-va-s-scandal-just-keeps-spreading-20140714.

provision of utilities, with the notable exception of PacifiCorp. PacifiCorp owns two energy distributors that service parts of California, Washington, and Oregon (Pacific Power), as well as Idaho, Utah, and Wyoming (Rocky Mountain Power). The company voluntarily sets standards and has established compensation payments if it fails to meet these standards (see Appendix E.1). Most payments are automatic and are credited to the customer's account, ensuring on-going loyalty from consumers.[43] (For details, see Appendix E.2).

4.5 Lessons from Citizen Charters

The experience of citizen charters offers a number of lessons for potential SPGs, some of which parallel the lessons from shopping malls and hotels. Guarantees should be established on the basis of clear and quantifiable standards. The latter must be appropriate for each context; those too harsh will not enable the party providing the service to comply; those too lax will neither inspire trust by the client nor be utilized. Programs involving multiple small clients -- individuals and SMEs -- will benefit from automatic and public compensation systems because the transactions costs for case by case decisions will be too high to make claiming worthwhile. In most cases, insurance cannot therefore be offered to cover compensate for actual losses because these require detailed computations. The situation is different for large clients, and could involve more of a case-by-case approach.

For most clients, automatic compensation payments against quantifiable standards may therefore be more useful than discretionary processes or ones that require the filing of claims. They also protect claimants from having to reckon with intimidation and retribution by the service provider. If they work well, the public disclosure of performance through the guarantee or charter program can play an important role in helping citizens (in the aggregate) hold their service providers and governments to account. However, guarantees cannot be used as instruments of accountability unless clients are fully aware of their rights and of the mechanisms through which they can be compensated.

[43] The Australian system allows consumers to decide on their method of payment, from account credit to personal checks. Though most guarantees cover distributors, which are regional monopolies, this nonetheless allows a client to switch to a different retailer and keep its compensation payment while doing so. PacifiCorp does not make this possible.

5. Towards Service Performance Guarantees as Development Tools

5.1 Elements of an SPG

Can citizen charters and the experience of shopping malls and hotels inform the design of SPGs to attract investors? Just as hotels or shopping centers must compete for clients, countries must compete for investors especially for footloose industries not closely tied to a strong natural resource base. Countries, or investor zones within countries, can therefore be thought of as investor hotels. Some have particular assets, such as location, low-wage labor or natural resources but these may not be enough to ensure a healthy interest from a wide range of investors unless the country or zone is able to offer services (including security services) up to a minimum acceptable standard. Like shopping malls, countries may also try to attract and retain a few high-quality "anchor" investors able to deliver externalities and enhance its reputation; Costa Rica's courting of Intel to gain the attention of investors is an example.[44] These anchor investors will, of course, require individual attention but that is less practical for large numbers of smaller firms.

SPGs would combine elements of service guarantees, including of the type included in contracts, citizens' charters and insurance. If a wide range of services is to be covered, it is probably more practical to start in a particular economic zone. Both domestic and foreign firms would be eligible for the program, and be offered the opportunity to purchase a contract guaranteeing the delivery of specified services up to minimum standards for a prescribed period, possibly around 10 years. If offered in a zone, the contract could be embedded in the rental agreement for the premises or land. Drawing on the lessons above, contracts would be standardized rather than customized, except for the largest firms. Although a form of insurance, SPGs cannot be implemented on an individual basis like political-risk and credit guarantees. The transactions costs would be prohibitive because they would need to insure large numbers of firms and provide payments to cover lapses in service performance that could be recurring and relatively small.

The guarantee could potentially cover a range of services. It could include, for example, the speed of processing of duty drawbacks and VAT rebates as well as other formalities, inspections and permits, the time needed for port turn-around and customs clearance at

---

[44] Larrain, Lopez-Calva and Rodriguez-Clare 2000.

ports or airports. In certain conditions it could be feasible to cover the quality and reliability of power supply. The guarantees would be contractual legal agreements between the service provider -- probably the operator of the zone --and the firm.

The SPG contracts would be covered by a "domestic reserve" funded from premiums paid in by the firms, perhaps as part of their lease agreements. This would be backed up by a further guarantee issued by an agency like MIGA or by USAID's Development Credit Authority which already has authority to issue guarantees to domestic, as well as foreign investors. The backup guarantee could also be issued by IDA or by another donor. These backup guarantees could be components of loans or development credits extended to the country to create or rehabilitate infrastructure, to help streamline business processes, or to establish an economic zone or a "growth pole". An "external reserve" would be set aside out of the loan amounts to cover the backup guarantee.

Calls on the performance contracts that exceeded the domestic reserve of the SPG would trigger calls on the external reserve and a payment from the development agency to cover the balance of the SPG. At the end of the prescribed period, any unused balances in the domestic and external reserve funds could revert to the country as a performance bonus for providing good services.

5.2 Towards Making SPGs Operational

The SPG approach aims to strengthen incentives for delivering results and can be seen as a variant of Results Based Aid. At the same time, however, it aims to provide firms insurance against inadequate delivery of key services, and to ensure that shortfalls in delivery are measured, reported, and raised to a high political level.

The first stage would be to understand the most serious impediments to investment. Some of these, like macroeconomic instability, might be out of the range of consideration but others, in the area of public services, might be within the scope of a potential project and able to be benchmarked against international norms. There may already be projects addressing these areas: these could be pulled together under an umbrella private sector development program, which would aim for an agreed set of performance standards, together with systems for monitoring performance. It might be more practical to pull the service standards together within a particular economic zone that already would have a management structure.

Firms, in the first instance, perhaps within such a zone, would be offered the opportunity to purchase a contract providing insurance against service lapses. To avoid an incentive for providers to prioritize particular firms, it might be better to insure against zone-wide performance rather than the services provided to an individual firm. This could simplify monitoring; it would certainly simplify reporting.

Compensation to a firm could be subject to two ceilings, one related to the level of insurance purchased and the other to the volume of investment or sales or exports. This is to ensure that firms are not just able to profit by betting on the performance of the zone operator. It is also necessary to ensure that the reserve fund is able to cover a suitably large number of firms. Compensation would be in recognition of poor service; it would not be practical to offer contracts that covered business losses.

