



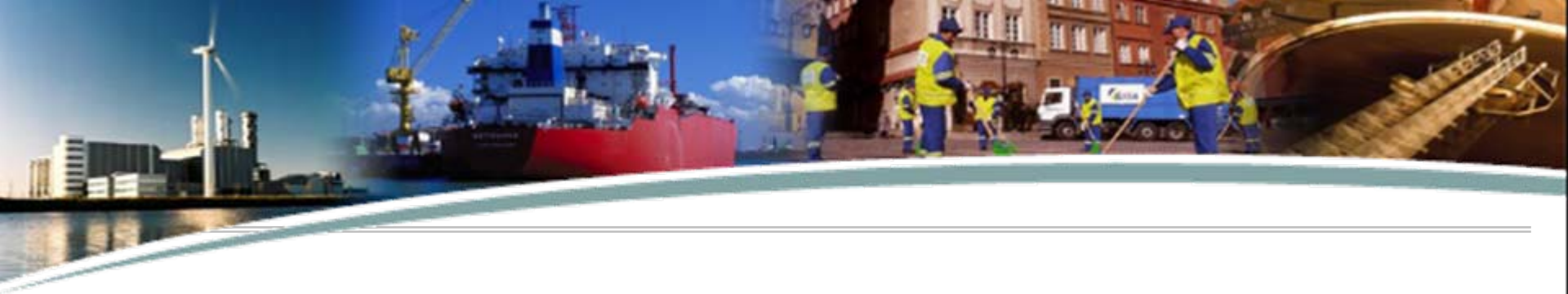
"New Thinking on Water Governance" Conference

Public Private Partnership City of Jakarta Example

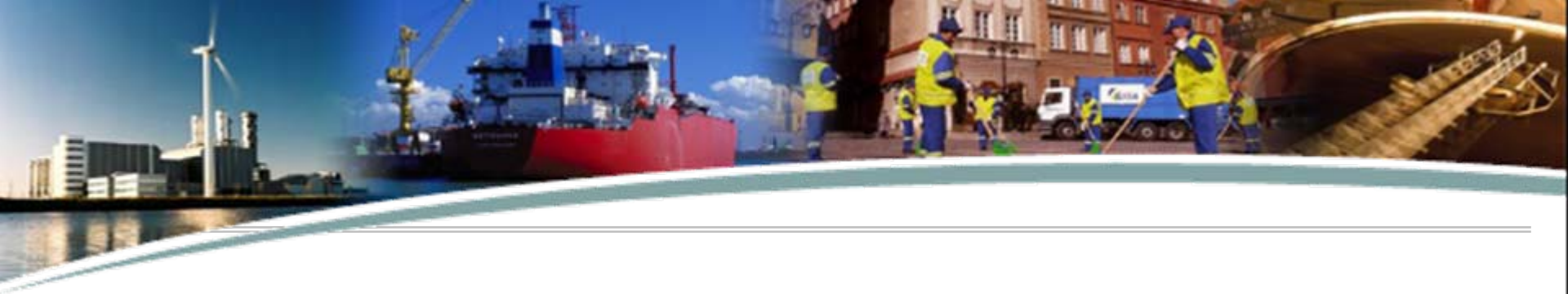
Barce Simarmata

Luc Martin

*Lee Kuan Yew School of Public Policy
Singapore July 2009*



- 1 Public Private Partnership (PPP) Principles
- 2 PALYJA and its concession contract
- 3 Challenges for the Future



1

Public Private Partnership (PPP) Principles

2

PALYJA and its concession contract

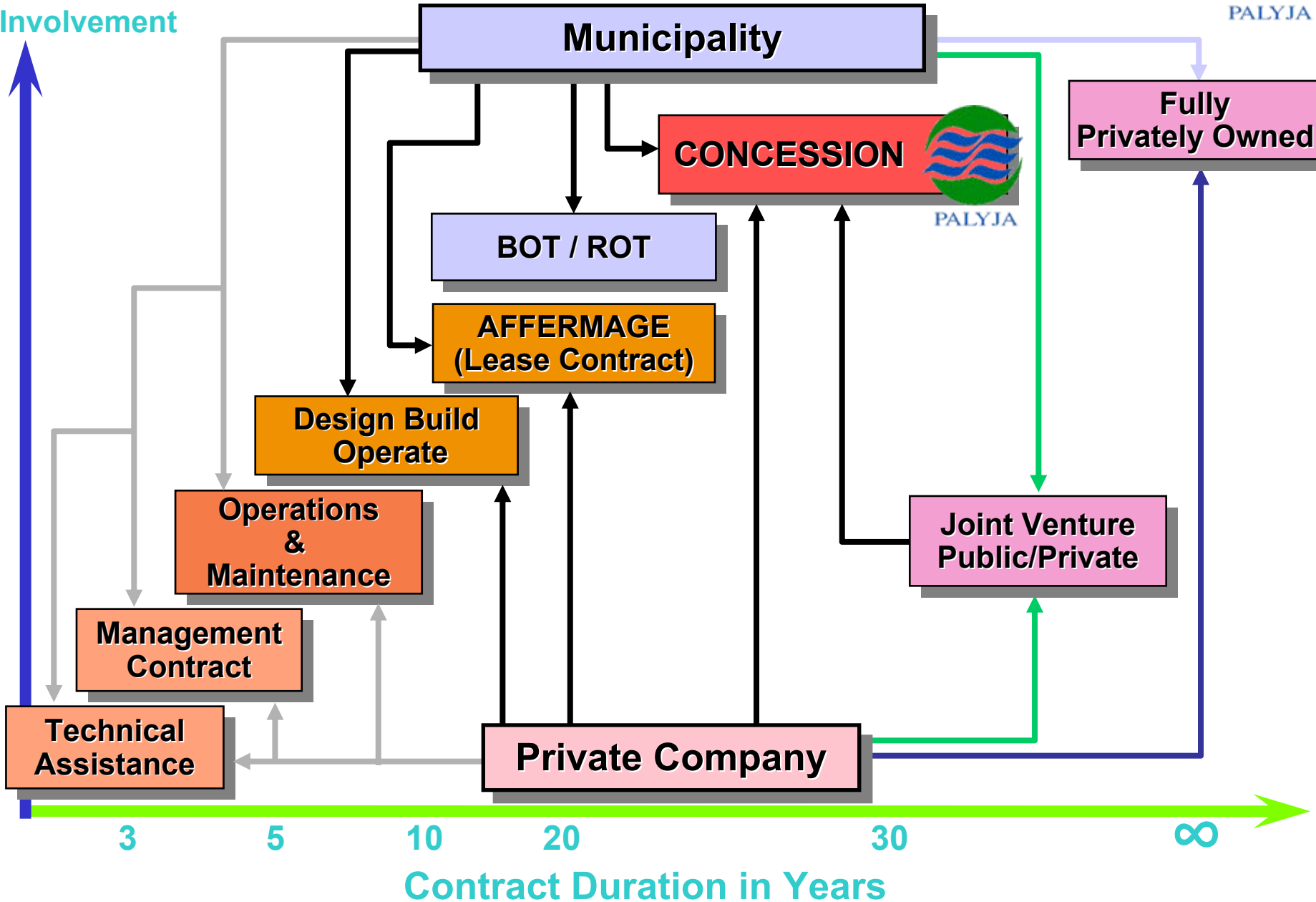
3

Challenges for the Future

PPP Contract Structures



Degree of Private Partner Involvement





Partnership Approach

- Integration of SUEZ ENVIRONMENT global water skills into the local context.
- Partnership with local industrial and commercial organisations.
- Formalised partnership relationship with community leadership on long term basis.
- Mutual respect & understanding.
- Combining strengths.

