Private Sector Involvement in Clean Water Management:
Appointment of PT Moya Indonesia By the DKI Jakarta Provincial Government (2022)

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Abstract: The privatization of clean water in DKI Jakarta has presented major challenges in providing quality and affordable clean water services for the community. This article discusses the various challenges faced, such as high levels of pipe leaks, low water quality, and limited infrastructure. However, there is also hope to improve clean water services by accelerating the increase in service coverage, increasing the efficiency of water distribution management, and increasing transparency and accountability in clean water management. The active role of the DKI Jakarta DPRD and Civil Society Organizations (CSOs) is also needed to ensure better clean water management in the future. The DKI Jakarta Provincial Government must be committed to overcoming these various challenges by involving all stakeholders and strengthening cooperation between the public and private sectors in order to achieve better and more equal access to clean water for all DKI Jakarta residents.

Keywords: Challenges and Solutions, Jakarta Water Management, Privatization of Clean Water

INTRODUCTION

The management of clean water in DKI Jakarta has become a central issue in ensuring the welfare of urban communities, given the importance of adequate access to this resource. Along with population and urban development, the challenge of providing clean water that meets health standards has become increasingly complex. The need for clean water in DKI Jakarta has reached a significant number, estimated to be 43 thousand liters per second in 2021. To meet this demand, the Jakarta Provincial Government has given priority to the Regional Drinking Water Company (PAM Jaya) to manage the clean water resources (Fantini, 2020).

PAM Jaya, as a Regional Owned Enterprise (BUMD), has been tasked with managing clean water in DKI Jakarta since 1977. However, in 1998, PAM Jaya began collaborating with private companies, such as PT Palyja and PT Aetra, to address challenges in managing...
clean water. This collaboration was done to utilize resources and improve operations but also as a response to PAM Jaya’s failure to meet the community's clean water needs at that time.

Through the Public-Private Partnership (PPP) method, the production of clean water is entirely carried out by private companies with established tariffs. Although this scheme is expected to support the development of clean water infrastructure, issues have begun to arise regarding operational sustainability and financial aspects. This is reflected in the Jakarta City Budget’s inability to cover the funding gap resulting from lower tariffs than the sales revenue.

In this context, Civil Society Organizations (CSOs) have begun actively highlighting the financial losses and negative impacts on the community. The Jakarta Water Privatization Rejection Coalition (KMMSAJ) has become a platform for various organizations and institutions voicing the community’s aspirations regarding this issue. They believe that privatizing the management of clean water is not only financially detrimental but also contrary to the principles of the state’s constitution (Febriawati et al., 2021).

In 2015, KMMSAJ's lawsuit to the Supreme Court resulted in the cancellation of the collaboration between PAM Jaya and private companies, declaring the collaboration illegal. However, the issue of clean water management in DKI Jakarta has not been fully resolved. A new era of water privatization emerged with the signing of a Cooperation Agreement between PAM Jaya and PT Moya Indonesia in 2022 (Ismail et al., 2022).

However, this cooperation agreement has sparked controversy and criticism from various parties, including members of the Jakarta City Council (DPRD DKI Jakarta) and CSOs. They doubt the transparency and openness of the decision-making process, as well as the potential conflicts of interest among the involved parties.

This controversy further strengthens the argument that the management of clean water in DKI Jakarta should be done more transparently, participatory, and based on the interests of the community. A comprehensive evaluation of the policies that have been implemented is needed, as well as the active involvement of all relevant parties to achieve sustainable solutions in managing clean water in the capital city. This is important to ensure that the people of DKI Jakarta can access clean and sustainable water, as well as to avoid financial losses that harm public finances (Marwa, 2019).

**METHOD**

Availability of clean water is a vital issue in urban development, especially in densely populated areas like DKI Jakarta. The management of clean water in Jakarta has undergone various changes, including privatization. This paper will examine the political dynamics of water privatization in DKI Jakarta, focusing on the appointment of PT Moya Indonesia as the water manager after the end of partnerships with PT Palyja and PT Aetra.

