SMART PRACTICE

Village Owned Enterprise for Clean Water Management in Lendang Nangka
Masbagik District – East Lombok Regency
West Nusa Tenggara Province – Indonesia

By: Knowledge Center Team of the National Development Planning Agency
This module is developed from the cooperation between the Directorate of International Development Cooperation of the Indonesian Ministry of National Development Planning/the National Development Planning Agency (Kementerian PPN/Bappenas), United Cities and Local Governments Asia-Pacific (UCLG-ASPAC), Eastern Indonesia Knowledge Exchange (BaKTi) and the Knowledge Sector Initiative (KSI) funded by the Australian Government’s Department of Foreign Affairs and Trade (DFAT). The insights and findings of the Authors do not reflect the insights of the institution mentioned above. The Authors are not responsible for anything resulted by this module.
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2016
Foreword

The processes of identifying, documenting, collecting and promoting smart practices in a structured and systematic manner are efforts that adhere to Indonesia’s national development priorities within the framework of motivating learning by regions from successes of other regions, and by prioritising innovations and offering solutions to address development challenges, as well as to benefit local communities.

Proven and successful smart practices may serve as a reference in the formulation of policies and the implementation of development plans, either at national or regional levels in Indonesia. These smart practices must be significantly impactful, easy to replicate, feasible in its technicality, simple in its institutionalisation, affordable, innovative, sustainable, participative, accountable, pro-marginalised groups and pro-gender equality.

One of the initiatives carried out by the Directorate of International Development Cooperation of the Indonesian Ministry of National Development Planning/National Development Planning Agency, is to develop Knowledge Center as a centralised repository of information, knowledge and learning of tested practices from development across Indonesia. This replication guideline is one of the outputs produced by the Knowledge Center team to provide information to interested parties on how to replicate the smart practice of community based Village Owned Enterprise for Clean Water Management in the village of Lendang Nangka, Masbagik District, East Lombok Regency, West Nusa Tenggara Province, Indonesia. With the aforementioned effort, the Knowledge Center team would like to appreciate all of its partners who have contributed to the development of this guideline.
Foreword

We are pleased to invite other local governments to plan and budget, as well as to implement clean water management program that emphasis participatory deliberation to address needs for basic services fairly and equitable.

We hope that the collected smart practices will inspire and increase the effectiveness of development planning and its implementation in Indonesia in the future.

Jakarta, April 2016

Wismani

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At A Glance

THE KNOWLEDGE CENTER

The Ministry of National Development Planning/National Development Planning Agency (Kementerian PPN/Bappenas) is developing an initiative to establish a Knowledge Center, a centralised repository of data, information, knowledge, and existing development best practices at local and national levels. The establishment of the Knowledge Center aims to enhance the quality of planning at national and local levels based on proven, successful and easy to replicate development practices and knowledge. The Knowledge Center will function as provider of knowledge and solutions to development challenges, as well as a center of learning, through well-stocked inventory of lessons-learned and publications on development practices from across Indonesia.

SMART PRACTICE

Smart practice are proven development best practices implemented successfully by a local government that is in line with development priorities stated in the national medium-term development plan (RPJMN). These smart practices may be used as part of regional development proposal to receive fundings from the Special Allocation Fund (dana alokasi khusus, or DAK) or the Village Fund (dana desa). As reference, the national development priorities include various programs of which the government pays significant attention to its implementation, such as on maritime issues, basic infrastructure, energy security, national security and health.
A local government development initiative can be identified as a smart practice if it meets the following criteria:

- Significantly impactful
- Easy to replicate
- Feasible in terms of its technicality, institutionalisation and funding
- Innovative
- Sustainable
- Participative
- Accountable
- Pro-marginalised group
- Pro-gender equality

This module is expected to encourage local governments to conduct breakthroughs and innovations in development planning and its implementation of their respective areas to achieve the national development targets and objectives set out in the national medium-term development plan (RPJMN 2015-2019).

**THE SMART PRACTICE MODULE**

This module consists of the profile of smart practice Village Owned Enterprise for Clean Water Management in Lendang Nangka, Masbagik District, East Lombok Regency, Province of West Nusa Tenggara, Indonesia. This module is part of an effort to establish the Knowledge Center in the National Development Planning Agency (Bappenas) and in identifying, documenting, and promoting existing smart practices in a more structured and systematic manner as a part of a collection of information on smart practices in the waste sector in Indonesia.

This module is expected to aid other local governments in planning and implementing the management of a village owned enterprise for clean water management.

**TARGET AUDIENCE**

The target audience of this profile is:

- The Knowledge Center Bappenas
- Other governments interested in replicating “Smart Practice Village Owned Enterprise for Clean Water Management”, either at Regional Development Planning Agency (Bappeda) or Regional Work Unit (SKPD) levels in Indonesia.
The smart practice Village Owned Enterprise for Clean Water Management in Lendang Nangka, Masbagik District, East Lombok Regency, Province of West Nusa Tenggara, Indonesia, is a form of regional government’s initiative proven to have addressed the challenges of managing clean water distribution through the implementation of locally resources-based smart solutions. Here is the profile of smart practice Village Owned Enterprise for Clean Water Management:

**CHALLENGES**
- Existing clean water infrastructure is not maintained
- Uneven distribution that causes social conflicts
- Limited access to the poor
- No managing institution

**SOLUTIONS**
1. Clean water management
2. Managing institution
3. Policy on subscription and revenue utilisation

**RESULTS**
- More even and equitable water distribution
- Functioning public bathing and toilet facilities
- No conflicts on water
- More sustainable use of water and support to local economic development
- Improvement of local technical capacity (based on routine experience)
- As reference and information source on clean water management at the village level
- Simple structure for a village owned enterprise, but one that adheres to existing legal framework
- Size and source of financing borne by local communities

**Profile Smart Practice Village Owned Enterprise for Clean Water Management in Lendang Nangka**

Using activity of Friday prayers for dissemination
Consistency in citizens deliberations/consultations involving all village
Local wisdom and culture
Using momentum to gather funds for development of a mosque
Respect of community toward community and religious leaders
Tradition of communal work and contribution
Based on local resources
Payment mechanism for the poor in water meter installation
Water meter recording (of water use) by women
Accountable and transparent activity and financial reporting

**Remarks:**
- Initiative/solution meeting the smart practice criteria in terms of:
  - Process
  - Output

**Notes:**
- Criteria for an initiative to be identified as a smart practice according to the Knowledge Center of the National Development Planning Agency cover the following aspects:
  - Output is significantly impactful, easy to replicate, feasible in its technicality, simple in its institutionalisation and affordable, innovative, and sustainable.
  - Process is participative, accountable, pro-marginalised groups and pro-gender equality.
  - For definitions of criteria and indicators of a smart practice, see Annex A of this profile.
  - For guideline for replicating the smart practice Village Owned Enterprise for Clean Water in Lendang Nangka, see the following document “Replication Guideline Smart Practice Village Owned Enterprise for Clean Water in Lendang Nangka.”
Executive Summary

To be significantly impactful, easy to replicate, feasible in its technicality, simple in its institutionalisation, affordable, innovative, sustainable, participative, accountable, pro-marginalised groups and pro-gender equality are the criteria of a smart practice that serve as reference in selecting the best development practices across Indonesia that will contribute to the formulation of Indonesia’s national development planning and budgeting policies.

To address the challenges of managing a fair, even, equitable and sustainable clean water distribution is the fundamental issue that gives birth to the inception of Village Owned Enterprise for Clean Water Management in the village of Lendang Nangka, Masbagik District, East Lombok Regency, Province of West Nusa Tenggara, Indonesia. Prior to 2002, the utilisation of Tigasa water spring as water source was not well managed. The access to clean water was uneven and unequal, causing social conflicts between individuals and hamlets. The lack of a structured managing institution also adds to the issue.

The utilisation of clean water from Tigasa spring began with assistance from UNICEF in 1976, when infrastructure (water retention basin and distribution pipeline) to manage clean water was developed. Later, improvements were made to existing infrastructure based on trial and error approach. In 2002, the infrastructure was further improved, particularly the catchment basin at location of water spring, installation of main piping network at the reservoirs and from the reservoirs directly to user homes, and installation of water meter. These were the results of active village deliberations and consultations, engaging all relevant stakeholders and village apparatus, such as the village consultative body, the village community resiliency agency, community and religious leaders, youths and water user groups.
Social approach and a push for innovative and creative solutions were applied to create even, equitable and sustainable clean water distribution and management. Local resources and wisdom were used to inform the technical, communications, and institutional organisation aspects of managing clean water. The implementation strategy include: (i) changing the operational nature of water use from without proper management system to with orderly and systematic management, so clean water is distributed fairly, evenly and sustainably; (ii) applying subscriptions/dues for water use that is measured by a water meter; (iii) applying water tariff to allow access to the poor and marginalised groups; (iv) arranging adequate water supply for the agriculture/plantation sector, as well as various other businesses to support local economy; and (v) preserving areas surrounding water catchment/source. In 2002, the village government of Lendang Nangka established a village drinking water management agency “Asih Tigasa.” In January 2015, this body was changed into a Village Owned Enterprise of “Prosperous Lendang Nangka”

The Village Owned Enterprise for Clean Water Management in Lendang Nangka is supported by various stakeholders with strong commitments. By engaging regional work units and community groups to manage the spring, to monitor water quantity and quality, to preserve water catchment areas, as well as other activities, support for clean water management remains high. The Village Owned Enterprise for Clean Water Management in Lendang Nangka emphasis on communal togetherness for its deliberation and consultation, as well as on local culture and trust. The participation of women in the management of Village Owned Enterprise is also a priority. The fund for the maintenance and operation of the clean water distribution and utilisation system came from UNICEF grant, village budget plan, community self-reliance activities and subscriptions from the clean water user community.