**Creation of specialised
LOCAL WATER COMPANY
to SERVE the COMMUNITY**



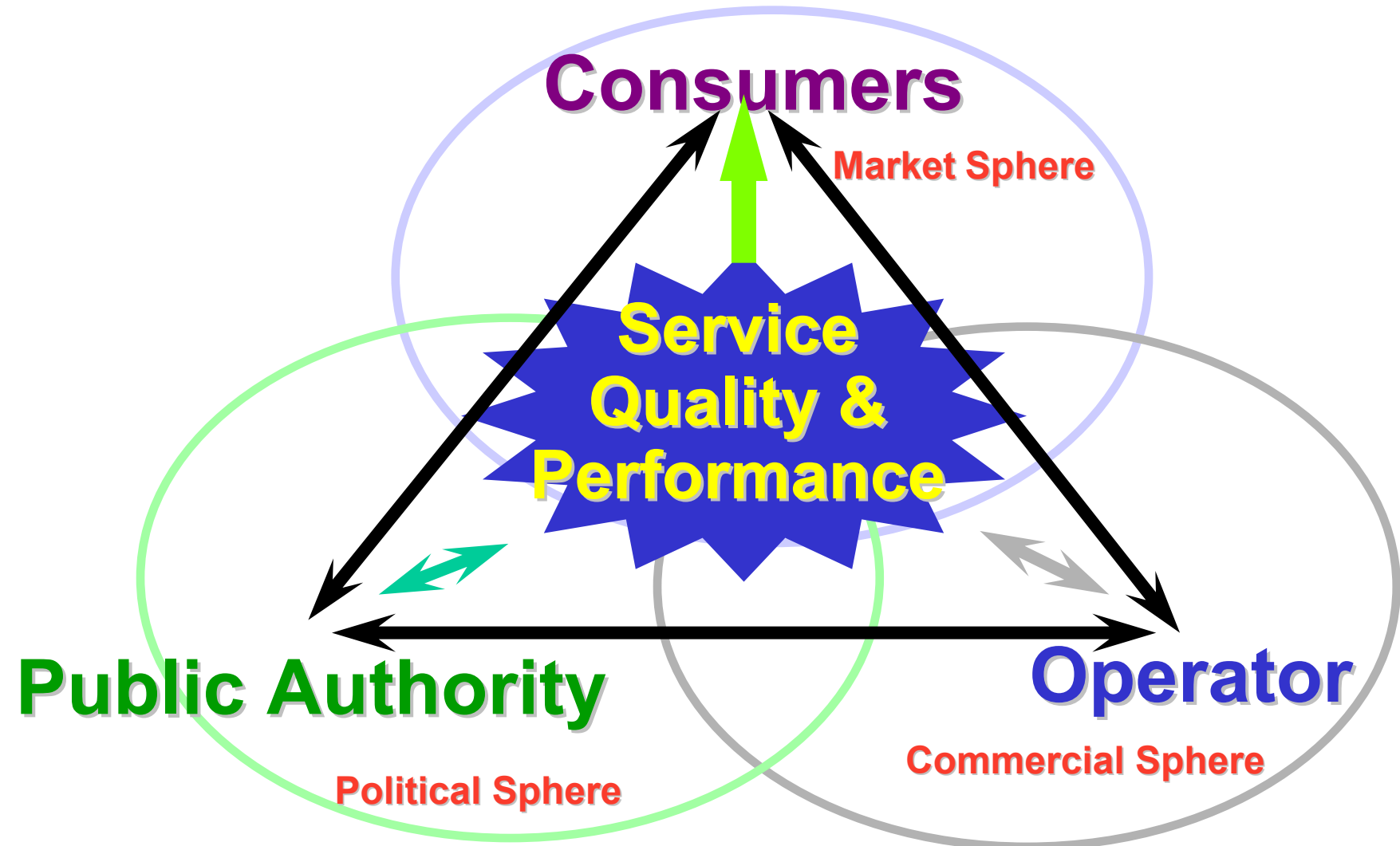
Key Elements of PPP

- **Contract** provides:
 - Clear objectives
 - Clear standards
 - Strong control
 - Regulated price (decided by the Public Authority)
- **Assets ownership remains with public authority**
- **Operational responsibilities delegated to private sector**
- **Long term planning and control firmly in hands of public authority**



PALYJA

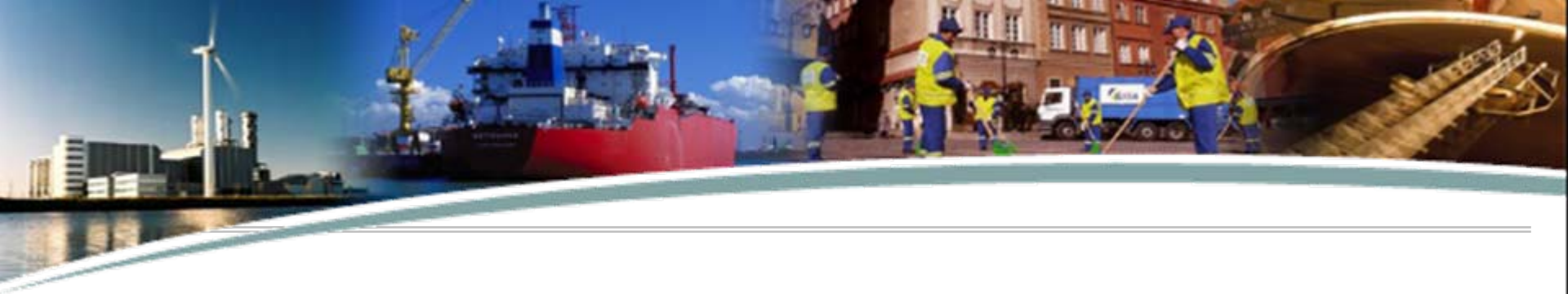
Balance of Stakeholder Interests





Review of Key Questions

- | | |
|-------------------------------|--------------------------------|
| Who Owns the Infrastructure ? | Public Authority |
| Who Takes the Decisions ? | Defined in the Contract |
| Who Sets the Water Tariff ? | Public Authority |
| Who Operates ? | Private Operator |
| Who Regulates? | Public Authority |