Monitoring would be on a monthly basis, be part of the performance agreement between government and the responsible ministry responsible for the project and be reviewed by a tripartite commission representing government, investors and the donor. Lapses in performance beyond specified levels would trigger automatic compensatory payments to covered firms; if in a special zone they could initially be in the form of rebates on rents and other service charges. Depending on the contract, extremely poor service delivery could cause payments to exceed fees requiring access to the reserve fund. The total liability of that fund would need to be capped at some level and a limit set on the term of the guarantee program, for example, ten years. The resources for the reserve fund would come out of the allocation of assistance to the country, perhaps as a supplement to the business development operation.

5.3. Could SPGs Actually Work? Benefits and Risks

As a complement to an ongoing PSD/infrastructure program, the proposed operation offers several potential benefits. First, it would add credibility to the program and serve as a marketing tool for the country. Without "picking winners" it could play some role in encouraging investors, especially in export-oriented activities. Second, by forcing a focus on service delivery results it would provide a framework for investment and building capacity that emphasizes setting standards and monitoring results. Third, and perhaps most important, it would escalate policy dialog and reform in the investment climate area. Serious performance lapses would be treated as a breach of contract. The approach would restructure accountability, placing real accountability on the country authorities and donors who jointly support the program.

Having said this, one also needs to consider the difficulties and risks. The first risk is that of over-complexity. The approach will only work if the performance contracts are reasonably simple and easy to monitor. It might be easiest to pilot in enclave areas, particularly industrial zones, where infrastructure and enabling conditions (e.g. one stop shops) are in place for service delivery. In this kind of setting, the zone operator is typically already offering a package of infrastructure, public services, and streamlined regulation. An SPG could be more easily placed on top of that package, and if effective, could perhaps be oriented towards some of the export-oriented light manufacturing that still proves elusive to most African countries. The World Bank currently has a number of projects that support such zones; these may provide an entry point.

Credible and independent monitoring of the service indicators would be essential, as would be their transparent publication. New technology is increasingly being used by firms in service sectors to increase efficiency, including monitoring the timeliness of service delivery on a real-time basis. For example, India's huge Aadhaar program collects real-time data on individual enrolments that can pinpoint error-prone operators or defective equipment. With some 50,000 enrolment stations, that program has already enrolled over 600 million people. Technology opens ways to monitor a wide range services, including clearances, approvals, rebates, power supply and transit.[45]

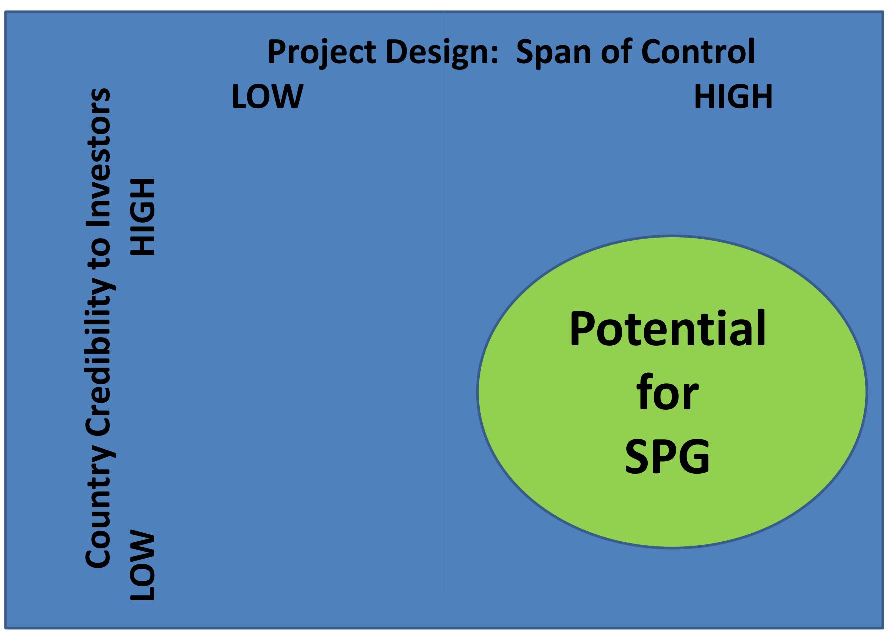
A second risk is of severe losses due to inadequate implementation of reforms or overoptimistic projections of service standards. This brings up two problems – limits to government capacity and the span of control of the entity issuing the guarantee. SPGs will lack credibility if issued by governments with clearly inadequate capacity; they are probably not a useful instrument for fragile and conflict-affected states. In addition, the operator of a zone cannot be expected to issue a guarantee covering the performance of a provider – such as a power company-- that is totally outside the range its influence, if not control. Either it will be necessary to severely constrain the scope of guarantees or some arrangement will

45 For India's Aadhaar program see Gelb and Clark 2013. Such monitoring is now commonplace in service firms. United Parcel Service (UPS) for example has made a massive investment in its performance tracking and monitoring systems to enable real-time feedback on distribution and deliveries and optimization of routes. See for example http://www.wired.com/2013/06/ups-astronomical-math/.

need to be developed to ensure joint responsibility for service delivery. A powerful coordination mechanism or steering group would be needed to bring together key service providers to the zone, possibly under the aegis of the President or another very senior official. Such an arrangement could greatly benefit such projects, which experience shows can be impeded by special interests or lack of cooperation.

These considerations shape the choice of countries for possible SPGs and also their feasible scope, as shown in Figure 4. The approach is not feasible in countries with poor and unstable governance and little credibility with investors; neither might it be attractive for countries already well established with a broad span of investors. It greatest appeal would be in well-managed countries looking to broaden investments to a wider range of sectors, and in particular to diversify outside the extractive sectors. Examples in Africa could include countries like Ethiopia, Ghana, Madagascar, Rwanda or Tanzania. The design of the operation also requires the agency issuing the SPG to have a span of control wide enough to manage the insured risks.

