

Indonesia Policy for Sustainable Development Goals in Water Supply Support through the Indonesian Australian Partnership for Infrastructure - KIAT

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WASH
FUTURES

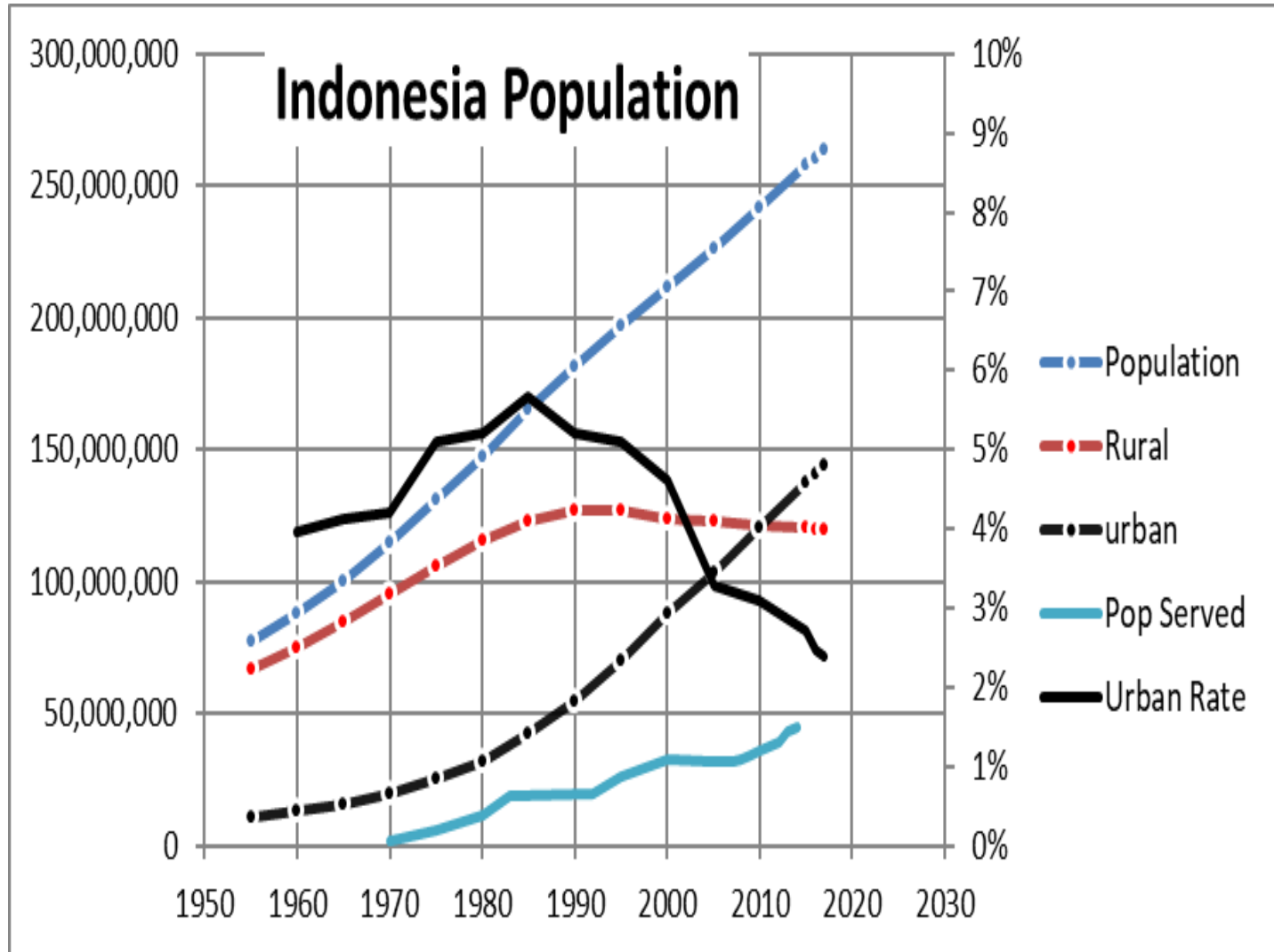
A vertical column of four circular icons: a water tap, a person, a hand being washed, and a person drinking from a cup.

