

Open Contracting in Water Service Provision

A Baseline Study in Bantul Regency, Semarang City, and Jakarta Province, Indonesia



Open Contracting in Water Service Provision:
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Acronyms

APBD

Anggaran Pendapatan dan Belanja Daerah / Local Government Revenue and Expenditure Budget

BAPPEDA

Badan Perencanaan Pembangunan Daerah / Regional Development Planning Agency

BPPSPAM

Badan Peningkatan Penyelenggaraan Sistem Penyediaan Air Minum / The Supporting Agency for Drinking Water Supply System Development

BUMD

Badan Usaha Milik Daerah / Regional-Owned Enterprise

CC Water

Consumer Council for Water

CRPG

Center for Regulation, Policy, and Governance

CSO

Civil Society Organization

DAK

Dana Alokasi Khusus / Special Allocation Fund

DAS

Daerah Aliran Sungai / Watershed

DIP

Daftar Informasi Public / List of Public Information

Ditjen SDA

Directorate General of Water Resources

DIY

Daerah Istimewa Yogyakarta / Yogyakarta Special Region

FGD

Focus Group Discussion

FKP

Forum Komunikasi Pelanggan / Customer Communication Forum

GPS

Global Positioning System

ICZM

Integrated Coastal Zone Management

IDEA

Ide dan Analitika

IKK

Ibukota Kecamatan / Capital of District

INSAR

Interferometric Synthetic Aperture Radar

IT

Information Technology

KEMENPUPR

Kementerian Pekerjaan Umum dan Perumahan Rakyat / Ministry of Public Works and Public Housing

KPBU

Kerjasama Pemerintah dan Badan Usaha / Cooperation between the Government and Business Entities

LKPP

Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah / National Public Procurement Agency

Acronyms

LP2K
Lembaga Pembinaan dan Perlindungan Konsumen / Consumer Development and Protection Agency

LPSE
Layanan Pengadaan Secara Elektronik / Electronic Procurement (e-proc) Service

OCDS
Open Contracting Data Standard

ORI
Organisasi Masyarakat Sipil

ORI
Ombudsman Republik Indonesia / Ombudsman of Republic of Indonesia

PAKEM
Panitia Kemitraan / Partnership Committee

PAM
Perusahaan Air Minum / Drinking Water company

PAMSIMAS
Penyediaan Air Minum dan Sanitasi Masyarakat / Community Based Drinking Water Supply and Sanitation

PATTIRO Semarang
Pusat Telaah dan Informasi Regional Semarang

PDAM
Perusahaan Daerah Air Minum / Regional Drinking Water Company

PERPAMSI
Persatuan Perusahaan Air Minum Indonesia / Association of Indonesian Drinking Water Company

PERUMDA
Perusahaan Umum Daerah / Regional Public Company

PJPK
Penanggung Jawab Proyek Kerjasama / Person in Charge of the Cooperation Project

PPID
Pejabat Pengelola Informasi dan Dokumentasi / Documentation and Information Management Officer

PPP
Public Private Partnership

RAD AMPL
Rencana Aksi Daerah Penyediaan Pelayanan Air Minum dan Kesehatan Lingkungan / Regional Action Plan of Water Supply Provision and Environmental Sanitation

RBI
Rencana Bisnis dan Investasi / Business and Investment Plan

RKAB
Rencana Kerja dan Anggaran Biaya Tahunan / Annual Work Plan and Budget

RKAT
Rencana Kerja dan Anggaran Tahunan / Annual Work Plan and Budget

RKPD
Rencana Kerja Pembangunan Daerah / Regional Development Work Plan

RISPAM
Rencana Induk Sistem Penyediaan Air Minum / Drinking Water Supply System Master Plan

RPJPD
Rencana Pembangunan Jangka Panjang Daerah / Regional Long term Development Plan

RTH
Ruang Terbuka Hijau / Green Open Space

SEKDA
Sekretaris Daerah / Regional Secretary

SETDA
Sekretariat Daerah / Regional Secretariat

SIPAS
Sistem Pengolahan Air Sederhana / Portable Water Treatment

SK
Surat Keputusan / Decree

SOP
Standard Operating Procedures

SPAM
Sistem Penyediaan Air Minum / Drinking Water Supply System

UNDIP
Dipenogoro Public University

We. The People

As basic human needs, clean water is still one of the key problems in developing countries. Water scarcity affects more than 40 percent of people yet more countries are experiencing water stress and increasing droughts. Climate change will continue to affect not only the availability but also stability to water provision.

The United Nations calls for its member countries to ensure universal safe and affordable drinking water and improving accessibility and safety of services – which is reflected in Goal 6 Sustainable Development Goals (SDGs).

To ensure the fulfillment of citizens’ right to potable water, the Indonesian government appoints Regional Water Company (PDAM), a regional-owned enterprise, to distribute clean and safe water to the citizens throughout the country. However, only 57 percent out of a total of 391 PDAMs are considered healthy, the rest are ailing due to debts. The lack of governance is attributable to this condition. Increasing the access to information for the people on water service provision is key to reduce the negative impact of water problems.

Through the Strategic Partnership-Open Contracting program, Hivos and ARTICLE 19 supports independent journalists, activists, businesses and civic watchdog organizations in their efforts to use contracting data and public revenue flows for public scrutiny, advocacy campaigns and translate it into meaningful information for citizens with particular emphasis on basic service delivery – including clean and safe water provision. It aims to have the Government of Indonesia both at the national and subnational level initiate access to information reform to improve local conditions for efficiency, effectiveness, and integrity of public contracting in basic service delivery as well as to create/improve mechanisms for oversight authorities to respond to and act upon public feedback related to public service provision.

Hivos understands that to realize such goals, we need to first comprehend the existing water governance problems and find out the most effective ways on how open contracting initiative can contribute to addressing the issues. Hence, Hivos-Open Up Contracting Program collaborate with Center for Regulation, Policy and Governance (CRPG), IDEA Yogyakarta, PATTIRO Semarang, and AMRTA Institute to conduct a scoping study in the water sector in three areas – Special Capital Region of Jakarta, Semarang City in Central Java Province, and Bantul Regency in Special Administrative Region of Yogyakarta. Through this scoping study, we also seek to identify related stakeholders, their interest in open contracting and their capacity, as well as

challenges and barriers in the implementation of Open Contracting.

We would like to thank the research team for the collaboration in the study; Center for Regulation Policy and Governance (CRPG), IDEA Yogyakarta, PATTIRO Semarang, and Amrta Institute. We would also like to thank Muhamad Ilham, Gita Meidita, and Nova Doloksaribu of Hivos Southeast Asia for their support and feedback throughout the preparation and implementation of this study. This baseline study of open contracting in water sector is supported by the Dutch Ministry of Foreign Affairs under the Strategic Partnership Open Up Contracting Program.

It is expected that the findings, conclusion, and recommendations will help the government, civil society and other relevant actors in addressing the governance problems in the water sector. For Hivos and its network, we hope the study will contribute to a sound advocacy strategy and programmatic options in the areas.

On behalf of Hivos Open Up Contracting Team Indonesia

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I. Water Problems

Problems around the resource management of water generally have to do with the governance of it. According to the World Panel on Financing Water, the so-called Camdessus report, the water sector experiences a number of governance issues: (i) the low priority given to water sector issues by central governments, (ii) confusion of social, environmental and commercial aims, (iii) political interference, (iv) poor management structure and imprecise objectives of water undertakings, (v) an inadequate general legal framework, (vi) lack of transparency in award of contracts, (vii) non-existent, or weak and inexperienced regulators and (viii) resistance to cost-recovering tariffs.¹ Full scale privatization and concession schemes of water governance have been largely a failure. However, participation by the private sector in water governance remains popular and tends to be conducted in a contractual arrangement.²

In Indonesia, only 57% out of a total of 391 Indonesian regional-owned drinking water utility companies are

considered financially healthy, the rest are ailing due to debt.³ One reason behind this is a lack of good governance. Regional Drinking Water companies (PDAMS) are also suffering from various problems at the technical, financial, regulatory and resources levels.⁴

According to Syaiful Dea and Mohamad Mova Al'Afghani in their presentation 'Improvement of Water Services Governance in Indonesia,' PDAMS are suffering from a lack of incentive and capacity, which stems from a lack of autonomy and water tariffs which are below cost-recovery level.⁵ Agus Sunara mentioned in a focus group discussion on open contracting and service benchmarking in the drinking water session that PDAMS still face strong political intervention in terms of recruitment, both at corporate executives and employee level.⁶ This contributes to a low salary standard (compared to the electricity and oil and gas sectors) and as a result, they attract less qualified personnel.⁷

¹ JT Winpenny and others, Financing Water for All (World Water Council 2003).

² PPIAF and World Bank, Approaches to Private Participation in Water Services: A Toolkit (The World Bank 2005) <<http://elibrary.worldbank.org/doi/book/10.1596/978-0-8213-6111-5>> accessed 22 August 2019.

³ 'Kementerian PUPR: Jumlah PDAM Sehat Bertambah' (Republika Online, 20 November 2018) <<https://republika.co.id/share/pihcli423>> accessed 21 July 2019.

⁴ Mohamad Mova Al'Afghani, 'The Role of Legal Frameworks in Enabling Transparency in Water Utilities Regulation' (PhD Thesis, University of Dundee 2012).

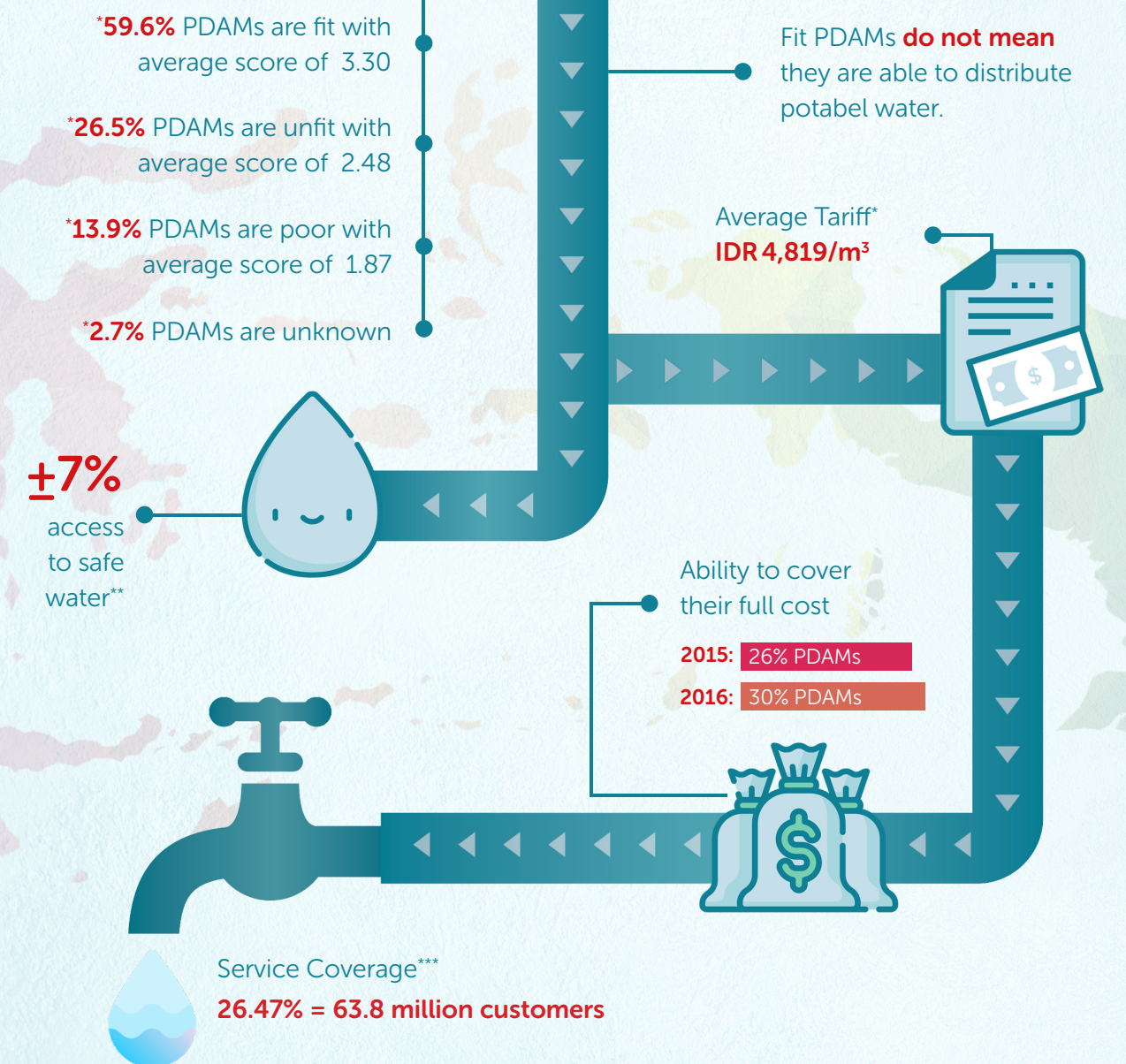
⁵ Syaiful Dea and Mohamad Mova Al Afghani, 'Improvement of Water Services Governance in Indonesia, Presentation at the Temasek Foundation Water Leadership Programme (TFWLP), Singapore' (Temasek Foundation Water LEadership Programme, Singapore, May 2012).

⁶ Agus Sunara, 'Kendala Dan Tantangan Pengelolaan Air Minum Oleh PDAM Serta Ancaman Ketahanan Air' (Focus Group Discussion on Open Contracting and Service Benchmarking in Drinking Water Sector, Morissey Hotel Jakarta, 5 August 2019).

⁷ Ibid

Regional-owned drinking water companies in Indonesia

There are **391 regional-owned drinking water companies** (PDAMs) in Indonesia. **How are they doing?**



Sources:

*The Supporting Agency for Drinking Water Supply System Development, 2018

**National Planning Agency, 2019

***Executive Summary of PDAM Performance, 2015

II. Where does Open Contracting fit into this?

Open contracting becomes relevant in this case, as it is based on the premise of affirmative disclosure of contracting data as well as participation, monitoring and oversight.⁸ It can potentially improve governance and produce practical results such as: (i) value for money in public procurement; (ii) prevention of “capture” in the business planning process; (iii) providing of a level playing field; and as an outcome of all this, (iv) improvement of service quality.⁹

Frédéric Boehm and Juanita Olaya note that theoretically speaking, the presence of a transparency framework will increase the cost of corruption due to the reduction of opacity. They also note that transparency will facilitate competition. The availability of information will reduce vendor’s “search cost.”¹⁰

Nevertheless, applying an open contracting lens requires certain institutional enablers. For example,

it would require the willingness of the procuring agency to open its data for public scrutiny and capable intermediaries with sufficient interest to interpret and act on the data.

There are three “segments” of the water sector in Indonesia where open contracting may be relevant: (i) Long term Public Private Partnership infrastructure contracts (*Kerjasama Pemerintah dan Badan Usaha* or KPBU) in the water sector which typically involve either water utilities or a local government, (ii) Provincial or city/regency level agency procurement in the water sector, typically involving the development of raw water sources and (iii) water utilities procurement.

This assessment adopts all parts of the contracting process from planning, award, tender, contract to implementation. It also contextualizes these steps into PDAM’s local structures.¹¹ For example, the drinking water supply

system master plan (hereinafter referred to as “RISPAM” or *Rencana Induk Sistem Penyediaan Air Minum*) is included on our literature request and interviews although they are not directly a part of PDAM’s procurement process. The RISPAM data is usually owned by the Public Works Agency of each regency/ city and not available in public domain. In addition to that, we also collect data pertaining to PDAM’s business plan. We will also put a specific focus on the planning as a part of the overall public finance cycle. Thus, “open contracting” in this respect is broadened not only for the purpose of facilitating competition but to ensure that citizen can be heard in the planning process which precedes procurement.

We conducted the assessment on water problems in three areas in Indonesia: in the Special Capital Province of Jakarta, Semarang City in Central Java Province, and Bantul Regency in Yogyakarta Special

Administrative Province. We chose the three areas because of the different characteristics. Jakarta represents the capital city while Semarang City represents the urban area, and Bantul Regency represents the rural one.

We conducted the baseline study by reviewing relevant literature in the subject of procurement transparency and water utilities as well as conducting legal analysis of relevant provisions, especially those related to procurement. Additionally, we also conduct qualitative research and fieldwork, employing interviews and focus group discussion. In total, the evidence base for this paper comprises 16 interviews and four focus group discussions, with a total of 77 participants.

⁸ Catherine, ‘Hivos and ARTICLE 19 Show Countries’ Readiness to Open up Public Contracting’ (7 December 2016) <<https://hivos.org/news/hivos-and-article-19-show-countries-readiness-open-public-contracting>> accessed 20 September 2019; Ali Clare and others, ‘Open Contracting and Procurement in Slovakia’ [2016] Open Data’s Impact; ‘Global Principles - Open Contracting Partnership Open Contracting Partnership’ <<https://www.open-contracting.org/implement/global-principles/>> accessed 20 September 2019.

⁹ Al’Afghani (n 8); JJ Laffont and J Tirole, *A Theory of Incentives in Procurement and Regulation* (MIT press 1993); A Estache and L Wren-Lewis, ‘Anti-Corruption Policy in Theories of Sector Regulation’ (2011) 2 International Handbook on Corruption; F Boehm and J Olaya, ‘Corruption in Public Contracting Auctions: The Role of Transparency in Bidding Processes’ (2006) 77 Annals of Public and Cooperative Economics 431.