The Village Owned Enterprise for Clean Water Management in Lendang Nangka provides positive impacts towards economic, social and environmental aspects in the community. Several enjoyable results include: (i) more even and smooth water distribution; (ii) well-functioning public bathing and toilet facilities; (iii) conflicts based on disparity of access to clean water are addressed; (iv) sustainable water use by applying the subscription system through installation of water meter; (v) availability of business opportunities to support local economic development; (vi) improvement in the quality of human resources to manage clean water distribution; (vii) the Village Owned Enterprise becomes the water management information source at the village level; and (viii) simple organisational structure of the Village Owned Enterprise that adheres to existing legal framework.
Basic and simple application of system, technology and institutional settings in managing clean water, and meeting the affordable operational budget through community self-reliance activities makes the Village Owned Enterprise for Clean Water Management in Lendang Nangka easy to replicate by other villages or areas with similar resources and challenges.

The sustainability of clean water management through Village Owned Enterprise in Lendang Nangka is supported by a relatively large water debit, well-maintained water catchment areas, availability of qualified personnel, as well as adequate legal framework and financing. This initiative has been running well since 2002. While there were only 502 home connections for water use in 2005, it increases to 788 home connections in 2015. This initiative is pro-poor as it has a cross-subsidy payment mechanism for the installation of water meter, affordable water rate and payment in installment system.

Supporting factors for this smart practice include: (i) abundant water source; (ii) support from indigenous institutions; (iii) creativity in using momentum to support smooth implementation of activities, e.g. mosque building is link to request for contributions to fund clean water operation; (iv) existence of a financial management supervision team in the Village Owned Enterprise; (v) appearance of trusted figures or champions; (vi) existence of village regulation that legalise and guarantee the sustainability of the Village Owned Enterprise.

This profile on Village Owned Enterprise for Clean Water Management in Lendang Nangka is expected to be the source of guiding principles for learning and information for other local governments on clean water management practices that can be replicated in accordance to respective local conditions.
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<th>Description</th>
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<tbody>
<tr>
<td>AD/ART</td>
<td>Anggaran Dasar/Anggaran Rumah Tangga (articles of association/bylaws)</td>
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<td>AMPL</td>
<td>Air Minum dan Penyehatan Lingkungan (Drinking water and Environmental Sanitation)</td>
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<tr>
<td>APBD</td>
<td>Anggaran Pendapatan dan Belanja Daerah (regional budget)</td>
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<td>APBN</td>
<td>Anggaran Pendapatan dan Belanja Nasional (national budget)</td>
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<tr>
<td>APPKD</td>
<td>Anggaran Pendapatan dan Pengeluaran Keuangan Desa (village finance budget revenue and expenditure)</td>
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<tr>
<td>BAKTI</td>
<td>Bursa Pengetahuan Kawasan Timur (Indonesia East Indonesia Knowledge Exchange)</td>
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<tr>
<td>BAPAMDES</td>
<td>Badan Pengelola Air Minum Desa (Village Drinking Water Management Board)</td>
</tr>
<tr>
<td>BAPAMDUS</td>
<td>Badan Pengelola Air Minum Dusun (Hamlet Drinking Water Management Board)</td>
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<tr>
<td>BAPPEDA</td>
<td>Badan Perencanaan Pembangunan Daerah Regional (Development Planning Agency)</td>
</tr>
<tr>
<td>BAPPENAS</td>
<td>Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)</td>
</tr>
<tr>
<td>BKM</td>
<td>Badan Keswadayaan Masyarakat (Community Self-Reliance Agency)</td>
</tr>
<tr>
<td>BPD</td>
<td>Badan Pemusyawaratan Desa (Village Consultative Board)</td>
</tr>
<tr>
<td>BUMDES</td>
<td>Badan Usaha Milik Desa (Village Owned Enterprise)</td>
</tr>
<tr>
<td>CSR</td>
<td>corporate social responsibility</td>
</tr>
<tr>
<td>DAK</td>
<td>Dana Alokasi Khusus (special allocation fund)</td>
</tr>
<tr>
<td>DED</td>
<td>detailed engineering design</td>
</tr>
<tr>
<td>DELGOSEA</td>
<td>Democratic Local Governance in South-East Asia</td>
</tr>
<tr>
<td>DPR</td>
<td>Dewan Perwakilan Rakyat (House of Representatives)</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>DPRD</td>
<td>Dewan Perwakilan Rakyat Daerah (Regional House of Representatives)</td>
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<tr>
<td>FGD</td>
<td>focus group discussion</td>
</tr>
<tr>
<td>IPKM</td>
<td>Ikatan Pemuda Kerja Praktik Mahasiswa (Association of Student Work Practice Youth)</td>
</tr>
<tr>
<td>Kimpraswil</td>
<td>Pemukiman dan Prasarana Wilayah (Department of Settlement and Regional Infrastructure)</td>
</tr>
<tr>
<td>KC</td>
<td>Knowledge Center</td>
</tr>
<tr>
<td>KK</td>
<td><em>Kepala Keluarga</em> (head of household)</td>
</tr>
<tr>
<td>KPSDMA</td>
<td>Kelompok Peduli Sumber Mata Air “Asih Tigasa” (Concerned Group for “Asih Tigasa” Water Spring Source)</td>
</tr>
<tr>
<td>KPI</td>
<td>Kerjasama Pembangunan Internasional (International Development Cooperation)</td>
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<tr>
<td>KSI</td>
<td>Knowledge Sector Initiative</td>
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<tr>
<td>KTI</td>
<td><em>Kawasan Timur Indonesia</em> (East Indonesia region)</td>
</tr>
<tr>
<td>LENTERA</td>
<td>Lendang Nangka Sejahtera (“Prosperous Lendang Nangka”)</td>
</tr>
<tr>
<td>LKMD</td>
<td>Lembaga Ketahanan Masyarakat Desa (Village Community Resilience Institute)</td>
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<tr>
<td>MCK</td>
<td><em>Mandi Cuci Kakus</em> (bath wash toilet)</td>
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<tr>
<td>NGO</td>
<td>non-governmental organization</td>
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<tr>
<td>NTB</td>
<td>Nusa Tenggara Barat (West Nusa Tenggara)</td>
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<tr>
<td>P4S</td>
<td>Pusat Pelatihan Pertanian Pedesaan Swadaya (Self-reliance Rural Agricultural Training Center)</td>
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<tr>
<td>PDM-DKE</td>
<td><em>Pemberdayaan Daerah Mengatasi Dampak Krisis Ekonomi</em> (Regional Empowerment Resolving Impact of the Economic Crisis)</td>
</tr>
<tr>
<td>PDAM</td>
<td>Perusahaan Daerah Air Minum (Regional Drinking Water Company)</td>
</tr>
<tr>
<td>PERDES</td>
<td><em>Peraturan Desa</em> (village regulations)</td>
</tr>
<tr>
<td>PNPM</td>
<td><em>Program Nasional Pemberdayaan Masyarakat</em> (National Community Empowerment Program)</td>
</tr>
<tr>
<td>PNS</td>
<td><em>Pegawai Negeri Sipil</em> (civil servants)</td>
</tr>
<tr>
<td>RPJMN</td>
<td><em>Rencana Pembangunan Jangka Menengah Nasional</em> (national medium-term development plan)</td>
</tr>
<tr>
<td>SDM</td>
<td><em>Sumber Daya Manusia</em> (human recourses)</td>
</tr>
<tr>
<td>SHU</td>
<td><em>Sisa Hasil Usaha</em> (business result balance)</td>
</tr>
<tr>
<td>SKPD</td>
<td><em>Satuan Kerja Perangkat Daerah</em> (regional work units)</td>
</tr>
<tr>
<td>ToR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>UCLG ASPAC</td>
<td>United Cities and Local Governments Asia-Pacific</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations International Children’s Emergency Fund</td>
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<tr>
<td>WM</td>
<td>water meter</td>
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PART 1

Challenges and Solutions

1.1 Challenges Faced

The village of Lendang Nangka in the Masbagik District, East Lombok Regency, West Nusa Tenggara Province, Indonesia, is blessed with a spring that has an abundant flow of water. However, there is significant distance between the water spring and residential areas that prevent residents from readily accessing the water.

Lendang Nangka does not currently enjoy access to East Lombok local water networks, even though the water source they tap into, the Tojang spring is part of the village’s area.

FIGURE 1.1 Challenges of Clean Water Supply in Lendang Nangka

Source: Knowledge Center team of the National Development Planning Agency
Villagers generally make use of the Tigasa spring, located approximately two kilometers from where they reside. At first, only those economically well-off could access the water by using a hose, and make unlimited use of it. The poor had no access to the clean water source. This created disparity among villagers on the use of clean water, which often led to conflict among villagers and even among enclosures (hamlets).

Those without access to the spring meet their clean-water needs through dug wells or through river water of poor quality.

As such, the challenges on clean water management in Lendang Nangka are:

- Existing basic need of the community toward clean water.
- Water source at lengthy distance from the community.
- Existing community health issues (skin disease, digestive disorder) caused by the use of unclean water.
- Uneven water distribution, causing conflicts in the community among citizens and among hamlets.
- Difficulty in accessing clean water for the poor.
- No responsible institution to manage clean water.

### 1.2 Finding Solutions

Based on the above-mentioned challenges, the idea emerged in 2002 to implement an improvement to clean water management so that it is even, equitable and sustainable. The initiative of clean water management emerged from village deliberations and public consultations. The village deliberation consistently engaged elements of the village consultative body, village community resiliency agency, community and religious leaders, youths and water user groups.

The community, jointly with the village government apparatus, held discussions to determine the common objective for the improvement of clean water management and tried to:
- Maintain guaranteed utilisation of the Tigasa spring for the interest of the community. The land where Tigasa spring is located is owned by the village government completed with certificate in the name of the village.
- Maximise the utilization of existing means or infrastructures.
- Develop new infrastructures that are needed, such as piping network and distribution reservoirs.
- Enforce the policy on subscriptions supported by the use of water meter to measure water use at each user home.
- Establish the clean water managing institution.

The village apparatus actively engaged villagers in clean water management development process. Decision or policies to address the needs in the community are made through the application of local wisdom, i.e. communal activities, deliberations, togetherness, religious aspects and respect for community and religious leaders.