Water, Sanitation & Hygiene Conference 2018

Collaboration for Universal WASH

 #WASHFutures18

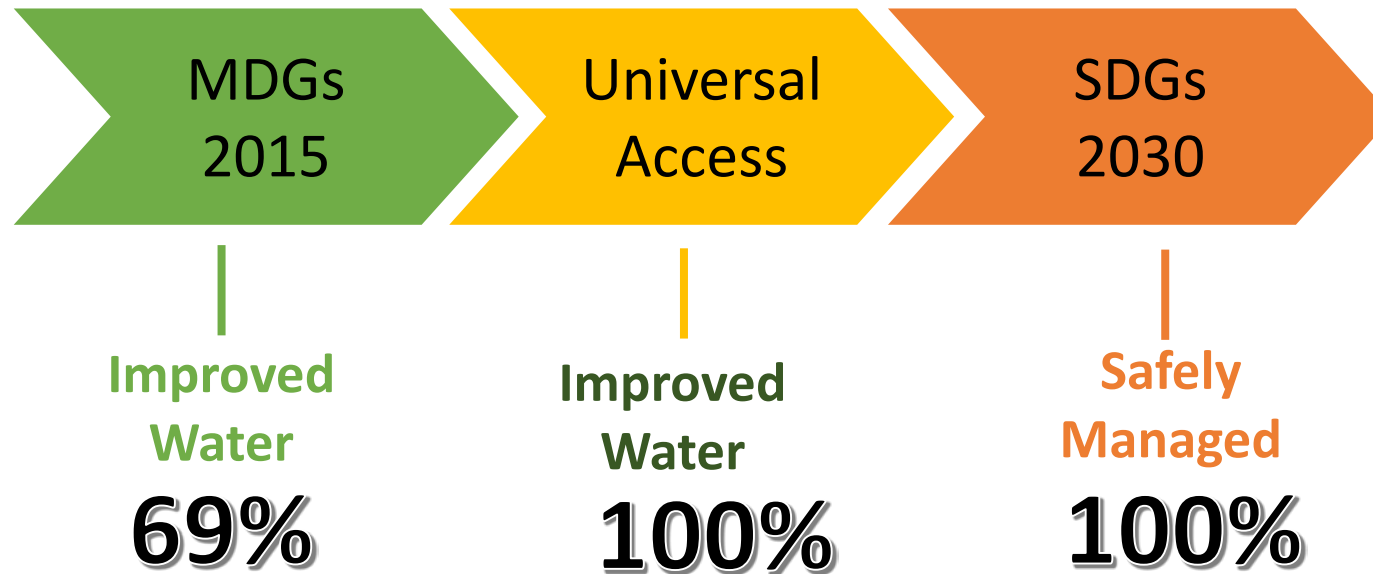
Current Status to achieve SDGs



Service coverage is **not keeping up** with urban growth

387 Local Government water utilities are serving 11 million customers which is equivalent to 44 million people or approximately 32% of the urban population of Indonesia

