

Local Government Water Services

QUARTERLY PERFORMANCE REPORT NO. 3

Contractor(s): The Urban Institute
Chemonics International, Inc.

Contract Number: OUT-LAG-I-802-99-00036-00

Reporting Period: April 1 – June 30, 2001

Report Number: Quarterly Progress Report No. 3 (QPR-3)

I. CONTRACTOR'S NARRATIVE

1.1 Introduction

The Local Government Water Services (LGWS) Project is providing direct financial, managerial and technical assistance, and training to 20 Indonesian municipal water utilities (PDAM) over a 36-month period. The aim of the Project is to help these PDAM achieve full cost recovery and expand their services.

The Project will also provide remedial financial and technical assistance to 10 additional PDAM to improve water service delivery on an as needed basis, and support the institutional capacity development of the Indonesian Association of Water Enterprise Executives (Perpamsi), and its affiliate training institute Yayasan Pendidikan Tirta Dharma (YPTD).

The LGWS Project is promoting USAID's Mission Strategy, which includes a local government strategic objective entitled, "Decentralized and Participatory Local Government".

The LGWS Project is also supporting the Government of Indonesia's efforts to devolve political and fiscal responsibility to its local governments.

Technical assistance for this Project is provided by a consortium lead by the Urban Institute and Chemonics International Inc. as their subcontractor.

This Third Quarterly Performance Report (QPR-3) is submitted to USAID in compliance with the Contract's expected outputs and deliverables. It covers LGWS' activities for the period April 1 – June 30, 2001.

II. EXPECTED RESULTS, OUTPUTS & PERFORMANCE

Major accomplishments during this third quarter are described below. Each activity is keyed to the two major tasks and specific sub-tasks identified in the contract and in LGWS' Project Work Plan for Year I. Task A consists of 12 sub-tasks and Task B includes 8 sub-tasks. Both Task A and Task B and their corresponding 20 sub-tasks are discussed in this Report.

2.1 Administrative

Several administrative-related items worth noting for this reporting period are:

- LGWS has completed 12 of the 20 sub-tasks. The remaining 8 sub-tasks will be completed shortly or have been programmed for completion in the near future. Section 2.6 provides a summary of these activities.
- Bappenas has appointed Bapak Dr. Ir. Herry Darwanto, Msc. as Director of Settlements and Urban Development. Pak Herry replaces Dr. Ir. Sujana Royat as LGWS' main contact at Bappenas. LGWS expects to maintain the same excellent relations with Pak Herry and his staff.
- At the request of Pak Sujana Royat and Pak Herry Darwanto six LGWS assisted PDAM will attend a US Study Tour of American Water Enterprises and Associations in the United States, in August-September, 2001. The President Directors from six PDAM will be selected on the basis of their PDAM achieving outstanding performance to date based upon a prescribed set of transparent criteria. Funding for this activity will be provided by USAID through the Institute for International Education.

2.2 Task A

Assistance to 20 PDAM to Achieve Full Cost Recovery and Increased Water Connections

2.2.1 Sub-Tasks A1 – A12

A1 Establish Local Government, Community, and PDAM Commitment for Achieving Full Cost Recovery

Twelve Memorandum of Understanding (MOU) have been executed and received by the LGWS Offices. Copies of these signed MOUs were submitted to USAID in our QPR-2.

EXPECTED OUTPUTS:

1. Amended Memorandum of Understanding for 12 PDAM approved by USAID.
2. Signed Memorandum of Understanding with 12 PDAM.

STATUS:

1. Task Completed.
2. Task Completed.

A2. Select Eight Additional Local Governments/PDAM for Targeted Assistance.

In our QPR-2, we reported that Perpamsi had identified 13 PDAM for LGWS assistance. These 13 PDAM are identified in Table 1 below. Some of these PDAM may be selected for assistance under this sub-task, while others may be included in sub-task A11.

Table 1. PDAM Identified by Perpamsi for LGWS Assistance.

<i>PDAM</i>	<i>Province</i>	<i>Total Population</i>	<i>Total Number of Connections</i>
Kota Banjarmasin	S. Kalimantan	575,000	45,211
Kota Mataram	Lombok	874,031	26,314
Kab Bangli	Bali	196,400	8,018
Kab Banjar Baru	S. Kalimantan	533,500	10,132
Kab Kutai	E. Kalimantan	812,733	12,258
Kota Samarinda	E. Kalimantan	660,000	50,557
Kota Pontianak	W. Kalimantan	513,977	42,584
Kota Jambi	Jambi, Sumatra	470,800	35,733
Kota Padang	W. Sumatra	806,511	41,370
Kota Semarang	Central Java	1,415,400	108,728
Kota Bandung	West Java	2,613,000	141,435
Kab Karawang	West Java	1,643,600	26,834
Kota Palembang	Sumatra	1,523,200	78,837

We have completed assessments of PDAM Kota Banjarmasin, PDAM Kabupaten Bangli and PDAM Kabupaten Banjar Baru. Field Trip reports were sent to Perpamsi and USAID.

Our Field Teams will be scheduling visits to all remaining PDAM in the fourth quarter.

EXPECTED OUTPUTS:

- 1. Select 4 new PDAM and sign Memorandum of Understanding with each.**
- 2. Draft Memorandum of Understanding prepared for the final 4 PDAM.**

STATUS:

- 1. Selection of 4 PDAM in progress.**
- 2. Distribution of MOU when selection has been finalized.**

A3. Establish Baselines for the Key Indicators.

All baseline indicators have been identified and formatted for the 12-client PDAM in Microsoft Excel software. This format will be used throughout the course of the project.

Each field team has been compiling these indicators and/or reconfirming data already obtained. Our QPR1 included a copy of the baseline for year-end 1998-1999. Year 2000 indicators are being prepared by all PDAM and will be used as the basis for measuring PDAM results against LGWS' performance targets. All data will be updated and reported in the 4th Quarter.

EXPECTED OUTPUT:

- 1. Baseline data established for 16 PDAM.**

STATUS:

- 1. Task Completed for 12 PDAM.**
- 2. Additional 4 PDAM being selected.**

A4. Help Conduct Customer Satisfaction Surveys and Address Identified Weaknesses.