The initiative on clean water management through Village Owned Enterprise is able to address the need for clean water by local communities and to minimise the challenges with distribution gaps in Lendang Nangka. This is done through participative and innovative processes, and resulted in the practice being referred to as Smart Practice Village Owned Enterprise for Clean Water Management in Lendang Nangka.
The development of clean water management in Lendang Nangka is shown in the following diagram:

**FIGURE 1.2 Development of Clean Water Management in Lendang Nangka**

- **1975**: Epidemic of digestive disorder and skin disease due to the use of dirty water
- **1976**: UNICEF assistance and self-support for:
  - Construction of retention basin at the spring and in the village
  - Piping network
- **1999**: Program for regional empowerment to address impact of economic crisis + self-reliance activities for provision of:
  - Piping network and basins at water spring to user homes
  - Pole faucet (assistance from Government of East Lombok Regency)
- **2002**: Villagers takes water from basin in the village
  - Water theft before arriving at basin, conflicts
  - No responsible institution
- **2005**: Installation of water meters (280 unit from government assistance + 220 units from self-reliance activities)
  - Establishment of Village Drinking Water Management Agency - Asih Tigasa:
    - Articles of association/bylaws
    - Election of management unit personnel
    - Determination of subscriptions (water tariff) and use of revenues
- **2015**: Water flows directly to user homes
  - Uneven distribution, conflicts
  - Wasteful use of water
  - No responsible institution

**Source**: Knowledge Center team of the National Development Planning Agency – discussions with smart practice initiators.
PART 2

Village Owned Enterprise for Clean Water Management in Lendang Nangka

2.1 About Village Owned Enterprise for Clean Water Management in Lendang Nangka

The smart practice of Village Owned Enterprise for Clean Water Management in Lendang Nangka is an initiative to manage clean water provision through a village enterprise that utilises Tigasa water spring. The Village Owned Enterprise of “Prosperous Lendang Nangka” delivers clean water through water catchment/retention basins and piping network complete with water meter. The use of water meter is to measure household water use and the subscriptions fee that comes with its usage. The Village Owned Enterprise “Prosperous Lendang Nangka” is the implementer or decisions related to clean water management in the area, which are based on public deliberations/consultations involving the villagers, community and religious leaders, and village apparatus.

The objectives of Village Owned Enterprise for Clean Water Management in Lendang Nangka are that water from Tigasa spring can be utilised in fair, even, equitable and sustainable manner to address local needs, minimise water-based social conflicts, minimise spread of diseases cause by use of dirty water, improve the welfare of surrounding communities, and conserve areas near the springs.

The Village Owned Enterprise “Prosperous Lendang Nangka” has the impact of addressing disparity in clean water distribution.
Beneficiaries of Village Owned Enterprise for Clean Water Management in Lendang Nangka are:

1. Community of Lendang Nangka, which receives reliable clean water supply that is managed well.
2. Government of Lendang Nangka, as needs for clean water can be addressed in fair and equitable manner, water-based social conflicted due to disparity of access can be minimised and community welfare and health conditions improved. The village drinking management unit also became a business activity unit of the Village Owned Enterprise.
3. Government of East Lombok Regency, the initiative help support the achievement of target for providing access to clean water services to local communities.
4. Related regional work units, such as the Forestry and Plantation Services for having adequate water supply to address needs for the agriculture/plantation sectors, the Health Services for a reduction in water-borne illnesses rate caused by dirty water, and the Environmental Agency for sustainable use of water springs and conservation activities undertaken to maintain water catchment areas.
5. Environmental practitioners/observers and other local governments that make Village Owned Enterprise for Clean Water Management in Lendang Nangka, a source for information and learning to address similar challenges on clean water management in their respective areas.
6. Other villages in the surrounding area, as they also benefitted from clean water distribution distributed from the water catchment basins constructed by East Lombok’s Department for Settlement and Regional Infrastructure.

2.2 Actionable Strategy and Action Plan

The initiative implementation strategy is to ensure even and equitable water distribution by changing from without management to proper management; to ensure sustainability of water use by imposing subscriptions/dues calculated by water usage meter; to reach poor and marginalised communities by enforcing a water rate that is affordable; to encourage economic activities and growth by arranging adequate water supply for the agriculture/plantation sector and various other businesses, and; to ensure preservation of areas by conserving water catchment areas.
To implement these strategies for smart practice Village Owned Enterprise for Clean Water Management, the following action plan may help:

1. Determine the objectives and synchronise the perceptions on the water management improvement plan.
2. Analyse infrastructure needs, focusing on optimising the function of existing infrastructures.
3. Improve the piping network.
4. Conduct deliberations to obtain measurable and well-documented solutions to issues of water usage.
5. Disseminate information on subscription policy and conduct installation of water meters.
6. Carry out operational and revenue management.
7. Establish a managing and oversight institution (for monitoring and evaluation).
8. Carry out communications and dissemination of information on the clean water management policy.
9. Carry out maintenance of the clean water management system.
10. Prepare and submit activity reports and financial statements.

Approaches implemented to have a well-run clean water management are:

1. Using the tradition of village community that emphasises deliberation, togetherness and communal support, so that all decisions related to community’s interests are made through deliberation.
2. Applying the water use subscription policy based on measurement and recording from operating water meters. Villagers have an increased awareness on the importance of prudent water usage with this system.
3. Making water management part of religious activities, considering that the majority of Lendang Nangka residents are Muslims, obedient in religious services and respectful towards community and religious leaders. This can be done through:
   - Using the momentum of building/constructing Darussalam Mosque, so that it is agreed upon in the articles of association/bylaws of the Village Owned Enterprise, that 45 percent of the net water management revenue is donated for the development of Darussalam Mosque.
- Communicating the Village Owned Enterprise's financial statement through some religious activities, i.e., villagers would hesitate in stealing water or delaying payment for water use if it is part of contributing to the mosque's development.

4. Developing trust of the community with transparent and accountable management through reporting of activities and finances. These reports are routinely submitted to the village apparatus and the community.

5. Supporting the establishment of a concerned group for “Asih Tigasa” water spring (KPSDMA) to conserve water catchment areas through a greening program.

Parties and development partners that were involved and their contributions in Village Owned Enterprise for Clean Water Management in Lendang Nangka are:

- UNICEF provided building and piping materials for the first construction of the clean water management system in 1976.
- Regional Empowerment Program to Overcome Economic Crisis Impacts (PPMDKE) provided assistance for piping networks (1999).
- Regency Government of East Lombok:
  a. Department for Settlement and Regional Infrastructure provided pole faucets (1999), water meters and distribution basin/reservoirs (2002).
  b. Health Services provided assistance in water quality examination.
  c. Forestry and Plantation Services provided assistance in greening the water catchment areas.

### 2.3 Smart Practice Component

The smart practice components of Village Owned Enterprise for Clean Water Management in Lendang Nangka include: 1) clean water management; 2) clean water managing institution; and 3) policy on subscriptions of water use and revenue utilisation.
2.3.1 **Clean Water Management Component**

The component of clean water management covers the required infrastructures of water retention basins, distribution reservoirs, installation of piping network and water meter, conservation of water catchments area, as well as monitoring and evaluation on the clean water management system.

1. Infrastructure for Clean Water Management

The infrastructure for clean water management system in Lendang Nangka, functioning since 2002 is shown in Figure 2.1.

**FIGURE 2.1** Sketch of the Clean Water Provision Infrastructure in Lendang Nangka

The infrastructure consists of:

- Water catchment basin/water container located at the Tigasa water spring. This basin was constructed in 1976 as assistance from UNICEF. The basin still is well-functioning. The size of the basin is 25m x 9m x 1.5m.

- Main piping network with the diameter of 6”, this is the pipe that connects the catchment basin at the water spring and the distribution reservoirs. The main pipelines are installed with support from self-reliance activities by the community and assistance from East Lombok’s Department for Regional Settlement and Infrastructure Office.

- Distribution reservoirs with the size of 5m x 2m x 2m located in surrounding residential areas, were constructed with assistance from East Lombok’s Department for Regional Settlement and Infrastructure.

- Distribution pipes network that connects distribution reservoirs to user homes. The pipe diameter is adjusted to the location of residential areas.

A new policy was issued to apply subscription fee for water use.
-  Water meter:
  - The installation of water meters was proposed by the Department for Regional Settlement and Infrastructure during the village deliberations in 2002, with the objective to measure and record water use. Such initiative was approved followed by a dissemination of information and installation of water meters conducted by Lendang Nangka’s village apparatus and supported by East Lombok’s Department for Regional Settlement and Infrastructure.
  - Procurement of water meters in 2002 originated as assistance from the Department for Regional Settlement and Infrastructure totaling 280 units and from self-reliance community activities totaling 220 units.

**FIGURE 2.2  Water Catchment Basin/Water Container at Tigasa Spring**

Source: Documentation of Knowledge Center team of the National Development Planning Agency, August 2015.

**FIGURE 2.3  Distribution Reservoir in Lendang Nangka**

Source: Documentation of Knowledge Center team of the National Development Planning Agency, August 2015.
2. Water Spring Maintenance

The clean water management in Lendang Nangka increases community awareness on maintaining the spring water debit and its management is implemented as follows:

- Greening and forest conservation of upstream areas from the spring’s location. The East Lombok’s Forestry and Plantation Services provides assistance in procuring and maintaining trees/plants.
- Getting support from the village apparatus toward the establishment of the concerned group for Tigasa water spring, which carries out the maintenance and control on plants upstream from spring location.
- Carrying out efforts to expand the water catchment protected area and submits a request to the Government of East Lombok Regency to issue a regulation that prohibits the change in designation of water catchment area upstream from the Tigasa spring.

3. Monitoring and Evaluation

The monitoring and evaluation on the clean water management are carried out through the following activities:

- Routine and informal meetings among managers of the Village Owned Enterprise on progress and achievement of activities, including challenges faced.
- Routine pipe and water meter inspection by technicians to ensure quick response to operational problems, i.e., pipe leakage, out-of-order or non-functioning water meter, lost water meter, etc.
- Control on the management of subscriptions and suspended payments of water use is done by “Team Nine,” which are head of four hamlet, head
of village consultative body, head of village community resiliency agency, and select community and religious leaders.

