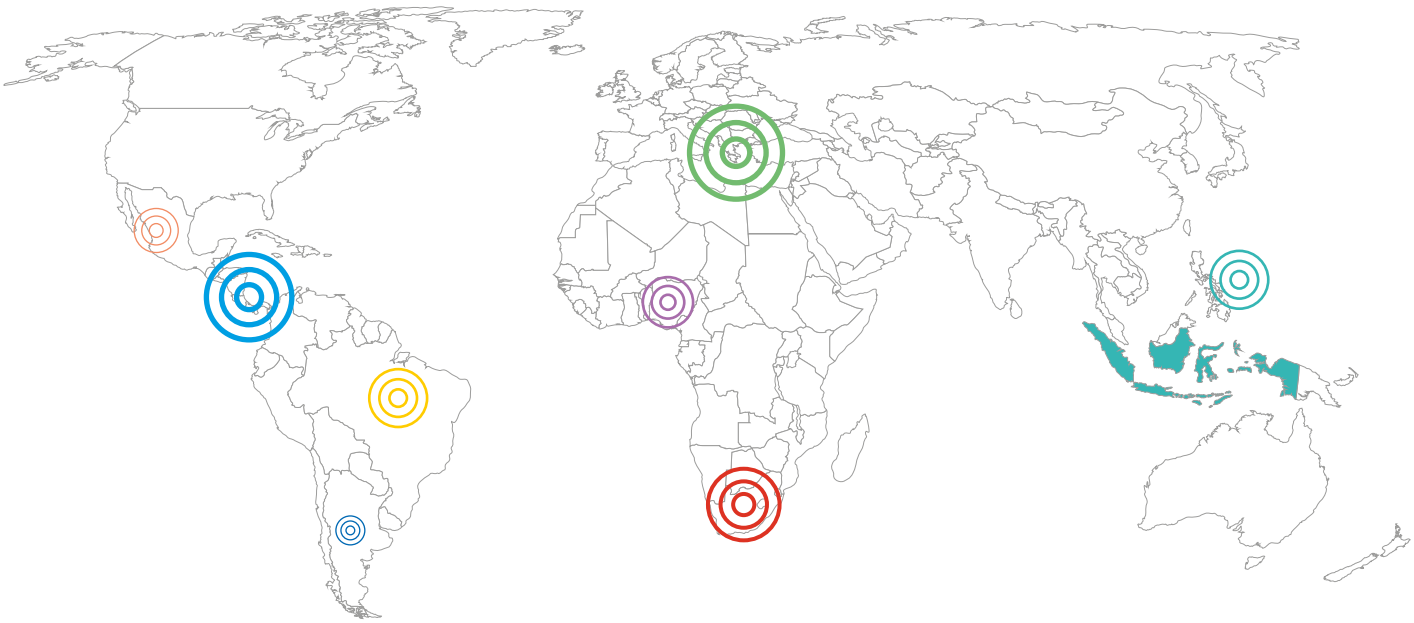
BRIEF

National Water Operators' Partnerships

An underused opportunity for locally-led water utility capacity development



Water Operators' Partnerships are increasingly being used as a means of strengthening water and sanitation utilities internationally. However National WOPs, or domestic WOPs, remain an underused opportunity for peer-led capacity development programs within countries.

Over the last 5 years, the WOP program Kemitraan Solidaritas, initiated and facilitated by PERPAMSI (Indonesian Association of Water Supply Companies), has established over 30 WOPs between Indonesia's operators.

Common traits between the utility partners – such as shared culture, language or institutional set-up – increase the effectiveness of these peer-support arrangements in national contexts. The Indonesian case shows that operating within the same tight-knit institutional framework, may also create conditions that further support the potential of national WOPs as an effective capacity development mechanism. The Indonesian example suggests high potential for capacity development through National WOPs programmes elsewhere, although context may vary from one country to another.

What are National WOPs?

Like all WOPs, National WOPs are not-for-profit peer support partnerships between utilities, however in National WOPs, the utilities operate within the boundaries of the same country. National WOPs are taking place in a number of countries, but as they are generally small in nature and self-funded, they often go under the radar of global WOPs monitoring. Although few studies have been conducted on National WOPs, they are assumed to carry many of the advantages of south-south partnerships: such as easier knowledge sharing[1] owing to similarities in:

National WOPs are when the partnering utilities operate within the boundaries of the same country.