LGWS has successfully assisted 12-client PDAM conduct their Customer Satisfaction Surveys (CSS). Each CSS is being used to develop specific strategies for the PDAMs' Public Relations Campaigns (sub-task A5) and Corporate Plans (sub-tasks A6 and A8).

EXPECTED OUTPUTS:

- 1. Schedule and complete Customer Satisfaction Surveys in 12 PDAM.**
- 2. Tabulate data and put into a reportable format.**
- 3. Assist 12 PDAM to establish and/or upgrade Customer Service Departments.**
- 4. Schedule 4 Customer Satisfaction Surveys.**
- 5. Plan to address at least one deficiency in each of the 12 PDAM.**

STATUS:

- 1. Task Completed.**
- 2. Task Completed.**
- 3. Task Completed - report to be include with Corporate Plans.**
- 4. Expected in 4th Quarter.**
- 5. Task Completed - report to be include with Corporate Plans.**

A5. Help Develop and Implement a Public Relations Campaign and Develop Mechanisms for Incorporating Citizen Input into Decision-Making.

Public Relation efforts are on going at each PDAM. Many have initiated community education efforts, sponsored local athletic activities and press coverage of water related community interest.

The recent addition of LGWS provided computers; accounting software and training activities have been widely reported by local news media. For example, Radio Republic Indonesia reported changes at PDAM Kendari, the Jawa Post included a recent story on PDAM Pacitan, and the Radar Post has provided coverage of service improvements at PDAM Jember. LGWS is pleased to see the media and the community taking an active interest in PDAM activities, and in educating the public and PEMDA.

After careful review of CSS data related to each PDAM's performance, we have assisted PDAM management in designing their respective Public Relations Campaigns (PRC). Each PRC is designed to educate consumers about PDAM service and to promote and market those services. Each PRC:

- identifies and addresses consumer concerns identified by the CSS,
- is designed to build consumer confidence in PDAM services, and
- is supported by stakeholders.

The PRC is an integral component of each PDAM's corporate plan and remains the vital link to the community awareness/input strategy.

EXPECTED OUTPUTS:

- 1. Public Relations Campaigns designed and completed for 12 PDAM.**
- 2. Other mechanisms designed to incorporate consumer input developed.**
- 3. Local dialogue initiated on financial sustainability and expanded services.**

STATUS:

- 1. Task completed.**
- 2. Task completed.**
- 3. Discussions with PEMDA on financial sustainability and expanded services are on going, as well as with local Consumer Forums.**

A6. Support for More Autonomous PDAM Operations.

Our dialog with senior PDAM staff, Badan Pengawas representatives, PEMDA and DPRD officials is on going. These discussions continue to focus on PDAM finances and operations, the need for greater autonomy, and full cost recovery. All of these meetings include in-depth discussions concerning the PDAM's service levels, customer service and recommendations for improving the overall condition of each PDAM.

In support of these efforts, LGWS sponsored a Management Retreat for its 12 client PDAM in May. The Retreat was designed to assist each PDAM identify its "corporate vision, mission and strategy(s) for improving service and achieving Full Cost Recovery". (See Sub-task A8 and B3 for additional information on this activity).

In an effort to socialize the benefits of the Corporate Plans, each PDAM will likely have intensive discussions with concerned stakeholders. LGWS will support these efforts and may also actively participate in these discussions.

Our "lobbying efforts" of PEMDA and DPRD officials will be aimed at garnering support and acceptance of the goals and aspirations of each PDAM. Of particular concern is ensuring properly detailed incentive structures to make PDAM officers and staff accountable and encouraged to achieve outstanding performance.

Continuing activities of each field team in support of this sub-task are reported in the Activity Reports provided in Appendix I.

The LGTS and ALGTS continue their excellent work with Perpamsi and TPTD. They are currently developing appropriate training seminars for senior government officials and PDAM management. Our activities under sub-task A8 are designed and intended to promote coordinated linkages between tasks vital in achieving PDAM goals of Full Cost Recovery.

EXPECTED OUTPUTS:

- 1. Schedule regular meetings with the Badan Pengawas and appropriate PEMDA officials of 12 PDAM.**
- 2. Identify suitable management concepts and policies for 12 PDAM.**
- 3. Review concepts and policies with each of the 12 PDAM.**
- 4. Adoption or incorporation of management concepts and policies by 12 PDAM.**

STATUS:

- 1. Task Completed - regular meetings are on-going.**
- 2. Task Completed - policies being incorporated into Corporate Plans.**
- 3. Task Completed.**
- 4. Task Completed – policies being incorporated into Corporate Plans.**

A7. Support the Adoption of Open and Transparent Accounting Measures.

LGWS successfully distributed and set-up 23 Dell desktop computers, and 3 printers for our 12 client PDAM. All computers were installed with accounting and billing software. All accounting software-related training activities (sub-task B2) have been successfully completed.

The 12 PDAM are converting customer account data from their old software or manual system into the new computerized accounting and billing program. This conversion is in the final stages. Most PDAM are running efficiency checks of the conversion. LGWS and the PDAM fully expect that all 12 systems will be fully operational by the end of the 4th quarter.

LGWS also provided training in basic computer operations skills for PDAM staff. Eleven PDAM have completed this training, and we expected the twelfth PDAM will complete this activity by the middle of the 4th quarter. Information concerning all LGWS training activities is discussed in more detail in sub-task B8.

Development of an LGWS Project Web Site was begun in the 3rd quarter. We expect to complete the site during the next quarter. The Site will provide information about LGWS activities; LGWS assisted PDAM and provide links to Perpamsi, USAEP/AID, the Urban Institute, and Chemonics International. The site will also provide individual web pages for our 12-client PDAM, and be expanded to include the 8 additional PDAM.

We anticipate that once the site is fully operational each PDAM will “post” its financials on its web page. This activity will further promote open and transparent accounting procedures, and also support our activities under sub-task A6 – More Autonomous PDAM Operations.

EXPECTED OUTPUTS:

- 1. Procurement of computer components and software for 12 PDAM.**
- 2. Installation of computer systems in 12 PDAM.**
- 3. Completion of training component for computers in 12 PDAM.**
- 4. Establish functional computerized accounting systems in 12 PDAM.**

STATUS:

- 1. Task Completed.**
- 2. Task completed.**
- 3. Task completed.**
- 4. Final system testing is under way.**

A8. Assist with the Development and Updating of Recovery Plans and Business Plans.