Figure 4: The Potential Space for an SPG



A third set of risks is exposure. This could exceed resources unless contracts are limited and the service level standards are realistic, taking into account the improvements expected from the project as well as the additional incentives provided by the SPG. There will also need to be provisions to cover situations beyond the control of any service provider, such as conflict or severe natural disasters. Only in truly extreme cases (war, severe natural disasters) would the service standards be waived by arbitration. These are serious concerns, because it is possible to imagine conditions under which SPGs do harm rather than good. For example, suppose the agency issuing the guarantee has no authority to improve the performance of the services that it covers and the service standards are set at an over-optimistic level. Firms ill-suited to operating under poor service conditions may enter the zone or they may fail to take risk-mitigation measures. The effect will be loss of productivity, the diversion of aid to firms and a further loss in the credibility of the country as a destination for private investment.

A fourth risk is – will they come? Would the payments offered by SPGs attract firms to sign up in large numbers even if they cannot cover business losses due to poor service? The response will of course reflect the attractiveness of the conditions. But even if not too many firms enroll, some of the purposes of the SPG will be served. The guarantees will force a focus on standards and continuous performance monitoring. Shortfalls which trigger compensation out of the reserve fund supported by the donor will be escalated to high levels of policy dialogue as well as be newsworthy. On their own, SPGs are not a panacea. They cannot substitute for the large investments – in power, transport or other infrastructure – that may be needed to enable service standards to progress to the point where they are sufficiently developed to be included in an SPG. They also cannot substitute for large political risk guarantees that may be useful to attract investors into such projects.

6. Conclusion

Service Performance Guarantees can be seen as an extension of results-based aid but provide a different pattern of accountability – of a "partnership" of donors and recipient governments towards their investor clients. This is in contrast to conventional results-based aid approaches that condition disbursement to governments on the achievement of service outputs or outcomes without a direct link to the clients for the services. For example, even in a results-based education project that disburses against learning outcomes, a child would not be compensated for time devoted to sub-standard education that yields nothing in the form of learning.

The design of SPGs can draw on a wide range of experience – the ways in which shopping malls and hotels court their clients including through service guarantees (as understood in the service sectors), political risk guarantees, citizen charters and right-to-service movements. While these are all very different, they offer some lessons that can be used to inform the design of SPGs, either as standalone instruments or, more likely, as components of productivity-related projects and programs that aim to increase private investment. Much more work would, of course, be needed on the detailed design of such instruments before they could become operational.

References

African Transformation Report: Growth with Depth. Accra, Ghana: African Center for Economic Transformation, 2014.

Australian Commonwealth. *Corporation Act 2001: No. 50, 2001 as amended*, vol. 1-5. Canberra: Office of Parliamentary Counsel, July 19, 2013.

Cantens, Thomas, Gaël Raballand, Nicholas Strychacz, and Tchapa Tchouawou. 2010. "Reforming African Customs: The Results of the Cameroonian Performance Contract Pilot." *Africa Trade Policy Notes,* 13. Washington, DC: World Bank Group.

"Customer FAQs." *Energy and Water Ombudsman: Victoria.* Last modified 2014. http://www.ewov.com.au/faqs/customer-faqs.

Eifert, Benjamin. "Do Regulatory Reforms Stimulate Investment and Growth? Evidence from the Doing Business Data, 2003-07." *Center for Global Development Working Paper* 159. (2009)

Eifert, Benjamin, Alan Gelb and Vijaya Ramachandran. "The Cost of Doing Business in Africa: Evidence from Enterprise Survey Data." *World Development* 36, no. 9 (2008): 1531-1546.

Essential Energy. *Deemed Standard Connection Contract.* Port Macquarie: Essenetial Energy, July 2013.

Gelb Alan and Julia Clark. "Performance Lessons from India's Universal Identification Program". Center for Global Development Policy Paper 20 (2013).

Gelb, Alan, Christian Meyer, and Vijaya Ramachandran. "Does Poor Mean Cheap? A Comparative Look at Africa's Industrial Labor Costs." *Center for Global Development Working Paper* 325. (2013)

Gelb, Alan, Christian Meyer, and Vijaya Ramachandran. "Development as Diffusion: Manufacturing Productivity and Sub-Sahran Africa's Missing Middle." *Center for Global Development Working Paper* 357. (2014)

Hogreve, Jens and Dwayne D. Gremler. "Twenty Years of Service Guarantee Research: a Synthesis." *Journal of Service Research* 11, no. 4 (2009): 322-343.

Howard, John, PM. *More Time for Business*. Canberra: Australian Government Publishing Service, March 24, 1997.

Kellow, Nebil, and John Sutton. *An Enterprise Map of Ethiopia*. London: International Growth Centre, 2010.

Kpenty, Bennet, and John Sutton. *An Enterprise Map of Ghana.* London: International Growth Centre, 2012.

Langmead, Gillian, and John Sutton. *An Enterprise Map of Zambia*. London: International Growth Centre, 2013.

Larrain Felipe, Luis Lopez-Calva, and Andres Rodriguez-Clare. 2000. "Intel: A Case Study of Foreign Direct Investment in Central America". CID Working Paper No. 58, Harvard University. December.

Mullen, John. "John Major's Citizens Charter - Fifteen Years Later." In *Citoyens ou Consommateurs?: Les mutation rhéthoriques et politiques au Royeaume-Uni*, edited by Raphaële Espiet-Kilty and Timothy Whitton, 33-53. Clermont-Ferrand: Presses Universitaire Blaise Pascal, 2006.

Muralidharan, B. *Evaluation and Management Audit of the Madhya Pradesh Lok Sewaon Ke Pradan Ki Gurantee Adhiniyam, 2010: Independent Report*. Hyderabad: Center for Organization Development, 2012.

Olomi, Donath, and John Sutton. *An Enterprise Map of Tanzania*. London: International Growth Centre, 2012.

Public Affairs Centre. *India's Citizen's Charters: A Decade of Experience*. Bangalore: Public Affairs Centre, 2007.

Queensland Competition Authority. *Review of Electricity Distribution Network Minimum Service Standards and Guaranteed Service Levels to apply in Queensland from 1 July 2010: Final Decision.* Bribane: Queensland Competition Authority, April 2009.

Raha, Swagata. "State Legislation on Right to Time-Bound Delivery of Service." *Accountability Initiative Policy Briefs.* (2012).