- Monthly and annual submission of activity report and financial statement from managers of the Village Owned Enterprise to the supervisory council and service users. The financial statement is in the form of balance sheet, with detailed attachments, including clarification on annual income and expenditure. The report should be accountable and presented by the village head in the annual assembly of the village consultative body.

- Annual evaluation carried out by analysing what was and was not achieved or implemented.

- Women are actively engaged in the monitoring and evaluation activities on the clean water management system, including reporting damages to the water pipe network and determining water pipe entrance point for the domestic use.

2.3.2 Components of Clean Water Management Institution

1. Institutional and organisational structure

The development of the institutionalisation for clean water management in Lendang Nangka since 2002 can be seen in Figure 2.5.

**FIGURE 2.5** Development for Clean Water Management in Lendang Nangka (2002–2015)

Source: Knowledge Center team of the National Development Planning Agency – discussions with the smart practice initiators.
The first managing institution for clean water established in Lendang Nangka in 2002 as “Asih Tigasa” Village Drinking Water Management Agency and was managed by Haji M. Tahir, an octogenarian retired school teacher and respected community leader.

With the issuance of Law no. 6/2014 on Village Government, Lendang Nangka established the “Prosperous Lendang Nangka” Village Owned Enterprise in January 2015. The Village Drinking Water Management Agency was turned into a business activity unit of the Village Owned Enterprise.

Clean water management through the Village Owned Enterprise “Prosperous Lendang Nangka” is serving four hamlets with the total number of 788 customers and home connections. Six other hamlets utilise a small spring in the surrounding area and establish the Dusun (hamlet) Drinking Water Management Agency (Bapam dus). The water management through of this agency follows the water management arrangement of Village Owned Enterprise. Three other hamlets are served with hydrant pumps. The clean water service is centralised at local mosque where villagers collect their water.

Organisational structure of Village Owned Enterprise “Prosperous Lendang Nangka” can be seen on Figure 2.6.

**FIGURE 2.6** Organisational Structure of Village Owned Enterprise “Prosperous Lendang Nangka”

Source: Lendang Nangka Village Regulation.

"Prosperous Lendang Nangka Village Owned Enterprise is an institution with complete and clear organisational structure, and is able to support the effectiveness of clean water management to comply with the feasibility criteria of a smart practice."
The “Prosperous Lendang Nangka" Village Owned Enterprise has two business activity units for:
- Village Drinking Water Management Unit (PAMDes);
- Micro Financial Savings & Loans Service Unit.

2. The main duties and functions of Village Drinking Water Management Unit as part of the Village Owned Enterprise

The main duties and functions for each position in the Village Drinking Water Management Unit are as follows:

a. The Unit Manager is assigned as the responsible person for clean water management and to carry out decisions agreed upon through village deliberations.
b. Administration consists of a secretary for correspondence and a treasurer to regulate and record incoming and outgoing money.
c. Technician who is assigned to monitor and maintain the piping and water meter system in each control area (hamlet) and to carry out repair of damages. In general, damages occur are cracked or leaking pipes or repair of water meter. Each technician is responsible for control and maintenance in the following hamlets:
- Technician for Pedalaman Hamlet.
- Technician for Bahagia Hamlet.
- Technician for Masjid Hamlet.
- Technician for Dalam Lauk/ Aramani Hamlet.

A large number of women participated in the implementation of clean water management and development of a local mosque, as water meter recorders and as administrators and cashiers for the Village Owned Enterprise due to their personable nature and meticulousness. Most of the water meter recorders are women and health cadres from local health clinics.

The Village Owned Enterprise Supervisory Body provides inputs and recommendations for the improvement of management performance, assists in solving problems faced, and create an environment in the
Enterprise that is robust and growing.

Based on the articles of associations/bylaws for the Village Owned Enterprise, the management term is valid for five (5) years. The “Prosperous Lendang Nangka” Village Owned Enterprise management consists of 12 members; they do not receive a regular salary, but receive incentives or percentages from the total monthly revenue from water use subscriptions.

Personnel of the Village Owned Enterprise are selected based on:
- Based on background of education or experience and existing potential or capacity to manage an organisation.
- Sincerity in providing service to assist clean water management and not make working at the Village Drinking Water Management Unit a source of income.
- Has sufficient time to carry out duties and responsibilities as part of the Village Owned Enterprise management.
- As a leading figure that can motivate the community.

3. Regulations for Institutionalisation

The Village Owned Enterprise for Clean Water Management in Lendang Nangka has the following regulations to support its institutionalisation:
- Decree of the Village Consultative Body for Lendang Nangka, Masbagik District, East Lombok Regency, on Approval of the Regulation from Lendang Nangka Village, Masbagik District, East Lombok Regency.
- Decree of the Head of Lendang Nangka Village, Masbagik District no. 2/2005 on Determination of Rate for Drinking Water Usage.

Having regulations that support the institutionalization of Village Owned Enterprise for Clean Water Management is one indicator for sustainability of the smart practice.
2.3.3 Components of Contribution Policy and Utilization of Partial Income

1. Policy on Subscription for Water Use

For the interest of fair, even and sustainable clean water use, the clean water use subscriptions policy was determined in November 2002. The subscription is based on volume of water use and a pre-determined water rate for use per cubic meter (m³). The cost for installing water meter is included as the basis to calculate subscriptions to water use and customers pays monthly water use based on recordings of the water meters. The policy was a result of village deliberation and stated in the articles of associations/bylaws of the Village Owned Enterprise.

The rate for water use per cubic meter (m³) is determined based on agreement amongst village apparatus, community and religious leaders through deliberation. Following previous experiences, the Village Owned Enterprise will not try to aim for profit but equitable distribution of clean water. The rate for water use is determined based on estimated ability of the community to pay.

The changes in the amount of cost paid by customers from 2002 can be seen on Table 2.1. While the rights and obligations of customers, as well as detailed costs that should be paid, are stated in the customer card shown in Figure 2.7.

FIGURE 2.7 Sample of “Prosperous Lendang Nangka” Village Owned Enterprise Customer Card

Source: Documentation of Knowledge Center team of the National Development Planning Agency, August 2015.
TABLE 2.1 Components of Monthly Costs to be Paid by Customer

<table>
<thead>
<tr>
<th>COMPONENT OF PAYMENT</th>
<th>AMOUNT OF COST (RUPIAH)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
</tr>
<tr>
<td>Monthly maintenance cost</td>
<td>1,000</td>
</tr>
<tr>
<td>Monthly donation for Darussalam Mosque</td>
<td>1,000</td>
</tr>
<tr>
<td>Monthly administration cost</td>
<td>500</td>
</tr>
<tr>
<td>Monthly cost of water use per m³</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Knowledge Center team of the National Development Planning Agency – discussions with the smart practice initiators.

The following are regulated in the customer card:
- Time of water meter recording at end of each month.
- Time of subscription payment between 5th day and 20th day of each month.
- Payment after the 20th day will be imposed with an administrative sanction or fine amounting to Rp. 500.
- Connection will be cut off after delay in payment for three consecutive months.
- Reconnection will be done after arrears are paid off.
- Connection will be permanently cut off after non-payment for four consecutive months, and the reconnection will be considered as a new installation.

Other costs that should be borne by customer are the cost of replacing water meter due to damages. The replacement cost is 40 percent of the total cost of purchasing a new water meter. Residents unable to afford the installation of water meter will be allowed to do so by credit. If this method remains difficult to access, they are encouraged to jointly use the water meter and use water for basic necessities from a neighboring connection with a water meter.

The use of water meter and the enforcement of subscriptions for water use have encouraged the community to economies on the use of water. Managing water distribution using the water meter system also contributed to the emergence of home industries, e.g. car washing business, water filling business and others.
2. Revenue and Revenue Management

The main revenue for Village Owned Enterprise for Clean Water Management comes from subscription of water use. Other revenue source, but not as significant is from the installation of water meters.

Revenue utilisation by the Village Owned Enterprise on Clean Water Management is shown in Table 2.2.

<table>
<thead>
<tr>
<th>ALLOCATION IN REVENUE UTILISATION</th>
<th>2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darussalam Mosque of Lendang Nangka</td>
<td>40</td>
</tr>
<tr>
<td>Village Budget of Lendang Nangka</td>
<td>20</td>
</tr>
<tr>
<td>Management Incentive</td>
<td>30</td>
</tr>
<tr>
<td>Administrative cost</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Knowledge Center team of the National Development Planning Agency diolah berdasarkan diskusi dengan inisiatpr praktik cerdas.

Most of the revenue from water use is donated for the development and religious activities of the Darussalam mosque. Hence the community support, with a majority of pious obedient Muslims, for the subscription policy for water uses that has been in place since 5 November 2002.

In addition to having sufficient water source, the mosque also benefitted from the existence of a Village Owned Enterprise for Clean Water Management, i.e. cost-sharing for development, operational and management needs. The community also benefitted from being exempt from the required contributions to the mosque as they did before.

After the establishment of the Village Owned Enterprise for Clean Water Management, a portion the revenue is managed as savings and loans activities.
PART 3

Funding

The development of the clean water management system in Lendang Nangka was carried out through several phases with diverse financing sources.

Components needing funding and their sources for Village Owned Enterprise for Clean Water Management in Lendang Nangka can be seen in Table 3.1.

The clean water management by Village Owned Enterprise is financially feasible as costs can be addressed from the village revenue and expenditure budget, and from subscriptions.