¹⁰ Boehm and Olaya 2006. Corruption in Public Contracting Auctions: The Role of Transparency in Bidding Process. (n 12). https://www.researchgate.net/publication/4988094_Corruption_in_public_contracting_auctions_The_role_of_transparency_in_bidding_processes

¹¹ ‘Guide to Defining OCDS Functional Requirements for E-Government Procurement Systems’ (Open Contracting Partnership) <<https://www.open-contracting.org/resources/guide-defining-open-contracting-data-standard-functional-requirements-electronic-government-procurement-systems/>> accessed 15 September 2019.

III. Regulations at the National Level

There are various sectoral regulations governing PDAMs. Environmental quality is regulated by the Ministry of Environment and Forestry and is subject to several water quality regulations, both effluent and ambient.¹² In terms of health, the PDAM's water quality must fulfill the Ministry of Health Regulation drinking water standard (hereinafter referred to as "Permenkes 492").¹³ The regulation on standard of the quality of

drinking water outlines only the biological, physical, chemical and radiological parameters of drinking water, but these parameters are not strictly enforced. As a note, almost all of the 'healthy' PDAMs as discussed above still do not meet the parameters set by the Ministry of Health Regulation.

At the moment, there is no economic regulator for PDAMs.¹⁴ This is the reason why PDAMs' tariffs

are subject to political intervention, especially during regional elections. The heads of the local government (the governor, mayor, or regent) determine the PDAM's tariffs, based on the parameters issued by the Ministry of Home Affairs, which must take full cost recovery into account.¹⁵

(SOPs) which must be submitted to the Regional Secretary (*Sekda*). The SOP must contain the following aspects: a) Organisational Structure, b) Organisation and employment, c) Financials, d) Customer Service, e) Business Risks, f) Procurement of Goods and Services, g) Assets Management, h) Marketing and i) Supervision.

Most PDAMs are currently still regulated as corporate entity under Law Number 5 of 1962 on Regional Corporation.¹⁶ This law has been revoked by Local Government Law Number 23 of 2014.¹⁷ The 2014 Law at Article 402 requires that all regional-owned enterprises have to be "adjusted" within 3 (three) years after its enactment, thus at the latest by 2017. This means that all PDAMs must be converted into either a Regional Limited Liability Company for Drinking Water (*Perseroan Terbatas Air Minum*) or a General Purpose Company for Drinking Water (*Perusahaan Umum Daerah Air Minum*).

To implement and regulate the Regional Government Law, Government Regulation 54 Year 2017 on Regional-Owned Enterprise at Article 91 requires all regional-owned enterprises to enact several Standard Operating Procedures

Most PDAMs still have not enacted such SOPs. This provides an opportunity for intervention, if stakeholders have the opportunity to participate in the process. All state and regional-owned enterprises procurement are not separated from the state procurement system - it also applies to PDAMs. The previous Presidential Regulation Number 54 of 2010 on Public Procurement defined procurement of goods and services as "...the activity to obtain goods and services by Ministry/ Institution/Regional Agencies/ other institution which starts with the process of planning its needs until the implementation of all activities to obtain goods/services". The term "other institution" has been interpreted to cover state and regional-owned enterprises. However, this Regulation has been revoked and replaced with a new one in 2018.

- ¹² Indonesian Government Regulation Number 82 of 2001 on Management of Water Quality and Control over Water Pollution.
- ¹³ Regulation of the Minister of Health of the Republic of Indonesia Number 92/Menkes/PER/IV/2010 of 2010 concerning Drinking-Water Quality Standards.
- ¹⁴ Mohamad Mova Al'Afghani, Legal Frameworks for Transparency in Water Utilities Regulation: A Comparative Perspective (Routledge 2016).

Drinking Water Company Corporate Entity



¹⁵ Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 71 of 2016 concerning Drinking-Water Tariff Calculation and Determination.

¹⁶ Law Number 5 of 1962 on Regional Cooperation.

¹⁷ Law Number 23 of 2014 on Local Government

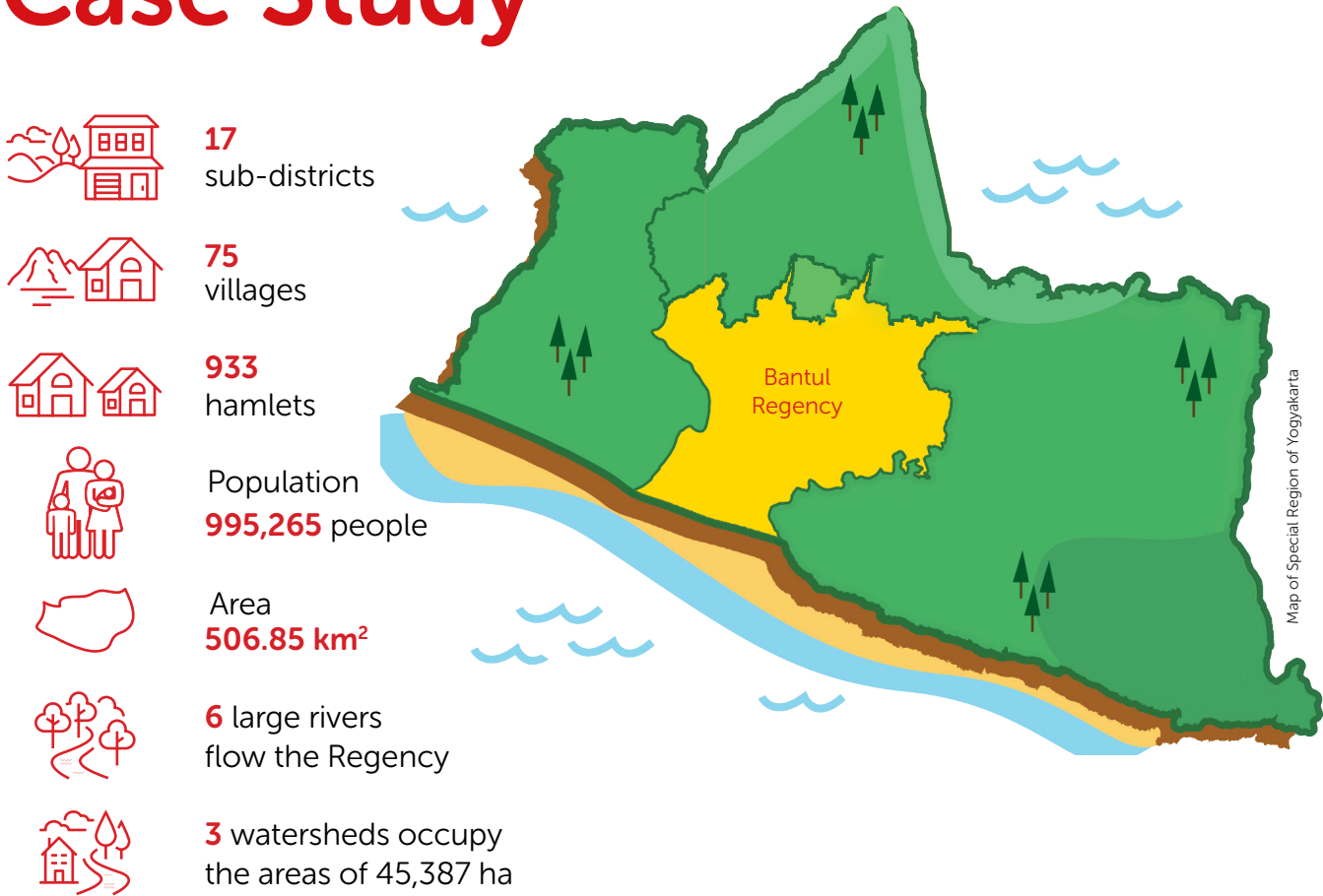
The newly-issued Presidential Regulation Number 16 of 2018 provides a new definition of procurement of goods and services: “...the activity by Ministry/ Institution, Regional Apparatus, which are financed by State or Regional Budget which processes includes needs identification until the transfer of work.” The term “other institution” has been removed and the Presidential Regulation clarified that it now only covers activities that come from the state or local government budget. This automatically excludes state and regional-owned enterprises from the regulation.

Government Regulation Number 54 of 2017 on State-Owned Enterprises (SOE) Article 93 clarifies the principles transparency and

efficiency should be taken into account for goods and services procurement for regional-owned enterprises. The same article states that the provision on goods and services procurement [for regional-owned enterprises] needs to be determined through the Head of Local Government Regulation.

In a way, this creates diversity within procurement system for regional-owned enterprises. During our FGDs and interviews, we found that some regions still have not enacted the required procurement regulation and thus provides an opportunity for intervention.

Bantul Regency Case Study



The topography of Bantul Regency takes the form of beaches, plains and hills, especially in **eastern Bantul Regency**. **The western** part is morphologically fluvio-volcanic area land which is partly in the form of corrugated plains. Meanwhile, in **the middle** of are the ramp land which spans from north to south to coastal areas.

Bantul Regency is one of the regencies in the Yogyakarta Special Administrative Province. As the majority of the area has rural characteristics, most of the people in Bantul still rely on the

fulfillment of clean water through non-pipe systems, namely through portable water treatment (SIPAS), wells/ boreholes, rainwater storage (*Penangkapan Air Hujan*) and springs.

Presidential Regulation on Public Procurement: Then vs Now

2010 - 2018*		2018 - present**
Applies to:		Applies to:
Ministry ✓		✓ Ministry
Government Institution ✓		✓ Government Institution
Regional Agency ✓		✓ Regional Agency
State-Owned Enterprise ✓		✗ State-Owned Enterprise
Regional-Owned Enterprise ✓		✗ Regional-Owned Enterprise
<div> <div>*) Presidential Regulation Number 5 of 2010 on Public Procurement</div> <div>**) Presidential Regulation Number 16 of 2018 on Public Procurement</div> </div>		

Generally, the quality of water in Bantul has been decreasing overtime. A high percentage of the groundwater in Bantul contains microbes and/or the level of minerals such as iron (FE), manganese (Mn), and chloride (Cl) is too high.¹⁸ Some areas of Bantul such as Srandakan, Bantul, Sewon, Pandak and Sanden contain these minerals. Bantul water also has high

I. Bantul PDAM

The Bantul PDAM was established based on Regional Regulation Number 11 of 1991 concerning the Establishment of Bantul Regency PDAM. It has both a social function and an economic function.

The director of Bantul PDAM, Arinto Hendro Budiantoro has been selected for the term of 2018-2022. Currently, PDAM Bantul manages 15 clean water supply systems scattered over several sub-district capitals in Bantul Regency. The regional-owned company employs 119 people. Installed production capacity is at 414 liter/second and the number of customers per 31 December 2018 is 31,058 household connections.

e-coli content. These bacteria are caused by household waste that permeates the soil. Note that Bantul is located in the downstream area of all rivers flowing there. The mid-stream area is the densely populated city of Yogyakarta. With such conditions, some of the population resort to deep-wells which are expensive. A reliable water utility is therefore urgently required.

The total coverage of clean water in Bantul Regency is 91% of the total 995,264 of Bantul population. 22% of the population are served through the PDAM piping system while non-piping services, such as the portable water treatment system (SIPAS), wells/boreholes and springs, covers 662,784 people or 69%. The raw water source for the PDAM is obtained from a total of 17 units of wells, three units water springs and seven units of surface water. It is found that customers often receive water service with insufficient quality, quantity and continuity. Several customers responded that the PDAM often does not address complains.

II. Institutional Arrangements

There are several government institutions and regional apparatus organizations that are stakeholders of the PDAM.

The Economic Administration of Bantul Regional Secretariat (SETDA) performs the coaching function and the PDAM's performance supervision. The Economic Administration Department ensures that the planning process done by the PDAM is in accordance with Bantul Regency Regional Medium-Term Development Plan (hereinafter referred to as "Mid-Term Plan"). In conducting supervision, the Economic Administration Unit coordinates with the **Regional Development Planning Agency** (hereinafter referred to as "Planning Agency") and the Public Works Agency. Supervision, monitoring and evaluation are conducted every three months by observing targets that have been set for the PDAM.

The Planning Agency is the institution that coordinates the planning process of regional development. They also compile the Regional Long-Term Development Plan and Mid-Term Plan documents. These become a reference in the preparation of the Drinking Water Supply System Master Plan (RISPAM). In Chapter 2 of the Bantul Mid-Term

Plan of 2016-2021, it is mentioned that the clean water management is carried out by the Public Works Agency in cooperation with the PDAM of Bantul Regency.²⁰ In coordinating the management of clean water, the Planning Agency acts as coordinator of the Partnership Committee (PAKEM). In addition, the Planning Agency also obtains the report from the PDAM related to its performance and financials. This reports on PDAM's capital injection through the grant of goods from **Department of Public Works, Housing, and Residential Areas** (hereinafter referred to as "Public Works Department") and Bantul's local government budget.²¹

The Public Works Department conducts clean water provision in cooperation with the PDAM. The office of Public Works Department, especially the Cipta Karya Division, ensures clean water management can be done in synergy with other stakeholders. In rural areas, like Bantul Regency, there are several parties that manage clean water. These include the PDAM, the Water Resources Unit from Public Works Department and the Community-Based Drinking Water Supply and Sanitation company (hereinafter referred to as "PAMSIMAS").

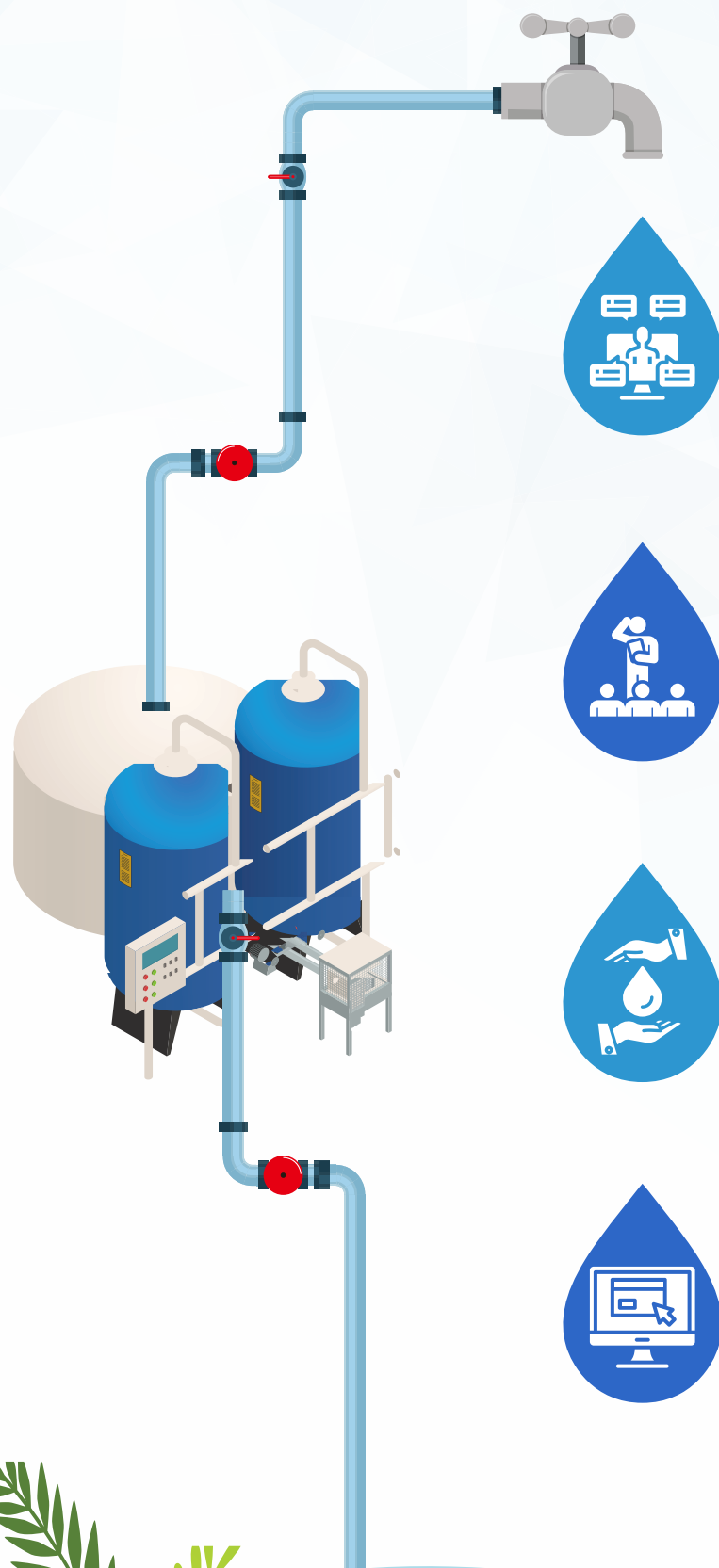
¹⁸ See '70 Persen Kualitas Air Tanah Buruk' (Radar Jogja, 21 June 2018) <<https://radarjogja.jawapos.com/2018/06/21/70-persen-kualitas-air-tanah-buruk/>> accessed on 20 September 2019.

¹⁹ *Air Macet Pelanggan Tetap Bayar, Ini Tanggapan PDAM Bantul* <<https://jogja.idntimes.com/news/jogja/daruwaskita/air-macet-pelanggan-tetap-bayar-ini-tanggapan-pdam-bantul>> accessed on 8 September 2019; *Kisah Warga Bantul Kesulitan Mendapat Air Bersih, Tagihan PDAM Tetap Mengalir Tapi Aliran Air Macet* <<https://jogja.tribunnews.com/2019/08/21/kisah-warga-bantul-kesulitan-mendapat-air-bersih-tagihan-pdam-tetap-mengalir-tapi-aliran-air-macet?page=3>> accessed on 8 September 2019; <https://www.lapor.go.id/2019/12/18/laporan/detil/kesulitan-air-bersih-2> accessed on 8 September 2019.

²⁰ Focus Group Discussion "Information Transparency on Procurement and Performance", 4 September 2019, Ross in Hotel Bantul, DIY.

²¹ Ibid.