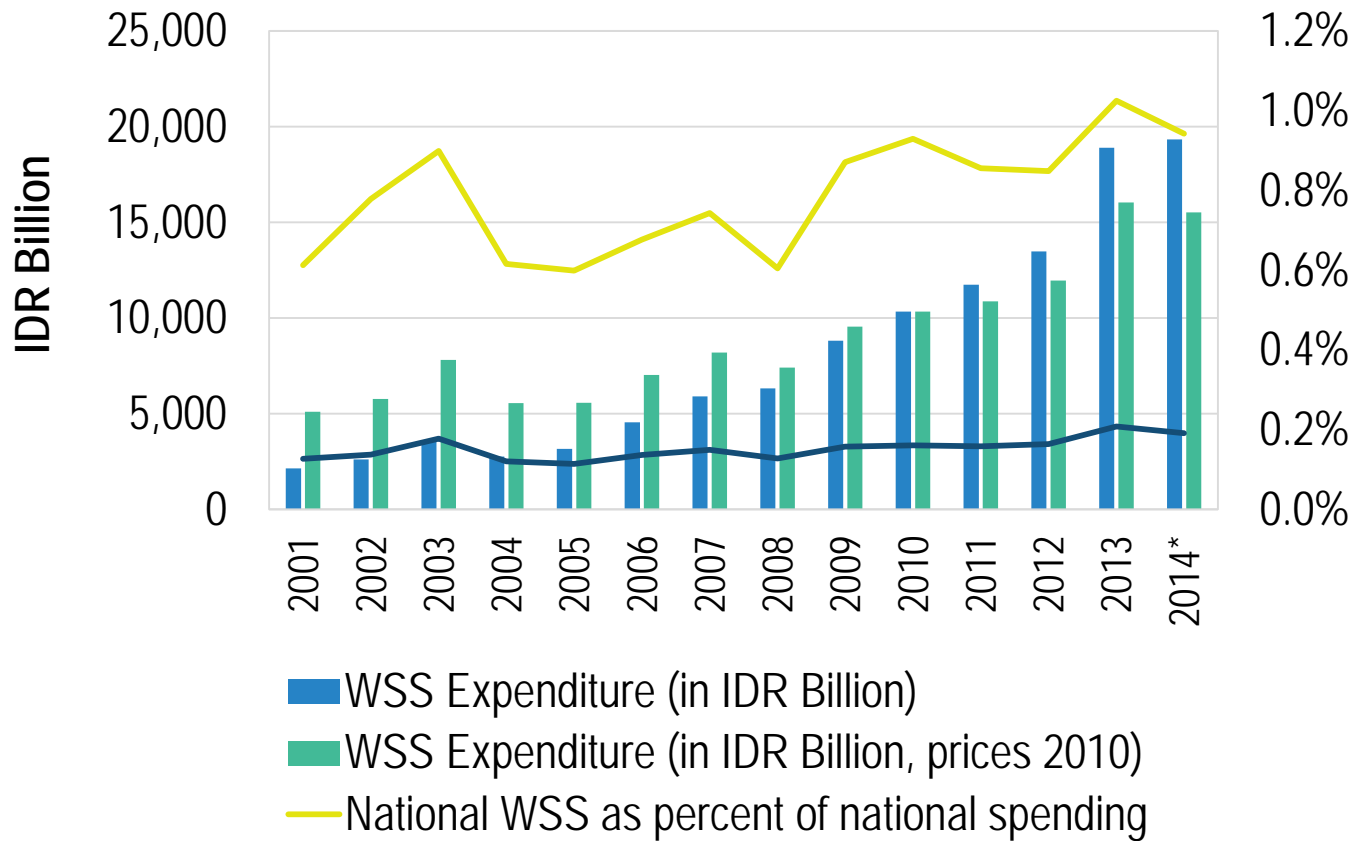
Current Status to achieve SDGs



One of the best way to achieve safely managed water is through Piped Water Provision

Improved Water 2017 : 72%

Current Status



Public spending on water supply sector is increasing, however, as percent of GDP it remains small