TABLE 3.1 Funding Components and Source

<table>
<thead>
<tr>
<th>DEVELOPMENT PHASE</th>
<th>COMPONENTS THAT NEED FUNDING</th>
<th>COST ITEM</th>
<th>FUNDING SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Phase I</td>
<td>1 unit of water catchment/retention basin at the spring with the size of 25m x 9m x 1.5m</td>
<td>Procurement of building materials</td>
<td>UNICEF</td>
</tr>
<tr>
<td></td>
<td>4 retention basins in the hamlets</td>
<td>Procurement of building materials</td>
<td>UNICEF</td>
</tr>
<tr>
<td></td>
<td>Piping network that connects the basin at the spring with the basin at the hamlet</td>
<td>Procurement of pipes and accessories</td>
<td>UNICEF</td>
</tr>
<tr>
<td></td>
<td>Construction and pipe installation work</td>
<td>Service/wage</td>
<td>Community self-reliance activities</td>
</tr>
<tr>
<td>Development Phase II</td>
<td>Repair of piping network</td>
<td>Procurement of pipes and accessories</td>
<td>Program for Regional Empowerment to Overcome Economic Crisis Impacts</td>
</tr>
<tr>
<td></td>
<td>Pole faucet</td>
<td>Procurement of pole faucet and accessories</td>
<td>Department for Regional Settlement and Infrastructure</td>
</tr>
<tr>
<td></td>
<td>Pipe installation and pole faucet work</td>
<td>Services/wages</td>
<td>Community self-reliance activities</td>
</tr>
</tbody>
</table>
The initial budget for “Prosperous Lendang Nangka” Village Owned Enterprise came from the village revenue and expenditure budget for 2015 totaling Rp. 102,000,000 (one hundred two million Rupiah), which is used for the management of savings & loans unit and the village drinking water management unit.

### TABEL 3.1 Funding Components and Source (continued)

<table>
<thead>
<tr>
<th>DEVELOPMENT PHASE</th>
<th>COMPONENTS THAT NEED FUNDING</th>
<th>COST ITEM</th>
<th>FUNDING SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Phase III (2002)</td>
<td>1 unit reservoir untuk distribusi berukuran 5m x 2m x 2m</td>
<td>Planning, procurement of building materials and service</td>
<td>Department for Regional Settlements and Infrastructure</td>
</tr>
<tr>
<td>Maintenance of piping networks</td>
<td>Procurement of pipes and accessories, as well as installation services/wages</td>
<td></td>
<td>Department for Regional Settlements and Infrastructure &amp; community self-reliance activities</td>
</tr>
<tr>
<td>Water meter</td>
<td>Procurement of 280 water meter units</td>
<td></td>
<td>Department for Regional Settlements and Infrastructure</td>
</tr>
<tr>
<td>Procurement and installation of water meters</td>
<td>Procurement of 280 water meter units</td>
<td></td>
<td>Community self-reliance activities</td>
</tr>
<tr>
<td>Establishment and operation of the Village Drinking Water Management Agency</td>
<td>- Administration costs - Notary service - Employee salary</td>
<td></td>
<td>Village revenue and expenditure budget</td>
</tr>
</tbody>
</table>

**2015**

| Establishment of Village-Owned Enterprise “Prosperous Lendang Nangka” | - Administration costs and notary service - Operation of the secretariat for Village Owned Enterprise | | Village revenue and expenditure budget |

Source: Prepared by UCLG-ASPAC – discussions with the smart practice initiators.
PART 4
Community Participation

4.1 Community Engagement

As with previous phases, the initiative to improve clean water management system carried out in Lendang Nangka in 2002, also originates from the community.

All phases on activity implementation related to Village Owned Enterprise for Clean Water Management in Lendang Nangka is carried out through village deliberations by engaging the village consultative body, village community resilience agency, community and religious leaders, youths and clean water users group.

At the planning phase, village deliberation determines the objective and synchronise perceptions on the improvement plan for the utilisation of clean water from Tigasa spring.

Technical planning for the building of retention basins and piping network is carried out by individuals with experience in the building/construction sector, which is then discussed through a village deliberation to obtain collective agreement.

Infrastructure and pipe installation is conducted by the community during the holidays by way of communal works. Villagers, who are capable, can provide donation when additional building materials are needed. Communal works are done based on the request of the village head through announcement from the mosque.
All segments of the community are engaged in the operation and maintenance of clean water manager. This is done with a reporting mechanism through mobile phone, which is connected to the technicians of the Village Owned Enterprise that allows quick reporting related to installation services or repair of the water distribution network. Villagers may contact assigned technician through mobile phone in case of service disruption.

Villagers located in the area that is reachable by water flow by way of gravitation or elevation lower than the water spring can benefit from:

1. Cheap access to the clean water source of Rp. 200 per m³.
2. Improvement in sanitation of vulnerable/poor households due to access to clean water facilities.
3. Installment for payment of water meter use or joint-use of water meter for vulnerable/poor households.

Men and women are equally engaged in the activities and overall process of Village Owned Enterprise for Clean Water Management in Lendang Nangka. Women are actively participating in the recording of water meter use, in providing logistical support to social works on water, in functioning as administrative staff, in reporting problems at the field, and in becoming cashiers for the Village Drinking Water Management Unit or Village Owned Enterprise.

### 4.2 Dissemination

Dissemination of information to the community includes

a. Improvement plan for clean water management.
b. Utilisation of existing infrastructures.
Community Participation

Village Owned Enterprise for Clean Water Management in Lendang Nangka

- Roles expected from the community on the improvement of clean water management, i.e., communal works for infrastructure development and contribution of materials that are still needed.
- Implementation plan and installation of water meters.
- Information on water rate for use per cubic meter (m³) and other costs that need to be paid by users.
- Payment mechanism for subscription and outstanding payment.
- Plan and utilisation of revenue from subscription for water use.
- Conservation plan for water catchment areas.
- Supervision, monitoring and reporting system by the community in case of problems/complaints.

The above mentioned information is submitted to the community through various communication media, among others:

- Announcement by using loudspeaker from the mosque.
- By word of mouth due to community representation in all deliberation activities.
- Citizen gatherings, either at formal activities organised by the village government or integrated service center and others, as well as at non-formal activities.
- Citizen discourse and direct dialogues.

**FIGURE 4.1** Village Deliberations and Public Consultations

Source: Knowledge Center team of the National Development Planning Agency.
The success in disseminating information is shown through existing community support for programs and policies of the “Prosperous Lendang Nangka” Village Owned Enterprise. Its success stems from the principle that all decisions related to public interests are made through village deliberation and public consultation mechanisms.

Other communication media that are used in the framework of promoting “Prosperous Lendang Nangka” Village Owned Enterprise:

a. Village Owned Enterprise support for the community activities through donations, so the community remembers and supports its program and activities.

b. “Saving Water Spring,” an annual ceremonial event in Lendang Nangka, utilise to disseminate and promote “Prosperous Lendang Nangka” Village Owned Enterprise. This event facilitates Village Owned Enterprise to gain required support from the community, district government, etc. It is a long-observed tradition where villagers are gathered to eat and pray and socialise at the water spring.
PART 5
Impact

There are many things that can be addressed by the smart practice of Village Owned Enterprise for Clean Water Management in Lendang Nangka. The social impact of the smart practice, among others, is the decrease in conflicts due to disparity of clean water distribution. The economic impact, among others, is the improvement of increased income from home industries and access to affordable clean water to fulfil basic needs. Furthermore, negative impact to the environment is reduced by communal works on cleaning of piping networks and water distribution pipes from garbage that may disrupt distribution.

The impacts of Village Owned Enterprises for Clean Water Management in Lendang Nangka can be seen in Table 5.1.

**TABLE 5.1 Impact of Having Village Owned Enterprise in Lendang Nangka**

<table>
<thead>
<tr>
<th>NO</th>
<th>CHALLENGES/ PROBLEMS FACED</th>
<th>CONDITION BEFORE NOVEMBER 2002</th>
<th>CONDITION AFTER NOVEMBER 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Community access to clean water.</td>
<td>Distributed directly through the piping network and pole faucet (home connection).</td>
<td>Distributed directly through the piping network and water meter before the pole faucet (home connection).</td>
</tr>
<tr>
<td>2</td>
<td>Clean water distribution.</td>
<td>Unequal, areas located lower elevation than the springs have larger water pressure.</td>
<td>Relatively more equal, as a result of rearranging pipe dimension and carefulness of the community in water use.</td>
</tr>
<tr>
<td>3</td>
<td>Conflicts among citizens due to the unequal water distribution.</td>
<td>Frequent conflicts, water theft, plugging and cutting pipes (sabotaging) of other distribution pipe to get larger water pressure.</td>
<td>No more conflicts due to more fair and even water distribution.</td>
</tr>
<tr>
<td>4</td>
<td>Illness rate due to the use of dirty water (indigestion and skin rash).</td>
<td>Villagers still suffer from digestive disorder and skin diseases for using well and river water.</td>
<td>Increased number of villagers with access to clean water service from the Village Owned Enterprise that reduces illnesses caused by use of dirty water.</td>
</tr>
</tbody>
</table>
### TABLE 5.1 Dampak Keberadaan BUMDes di Desa Lendang Nangka (lanjutan)

