

Performance-Based Contracting Tools for Non-Revenue Water Reduction

Full Description

Benefits of Reducing NRW

1. it can significantly improve cash flow and financial viability of utilities.
2. It enables more people to have access to water connections, and at a higher quality of service, with existing resources.
3. it reduces greenhouse gas emissions per unit of water delivered, which promotes climate resilience.

Key Sources of NRW

1. physical losses (think of a leaky pipe),
2. commercial losses, and
3. authorized consumption that is unbilled.

Despite the benefits, however, many utilities struggle to achieve significant reductions because they lack the necessary capital, equipment, and expertise.

Reducing NRW through Performance-Based Contracts

Performance-based contracts (or PBCs) are one way to tackle NRW, especially when resources are tight, when capacity is not available or when the utility has a significant backlog that it needs an extra hand with. Analysis shows that NRW-PBCs are about 70 percent more effective in achieving NRW reduction than utility-led NRW reduction programs.

PBCs are not PPPs, they are an incentivized form of service contract. Under a PBC, a public utility partners only shifts the responsibility for reducing NRW to a private company.

However, PBCs are not an appropriate in every case. If the PBC is to be successful and cost effective, the underlying reasons for the NRW, the costs and benefits of reduction, and the contractual specifics must all be clearly specified.

Sections

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2. [Performance-Based Contracting Tools for Non-Revenue Water Reduction Tools & Resources](#)
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- [International Water Association \(IWA\)](#)
- [Public-Private Infrastructure Advisory Facility \(PPIAF\)](#)
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