Our Field Teams are working closely with each of their client PDAM to prepare their Corporate Plan. Each PDAM has established their individual outline, format and presentation. PDAM Management has drafted the text for each Corporate Plan. LGWS is making final revisions to all text and supporting schedules. Final issuance of 11 of the 12 Corporate Plans is expected in July.

In May, LGWS hosted a Management Retreat for all 12 PDAM. Each Mayor and President Director of our 12 client PDAM attended this event. The Retreat was aimed at developing specific strategies in support of the corporate planning process. The Retreat introduced and discussed:

- creating mission statements and a vision for each PDAM,
- aligning vision and strategy, and
- focusing on quality, service and customers.

The results of the Management Retreat have been incorporated into each PDAM's Corporate Plans. Similarly, as important as establishing the mission, vision and strategy of each PDAM, was the good will and support each PDAM received from City Leaders. These key actors will play an essential part in socializing the Corporate Plan and its meaning to the community.

Additionally, we are scheduling stakeholder sessions and management discussions to examine each PDAM's vision, mission and strategy, build consensus, and review and finalize the PDAM draft plans. Please also refer to our activities under sub-tasks A3-A7 in support of this activity.

In our QPR-1, we reported that the total of new connections had increased by 41,258, and the corresponding total number of new beneficiaries had increase by 247,548. As of March 31, 2001, we are pleased to report -

- **20,423 new connections in six months or a total of 61,681 new connections since inception, which equates to**
- **370,086 new beneficiaries.**

EXPECTED OUTPUTS:

- 1. Draft Business and Financial Action Plans completed for 12 PDAM.**
- 2. An increase of 60,000 new beneficiaries from the baseline.**

STATUS:

- 1. 8 Drafts completed with the remainder to be issued in the 4th Quarter.**
- 2. As of March 31, 2001 – 61,681 new connections; 370,086 new beneficiaries.**

A9. Identify Options for Sustainable Financing.

In support of this sub-task, we are following developments with donor agencies such as the Asian Development Bank (ADB), World Bank (WB) and in the private sector.

In April for example, we met with representatives from Aquanet – a Netherlands based organization financed by Dutch Water Companies. Aquanet through its local affiliate Inowa Prima Consult provides financing to selected PDAM for new connections and new meters, and is interested in expanding its services. Their representatives are keen to work with LGWS assisted PDAM. They will return to Jakarta in early July. We hope to explore further opportunities with them at that time.

The World Bank is assisting the Ministry of Settlements and Regional Infrastructure develop a policy framework for water supply and sanitation. At a conference entitled “Water Supply and Sanitation Sector Reform in the Context of Regional Autonomy” attended by LGWS, the main themes focused on full cost recovery and implementing planning opportunities. Key reform measures closely mirror the efforts of LGWS and will be codified in the form of a Ministerial decree that encourages greater transparency, accountability and better service.

LGWS is also working closely with PDAM Jember to determine sources of additional funding for new water supply assets. PDAM Jember is researching development of new treatment capacity through a Build-Lease-Transfer arrangement with the private sector. LGWS has indicated its willingness to assist PDAM Jember, provided that the PDAM first obtain prior approval from PEMDA to execute this transaction.

EXPECTED OUTPUTS:

- 1. Identify funding options for 12 PDAM.**

STATUS:

- 1. On-going and will be reported in Corporate Plans.**

A10. Assist Targeted Local Governments/PDAM to Implement Quality Control Procedures.

Each PDAM has provided an outline of their anticipated new programs and costs for environmental, maintenance and water quality requirements in their Corporate Plans and Annual Budgets. Examples of common issues include:

- **Testing:** PDAM water quality testing is limited to turbidity and sedimentation tests. Standard tests for bacteria and more routine parameters such as oil & grease, nitrates and selected heavy metals are typically not performed. The frequency of testing is inadequate and constrained by limited budgets. LGWS has suggested routine monthly testing at intakes and randomly at taps. LGWS also met with a GTZ and Perpamsi representative to discuss testing-related activities through Perpamsi. Please also refer to sub-task B4.
- **Water Quality:** PDAM dependent on spring and river water as a raw water source experience very high seasonal turbidity loads, resulting from uncontrolled run-off. Deforestation and land clearing activities are the most likely causes. Raw sewage is also a major concern, as well as sludge management and sludge disposal. LGWS has suggested creating “buffer zones” in water shed areas to minimize the impact of deforestation and erosion. In Kabupaten Pacitan for example, the PDAM has developed a “security area” up gradient to protect the integrity of its spring sources. The PDAM is also planning to purchase additional land to expand its security area. LGWS is also coordinating these activities through Perpamsi and/or directly with each PDAM.
- **Energy Efficiency & Maintenance:** Energy costs represent a significant portion of PDAM operating budgets, and as a result maintenance budgets have been reduced significantly. LGWS is recommending energy audits and re-budgeting maintenance costs.
- **Maintenance and Non-Revenue-Water (NRW):** NRW averages approximately 50% for the 12 PDAM. PDAM are implementing programs designed to reduce NRW to lower levels. In particular, we are encouraging PDAM to implement household meter

replacement and repair programs. These programs will be reflected in the Corporate Plans.

- **Conservation and Customer Outreach:** We have initiated discussions with PDAM and PEMDA concerning the need to incorporate water conservation measures in all aspects of PDAM operations. This issue will also be included in the previously mentioned PRC for each PDAM.

The LGTS has also programmed these issues into workshops designed in conjunction with Perpamsi and YPTD training activities (see sub-tasks B4-B5 and B8).

EXPECTED OUTPUTS:

- 1. Provide Quality Control Procedures assistance to 12 PDAM.**
- 2. Where appropriate, incorporate QCPs into management policies and Business Plans for 12 PDAM.**
- 3. Review QCP issues with 4 additional PDAM.**

STATUS:

- 1. Task Completed - Modules drafted & distributed.**
- 2. Task Completed – being incorporated into Corporate Plans.**
- 3. To be completed with the addition of 4 new PDAM.**

A11. Assist up to 10 PDAM Annually.