Robinson, Nick. "Right to Public Service Acts in India: The Experience from Bihar and Madhya Pradesh." *Accountability Initiative Policy Briefs.* (2012)

Sutton, John, et al. *An Enterprise Map of Mozambique*. London: International Growth Centre, 2014.

"The Scheme for Compensation for Detriment caused by Defective Administration (the CDDA Scheme)." *Australian Government: Department of Finance*. Last modified 2008.

http://www.finance.gov.au/resource-management/discretionary-financial-assistance/cdda-scheme/information-for-applicants-cdda.html.

World Bank. *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises*. Washington, DC: The World Bank Group, 2014.

World Bank. "Infrastructure." *Enterprise Surveys: What Businesses Experience*. Last modified 2014. http://www.enterprisesurveys.org/Data/ExploreTopics/infrastructure#--1.

World Bank. *Enterprise Survey Data and Country Reports* (available at enterprisesurveys.org.) Washington, DC: World Bank Group. (various years)

APPENDIX A: Service Standards and Compensation Payment Values in UK

Service standard	What happened?	Payment	Claim?
Supply restoration (normal weather)	Supply due to a distribution system problem is not restored within the prescribed timeframe. $<$ 5000 customers affected: 18hrs. $>$ 5000 customers affected: 24hrs.	\$92 residential \$184 business \$46 per additional 12hrs.	Yes 3mos.
Supply restoration (Cat. 1 Weather)	Supply due to a Category 1 severe weather incident is not restored within 24hrs.	\$46 initial \$46 per additional 12hrs. (Maximum of \$368)	Yes 3mos.
Supply restoration (Cat. 2 Weather)	Supply due to a Category 2 severe weather incident is not restored within 48hrs.	\$46 initial \$46 per additional 12hrs. (Maximum of \$368)	Yes 3mos.
Supply restoration (Cat. 3 Weather)	Supply due to a Category 3 severe weather incident is not restored within time calculated: $48 \times \left(\frac{total\ \#\ customers\ interrupted}{Cat3\ threshold\ \#\ customers}\right)^2$	\$46 initial \$46 per additional 12hrs. (Maximum of \$368)	Yes 3mos.
Rota Disconnection	Shortage of supply causes distributor to interrupt supply to locality. Total must not exceed 24hrs.	\$92 residential \$184 business	Yes 3mos.
Reliability of supply	The number of sustained (> 3hrs) interruptions exceeds the prescribed limit of 4 in one year.	\$92	Yes 3mos.
Distributor's Fuse	If the fuse failed, the distributor will attend the premises within 3hrs on weekdays and 4hrs on other days	\$37	No
Estimate of connection charges	Distributor fails to provide an estimate within 5 business days for simple work, and 15 business days for complex work	\$75	No
Notice of planned interruptions	Distributor fails to provide at least 48hrs notice of a planned interruption	\$37 residential \$75 business	Yes 1 mo.
Voltage	Distributor will explain a voltage complaint within 5 business days, or attend the premises within 7 business days	\$37	No
Charges and payments	Distributor fails to explain refusal to change a customer's payment method within 5 days Distributor fails to explain a query about a supply account's correctness within 5 days Distributor fails to make payment for a relevant regulation/guarantee claim within 5 days	\$37	
Meter dispute	Distributor will explain a meter complaint within 5 business days, or attend the premises at an agreed-upon time	\$37	
Pre-payment meter	If the pre-payment meter is not operating, the distributor will attend the premises within 3hrs on weekdays and 4hrs on other days	\$37	
Timeliness	Distributor fails to make or keep an appointment	\$37	No
Automatic GS payments	Distributor fails to make a Guaranteed Standard payment within 10 working days of becoming aware of a failure (other a failure which must be claimed by the consumer)	\$37	No

APPENDIX B.1: Guaranteed Service Levels of Electricity in New South Wales

Service standard	What happened?	Payment
Failure to connect in required timeframe	Distributor fails to connect the customer by the agreed upon date.	$56 per day (maximum $282)
Appointment time	If the distributor is more than 15 minutes late for an appointment, payment is made.	$24
Supply interruption	Supplier must give affected customers 4 days' notice of any planned interruptions to supply. If no notice is given, or the work takes longer than planned, payment is made.	$19
Public light repair	Distributor fails to repair a faulty public light by the date agreed upon with the affected consumer. All customers whose property is adjoining must receive a payment.	$14

All payments made automatically. Values converted from AUD to USD using rates from 26/6/2014.
http://www.legislation.nsw.gov.au/maintop/view/inforce/subordleg+468+2001+cd+0+N

APPENDIX B.2: Guaranteed Service Levels of Electricity in Queensland

Service standard	What happened?	Payment
Wrongful disconnection	Retailer or distributor fails to follow disconnection procedures.	$122
Failure to connect in prescribed timeframe	Distributor fails to connect within the agreed timeframe (first time) In the case of reconnection: Brisbane CBD and urban areas: 1 business day Bay Islands and rural areas: 10 business days	$49 per day late
Hot water supply	Distributor fails to attend to the problem within 1 business day	$49 per day late
Appointment time	If the distributor is late for an appointment, payment is made.	$49
Unplanned interruption	Distributor must provide the customer with 2 business days' notice when interrupting electricity supply to do maintenance work (mail, letter/flyer, newspaper/radio advertisements, email, phone, fax)	$24 residential $61 business
Failure to reconnect within required timeframe	Supply is not reconnected within the timeframes prescribed. Brisbane CBD and urban areas : 8 hours Bay Islands and rural areas : 18 hours	$98
Low reliability of supply	The number of sustained supply interruptions exceeds the limits prescribed within a financial year Brisbane CBD and urban areas : 10 Bay Islands and rural areas : 16	$98

All payments made automatically. Additional claims can be made within 3 months of the event.
Customers may claim up to $391 across all GSL types, excluding wrongful disconnections, per electricity account in any one financial year. Payments for wrongful disconnections are not subject to a cap. Values converted from AUD to USD using rates from 26/6/2014.