Government Institutions Working with Bantul Drinking Water Company



Regional Information Commission monitors the performance of public services, especially access to public documents from any institution in the area, including Bantul Drinking Water Company (PDAM).

Economic Administration Unit of Bantul Regional Secretariat performs the coaching function and PDAM performance supervision in coordination with Bantul Planning Agency and Public Works Agency.

Department of Public Works, Housing, and Residential Areas carries out clean water provision, management, and conduct procurement in cooperation with Bantul PDAM.

Bantul Planning Agency acts as coordinator of the Partnership Committee. It also obtains report from the PDAM related to its performance and financials.

The Public Works Department plays the role of coordinating the water management to ensure that it is aligned with other related stakeholders' plans throughout the water provision cycle, from planning to provision of clean water to the public. The Public Works Department compiled a "synergy document" that became a reference for the PDAM, Water Resource Agency and PAMSIMAS in clean water management.²²

In addition, the Public Works Department is also the provider of procurement of goods and services for the PDAM in the development of infrastructure and procurement of clean water network with involving large sum of money. After completing the network development, the assets will be handed over to the PDAM to be managed, utilized and maintained. assets will be handed over to the PDAM to be managed, utilized and maintained.

III. Open Contracting Assessment in Bantul PDAM

1. Modalities and Challenges

Data Availability, Transparency and Public Involvement

The PDAM currently still has not formed a documentation and information management system for public information. They have yet to appoint a documentation and information management officer. In practice, if the public needs data, the technical and administrative sections of the PDAM will serve to provide the requested data.

of business planning and investment in their company when there is a policy to regulate it. Concerns arise when it comes to participation and in determining which community should be involved and in what ways to involve them.²³

There could also be an opportunity to involve the community as an expert to provide input to the PDAM, a role which the Public Works Agency has played. However, this would be limited to people with specific expertise and not the community in general.

Planning

The assessment finds that the PDAM is open to have the public involved in the process

²² Focus Group Discussion "Information Transparency on Procurement and Performance", 4 September 2019, Ross in Hotel Bantul, DIY.

²³ *Dokumen Sinergitas Penyediaan Air Bersih Kabupaten Bantul Tahun 2019-2023* (Department of Public Works, Housing, and Residential Areas, 2019).

The planning documents related to the water management in Bantul that are available upon request to the assessment team but not publicly accessible:

1. Drinking Water Supply System Master Plan (RISPAM);

2. Synergy document on the provision of clean water of Bantul Regency year 2019-2023;
3. Regional Action Plan of Water Supply Provision and Environmental Sanitation (RAD AMPL);
4. Business plan.

2. Complaint Handling Mechanism

The Bantul PDAM has launched a public service innovation system (*Sistem Informasi Inovasi Pelayanan Publik* or Sinovik) to facilitate all customers to access information related to the amount of water bills, water flow disruption information, installation of new connections, submission of complaints or customer complaints as well as other information such as affordable connection programs, connection availability and SMS center (+6281-1284-8000).

Bantul PDAM received the “Top BUMD 2018” Award, an award for regional-owned enterprises (BUMD), due to its performance. Some of the criteria for the award are the android based

application “Siap Prima” (for complaints), profitability, cash, customer base, steady increase of customer each year and the result of independent audit.²⁴ The award was granted by Business News in collaboration with Asia Business Research Center on 3 May 2018.²⁵

However, the Information Technology (IT) innovation developed and managed by the Bantul PDAM have not been optimal. This is due to the lack of an up-to-date information and IT system malfunctions when the customer submits complains.²⁶ In addition, customers believe that the PDAM does not respond to their complaints quickly.

3. Tender

The types of goods that are often procured by the Bantul PDAM are for pump machine and reserve pipes so that at any time when there are damage the pipes can be immediately replaced. This is done because the procurement process can take long. When a pump breaks or backup pipes run out, the services will be affected. Procurement is carried out through direct procurement mechanisms. According to PDAM’s internal Standard Operating Procedures (SOP), there are different departments in the PDAM that conduct the procurement process. During the assessment, the values of PDAM procurement is below

IDR 150 million (approx. USD 10,900), all of which use a direct appointment method.

A major tender is organized by the Public Works Department through the national e-procurement system (LPSE). Until the time of the assessment, it has not been possible for the Bantul government to provide the PDAM with a direct capital injection. Therefore, any additional efforts to increase the water supply capacity, including developing new installations, networks or household connections, are carried out by the Public Works Department/ Agency with the national or local government budget.

4. Award, Contract and Implementation

Announcement for tenders in Public Works Department for projects larger than IDR 150 million (± USD 10,900) is carried out through the E-Procurement System (LPSE) according to the prescribed mechanisms. However, the result of small tenders carried out by the PDAM is not communicated

to the public. The assessment shows that all contracts with suppliers, both in the PDAM and Public Works Department procurement, is not publicly available.

Large procurement is done by the PDAM by requesting capital expenditure to Bantul

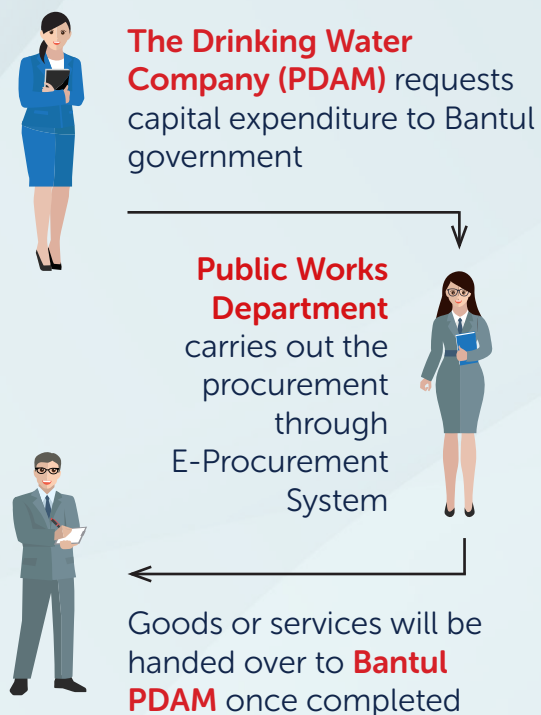
²⁴ *Penghargaan TOP BUMD 2018 kembali diraih PDAM Bantul* <<https://www.pdambantul.com/penghargaan-top-bumd-2018/>> accessed on 15 September 2019
²⁵ *Bank Bantul dan PDAM Bantul raih penghargaan TOP BUMD 2018* <<https://www.starjogja.com/2018/05/07/bank-bantul-dan-pdam-bantul-raih-penghargaan-top-bumd-2018/>> accessed on 15 September 2019
²⁶ *PDAM Bantul* - Apps on Google Play <<https://play.google.com/store/apps/details?id=com.codeapik.apps.pdambantul&hl=en>> accessed on 15 October 2019.

government. The government then use a Special Allocation Fund (*Dana Alokasi Khusus* or DAK) from the national government to the local government in order to carry out the procurement under the drinking water infrastructure of the Public Works Department.

The Department carries out their procurement through E-Procurement System. After the project is completed, the installation is handed over to PDAM.

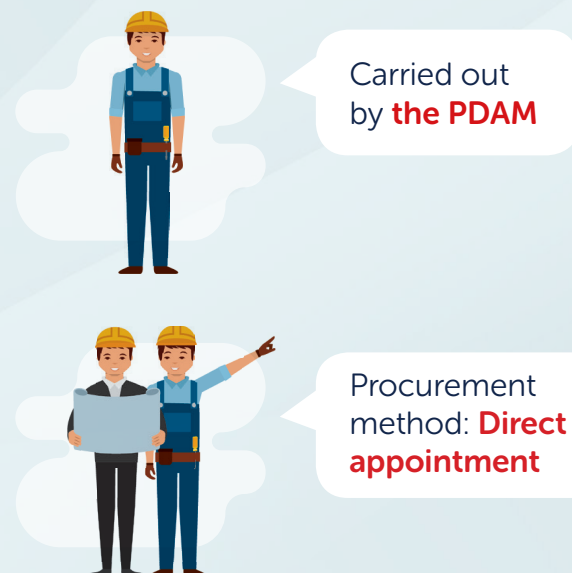
PROCUREMENT PROJECT

> IDR 150 MILLION*



PROCUREMENT PROJECT

≤ IDR 150 MILLION*



*IDR 150 million = ± USD 10,900

5. Capacity of CSO and Consumer Organization

Ombudsman of the Republic of Indonesia DIY Representative

The Ombudsman of the Republic of Indonesia (hereinafter referred to as "ORI") is a state institution that has the authority to supervise the implementation of public service deliveries by state and government organizers, including the State-Owned or Regional-Owned Enterprises, and other legal entities that belong to the state as well as private or individual bodies that are tasked to deliver public services with funds sourced from the national or local government budget. The ORI has representation in the regions, including in the Special Region of Yogyakarta (DIY).

Regional Ombudsman of DIY

The Regional Ombudsman of Yogyakarta Special Province is a separate regional institution that is independent and supervises the implementation of public service deliveries by local governments, private and individual. Regional Ombudsman is different from the National Ombudsman and with their own authority.

Customer Awareness

In regards with the performance of the Bantul PDAM related to the quality and quantity of water, consumers still experience muddy water, low pressure and supply disruptions especially in the dry season²⁷. In addition, customers were given no early warning in the case of disruptions either due to maintenance/repairs or other reasons. So far, customers obtain the information by visiting the nearest unit/branch office or by contacting the manager of the unit they know personally and inform other customers.²⁸

Customers generally do not have awareness of PDAM's business and procurement plan. The assessment finds that customers are interested to know about the PDAM business plan. However, customers suggest the PDAM to improve their service and responsiveness to customer's complaints.²⁹ Customers also expect that the PDAM can reward customers who pay their bills on time.³⁰

²⁷ Interview with customer, 11 September 2019. At Bangunjiwo Village, Kasihan, Bantul.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

6. Response from Local Bureaucracy

Regional Planning Agency

Based on information from Bantul Regency Planning Agency, the number of PDAM customers continues to increase every year. As the number of customers increases, so does the amount of water distributed to the public.³¹ For clean water management in Bantul, the PDAM received IDR 4.5 billion in 2018. The Bantul PDAM takes the form of a Perumda (*Perusahaan Umum Daerah*

Regional Public Company). The establishment of the PDAM as a Regional Public Company is due to their social function that is required to fulfill the needs of clean water for the community.

A large number of Bantul residents still use dug wells for the provision of clean water, especially those in drought prone areas and areas unreachable by PDAM network. The water is supplied through the construction of public

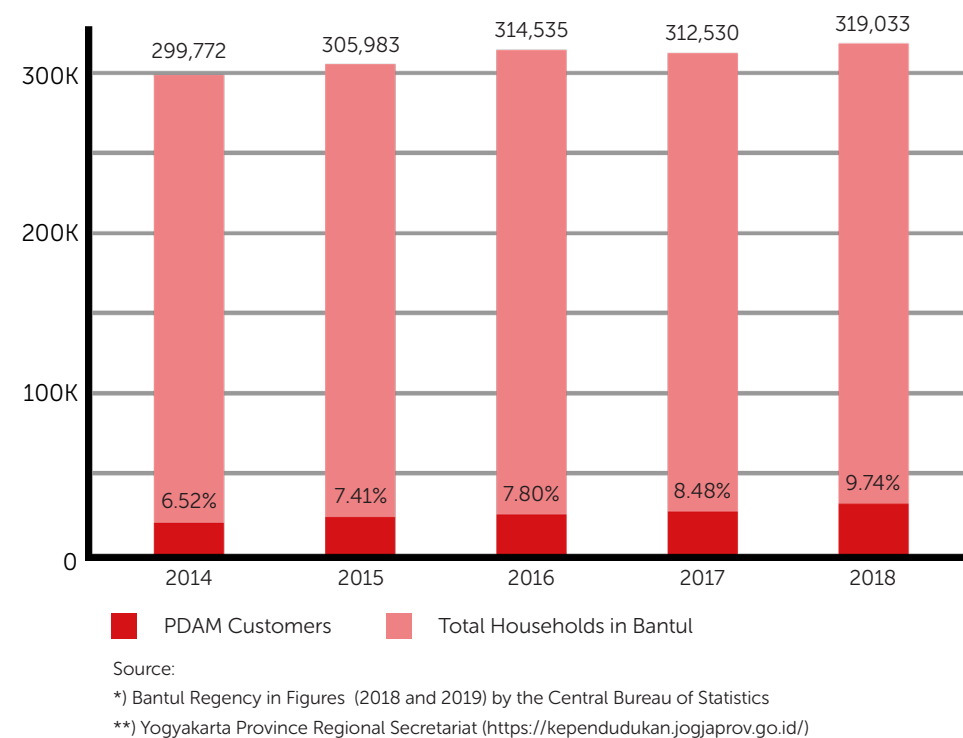
hydrants and portable water systems (SIPAS). The Bantul government built a district level water supply in Pajangan as IKK (Ibukota Kecamatan – capital of district).³²

The Bantul government has recently signed a memorandum of understanding for a new regional drinking water supply system (SPAM) called SPAM Kamijoro with the Government of Yogyakarta Special Region (DIY), Kulon Progo Regency and Bantul Regency. The PDAM Bantul is also supplied

by Regional SPAM Kartamantul which is an agreement between the government of Sleman Regency, Yogyakarta City and Bantul Regency.³³

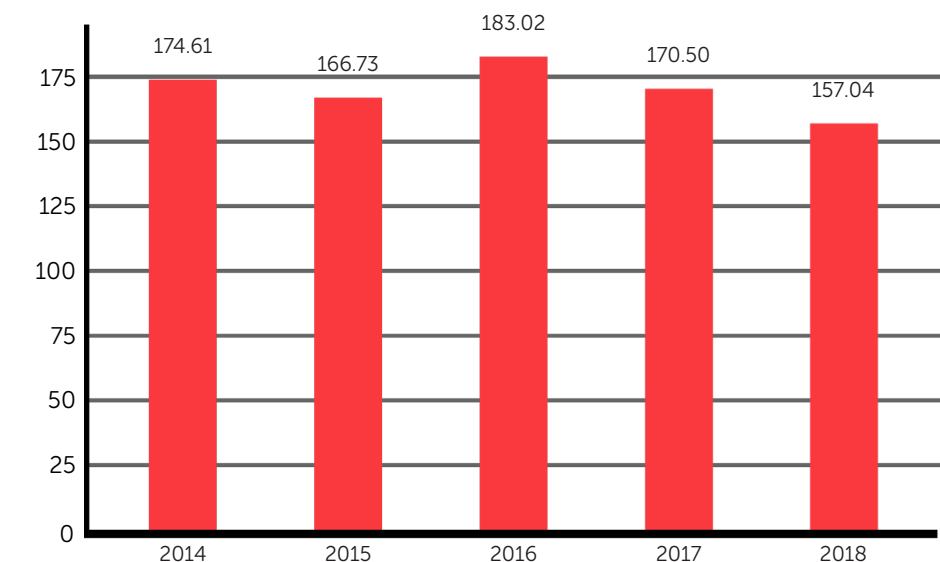
Judging by the income deposited to the local treasury by the PDAM, there is consistent increase of revenue. The Planning Agency conveyed that the revenue from the PDAM in 2019 amounted to IDR 350 million and in April 2019 this was IDR 513 million. This means that by 2020 PDAM will contribute to bigger revenue. Nevertheless,

PDAM Customers* vs Total Households
in Bantul Regency (2014-2018)**



³¹ Interview with the Head of Bantul District Planning Agency, 30 August 2019. At Bantul Regency Planning Agency Office.

**Bantul PDAM Water Distribution in 2014-2018
Average per Customer (m³)**



Source: Bantul Regency in Figures (2018 and 2019) by the Central Bureau of Statistics,

³² Interview with the head of Bappeda, Agustus 30, 2019. At Bappeda Office, Bantul Regency.

³³ Ibid

PDAM shall continue to promote its public service function as a provider of clean water for the community.³⁴ During the time of the assessment, communities that live in the nine villages scattered in three sub-districts experience difficulties in accessing water due to a long drought. The Planning Agency expects that the Public Works Agency, the PDAM and the Community Based Drinking Water Supply and Sanitation (PAMSIMAS) need to make innovations in those water stress areas.

The Planning Agency argued that open contracting principles must apply to the existing rules and regulations. All organizations should agree upon the list of information and data to be published and to be exempt in accordance with the law.³⁵

Information Commission of Yogyakarta Special Region

The assessment finds that documents related to clean water management in Bantul falls under the category of public document, in which some information is exempt and some is public information.³⁶ The provincial Information Commission encourages related

parties to better understand the public information related to clean water management in Bantul Regency and for related stakeholders to provide public access to the data and information.³⁷

Documents that are still in the process or in the planning stage are considered public documents so public can be aware of the planning process. However, not all documents from the ongoing projects can be published in accordance with the Public Information Disclosure Law when it concerns personal data such as the name and address of the beneficiaries of clean water or PDAM consumers.

Economic Administration Unit

The PDAM has exercised transparency, participation and accountability principles, according to the Economic Administration Unit of the Regional Secretariat of Bantul Regency. The PDAM workplan is a part of development plan. Thus, community can provide input to the PDAM work plan through the development planning process.³⁸ The PDAM's financial statements have been audited by public accountants and there has been public

outreach through mass media. The public can also check the PDAM performance through an independent financial audit on the website of the PDAM.³⁹

Procurement in the PDAM is arranged through a Board of Directors decree similar to all members of the Association of Indonesian Drinking Water Companies (PERPAMSI). At the time of the assessment, there was no regulation of head of local government in place that would regulate procurement of goods and services for regional-owned enterprises.⁴⁰ The Economic Administration Unit of Bantul Regional Secretariat carried out monitoring and evaluation by requesting information from the PDAM. In terms of procurement in planning/contracting phase, the PDAM was only required to announce the auction on their website.⁴¹

Department of Public Works, Housing, and Residential Areas

In terms of planning, Bantul Regency has a Drinking Water Supply System Master Plan (RISPAM) which is enacted in Regent Regulation Number 63 of 2014. In addition, the Public Works Department has drafted a long-term plan

document that map out the network development to be carried out by the Community Based Drinking Water Supply and Sanitation (PAMSIMAS) and the PDAM. The document is a reference so that the network development planning conducted by PAMSIMAS and the PDAM does not overlap.⁴² The synergy document is also used to ensure that drinking water and water for irrigation does not come into conflicts as they all use the same water source. In Public Works Department, the Cipta Karya Division undertakes work with PDAM related to procurement while the Water Resources Division takes care of irrigation.