As noted under sub-task A2, we received a target list of 13 PDAM from Perpamsi. Table 1 identifies these PDAM.

Assessments have been completed for PDAM Kabupaten Bangli, Bali, and PDAM Kota Banjarmasin and PDAM Banjar Baru. Copies of these Reports were sent to Perpamsi and USAID under separate cover.

We have scheduled visits to the remaining 10 PDAM through the 4th quarter. Thereafter, we shall select the 4 additional PDAM required under sub-task A2 after our preliminary assessments have been made and reviewed with Perpamsi.

EXPECTED OUTPUTS:

- 1. Field Trip Reports for PDAM assessed.**

STATUS:

- 1. Three Assessments Completed. Remaining assessments to be scheduled.**

A12. Coordinate with the CLEAN Urban Project and the Advisory Committee.

We have had two meetings with CLEAN Urban and two meetings with ICMA representatives. Regular information exchanges have occurred during monthly Chief of Party meetings organized by USAID's Office of Decentralized Local Government.

We also met with Bapak Dr. Ir. Herry Darwanto, Director Pemukiman dan Perkotaan, Bappenas to introduce LGWS activities to him and to discuss and coordinate our training initiatives with him and his staff.

We will continue these monthly exchanges as a means of promoting specific activities and policies in support of GOI, USAID, and LGWS Project goals.

We also met with our Advisory Committee at Bappenas on June 22nd for our semi-annual meeting with the Advisory Committee.

EXPECTED OUTPUTS:

- 1. Six meetings with CLEAN Urban and ICMA Project representatives.**
- 2. Two meetings with Advisory Committee and submission of semi-annual report.**
- 3. Semi-annual report to the Advisory Committee identifying strategic and global issues of concern to all PDAM.**

STATUS:

- 1. Task Completed, however additional meetings may be scheduled as needed.**
- 2. Task completed.**
- 3. Task Completed.**

2.3 Task B
Assistance to Water Service Providers to Improve Professionalism, Accountability, and Service Delivery.

2.3.1 Sub-Tasks B1 – B8

B1. Professional Skills of Managerial and Operational Staff of Water Utilities.

LGWS initiated certification efforts with Perpamsi and the Ministry of Labor are preceding as planned by our LGTS. Details include:

- A recently signed MOU with the Ministry of Public Works that will complement the MOU signed with the Ministry of Manpower,
- Creation of a Board of Certification, and composed of representatives from Perpamsi, the Ministries of Home Affairs, Public Works and Manpower, ITB and IATPI,
- Approval of the Board members by the Ministry of Manpower, and
- Official installation of the Board and their first scheduled meeting at the end of June.

In addition to these activities please refer to our activities under sub-tasks B6 and B8, which also support B1.

EXPECTED OUTPUTS:

- 1. Report summarizing professional certification efforts.**
- 2. Work plan and training program for establishing professional standards.**

STATUS:

- 1. Task Completed.**
- 2. Task Completed – Activities on-going.**

B2. Open and Transparent Budgeting and Accounting Practices.

As noted in sub-task A7, LGWS procured, installed and distributed accounting and billing software, and computers to our client PDAM. Accounting and finance personnel from all 12 PDAM attended a training seminar to introduce our “User’s Guide” for the billing and accounting software in April.

As we add the 8 remaining new PDAM to the Project, we will introduce the User's Guide and similar training programs to each new LGWS assisted PDAM.

EXPECTED OUTPUTS:

- 1. Develop a "User's Guide" on Accounting & Budgeting models.**
- 2. Schedule a 1-2 day Workshop to disseminate information on User's Guide.**

STATUS:

- 1. Task Completed.**
- 2. Task Completed.**

B3. Support for Full Cost Recovery, Service Expansion and PDAM Reforms.

LGWS Project efforts continue to focus on educating PDAM management, PEMDA and DPRD officials on improving the overall operating performance and service capabilities at each of our 12-client PDAM.

As previously mentioned we hosted a Management Retreat for senior PDAM managers and Mayor(s). Our common retreat theme and individual team sessions were used to reinforce the concepts of full cost recovery, service expansion and performance, and other customer service initiatives, in support of the corporate plans.

We may schedule a follow-up retreat to review draft Corporate Plans in the 4th Quarter or in Year II of the Project. Please also refer to sub-tasks A4-A9 for related activities supporting this sub-task.

EXPECTED OUTPUTS:

- 1. Introduce full cost recovery, service expansion & reform strategies for 12 PDAM.**
- 2. Average 30% improvement from baseline in P &L Statements.**

STATUS:

- 1. Task Completed - Incorporated into Draft Corporate Plans.**
- 2. Baseline data for first full year will be available in second project year.**

B4. Technical Efficiency and Environmental Quality.

The LGTS has evaluated IATPI's proposed three-year technical workshop program. He has programmed several workshops into the YPTD training schedule for Year 2001.

The first LGWS sponsored technical workshop is scheduled for July and will focus on construction aspects for installing and repairing distribution lines.

EXPECTED OUTPUTS:

- 1. One – two individual or regional 1/2day – 1-day workshop(s) on a specific issue.**

STATUS:

- 1. Task Completed – First Workshop scheduled for July, second workshop being programmed.**

B5. Development and Dissemination of Best Practices in the Water Sector.

In the 2nd Quarterly Report, we identified 5 best practice models as follows:

1. Invoicing and Collection – PDAM Kabupaten Jember,
2. Electronic Meter Reading - PDAM Kabupaten Bandung,
3. Third Party Meter Reading – PDAM Sawah Lunto,
4. Cisterns for households – PDAM Kabupaten Bangli, and
5. Automated Switching & Shut-Off Equipment – PDAM Kabupaten Jember.

In addition to developing these Models, we met with representatives from Thames Water and Modern Asia Environmental to discuss possible best practice seminars that may be incorporated into LGWS' workshop schedule.

Having achieved the Expected Outputs of this sub-task, we plan to continue identifying and disseminating Best Practices through Perpamsi.

We have suggested that our Five Best Practices be published in Perpamsi's Quarterly Journal, "Air Minum". Perpamsi hopes to make this a regular feature by requesting all PDAM forward a write up of their Best Practices. In so doing, LGWS and Perpamsi will have a continuing source of best practices to disseminate to PDAM throughout Indonesia. Perpamsi has also agreed to select two Best Practices for annual commendation.