Exceptions

-Momentary interruptions (i.e. less than one minute)
-Interruptions caused by transmission and generation failures
-Planned interruptions
-Interruptions caused or requested by the consumer
-Interruptions due to natural disasters
http://www.qca.org.au/getattachment/81f4beff-513c-4bc9-be95-f87bf142b584/Final-Report.aspx

APPENDIX B.3: Guaranteed Service Levels of Electricity in South Australia

Service standard	What happened?	Payment
Failure to reconnect in required timeframe	Supply is not reconnected within the timeframes prescribed.	$85 for > 12 hrs. $132 for > 15 hrs. $174 for > 18 hrs. $348 for > 24 hrs.
Low reliability	The number of supply interruptions (of greater than 1 minute) in a regulatory year exceeds the limits prescribed.	$85 for 10-12 $132 for 13-15 $174 for > 15

All payments made automatically. Values converted from AUD to USD using rates from 26/6/2014.

Exceptions

-Single customer interruptions caused by the customer or by a fault on the customer's installation

-Momentary interruptions (i.e. less than one minute)

-Interruptions caused by transmission and generation failures

-Disconnections that lead to supply interruptions due to emergency situations, such as bushfires

-Multiple interruptions that are related to a single fault

-Planned interruptions

-Disconnections that exceed the prescribed timeframe due unsafe equipment access routes

http://www.sapowernetworks.com.au/public/download.jsp?id=8136

APPENDIX B.4: Guaranteed Service Levels of Electricity in Tasmania

Service standard	What happened?	Payment
Failure to reconnect within required timeframe	Supply is not reconnected within the timeframes prescribed.	Urban $75 for >8 hrs. $150 for >16 hrs. Semi-rural $75 for >8 hrs. $150 for >16 hrs. Rural $75 for >12hrs. $150 for >24 hrs.
Low reliability	The number of supply interruptions (of greater than 1 minute) in a 12-month rolling period (starts over once the limit is reached) exceeds the limits prescribed.	Urban $75 for 10 Semi-rural $75 for 13 Rural $75 for 16

All payments made automatically. Values converted from AUD to USD using rates from 26/6/2014.

Exceptions

-Load shedding at ministerial direction

-Momentary interruptions (i.e. less than one minute)

-Interruptions of un-metered supply

-Interruptions that are requested by the customer

-Disconnection for bad debt

-Disconnection for safety

-Widespread interruptions due to 'rare' events to be decided by the regulator

-Interruptions for testing and maintenance of service wires service fuses and meters

http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/12_2653_Final_Guaranteed_Service_Level_Scheme_Guideline_Version%203.pdf/$file/12_2653_Final_Guaranteed_Service_Level_Scheme_Guideline_Version%203.pdf

APPENDIX B.5: Guaranteed Service Levels of Electricity in Victoria

Service standard	What happened?	Payment
Wrongful disconnection	Retailer or distributor fails to follow disconnection procedures.	$235 per day disconnected (no maximum)
Failure to connect within required timeframe	Distributor fails to connect within 10 business days of the request	$47 per day (maximum $235)
Appointment time	If the distributor is more than 15 minutes late for an appointment, payment is made. An appointment window of no more than 2 hours must be specified by 5pm on the business day prior to the appointment.	$19
Failure to restore supply	Customer experiences more than a certain number of hours of unplanned sustained interruptions per year	$94 for >20 hrs. $141 for >30 hrs. $282 for >60 hrs.
Low reliability (unplanned sustained)	The number of sustained supply interruptions exceeds the limits prescribed	$94 for >10 $141 for >15 $282 for >30
Low reliability (momentary)	The number of momentary supply interruptions exceeds the limits prescribed	$24 for >24 $33 for >36
Public light repair	Distributor fails to repair a faulty public light within 2 business days of being notified, and customer is the occupier of the immediately neighbouring residence or business	$9

All payments made automatically. Values converted from AUD to USD using rates from 26/6/2014.

Exceptions

-Load shedding

-Interruptions caused by a failure of the shared transmission network

-Interruptions caused by a failure of transmission connection assets

-Interruptions on a day where the unplanned interruption frequency exceeds the threshold set by the regulator

-Interruptions that are requested by the customer

http://www.esc.vic.gov.au/getattachment/a6b85585-af03-4a2e-bb17-dfff74bbd886/Electricity-Distribution-Code-January-2011.pdf

APPENDIX B.6: Guaranteed Service Levels of Electricity in Western Australia

Service standard	What happened?	Payment	Application
Failure to reconnect within required timeframe	Supply is not reconnected within the timeframes prescribed.	$56 per day (maximum $282)	Apply to retailer within 90 days
Wrongful disconnection	Retailer or distributor fails to follow disconnection procedures.	$94 per day disconnected (no maximum)	Automatic payment
Failure to acknowledge a written query or complaint	Retailer or distributor fails to acknowledge (10 business days) or respond (20 business days) to a written query or complaint.	$19	Apply to retailer or distributor within 90 days
Failure to provide notice of planned interruption*	Horizon Power or Western Power fails to provide at least 72 hours' notice of a planned interruption.	$19	Apply to distributor within 60 days
Interruptions exceeding 12 hours*	Supply is interrupted for more than 12 hours.	$75	Apply to distributor within 60 days

* Only applies to a person who consumes no more than 50MWh of electricity per year.

Values converted from AUD to USD using rates from 26/6/2014.

Exceptions

-Natural disasters

-Interruptions where the correct notice has been given or a time agreed

-Events between the meter and the household or inside the house

-Events in a transmission pipeline or production facility

-Interruptions caused by third party or consumer interference

http://www.erawa.com.au/for-consumers/switched-on-a-guide-for-electricity-gas-customers/complaints-and-service-standards

APPENDIX C.1: Victoria Summary Statistics

Victoria is the second most populous state. As of the 2011 Census, Victoria had a population of 5,534,526 (24.8% of all Australia).[46]

Victoria consumes 25% of Australia's total energy use (second highest), an increase in 3% from the previous year. Though we do not have access to sector breakdowns for Victoria, the state has had decreasing 'residential' and 'other' energy uses over the past few years. The three percent increase in overall use was thus driven by other sectors. The majority of household energy in Victoria comes from natural gas (68%), followed by electricity (28.5%).[47]

	Energy Sources of Households						
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania
Electricity	56.70%	73.67%	28.51%	86.52%	59.67%	59.12%	94.44%
Natural Gas	37.68%	20.84%	68.02%	5.43%	35.08%	29.41%	1.11%
LPG	2.92%	2.74%	2.38%	4.49%	2.95%	3.24%	3.33%
Solar	2.70%	2.74%	1.09%	3.56%	2.30%	8.24%	1.11%

http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features10Sep+2012

Victoria has one of the more complex and comprehensive GSL standards of Australia, which covers wrongful disconnection, timeliness (regarding connection, appointments, public light reparation and supply restoration), and reliability of supply (unplanned sustained and momentary interruptions). For a more complete price scheme, see Appendix B.5.