Culture

Language

Laws and policies

1. Dawes and Prefontaine, 2003.

Water Supply Services in Indonesia

In Indonesia, water and sanitation services for urban areas are the responsibility of local governments, provided mostly through public utilities called Perusahaan Daerah Air Minum (PDAMs)[2]. Policy and regulatory responsibilities related to water issues are shared at the national level by a number of ministries, with the Ministry of Public Works most instrumental in the physical development of water services. At the regional and local levels, PDAMs are influenced and controlled by their owners (the mayor or chief of district), provincial governor and regional regulatory bodies.

Many PDAMs face considerable financial challenges which make them dependent on funds from either local or provincial governments and, particularly for infrastructure development, on funds from the Ministry of Public Works. This financial dependency has an influence on the WOPs. The Ministry often determines WOPs themes (NRW is a favourite) and selects mentors, and the official results of WOPs often have consequences for whether a utility will receive funds. PDAMs are ranked in a nation-wide benchmarking program[3] that distinguishes between 'healthy', 'less healthy' and 'unhealthy' utilities. The results of this exercise are widely used by governmental and non-governmental organizations as the basis for determining which utilities will be the recipients of support programs such as funds for infrastructural development. These results are also used to decide on the involvement of utilities in National WOPs as either a mentor or as a mentee.

2. *Perusahaan Daerah Air Minum (PDAM)* – Local Government-Owned Corporation for Drinking Water.
3. BPPSAM, 2013.

Long-term national WOP in Indonesia: Tirta Musi and Tirta Mayang

In the 1990s, Tirta Mayang (PDAM Jambi) mentored Tirta Musi on GIS mapping of the water services infrastructure in Palembang. This WOP took place before PERPAMSI began facilitating national WOPs in Indonesia. For various reasons, the performance of Tirta Mayang deteriorated in the subsequent 15 years, and in 2012, based on its relative performance in NRW reduction, Tirta Musi became the mentor of Tirta Mayang in a WOP that both partners and the facilitator considered successful. Upon completion of the WOP, improvement within the mentee utility were put on hold as they were no longer identified as strategic priorities by senior management of Tirta Mayang. In 2015/16 the collaboration resumed, thanks to the good relationship between the current managers of these two PDAMs and the mayors of their respective municipalities, Jambi and Palembang. Strong ties between the Director of Palembang and the municipality of Jambi has also facilitated the extension of the WOP to a municipal-wide effort.

National WOPs in Indonesia

The country's national water association, PERPAMSI, started facilitating National WOPs in 2011 with the conviction that the operators' shared language, culture, history and technology, Indonesian utilities would make them effective support partners[4]. To help the association establish its own WOP program, GWOPA set up a partnership between the Indonesian association and WaterLinks, an experienced Asian WOPs platform. Through this collaboration, PERPAMSI adapted WaterLinks' WOP approach to the local context, building on the principles of solidarity-based partnerships and developing its own set of facilitation guidelines[5]. Since 2011, PERPAMSI has facilitated about 40 WOPs[6].

PERPAMSI acts as a facilitator, bringing mentor and mentee utilities together on the basis of their respective knowledge and needs. For the purpose of matchmaking, PERPAMSI has created a pool of mentor PDAMs by identifying utilities that are performing well in specific themes. PERPAMSI finances the inception of the partnership by providing IDR 15 million (US$ 1,250) to each partner. These funds are to be used exclusively for travel and accommodation expenses.

Partners involved in the WOPs acknowledge that these funds are only symbolic seed funds to facilitate the start of the cooperation, and that considerable additional funds (for further visits, development of pilots, etc.) need to be footed by the partners themselves, a fact that they are willing to accept. Furthermore, the cost of any materials or hardware that utilities may need in order to implement activities under the WOP are expected to be paid for by the recipient PDAM. Frequently, the recipient PDAMs try to source funds from either the Ministry of Public Works or local governments to cover these costs.