When our Web Site is available we will post the Best Practices on it. These efforts will further support the role of Perpamsi, institutionalize the Best Practices, and also support sub-tasks A7 and B2.

EXPECTED OUTPUT:

1. Develop and disseminate five best practices to PERPAMSI.

STATUS:

Task Completed – Activities to Continue.

B6. Institutional Support for PERPAMSI.

Our LGTS has completed a training and work plan for PERPAMSI, and YPTD. The work program covers 6 specific training areas:

- Institutional development,
- Infrastructure development,
- Curriculum development and certification training program development,
- Schedule and implement training in workshop/seminars,
- Coordinate donor programs, and
- Fund raising activities to support the goals and objectives of YPTD.

Our LGTS and Perpamsi staff are drafting a Five-Year Business Plan for Perpamsi and YPTD. Please also refer to activities discussed in sub-tasks A6-A12, and B1-B5, which also support this particular sub-task.

EXPECTED OUTPUTS:

- 1. Review and identification of institutional training needs at YPTD.**
- 2. Draft development plan for YPTD.**

STATUS:

- 1. Task Completed.**
- 2. Task Completed - Activities being programmed.**

B7. PDAM Rescue and Recovery Program (PRRP).

The PRRP is currently being implemented under the guidance of the Ministry of Finance. LGWS has had some preliminary discussions with consultants working on this project. While the aims of this funding appear laudable there is some concern on the part of PDAM and local governments that central government involvement may cause higher than needed costs to be incurred. LGWS will continue to provide advice as and when requested to analyze costs and benefits.

Consultants from the Asian Development Bank, developing a terms of reference under the Water Supply and Sanitation Sector loan, visited Indonesia. The aims of this technical assistance mirror the efforts of the World Bank funded PRRP. LGWS provided extensive comments and documents for their use in preparing their terms of reference. Further, LGWS met another group of ADB officials when their mission arrived in June.

In May 2001, LGWS also met with ADB loan officers and provided input into activities that ADB is currently developing. Unfortunately, issues such as sovereign debt for local government, guarantees and funding institutions continue to plague accessibility to funding. LGWS has provided copies of its reports, summaries of on-going activities and results of specific analyses for ADB use in developing a sector support package.

EXPECTED OUTPUTS:

- 1. Meet with PRRP proponents as required.**

STATUS:

- 1. Task completed. Continuing meetings as required.**

B8. Conduct Training Workshops/Seminars.

As previously mentioned in sub-tasks A7, B2, and B4-B6, our LGTS and ALGTS, and our MIS have designed training programs and schedules for conducting a series of workshops. The intended target groups consist of junior and senior management, and operational personnel at our client PDAM.

LGWS completed or programmed training activities are shown below. Appendix II provides a detailed schedule of all LGWS, Perpamsi and YPTD training activities.

- ✓ Customer Satisfaction Survey Workshops – 12 individual workshops and 1 seminar completed. Additional workshops programmed.
- ✓ Introduction to new Accounting & Billing Software - 1 Five-day Workshop Completed for 12 PDAM.
- ✓ “User Guide” for Billing and Accounting Software – 1 Workshop for 12 PDAM completed.
- ✓ Basic Programmer - Computer Skills – 11 Workshops completed and 1 on going.
- ✓ Management Retreats - 1 Completed.
- ✓ Management Seminars – 5 Workshops are programmed, 1 is scheduled for July.
- ✓ Rerating – 2 Workshops are programmed.
- ✓ Distribution System Planning – 2 Workshops are being programmed.
- ✓ Engineering Efficiency for Systems – 1 Workshop is schedule for July, and 1 is being programmed.

- ✓ Full Cost Recovery - 2 Workshops are programmed.
- ✓ Financial Management for Non-Financial Managers – 2 Workshops are programmed.
- ✓ Cash Management Seminar, in cooperation with Citibank – this is being combined with the July seminar.

EXPECTED OUTPUTS:

1. Schedule one workshop dedicated to key environmental or technical issues.
2. Schedule six one-day workshops in the provinces for 25-30 participants.
3. Coordinate all training activities through Perpamsi and YPTD.

STATUS:

1. Task Completed - scheduled 4th Quarter.
2. Task Completed - scheduled 4th Quarter.
3. Task Completed – an on-going activity. Our LGTS and ALGTS are assigned to Perpamsi and YPTD offices.

2.4 Completed Tasks

LGWS has completed a number of specific sub-tasks and/or individual sub-task components. Table 2 provides a summary of progress for all 12 sub-tasks listed under Task A and the 8 sub-tasks listed under Task B.

Table 2. Summary of LGWS Task Progress.

<i>Task</i>	<i>Status</i>
A1	Task Completed for 12 PDAM.
A2	Selection of 4 new PDAM in progress. Distribution of MOU to follow.
A3	Task Completed for 12 PDAM. Four new PDAM being selected.
A4	Task Completed for 12 PDAM - Results being included in Corporate Plans.
A5	Partially Completed.
A6	Task Completed for 12 PDAM – With on-going activities as reported.
A7	Task Completed for 12 PDAM.
A8	In Progress.
A9	In Progress.
A10	Task Completed and activities in progress.
A11	3 of 10 Assessments Completed. Remaining being scheduled.
A12	Task Completed – Additional meetings may be scheduled as needed.
Task B	
B1	Task Completed Results being introduced and/or implemented.
B2	Task Completed for 12 PDAM.
B3	Task Completed for 12 PDAM – Efforts on-going and will be reported.

<i>Task</i>	<i>Status</i>
B4	Task Completed – Workshop is scheduled.
B5	Task Completed
B6	Task Completed – All activities are scheduled.
B7	On-Going Activity.
B8	Task Completed – All activities are scheduled.

LGWS has completed 12 of the 20 sub-tasks. The remaining 8 sub-tasks are on-going activities or programmed and will be completed prior to the end of the 4th Quarter.

2.5 Field Visits

During the third quarter, our three field teams made a total of 19 visits to our 12 client PDAM. Our MIS also made 3 visits to 3 PDAM to assist with the set-up of the new computers and software. As previously mentioned, Appendix I provides the Activity Reports for each visit.

