

## **Efficiency networks in service delivery as benchmarking practice: Experiences from Odessa and Mykolaiv oblasts in the Ukraine**

With funding from the Norwegian Government, KS in partnership with the Norwegian Institute for Urban and Regional Research (NIBR) worked 2008 – 2012 with the Association of Ukrainian Cities (AUC) on a pilot benchmarking project aiming at improving AUC's member services through introducing efficiency networks in municipal service delivery. The project built on an efficiency network methodology developed in Norway and adaptable to other contexts. A similar project was implemented in Poland 2007-11 with the Association of Polish Cities.

Efficiency networks are part of the broader performance management doctrine under New Public Management. They are useful in overcoming municipality service delivery challenges. Benchmarking is an instrument for assessing and improving organisational performance. It is used to gain insight and to make judgments about the effectiveness and efficiency of programmes, processes and staff. Indicators are chosen to measure progress in meeting strategic goals. Data are collected and analysed to drive improvement and to translate strategy into action. Benchmarking has become an important instrument of local government reform.

Efficiency networks in service delivery are a benchmarking tool for local municipalities. They are set up to provide local government managers a forum for sharing best practices and ultimately serve as catalysts for service management improvements. Participating municipalities share performance measurement data, both efficiency (input-output ratio) and effectiveness (relating outcome to objective). Data may already be available or need to be collected as a part of the network implementation process. Collected data must be validated through a data cleaning process. User satisfaction is documented through surveys.

Efficiency network establishment might be costly and benefits must be demonstrated to justify the exercise. Performance measurement includes an aspect of competition as local governments are measured against each other. A climate of trust where people readily present their challenges as well as their achievements is indispensable for such networks to represent a true learning arena.

AUC on KS recommendation identified three areas for municipal service improvement:

1. Network learning in service delivery for local government employees,
2. Training programme for local deputies,
3. Applied research to systematize learning and give feed-back to national and local policy-makers.

The Association of Ukrainian Cities (AUC), the largest nation-wide union of local governments with a membership base of 574 municipalities in all regions of the Ukraine, and the International Centre for Policy Studies (ICPS), one of the most prominent non-government think tanks with a reputation in applied and policy-oriented research worked with KS in 11 cities across two regions:

Odessa oblast – Artsyz, Berezivka, Bilgorod-Dnistrovsky, Izmail, Teplodar, Yuzhne;

Mykolaiv oblast – Bashtanka, Nova Odessa, Pervomaysk, Voznesensk, Yuzhnoukrainsk.

Mayors of these cities decided to establish two networks for healthcare and housing utilities (maintenance of multi-apartment residential buildings). All 11 cities joined the housing utilities network. A further 6 decided also to work on the healthcare services.

Participating cities had different socio-demographic profiles and status (2 cities in each oblast are of rayon subordination, the others of oblast subordination) which means significant difference in fiscal capacity and independence. Population size and structure of service delivery varied significantly.

Each city appointed members to each network (deputy mayor and head of relevant sub-unit of municipal administration) and representatives of service providers (director of communal enterprise, condominium and hospital). The AUC appointed a network moderator with strong professional record in the respective sector for each group.

Six working sessions took place over a period of one year to discuss results of measurement, comparison of qualitative and quantitative data, and to share experience in various aspects of service delivery. As a centralised database or a commonly used list of indicators lacked in the Ukraine, each network had to design indicators for measurement and comparison. Some 50 indicators per network were constructed describing the context of service delivery, its organisational structure, existing material basis, financial and human resources, results achieved and user satisfaction.

Data were collected, verified, analysed and compared for all cities. This work was done by a group of researchers who provided methodological and analytical support to both networks, as well as systematised and analysed findings, prepared recommendations and disseminated results to decision makers and other stakeholders throughout the Ukraine. Availability and quality of data was a challenge and two rounds of data collection, verification, analysis and discussion were required.

User surveys were conducted and in comparison with indicators these gave each city a very detailed picture of performance and improvement opportunities. Findings and discussions allowed each municipality to prepare proposals of improvement and development of services.

This Ukraine experience shows that benchmarking and learning methodology can work and produce improvement. Participants initially assumed that within the same regulatory framework, only additional financial resources could make a difference in service quality. Eventually network participants discovered that other factors also come to play. Innovation and reform can significantly improve the quality of service even under the financial constraint so common for Ukrainian local authorities.

This methodology produced results from the very beginning. Designing of indicators and data collection created an analytical structure for discussion between service delivery professionals. This helped get a different perspective on performance. Continued exchange of information between network members and municipal leaders was an important factor for success as decision makers must be involved and motivated to react to proposals from networks.

Municipalities can use participation in efficiency networks for improving interaction with citizens. Measurement of service quality and identification of ways for improvement can establish a good platform for citizens' participation in local government.

It remains to be seen if project achievements are sustainable and if AUC will continue providing efficiency network support to members. Ukraine municipalities do not yet possess capacity to implement this methodology and external organisational and analytical support is still required.

AUC do have organisational capacity which can be disseminated throughout the country. ICPS have analytical capacity and tools to implement the methodology in other regions and to cover different services. And AUC has initiate development of a national database with 10 sets of municipal performance data.

A new three year project phase was launched with the same four partners (AUC, KS, NIBR and ICPS) in 2012 to expand the efficiency network process and secure sustainability of the methodology.