<table>
<thead>
<tr>
<th>NO</th>
<th>CHALLENGES/PROBLEMS FACED</th>
<th>CONDITION BEFORE NOVEMBER 2002</th>
<th>CONDITION AFTER NOVEMBER 2002</th>
</tr>
</thead>
</table>
| 5  | Clean water service for vulnerable/poor households. | Vulnerable/poor villagers residing at a relative higher elevation from water spring have limited clean water supply. | - Vulnerable/poor households have equal access with other non-poor households.  
- Availability of credit and instalment payment system for vulnerable/poor households, or joint-use of water meter with neighbours. |
| 6  | Businesses that need adequate quantity and quality of water. | Obstructed. | Increase of business opportunities, e.g., motorcycle/car washing, ice cubes, catering, lodging and others. |
| 7  | Behaviour of the community in using clean water. | Unlimited use of water. | Sustainable use of water. |
| 8  | Water quality. | Without routine checks on water quality. | Routine water quality checks by the public health centre. |
| 9  | Use of public bathing and toilet facilities. | Public bathing and toilet facilities were neglected due to unavailability of clean water supply. | Public bathing and toilet facilities function and are used by the community due to availability of clean water supply. |
| 10 | Responsible institution for the system. | No institution responsible in case of operational disruptions or damages. | Village Drinking Water Management Unit that became a Village Owned Enterprise is responsible for the operation of clean water management and for handling disruptions or damages. |
| 11 | Use of revenue from subscriptions of water use. | No income management. | Income management regulated in the articles of associations/bylaw of “Prosperous Lendang Nangka” is on the maintenance and repair of the clean water infrastructures and also used:  
- Constructing Darussalam Mosque  
- Support other businesses in the Village Owned Enterprise, such as Savings and Loans |
| 12 | Number of customers. | Around 500 pole faucets are available. | 788 home connections with water meters, spread out as follows:  
- Hamlet Masjid, 210 home connections.  
- Hamlet Pedalaman, 213 home connections.  
- Hamlet Bahagia, 200 home connections.  
- Hamlet Dalam Lauq, 165 |
<table>
<thead>
<tr>
<th>NO</th>
<th>CHALLENGES/PROBLEMS FACED</th>
<th>CONDITION BEFORE NOVEMBER 2002</th>
<th>CONDITION AFTER NOVEMBER 2002</th>
</tr>
</thead>
</table>
| 13 | Conservation of water catchment areas. | No conservation activities at the water catchment area. | The Village Owned Enterprise carries out the following efforts:  
- Self-supported and collaboration with other stakeholders in greening the water catchment area.  
- Request assistance from the Forestry and Plantation Services for expansion of the conserved area that is supported by a local regulation. |
| 14 | Equal participation of men and women. | No special assignments for women. | - Both genders are engaged and participated in activities of water management and the implementation of water meter system.  
- Women are engaged to record water use using water meter, to provide logistics support in water management related activities, as administrative staff and cashiers with water management institutions. |

**FIGURE 5.1** Women’s Participation

Source: Documentation of Knowledge Center team of the National Development Planning Agency, August 2015.
Other achievements of the Village Owned Enterprise for Clean Water in Lendang Nangka are:

1. One of “Pelita Nusantara MDGs Award” recipients, held by the Indonesian Special Delegation Office for Millennium Development Goals, on 16 March 2014.
2. One of the smart practice initiators, Mr. Lalu Supratman is a nominee (top 14) for MNCTV Heroes for Indonesia in 2013.
3. Lendang Nangka received the appreciation as No.1 in West Nusa Tenggara Province dated 12 November 2003, from the Health Services of West Nusa Tenggara Province.
4. The smart practice of Village Owned Enterprise for Clean Water Management in Lendang Nangka was replicated by four villages in East Lombok and inspired the establishment of four Hamlet Owned Enterprises in villages of Sembalun, Poh Gading, Al Mal Timur, and Sumbawa.
5. Frequent visits by domestic or overseas visitors to conduct surveys, comparative studies, monitoring and evaluation activities, discussions and others, which makes the Village Owned Enterprise for Clean Water Management in Lendang Nangka a reference for interested parties intended to learn village-level water management.

**FIGURE 5.2** Positive Impacts of Village Owned Enterprise for Clean Water Management.

Source: Knowledge Center team of the National Development Planning Agency
PART 6
Closing

The smart practice of Village Owned Enterprise for Clean Water Management in Lendang Nangka is proven as being able to address challenges with clean water distribution and may offer solutions to other villages with similar challenges as Lendang Nangka.

Regions or other parties interested in replicating the smart practice of Village Owned Enterprise for Clean Water Management in Lendang Nangka, can use it as reference to address the following, as it:

- Provides clear and real impacts through the even and equitable clean water distribution.
- Is easy to replicate due to a simple water management system.
- Is feasible for being able to use existing potentials and resources in the village, uses simple infrastructures and technology, has the characteristics of a village community of the communal works and self-reliance or self-supported activities, and is managed by an institution with simple organisational structure.

The Village Owned Enterprise for Clean Water Management complies with the following criteria for being innovative:
- As a pioneer in clean water management and distribution in East Lombok.
- As it addresses socio-economic and health issues.
- As it started indigenously in Lendang Nangka and not an adaptation from other areas.
- As it resulted in emerging issues, a guaranteed and sustainable clean water source allows the village to have security, i.e. social stability with the reduction of water-based conflicts, economic growth with the rise of clean-water based small scale businesses.
Clean water management through Village Owned Enterprise can be considered sustainable as it:
- Continuously implemented for more than two (2) years.
- Involves the community or government in the maintenance, operation and utilisation of revenues.
- Continuous self-supported activities and funding from the community is able to sustain this initiative.

Key steps for the implementation of smart practice Village Owned Enterprise for Clean Water Management in Lendang Nangka are as follows:

1. Prioritising deliberation and public consultation for decisions that affect the public interests. Managers of Village Owned Enterprise work in accordance to their respective duties. However, the determination of matters related to public interest is done by village apparatus by consultation with community leaders through deliberations.
2. Prioritising the village community characteristic of communal works.
3. Receiving consistent commitment from Governments of East Lombok Regency and Lendang Nangka Village through issuance of supporting regulations and programs, including availability of funding. Such commitment is shown through the issuance of village regulation on institutionalisation of clean water management.

4. Having community support as this practice provide direct benefits to the community.

5. Having creative and innovative solution by using momentums/opportune moments to gain support for the management of clean water, i.e., development of a mosque that is tied to subscriptions for water use.

6. Having community leader/champion trusted by the community as managing team of the Village Owned Enterprise.

7. Having creativity in using mosque or religious activities as means for communicating or disseminating information.

8. Being pro-poor and pro-marginalised groups as the management allows for payment by installment and joint-use of water meter.

9. Prioritising service of equitable clean water distribution and not profit, which allows affordable water rate per meter cubic (m³) use for poor/marginalised households.

10. Being transparent and accountable in activity report and financial that resulted in trust from the community towards the management system.

11. Performing the duties sincerely by the managing team and not using the opportunity as the only source for livelihood.

12. Using existing potentials and resources, e.g., using the infrastructures from previous programs, as it was not necessary to start from the beginning.
Several lessons for other areas interested in replicating smart practice of Village Owned Enterprise for Clean Water Management in Lendang Nangka to achieve more results are:

1. Improvement on the organisational management personnel, both on administrative and technical aspects.
2. Using computer to record water use from the water meters and to determine the amount of subscription fee need to be paid by customers.
3. Mobilising cooperation with the Forestry and Plantation Services to ensure a more structured greening of water catchment areas to facilitate better water absorption.
4. Mobilising mutually beneficial cooperation with local drinking water companies.

**FIGURE 6.2** Complete Process from Smart Practice Village Owned Enterprise for Clean Water Management in Lendang Nangka

Source: Knowledge Center team of the National Development Planning Agency
Annexes
# Annex A

## Definition and List of Smart Practice Indicator Operational Terms

<table>
<thead>
<tr>
<th>NO</th>
<th>CRITERIA</th>
<th>PRACTICE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Impact</td>
<td></td>
<td>Real result (impact) from addressing challenges and improvement of conditions for local communities.</td>
</tr>
<tr>
<td></td>
<td>a.</td>
<td>Percentage of problems can be addressed.</td>
<td>The smart practice can be a solution for at least X percent of issues the region or within a segment of community.</td>
</tr>
<tr>
<td></td>
<td>b.</td>
<td>Number of people receiving positive impacts.</td>
<td>The smart practice can produce positive impact and benefit local communities in improving existing conditions where the practice is implemented. The number of people affected by positive impact at least reaches X percent of the total population living in that area.</td>
</tr>
<tr>
<td></td>
<td>c.</td>
<td>New organisational system/rule/mechanism developed from the smart practices.</td>
<td>With the smart practice, a system for managing challenges is developed and government regulations are issued (by the regional government and/or central government), or a new management mechanism is designed. The system/regulation/mechanism developed from the smart practice must be well-documented, so that it can be verified/proven (e.g. regulation copy, mechanism chart, system development process as written documents or photos/videos).</td>
</tr>
<tr>
<td>2</td>
<td>Transferability</td>
<td></td>
<td>The ease in which a smart practice can be replicated by other regions.</td>
</tr>
<tr>
<td></td>
<td>a.</td>
<td>Having 70 percent of the total number of replication criteria (to determined later).</td>
<td>The selected practice must meet at least 70 percent of total number of designated replication criteria to be called “Smart Practice”.</td>
</tr>
<tr>
<td></td>
<td>b.</td>
<td>Was replicated for addressing similar or different challenges.</td>
<td>The initiative/process/system of a smart practice management was implemented for different challenges, but was similar in the mapping of issues, political situation, geographic/natural conditions, and social and economic backgrounds. Information on replication can be explored through clear documentation of the smart practice (e.g. guest book/photo/video) as the evidence.</td>
</tr>
<tr>
<td>NO</td>
<td>CRITERIA</td>
<td>PRACTICE</td>
<td>DEFINITION</td>
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<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3</td>
<td>Feasibility</td>
<td></td>
<td>Feasibility in terms of the institutionalisation and funding mechanisms of the smart practice.</td>
</tr>
<tr>
<td></td>
<td>a.</td>
<td>Has simple institutional structure complete with basic organisational functions in planning, operation, and funding to be done by different individuals.</td>
<td>The institutionalisation of a smart practice has a simple management framework, which supports the effectiveness of implementation processes. The institutional framework must have a clear, updated, provable, visible and printable organisational chart as reference to those interested in replicating this component of the smart practice. The organisational functions must also include planning, operation and funding roles of other parties to lessen dependency on smart practice initiators.</td>
</tr>
<tr>
<td></td>
<td>b.</td>
<td>Easy to replicate pattern and source of funding, as well as affordable by regional budgeting standards.</td>
<td>The smart practice has a source of funding that is simple and easy to replication for the management of operational activities. The sequence of funding sources must be documented in a funding chart that includes various actors involved in the funding scheme. The chart must be clear, updated, provable, visible, or printable as a reference for those interested in replicating the smart practice.</td>
</tr>
<tr>
<td></td>
<td>c.</td>
<td>Clear implementation stages, supported by well-documented materials and manuals.</td>
<td>The implementation stages of the smart practice should be very systematic and divided into planning, implementation, maintenance and development. These stages should be documented clearly in a standard operational procedures (SOP) or a manual.</td>
</tr>
<tr>
<td>4</td>
<td>Innovation</td>
<td></td>
<td>New initiative never developed/attempted before or an adaptation of products, implementation processes, business processes to local conditions from previous smart practice.</td>
</tr>
<tr>
<td></td>
<td>a.</td>
<td>As new solutions to address existing challenges.</td>
<td>The smart practice is considered as a new initiative or solution for existing challenges that was never attempted before. An effort to adapt to local conditions that resulted in development or creation of new products, processes, business processes</td>
</tr>
<tr>
<td></td>
<td>b.</td>
<td>Conduct preliminary studies/assessments to understand local context and conditions.</td>
<td>Prior to the implementation of a smart practice, initiators or management team conduct a preliminary study/assessment to prepare an adaptation and measure feasibility of the smart practice replication program.</td>
</tr>
<tr>
<td></td>
<td>c.</td>
<td>Effort to adapt other smart practices to local contexts and conditions.</td>
<td>A smart practice does not provide solutions to existing challenges but can be adapted with local context and situations, and socio-economic backgrounds of the replicating area.</td>
</tr>
</tbody>
</table>

