

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. External support to the water and sanitation sector in Indonesia is provided by (i) multilateral development banks, notably the Asian Development Bank (ADB) and the World Bank; (ii) countries providing bilateral aid including Australia, Japan, and the United States; and (iii) United Nations agencies such as the United Nations Children's Fund (UNICEF).

2. **ADB.** In the past, ADB provided financing for urban sanitation primarily through integrated urban infrastructure development programs, including for Medan and Yogyakarta.¹ For rural areas, the Community Water Services and Health Project addresses water supply and sanitation improvement in about 1,000 communities, including tsunami-affected areas in Aceh and Nias. The project assists local governments plan sustainable investments and conduct advocacy and awareness training in communities to build their capacity to operate and maintain new water and sanitation facilities that will be built through the project.

3. **World Bank.** The World Bank, through its Water and Sanitation Program, assists the Government of Indonesia in providing support and policy advice to the water and sanitation sectors. The Indonesia Sanitation Sector Development Project aims to consolidate and develop sanitation strategies and guidelines to put into operation existing policies through institutional, economic, and regulatory reforms; develop an advocacy approach for sanitation; and build decision makers' capacity. Further sanitation-related projects include the Third Water Supply and Sanitation for Low-Income Communities Project (PAMSIMAS), which aims to increase the number of low-income rural and peri-urban residents accessing improved water and sanitation facilities and practicing improved hygiene.

4. **United States Agency for International Development.** Through the Environmental Services Program (ESP), the United States Agency for International Development (USAID) supports initiatives by the local governments of Medan, Deli Serdang, Padang, Bandung, Malang, and Surabaya in developing and implementing a range of replicable models for improved city sanitation, hygiene behavior change, and water supply. With support from the ESP, 14 communal sanitation systems are being established in the six cities listed above. USAID considers continuing these activities through a successor project to the ESP, the proposed Indonesia Urban Water, Sanitation and Hygiene Project, targeting sanitation development and wastewater practices.

5. **Australian Agency for International Development.** In August 2009, the Australian Agency for International Development (AusAID) prepared its Water and Sanitation Initiative for Indonesia. Activities under this initiative directly related to sanitation include the expansion of the current PAMSIMAS program and the preparation of investment plans for sewerage systems in four cities. AusAID is also financing the Indonesian Water Supply and Sanitation Formulation and Action Planning (WASPOLA) Facility, and consulting services for institutional development

¹ Previous ADB loan financing for Medan include (i) ADB. 1981. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the Medan Urban Development Project*. Manila (Loan 0550-INO); (ii) ADB. 1988. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the Second Medan Urban Development Project*. Manila (Loan 0919-INO); and (iii) ADB. 1997. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the Metropolitan Medan Urban Development Project*. Manila (Loan 1587-INO). Previous loan financing for Yogyakarta includes ADB. 1992. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the Central Java and D.I. Yogyakarta Urban Development Sector Project*. Manila (Loan 1198-INO).

and capacity building for the Metropolitan Sanitation Management and Health Project (MSMHP). Through the Indonesia Infrastructure Initiative, AusAID provides further support for the sector, including assistance for water supply, sanitation, and solid waste management projects.

6. **Japan International Cooperation Agency.** Japan International Cooperation Agency (JICA) provides assistance to improve the urban environment, especially to the cities of Jakarta, Surabaya, Makassar, and Denpasar, by strengthening environmental administration to address the issues of water contamination and waste disposal.

7. **United Nations Children's Fund.** UNICEF supports the Indonesian government in developing and implementing strategies that improve drinking water and sanitation conditions across the country. UNICEF also assists the government in improving relevant planning mechanisms and monitoring systems and databases.

Table 1: Major Donor and Development Partners

Sectors and Themes	Donor, Development Partner	Project Name	Duration	Amount (\$ million)
Water supply and sanitation	ADB	Community Water Services and Health Project	2005–2011	64.7
				16.5
		Medan Urban Development Project ^a	1981–1986	39.3
		Second Medan Urban Development Project ^a	1988–1995	175.0
		Metropolitan Medan Urban Development Project ^a	1997–2003	116.0
	World Bank	Central Java and Yogyakarta Urban Development Project ^a	1992–1998	150.0
		PAMSIMAS	2006–to date	137.5
		USAID Environmental Services Program ^a	2004–2009	3.5
	AusAID	Indonesia Water Supply and Sanitation Policy and Action Planning Project	1998–to date	8.3
		Water and Sanitation Initiative	2010–2011	20.0
	JICA (JBIC)	Denpasar Sewerage Development Project	1994–2007	Y5.4 billion
	WSP	Indonesia Sanitation Sector Development Program	2006–2010	6.7

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, JICA = Japan International Cooperation Agency, JBIC = Japan Bank for International Cooperation, PAMSIMAS = Third Water Supply and Sanitation for Low-Income Communities Project, USAID = United States Agency for International Development, WSP = Water and Sanitation Program.

^a Multisector projects including urban sanitation.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

8. Regular meetings are held among donor and development partner agencies active in the water and sanitation sectors mainly to discuss sector issues and coordinate effective engagement with the government on water supply and sanitation policies and future project work.

9. In addition, the government, mainly through the Ministry of Public Works and BAPPENAS, arranges donor and development partner coordination meetings and technical seminars to further determine directions to expand the coverage of water supply and sanitation facilities in the country.

10. At present, several ministries are responsible for the following activities that relate to the sanitation sector:

- (i) Ministry of Public Works—providing technical guidance, promoting pilot projects, and developing large off-site sanitation systems;
- (ii) Ministry of Environment—policy developments, regulation formulation, and coordinating efforts in pollution control and other environmental issues;
- (iii) Ministry of Home Affairs—assisting local institutional development and capacity building to support the development of sanitation facilities;
- (iv) Ministry of Health—promoting healthy behavior;
- (v) Ministry of Finance—administering government budgets for sanitation facilities; and
- (vi) National Development Planning Agency—developing national policy, strategy, and programs on providing sanitation facilities; coordinating development cooperation through WASPOLA.

C. Achievements and Issues

11. The sanitation sector in Indonesia is gaining more attention, especially since the government officially launched its *Roadmap to Acceleration of Urban Sanitation Development, 2010–2014*,² which aligns with its new medium-term development program for the same period. The government's activities were strongly supported by multilateral and bilateral assistance, primarily on the policy development and sector level. While good progress has been achieved in making sanitation more of a priority and in public awareness for improving sanitation, public health, and hygiene, investment is still low. The ADB-financed MSMHP will provide financing for large-scale urban sanitation improvement. A follow-up program to scale up urban sanitation improvement, probably in form of a multitranches financing facility, is under consideration by the government and ADB.

D. Summary and Recommendations

12. Over the past years the government has increasingly prioritized the improvement of sanitation in its development policy agenda. This process was supported by a concerted effort of major donor and development partner agencies, primarily through technical assistance for sector policy dialogue, sector studies, and awareness programs. The MSMHP will provide further support by financing related investment programs, initially in two major cities. It is recommended that ADB further collaborate with the government and donor and development partners in the sanitation sector, for both for technical assistance and investment financing.

² Sanitation Development Technical Team. 2009. *Roadmap to Acceleration of Urban Sanitation Development 2010–2014*. Jakarta.