

## Chapter 12

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# A DOUBLE-EDGED SWORD? COVID-19 AND WATER REMUNICIPALIZATION IN JAKARTA

Jakarta has emerged as the epicentre of the Covid-19 outbreak in Indonesia. While handwashing has been promoted as the most effective preventive measure, Jakarta's unequal water governance has made it difficult for the urban poor to access adequate water supplies. Critics of Jakarta's water privatization have long argued that remunicipalization is the best way to address these inequities, and the Covid-19 crisis has added momentum to this ongoing struggle. However, this paper finds that Covid-19 has the potential to be a double-edged sword for Jakarta's remunicipalization process. While increasing bottom-up pressure for water remunicipalization, the social and economic impacts of the Covid-19 crisis have allowed the national government and international development agencies to promote privatization. As a result, the future of Jakarta's remunicipalization remains uncertain.

## INTRODUCTION

By mid-2020 Jakarta was the region in Indonesia hit second-hardest by Covid-19, with almost 20% of the country's 95,418 confirmed cases (Government of Indonesia, 2020). The provincial government has been promoting a healthy and hygienic lifestyle, with handwashing promoted as one of the most effective preventive measures to curb

the spread of the virus. However, it will be difficult for the campaign to succeed considering Jakarta's unequal water governance, which has created a disproportionate burden among citizens, particularly the urban poor. A lack of adequate water access is worsened in densely populated settlements with no adequate basic infrastructure such as sanitation facilities and drainage, which heighten the risk of Covid-19 infections.

The failure of Jakarta's water service governance in providing adequate water access for its citizens has been brought to the fore by the Coalition of Jakarta Residents Opposing Water Privatization (KMMSAJ). Since 2011, this coalition of groups has condemned the current form of privatized water governance and demanded that the city's administration take over water utilities as a public service – i.e. remunicipalization. In this context, remunicipalization is not merely a matter of transferring the water company to public hands, but also evaluating existing water service governance by redefining the human right to water and expanding space for public participation (Lobina et al. 2019). After years of struggle, mobilization for water remunicipalization gained significant momentum in 2019, when Jakarta's governor, Anies Baswedan, agreed to eventually remunicipalize the water sector. Hence, considering its emancipatory objectives, Jakarta's water remunicipalization has raised hope for better water service provision, especially for low-income communities (Atika 2019).

This paper aims to understand the extent to which the Covid-19 crisis has affected the push to remunicipalize water in Jakarta and what impacts this could have on water inequality. With a combination of primary and secondary data, news reports, as well as online interviews with key actors in the remunicipalization coalition, I argue that Covid-19 has the potential to be a double-edged sword for the remunicipalization process. On the one hand, it has increased the urgency for water remunicipalization and forced the coalition to modify some of its strategies. On the other hand, the social and economic impacts of the Covid-19 crisis have allowed the national

government and international development agencies to promote privatization at the city level. Therefore, the future of Jakarta's remunicipalization remains uncertain.

To explore the case study, I arrange the paper into three sections. First, I examine how Covid-19 has worsened Jakarta's existing water inequality, producing a disproportionate distribution of burden and risk on the urban poor. Next, I discuss how Covid-19 has influenced Jakarta's process for water remunicipalization in the context of the grassroots movement and policy discussions. Lastly, I conclude by presenting the lessons learned from Jakarta's water remunicipalization process and how to maximize its transformative potential to address Jakarta's persisting water inequality.

## JAKARTA WATER INEQUALITY AMIDST THE COVID-19 CRISIS

The exclusion of low-income communities in Jakarta's water governance structure has been well researched (Bakker et al. 2008, Colbran 2017, Kooy et al. 2018, Kurniasih 2008, Putri 2016). Bakker et al. (2008, p.1897) used the term "elite archipelago" to describe Jakarta's Dutch-inherited water infrastructure. The network concentrates on the middle-higher income areas, making access to water in Jakarta socially and spatially fragmented. In 1997, the city's water utility PAM Jaya was officially transferred to two water multinationals, Suez and Thames, who operated through subsidiary companies, namely Palyja and Aetra. They managed the western and eastern parts of the town respectively through a 25-year concession. The scheme is also known as a public-private partnership where PAM Jaya acts as the owner of the piped water facility. Meanwhile, service operation such as treating water, building new connections, and collecting fees became the responsibility of two private operators.