There are five electricity distributors in Victoria: Jemena, CitiPower, Powercor, SP AusNet, and United Energy. Each distributor covers a different geographic area of Victoria; contracts go through the intermediary of retailers, of which there are 18. GSL payments are automatically made by the distributors to consumers. In 2010, these payments amounted to more than $6.5 million. (See Appendices C.2 to C.4 for details.)

[46] Australian Bureau of Statistics. *2011 Census QuickStats: Victoria*. (2011.)

[47] This is the opposite of most of Australia, which overall has an electricity use of 56.7%, and a natural gas use of 37.7%.

APPENDIX C.2: Comparative GSL Payments for Supply Reliability in Victoria

	Number				Number per 1000 Customers				Amount Paid			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
Payments due to long supply restoration time												
Jemena	0	411	545	78	0	1.4	1.79	0.25	$ -	$ 38,653	$ 51,490	$ 7,524
CitiPower	5	12	5	1	0	0	0.02	0.00	$ 470	$ 1,458	$ 470	$ 94
Powercor	4,420	4,358	15,569	21,994	6.6	6.4	6.31	31.13	$ 397,061	$ 425,275	$ 1,398,884	$ 2,027,345
SP AusNet	21,994	7,311	43,186	21,635	37.1	12.1	70.66	34.71	$ 2,547,325	$ 794,687	$ 5,816,169	$ 2,561,855
United Energy	53	620	8,336	1,735	0.1	1	13.29	2.74	$ 5,596	$ 85,394	$ 821,161	$ 182,684
All DNSPs	26,472	12,708	67,641	45,443	10.7	5.1	26.64	17.61	$ 2,950,452	$ 1,344,761	$ 8,088,174	$ 4,779,502
Payments due to low supply reliability												
Jemena	0	0	0	0	0	0	0	0	$ -	$ -	$ -	$ -
CitiPower	0	0	0	0	0	0	0	0	$ -	$ -	$ -	$ -
Powercor	3,203	730	1,914	2,589	4.8	1.1	2.77	3.66	$ 299,254	$ 68,653	$ 178,828	$ 244,190
SP AusNet	14,265	3920	14,976	8,083	24.1	6.5	24.5	12.97	$ 1,401,047	$ 377,500	$ 1,573,715	$ 825,534
United Energy	0	2	132	0	0	0	0.21	0	$ -	$ 188	$ 12,414	$ -
All DNSPs	17468	4652	17,022	10,672	7	1.9	6.7	4.14	$ 1,700,301	$ 446,341	$ 1,764,958	$ 1,069,724
Payments due to frequent momentary interruptions												
Jemena	0	0	0	0	0	0	0	0	$ -	$ -	$ -	$ -
CitiPower	0	0	0	0	0	0	0	0	$ -	$ -	$ -	$ -
Powercor	5889	1251	4,493	4,256	8.8	1.8	6.5	6.02	$ 154,197	$ 30,748	$ 101,795	$ 101,353
SP AusNet	8407	11344	25,123	22,334	14.2	18.8	41.1	35.83	$ 222,461	$ 281,470	$ 649,645	$ 559,742
United Energy	0	0	0	0	0	0	0	0	$ -	$ -	$ -	$ -
All DNSPs	14296	12595	29,616	26,590	5.8	5.0	11.67	10.31	$ 376,658	$ 312,218	$ 751,440	$ 661,095
Total GSL Payments for supply reliability and long supply restoration time												
Jemena									$ -	$ 46,271	$ 51,490	$ 7,524
CitiPower									$ 470	$ 1,458	$ 470	$ 94
Powercor									$ 850,513	$ 524,677	$ 1,679,508	$ 2,372,888
SP AusNet									$ 4,170,833	$ 1,453,657	$ 8,039,529	$ 3,947,130
United Energy									$ 5,596	$ 85,582	$ 833,575	$ 182,684
All DNSPs									**$5,027,411**	**$2,111,643**	**$10,604,572**	**$6,510,321**

Values converted from AUD to USD using rates from 26/6/2014.