The Public Works Department involves the community in the planning process, especially if it is related to the PAMSIMAS program. There is a forum which coordinates planning and implementation of the drinking water supply called the Partnership Committee (PAKEM) which is uniform across Indonesia. The Committee consists of several elements like the Regional Planning Agency, Public Works Department, the PDAM, PAMSIMAS, academics and community representatives.

³⁴ Interview with the head of Bappeda, 30 Agustus 2019 at Bappeda Office, Bantul Regency.

³⁵ Ibid.

³⁶ Focus Group Discussion "Information Transparency on Procurement and Performance", 4 September 2019, Ross in Hotel Bantul, DIY.

³⁷ Ibid.

³⁸ See <https://www.pdambantul.com/profil/info-perusahaan/>

³⁹ See <https://www.pdambantul.com/profil/info-perusahaan/>

⁴⁰ Answer to written questions sent on 17 September 2019.

⁴¹ Ibid.

⁴² Interview on 29 August 2019 at Public Works Department Office in Bantul District

7. Local Policies and Regulations

There are several policies and regulations which are relevant in this study:

- Bantul Regional Medium-Term Development Plan 2016-2021
- Bantul Regional Regulation Number 11 of 1990 on Bantul PDAM
- Regent Regulation Number 130 of 2018 on the Procurement of Goods and Services
- Regional Regulation Number 22 of 2012 on Equity Capital for the Regional-Owned Enterprises
- Regional Regulation Number 7 of 2005 on Transparency and Public Participation in Government in Bantul Regency
- Regional Regulation Number 23 of 2018 on the Amendment of Regional Regulation Number 22 of 2012 on Equity Capital for the Regional-Owned Enterprises
- Regent Regulation Number 79 of 2018 on the Synergy between Drinking Water Supply and the Drinking Water Supply Development Master Plan
- Regent Regulation Number 75 of 2007 on Water Tariff Regulation of Bantul PDAM
- Regent Regulation Number 36 of 2011 on Housing Development Guidance in Bantul Regency. Article 12 verse (2) states that if a household is located in area where PDAM service is available then it must be connected to the PDAM drinking water network.

8. Engagement with PDAM

Publication of Business Plan

The Bantul PDAM has published the customer service procedure, profit/loss statement, the results of an independent audit, its cash position and a number of customers of the Bantul PDAM on their website⁴³. The CSO network and community groups

are encouraged to build more communication with the Bantul PDAM and provide input to the PDAM to publish business and investment plans.

Ensure Public Involvement in Business Planning

The 2015-2019 business plan

and investment period of Bantul PDAM will expire. At the moment, the PDAM is drafting another business plan for the next period. The CSO network and community groups are encouraged to be involved in preparing the PDAM business plan that accommodates the interests of the community.

Ensure that Business Plan Reflect Consumer Needs

There is an opportunity for CSOs to provide input to PDAM in conducting the customer satisfaction survey and to identify customers' needs in relation to water services as a basis in drafting the new business plan.

Create Procurement Standard Operating Procedures (SOP) which incorporates open contracting principles

There is an opportunity for CSOs to provide input to the PDAM to communicate about the SOP for procurement and to publish the procedures on the PDAM website. The SOP aims to ensure the procurement complies with some principles of open contracting in order for the public to be able to monitor the procurement process.

Create SOP for Public Services in PDAM

The PDAM as a regional-owned enterprise is considered a public body under the Public Information Disclosure Law. They must provide information in terms of provision of clean water, complaints handling as well other information services. There is an opportunity for CSOs to assist and to provide input to the PDAM for the development of SOP for public service as well as to publish the information to the community.



⁴³ See <https://www.pdambantul.com/profil/info-perusahaan/>

Create a Guidance for Publishing Data and Public Information in PDAM

There is an opportunity for CSOs to approach the PDAM both formally and informally in order to create awareness concerning the importance of

publishing data and information to the public. The opportunity is for CSOs to help develop an information guide that categorizes which data and information are public and which aren't.

9. Engagement with Local Government

Through Partnership Committee (PAKEM)

At the time of writing, community involvement in PAKEM is represented by honorary employee citizens of the Public Works Department. The honorary employees have a non-permanent status at the office. There is an opportunity for the CSO network in the area who are concerned with environmental issues to work in the water sector and integrate or mainstream it to the other community groups like Community Budget Learning Centre. There are also opportunities for CSOs or community groups to be a part of the Partnership Committee. The goal is for Partnership

Community to become a platform for community groups to engage in the planning, implementation, supervision and evaluation of water sector management programs in Bantul Regency.

Draft Regulation on Regional-Owned Enterprise Procurement


Currently the Draft regulation on Regional-Owned Enterprises is being compiled by the government of Bantul. There is an opportunity for CSOs and customer organizations to try to access the draft regulation and to provide inputs for the regulation to reflect and/ or incorporate the open contracting principles.

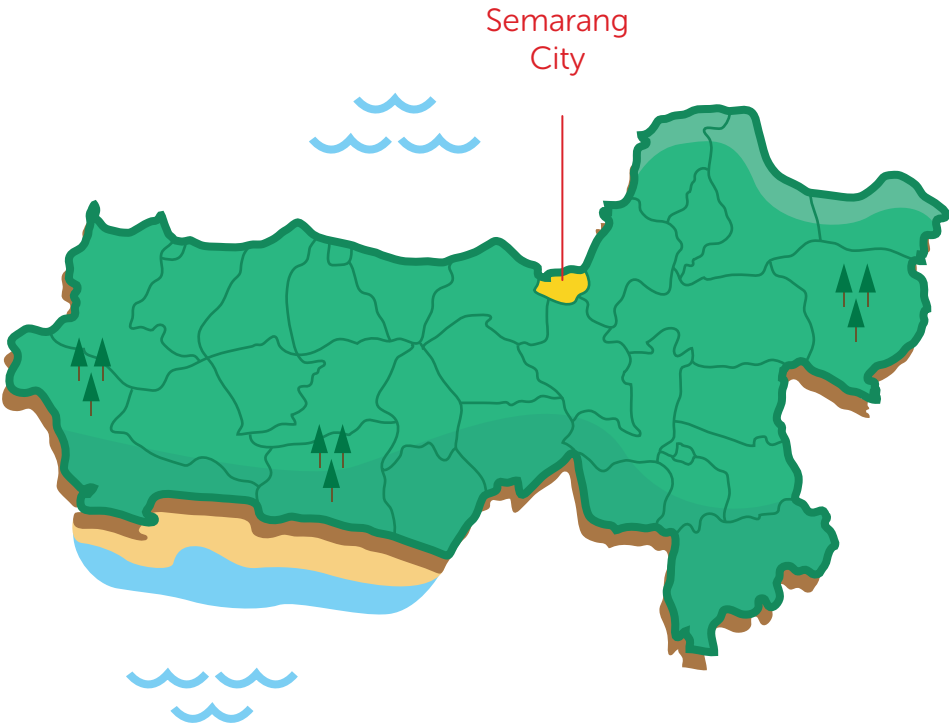
10. Engagement with CSO and Consumer Organization

There is an opportunity for related stakeholders to develop and strengthen the CSO network and consumer organizations. This is particularly

relevant in terms of their participation in the planning process, implementation and water service provisions in Bantul Regency.

Semarang City Case Study

-  **16** sub-districts
-  **177** urban villages
-  Population **1,786,114** people
-  Area **373.70 km²**
-  **7** rivers flow the City
-  **11** watersheds



Source: Semarang City Statistic Agency, Semarang City in Numbers, 2019.

Map of Central Java

The city of Semarang has an area of 373.70 km2, which is divided into 16 sub-districts and 177 administrative-villages. Topographically the city of Semarang consists of coastal areas, lowland and highland or

hills. The northern side consists of beaches and lowland with a slope of 0-2 degrees with a height of 0.75-3.5 meters above sea level. The southern are hilly area with a slope of 2-40 degrees.

Rivers flowing into the city of Semarang include Garang, Times Pengkol, Kreo, Banjir Kanal Timur, Babon, Kripik, Dungadem and other small rivers. The rivers are managed in 11 watersheds (hereinafter referred to as "DAS" or *Daerah Aliran Sungai*), namely DAS Tugu, DAS Banjir Kanal Barat, DAS Banjir Kanal Timur, DAS Barat, DAS bringin, DAS Blorong, DAS Plumbon, DAS Silandak, DAS tengah and DAS

timur. The stakeholders in water governance in the area of Semarang includes: the Mayor, Semarang City Planning Agency, PDAM Tirta Moedal who is the water service provision operator, Semarang City Public Works Agency, Central Java Province Public Works, Water Resource and Spatial Planning Agency and *Balai Besar Pamali Juwana* which is part of Public Works Ministry.

As a downstream region, the city of Semarang receives water discharge from upstream river crosses. The sinking also increases the risk of flooding in the rainy season. This condition is compounded by the characteristics of the hilly region with a very steep altitude difference so that the rainfall occurring in the upstream area will be very rapidly flowing into the downstream area.

The Open Green Space Policy (*Ruang Terbuka Hijau* or RTH) is regulated by Local Government Regulation Number 7 of 2010 regarding Open Green Spaces. The Regulation leads to the provision of the Open Green Space Policy as one of the efforts on flood control. The policy also regulates the arrangement of green open spaces that includes planning, utilization, and control.

I. Land Subsidence

The city of Semarang is experiencing subsidence, especially in the north-east part. Based on measurements with various methods such as Levelling, Interferometric Synthetic Aperture Radar (InSAR), Microgravity and Global Positioning System [GPS], experts conclude that in the period 1999-2011 the rate of sinking in the north of Semarang is at the speed of about 19 cm/year. According to GPS-based sensing between 2008-2011, the land subsidence in Semarang varies temporally and spatially, with a speed between 6-7 cm/year up to 14-19 cm/year⁴⁴.

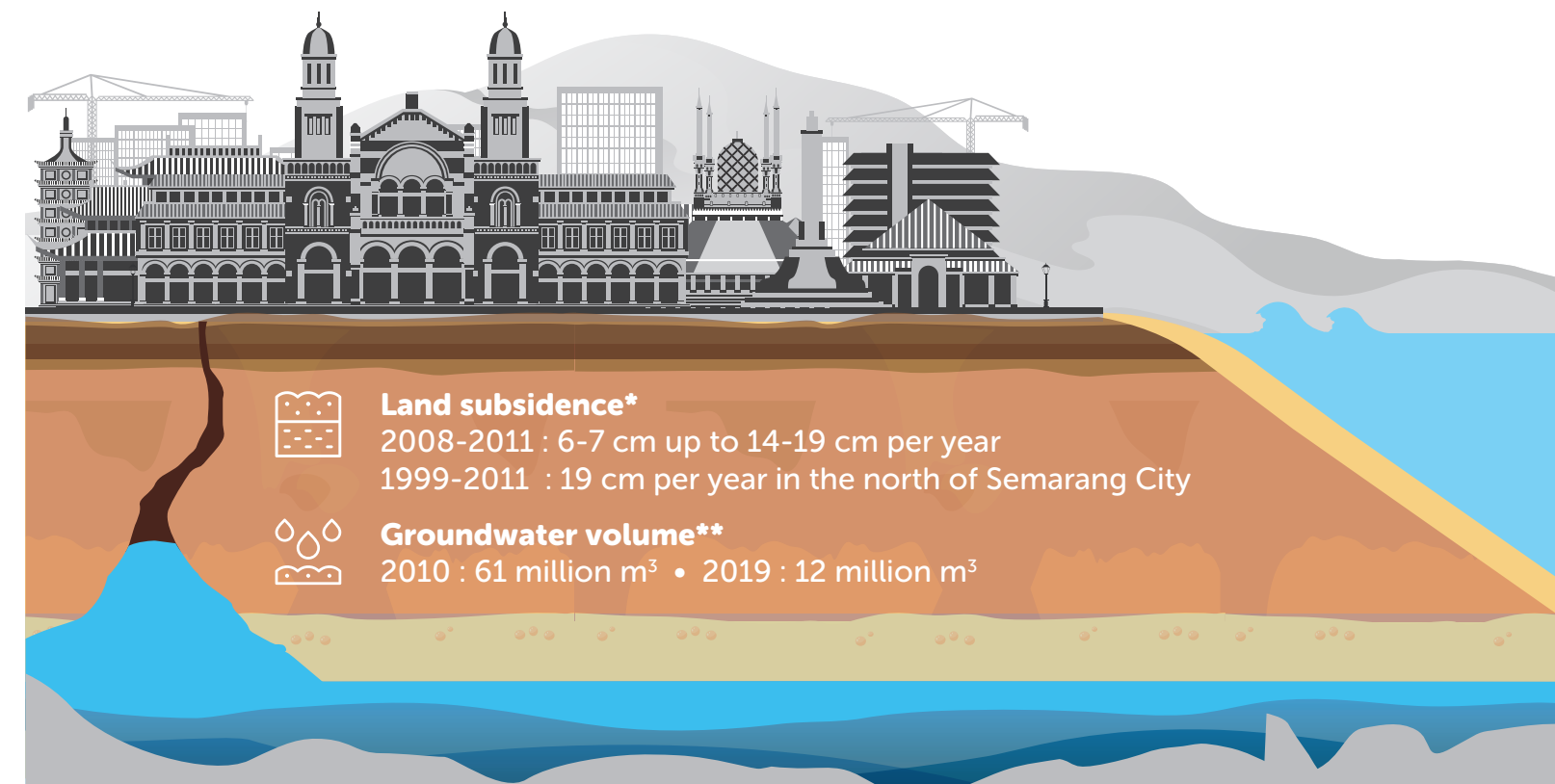
Putranto (2014) concluded that intensive groundwater abstraction in the city of Semarang caused groundwater reserves to deplete

and leaves only about 12 million m³ of volume. The number decreased from 61 million m³ in 2010. Groundwater table fell below the seawater surface up to 50 meters, resulting in the formation of groundwater cones and saltwater intrusion in the northern part of Semarang.⁴⁵

The subsidence in Semarang has actually occurred since more than 100 years ago (Abidin et al, 2013). These problems show that groundwater extraction in Semarang has exceeded its sustainability limit. Therefore, the alternative supply of surface water sources needs to be prepared (Putranto et al, 2017).

Land and Water in Semarang City

Semarang City is experiencing land subsidence. Its groundwater reserves have depleted.



In the north of the city, groundwater table fell below seawater surface ± 50 meters

Source:

*) Land subsidence in coastal city of Semarang (Indonesia): characteristics, impacts and causes. Geomatics, Natural Hazards and Risk, Abidin HZ, et al. (2013) 4(3): 226-240
 **) Putranto T.T, Hidajat W. K, Susanto, N. 2017. Developing groundwater conservation zone of unconfined aquifer in Semarang, Indonesia. 2nd International Conference on Tropical and Coastal Region Eco Development 2016

⁴⁴ Abidin HZ, Andreas H, Gumilar I, Sidiq TP, Fukuda Y (2013) Land subsidence in coastal city of Semarang (Indonesia): characteristics, impacts and causes. Geomatics, Natural Hazards and Risk,

⁴⁵ Putranto T.T, Hidajat W. K, Susanto, N. 2017. Developing groundwater conservation zone of unconfined aquifer in Semarang, Indonesia. 2nd International Conference on Tropical and Coastal Region Eco Development 2016

II. List of Planned and Existing Water Projects in Semarang City⁴⁶

West Semarang Drinking Water Supply System (SPAM Semarang Barat)

A project of the Ministry of Public Works the aim of which is to fulfill the needs of drinking water in West Semarang, Ngaliyan and Tugu area. Total investment amounted to IDR 1.15 trillion which consist of PT. Moya IDR 417.2 billion, Directorate General of Water Resources (Ditjen SDA) IDR 90 billion, Director General of Cipta Karya IDR 221 billion, local budget (hereinafter referred to as "APBD") IDR 100 billion and PDAM IDR 322 billion. The Special Purpose Vehicle will be PT. ASB. The Drinking Water Supply System (SPAM) project will start in 2020.

East Canal Flood Normalization

This is a project by the Ministry of Public Works which aimed at overcoming sea-water increase flooding and regular flooding, especially in the area of North and East Semarang. The budget allocation of this multi-years project amounts to IDR 560 billion and is targeted to be accomplished in 2020. The work involves the dredging of 927.716 m³ of sediment and the installation of sheet piles up to 14.6 km. In addition to "normalization", the project will also include development of park, recreation and sports areas.

Water Worx

This Program aims to increase access to drinking water sustainably for 10 million people until 2030. Semarang is one of the program areas. This program is implemented by Dutch Companies (Vitens, Evides Water Company, WML, Water company Groningen, Brabant Water, PWN, Oasen, Dunea, Waternet and WMD) and PDAM of Semarang.

Toll and Sea Wall

The project aims to construct toll road for the connecting economic lines as well as building sea walls to manage flooding in Semarang and Demak. The project will start running in 2020.

