URBAN WATER PLANNING IN INDONESIA

Tri Dewi Virgiyanti

Director for Urban, Housing, and Settlements
National Development Planning Agency-BAPPENAS
Indonesia
Urban Water in Indonesia

- Indonesian urban population increase 2.75% per year

- Only a third of the urban population has access to piped water services

The National Mid-Term Development Plan:

- 100% access to water supply (60% piped and 40% non-piped)

Access of urban water in 2017: 81.05%
Local water enterprise (PDAMs) targets and current performance

- 100% of the PDAMs to be in “healthy” condition
- Only 53% of PDAMs are classified as healthy in 2015

Sehat = healthy
Kurang sehat = less healthy
Sakit = sick
Roles and Responsibility of Government in Water Supply Development

Central Government
- Policy and regulation
- Technical assistance
- Investment support
- Monitoring and evaluation

Concurrent Affair

Local Government
- Provinces
- Cities/districts

Development, Operation, and Maintenance
- Piped water
  - Local water enterprises
- Improved non-piped
  - CBOs
  - Water kiosk

Shared responsibility
## Platform for Urban Water

- The initiative for urban water supply sectoral platform program build upon various ongoing Government sector initiatives, including:

<table>
<thead>
<tr>
<th>Initiative</th>
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<tr>
<td>Provision of guidelines for water tariff setting</td>
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<td>A service providers’ debt restructuring program including partial or full</td>
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<td>write off of accrued interests and penalties, and debt to equity conversion</td>
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<td>A program of central government guarantees and interest subsidies for</td>
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<td>commercial loans</td>
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<td>An output-based grants through the water hibah program</td>
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<td>Special allocation funds and grants (DAK) / Special Allocation Fund</td>
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Platform for Urban Water

• The framework integrates various existing Government programs to form a comprehensive range of technical assistance, capacity building, and investment financing support, which can be targeted to local governments and/or PDAMs to achieve specific improvement aims.

• Targeting 350 - 400 existing PDAMs

• Offering differentiated packages of support tailored to the diverse performance status, needs, absorptive capacities, and other circumstances
Pathway for improving PDAM’s performance

- TA and CB
  - Less healthy and sick PDAM
  - Less healthy PDAM
  - Healthy PDAM
  - PDAM’s debt
    - Debt restructuring
  - Investment
    - PDAM budget
    - National/local budget
    - Alternative financing
    - Bilateral / Multilateral Partnership
    - PPP
Proposed NUWAS FRAMEWORK (Structured TA and CB)

Group 1 – Sustainable Healthy

Group 2 – Healthy

Group 3 – Potentially Healthy

Group 4 – Less Healthy

Group 5 – Sick PDAM

Program TA and CB basic skills to increase capacity

Program TA and CB immediate skills to increase operational and investment capacity

Program TA and CB immediate skills to increase operational and investment capacity

Program TA and CB advanced skills to apply innovative operational and investment technologies

Program TA and CB advanced skills to apply innovative operational and investment technologies

TA 1: Support LGs to prepare the integrated water plan and potential service providers

CB 1: Basic training on PDAM’s management

CB 1: Intermediate training on PDAM’s management

CB 1: Advanced training on PDAM’s management

TA 2: Support PDAMs to prepare business plan

CB 2: Training on business plan preparation and consultation

TA 2:

CB 3: Training on business cases preparation and consultation

TA 3

CB 3: Training on business cases preparation and consultation (advanced level with innovative financing and structuring options)

TA 4: Support PDAMs to prepare HR management strategy

TA 5: Support PDAMs to prepare SOPs

CB 4: Training LG’s supervisory board members on PDAMs operation
Proposed NUWAS FRAMEWORK (Incentive based structure)

Policy Advisory for LGs in selecting the appropriate type of service provider

Gradual and continuous improvement

Group 1
- Matching grant
  - To encourage and leverage non-public financing

Group 2
- Performance based grant
  - For improved performance, increase service coverage and expand service areas

Group 3
- Matching grant
  - To encourage and leverage non-public financing

Group 4
- Performance based grant
  - For improved performance, increase service coverage and expand services

Group 5
- Seed grant
  - To increase service coverage and improve performance

TA & CB Program
- Basic skills to improve capacity
- Operation and management skills to improve performance and project implementation/management
- Advance skills and innovation for further improvement

Note: Size of the box does not reflect the available amount of each grant
Challenges and Solutions

Challenges

- The readiness of local government:
  - Financing mechanism
  - Regulation
  - Capacity
- Still need the trigger to increase the demand

Way Forward

- Financing mechanism:
  - Design the effective fund channeling from central government to local government
  - Disseminate the alternative sources of funding
- Regulation:
  - encourage the local government to implement the minimum service standard regulation
  - encourage the local planning document policies
  - Tariff and subsidy policies
- Capacity: Capacity Building and Technical Assistance (integrated with investment support)
- Demand creation: encourage local water utilities to conduct the customers satisfaction survey
THANK YOU