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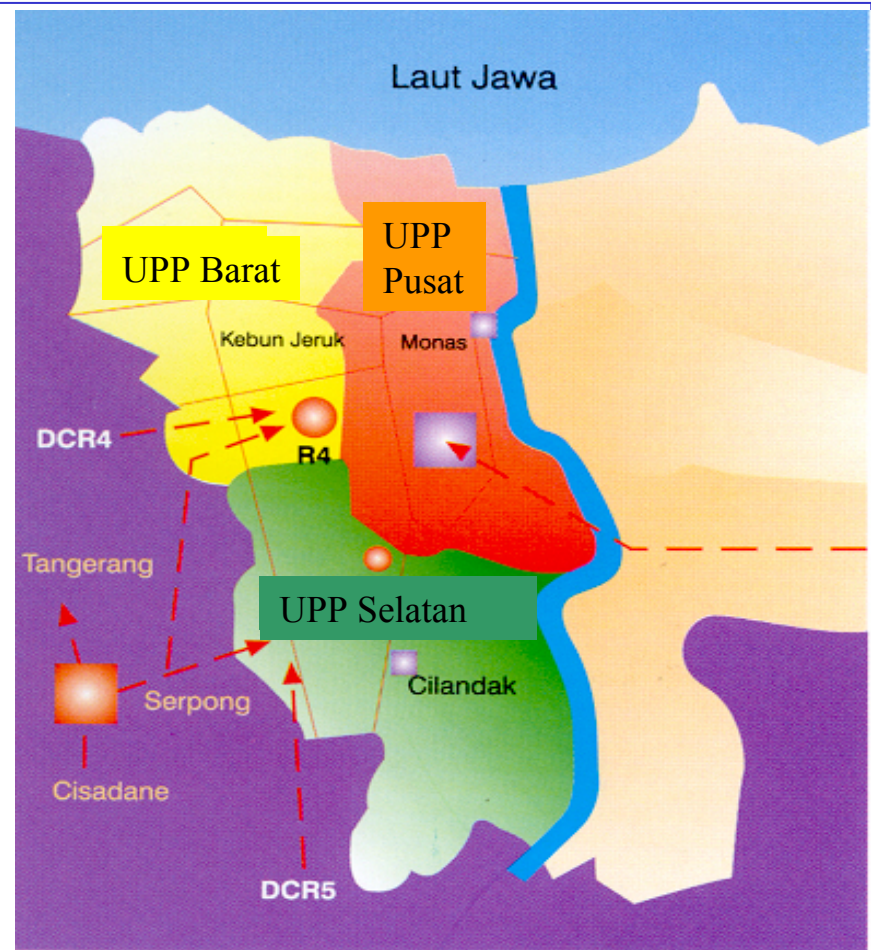


Concession Area

PALYJA Western Part of DKI Jakarta

Westward of Ciliwung river

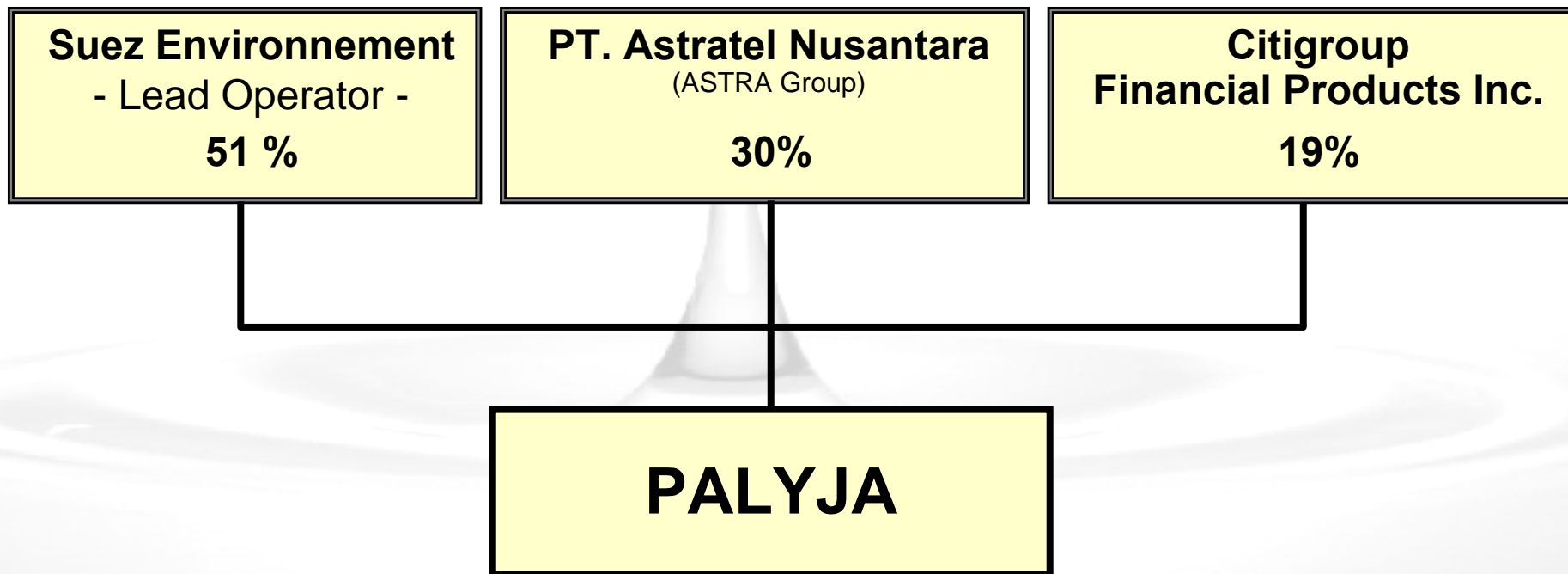
**3 UPP : Unit Pelayanan Pelanggan
+ 1 UPP for Key Account**