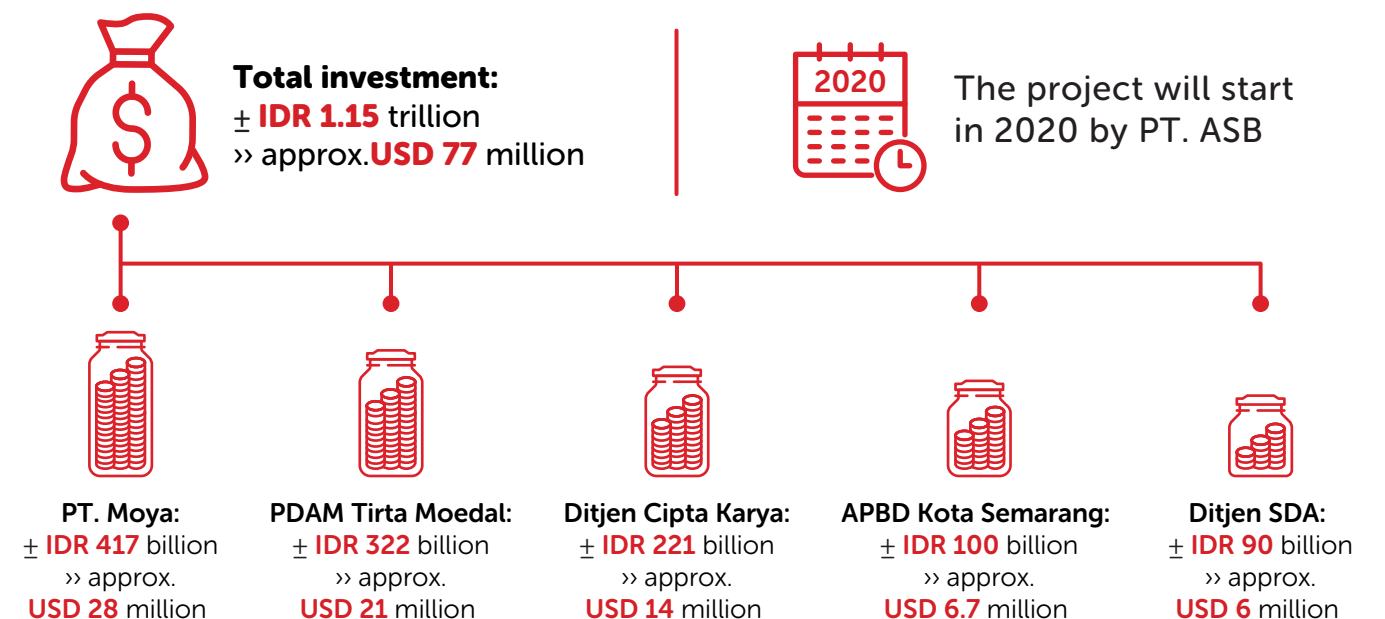
ICZM for sustainable development

The Dutch-Indonesian consortium assists local authorities with the development of knowledge and capacity to carry out the Integrated Coastal Zone Management (ICZM).

In cooperation with a study center in Diponegoro Public University (UNDIP), the project is aimed at developing and improving human capacity for sustainable development on the northern coast of Central Java with special attention to gender equality and involvement of marginal.

West Semarang Drinking Water Supply System, A Mega Water Project

A Public Works Ministry's project aims to fulfill the needs of drinking water in three sub-districts



⁴⁶ Presentation from Bosman Barubara, 'Diskusi Workshop Masa Depan Semarang Sebagai Kota Pesisir Jawa Tengah' at Unika Soegiyapranata University, 1 August 2019

Source: Bosman Barubara, Presentasi 'Diskusi Workshop Masa Depan Semarang Sebagai Kota Pesisir Jawa Tengah' at Unika Soegiyapranata University, 1 August 2019

Ground Up

It is a practice-based analysis of groundwater governance for integrated urban water resources management.

The science and daily knowledge integration program covers problems related to surface water

and groundwater affecting flood risk and access to water. The program translates sciences in the field of hydrology, technical, and social processes in order to form the integration of groundwater and surface water management for groundwater users and residents.

III. PDAM Tirta Moedal of Semarang City

PDAM Tirta Moedal was established based on Regional Regulation Number 12 of 1978 regarding the Establishment of the Semarang City PDAM.⁴⁷ This was later amended into Regional Regulation Number 8 of 2013, then into Regional Regulation Number 9 of 2016, which then further amended into Regional Regulation Number 2 of 2019 regarding Tirta Moedal PDAM, City of Semarang and promulgated through the Regional Gazette of 2013.

The purpose of the establishment of the PDAM Tirta Moedal is to fulfill the needs of quality drinking water at affordable prices in order to support the realization of public health and regional income.⁴⁸ PDAM in Semarang City has 5 branch offices which are located in

Central Semarang, South Semarang, West Semarang, East Semarang and North Semarang.⁴⁹

Our interview with citizens in three districts which are served by PDAM reveals that (physical) water quality is deemed to be acceptable, except that the smell of calcium hypochlorite is quite strong. As a note, the strong smell indicates that calcium hypochlorite is still in effect, which could mean that disinfection is working. Continuity is deemed problematic. During drought, water flows only for 3-5 hours per day or every 2-3 days with muddy quality. The majority of pipes were constructed by the Dutch colonial era and are at risky condition to break. Pipe leakages can decrease water pressure.⁵⁰

⁴⁷ Regional Regulation Number 8 of 2013 on Tirta Moedal Drinking Water Company of Semarang City, article 2 verse 2

⁴⁸ PDAM Tirta Moedal Business Plan 2013-2017

⁴⁹ PDAM Tirta Moedal Kota Semarang <https://www.pdamkotasmg.co.id/page/kantor_cabang> accessed on 15 September 2019

⁵⁰ Interview with PDAM Tirta Moedal's customers on 14 September 2019 at PATTIRO Semarang's office in Semarang City; Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019 at Grandika Hotel, Semarang City.

PDAM Tirta Moedal of Semarang City

Maintenance cost (based on the diameter of water meter)*



Administration tariff:

IDR 2,500 (± USD 0.17) → **IDR 7,000** (± USD 0.48)

1/2 inch

IDR 5,000 (± USD 0.34) → **IDR 9,500** (± USD 0.65)

3/4 inch

IDR 7,500 (± USD 0.51) → **IDR 15,000** (± USD 1.02)

1-1 1/2 inch

IDR 7,500 (± USD 0.51) → **IDR 40,000** (± USD 2.73)

> 2 inch

IDR 17,500 (± USD 1.20) → **IDR 140,000** (± USD 9.56)



Strong smell of calcium hypochlorite



Muddy water



Water flows only for **3-5** hours per day or every 2-3 days



The majority of pipes are at risky condition to break

Water Quality**

Target of coverage level by 2020***

100%

80%

54,17% (2018)

Government's

PDAM's

Reality

Source:

*) Semarang Mayor Regulation 31 Tahun 2019 on PDAM Tariff

**) Interview with PDAM Tirta Moedal's customers, 14 September 2019, Semarang City; Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019, Semarang City.

***) Semarang City Regional Medium-Term Development Plan 2017-2021

After their appointment on 1 July 2019, PDAM Tirta Moedal Directors increased PDAM tariffs as of August, 2019. This policy is based on Semarang Mayor Regulation Number 31 of 2019 on PDAM tariff. The new regulation stipulates the increase of maintenance cost depending on the diameter of the water meter. For example, for half inch diameter, the maintenance cost increases into IDR 9,500, $\frac{3}{4}$ inch increases into IDR 15,000, 1-1.5 inch increases into IDR 40,000 and for pipes above 2 inches into IDR 140,000.⁵¹ According to the director, the increase is based on inflation in the last 10 years. In the previous tariff regulation, administration tariff was IDR 2,500,

whereas maintenance and operation of $\frac{1}{2}$ inch pipe was at IDR 5,000, $\frac{3}{4}$ -2 inch at IDR 7,500 and above to inch at IDR 17,500.⁵²

Moreover, the Semarang City amended 5-year development plan (2017–2021) mentions that the government shall have 100% of universal water service coverage by 2020.⁵³ The research finds that PDAM Tirta Moedal targets 80% of coverage by 2020. However, the coverage level in 2018 is at 54.17%. On the other hand, Semarang City also suffers from lack of bulk water supply. This will create another challenge to reach the target by 2020.

IV. Institutional Arrangements

Information Commission

The Central Java Provincial Information Commission evaluates and benchmark the transparency level of public bodies each year, including regional-owned enterprises. In 2019, the Information Commission gave their 5th evaluation with all regional-owned enterprises (BUMD) categorized as “not transparent”. One of the strategies to increase the transparency of BUMD is by

adding the element of contract transparency in the benchmarking methodology.⁵⁴

Regional Development Planning Agency

The Regional Development Planning Agency (hereinafter referred to as “Planning Agency”) formulates a 5-year Regional Medium-Term Development Plan (hereinafter referred to as “Mid-Term Plan”) and Regional Development Work Plan (RKPD).



Government Institutions Working with Tirta Moedal Drinking Company

Information Commission of Central Java¹



Evaluates and benchmark the transparency level of public bodies each year, including regional drinking water company (PDAM)

Regional Development Planning Agency



Formulates a 5-year Regional Medium-Term Development Plan - One of the 5-year plan's target is to increase household coverage of water service provision²



Assign the drinking company to achieve the target³



Formulates the drinking water supply master plan (RISPAM)⁴

Mayor of Semarang City⁵



As the capital owner



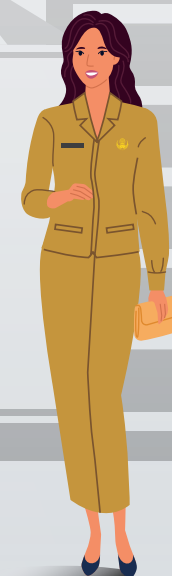
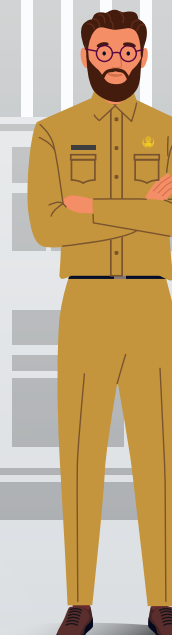
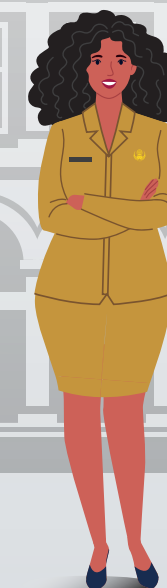
Appoints directors



Appoints board of supervisors



Establishes the target for mid-term development plan on water service provision



⁵¹ Semarang Mayor Regulation 31 Tahun 2019 on PDAM Tariff

⁵² 'PDAM Semarang Naikkan Tarif Agustus Ini | Semarang - Solopos.com' <<https://www.solopos.com/pdam-semarang-naikkan-tarif-agustus-ini-1008093>> accessed 15 October 2019.

⁵³ Semarang City Regional Medium-Term Development Plan 2017-2021

⁵⁴ Information Commission of Central Java Province. Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019 at Grandika Hotel, Semarang City.

Source:

¹ Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019 at Grandika Hotel, Semarang City

² Regional Regulation Number 6 of 2016 on Semarang City Regional Medium-Term Development Plan 2016-2021

³ Ibid.

⁴ Semarang City RISPAM Final Report of 2013

⁵ Regional Regulation No. 2 of 2019 on Regional Drinking Water Company of Semarang City, Tirta Moedal

One of the 5-year plan's targets is to increase household coverage of water service provision.⁵⁵ This responsibility is given to PDAM in order to achieve their performance target.⁵⁶ In order to coordinate such efforts, the Planning Agency formulates the drinking water supply master plan (RISPAM) of Semarang for 2013–2033. The RISPAM is then “translated” by PDAM Tirta Moedal in their annual business and investment plan.

Regional Secretariat of Semarang City

In Semarang, the mayor, as the owner of PDAM, delegates the authority to supervise the drinking water company to the Regional Secretary through the Head of Economics of the Regional Secretary to act on his behalf in its ownership of PDAM. Based on interviews, planning targets are evaluated at least once in a year.⁵⁷ The Regional Secretary is also a member of PDAM's advisory board.

V. Open Contracting Assessment in PDAM Tirta Moedal

1. Regulation on Participation

The Government Regulation Number 54 of 2017 concerning Regional-Owned Enterprises (BUMD) mentions that consumers shall be represented on BUMD as a member of the supervisory board. However, the process of selecting who sits on the advisory board does not involve the community as they

are directly appointed by the mayor.⁵⁸

Other governance practices such as business planning, procurement and performance evaluation also do not involve the public. Public involvement is represented by community members in the advisory board.⁵⁹

2. Documentation and Information Management System

PDAM Tirta Moedal's Information and Documentation Official (hereinafter referred to as “PPID”), is an auxiliary official

and a part of the government of Semarang City's PPID. The PPID was decreed by Board of Directors Letter Number

821.29/37/2018 with the public relation and protocol department head as its chief. The PPID has established Standard Operating Procedures (SOP) for information request, petition objection, and list of public information (DIP) that can be accessed through the PDAM website at <http://www.pdamkotasmg.co.id/>. The research findings show that business and investment plan documents, SOP for supervision and decree of directors related to procurement are

not accessible for public. The research also finds that PDAM Semarang City government's financial report is not published nor accessible by the public. According to the Provincial Information Commission, PDAM's website is considered quite informative compared to other region-owned enterprises at the Central Java. However, their transparency standard has not met the standard in the Regulation of Central Information Commission Number 1 of 2019.⁶⁰

3. Planning

The research shows that PDAM's procurement plan starts with the 2013-2033 Drinking Water Master Plan Document. From the master plan, they make a more detailed 5-year business and investment plan (*Rencana Bisnis dan Investasi* or RBI) which will serve as the basis for their annual work plan and budget (RKAT). Both documents have been provided to the research team at the end of this research.

According to a PDAM official, the legal basis of procurement is the Decree of Directors

027/50/2017 issued on 5 July 2017 concerning procurement guidelines whose provisions are in line with Presidential Regulation 16 Year 2018. Procurement is implemented in the planning, equipment and research development division. Procurement requirement is divided into two: operations and investments.⁶¹ Majority of operational needs are conducted through direct appointment and quick tender (*lelang cepat*).⁶² Investments are partially included on National Public Procurement Agency (NPPA) website at <http://sirup.lkpp.go.id/>.

⁵⁵ Regional Regulation Number 6 of 2016 on Semarang City Regional Medium-Term Development Plan 2016–2021

⁵⁶ Ibid.

⁵⁷ Interview with Assistant II Regional Secretary of Semarang City on 26 August 2019 in Semarang City Hall.

⁵⁸ Interview with Assistant II Regional Secretary of Semarang City on 26 August 2019 in Semarang City Hall.

⁵⁹ Interview with PDAM Tirta Moedal of Semarang City on 2 September 2019 at PDAM Tirta Moedal's office.

⁶⁰ Mohamad Mova Al'Afghani. Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019 at Grandika Hotel, Semarang City.

⁶¹ Interview with PDAM Tirta Moedal of Semarang City on 2 September 2019 at PDAM Tirta Moedal's office.

⁶² Ibid.

Data from the NPPA retrieved by the research time during the research implementation showed that in 2019 there are

10 work packages for PDAM, 9 are directly through PDAM and 1 through Semarang City government.⁶³

4. Tender

Procurement in PDAM Tirta Moedal of Semarang City is governed by Board of Directors Regulation Number 027/50/2017 on the guidelines for procurement of goods and services. Procurement can be implemented periodically for one year or more than one year with an “accountable” quality, price and objective.⁶⁴ In addition, the regulation also covers rents and self-management of procurement (hereinafter referred to as “Swakelola”). Rents are grouped into 3 systems: pure renting system, rent and purchase and rent a charter contract with a maximum of five years. Meanwhile, swakelola types are planned, implemented and supervised by PDAM themselves.

The procurement is conducted through NPPA for planning and Diponegoro Public University E-Procurement System for tendering phase.⁶⁵ For most of PDAM’s operational needs, the procurement is conducted through direct appointment, providing job package directly to good quality vendors.⁶⁶ In the NPPA e-procurement system, we discovered that in 2019 there are ten procurements related to PDAM: nine of them are administered by PDAM, one of them is managed by Semarang City government.⁶⁷ In the meantime, there are 2 work packages regarding installation of pipes in 2019 and three work packages in 2018 carried out through Diponegoro Public University e-procurement system.⁶⁸

⁶³ LKPP. <<https://sirup.lkpp.go.id/sirup/ro/cari?tahunAnggaran=2019&keyword=pdam+tirta+moedal+&jenisPengadaan=0&metodePengadaan=0>>accessed on 8 October 2019.
⁶⁴ Regulation of PDAM Tirta Moedal Directors Number 027/50/2017 on Procurement Guideline.
⁶⁵ Electronic Procurement System (LPSE) of Dipenogoro University <<http://lpse.undip.ac.id/eproc4/lelang>> accessed on 8 October 2019.
⁶⁶ Interview with PDAM Tirta Moedal of Semarang City on 2 September 2019 at PDAM Tirta Moedal’s office.
⁶⁷ LKPP. <https://sirup.lkpp.go.id/sirup/ro/cari?tahunAnggaran=2019&keyword=pdam+tirta+moedal+&jenisPengadaan=0&metodePengadaan=0>, accessed on 8 October 2019.
⁶⁸ Electronic Procurement System (LPSE) of Dipenogoro University <<http://lpse.undip.ac.id/eproc4/lelang>> accessed on 8 October 2019.

Procurement in PDAM Tirta Moedal

Governed by Board of Directors Regulation on the guidelines for procurement of goods and services | Tender phase: Conducted through Diponegoro Public University E-Procurement System | For most of PDAM’s operational needs, the procurement is conducted through direct appointment

Procurement Officer:

- President Director** — Project > IDR 10 billion (approx. USD 687,000)
- Field Director** — Project IDR 500 million- IDR 10 billion (approx. USD 34,355-687,000)
- Procurement Committee** — Project IDR 200-500 million (approx. USD 13,742-34,355)
- Relevant officer** — Project IDR 50-200 million (approx. USD 3,435-13,742)



Source: Regulation of PDAM Tirta Moedal Directors Number 027/50/2017 on Procurement Guideline, article 7-13.