Water Supply and Sanitation Expenditure 2001-2014



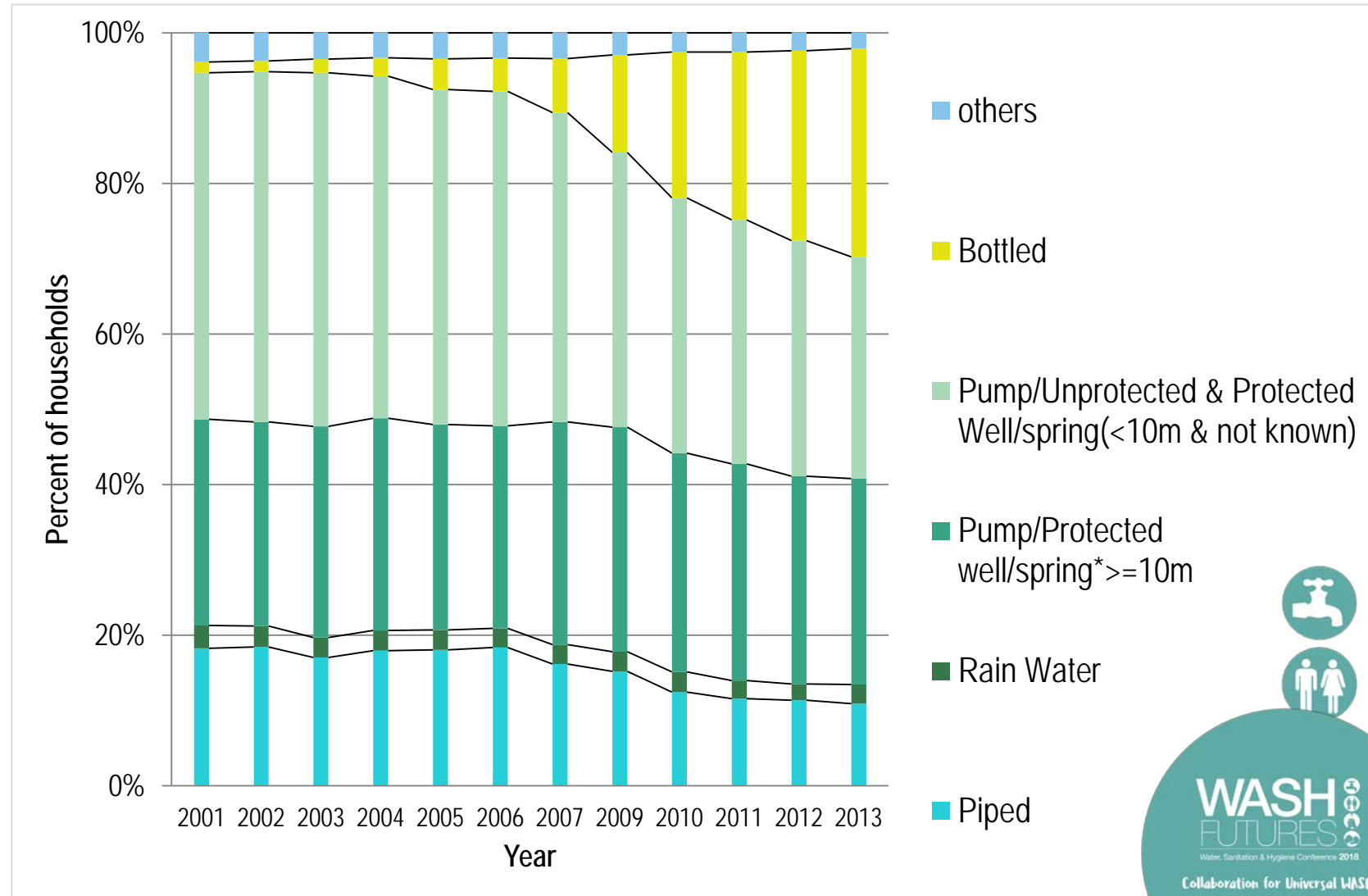
Source: World Bank staff estimates based on data from APBN, APBD/SIKD, Ministry of Finance.

Current Status

A slow decline in the number of people drinking from improved sources.