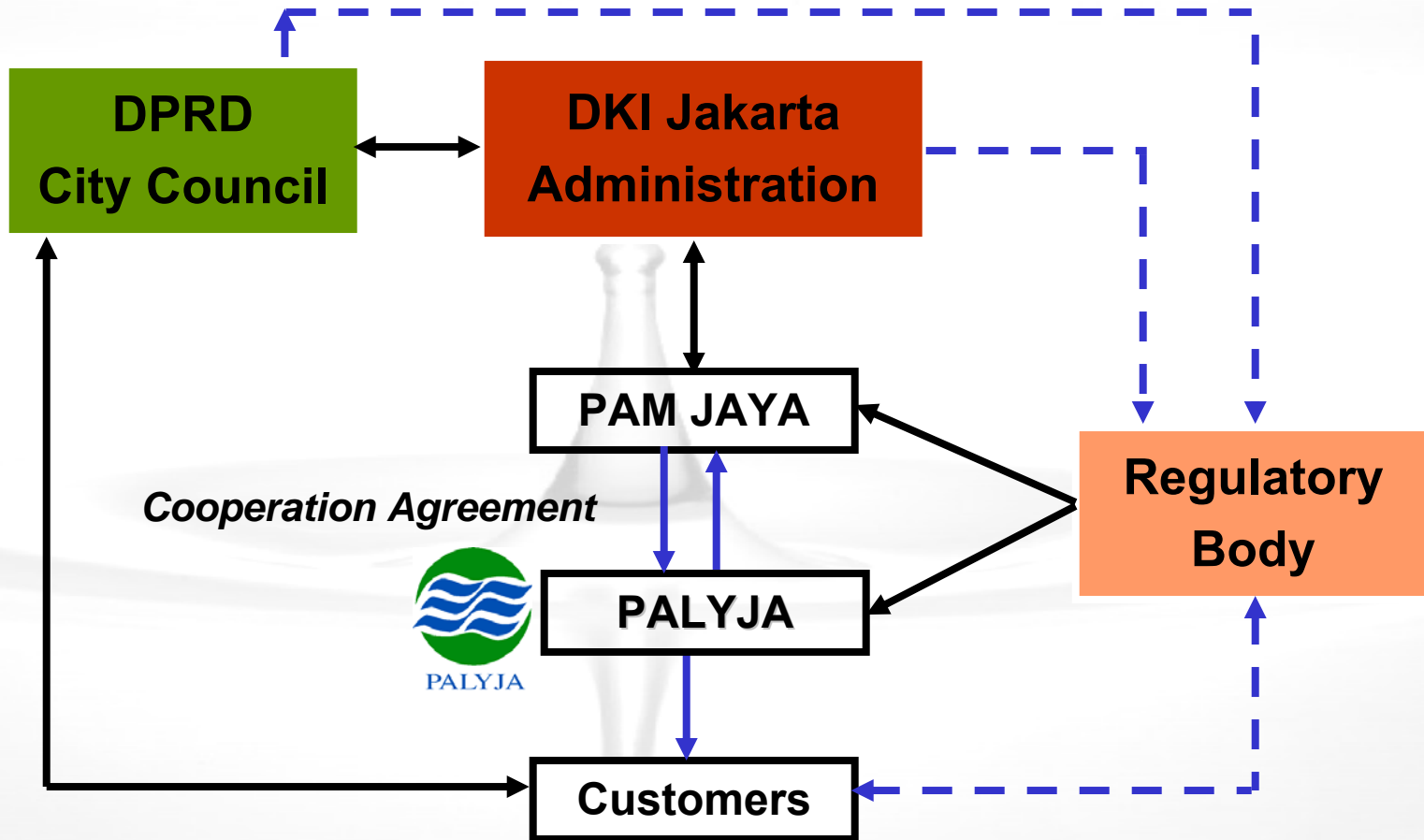
PALYJA Ownership

(since July 2006)





Institutional Stakeholders Mapping





Contractual Performance Objectives

Technical Targets

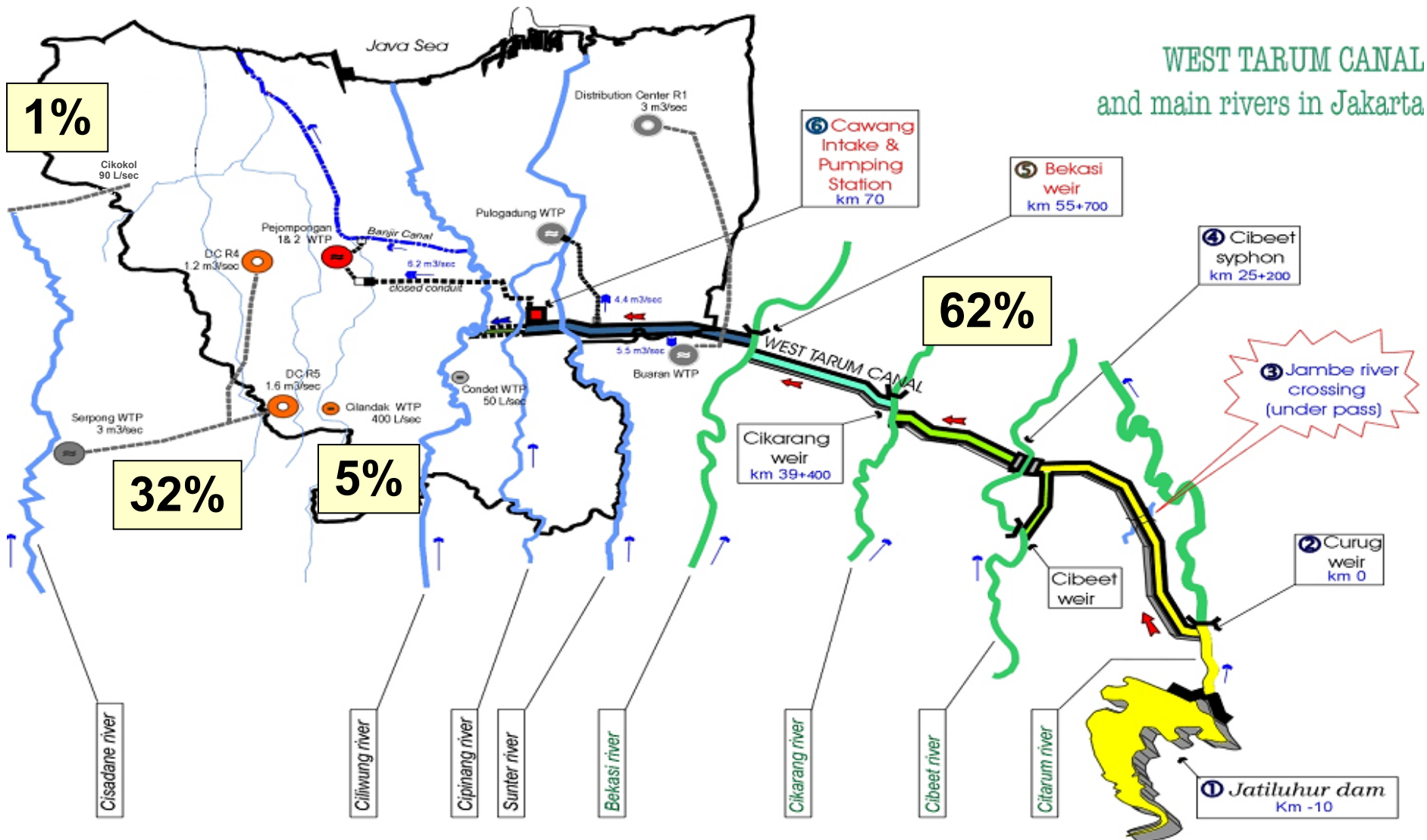
- Volume of water billed.
- Water production.
- Non Revenue water.
- Number of connections.
- Service coverage ratio.

Service Standards

- Quality of water supplied to the customers.
- Pressure at customers connection level.
- Customer care.
- Interruptions in distribution network.
- New connections.