From the beginning, however, stakeholders were aware that providing access for low-income communities was not in the interest of private operators due to concerns of low-cost recovery and uncertainty of investment. In response to this, the government required

the utility and private operator to implement a block tariff system and flexible payment mechanisms for low-income households to complete the payment for an initial connection in 12-month instalments (Lanti 2006). The effort to promote water privatization's legitimacy in addressing water inequality is also supported by financial aid from development agencies. For example, in 2007, World Bank awarded Palyja with US\$2.57 million to subsidize instalment fees for low-income households (Menzies and Setiono 2010). Another example was the USAID-sponsored master meter program implemented in 2015 to connect low-income families lacking administrative qualifications such as land titles and identity cards. These strategies were seen as a pro-poor strategy providing "the missing link between the welfare of the poor and the private sector financial needs" (Mumssen et al. 2010 as cited by Padawangi and Douglass 2015, p.122).

Despite these policies, the number of low-income households connected to the network remains low. According to the Jakarta Water Regulatory Body (JWRB), service coverage of the network is now at a historical high of 40%, where middle class consumers represent the most significant number of customers of private sector water service providers (Kooy et al. 2018). The low number of piped water connections for low-income households can be explained in two ways. From the supply side, it is not in the interest of private operators to connect low-income households, especially those situated in informal settlements, given the lack of potential profit. From the demand side, low-income communities are facing structural barriers to connect, with many residents in informal settlements unable to prove their residential status and land ownership, and therefore considered to be ineligible for piped water connection (Colbran 2017).

Meanwhile, for those connected to the piped water network, water privatization has created the burden of constant tariff increases and low-quality service. Since it was first implemented in 1997, water tariffs have been revised seven times and increased ten times

(Zamzami and Ardhanie 2015). But the increase in water tariffs have not been met with improved service quality, as water supply becomes increasingly intermittent and unsafe, with low-income households on the periphery of the network having very low water pressure (Padawangi and Vallée 2017, Marwa 2019a). In contrast, the city's business districts and affluent neighborhoods enjoy more reliable access to clean water (Heriyanto 2018).

In the absence of reliable piped water connections, low-income communities are forced to seek alternatives such as groundwater (Colbran 2009). However, massive groundwater exploitation has made it increasingly difficult for low-income households, especially those who live in the coastal side of the city, to access water as the shallow groundwater has both exhausted and salinized (Abidin 2014). As a result, low-income households engage in a variety of water-collecting methods, including buying water from neighbours, pushcart vendors and water trucks (Marwa 2019a). In Penjarangan, a low-income settlement in North Jakarta, around 88% of the lowest-income residents buy water from their neighbours (Kooy et al. 2018).

These practices are 40 to 60 times more expensive than subsidized piped water, with quality that is dubious. According to Statistics Indonesia (BPS), in 2019, low-income households spent 36% of their income on daily water needs (Surjadi 2019), as well as considerable time spent travelling to collect water. In times of Covid-19, accessing water this way becomes all the more challenging financially and logistically. The provincial government policy of large-scale social restriction has made it difficult for low-income communities to maintain their household income generated from the informal street economy (Wilson 2020). As a result, the decrease in revenue is not consistent with high household expenses on water, with low-income communities having to negotiate their need for handwashing and other personal hygiene activities such as bathing.

Additionally, the economic impacts of Covid-19 have also made it difficult for low-income communities connected to piped water

networks to fulfil their monthly water payments, so they run the risk of having their water supply cut off. Both Palyja and Aetra still demand payment for all types of customers whose bills will be calculated based on average usage in the past three months. The water cut-off policy is still applicable when the customer does not pay the bill. One clear example was water cut off to low-income housing in eastern Jakarta, where some residents were unable to pay the bill due to the loss of household income (Setiawan 2020). Consequently, with the lack of adequate water and sanitation, Jakarta's water inequality has worsened with the Covid-19 crisis, and the low-income community has to bear a disproportionate risk of catching and spreading the Covid-19 virus. Thus, it is evident here that Jakarta's water inequality and Covid-19 crisis have trapped the low-income community into a vicious cycle of vulnerability that can only be solved through a transformation of Jakarta's water governance structure.