Lead to decrease PDAM revenue



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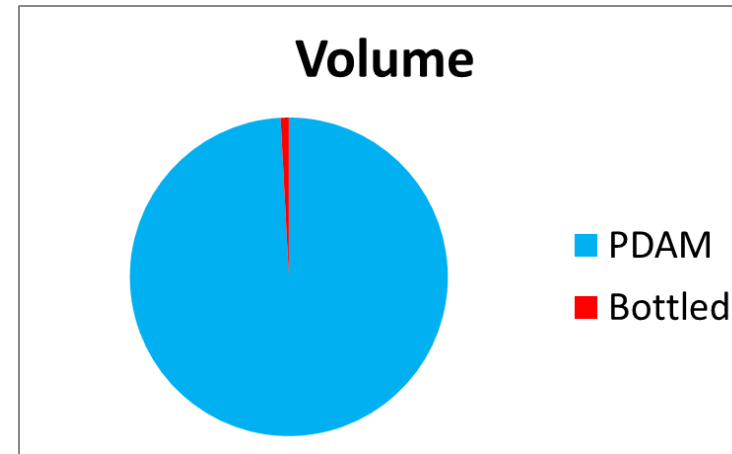
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The Indonesia Water Market

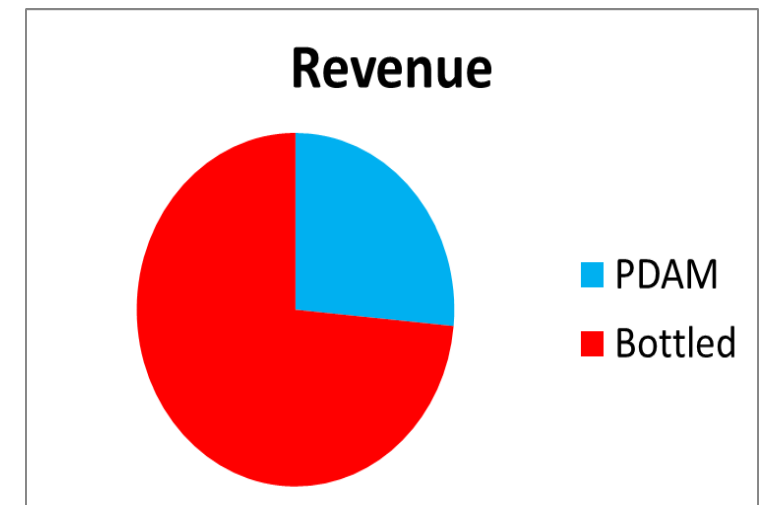
❖ 360 Municipal or District PDAM.

- Approximately 10 million customers
- Volume of sales 2.5 billion m³/year
- Revenue \$750 million
- Service coverage 32% urban population
- Growth 3%






❖ Bottled Water

- Volume of sales 25 billion litres
- Revenue \$2.5 billion
- Coverage 100 L/cap/year
- Growth 11 %



Urban Water Supply Investment Requirements

	Target 2019 (100% Access)			Progress (2016)	Target (2018-2019)
	Pop HH	% Piped	HH	Piped	Piped
 Total	66.7	60%	26.4	18 mio	8.4 mio
 Urban	34.2	40%	13.7	11 mio	2.7 mio
 Rural	32.5	40%	12.7	7 mio	5.7 mio



USD 1.7 Billion
Investment Needed
(2018-2019)

USD 1.1 Billion
Investment Gap
(2018-2019)

Main issue with the use of GoI budgets is the **absence of conditional contributions** from Local Government