Raw Water & Bulk Treated Water Supplies





2 majors Water Treatment Plants (62 % of the total supply)



**WTP Pejompongan 1
(Degremont 1953)**

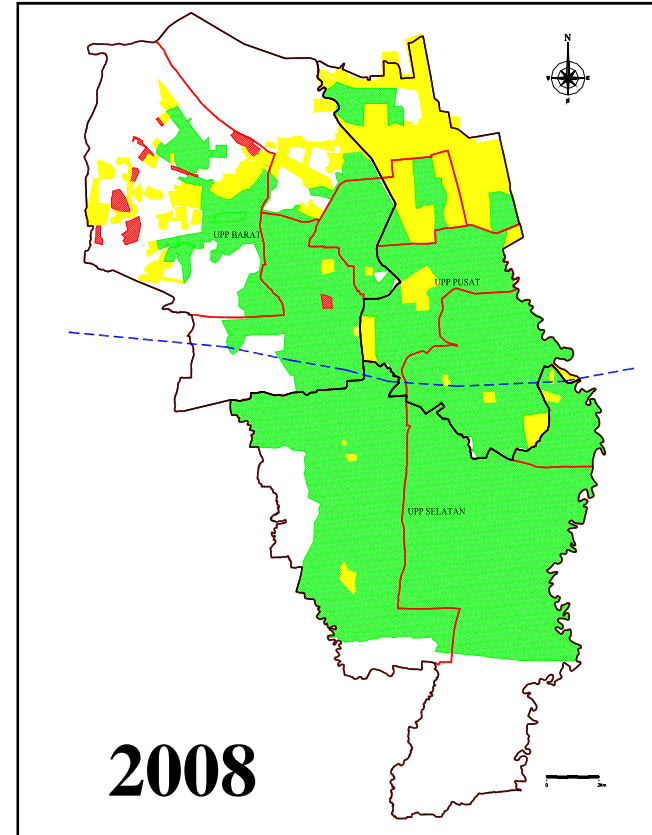
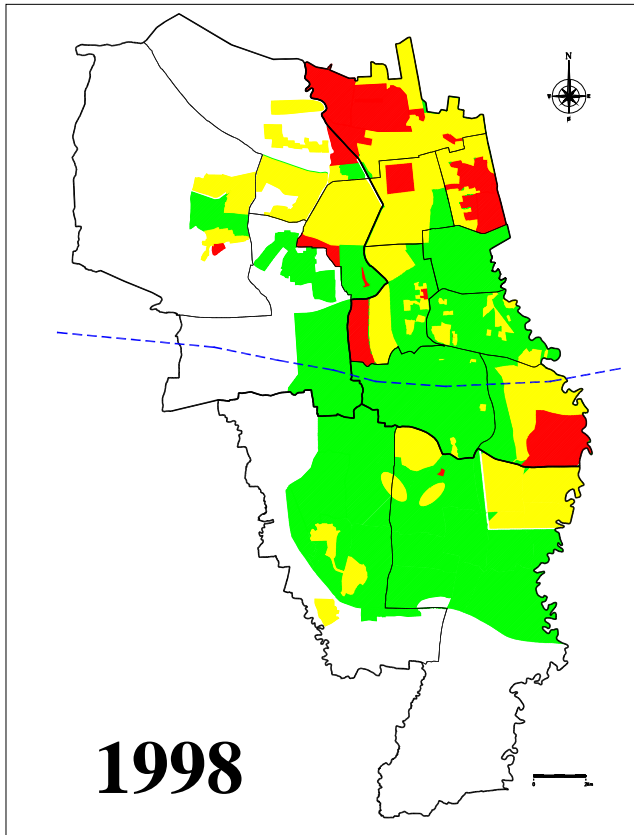