In the director’s regulation on procurement of goods and services, the procurement management consists of the President Director, Field Director, the Procurement Committee, the direct procurement officials and the Committee of the Examiner and the recipient of goods and services.⁶⁹ For procurement above IDR 10 billion, the president director

shall act as a procurement officer whereas for values ranging from IDR 500 million-10 billion field director shall act as a procurement officer, meanwhile for values up to IDR 200-500 million implementing procurement committee shall act as Procurement Officer.⁷⁰ Direct procurement of IDR 50-200 million is handled directly by relevant officials.

⁶⁹ Regulation of PDAM Tirta Moedal Directors Number 027/50/2017 on Procurement Guideline, article 7-13.
⁷⁰ Ibid, article 7.

The director's regulation also prescribes the method of choosing the provider of goods and services for example, it must be done via fast e-tender, e-auction, e catalogue and online shopping. The method of E-tendering is carried out with the following:

1. Mention the brand/type/type on the specification of goods/services;
2. Does not require assessment of qualification, administration and technical aspects;
3. Mechanism of objection and appeal (*sanggahan*) is required.⁷¹

5. Award

For procurements through the NPPA e-procurement system, procurement stages, tender winner, and the quality of goods/services are already published on the website, including the winner and their address.⁷² The e-procurement system contains features to upload procurement contracts. However, this action is not

implemented.⁷³ The condition is similar to procurement conducted through Diponegoro Public University e-Procurement System.⁷⁴ Contracts are not included on the list of public information in the 2018 Semarang's Public Information list. This contributes to the failure of uploading contract documents.⁷⁵

6. Implementation

For West Semarang, the Semarang City government has fulfilled financing to start physical development carried out by PT. ASB up to 1.5 years

ahead.⁷⁶ The project began with the fencing of lagan and landfill, the development of water treatment plan and production.

⁷¹ Ibid, article 7.

⁷² LKPP. <https://sirup.lkpp.go.id/sirup/ro/cari?tahunAnggaran=2019&keyword=pdam+tirta+moedal+&jenisPengadaan=0&metodePengadaan=0>, accessed on 8 October 2019.

⁷³ Electronic Procurement System (LPSE) of Semarang City. <<https://lpse.lkpp.go.id/eproc4/evaluasi/6420119/pemenangberkontrak>> accessed on 4 September 2019

⁷⁴ Electronic Procurement System (LPSE) of Dipenogoro University <<http://lpse.undip.ac.id/eproc4/lelang>> accessed on 8 October 2019.

⁷⁵ Interview with PDAM Tirta Moedal of Semarang City on 2 September 2019 at PDAM Tirta Moedal's office.

⁷⁶ See 'Konstruksi SPAM Semarang Barat Dimulai' (Bisnis.com, 29 Mei 2019) <https://ekonomi.bisnis.com/read/20190529/45/928921/javascript%20Diakses%2025%20September%202019> accessed on 25 September 2017

Tirta Moedal Drinking Water Company Complaint Service*



Direct



Fill out complaint form at PDAM* Office



Indirect, via:



Lapor Hendi: An App in Play Store or www.laporhendi.semarangkota.go.id



(024) 769209999



@pdamkotasemarang



PDAM Kota Semarang



Pdamkotasemarang



pdam@pdamkotasmg.co.id



Total Complaints**

2017	9.526
2018	11.286
2019	12.610

Legend:

* PDAM stands for Perusahaan Air Minum Daerah or Regional Drinking Water Company

Source:

**) Suaramerdeka.com "Pengaduan Pelanggan 150 per Hari"

PDAM Tirta Moedal is the Government Contracting Agency (PJPK) while PT.ASB is the operating entity.⁷⁷ The stages of construction development are not really known to the public.⁷⁸

PDAM Tirta Moedal Complaints Service consists of two services: direct and indirect

handling.⁷⁹ For a direct handling management system, public needs to submit their complaint or feedback to the Officer, then fill out the form and deliver to the PDAM counter or branch office.⁸⁰ For indirect complaint handling mechanism, public can share their concerns through multiple channels such as letter, "Lapor Hendi" online

⁷⁷ Ibid.

⁷⁸ Statement made by the Consumer Development and Protection Agency (LP2K) of Central Java Province in the Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019 at Grandika Hotel, Semarang City.

⁷⁹ PDAM Tirta Moedal Directors Decree Number 690/41/2017 on PDAM Tirta Moedal Service Standard

⁸⁰ Ibid.

complaint channel; Call Center to (024) 769209999; through Email at pdam@pdamkotasmg.co.id; and/or through social media like Facebook: PDAM City of Semarang, Twitter: @pdamkotasemarang, or Instagram: Pdamkotasemarang.⁸¹

The research team finds that Lapor Hendi channel is considered to be quite effective. The average complaint received by the channel which is addressed to PDAM every month is around 50 complaints.⁸² The complaint contents usually concern supply interruption, low pressure or murky water.⁸³

7. Consumer Organization

One of the consumer associations in PDAM is the Customer Communications Forum (FKP). This Forum is managed by LP2K Central Java and recognized by PDAM as one of the institutions to communicate with consumers.⁸⁴ This Forum helps to advocate consumers' interest towards PDAM for unsatisfactory services. The downside, however, is that not every customer knows that the forum exists.⁸⁵ The Forum can become a strategic partner in encouraging the openness of contracting.

There is a need to frame the advocacy with the right communication language for the community.⁸⁶ Another challenge would be if consumers are interested to engage in the preparation of PDAM business plan and investment plan, they might not have the ability to read the documents. CSOs can play a role as infomediaries to translate the information in said documents. During the time of the research, PDAM Tirta Moedal of Semarang City does not have a public consultation forum on their future policy except for tariff increases.

⁸¹ Ibid.

⁸² Semarang City Communication and Informatics Agency, 'Service Record of PDAM Tirta Moedal of Semarang City' (Lapor Hendi Monitoring and Evaluation activity on 3 December 2019)

⁸³ Ibid.

⁸⁴ Interview with PDAM Tirta Moedal of Semarang City on 2 September 2019 at PDAM Tirta Moedal office.

⁸⁵ Interview with Consumer Development and Protection Agency of Central Java Province on 28 August 2019 at the Agency office.

⁸⁶ Ibid.

8. Response from Local Bureaucracy and PDAM

Central Java Province Information Commission has a role in conducting the assessment or rating of public bodies' information service, one of them is PDAM as a regional-owned enterprise (BUMD).⁸⁷ At the moment, the assessment of public bodies and BUMD by provincial Information Commission is still conducted at the provincial level, and not at a regency/city level.⁸⁸ It is possible that in future rating, BUMD at regency/city level can be assessed.⁸⁹ This assessment can be utilized as an incentive toward transparency, a form of appreciation to PDAM who has provided appropriate information services to the community.

The Local Government Planning Agency has a role in developing a regional long-term development plan (RPJPD) which will be a basis to create the drinking water supply system master plan (RISPAM). In addition to that, the Regional Planning Agency also drafted the medium-term development plan with the goals detailed in PDAM's business and investment plans. The preparation of the

current business and investment plans is not yet disclosed to the public and related documents are also difficult to be accessed by the public. Moreover, the drinking water supply system master plan (RISPAM) is not available on the PDAM's website but the public can ask for the document by sending a request letter to PDAM.⁹⁰

The City Government Economic Unit is tasked by the mayor through the Regional Secretary to supervise the performance of PDAM. The meeting forum meeting between Semarang City Government and PDAM is not held regularly.⁹¹ Discussions about PDAM's strategic policies such as investment and business plans as well as tariff increases are held between the two institutions.

During the assessment, the research team asked for several documents to the Semarang City Regional Secretary and PDAM Tirta Moedal. Researcher sent a request letter to access the 2013-2018 and 2019-2024 business and investment plan of PDAM Tirta Moedal to the Assistant of Documentation

⁸⁷ Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019 at Grandika Hotel, Semarang City.

⁸⁸ Ibid.

⁸⁹ Commissioner of Central Java Information Commission. Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019 at Grandika Hotel, Semarang City.

⁹⁰ Interview with PDAM Tirta Moedal of Semarang City on 2 September 2019 at PDAM Tirta Moedal office.

⁹¹ Interview with Assistant II of Semarang City Regional Secretary on 26 August 2019 di Semarang City Hall.

and Information Management Officer (PPID) at Semarang City Regional Secretary. Researcher also asked for PDAM Tirta Moedal financial report of 2016-2018 period. Additionally, the research team also asked for several documents to PDAM Tirta Moedal, including Standard Operational Procedure (SOP) on Customer Service, SOP on Monitoring, and PDAM Tirta Moedal Directors Decree concerning procurement. Researcher sent the request letters on 19 September 2019. Since there was no response from the PPID at Semarang City Regional Secretary and PDAM Tirta Moedal, the research team then sent objection letters to

the two organizations, including to the Regional Secretary as the supervisor of the PPID. The requested documents were obtained on 7 October 2019.

The research finds that the Semarang City government will publish their contract documents when the Mayor of Semarang, as the Supervisor of the Information and Documentation Officer of the city, allows them to do so.⁹² In the Public Information List of Semarang City 2018, contracts are not yet included within the public documents category. The list of exempt information cannot be accessed by the research team.

9. Local Policy and Regulation

There are several regional regulations and policies that are related to open contracting in PDAM:

- 1. Regional Regulation Number 14 of 2010 on Additional Capital from Semarang City to PDAM;
- 2. Regional Regulation Number 11 of 2017 on the Revision

of Regional Mid-Term Development Plan 2016-2021;

- 3. Regional Regulation Number 2 of 2019 concerning PDAM Tirta Moedal;
- 4. Semarang Mayor Regulation Number 18 of 2012 on Guideline for Remuneration for the Directors and

- Supervisory Board of Semarang City PDAM;
- 5. Semarang Mayor Regulation Number 42 of 2012 on Regional Action Plan on Drinking Water Supply and Environmental Sanitation;
- 6. Semarang Mayor Regulation Number 34 of 2017 on Guideline for Management of Citizens Complaint on Public Service;

- 7. Semarang Mayor Regulation Number 35 of 2017 on Guideline for Information Management and Public Documentation;
- 8. Semarang’s Drinking Water Supply System Master Plan (RISPAM); and
- 9. PDAM Director’s Decree Number 027/50/2017 on Guideline for Procurements at PDAM Tirta Moedal.

10. Engagement with PDAM

Implementing Public Information Disclosure Law on Procurement Contract

Procurement contracts should, by nature, be disclosed.⁹³ This can be done in Semarang in two ways. First, by including them on the list of public information. Currently PDAM is in the process of developing a list of public information as well as a list of exempt information.⁹⁴ Secondly, by conducting a “balancing test” (harm test and public interest test) towards contracts. Contracts should be disclosed if pursuant to such a test, there is a greater public interest in opening them. However, this would require some additional capacity building with PDAM.

Providing Assistance in PDAM SOP Drafting for an Inclusive Procurement

Under Government Regulation Number 54 of 2017, PDAM has to draft three kinds of SOP: SOP for customer, SOP supervision and SOP procurement of goods and services. The 3 SOPs can provide a technical guideline for PDAM to implement a transparent and inclusive procurement.

Creating an Official Customer Forum

In order to strengthen the community’s position, there is a need to facilitate a monthly discussion forum between

⁹² Interview with Assistant II of Semarang City Regional Secretary on 26 August 2019 di Semarang City Hall.

⁹³ Commissioner of Central Java Information Commission. Focus Group Discussion on Transparency in PDAM Tirta Moedal Procurement and Working Performance, 3 September 2019 at Grandika Hotel, Semarang City.
⁹⁴ Interview with PDAM Tirta Moedal of Semarang City on 2 September 2019 at PDAM Tirta Moedal office.

PDAM Tirta Moedal and its consumers. The Forum will discuss various water service issues and provide recommendations to increase service quality. Consumer Development and Protection Agency (LP2K) of Central Java already established Customer

Communication Forum (FKP) as a consumer forum to raise complaints to PDAM, however, PDAM does not respond to the forum. Therefore, a new official forum should be organized that can work together to channel voice to PDAM.

11. Engagement with Local Government

Intervene on the Drafting of Mayor Regulation Pertaining Procurement

Semarang is currently drafting Mayor Regulation on Procurement at Economic Section of Semarang City which can serve as the basis to develop this SOP of the aforementioned PDAM SOPs.⁹⁵ There is a scope to intervene in this regulatory process. CSOs can provide input to allow communities to be involved in the PDAM procurement process.

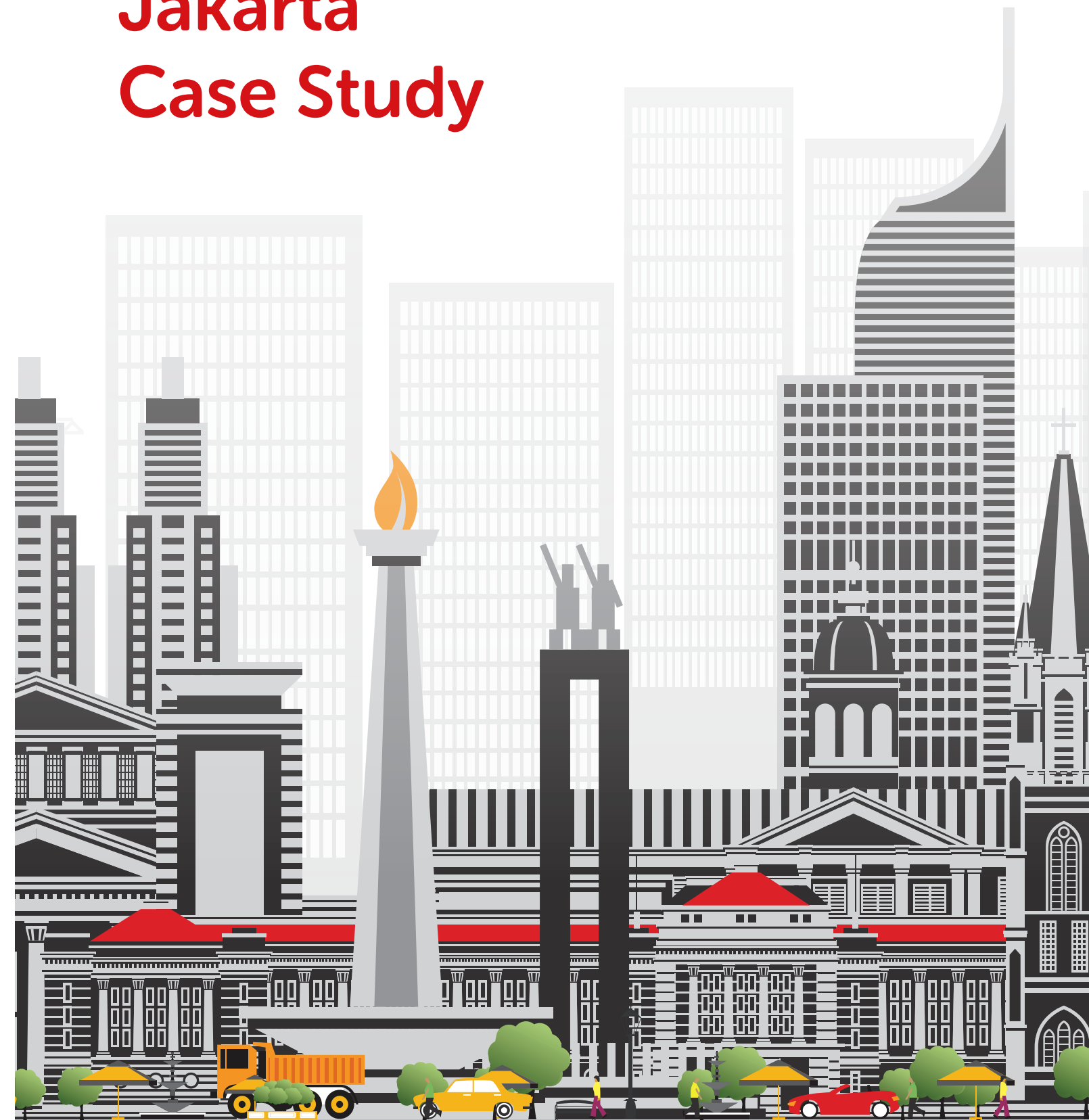
Monitor if complaints have been addressed

The LAPOR HENDI system is a Semarang general complaint system that is already operating. This system can also be used to complain against procurement processes or low-quality water services.⁹⁶ The system is currently run by the Communication and Informatics Agency in Semarang City government.

⁹⁵ Interview with Assistant II of Semarang City Regional Secretary on 26 August 2019 di Semarang City Hall.

⁹⁶ Interview with PDAM Tirta Moedal of Semarang City on 2 September 2019 at PDAM Tirta Moedal office.