WATER HIBAH
as a Performance Based Financing

Source:
<http://pudam.boyolali.waterhibah>



Use of Water Hibah Financing

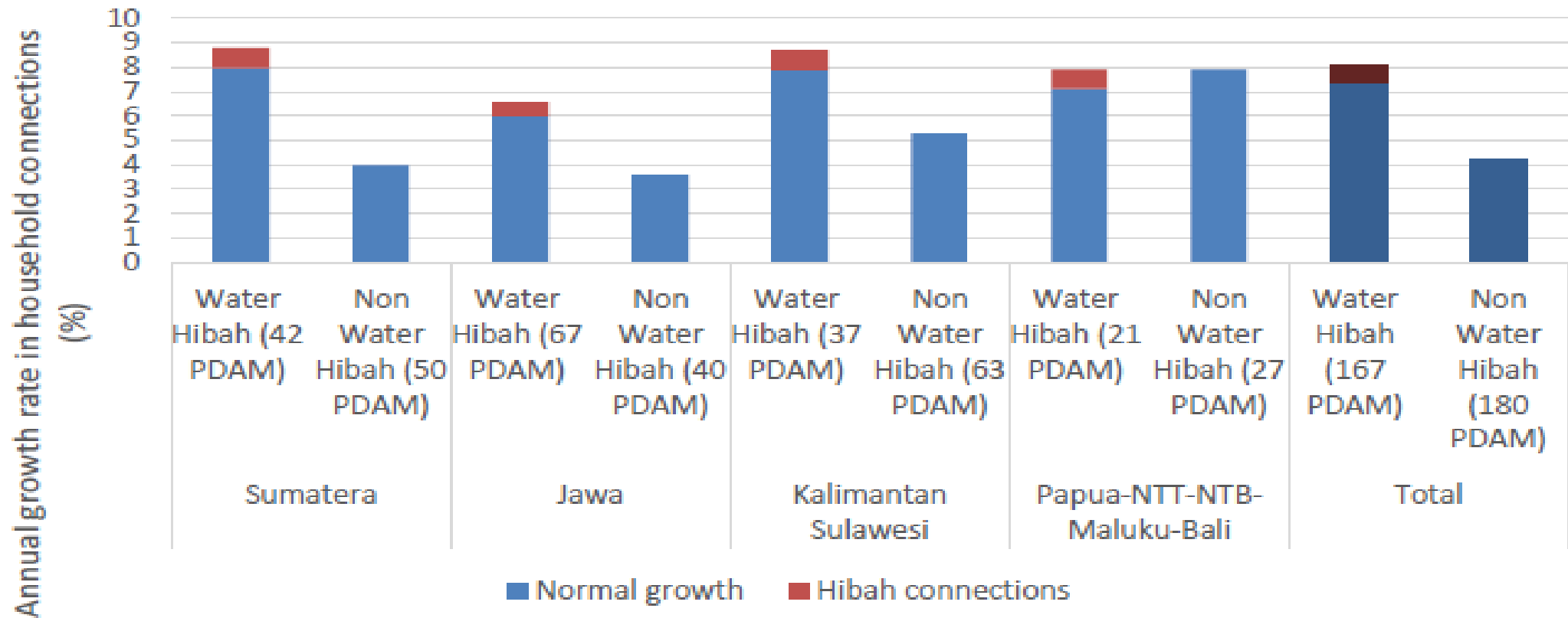
Proven Leverage

- 156 LG joined water hibah in 2009-2015
- DFAT – 400,000 connections with A\$100 million grant
- Future APBN hibah can target greater leverage.

	Indll	APBN Mainstreaming Options			
LG Hibah	2.5	2	2	2	2.5
LG APBD	0.2	1	1.5	2	1.5
PDAM	3.3	3	2.5	2	2
DGHS					
	6	6	6	6	6
PDAM %	55%	50%	42%	33%	33%
LG %	3%	17%	25%	33%	25%

Evidence on increased local government investment

Annual growth rate in household connections (2010-2014)
for Hibah and non-Hibah participants



Spending on National Budget Hibah

Year	Allocated in National Budget Hibah (AUD)	Expended (%)
2015	48m	70%
2016	77m	73%
2017	82m	73%
2018	77m	
2019	86m	
Total	370m	

- The agreed investment up until 2019 is 4.6 times than made by DFAT
- Of the 138 local governments participating in the DFAT and USAID funded hibahs, 97 have continued to participate in either national budget 2015 or 2016 or both, which represents 70% of local governments.
- National budget hibah is the result of collaboration between DFAT, USAID, and other government partners

Performance Based Grants for Water?

Output based grants to Local Government for water supply have been very successful but are one-dimensional

Output is measured by increase in house connections for water

Gol is planning to implement Performance Based grants for water supply that are multi dimensional and target sustainable improvements in performance.