**WTP Pejompongan 2
(Degremont 1965)**



PALYJA

Extension & Improvement of Water Supply 1998-2008



Continuous supply



Unstable supply



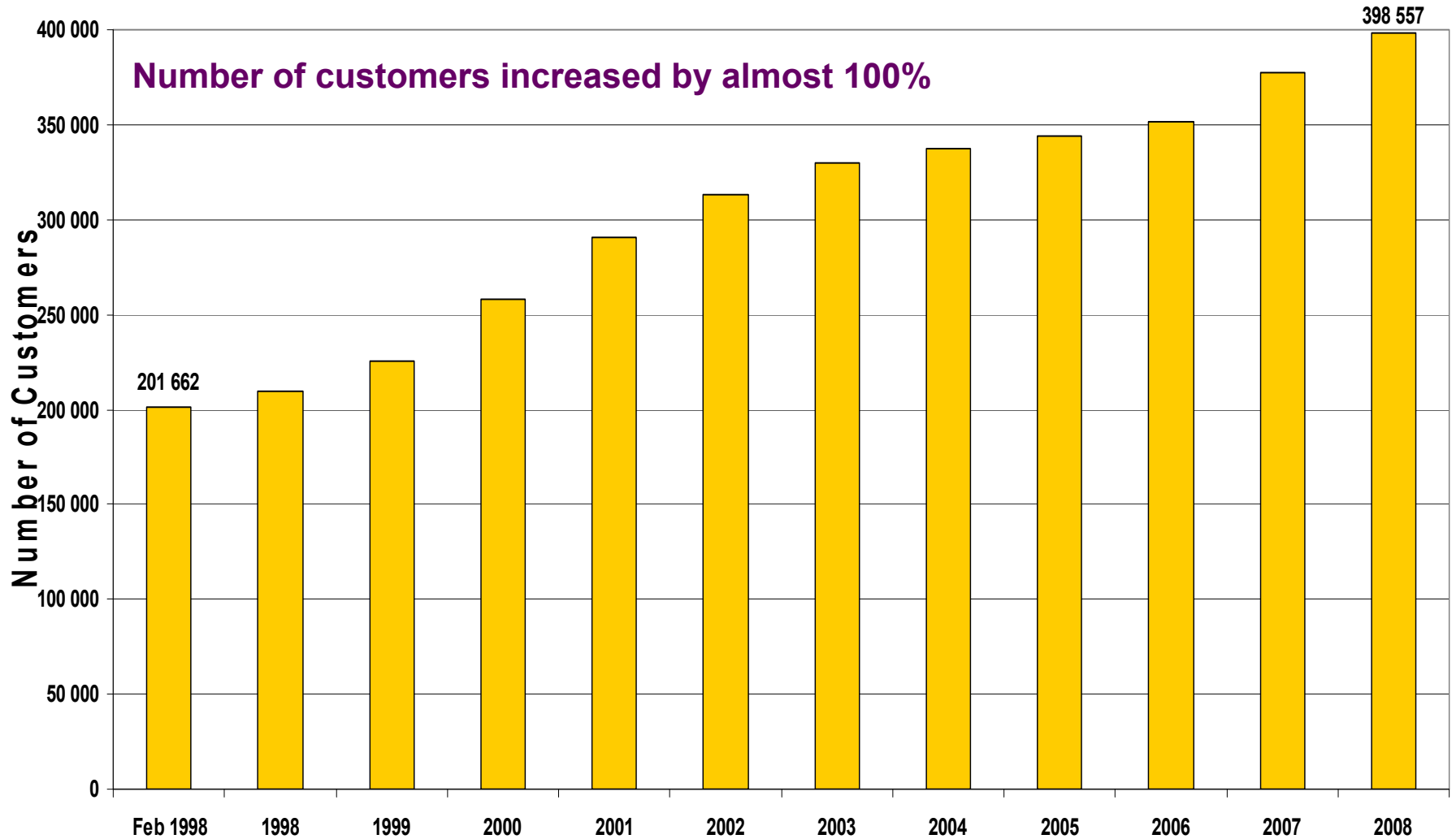
No water



Approximate limit of salinity in shallow wells

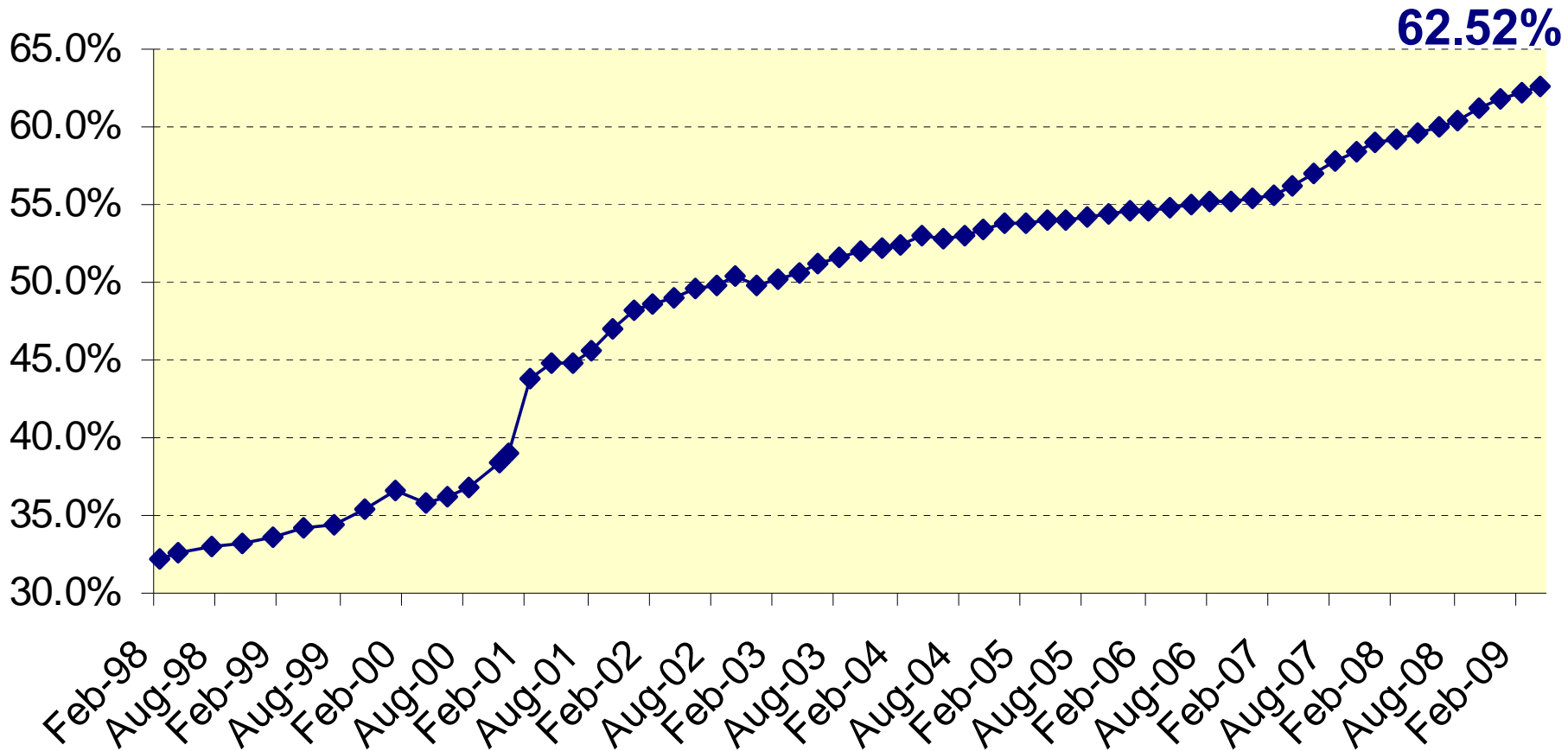


Number of Customers