Jakarta Case Study





DKI Jakarta at a Glance



Map of DKI Jakarta

-  Area **664,01 km²¹**
-  Population **10,467,629** people (2018)²
-  Population Density **15.7 thousand/km²³**
-  **6** Regency/City
-  **44** Sub-Districts
-  **13** rivers (heavily polluted)⁴

Parts of Jakarta will be underwater in **2030⁵** due to land subsidence

- Causes⁶**
-  Over abstraction of groundwater
 -  Development of high-rise buildings

Water supply service in Jakarta Special Province is provided by 3 water companies: PAM Jaya and two private concessionaires: Palyja and Aetra. The concession contract between PAM Jaya with Palyja and Aetra will end in 2023.⁷

Sources:

¹ DKI Jakarta Statistics Agency

² Ibid

³ "Inilah Kepadatan Penduduk di DKI Jakarta | Databoks" Katadata.co.id (21 June 2019)

⁴ "Jakarta's River Water Severely Polluted: Bappenas" The Jakarta Post (2 February 2018)

⁵ "Jakarta Is Sinking So Fast, It Could End Up Underwater" The New York Times (21 December 2017)

⁶ "Hasanuddin Z Abidin and others, 'Land Subsidence of Jakarta (Indonesia) and Its Relation with Urban Development' (2011)

⁷ Lobina, E. et al. "Water justice will not be televised: Moral advocacy and the struggle for transformative remunicipalisation in Jakarta" Water Alternatives 12(2): 725-748. (2019)

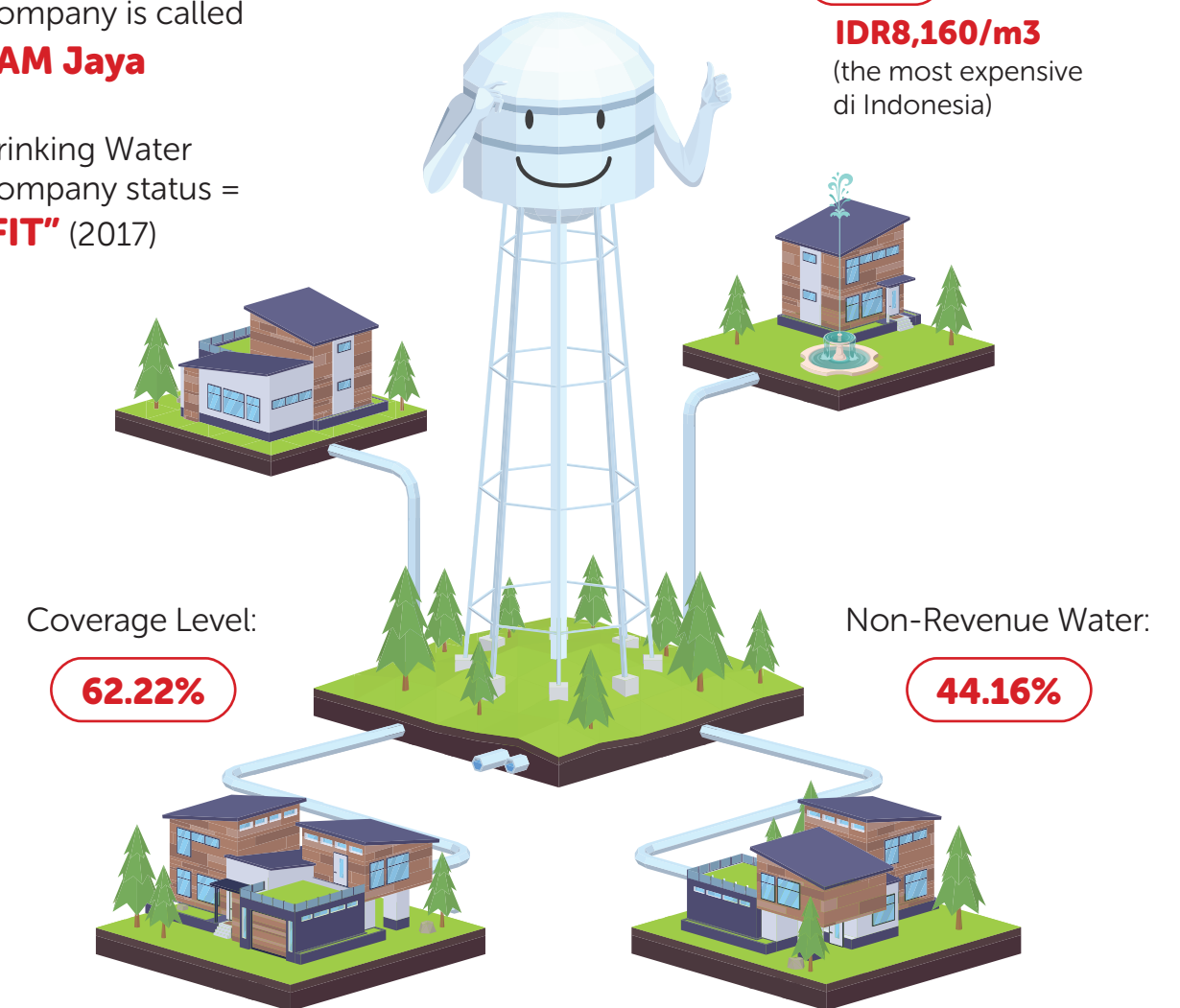
Jakarta Drinking Water Company

Jakarta Drinking Water Company is called **PAM Jaya**

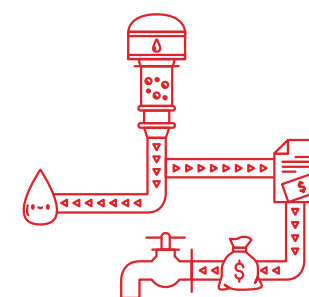
Drinking Water Company status = **"FIT"** (2017)

Tariff:

IDR8,160/m³
(the most expensive di Indonesia)



The study focus is on PAM Jaya's procurement. This is because special attention is required to develop the governance of PAM Jaya after the privatization ends in 2023.



Regional Drinking Company Performance Assessment:

Assessment Category

- >> Fit = Score > 2.8
- >> Unfit = Score 2.2-2.8
- >> Poor = Score < 2.2

Assessment Indicators

- >> Financial (25%)
- >> Service (25%)
- >> Operational (35%)
- >> Human Resource (15%)

Source:

The Supporting Agency for Drinking Water Supply System Development, 2018

Procurement in Regional-Owned Enterprises



20
17

Government Regulation No. 54/2017 on Regional-Owned Enterprises

Head of regional government (ie. Governor in Jakarta) should regulate procurement process in Regional-Owned Enterprises.

PAM Jaya started using its new procurement system

Separated from the other government units' Electronic Procurement System.

Disclosure level is still below the Electronic Procurement System.¹



20
19

20
19



Jakarta Governor Regulation No. 50/2019 on Procurement in Regional-Owned Enterprises

The regulation outlines the basic principles and requirements for procurement in Regional-Owned Enterprises but leaves the detail to each enterprise.

Sources:
¹ PAM Jaya statement's in Focus Group Discussion in Jakarta, 18 September 2019

PAM Jaya Performance Supervisor

PAM Jaya* is supervised by several institutions



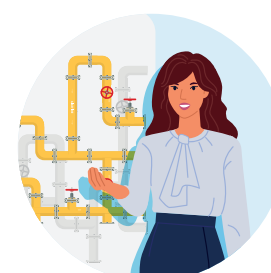
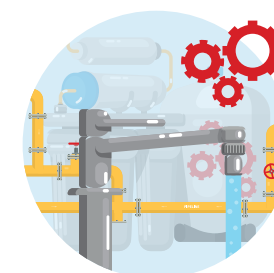
The Supervisory Agency for Regional-Owned Enterprises (BPBUMD)

Oversee PAM Jaya on behalf of the provincial government.
Participate in drafting PAM Jaya's business plan.

Water Resources Agency

Responsible for planning, management, development, maintenance, treatment, control, monitoring, evaluation, research, development and security of water resources in Jakarta.

Procure capital expenditure goods to be granted to PAM Jaya



Jakarta Drinking Water Regulatory Agency (BR-PAM)

Regulate both PAM-Jaya and its private concessionaires, Palyja and Aetra.

National Development Planning Agency (BAPPENAS)

Coordinate regional planning, which includes the plan to improve water supply and sanitation access.



Regional Information Commission of Jakarta

Settle information disclosure dispute between PAM Jaya and public who request their information.

Legend:

* PAM Jaya is regional drinking water company in Special Capital Region of Jakarta

Transparency in PAM Jaya



PAM Jaya* does not have Public Information and Documentation Officer (PPID)**



The concession contract is not a public document though it contains clauses which regulates customer's rights.¹



PAM Jaya does not make their financial data and reporting available for public PAM Jaya due to their cooperation with the private sector

Lack of Public Participation in PAM Jaya's Work Planning



Jakarta does not have any Drinking Water Supply System Master Plan (RISPAM)***



PAM Jaya is drafting a business plan with The Supervisory Agency of Region-Owned Enterprises (BP-BUMD) but there is no public involvement.



There is no special forum by PAM Jaya to involve the public in terms of planning



PAM Jaya agrees that public should be involved in the corporate planning process

Legend

* PAM Jaya is regional drinking water company in Special Capital Region of Jakarta

** As stated in the Public Information Disclosure Law of Indonesia, PPID is an officer responsible for information storage, documentation, information provision and/or information service in the public body.

*** RISPAM: a long term development plan that serves to coordinate and strategize the fulfillment of drinking water access for all citizen through multiple sources

Source:

¹ Mohammad Mova Al Afghani, Transparansi regulasi penyediaan air minum di DKI Jakarta (Edisi 1, Ecotas 2011)

Open Contracting Implementation in PAM Jaya



1.

Privatisation contract is not publicly available, although it has been declared by the Court to be partially opened.¹

4.

Procurements and contract documents outside of concession arrangements are not opened for public though they are not bound by the confidentiality clause.

2.

A confidentiality clause in the contract prevents contract document disclosure without prior written consent of the concessionaires.

5.

The new procurement system in PAM Jaya has not been designed to disclose the contracts.

3.

Information related to operator performance is available in the Drinking Water Company Regulatory Agency (BR-PAM)* website, but the quality of the information varies depending on the policy of the regulators

Legend

* BR-PAM is an independent agency that regulates both PAM-Jaya and its private concessionaires, Palyja and Aetra. The status of the regulatory agency was set up by Jakarta Government²

Source:

¹ The Indonesian Supreme Court Ruling No. 172/G/2012/PTUNJKT

² Governor Regulation of Jakarta Special Capital Region No 118/2011 and No. 254/2015

PAM Jaya Consumer Organization

Lessons Learned

There is no consumer body* that has been officially recognized by Jakarta provincial government

Lessons Learned

BANTUL

SEMARANG

JAKARTA

Legend

*) Komite Pelanggan Air Minum (KPAM) or Drinking Water Customer Committee has been established in partnership with the concessionaire. However, the committee is not an officially recognized consumer body.

Pros and Cons of the Existing Procurement Regulation

One of the advantages of separating state/regional-owned enterprises procurement from government/regional government procurement is to allow more flexibility. The assessment finding shows that budget availability is one of the main reasons for separating the process. For example, prior to making the procurement plan, the government budget is always available. Government entities are oriented towards spending the budget. However, companies have different approaches to their procurement process. When companies draw-up their annual budget plan (RKAB) in December, the money is not yet secured and available as they can

make a plan with the estimated income received in the next year.⁹⁷

With companies, including regional-owned companies, they can start the procurement process of a pipe tender in January, and have the contract signed in March. In the contract, the company can set up the payments to be made 3 months later when revenues have already been collected. It is found that this sometimes becomes a concern for a PDAM, as it is often assumed that the law enforcer will require the money to be available. This requirement is different with the approach of the PDAM as a company where they can engage in factoring agreements.

However, at the moment there are no guidelines for how procurement should be regulated by the regions or by PDAMs. Head of Local Governments are often afraid to take risks and thus refer the regulation to Presidential Regulation on Procurement applicable to the government. Unfortunately, some rules and regulations in the Presidential Regulation are actually incompatible for business. Ideally, Regulation of Head of Local Governments should only regulate general matters while the details are decided by each PDAM.⁹⁸ One respondent mentioned that there are only 50 PDAMs that have internal rules regarding procurement out of the total 380 PDAMs.

information they look for. There is also a concern on the lack of clarity and adequate information on the details of the procurement published on the PDAM websites.⁹⁹

However, smaller PDAMs or the ones located outside of Java may have different practices compared to the larger ones and do not announce their tenders.¹⁰⁰ In practice, vendors received last-minute requests for big purchases. In order to avoid the lack of stock when requested by PDAM, vendors need to be proactive and call each PDAM to provide a global estimate on their next year procurement plan.

A more detailed and better annual procurement planning shared by the public will allow vendors to have a more competitive bidding and the government will have more options with more vendors participating in their procurement process.

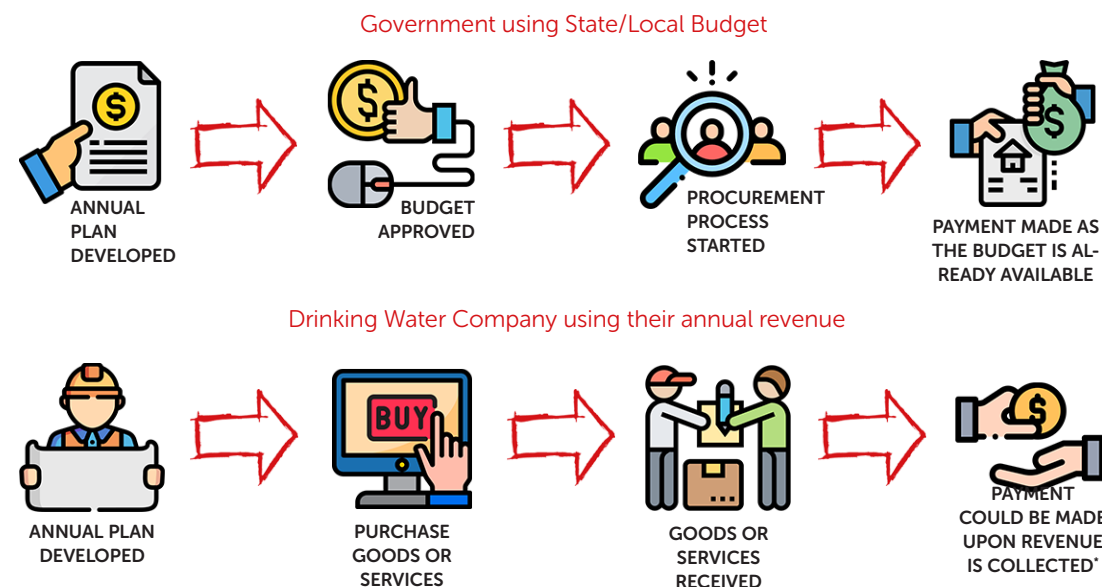
It can be concluded that every stakeholder supports the disclosure of business and investment plan documents. Nevertheless, there are questions regarding the extent of public involvement in business planning.

The assessment finds that the business plan and Drinking Water Supply System Master Plan (RISPAM) would still require civil society

Transparency and Public Involvement in Business and Investment Planning

Respondents from the assessment generally showed support for transparency and public involvement in business and investment planning. However, concerns were raised on access to procurement information from the PDAM. Specific concerns were raised by vendors on the lack of engagement with the PDAM when procurement information is published. There is a need for a vendor to have a notification when a PDAM has uploaded the type of

Government and Drinking Water Procurement Process



Source: Focus Group Discussion in Jakarta, 5 August 2019

*) Based on the agreement between the Company and vendors

⁹⁷ Focus Group Discussion on Open Contracting and Service Benchmarking in Water Sector, Morissey Hotel Jakarta, 5 August 2019.

⁹⁸ According to one respondent, of almost 380 PDAMs, probably only 50 have internal rules regarding procurement.

⁹⁹ 'Focus Group Discussion on Open Contracting and Service Benchmarking Di Sektor Air Minum, Morissey Hotel Jakarta, 5 August 2019' (n 90). This statement comes from Vendor K.

¹⁰⁰ ibid. This statement comes from Vendor K.

and informed citizens to translate the information for the general public.¹⁰¹ Priorities for the public to be involved in the procurement process is at the planning phase.¹⁰² However, practices where the public is involved in business planning process is rarely heard.¹⁰³

Nevertheless, public involvement in water utilities business planning is actually a common process. There have been practices from across the world on public involvement which can be adjusted to Indonesian context.

For example, the Indonesian PDAMs can learn from Scotland to learn the process in which the Customer Forum is consulted on the Scottish Water's Business Planning process. Upon development of draft proposals for a business plan for the next strategic review period, there will be a consultation phase with the Ministers, Scottish Water and the customer representatives, which will also be published for public comment.¹⁰⁴

Another example is from England where customer representation in the water industry is much more formalized through a body called Consumer Council for Water (CC

Water). The consumer body receives complaints and conducts its own assessment with respect to the utility's performance. As a part of price determination by Ofwat, CC Water conducts interviews on how company business plans can affect customers – especially when it comes to satisfaction and bills.¹⁰⁵ The interviews then summarize how a plan is "acceptable" to a consumer.

From the examples of England and Scotland, we can see that there are different ways of involving customers in the planning process. Both examples show the need to somewhat institutionalize the process through a certain forum or body.

Transparency of Contract

In terms of contract transparency, vendors participating in the assessment agree that the contract documents can be published as most of the information can already be known from the process. Some PDAMs use contract templates from the National Public Procurement Agency (NPPA) and the contract content can be taken from the template with the price estimate mentioned during the open bidding

stage. The price estimate has also been published by the government and the proposed price of the winner is already mentioned when the winner is selected.¹⁰⁶

The assessment finds that disclosing the full contract will enable vendors to check competitor's price and their capacity.¹⁰⁷ Concerns and objections were raised by the vendors that if a detailed budget of their proposal would also be disclosed, this could have negative impacts on their business in the long run.¹⁰⁸ There will be projects in which vendors do not put intangible aspects into their proposals, like branding for their company when they receive a large project. Vendors might give their discounted price by taking the intangible aspects of branding and visibility of their company into account. There are concerns showed that when discounted prices are disclosed for big projects, it will be expected of them that the next year they always give the discounted price, which will make companies lose profits. This different perspective comes as the government does not take the branding and visibility aspects into account as opposed to companies

who consider the two aspects as a way of marketing.¹⁰⁹

There are concerns for contract disclosure due to the lack of clarity on the extent of contract transparency. These concerns come from the confidentiality agreement within the contract and some believe that the confidentiality means the contract should not be disclosed to external parties outside the ones who signed the contract.¹¹⁰ Until the assessment is carried out, the Information Commission has granted 16 information requests for tender and contract documents. The Information Commission has rejected 4 information requests on similar issues due to the identity privacy.¹¹¹

¹⁰¹ 'Focus Group Discussion on Open Contracting and Service Benchmarking in Water Sector, Hotel Akmani, 18 September 2019'.