## COVID-19: MOMENTUM OR CHALLENGE?

Criticisms of Jakarta's water inequality have been frequent since the early era of privatization (Ardhianie 2006). Like most anti-privatization criticism, they were built upon the notion of the human right to water, which is argued to be contradictory with the practice of water privatization. This notion was manifested in 2002 with the creation of the civic coalition KRuHA (People's Coalition for the Right to Water). Their aims were to promote the human right to water and oppose water commodification and privatization. Later in 2011, KRuHA organised a civic coalition that consisted of different actors with various social and environmental concerns, known as the Coalition of Jakarta Residents Opposing Water Privatization (KMMSAJ). The movement later evolved into a remunicipalization movement aimed not only for the transfer of ownership of the water sector but also for increased public recognition and participation in water sectors for the fulfilment of the human right to water (Lobina et al.

2019).

While the struggle for remunicipalization is ongoing, the Covid-19 crisis and the need for equitable access to water have strengthened its urgency, and it has been argued as an alternative water governance model for Jakarta's persisting water inequality (Atika 2019). KMMSAJ used this momentum to reaffirm that the private operator has failed to provide adequate, reliable, and affordable access to water, especially for low-income communities during the Covid-19 crisis. Representatives from Jakarta Legal Aid Foundation, a member of KMMSAJ, argued that water privatization had turned water into a commodity whose access is exclusive to the middle-to-upper class (Ambari 2020). Along with the same lines, KMSSAJ released an official statement addressed to institutional actors in Jakarta's water service governance, with the following demands (Ambari 2020):

- State control over water resources for the greatest benefit of the people as stated in Indonesia's constitution article 33;
- Jakarta's governor to terminate water privatization contracts with two operators and return the service to public control;
- Jakarta's government to ensure availability and access to clean water for all residents, especially the low-income and marginalized community, to contain the spread of Covid-19 virus and protect public health;
- The regional legislative body to ensure that Jakarta's governor carry its constitutional duty to control and manage water for the resident's welfare;
- Allow for the involvement and participation of the people in Jakarta's water governance and decision-making processes;
- Demand Corruption Eradication Commission (KPK) to supervise the hand-over process of the Jakarta water sector, which is prone to corruption.

Aside from KMMSAJ demands, some organizations also demanded a specific emergency water response for low-income communities, especially in informal settlements. The demands include handwashing facilities and water payment relief. Unfortunately,

PAM Jaya only responded to the handwashing facilities, installing them in one third of informal settlements, while the demand for water bill relief has gone unanswered (G. Muhammad, personal interview, 2020). Nevertheless, KMMSAJ continues to circulate these demands through online media and platforms in the hope of local government policy response. KMMSAJ are also creating various online policy discussions, seminars and conferences (M. Reza, personal communication, June 10, 2020; G. Muhammad, personal interview, 2020). These strategies work well to increase public pressure given that traditional mobilization strategies such as rallies and marches are not possible during the pandemic.

The Covid-19 crisis has motivated KMMSAJ not only to use an online platform but to rethink its litigation strategy (M. Reza, personal communication, June 10, 2020). In the past, KMMSAJ's litigation strategy and its consecutive legal winnings have been highlighted as a distinctive feature of Indonesia's remunicipalization struggle (Marwa 2019b). But the Covid-19 crisis has made it more difficult to challenge privatization through legal strategies as the national government has been producing various pro-business regulations to attract foreign investors deemed necessary for post-crisis economic recovery (Harsono 2020). One such example is the controversial omnibus law on job creation that seeks to encourage more investment by deregulating the labour sector, easing environmental protection, and privatizing previously state-owned infrastructure, such as electricity. The proposed legal article that is particularly challenging for the water remunicipalization struggle is the promotion of a centralized form of resource governance to ease business activities that are hindered by local regulations (Eloksari 2020).