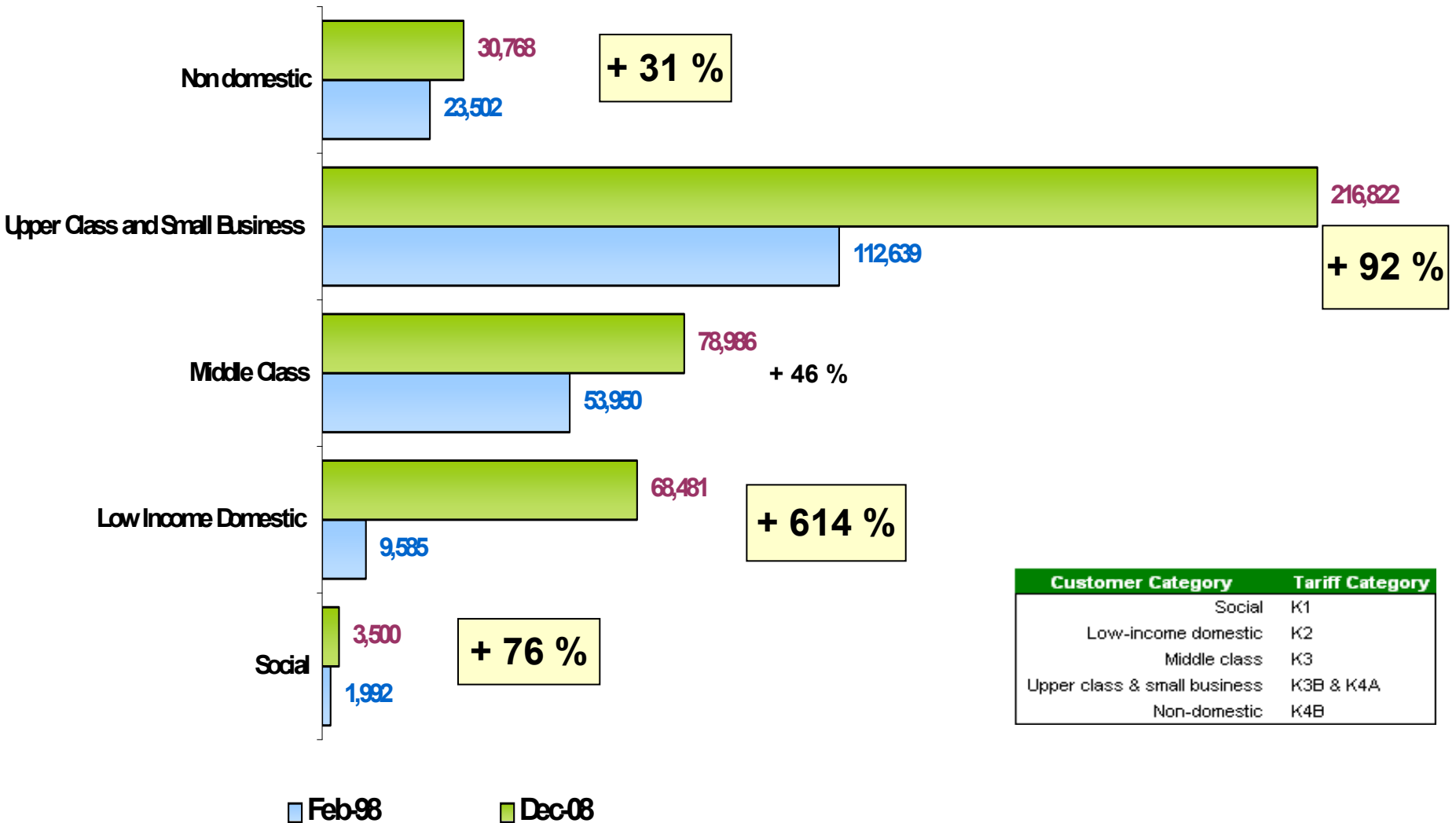


Coverage Ratio





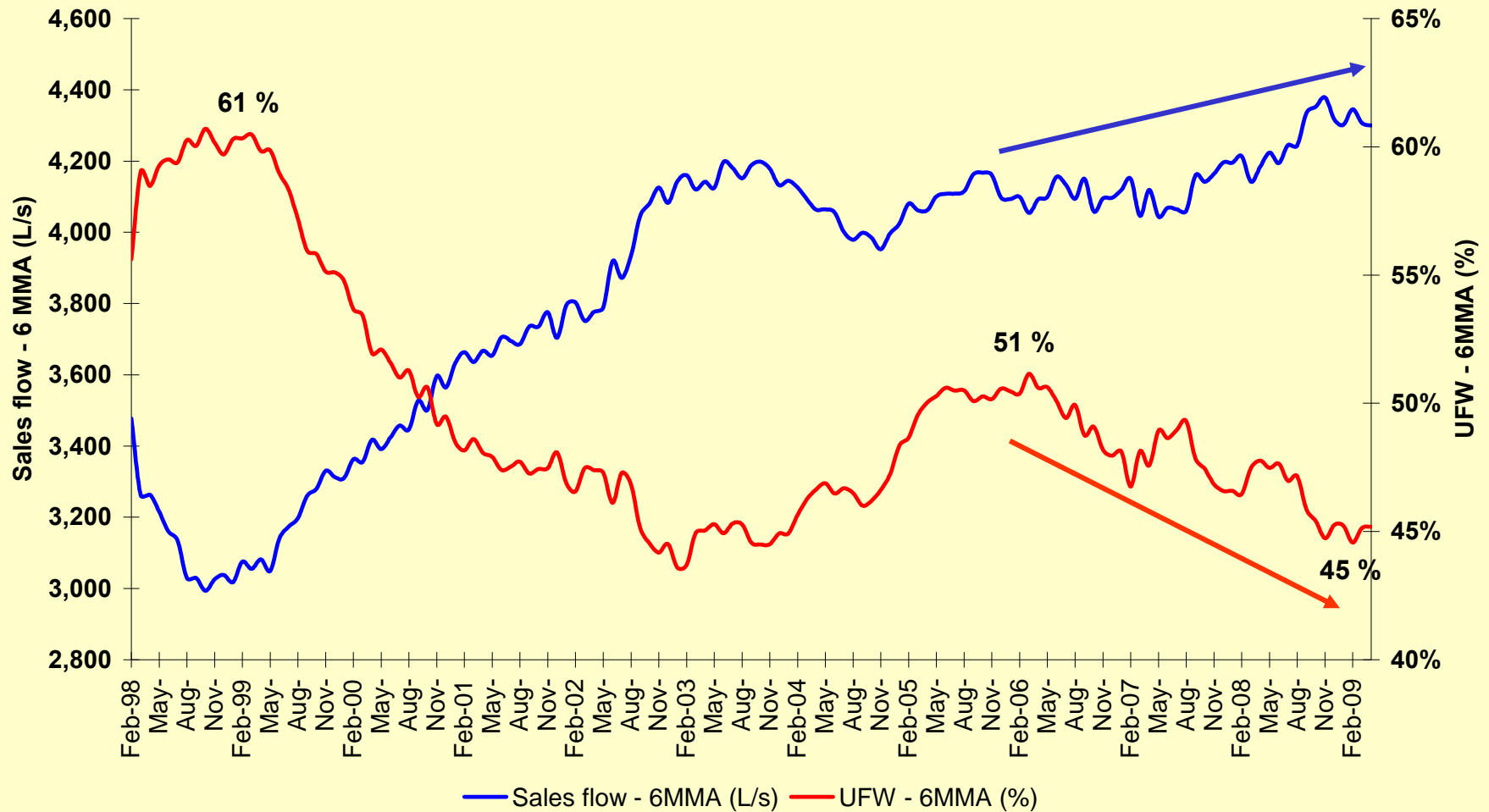
Customer base evolution

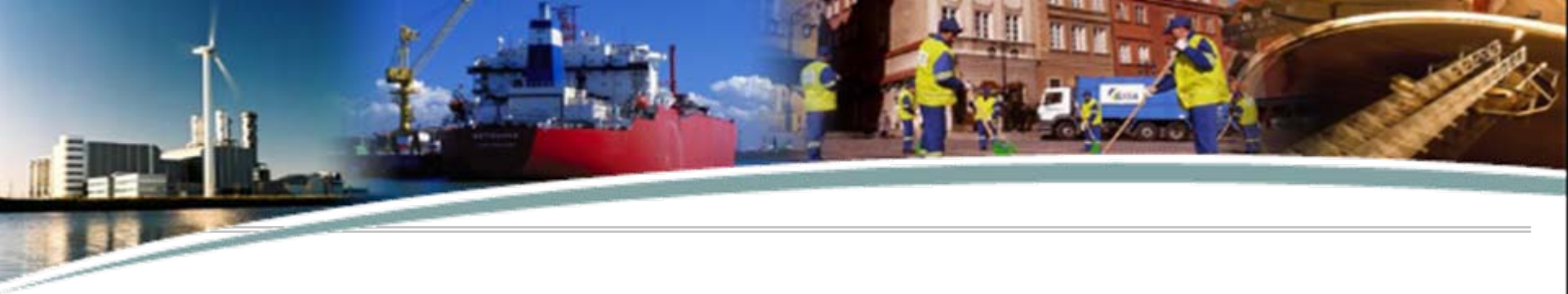


Customer Category	Tariff Category
Social	K1
Low-income domestic	K2
Middle class	K3
Upper class & small business	K3B & K4A
Non-domestic	K4B