¹⁰² *ibid.*

¹⁰³ 'Focus Group Discussion on Open Contracting and Service Benchmarking in Water, Hotel Akmani, 18 September 2019'.

¹⁰⁴ Sarah Hendry, 'The Customer Forum – Putting Customers at the Centre of Regulating Water Services' (2016) 18 Water Policy 948.

¹⁰⁵ 'Setting Price Controls for 2015-20 Final Price Control Determination Notice: Company-Specific Appendix – Affinity Water' <http://www.ofwat.gov.uk/wp-content/uploads/2015/10/det_pr20141212afw.pdf> accessed 6 December 2015.

¹⁰⁶ 'Focus Group Discussion Open Contracting Dan Service Benchmarking Di Sektor Air Minum, Morissey Hotel Jakarta, August 5, 2019' (n 90). This statement comes from Vendor R.

¹⁰⁷ *ibid.* This statement comes from Vendor K.

¹⁰⁸ *ibid.* This statement comes from Vendor R.

¹⁰⁹ *ibid.* This statement comes from Vendor Y.

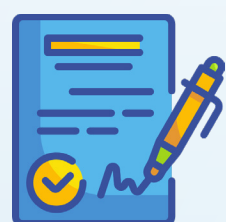
¹¹⁰ *ibid.* This statement comes from PDAM Official.

¹¹¹ "Focus Group Discussion Open Contracting Dan Service Benchmarking Di Sektor Air Minum, Hotel Akmani, September 18, 2018' (n 94).

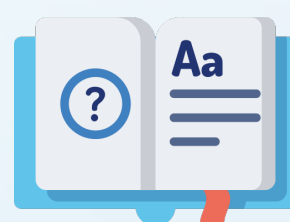
What did we learn from the assessment?



The types of information to be disclosed should be clarified and well regulated as it would fulfil people's right to information and maintain healthy business competition and data privacy.



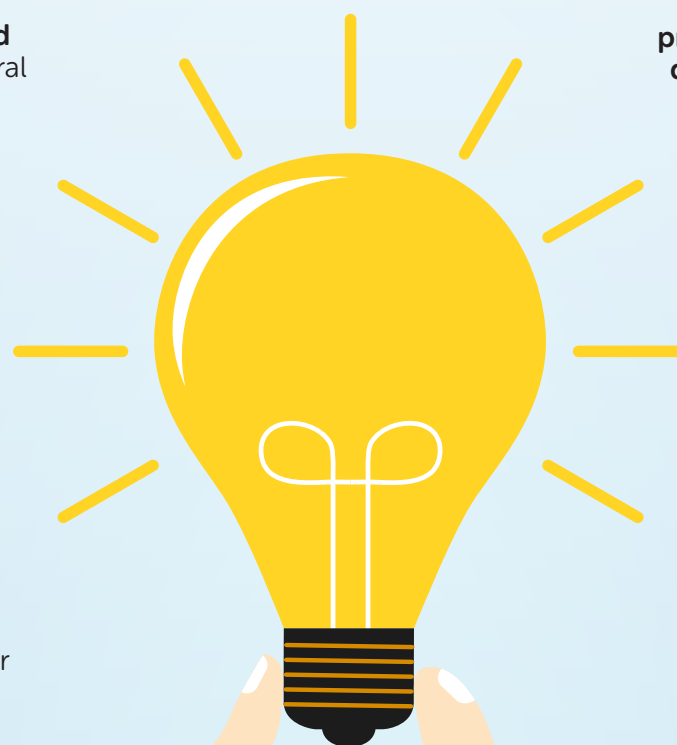
Heads of local government need to **issue a regulation on procurement in regional-owned company**, for general matters only.



Drinking water company should **develop a regulation on procurement technical details** based on their local context.



There is a **gap of policy** as some rules in the Presidential Regulation on Procurement doesn't apply to the drinking water company.



Vendors agree that the **contract document can be published** as it allows them to check the competitor's price and capacity.

Advocacy at the National Level

Open contracting would require an enabling environment at the national level. Engagement with the following institutions are required in order to facilitate open contracting for Regional-Owned Enterprises.

Procurement and Contract Disclosure Guideline

At the moment, procurement of state/regional-owned enterprises is regulated at the government regulation and regional government level. However, there is no guidance on how regulation at the regional level should look like. The National government, in this case the Ministry of Home Affairs, can enact a guideline for procurement by regional-owned enterprises. Such a guideline should incorporate open contracting principles. Through this approach, regions would be compelled to integrate open contracting principles when drafting regional regulations. Such a procurement guideline should include the disclosure of the drinking water supply system master plan (RISPAM) and the PDAM's annual business and investment plan as well as the requirement to involve the public in investment planning.

Although the majority of requests for information cases declares that contracts by government and state/regional-owned enterprises should be open by default (except for certain types of information pursuant to public interest test), most state/regional-owned enterprises do not disclose their

contract documents on their website. Interviews and FGDs with PDAM revealed that they will comply with contract disclosure requirements if it is regulated. At the national level, contract documents should be disclosed in full and any excision. It must be evaluated using the harm and public interest test. The Central Information Commission and the Ministry of Home Affairs can develop a guideline at national level on contract documents that should be disclosed and types of information that should be exempted as public information based on the result findings of harm and public interest test.

Guidance on PDAM's Public Information System

PDAMs often do not know that most information in their possession is a public document and that exceptions to disclosure can only be granted to specific items. The Central Information Commission can issue a guideline listing the types of information that a PDAM should disclose and those that can be excluded from disclosure pursuant to public interest tests.

PDAM's Transparency Benchmarking

At the moment, the Central Information Commission benchmark public bodies in terms of their transparency. However, this type of benchmarking is too general as it is applied to every public body. There should be a specific category

of benchmarking for public utilities, with water utilities as a sub-category. Such systems can create incentives for a PDAM to compete for a higher level of transparency and public involvement.

Uniform Procurement Platform for PDAM

Because of the Government Regulation Number 54 of 2017 Article 93, at the moment there are no uniform procurement systems for PDAMs and each PDAM has to develop their own procurement system. This is costly and inefficient

because (i) each PDAM has to develop a procurement system whereas actually one single procurement website can be used for all PDAM, (ii) every vendor needs to search various websites in order to obtain information. However, this can also be an opportunity for the open contracting movement. The absence of a uniform procurement platform means that civil society can propose a procurement platform for PDAMs whilst integrating open contracting principles. Such platforms can also incorporate Open Contracting Data Standard (OCDS).

Conclusion

The present regulation on Regional-Owned Enterprises procurement provides flexibility for the regional government to regulate the detail of regional-owned enterprises procurement in their territory and for PDAMs to develop their own procurement system. PDAM procurement by law has to be regulated by the head of the local government and its details should be enumerated in PDAM Director's Decree. Most PDAMs are currently in the process of transitioning to their own in-house procurement system. The PDAM in Jakarta has just recently transitioned to an in-house system, whereas the PDAM in Bantul and Semarang have yet to develop such a system. Unfortunately, none of the PDAMs we evaluated fulfilled open contracting requirements, both in terms of policy (Head of Local Government Regulation and Directors Decree) and in terms of its application for their in-house procurement system.

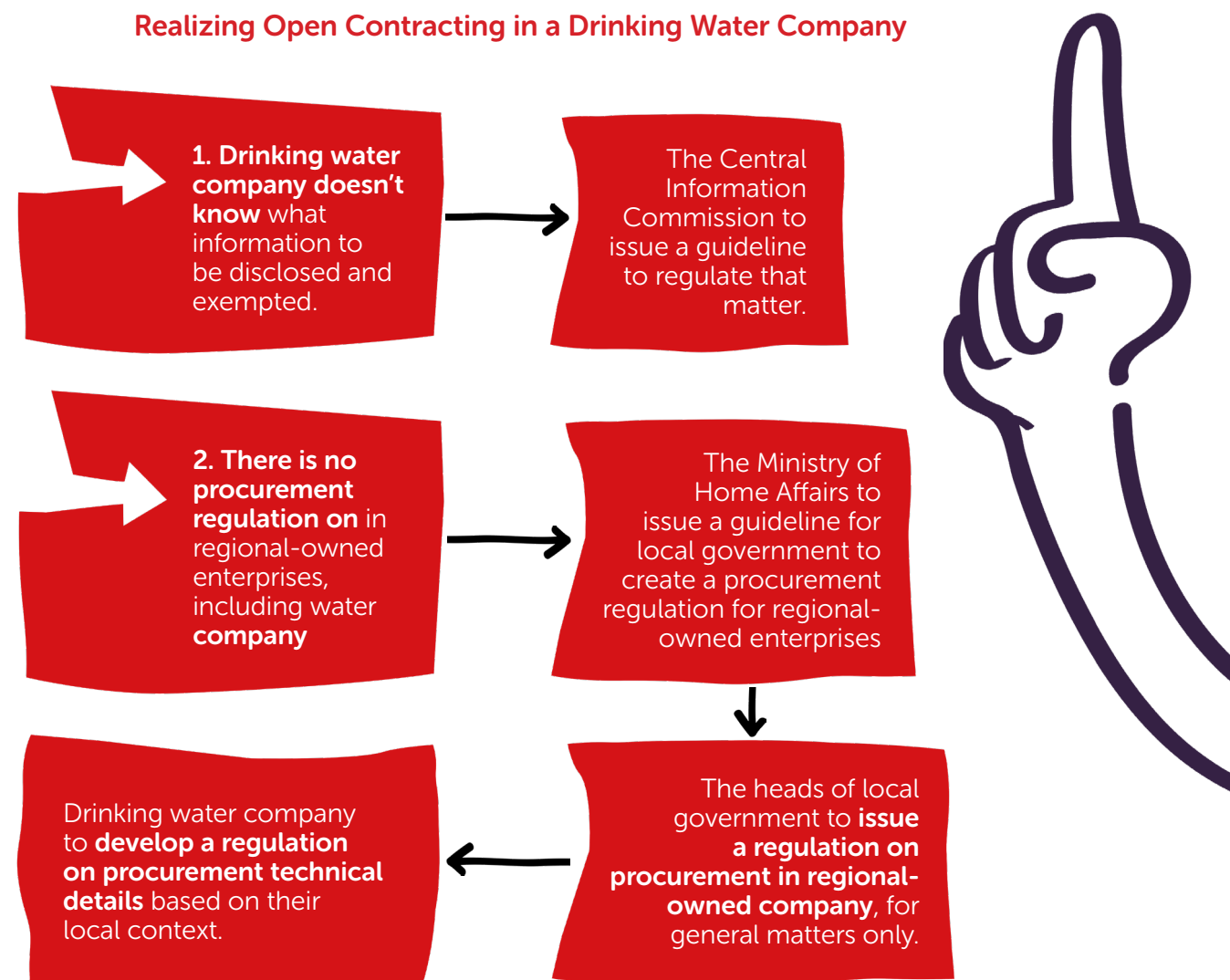
With respect to the stages of open contracting, almost all stakeholders agree that the business and investment documents should be open to the public. This idea receives support both from PDAM, regional officials and vendors. Stakeholders also agree that the public should be involved in the planning phase. However, there are questions with respect to the modes of participation. In foreign jurisdictions, such participation is carried out through consumer bodies which formally or semi-

formally represent consumer interest in water utilities. However, this sort of arrangement is not known in Indonesia. Civil society should advocate for the formation of customer forums.

Stakeholders generally agree with implementing other elements of open contracting, such as openness in the announcement of tenders. Stakeholders also agree that procurement contracts should be disclosed. One vendor did question whether such disclosure may jeopardize their commercial interest when they purposely bid low in one project in order to obtain the "marketing effect" and use market price when bidding on other projects. In this respect, full contract disclosure should be the default position and excision can be granted, subject to harm test and public interest test pursuant to vendor's complaint. It is thus necessary to develop an excision guidance for document disclosure.

This assessment has also identified regional and national policies and regulation which should be reformed in order to implement open contracting. This includes integrating open contracting with Head of Local Government Regulation and Director's Decree for regional level reform and issuing a Ministerial Regulation on the guidance of PDAM or regional-owned enterprises procurement which incorporate open contracting principles.

Realizing Open Contracting in a Drinking Water Company



What we know so far from the assessment



Recommendations

At National Level

1. National Government

- There is a need for a specific regulation which integrates open contracting for procurement by state/regional-owned enterprises. The Ministry of Home Affairs can enact a guideline for procurement by regional-owned enterprises. Such procurement guidelines should include the disclosure of the drinking water supply system master plan (RISPAM) and PDAM's annual business and investment plan as well as the requirement to involve the public in investment planning.
- The Central Information Commission and the Ministry of Home Affairs can develop a guideline at national level on contract documents that should be disclosed and types of information that should be exempted as public information based on the result findings of harm and public interest test.
- The Central Information Commission can issue guidelines listing the types of information PDAM should disclose and that can be excluded from disclosure pursuant to public interest tests.

2. Drinking Water Company

- Integrate a feature on the PDAM website for vendors to receive a notification when the PDAM has uploaded the type of information they look for.
- Have a detailed and better annual procurement planning timeline shared with the public to allow vendors to have a more competitive bidding.
- Publish contract documents. They can use the template from NPPA like some PDAMs do.
- Establish a specific category of transparency benchmarking for public utilities, with water utilities as a sub-category. This can be under the supervision of Ministry of Home Affairs and the Central Information Commission with input and coordination from the Association of Indonesian Drinking Water Company (PERPAMSI).
- Develop one website with one procurement system for all PDAM in which every vendor can obtain information for all tenders procured by PDAMs. This single procurement website can also use the open contracting data standard to ensure a unified standard across PDAM in terms of the information required.
- Disclose a PDAM's detailed annual procurement and timeline water service-related procurement. This effort will allow the government to have more options with more vendors participating in their procurement process.

At Local Level

1. Bantul Regency

a. Drinking Water Company

- Establish a deliberative forum for CSOs (and the public) to provide input to PDAM on their business plan and inclusive complaint handling mechanism for customers and potential customers.
- Create a deliberative forum in which CSOs can provide feedback on the PDAM governance by mainstreaming the open contracting principles within their procurement process.
- Create a more inclusive engagement with community and local government by involving not only honorary employee at the public works department as citizen representative but also CSOs, CSOs network, or community groups who have concern on environmental issues to work on the water sector

b. CSO, Community Groups and Consumer Organizations

- Communicate more with the Bantul PDAM and provide input to the PDAM business and investment plan.
- Involved in preparing the PDAM business plan that accommodates the interests of the community.
- Assist and provide input to the PDAM for the development of SOPs for public service as well as to publish the information to the community.
- Assist the development of the information guidance in categorizing which data and information are public and which ones aren't.
- Access the draft regent regulation on Regional-Owned Enterprises in order to provide inputs and incorporate the open contracting principles.
- Develop and strengthen a CSO network and consumer organization.

as a basis for PDAM Tirta Moedal, Semarang Drinking Water Company, to develop standard operating procedures.

- Semarang Mayor, as the Supervisor of the Information and Documentation Officer of the city, to issue a regulation that mandates government agencies in Semarang City to publish their procurement contract document.
- Semarang Mayor to issue a regulation that mandates the Information and Documentation Officer to revise Semarang's Public Information List by including the contract document as public information.

b. Drinking Water Company

- Establish a deliberative forum in which the public can discuss various issues on water service with the drinking water company and provide recommendations to the water company as a basis to improve the quality of their service.
- Develop three standard operational procedures on consumers, monitoring,

and procurement as mandated by the Government Regulation No. 54 of 2017 on Regional-Owned Enterprises.

c. CSOs and Consumer Organization

- Involve in the formulation of regional regulation on procurement in Regional-Owned Enterprises. CSOs can provide recommendations to the government to make sure that the public are able to participate in the drinking water company's procurement process.
- Act as infomediaries to translate information on the drinking water company's business and investment plan to help the public understand the information.
- Frame open contracting advocacy with the right communication language so the public can easily understand the promoted message.

2. Semarang City

a. Local Government

- Semarang Mayor to issue a regulation concerning procurement in Regional-Owned Enterprises (BUMD)

3. Jakarta

a. Local Government

- Institutionalize the open contracting initiative in Jakarta's Regional-Owned Enterprise (BUMD) by revising the Governor Regulation No. 50 of 2019 on Guideline for Procurement in BUMD, Regional Regulation No. 13 of 1992 on Jakarta Drinking Water Company (PAM Jaya), and Regional Regulation No. 11 of 1993 on Drinking Water Service in Jakarta.
- Issue a regulation as a basis to establish an official deliberative forum for consumers and prospective customers to monitor the quality of Jakarta's drinking water service system, including the procurement process in PAM Jaya.
- Issue a regulation that mandates PAM Jaya as the regional drinking water company to engage with the forum consisting of its consumers and prospective customers in formulating its annual business strategy.

- Involve PAM Jaya's vendors in a multi-stakeholder monitoring forum, together with PAM Jaya's consumers.
- Make the consumer organization as part of general strategy towards post-privatisation arrangement in Jakarta's water sector.

b. Drinking Water Company

- Publish PAM Jaya's business plan and Water Supply System Master Plan (RISPAM).
- Establish a deliberative forum for consumers and prospective customers to monitor the quality of Jakarta's drinking water service.
- Involve the consumer organization in formulating its annual business strategy.
- Enact or revise PAM Jaya Director's Decree on procurement by incorporating open contracting principles.

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