As an alternative to litigation strategy, a representative from KRuHA defended the importance of linking the water remunicipalization struggle with more prominent movements for social justice and environmental protection. The omnibus law has generated opposition mainly from human rights and environmental groups, which have criticized the prioritization of economic growth over so-

cial and environmental justice (Jakarta Post 2020). A representative from KRuHA described the current situation as “going back to the post-reformation” era (M. Reza, personal communication, June 10, 2020). He argued that as the social movement is forced to absorb so many issues at the same time, it becomes more challenging for grassroots organizations to shape the public debate (M. Reza, personal communication, June 10, 2020). Therefore, rather than focusing on the sectoral narrative of urban water access and competing with other movements, KRuHA links the struggle for water remunicipalization with other social justice and environmental struggles at a national scale to reclaim public control over water resources. This strategy is in line with the concept of *Semesta Air*, which embodies a holistic idea of water that connects humans with the environment on various scales and forms connections with different kinds of surface water based on hydrological cycles (Lobina et al. 2019).

Unfortunately, increasing demands and pressures for remunicipalization have not necessarily accelerated the process in a pragmatic sense of ownership transfer or in a transformative understanding of increased public participation in water governance. The governor, Anies Baswedan, promised to gradually take over the water sector last year via a civil suit, as recommended by his advisory team in 2018, but his administration has not shown any significant progress on the take-over except an ongoing contract renegotiation between PAM Jaya and two private operators. This is partly due to the inconsistencies of Jakarta’s provincial government throughout the remunicipalization process, from a seemingly supportive move by creating an advisory team, to a dubious one of assigning an ex-Director of Aetra to lead the negotiation process. These inconsistencies have put the policy process for water remunicipalization into a deadlock as the provincial government has to face stiff opposition from two private operators and the national government (M. Reza, personal communication, June 10, 2020).

While negotiations continue to take place behind closed doors,

the current situation with the Covid-19 crisis has actually served to intensify pressures in favour of privatization, with pro-privatization advocates arguing that it is good for economic recovery and building the city's resilience. International development agencies such as the World Bank have been promoting private capital as the sole solution to funding massive infrastructural projects (Bigger and Webber 2020). This pressure has resulted in Jakarta's provincial government favouring public-private partnerships to achieve urban resilience. For example, Jakarta's governor has recently given the green light for a controversial project of National Capital Integrated Coastal Development (NCICD) as part of a flood mitigation strategy. The high investment cost up to US\$40 billion for this project would be generated through a public-private partnership scheme (Both ENDS, SOMO and TNI 2017; Nurbaiti 2020).

As a result, debates about water remunicipalization have been sidelined to some extent among government elites, while the focus of discussion has been limited to transfer of ownership and expansion of access without acknowledging the importance of public participation (Tambun 2019). The head of PAM Jaya also used Covid-19 to shift the debate into a more technical discussion of water distribution while neglecting the persisting inequalities that characterize Jakarta's water governance. When confronted with the question of water remunicipalization, he simply said the company would focus on providing clean water by adding as many as 30,000 new customers in North and West Jakarta and setting up portable sinks in some public spaces to tackle the pandemic (Syakriah 2020).

## RETHINKING WATER REMUNICIPALIZATION

To conclude, the Covid-19 crisis has exacerbated Jakarta's existing water inequality and placed low-income communities into a vicious cycle of vulnerability where they bear a disproportionate virus burden and risk. The grassroots coalition KMMSAJ has used this momentum to highlight Jakarta's water inequality and accelerate the

policy process for remunicipalization. Considering the limits of resources and space as a result of the Covid-19 crisis, KMMSAJ has been forced to modify some of their strategies by moving their activities online, using non-litigation strategies and expanding their alliances to boost the bottom-up pressure for remunicipalization.

Nevertheless, this pressure has not resulted in urgency at the policy level. Covid-19's negative economic impacts have motivated the national government to promote privatization to attract more foreign investment, while international development agencies have endorsed private investment as the solution to the city's twin dilemmas of resilient infrastructure and fiscal constraint. Meanwhile, the provincial government, which has been inconsistent in its position on remunicipalization, has authorized flood mitigation projects using a public-private partnership scheme. For these reasons, the Covid-19 crisis has become a double-edged sword in Jakarta's remunicipalization process. It provides momentum for bottom-up pressure while at the same time reinvigorating a pro-privatization elite

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