**Village Owned Enterprise for Clean Water Management in Lendang Nangka**
<table>
<thead>
<tr>
<th>NO</th>
<th>CRITERIA</th>
<th>PRACTICE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Sustainability</td>
<td>The smart practice has been in existence for at least two (2) years complete with detailed action plan and community-based funding that is sustainable.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. In implementation for more than two (2) years.</td>
<td>The smart practice is at least two (2) years old to ensure that related activities have strong organisational/institutional foundation and robust funding mechanism.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Local communities are involved in the maintenance of smart practice.</td>
<td>The smart practice involves local communities in the maintenance and operation of activities even when initial funding or management support expired.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. There is a guaranteed funding source available after the smart practice was implemented or beyond two (2) years initial implementation.</td>
<td>The smart practice can guarantee the sustainability of its practice by providing and attempting to generate funds to ensure continuity in the maintenance and operation of activities after initial program or funding expired or exceeded the two (2)-year limit.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. There is a regulatory framework to ensure division of labours and functions of various stakeholders.</td>
<td>The smart practice resulted in issuance of a regulatory framework that recognise activities of the smart practice and regulates the division of labours and functions of various stakeholders. Managers of a smart practice must have copies of existing regulations as verifiable and proven documentations.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. Partnership, scaling up with an addition of the number of the beneficiaries and the products.</td>
<td>An initiative of the smart practice must be developed by involving partnership with the other stakeholders so the number of the parties receiving the benefits and the products resulted from a smart practice increases.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Participative</td>
<td>The smart practice is multi-stakeholder in nature and has participatory system for every implementation stages of the smart practice.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. There is a mechanism for community involvement in the planning of smart practice.</td>
<td>The smart practice has a mechanism for community involvement in one or more stages of the smart practice. The mechanism of community involvement in the planning stage should be explicitly mentioned in the planning documents. Managers of the smart practice must have copies of the action plan to ensure a verifiable, proven, implementation of activities that also serves as reference.</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Criteria</td>
<td>Practice</td>
<td>Definition</td>
</tr>
<tr>
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</tr>
<tr>
<td>b.</td>
<td>There is a mechanism for community involvement in the implementation of smart practice.</td>
<td>The smart practice has a mechanism for community involvement in one or more stages of the smart practice. The mechanism for community involvement in the implementation stage should be explicitly mentioned in the planning documents. Managers of the smart practice must have copies of the action plan to ensure a verifiable, proven, implementation of activities that also serves as reference.</td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td>There is a mechanism for community involvement in the operation and maintenance of smart practice.</td>
<td>The smart practice has a mechanism for community involvement in one or more stages of the smart practice. The mechanism for community involvement in the operation stage should be explicitly mentioned in the planning documents. Managers of the smart practice must have copies of the action plan to ensure a verifiable, proven, implementation of activities that also serves as reference.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Accountability</td>
<td>Relevant stakeholders of the smart practice must be able to explain and implement all components of the practice.</td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>There is a mechanism for reporting activities implemented.</td>
<td>The manager of smart practice has a reporting mechanism to ensure well-documented practices through written documents, photos/video. Reports must be updated regularly in accordance to activities being implemented. Reports should be truthful, verifiable and able to serve as reference.</td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td>There is a mechanism for financial reporting</td>
<td>The manager of smart practice has a financial reporting mechanism that is clear and transparent. Reports must be updated regularly in accordance to activities being implemented.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Pro-poor</td>
<td>The result of a smart practice implementation is designed to provide maximum benefit to poor, vulnerable, and marginalised communities.</td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Marginalised communities benefitted from the implementation of a smart practice.</td>
<td>Activities of a smart practice targets poor communities to receive the benefit of its implementation. This has to be included in the detailed or annual action plan of a smart practice. These marginalised groups is not limited to those living below the poverty line, but also those with limited access to basic services i.e, clean water, health, etc.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Pro-gender equality</td>
<td>From start to finish, the implementation of a smart practice must have equal representation of women and men.</td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>There is involvement of both genders in the implementation of a smart practice that also benefitted both genders.</td>
<td>The smart practice involves women in one or more implementation stages (planning, implementation, maintenance, development) and receive benefits from their involvement. This principle must be incorporated and well-documented in routine activities through list of attendance, photos/video, and other verifiable materials for use as reference.</td>
<td></td>
</tr>
</tbody>
</table>
Annex B
Definition of Operational Terms

**Activity reporting**
Documentation of any task completed by all parties involved in the implementation of smart practice in a particular time.

**Adaptation**
A change made as adaptation to the conditions and needs of local context where the smart practice is being implemented.

**Available**
Allocated and usable for the continuation of implementing the smart practice.

**Community**
Residents or population living around the location of a smart practice.

**Community involvement**
Residents or population living around the location of a smart practice taking part in the implementation of a smart practices.

**Completed**
A condition in which challenges faced was resolved.

**Completion**
A smart practice is a project with specific start and end time according to its initial planning.

**Completing**
A condition in which challenges faced are being resolved.

**Different challenges**
A type of challenge that is different from challenges faced where a smart practice originated.

**Easy to replicate**
A smart practice has implementation stages that are uncomplicated, well and clearly-documented as written document/manual that is available for learning by others.

**Ended**
End of implementation.

**Ever**
Evidence that a smart practice was implemented by different parties in other region/area at least once.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evidence form</td>
<td>Evidence of a smart practice that is recorded as data, information, document, or text in the form of digital data, video, or audio, etc.</td>
</tr>
<tr>
<td>Feasibility</td>
<td>A condition where the institutionalisation and funding mechanisms of a smart practice support the successful implementation of that practice.</td>
</tr>
<tr>
<td>Financial reporting</td>
<td>Documentation of all forms of income and expenses during a particular period used as control of cash flow by managers of a smart practice.</td>
</tr>
<tr>
<td>Formal regulation</td>
<td>An official government regulation at various levels of government issued to support the continuous implementation of a smart practice.</td>
</tr>
<tr>
<td>Gender</td>
<td>Individual male and female with relation to equality and representation in the implementation of a smart practice.</td>
</tr>
<tr>
<td>Has been (was) done</td>
<td>The term use to described a period since the first implementation of a smart practice to the assessment that is at least two (2) years.</td>
</tr>
<tr>
<td>Involved</td>
<td>Participated, engaged, contributed in the implementation of a smart practice.</td>
</tr>
<tr>
<td>Maintenance</td>
<td>An activity performed to maintain well-functioning equipments, infrastructure, and properties. Maintenance should be done to prevent the high cost of early upgrade or replacements.</td>
</tr>
<tr>
<td>Mechanism</td>
<td>Procedures</td>
</tr>
</tbody>
</table>

Village Owned Enterprise for Clean Water Management in Lendang Nangka
**Meeting the 70 percent** There are nine (9) criterias to determine if a development practice can be considered a smart practice. If a region meets 70 percent of the set criteria, an initiative can be called a smart practice.

**New solution** A new unprecedented way of addressing a challenge.

**Operation** The implementation of a smart practice that produces benefits and positive impacts in line with the planning's objectives.

**Organisation** Institutional structure.

**Organisational structure** A mechanism that determines the roles and functions of an institution.

**Other regions** Places other than the location where a smart practice is being implemented.

**Owning** Evidence of a written document that can be mentioned or showed.

**Pattern** Mechanism, procedures.

**Planning document** A document containing the initial plan of a smart practice that includes objectives, outputs, activities, implementation procedures, implementation schedule, duties and functions of individuals involved.

**Positive impact** A change in condition or improvement from previously condition as a result of the implementation of a smart practice.

**Preliminary study** An initial study on the local conditions, target beneficiaries, potential impacts, and preparedness of initiators in carrying out activities prior to planning for a smart practice.