III. LEVEL OF EFFORT

APPENDIX I
FIELD TRIP REPORTS

Insert FIELD TRIPS REPORTS

LGWS PROJECT
Local Government Water Services
 United States Agency for International Development

PDAM Activity Report

PDAM Asahan

Date of Visit	Activities	Actions
Nov. 14 – 17, 2000	<p>The LGWS team met with the new Dirut, DirTek and DirUm. Since our previous visit the entire team of directors was changed. The change appears to be for the best, as each possesses technical skills far in excess of the previous team of directors. In addition the team had meetings with the Bupati and the head of Bappeda. We explained the procedures we would employ to assist the new team develop a corporate plan and develop a new vision for the PDAM. The PDAM staff provided their most recent financial data and a previous corporate plan for our review. Further Bappeda provided area statistics and population data that will be used in developing the demand forecasts. LGWS promised to review the data and return in early 2001 to discuss a timetable to prepare a corporate plan</p>	<p>The LGWS must review all data received and then prepare a report on our review. The next visit will likely include a report on further information and a timetable to execute the corporate plan.</p>
Jan 30 – Feb 2, 2001	<p>The field team met with all directors and selected staff members to discuss the upcoming Customer Satisfaction Survey. The Team made a presentation on the Survey, how it was to be conducted and what kinds of results are expected. In addition, we informed PDAM Staff that the Corporate Plan would use data derived from the CSS for the Corp Plan.</p> <p>The team instructed the surveyors on their duties in conducting the CSS. We detailed a methodology and provided the surveyors information on their duties. The team worked with the Surveyors through simulations of</p>	<p>The next activity will be to gather the results of the surveys and enter the data into the computer database. The team plans to provide instruction to PDAM staff for entry. The field team will analyze the data in conjunction PDAM.</p> <p>New computers are to be procured shortly and</p>

Date of Visit	Activities	Actions
<p>Feb 27 to Mar 1</p>	<p>surveying customers and conducted several dry runs.</p> <p>The team prepared a list of areas to be surveyed, the number of surveys to be taken and routes for the surveyors to follow. The team then assisted in checking results and monitoring the activities of the surveyors in conjunction with PDAM assigned personnel.</p> <p>The visit was made to assist the input of data for the Customer Satisfaction Survey. The team instructed PDAM staff to input CSS data. Because PDAM computers are limited the LGWS team input much of CSS data. The LGWS participation relieved computer time that was needed for accounting input and billing at PDAM Asahan</p>	<p>installed at the PDAM for Accounting and Billing.</p> <p>PDAM Asahan will be sending CSS data by internet for LGWS analysis.</p>
<p>April 18 to 20</p>	<p>Discussed about CSS result and cooperate plan. PDAM Asahan agreed to modify CP</p>	<p>Dirut will make committee following Immendagri.</p>
<p>May 15 to 17</p>	<p>Team LGWS met committee PDAM Asahan to discuss about CP.</p>	<p>CP will be finished end of July.</p>
<p>June 20 to 22</p>	<p>Team LGWS explained and discussed draft of CP</p>	<p>Comment draft CP will be sent two week later</p>

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PDAM Activity Report

PDAM Belitung

Date of Visit	Activities	Actions
24 Jan – 26 Jan	<p>The field team met with all directors and selected staff members to discuss the upcoming Customer Satisfaction Survey. The Team made a presentation on the Survey, how it was to be conducted and what kinds of results are expected. In addition, we informed PDAM Staff that the Corporate Plan will use data derived from the CSS for the Corp Plan.</p> <p>The team instructed the surveyors on their duties in conducting the CSS. We detailed a methodology and provided the surveyors information on their duties. The team worked with the Surveyors through simulations of surveying customers and conducted several dry-runs.</p> <p>The team prepared a list of areas to be surveyed, the number of surveys to be taken and routes for the surveyors to follow. The team then assisted in checking results and monitoring the activities of the surveyors in conjunction with PDAM assigned personnel.</p>	<p>The next activity will be to gather the results of the surveys and enter the data into the computer database. The team plans to provide instruction to PDAM staff for entry. The field team will analyze the data in conjunction PDAM.</p> <p>New computers are to be procured shortly and installed at the PDAM for Accounting and Billing.</p>

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PDAM Activity Report

PDAM Jember

Date of Visit	Activities	Actions
Nov. 7 – 9, 2000	Met Pak Taufan Dirut, Pak Hanni, Dirtek, and Pak Suhardi. All directors agreed that they would like to prepare a Corporate Plan prior to year-end. LGWS agreed to assist but indicated that we needed to prepare a CSS, which would take about 60 days to complete. LGWS will prepare a report outline for the draft without the completed CSS. Once the CSS is complete the CP will be updated to include. It was agreed by all parties to move consistent with this plan.	LGWS is gathered data on Demand, maps, new assets, financial, etc. Agreed to provide preliminary review by early Dec. Jember has prepared information to assist. Meeting with Bupati to follow.
Dec. 4 – 7, 2000	<p>Dated Dec 5, 2000 met Pak Taufan Dirut, Pak Hani Dirtek and Pak Suhardi Dirum, we discussed about CP and CSS. All directors agreed that PDAM will create the committee for making CP. Members of committee are all the head Department and the chief of committee is Pak Hardi Dium. PDAM will distribute of 100 questioner CSS but they ask about cost, PDAM hope LGWS can share that cost.</p> <p>Dated Dec 6, 2000 meeting with committee and all directors. The result of meeting :</p> <ul style="list-style-type: none"> • All participants agreed about contents of CP • Scenario for five years (2001 – 2005) PDAM will expand services through increasing customer around 8.000 (please see attached) • Optimize existing system as like for Tanggul branch PDAM had idle capacity around 50 lt/sec <p>Dated Dec 7, 2000 met Pak Taufan talked about draft result of FINFRO following scenario.</p>	<p>LGWS will send Draft of CP on Dec 20, 2000 include, technical, financial and management issue.</p> <p>PDAM Jember will do survey CSS after receiving information from LGWS about cost.</p>