According to PERPAMSI, between the launch of the *Kemitraan Solidaritas in 2011* and the end of 2014, National WOPs in Indonesia have had the following results:

- **21** pilot District Metering Areas (DMAs) were established, generating an investment worth 850,000 USD
- **324** staff improved their knowledge and skills
- **12** utilities were helped to upgrade to the "well-performing/healthy" category

4. Interview PERPAMSI representative (2011—2014).
5. *PERPAMSI Kemitraan Solidaritas.*
6. 10 WOPs were implemented in 2011—2012, 12 in 2013—2014, 12 in 2014—2015, and 6 in 2016 (on going).

Lessons Learned

Overall, the WOPs programme in Indonesia is considered to be successful and highly cost-effective. The Indonesian example exposed additional ways in which National WOPs may be more likely to produce good results, notably in the way they motivate participation and commitment to WOP success, and in how they leverage benefits that can help ensure the WOPs lead to sustainable operational improvements.

Staff motivation is an important success factor in WOPs. In Indonesia, utility staff were driven by the idea that the WOPs were contributing to improving national water services. The philosophy of *solidarity* emphasized by PERPAMSI is widely shared among utilities in the water sector this drive helped them overcome demotivating factors such as insufficient budgets, long distances travelled or limited results. Staff morale was maintained by the shared belief that they were doing it 'for the benefit of the national water sector.'

The commitment of managers, through their ability to allocate funds and human resources, is particularly instrumental in determining WOP outcomes. In Indonesia, WOPs were seen to be bolstered by professional and personal relationships between the PDAM managers. In some cases, waning WOPs were revived by friendship between the partner utilities' respective managers and in at least one case, this relationship led to an expansion of the WOP to a wider city-twinning collaboration. The tight professional network within a country also motivates managers to constructively resolve any conflicts that arise. Given that they share the same political environment, managers must manoeuvre carefully to maintain good working relationships with all parties.

Because the PDAMs are dependent on provincial and national agencies like the Ministry of Public Works for funds, managers in Indonesia are also motivated to get involved in WOPs in order to increase their chances of leveraging investment. Desire to be seen favourably in the eyes of the Ministry goes beyond motivating involvement in WOPs, but, as the

National WOP between Tirta Raharja and Tirta Kepri (2012–2014)

Tirta Raharja provides water services in the Bandung Regency on the island of Java. In 2012, Tirta Raharja became mentor to Tirta Kepri, which serves the municipality of Tanjung Pinang on Sumatra. The utilities agreed to work together to help Tirta Kepri develop and implement a workplan to reduce non-revenue water, as well as to develop an improved billing system. Tirta Kepri chose Tirta Raharja because they were familiar with the mentor's work in these areas.

At the end of the WOP, the partnership was deemed unsuccessful because measurable performance improvements were minimal. Tirta Kepri had not been able to allocate internal funds or source external funds within the timeframe of the WOP to achieve the objectives originally envisioned. However, in part thanks to the knowledge acquired during the WOP, Tirta Kepri was later able to raise funds from local and national government to carry out the improvement program. Funds were granted on the basis of claimed *potential* for improvement, as suggested by the initial progress made through the WOP.

Meanwhile, the initial 'bad results' reflected poorly on Tirta Raharja as a mentor, and have hampered the utility's interest in engaging in any further WOPs that do not have clearly allocated budgets at the onset.

Ministry looks seriously upon the WOP results, also incentivizes the PDAM managers to ensure they are successful. Mentor, as well as mentee, reputation is at stake when a WOP does not achieve its objectives, with potential consequences for fund acquisition.