APPENDIX C.3: Comparative GSL Payments for Customer Service in Victoria

	Number*				roportion of All Occurences (%				Amount Paid			
	2007***	2008	2009	2010	2007	2008	2009	2010	2007***	2008	2009	2010
Payments due to late appointments												
Jemena		12	8	211	0.08	0.313	0.111	1.79		$ 451	$ 301	$ 7,937
CitiPower		2	2	64	0.03	0.017	0.022	0.75		$ 75	$ 75	$ 2,408
Powercor		1	2	43	0.07	0.009	0.015	0.29		$ 38	$ 75	$ 1,655
SP AusNet		2	1	0	0.07	0.167	0.014	0.00		$ 38	$ 19	$ -
United Energy		29	61	268	0.36	0.35	0.782	1.54		$ 621	$ 1,147	$ 5,022
All DNSPs		46	74	584	0.12	0.126	0.167	1.00		$ 1,223	$ 1,618	$ 17,022
Payments due to late new connections												
Jemena		55	56	7	0.19	0.8	0.89	0.11		$ 6,019	$ 7,006	$ 1,035
CitiPower		7	0	15	0.05	0.01	0	0.02		$ 1,129	$ 564	$ 1,693
Powercor		24	14	28	0.04	0.02	0.01	0.02		$ 3,856	$ 2,633	$ 2,915
SP AusNet		234	384	265	2.66	1.74	2.58	1.74		$ 23,888	$ 36,067	$ 31,882
United Energy		9	10	0	0.05	0.08	0.12	0.00		$ 16,289	$ 1,317	$ -
All DNSPs		339	455	320	0.19	0.15	0.18	0.13		$ 51,180	$ 47,587	$ 37,524
Payments due to late streetlight repair												
Jemena		29,897	20,395	32,544	***	46.393	31.45	48.51		$ 978	$ 2,614	$ 527
CitiPower		13,549	11,834	12,712	33.4	26.104	22.70	24.34		$ 677	$ 1,016	$ 75
Powercor		5,084	13,711	28,107	4.5	3.758	9.82	19.52		$ 1,279	$ 188	$ 1,392
SP AusNet		**	26,531	15,402	0.1	na	22.18	12.37		$ 19	$ 103	$ 1,552
United Energy		18,174	45,611	11,955	14.4	15.79	39.49	10.27		$ 301	$ 320	$ 103
All DNSPs		480,485	120,520	104,122	***	***	24.51	20.65		$ 3,254	$ 5,934	$ 3,649
Total GSL Payments for untimeliness (appts, conns, lights)												
Jemena										$ 7,448	$ 9,922	$ 9,499
CitiPower										$ 1,881	$ 1,655	$ 4,176
Powercor										$ 5,173	$ 2,897	$ 5,963
SP AusNet										$ 23,944	$ 36,189	$ 33,433
United Energy										$ 17,210	$ 2,784	$ 5,125
All DNSPs										$ 55,656	$ 55,139	$ 58,196

* Number estimated from (Total Number of Occurences)x(Proportion of Late Occurences), rounded to the nearest integer

** Since the proportion of all occurences is unknown, we cannot estimate a number

*** Missing data

Values converted from AUD to USD using rates from 26/6/2014.

APPENDIX C.4: Summary Table of Comparative GSL Payments in Victoria

	Low Supply Reliability			Low Service Level			Total Amount Paid *		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Jemena	$ 46,271	$ 51,490	$ 7,524	$ 7,448	$ 9,922	$ 9,499	$ 53,719	$ 61,412	$ 17,022
CitiPower	$ 1,458	$ 470	$ 94	$ 1,881	$ 1,655	$ 4,176	$ 3,339	$ 2,125	$ 4,270
Powercor	$ 524,677	$ 1,679,508	$ 2,372,888	$ 5,173	$ 2,897	$ 5,963	$ 529,849	$ 1,682,404	$ 2,378,851
SP AusNet	$ 1,453,657	$ 8,039,529	$ 3,947,130	$ 23,944	$ 36,189	$ 33,433	$ 1,477,601	$ 8,075,718	$ 3,980,564
United Energy	$ 85,582	$ 833,575	$ 182,684	$ 17,210	$ 2,784	$ 5,125	$ 102,792	$ 836,359	$ 187,809
All DNSPs	**$2,111,643**	**$ 10,604,572**	**$ 6,510,321**	**$ 55,656**	**$ 55,139**	**$ 58,196**	**$ 2,167,300**	**$10,659,711**	**$ 6,568,516**

* Calculated from (Low Supply Reliability)+(Low Service Level). However, it is probable that certain GSL Payments were not included in this estimate, as we do not have information on wrongful disconnections, one of the service standards that is covered by law.

Data gathered from Victorian Electricity Distribution Businesses: Comparative Performance Reports[48]
2008:
http://www.aer.gov.au/sites/default/files/Victorian%20electricity%20distribution%20businesses%20comparative%20performance%20report%202008_0.pdf
2009:
http://www.aer.gov.au/sites/default/files/Victorian%20electricity%20distribution%20businesses%20comparative%20performance%20report%202009_0.pdf
2010:
http://www.aer.gov.au/sites/default/files/Victorian%20electricity%20distribution%20businesses%20comparative%20performance%20report%202010.pdf

Values converted from AUD to USD using rates from 26/6/2014.

[48] Data was only available for the year range presented (2008-2010). It is the most detailed breakdown of all Australian states.

APPENDIX D.1: RTI Application Example, available on Delhi Government Portal

View Application and Appeal Details

Application Details

1)	**Department Name**	Chit Fund
2)	**PIO Designation**	Registrar, Chit Fund
3)	**ID No (given by PIO)**	Information has been blacked out for the protection of the individual
4)	**Name of the Appellant**	Information has been blacked out for the protection of the individual
5)	**Address of the Appellant**	Information has been blacked out for the protection of the individual
6)	**Date of the Submission of Application**	Information has been blacked out for the protection of the individual
7)	**Source of Application**	By ASPIO
8)	**Type of Application**	Third party Information
9)	**Category of Application**	Others
10)	**Whether BPL or NON-BPL**	No
11)	**Application Fee Paid**	10
12)	**Mode of Payment**	Cash
13)	**Receipt No**	Information has been blacked out for the protection of the individual
14)	**Disposal Status of Application**	Information Fully Supplied

Note that the information we have blacked out for the protection of the individual is freely available on the Delhi Government Portal, placing whistle-blowers in danger.

15) Questions and Answers in Brief

15.1) Question: 1. That M/s. Romy Chit Fund (P) Ltd. having its office at 2/63, Roop Nagar, Delhi is registered in the Dte. Of Chit Fund, Delhi. That the said company started the chits bearing no.: - (a) 36/1, (b) 36/2, (c) 36/5 & (d) 70/14.

Kindly give the undernoted information regarding above mentioned chit nos.:-

i) Period of Chits
ii) Value of Chits.
iii) Monthly subscription of Chits.
iv) Name of defaulter in the said chits, if any.

Answer: With reference to your application ID No. 10 dated 4.6.07, on the subject cited above, it is informed that ,since, the information sought by you related to a third party accordingly a notice was sent to the said party U/S 11(2) of the RTI Act,2005, viz. the Foreman /Director, M/s Romy Chit Fund (P) Ltd., 2/63, Roop Nagar, Delhi-110 007 vide this office letter no. F. 7/84/CF/2006-07/442 dated 7.6.2007 calling upon him to make submission in writing or orally as to whether the information sought by you should be disclosed or not . The Director /Foreman of M/s Romy Chit Pvt. Ltd. vide their letter dated 14.6.07 has filed objection and informed that the information sought may not be provided . Keeping in view the objection of the said third party and restriction as laid down under Section 8(1) (d) of the Right to Information Act,2005, the information sought by you vide application dated 4/6/07 cannot be provided.

