

More and Better Spending: Connecting People to Improved Water Supply and Sanitation in Indonesia



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Australian Government



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Context

*Government's target to
achieve universal access
on water supply and
sanitation*

**Considerable
progress in providing
access to water
supply and sanitation**

Access to improved water sources and improved sanitation is increasing.

As of 2018, 73 percent of households in Indonesia had access to improved drinking water and 69 percent to improved sanitation facilities, a significant improvement from 1994, when only 38 percent and 28 percent of Indonesian households had access to these services, respectively.

73%

Access to improved
drinking water, 2018

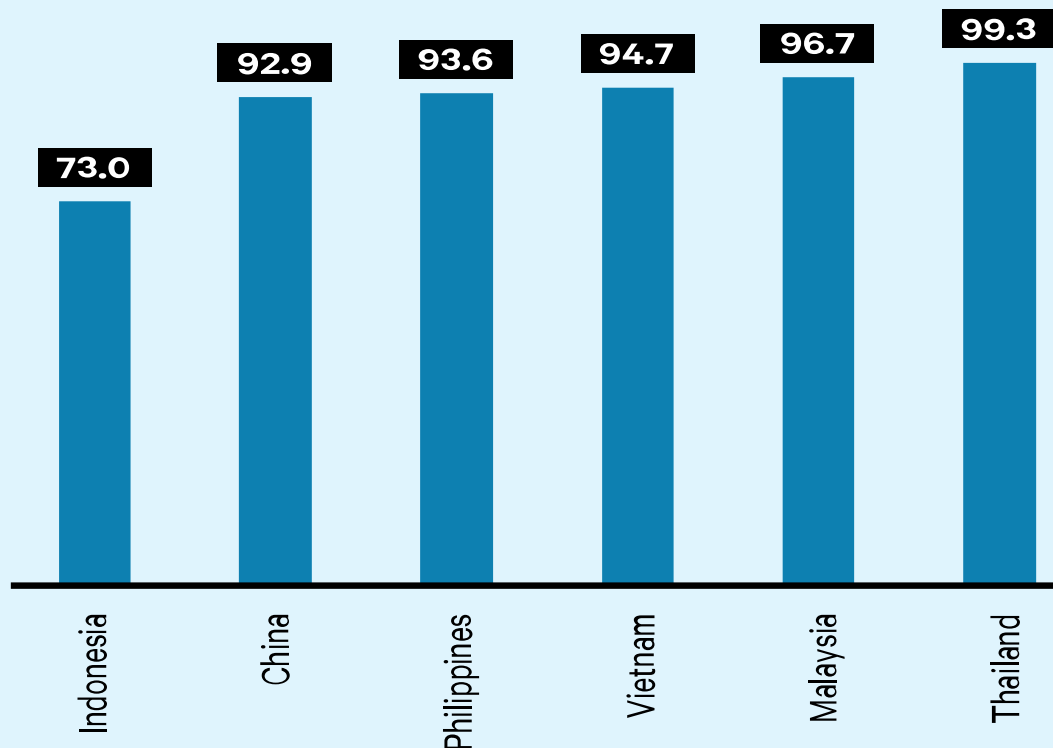
69%

Access to improved
sanitation, 2018

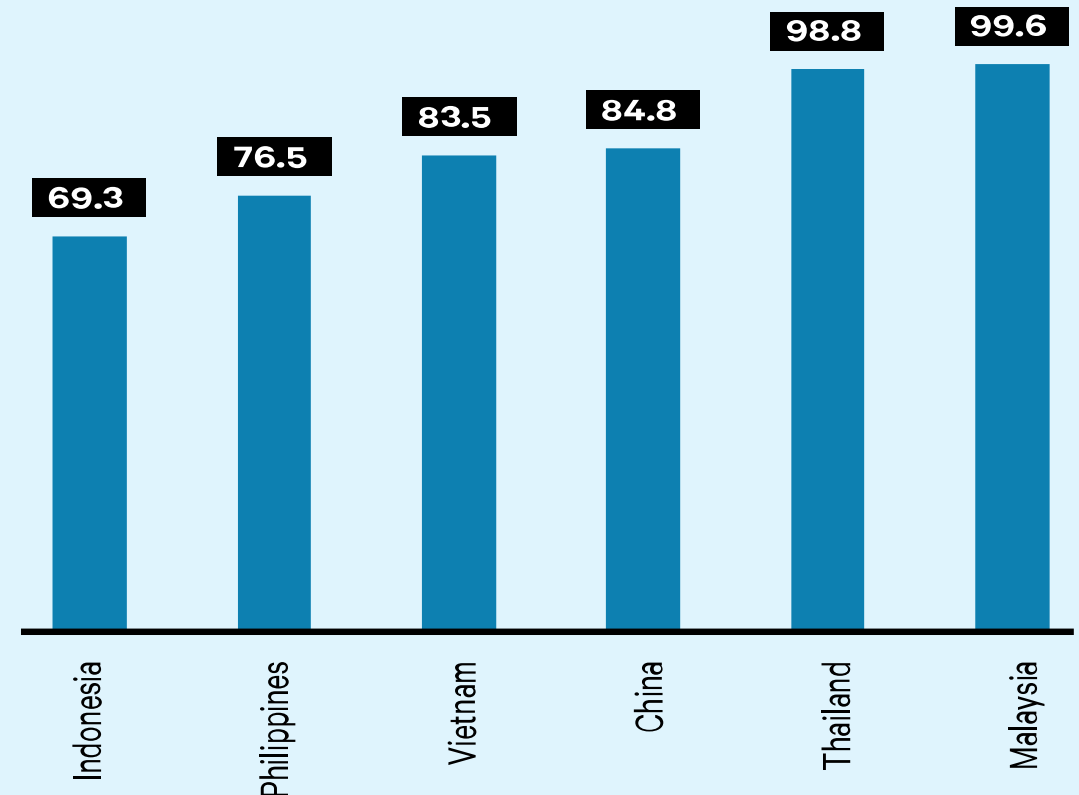
Indonesia trails its neighbors in providing access to water supply and sanitation services

China, Malaysia, Thailand, Vietnam and the Philippines have higher shares of population with access to water supply and sanitation.