**Problem** A discrepancy between the number and quality of public services in reality in the field.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Regulation</td>
<td>Written policy or rule.</td>
</tr>
<tr>
<td>Replication</td>
<td>An adaptation of a smart practice to suit local context and conditions.</td>
</tr>
<tr>
<td>Resulted</td>
<td>Byproducts of a smart practice implementation.</td>
</tr>
<tr>
<td>Similar challenge</td>
<td>A type of challenge that is similar to challenge faced where the smart practice originated.</td>
</tr>
<tr>
<td>Simple</td>
<td>Simple, uncomplicated, and close to common rules within an institutional arrangement at local level.</td>
</tr>
<tr>
<td>Simple program funding</td>
<td>The implementation budget is within the standard costs of regional budget plan.</td>
</tr>
<tr>
<td>Source of funding</td>
<td>Source of funds accessed for the implementation of a smart practice.</td>
</tr>
<tr>
<td>System</td>
<td>A single unit of regulations, mechanism, organisation and human resources that determine the division of duties, responsibilities and functions of relevant stakeholders in managing a smart practice.</td>
</tr>
</tbody>
</table>
Annex C
Village Regulation

LENDANG NANGKA VILLAGE REGULATION
ON THE ESTABLISHMENT OF VILLAGE OWNED ENTERPRISE

CHAPTER I
GENERAL PROVISIONS

Article 1
The meaning this Village Regulation on the following is:
1. Local Government is the Regent and Regional Apparatus as the organising elements of the Local Government.
2. Regent is the Regent of East Lombok.
3. Village is the legal community unit which has boundaries and is authorised to regulate and manage the interest of local community based on the indigenous Origin and Tradition that are recognised and respected in the Administration System of the Unitary State of the Republic of Indonesia.
4. Village Government is the Administration of Affairs by the Village Government and the Village Consultative Body, in regulating and managing the interest of the local community based on the indigenous Origin and Tradition that are recognised and respected in the Administration System of the Unitary State of the Republic of Indonesia.
5. Village Government is the Village Head and Village Apparatus as the Village Government Organising Elements.
6. Village Consultative Agency or which is referred to with another name, hereinafter abbreviated BPD, is an Institution as the translation of Democracy in Organising the Village Government as the Village Government organising element.
7. Village Owned Enterprise, hereinafter abbreviated BUMDES is the business entity, which overall or partial capital is owned by the Village Government through direct Participation originating from the separated Village assets.
8. Separated Village assets are the Village Owned Assets, either in form of Moveable or Immovable goods that are managed by BUMDES (village owned enterprise).
9. Village Budget, hereinafter referred to as APBDes is the Village Administration Annual Financial Plan, which is jointly discussed and approved by the Village Government and BPD (village consultative body) and determined with the Village Regulation.
10. Village Regulation is the Legislative Regulation prepared by BPD (village consultative body) jointly with the Village Government.
11. Owner is the Village Government and or Private Sector / Third Party that has capital at BUMDES (village owned enterprise).
12. BUMDES (village owned enterprise) Management is the BUMDES management consisting of Advisers, Managers and Inspection Agency.

CHAPTER II
PRINCIPLE OF FORMATION AND OBJECTIVE

Article 2
The principles of BUMDES (village owned enterprise) in carrying out its business are as follows:
  a. Economic Democracy with the Carefulness Principle;
  b. Patronage;
  c. Empowerment;
  d. Transparency.

Article 3
(1) BUMDES (village owned enterprise) is established in form of Village Company (PERUSDES).
(2) The BUMDES (village owned enterprise) activities should be in accordance with the objective and not opposing the Legislative Regulations.

Article 4
Objectives of the BUMDES (village owned enterprise) Formation are among others:
  a. Increase the Village Original Income in the framework of improving the capacity of Village Government in Administration of Government and Development, as well as Public Service.
  b. Develop the Economic Potential in the Village Area to motivate growth of the Village Community Economic Business in the overall in the framework of Poverty Alleviation.
CHAPTER III
BUSINESS TYPE AND DEVELOPMENT

Article 5

1. The types of the BUMDES (village owned enterprise) business are among others in the following sectors:
   b. Trade of production means and agriculture products in the wide sense, covering: food plant products, plantation products, farm products and fishery products.
   c. Distribution of nine basic necessities (goods) for the community.
   d. Mining and Energy, particularly for the mining management of group C minerals with the extent of less than one hectare without using heavy equipment.
   e. Tourism covering: management of tourism objects in the village outside the tourism master plan, management of recreation locations and public entertainment in the village.
   f. Transportation covering: Management of parking/vehicle base at the market, tourism locations and other locations in the village, construction and maintenance of the village road, development and management of the village transportation terminal.
   g. Public Works covering: Routine maintenance of the district road in the village, consisting of shrub clearance, cleaning of channels and village irrigation including the development, control and maintenance, management and utilization of clean water, and management and maintenance of the pumping system and irrigation network in the village.

2. The BUMDES (village owned enterprise) business may be developed in accordance with the existing potential and capacity.

CHAPTER IV
DOMICILE

Article 6

The BUMDES (village owned enterprise) office is domiciled at the Village Government Center or another location within the village area by considering the efficiency and effectiveness of service.
CHAPTER V
CAPITAL

Article 7

The financing/capital sources of BUMDES (village owned enterprise) may be obtained from:
  a. Village Government (Capital Participation from the separated Village Assets);
  b. Assistance from the District, Province and Village Governments;
  c. Community Saving;
  d. Loan;
  e. Other legal Assistances or Sources;
  f. Cooperation with the Private Sector / Third Party.

CHAPTER VI
BUMDES ESTABLISHMENT

Article 8

1. BUMDES (village owned enterprise) is formed based on the results of the Village Deliberation, which is attended by the elements of the Village Government, BPD (village consultative body), LPM (community self-supported groups), and related Local Organisations, which is then contained in the Minutes of Agreement.

2. The legalisation of the result of the Village Deliberation, as meant in paragraph (1), is requested to the Regent of East Lombok in form of Decree of Regent, through the Head of the District Area.
CHAPTER VII
MANAGEMENT ORGANISATION

Article 9

1. The BUMDES (village owned enterprise) Organisation is outside the Village Government Organisational Structure.
2. The BUMDES (village owned enterprise) Management consists of elements from the Village Government and the community.
3. The BUMDES Management is elected based on the results of deliberation and is determined with the Village Regulation.
4. The Service Term of the BUMDES (village owned enterprise) management is “………..” until the age of …. years.
5. The BUMDES (village owned enterprise) Management member may be terminated in case the concerned: :
   a. Has completed the service term;
   b. Passes away;
   c. Resigns;
   d. Is unable to perform the duties and obligations properly.
   e. Is declared as conducting Criminal Actions, which is imposed imprisonment based on the Court Sentence that has obtained Permanent Legal Power.
6. The BUMDES (village owned enterprise) Management shall be annually evaluated to measure its performance on whether the prepared Work Plan is achieved or not.

Article 10

1. The BUMDES (village owned enterprise) Organisational Structure consists of: Advisers, Management members and Supervisory body.
2. The Advisers are required to:
   a. Develop BUMDES (village owned enterprise) in the Institutional, Administration, Personnel and Implementation System aspects;
   b. Oversee the BUMDES (village owned enterprise) management and may provide suggestions and opinions.
3. The Management is required to:
   a. Manage the Finances and Assets of as best as possible to obtain maximum Efficiency and Effectiveness for the growth and development of BUMDES (village owned enterprise);
   b. Prepare the Annual Report to be submitted to the Village Government and Advisers.
4. The Supervisory Body is required to:
   a. Provide supervision of the Management of BUMDES (village owned enterprise)
      including the implementation of the Work Plan and Articles of Association in
      accordance with the applicable Provisions;
   b. Submit the Supervision Report to the Village Government and Advisers periodically
      or at any time needed.
5. The BUMDES (village owned enterprise) Organisational Structure, as meant in
   paragraph (1), is adjusted to the Village need, which is determined with the Village
   Regulation.

**Article 11**

Requirements of the BUMDES (village owned enterprise) Management are as follows:
   a. Residing and staying in the Village for minimum 2 (two) years;
   b. Has adequate knowledge and competence in the business management sector;
   c. Good personality, honest, fair, competent, authoritative, full dedication, and has high
      moral commitment toward the Village economy.

**Article 12**

The BUMDES (village owned enterprise) Organisation and Management for service term of
2015 - 2020 are as follow:
   a. Advisers;
   b. Supervisor/inspector;
   c. Management;
      - Chairman
      - Secretary
      - Treasurer
      - Business Unit Manager (if required).
CHAPTER VIII
GOODS AND CAPITAL MANAGEMENT

Article 13

The Planning of Need, Procurement System, Distribution, Storage, Maintenance, Inventory and Amendment of Legal Status of the Goods of BUMDES (village owned enterprise) are determined by the BUMDES (village owned enterprise) Management after obtaining the approval from the Advisers.

Article 14

1. Revenue:
   a. In case the BUMDES (village owned enterprise) capital is owned by several Villages or the Private Sectors, then the allocation of net income or revenue is regulated in the Articles of Association and Bylaw;
   b. In case BUMDES (village owned enterprise) suffers losses, then those losses are borne by the owners in accordance with the portion of Capital that is respectively owned.

2. Use of Fund:
   a. The result of the profit separation for the Village Treasury from BUMDES (village owned enterprise) is deposited into Village Treasury as the legal Recipient;
   b. The Profit Use of BUMDES (village owned enterprise) is budgeted through the Village Budget (APBDes) every Fiscal Year.

CHAPTER IX
ALLOCATION OF BUSINESS RESULT

Article 15

The allocation of Business Profits from the Revenue of BUMDES (village owned enterprise) is determined based on the percentage of the net income by following the mutual benefit cooperation principle, which regulation is determined in the Articles of Association and Bylaw. The allocation of business profits should, in principle, take account of the components of: the portions allocated for the Village Treasury and Management Service, portion for the members, Capital Reserve and Social Security.
CHAPTER X
COOPERATION WITH THIRD PARTY

Article 16

1. BUMDES (village owned enterprise) may cooperate with the Third Party in managing the assets upon approval of the Village Government.
2. The cooperation, as meant in paragraph (1), is contained in the Village Regulation and submitted to the Regent (Head of District) through the Camat (Head of District) in order to obtain the approval.
3. The term, as meant in paragraph (1) is maximum 10 years and may be extended according to the need.

CHAPTER XI
ACCOUNTABILITY

Article 17

1. The BUMDES (village owned enterprise) Management that causes losses to BUMDES (village owned management) intentionally or due to negligence is required to replace such losses;
2. The System of the Indemnity settlement, as meant in paragraph (1), is in accordance with the provisions of the legislative regulations.

CHAPTER XII
GUIDANCE BY LOCAL GOVERNMENT

Article 18

The Local Government may provide guidance in form of Providing Guidelines, Supervision, Directions and Training.
CHAPTER XIII
CLOSING PROVISION

Article 19

Matters that are not regulated in this Village Regulation shall be regulated in the Articles of Association of BUMDES (village owned enterprise) as long as they are not opposing this Regulation of the Regent

Article 20

This Village Regulation commences applicable as of 1 January 2015.

So that it is known by everyone, the announcement of this Village Regulation is instructed with its placement in the Village Announcement.

Determined in Lendang Nangka
On 2 January 2015
Head of Lendang Nangka Village,

Drs. LALU MUH. ISNAINI