16) Date of Supply of Information	28/6/2007
17) Last Date for filing the appeal	28/7/2007

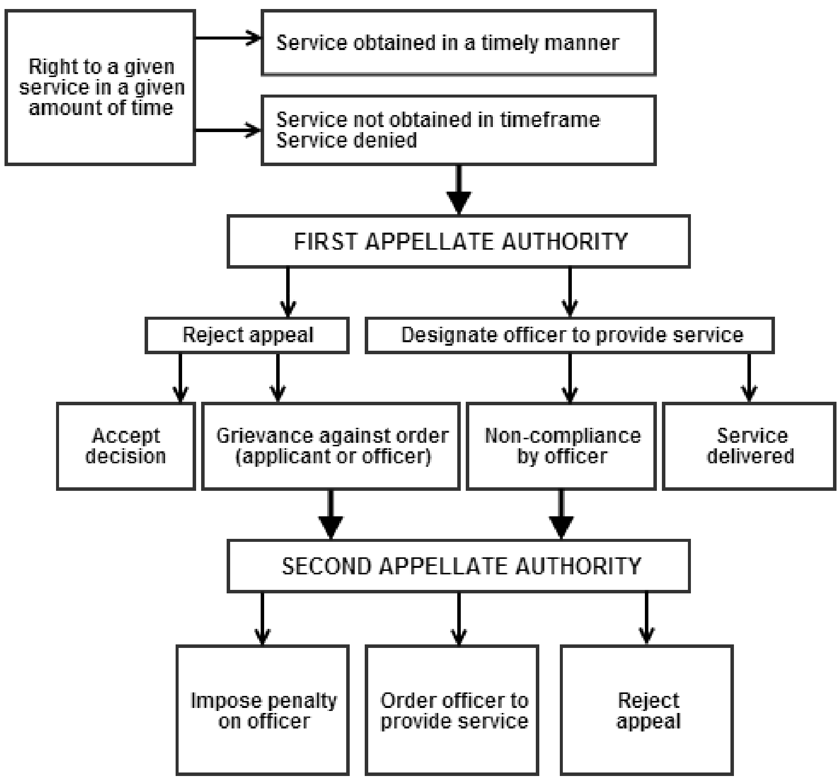
Appeal Details

18) Appellate Authority Designation	Addl Comm Trade Taxes III
19) Appeal Id No	2
20) Date of the Receipt of Appeal	24/7/2007
21) Nature of Appeal	Third Party Information
22) Grounds for Appeal	THE INFORMATION SOUGHT BY THE APPELLANT WAS DENIED TO HIM ON THE GROUND THAT THE THIRD PARTY I.E. M/S. ROMY CHIT FUND PVT. LTD REFUSED TO DIVULGE THE DETAILS OF THE CHIT FUND COMPANY TO THE APPLICANT.
23) Prayer or Relief Sought	REQUEST FOR PROVIDING INFORMATION AS EARLIER ASKED VIDE LETTER DATED 04.06.2007
24) Copies of documents relied upon by the applicant	N.A.
25) Date which comments invited from PIO/Notice given to third party.	25/7/2007
26) Dates Fixed for hearing	8/8/2007
27) Appeal Status	Appeal has been Disposed off
28) Date of Final Decision	28/9/2007
29) Decision in Appeal	Rejected
30) Order Passed	AFTER HEARING THE APPLELLANT AND GOING THROUGH THE MATERIAL AVAILABLE ON RECORD, I AM OF THE OCNSIDERED VIEW THAT THE INFORMATION ON THE FIRST THREE POINTS IE. POINT NO. (1) TO (III) ASKED BY THE APPELLANT VIDE RTI APPLICAITON ID NO. 10 DATED 18.04.2007 MAY BE SUPPLIED TO THE APPLELLANT WITHIN THREE WEEKS AND AS REGARD THE INFORMATION TO THE POINT NO. (IV) THE SAME CANNOT BE ALLOWED IN VIEW OF THE PROVISIONS LAID DOWN UNDER SECTION 8(1)(J) OF THE RTI ACT, 2005. THE APPEAL, IS THEREFORE PARTIALLY ALLOWED.

APPENDIX D.2: Right to Information Act Processing Fees

Process	Fee
Application	Rs. 10/- ($0.17)
Inspection	Free for the first hour Rs. 5/- ($0.08) for each additional hour
Access	Rs. 2/- ($0.03) per page photocopied Rs. 50/- ($0.83) per CD or floppy disk Actual cost for models, large-size photocopies, printed information

APPENDIX D.3: Appeal Process of the Right to Service Acts (India)



APPENDIX E.1: Guaranteed Service Standards of PacifiCorp (USA-based)

Service standard	What happened?	Payment	Claim?
Supply restoration	Failed to restore supply within 24 hours	$50 + $25 / additional 12hrs	30 days
Appointments	Appointment (2 hour timeframe) was missed	$50	Automatic
Connection	All requirements were met (government inspections, infrastructure, payments) but supply was not connected in within 24 hours	$50	Automatic
Cost Estimate	Cost estimate of a new power supply was not made within 15 business days	$50	Automatic
Billing	Billing questions requiring investigation were not answered within 10 business days	$50	Automatic
Meter	Meter issues were not investigated within 10 business days	$50	Automatic
Planned Interruption	Customers were not given 2 days' notice of a planned interruption	$50	30 days

APPENDIX E.2: PacifiCorp "Customer Service Report Card" (2013)

Service standard	Pacific Power	Rocky Mountain Power
Supply restoration	100%	99.9%
Appointments	99.9%	99.9%
Connection	99.9%	100%
Cost Estimate	97.2%	99.7%
Billing	100%	99.9%
Meter	99.7%	$50
Planned Interruption	99.9%	99.9%