Access to improved drinking water supply, 2017



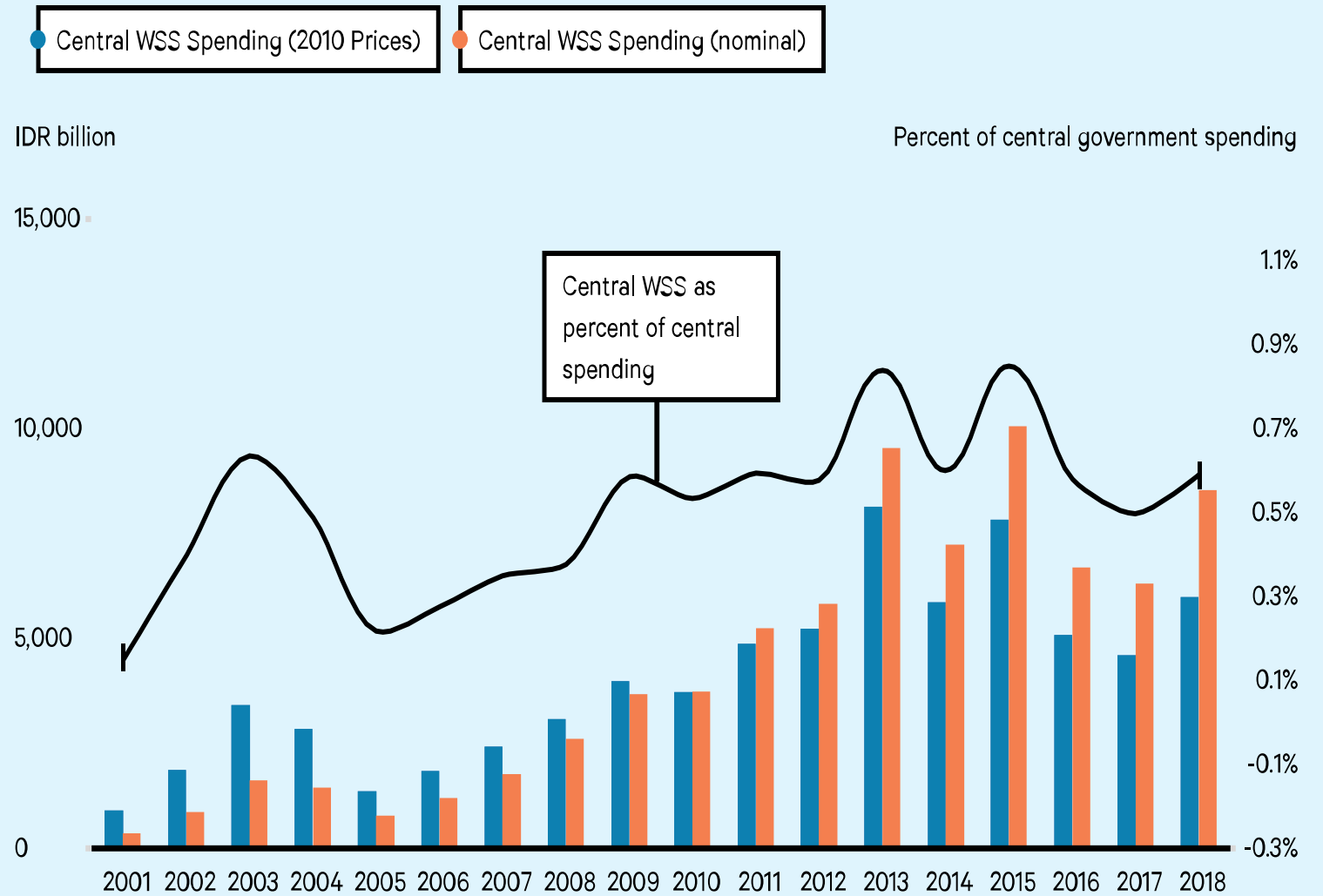
Access to improved sanitation, 2017



*Required expenditures
are high*

Public Expenditure on WSS sector increased threefold over 2001-2018

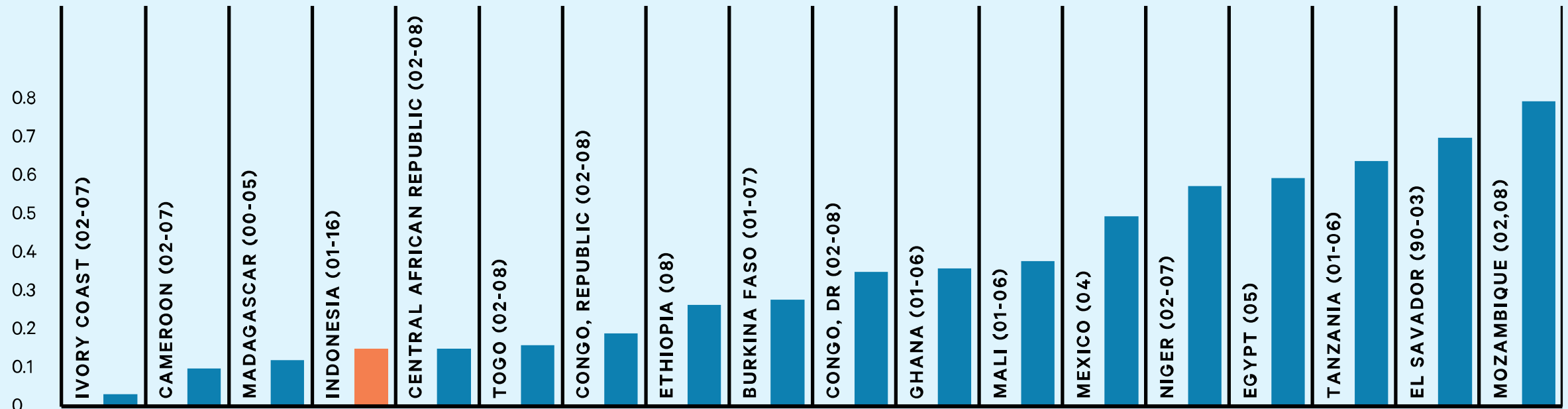
Translated to almost 8 percent growth per annum. Mostly driven by an increase in central government spending. Central government contribution in the sector has also increased from 18 percent in 2001 to an average of 45 percent throughout 2011-2015. Contribution from Local Government???



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

However, Indonesia's WSS spending as a share of GDP is small compared to peer countries