Research Object: The object of this research is PT Moya Indonesia, which was appointed by the Jakarta Provincial Government to manage clean water in the area after the end of the previous partnership period. The legal basis for the appointment of PT Moya Indonesia is Governor Regulation of DKI Jakarta No. 7 of 2022 concerning the Assignment to the Regional Public Water Company Jaya to Accelerate the Improvement of Drinking Water Service Coverage in the Special Capital Region of Jakarta.

Approach and Type of Research: This research uses a qualitative approach with the type of explanatory case study research. The qualitative approach is used to understand phenomena in-depth, while the case study is used to answer "how" and "why" questions related to specific cases. The use of this approach and type of research is expected to provide a comprehensive understanding of the political dynamics of water privatization in DKI Jakarta.

Data Collection Techniques: Primary data is collected through in-depth interviews with relevant parties, such as representatives of PT Moya Indonesia, officials from the Jakarta
Provincial Government, and other relevant parties. Purposive sampling technique is used for selecting informants relevant to the research objectives. Secondary data is obtained from various sources such as official documents, mass media reports, and related publications.

Data Analysis Techniques: Data analysis is conducted qualitatively using approaches suitable for qualitative research, such as thematic analysis. Data from interviews and documents will be analyzed in-depth to identify patterns, themes, and relevant relationships with the research objectives.

By using this research method, it is expected that this paper can provide a deeper understanding of the political dynamics of water privatization in DKI Jakarta, as well as valuable input for future decision-making related to the management of clean water in the region.

RESULTS AND DISCUSSION
Privatization of clean water management in DKI Jakarta has become a controversial topic, sparking various debates and criticisms from different parties. Discussions on this privatization cover various aspects, including its impact on public services, environmental sustainability, as well as social and economic aspects (Lintang, 2022).

Financial Impact and Service Performance
The privatization of clean water management in DKI Jakarta has brought significant financial impacts to the Regional Government, marked by considerable losses in the DKI Jakarta Regional Budget (APBD). Since the cooperation with PT Palyja and PT Aetra in 1998, there has been a significant shortfall in the APBD reaching a worrying figure of hundreds of billion rupiahs. This shortfall emerged due to water tariffs being lower than the costs incurred by the Regional Government to purchase water from PT Palyja and PT Aetra. As a result, the Regional Government had to bear the cost difference, ultimately burdening the region's finances (Alamsyah & Angela, 2023).

Not only in financial terms, cooperation with private entities has also caused various issues in service performance. One of them is the high pipe leakage rate. Data shows that the pipe leakage rate has reached concerning levels, reaching 48.76% in the PT Palyja area and 42.6% in the PT Aetra area. This high leakage rate not only impacts inefficient clean water distribution but also implies larger financial losses for the Regional Government since leaked water cannot be accounted for in revenue (Supriyatin, 2014).

Additionally, the quality of clean water provided by private partners is also a major concern. There are reports of poor quality water distributed to the public. This poor water quality, of course, has a negative impact on public health, increasing the risk of waterborne diseases such as respiratory infections and skin diseases. Poor water quality can also damage household appliances, such as washing machines and water heaters, ultimately adding to the financial burden on households.

Moreover, there are also issues related to inadequate production capacity. Despite an increase in clean water production capacity, it still cannot fully meet the community's needs. The coverage of PAM Jaya services has only reached 65.85% of all of DKI Jakarta, meaning there are still around 34.15% of the population not being served. This indicates that there is still an imbalance between increased production capacity and the growing community demand for clean water.

Furthermore, uncertainties regarding the sustainability of cooperation with private entities can also have a negative impact on future clean water management. The cooperation contracts between PAM Jaya and PT Palyja and PT Aetra ended in 2023, and with legal issues related to this cooperation, it is not clear how the future of clean water management in DKI Jakarta will unfold.
Thus, the financial and service performance impacts faced by the DKI Jakarta Regional Government in the context of privatization of clean water management indicate the need for a comprehensive evaluation of this policy. More proactive and sustainable steps need to be taken to ensure that clean water services are available evenly and of good quality for all DKI Jakarta residents, as well as to ensure the long-term financial sustainability of the Regional Government.