Date of Visit	Activities	Actions
Jan 16 , 2001	<p>LGWS Met with all Directors and department heads. Team LGWS explained the methodology, beneficiaries and constraints of the customer satisfaction survey. 08.30 AM to 12.00 AM.</p> <p>PDAM Jember formed a team to conduct the Survey (CSS Team). LGWS and CSS Team continue to meet from 01.30 PM until 04.00 PM to discuss sample sizes, location and enumerators.</p> <p>LGWS and the CSS Team met all the enumerators from Jember University. We explained the meaning of the CSS and continued the simulation interview. This meeting started 07.00 PM until 12.00 PM.</p>	<p>Team CSS PDAM Jember will meet again with enumerators next Friday January 19, 2001 to distribute the questionnaire.</p> <p>CSS will start Saturday January 20, 2001 with expected completion January 24, 2001.</p>
Jan 17, 2001	<p>Met Pak. Taufan to discuss the draft Corp. Plan in particular water demand, SWOT analysis, financial analysis, marketing and Human Resource Development. LGWS made a field visit to deep well P-6, new reservoir and surveyed the distribution data for Jember city.</p>	<p>LGWS will revise the water demand, SWOT analysis and financial plan by February 12, 2001.</p>
Feb 14, 2001	<p>Met Pak Taufan and the CSS data entry team of PDAM. LGWS instructed the CSS data entry team CSS PDAM on developing results from the survey and computer data entry. The survey data is anticipated to be available on or before 28 Feb. LGWS presented the redrafted water demand and SWOT analysis for comment.</p>	<p>Team CSS PDAM will entry all the data to computer and send diskette to LGWS before month end.</p>
Mar 13 – 14, 2001	<p>Upon preparing the results of the customer satisfaction survey, LGWS Team A met with the Directors of PDAM to discuss action to be taken as a result of the survey. While the survey was reviewed within the context of local conditions, it was agreed that water quality issues needed to be determined. It was agreed that more frequent tests in a number of areas would occur with an aim at determining actual water quality, causes and treatments.</p>	<p>LGWS will develop an outline for a Public Relations effort for PDAM to write and fit into their individual needs.</p> <p>LGWS will, using three PDAM as a test, develop an organization meeting for development of their</p>

Date of Visit	Activities	Actions
<p>June 27 to 29</p>	<p>LGWS and PDAM discussed the need for a clearly articulated Public Relations Campaign and a focused mission statement. LGWS agreed to outline a Public Relations effort and would look into developing a program for introducing a method for defining the mission while articulating a series of shared beliefs to develop stronger ties with the community while encouraging motivation of employees.</p> <p>LGWS and PDAM agreed on the final version of the demand forecast and SWOT analysis for incorporation in the Corporate Plan.</p> <p>Accompanied PDAM Jember meet with their customer discussing about the Services in general and result of Customer Satisfaction Survey.</p> <p>Discussed with the Director about our involvement in the next workshop at Jember</p>	<p>individual mission statements. The effort will entail defining issues to be addressed and how to develop the mission statement.</p> <p>Estimated date for Workshop is July 19-20, 2001</p>



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PDAM Activity Report

PDAM Banjar Baru

Date of Visit	Activities	Actions
Feb. 7 – 9, 2001	<p>Met with the President Director and staff of PDAM Banjar Baru to discuss technical assistance, benefits to Banjar and requirements needed from PDAM. President Director Pak Ibrahim was advised that LGWS would assist PDAM develop corporate planning capabilities, assist development of computer based accounting and reporting. We also further advised that LGWS would require signature on an agreement that details terms and conditions for continuing assistance. I further advised that the head of the Baden Pengawas must acknowledge the agreement. The President Director arranged for a meeting with the Sekwilda (head of Baden Pengawas) to discuss. The Sekwilda agreed to LGWS assistance.</p> <p>On the second day of our visit, the LGWS team along with PDAM personnel began conducting the Customer Satisfaction Survey. We met with 5 university students, informed them of the reasons for the survey, what was expected of them and simulated actual survey techniques for use in the field. LGWS also trained PDAM staff on input of data from the survey to shorten the process. We left with all in place to execute a CSS. Expected completion by end of week beginning Feb 12, 2001.</p>	<p>The LGWS team will return to Banjar Baru to obtain a signed agreement and to follow on in regard to the CSS. Activities on the next visit shall include analysis of the CSS and evaluation of computer hardware and software.</p>
March. 27 – 30, 2001	<p>Met with Financial Director, Technical Director and all the Head Department of PDAM Banjarbaru. LGWS explained the results of Customer Satisfaction Survey. The results indicated that PDAM must improve water quality. LGWS and PDAM discussed methods for improving water quality and improved water quality testing. LGWS and PDAM Banjarbaru</p>	<p>Technical Director will prepare number and location for taking water quality sample. The water sample will be taken from shallow well community and the tap of customer PDAM.</p>

Date of Visit	Activities	Actions
<p data-bbox="164 539 349 573">May 30, 31 to</p> <p data-bbox="164 790 261 824">June 1.</p>	<p data-bbox="371 367 938 465">discussed development of their corporate plan. Together we agreed on dividing tasks and work assignments.</p> <p data-bbox="371 544 1002 678">One day workshop which attended by PDAM, Local NGO and LGWS Team & Regulatory Board, that have theme the socialization and adjustment tariff increase.</p> <p data-bbox="371 723 948 790">Intense discussion about the PDAM Banjar Baru Corporate Plan.</p>	<p data-bbox="1085 544 1366 642">First week of July, The Draft CP will be sent to PDAM</p>



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PDAM Activity Report

PDAM Kota Kendari

Date of Visit	Activities	Actions
05/15-16/01	<p>Makassar meeting with Dirut, Dirtek & Chiefs Sections of: Planning, Accounting, General.</p> <p>Reviewed the results of the CSS in detail. Dirtek stated the issue was inadequate supply of water. LGWS stated CSS measured not only quantity/ continuity of supply, but also others: desired bills payment, friendly meter reader, other possible NRW sources.</p> <p>PDAM has an NRW of approximately 75-80%, which is too high. Source of NRW is not in system but broken meters, use of estimates and perhaps incorrect recording of volumes used by consumers.</p> <p>Also discussed Corporate Plan:</p> <ul style="list-style-type: none"> - PDAM willing to have local university to work together with LGWS on Corporate Plan & preferred LGWS as the core team. - PDAM would ask local university to conduct preliminary CP classroom training for appointed PDAM employees. - LGWS suggested PDAM to prepare zoning (since the existing missing) for both CP & computerized distribution mapping system 	<p>PDAM requested to review NRW issue and establish a plan for reducing NRW to acceptable levels over 1-3 years.</p> <p>PDAM to check new meters installed by WB/SDP and handed over to PDAM.</p> <p>PDAM also to investigate the use of available funds to replace all faulty meters.</p> <p>PDAM to begin compiling strategy for its Corporate Plan.</p>

Date of Visit	Activities	Actions
06/26-27/01	Met with PDAM's Corporate Planning team to review progress on draft text, and to discuss major issues such as NRW, new connections, and service improvements. Also discussed financial issues and reviewed current financials. Checked new computers which are being used in Customer Service Department for payment of bills and in the Accounting Department.	Draft text is due by mid-July.