Percent of GDP



Source: Various countries' PER, WDI, various years

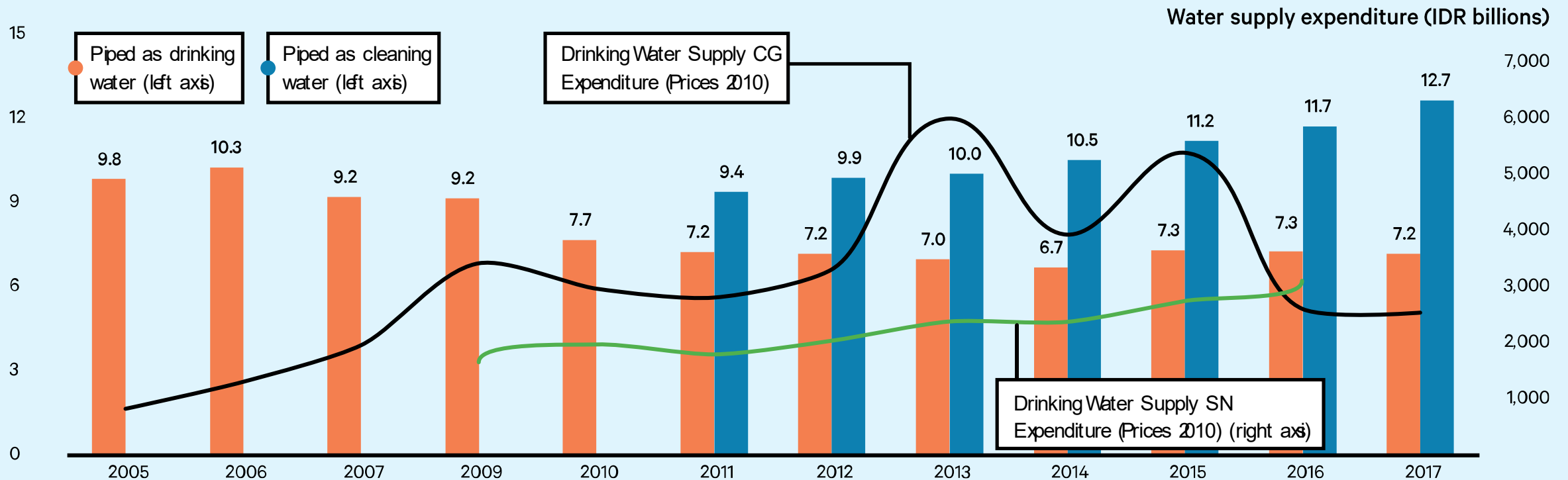
Remaining Challenges

02

Effectiveness and Budget Execution of Central Government Spending on the Sector and Efficiency of Spending at the Sub-National Level

- Increase in spending in water supply has not been commensurate with increases in piped water connections.
- In sanitation, despite increase of government spending on connecting households to sanitation infrastructure, only about 5% of wastewater and septage properly collected and treated

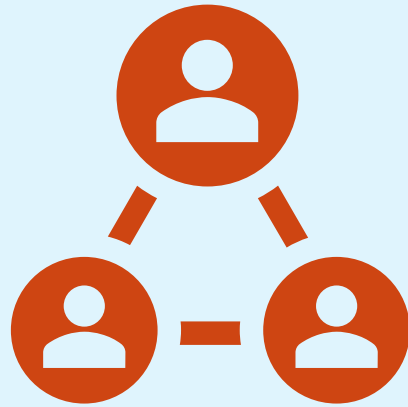
Millions of households



Underlying issues on water supply

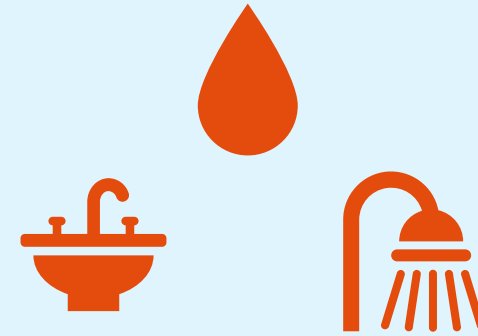


Underlying issues both from supply and demand sides



Poor Coordination

Lack coordination between Central Government and Local Government programming led to relatively small increase in the number of homes connected and increased idle capacity