6-Month Average Sales and NRW since Take Over





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PALYJA

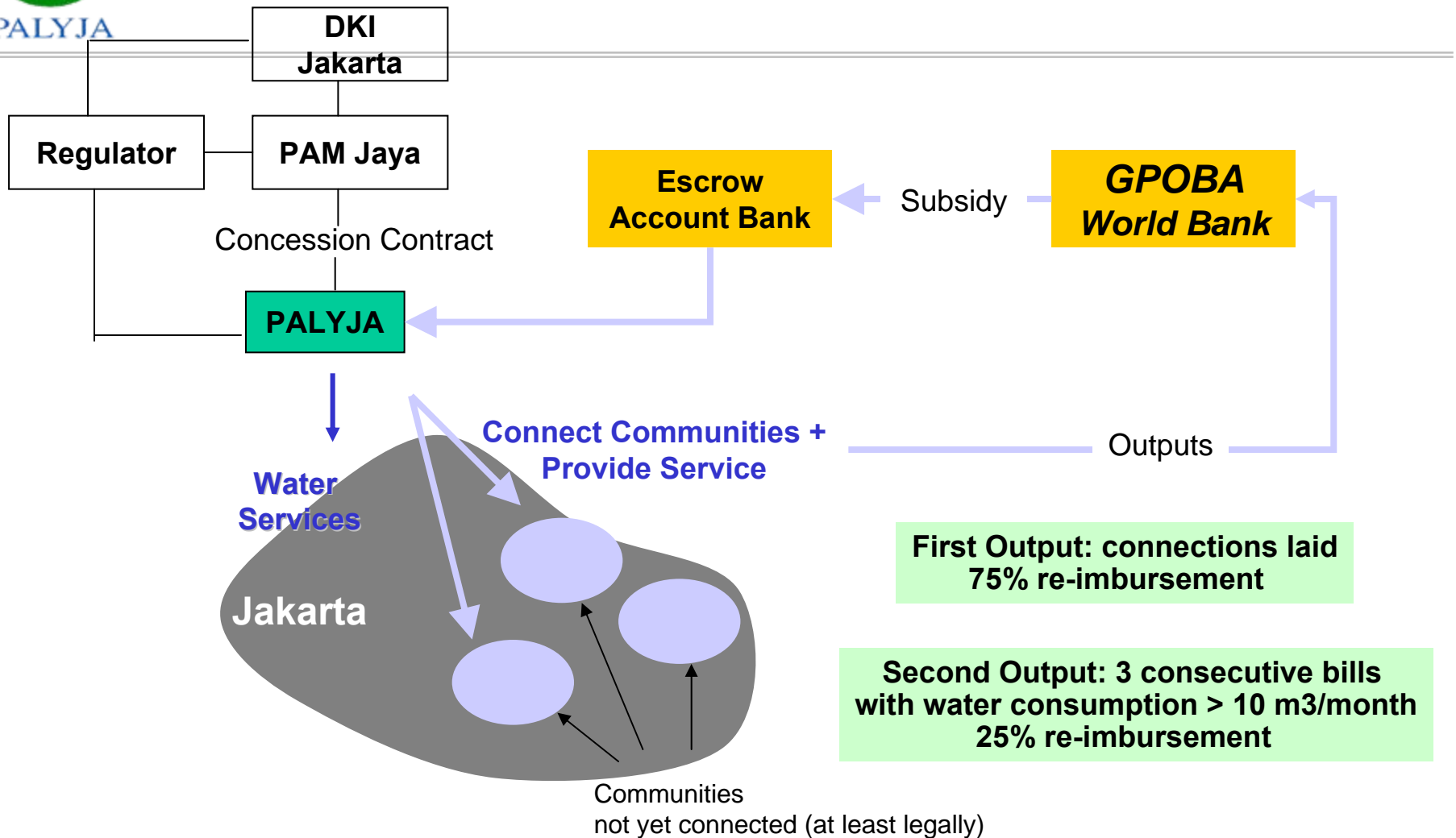
New business model : Output Based Aid





PALYJA

New business model : Output Based Aid

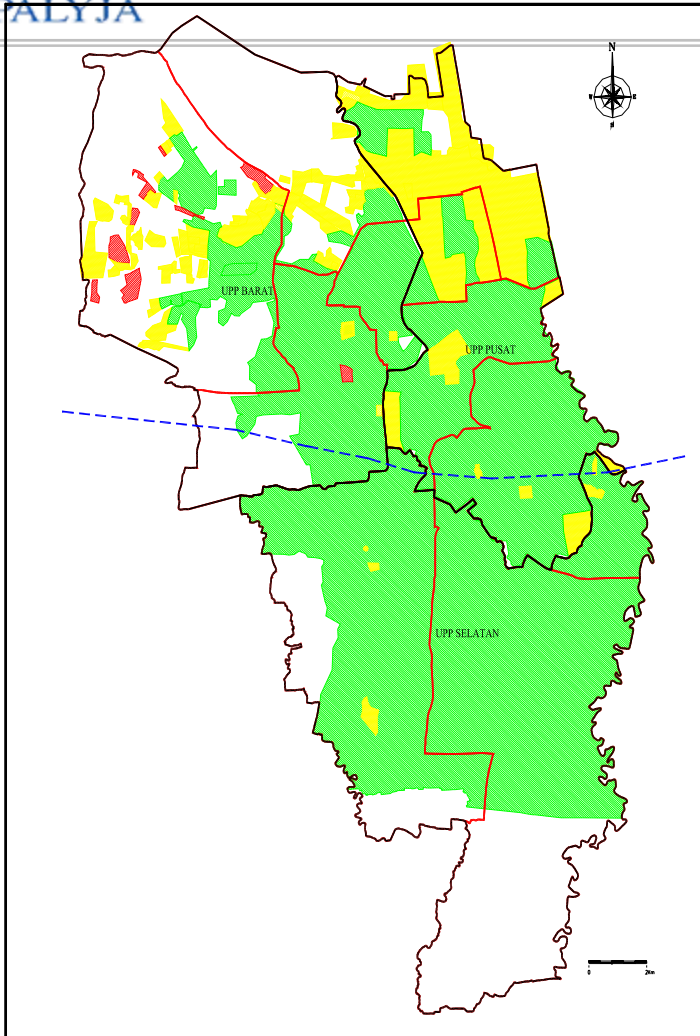


With the GPOBA grant of US\$ 2.5 million, PALYJA will provide access to the water system to about 7,000 low-income households by 2009



Main challenges faced by Jakarta

DALYJA



The city of Jakarta is still looking for an increase of the piped water coverage

Groundwater usage, on which rely currently 25% of the population, is likely to be gradually reduced:

- The city of Jakarta is “**sinking**” because of the groundwater over-exploitation **and risk of flooding increase**
- Groundwater is getting more and more **polluted** (salt intrusion, chemical and microbiological pollutants)
- Groundwater tariffs will be increased and aligned with piped water tariffs

Therefore, new water resources and additional treatment facilities will be needed within the next 5 years to face growing demand and service coverage expansion



Thank you

Terima Kasih

Merci

Muchas Gracias

Matur Nuwun

Hatur Nuhun

Mauliate

Teşekkürler

Xie-xie

Obrigado