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PDAM Activity Report

PDAM Pacitan

Date of Visit	Activities	Actions
05/29-31/01	<p>LGWS met Dirut, Dirtek to review draft Table of Contents with PDAM's Corporate Planning Team.</p> <p>Reviewed CSS results focusing on specific areas for inclusion in Corporate Plan under strategies for improving service.</p> <p>Checked new computers and software to ascertain if working properly.</p> <ul style="list-style-type: none"> - Discussion on present status of: connections, NRW, wait listed potential customer - LGWS recommended PDAM to prepare zoning for both CP & computerized distribution mapping system. <p>Computers:</p> <ul style="list-style-type: none"> - Printer cable was not shipped with computers – purchase cable in Jogya and installed the next day. Computers working. 	<ul style="list-style-type: none"> - Financaial Director to mail LGWS latest technical & financial reports - PDAM to start listing potential customers area or system-wise -

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PDAM Activity Report

PDAM Sawah Lunto

Date of Visit	Activities	Actions
04/18-19/01	Team B met with Dirut and Dirtek and CSS Planning Team to review the results of the CSS. Team submitted copies of summary report and went through each item in detail.	
06/05-06/01	Met with Dirut and Dirtek to review table of contents for corporate plan. Reviewed suggested wording for foreword, and PDAM's Mission and Vision Statements, and work completed to date.	

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PDAM Activity Report

PDAM BATANG

Date of Visit	Activities	Actions
21 June, 2001	<p>The one-day field visit was intended to start preparing corporate plan task. Jeffry and Benny were making this field visit . Basically it has been performed successfully.</p> <p>The meeting was attended by all Direktur and continued with PDAM's Kabag. The discussion with Kabag was focusing in internal and external factors analysis.</p> <p>The field visit program was also focusing on checking the LGWS's computer assistance, including hardware and software. The computers have been received. PDAM has started using them and currently they are inputting beginning balance.</p>	<p>LGWS is going to prepare the SWOT analysis base on the discussion's result.</p> <p>The result of analysis is going to be forwarded to PDAM for a review soon.</p>

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PDAM Activity Report

PDAM HULU SUNGAI TENGAH

Date of Visit	Activities	Actions
01 May, 2001	<p>The one-day field visit was intended to start preparing corporate plan task. Jeffry and Benny were making this field visit . Basically it has been performed successfully.</p> <p>The meeting's format was a detail discussion of PDAM's internal and external factors. It was involving Direktur Utama, Direktur Teknik and Direktur Umum and some Kabag to explore all information.</p> <p>The field visit program was also focusing on checking the LGWS's computer assistance, including hardware and software. The computers have been received and ready to be used. PDAM is starting using the new programs both accounting and billing.</p>	<p>LGWS is going to prepare the SWOT analysis base on the discussion's result.</p> <p>The result of anlaysis is going to be forwarded to PDAM for a review soon.</p>

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PDAM Activity Report

PDAM JOMBANG

Date of Visit	Activities	Actions
16-17 May, 2001	<p>The field visit's purpose was to follow up the management retreat meeting in Bali. The task was including discussion between LGWS and PDAM's director, staff for formulating vision, mission and PDAM's programs to be included in corporate plan. In this field visit the LGWS team was also having an opportunity to meet with deputy Bupati Jombang for discussing every problem and program.</p> <p>On the first day visit, LGWS initially met with all Direkturs to discuss technical and financial/administration issues. The focus of technical issue was a filter set up in water source plant at Jarak. PDAM currently plan to build a filter , currently they are seeking its appropriate location . The administration issue was focusing on tarif increase, local government contribution and other issues. Soon after having a meeting with PDAM's director, LGWS team was then invited by wakil bupati to meet with him. The meeting's agenda with wakil bupati was a discusion of PDAM's current condition and its program for next years.</p> <p>Second day visit was focusing on the discussion of formulating the vision, mission and internal and external factor identification. This discussion was attended by all directors as well as PDAM's Kabag and Kepala IKK. The 2^d day activity was closed by explaining the result of discussion to Bupati at his office.</p>	<p>The LGWS is preparing the analysis of internal and external factors.</p> <p>Prepare the PDAM's program for the five year plan.</p> <p>Discuss the analysis result and the program with PDAM soonest.</p>

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PDAM Activity Report

PDAM LAMPUNG TENGAH

Date of Visit	Activities	Actions
14 June, 2001	<p>The field visit was intended to install the computer for accounting and billing system. Benny and Ida were responsible to do this task and have been performed properly. The computer has been using since that visit.</p> <p>Two staff from PDAM Lampung Tengah are responsible using the computer and its program- Ibu Sri of Keuangan and Ibu Farika of Billing Department.</p> <p>Other issues was found in regard to the current condition of PDAM, they intend to sell the obsolete asset to add the PDAM's cash. This intention had involved the DPRD as one of the decision makers of the PDAM selling assets program.</p> <p>Another important issue was the PDAM separation. It is scheduled that on June 25,2001 the big meeting will be held which attended by 3 DPRD</p>	<p>LGWS is monitoring the using of computer and softwares.</p> <p>Ibu Sri is starting inputing the beginning balance of the accounts.</p> <p>Ibu Farika of Billing Dept. is starting inputing the customer database.</p> <p>LGWS is scheduled to visit PDAM and see Bupati discussing all issues in regard to the result of the DPRD big meeting</p>

APPENDIX II
TRAINING SCHEDULE FOR 2001