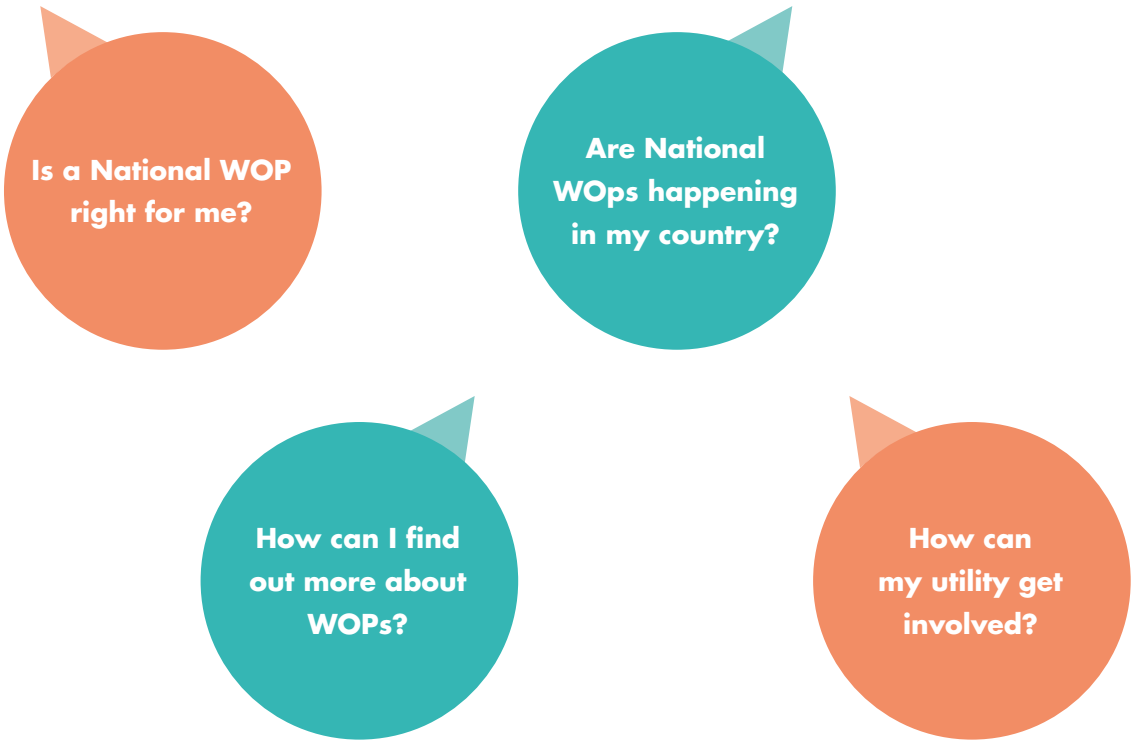
National WOPs are also helping some Indonesian operators access finance by tapping mentee operators into state financing opportunities and strategies. As all utilities in Indonesia are subject to the same norms and procedures for accessing finance, national WOPs allow utilities to benefit from other's experience in obtaining funds for physical improvements. Though never identified as an explicit improvement track within Indonesia's WOPs, mentee operators commonly leverage funds as a result of these informal exchanges, with considerable positive consequences for operational improvements.

Opportunities to extend National WOPs in Other Countries

WOPs between utilities within the same country are known to have been taking place to greater or lesser extents in Mexico, Honduras, Columbia, Nigeria and Greece. Some of these countries have established formal WOPs programmes and are members of the Global Water Operators' Partnerships Alliance. Other countries are not linked in to this international network but do WOPs quietly within their borders.

The Indonesia case suggests that dynamics created by the shared governance framework of the utility partners are likely to increase the likelihood of WOP success. This is in addition to recognized advantages of knowledge exchange between partners with shared culture and language, and the cost savings of exchanging with nearby neighbours. These further benefits may be particularly evident in Indonesia where water utilities are linked within and highly dependent upon the political environment, however similar benefits are likely to be apparent in other National WOPs contexts.

The study of these partnerships in Indonesia suggests that National WOPs provide a low-cost and high-potential mode for developing water utilities' capacity that merit being considered for formalization and scale-up within other countries. These WOPs programmes could also benefit from the exchange of WOPs knowledge and documented good practice by joining the community of WOPs practice, the Global Water Operators' Partnerships Alliance.



Contact us to find out more about National WOPs

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BEWOP Boosting the Effectiveness of Water Operators' Partnerships (BEWOP) is a 5-year research, operational support and outreach initiative aimed at boosting the effectiveness of Water Operators' Partnerships around the world. Launched in September 2013, BEWOP is a collaboration between leading water sector capacity development institute, UNESCO-IHE, and UN-Habitat's Global Water Operators' Partnership Alliance, the organization leading the global WOPs movement. This project has been made possible by the support of the Dutch Ministry of Foreign Affairs (DGIS). This brief is part of a series promoting different aspects, models and features of the WOPs practice.

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