Criticism of Privatization

Criticism of the privatization of clean water in DKI Jakarta comes from various parties, including members of the Regional House of Representatives (DPRD), PAM Jaya, and the general public. They highlight the lack of transparency in the decision-making process, the lack of public participation, and allegations of collusion in the tender process. Criticism also points to significant financial losses for the Jakarta Provincial Government and doubts about fair competition in the business (Azhar, 2020).

Firstly, the interviews revealed several reasons why the cooperation between PAM Jaya and PT MOYA was deemed disadvantageous. PAM Jaya, as a regional state-owned enterprise responsible for providing clean water in Jakarta, has experienced significant financial losses. Furthermore, PAM Jaya has never recorded profits, and the target of pipanisation, one of the success indicators, has not been achieved. Previous cooperation by PAM Jaya also faced legal issues. The decision to involve PT MOYA in this cooperation was also questioned because it did not receive approval or confirmation from relevant parties, such as the DPRD.

Secondly, from a constitutional perspective, the interviews highlighted Governor Regulation No.7 of 2022. The opinion expressed was that the establishment of this Governor Regulation was considered an act that violated the principles of democracy and the proper procedures that should have been followed. Concerns arose because there was uncertainty about the reasons and objectives behind the cooperation between PAM Jaya and PT MOYA. Furthermore, the governor at the time was considered to have overstepped his authority by deciding on this cooperation without adequate consultation or providing adequate justification to the public.

Thirdly, in the context of appointing PT MOYA Indonesia as a private partner managing part of the water in Jakarta, there are suspicions of procedural maladministration. In this case, there is apparent lack of transparency and accountability in the use of public funds. The appointment is considered to have insufficiently involved relevant parties, including the community, which should be represented by the Council. The uncertainty regarding the benefits and impacts of PT MOYA's involvement also raises questions about the validity and sustainability of the cooperation.

Fourthly, after efforts to reject the privatization of Jakarta's water supply failed, the proposed next step is to pressure for the management of clean water to return entirely to the state without private involvement. Although there are difficulties due to the established cooperation and based on the law, legal efforts are still necessary to safeguard the interests of the public. Furthermore, it is important to encourage the government to pay more attention to public aspirations and to take more transparent and accountable steps in making decisions regarding public services such as the provision of clean water.

Overall, the interviews' results illustrate concerns about the cooperation decision between PAM Jaya and PT MOYA, as well as highlighting aspects such as lack of transparency, accountability, and decisions deemed to violate the principles of democracy and the proper procedures that should have been followed (Kamala, 2016).

Additionally, there are also results from interviews conducted with PAM Jaya represented by Mr. Fer Wanta. Here is a summary of the interview results:
1. Cooperation between PAM Jaya and Moya
   Mr. Feri sees that this cooperation occurred after previous detrimental cooperation with Aetra and Palyja. He feels that the losses suffered previously, especially related to unreasonable water tariff increases and financial losses, should have been a lesson not to continue similar cooperation patterns with Moya.

2. Affiliation between PT Moya and PT Aetra
   ICW highlights the relationship or affiliation between PT Moya and the parent company PT Aetra. Mr. Feri also confirmed that many former directors of PAM Jaya are now with Moya, which he considers a form of conflict of interest that should be noted.

3. PAM Jaya's Independence in Water Management
   Technically, according to Mr. Feri, PAM Jaya is actually capable of managing clean water supply without private involvement. However, there are political and business factors underlying the decision to involve the private sector in water management. He criticized that private involvement should not harm the state and the people.

4. Partner Selection Process Without Open Tender
   Mr. Feri stated that the partner selection process such as Moya without going through an open tender is non-participatory, transparent, and accountable. He suspected that there were political interests involved in the decision, especially given Governor Anies Baswedan's nearly finished term.

Legal and Regulatory Implications

The privatization of clean water management in DKI Jakarta not only raises economic and social issues but also various questions about the legality and compliance with existing regulations. The legal and regulatory implications of this privatization are a major concern because the existence of water as a human right and a vital natural resource requires strong legal protection. In this context, it is important to understand how this privatization affects the existing legal framework and whether it complies with constitutional principles and international norms related to the right to water (Rifai, 2014).