Performance Based Grant Indicator Set

Overall Performance measure

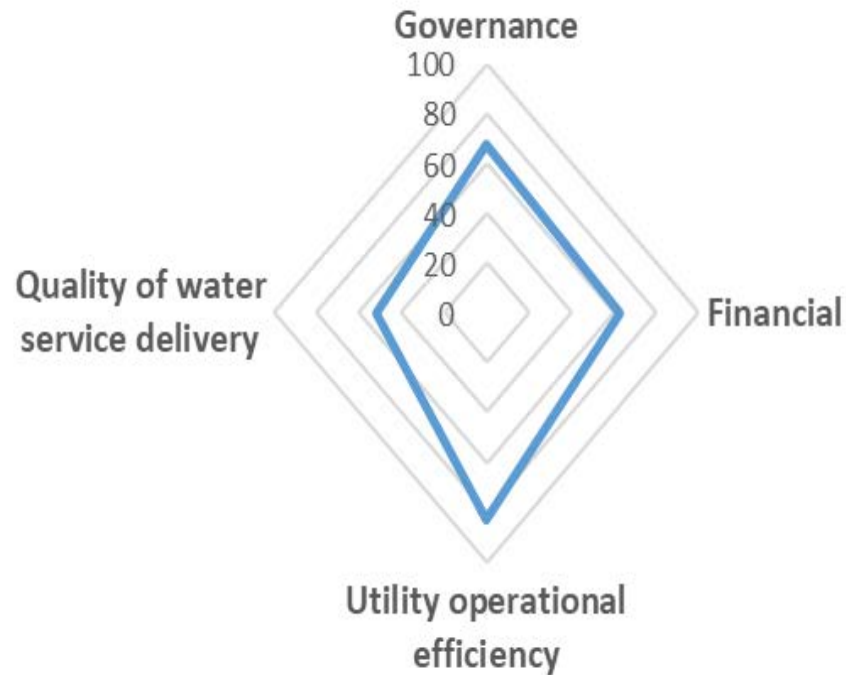
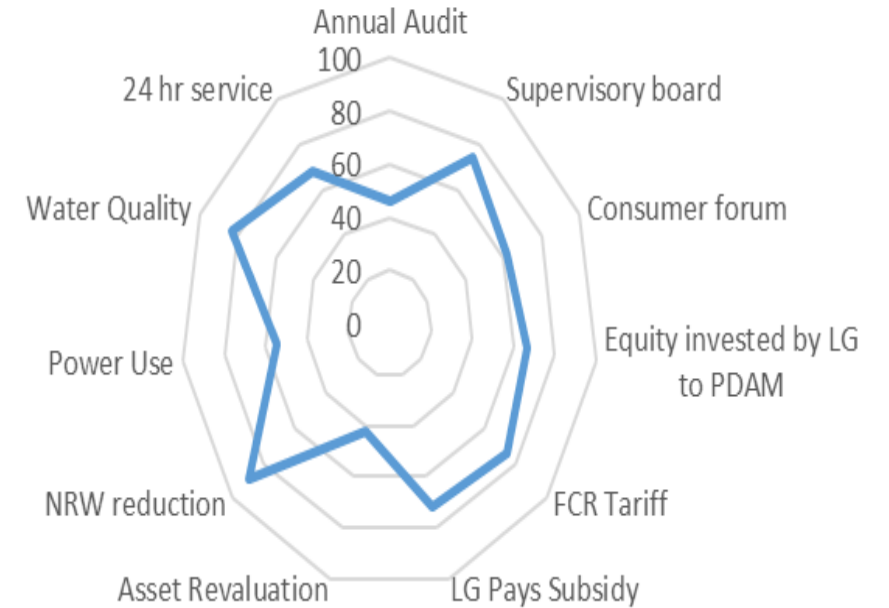


Chart Title



“Before we develop it further we need to develop the institutions, we need to provide assurance there will not be obstacles. I would prefer that the [funding allocation to the] Hibah is not too big, and not too small

We need to maintain credibility of the mechanism, that it is robust and can be replicated”.

Thank You



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