Lack of incentives to utilize piped water supply

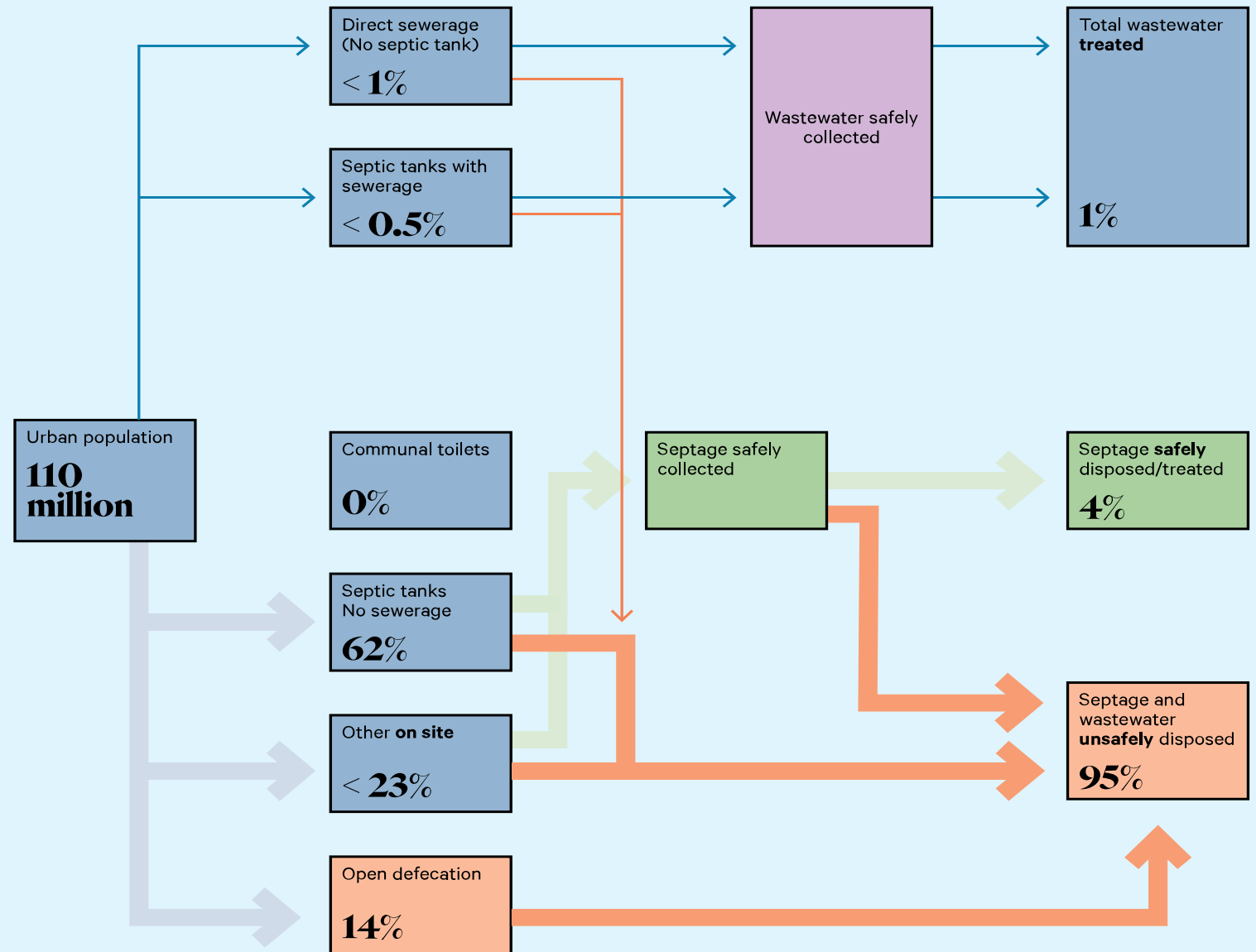
Even when the households do have access to the service. Lack of trust on quality and concerns about reliability of piped water driven the increase in the usage of bottled water. The perceived lower cost of groundwater and lack of regulation are reasons for households not to use piped water as primary water source

Underlying issues on sanitation



Issues that drive the poor performance cover the whole sanitation chain

- The majority of septic tanks that are being used are of poor quality
- Most existing treatment plants (wastewater and septage) are in poor condition and not used optimally. Most cities do not have adequate sanitation management



Key Recommendations

03

Key Policy Recommendations

- Focus on **identifying opportunities** for efficiency gains and strengthened impacts;
- Improve **institutional arrangement** and strengthen **fund management** mechanism:
 - Improve the co-ordination and channeling of funds between different layers of government to ensure that expenditure on urban water supply leads to increased levels of service;
 - Reform the regulatory environment of PDAMs to enhance their financial sustainability, and enforce relevant regulations;
- Increase **demand for piped water supply**:
 - Change incentives to discourage the use of groundwater and enforce regulations to limit groundwater exploitation;
- For sanitation, increase **the capacity of local governments** to design and implement plans appropriate to their cities, which could involve a mixture of both centralized and good quality decentralized systems;
- Provide support for sustainable **community-based** rural water supply and sanitation development

Terima kasih

Thank you