1. Legality of Privatization
   The Supreme Court's decision declaring the cooperation between PAM Jaya with PT Palyja and PT Aetra illegal is the starting point for assessing the legality of the privatization of clean water in DKI Jakarta. The Supreme Court concluded that the cooperation violated Article 33 paragraphs (2) and (3) of the 1945 Constitution of Indonesia, which states that important production branches and natural resources must be controlled by the state and used for the greatest prosperity of the people. Therefore, cooperation with private parties for the management of water resources raises questions about compliance with the constitution and existing legal norms (Alfreyno, 2017).

2. Regulations Related to Water Privatization
   In addition to constitutional principles, there are also specific regulations governing the privatization of water resources in Indonesia. For example, Presidential Regulation Number 38 of 2015 concerning Government Cooperation with Business Entities in Infrastructure Provision regulates the scheme of cooperation between the government and private companies in providing infrastructure, including clean water supply. However, the question arises as to whether these regulations are actually being adhered to and implemented in the context of cooperation between PAM Jaya and private companies.

3. Protection of Human Rights
   The right to clean water is recognized as a human right by the United Nations (UN) in the Universal Declaration of Human Rights in 1948. In this context, the privatization of clean water management must consider the protection of human rights, including the right to access clean and affordable water. Actions that contradict human rights, such as restricting
access or increasing unaffordable tariffs, may be considered violations of human rights principles and related international norms (Naufal, 2021).

4. Compliance with International Standards

Indonesia has become a member of the United Nations and has committed to complying with international standards related to the right to clean water. For example, the Dublin Principles on Water Resources Management related to Clean Water emphasize the importance of sustainable, inclusive, and participatory water management. In this context, the privatization of clean water in DKI Jakarta needs to be evaluated to see if it meets these international standards and considers internationally recognized principles.

5. Transparency and Accountability

One important aspect of compliance with law and regulations is transparency and accountability in the decision-making process. The public has the right to know information about public policies that affect their rights, including policies related to the privatization of clean water. Therefore, it is important for the government and private entities to ensure that the decision-making process is open, transparent, and accountable to the public.

Transparency and Public Participation

Transparency and public participation are two key aspects of decision-making related to public policy, including in the context of privatizing clean water management in DKI Jakarta. Community involvement in the decision-making process is not only a fundamental right but also essential to ensure that the policies adopted reflect the true interests and needs of the community. In the context of clean water privatization, transparency and public participation have significant implications for policy legitimacy, government accountability, and environmental sustainability (Putra, 2023).

1. Transparency in Decision-Making Processes

One of the main criticisms of clean water privatization in DKI Jakarta is the lack of transparency in the decision-making process. Decisions to sign cooperation agreements with PT Moya Indonesia in 2022, for example, were allegedly made without adequate public participation and were not supported by transparent data. Information about these cooperation agreements was also not made openly available to the general public, making it difficult to understand and evaluate the policy implications (Famela et al., 2020).

2. Community Involvement in Decision-Making

Public participation is key to ensuring that policies adopted reflect the interests and aspirations of the community. However, in the context of clean water privatization in DKI Jakarta, community involvement is often minimal or even non-existent. Decisions to continue cooperation with PT Moya Indonesia in 2022, for example, were allegedly made by the government without adequate consultation with the public or their representatives in the DKI Jakarta Regional House of Representatives (DPRD).

3. The Need for Better Transparency

To improve transparency in decision-making processes related to clean water privatization, concrete steps are needed. The government needs to actively publish information related to the decisions made, including the rationale behind these policies, the data and analysis used in the decision-making process, and the long-term implications of these policies for society and the environment (Leong, 2015).

4. Encouraging Active Public Participation

In addition to improving transparency, the government also needs to actively encourage public participation in the decision-making process. This can be done through various mechanisms, such as holding public consultation forums, forming working groups or
expert panels involving community representatives, and providing open channels of communication between the government and the public.

5. Benefits of Active Public Participation

Active public participation has significant benefits for the decision-making process. In addition to increasing policy legitimacy, public participation can help identify various community interests and needs that may be overlooked in closed decision-making processes. By involving the community more actively, the government can also gain better insights into the impacts and implications of the proposed policies.

6. The Importance of Responsiveness to Public Input

In addition to just encouraging public participation, it is also important for the government to seriously respond to the input and aspirations of the public expressed through this participation process. This will help build trust between the government and the public, as well as increase the legitimacy of the policies adopted (Fadhil, 2023).

Thus, transparency and public participation are crucial elements in the decision-making process related to clean water privatization in DKI Jakarta. To ensure that the policies adopted reflect the true and sustainable interests of the community and the environment, the government needs to actively improve transparency in the decision-making process and encourage more active and meaningful public participation.

Challenges and Hopes for the Future

One of the main challenges faced is the high level of pipe leakage in the clean water distribution system. Data shows that pipe leakage in areas managed by PT Palyja reaches 48.76%, while in areas managed by PT Aetra it reaches 42.6%. This high level of leakage not only results in the wastage of valuable water resources but also reduces the efficiency of the water distribution system (Rismansyah et al., 2020).

Additionally, the low quality of the provided water is also a serious issue. Poor quality clean water can endanger public health and increase the risk of water-related diseases. Therefore, improving the quality of clean water becomes a challenge that needs to be addressed seriously.

Equally important is the limitation of existing infrastructure. Despite various efforts to expand pipe networks and increase clean water production capacity, there is still a gap in the coverage of clean water services in DKI Jakarta. This is especially the case in peripheral areas that still struggle to access adequate clean water.

Despite facing various challenges, there are also hopes to improve clean water services for the people of DKI Jakarta. One of the main hopes is through accelerating the increase in the coverage of drinking water services, as mandated in Governor Regulation of DKI Jakarta No. 7 of 2022. With more focused and coordinated efforts, it is hoped that the coverage of drinking water services can be expanded so that more people can enjoy access to clean and safe water (Nurhidayat, 2021).

Additionally, there is hope for improved efficiency in clean water distribution management. Through the use of more advanced technology and better monitoring systems, it is hoped that the pipe leakage rate can be significantly reduced. Steps like these will help conserve valuable water resources and improve overall efficiency in clean water management.

Improving transparency and accountability in clean water management is also an important hope. By ensuring that the decision-making process is open and involves public participation, it is hoped that the policies adopted will better serve the comprehensive interests of the community. This will also help reduce suspicions of collusion and ensure that clean water management is done with high integrity and professionalism (Juan & Suryono, 2023).
One significant hope is the active role of the DKI Jakarta Regional House of Representatives (DPRD) and Civil Society Organizations (CSOs) in ensuring better clean water management in the future. The DKI Jakarta Regional House of Representatives is expected to conduct stricter oversight of policies taken by the Provincial Government related to clean water management. This step will help ensure that the policies taken truly serve the interests of the community better.

Furthermore, CSOs also play an important role in advocating for the interests of the people regarding access to adequate clean water. Through advocacy, research, and education, CSOs can help raise awareness among the public about the importance of safe and affordable clean water access. They can also act as independent monitors of the policies taken by the government, thus helping to ensure greater transparency and accountability (Permana et al., 2020).

In conclusion, the privatization of clean water management in DKI Jakarta has brought both challenges and hopes for the future. Challenges such as high pipe leakage rates, poor water quality, and limited infrastructure need to be addressed through coordinated efforts and improved management. However, there are also hopes for better clean water services, including expanding coverage, improving efficiency, and ensuring transparency and accountability. With the active involvement of various stakeholders, including the government, DPRD, CSOs, and the public, it is hoped that clean water management in DKI Jakarta can be improved for the benefit of all residents.

CONCLUSION

The privatization of clean water in DKI Jakarta has brought various challenges, such as the high level of pipe leakage, poor water quality, and limited infrastructure. Nevertheless, there are opportunities to improve clean water services through accelerating the increase in service coverage, improving efficiency in water distribution management, and enhancing transparency and accountability in clean water management. The active role of the DKI Jakarta Regional House of Representatives (DPRD) and Civil Society Organizations (CSOs) is also necessary to ensure better clean water management in the future. The Jakarta Provincial Government must commit to addressing these challenges by involving all stakeholders and strengthening cooperation between the public and private sectors.

REFERENSI


