Water and Sanitation Programs (WASAP)

Biannual Progress Report

Covering Period: July 1 – December 31, 2009

Prepared by The World Bank to The Royal Dutch Embassy

Jakarta, 5 February 2010
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WASAP Financial Report

Page No. 59-102
Executive Summary

This report provides the implementation progress of the Indonesia, Water and Sanitation Program (WASAP). This is the eighth progress report prepared for the Management Committee (MC) and the Royal Netherlands Embassy (RNE). This biannual progress report provides an assessment of the WASAP TF and progress of the subprograms covering period July 1, 2009 through December 31, 2009. This implementation phase witnessed streamlining of processes, contracts, child-funds and planned activities. Additionally, completion and review reports are under finalization. The subprograms WASAP-B, Indonesia Sanitation Sector Development Program (ISSDP) (the major part of WASAP-C) and –I are being closed as planned. Measures have been taken to improve project management and donor relations as recommended by the mid-term review.

There were four major actions completed during this phase. These are as follows:

1. The Grant Agreement for WASAP-D, City Sanitation Pilots has been signed by the MOF, and disbursement is pending grant effectiveness in February 2010.

2. Two major procurement bidding documents and contracts Project Preparation Consultants (PPC) and Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) were signed for Subprogram WASAP-J, Technical Assistance for Flood Mitigation.

3. Three subprograms WASAP-B and -I were closed. The final report for WASAP-I was completed in November. The final report of WASAP-B is under completion. The ISSDP component of WASAP-C will be closed in January 31, 2010.

4. The consultant’s contract for subprogram E was signed on 30 September, the deadline agreed in the last MC meeting. The Grant Agreement expired on 30 October 2009, but endorsement for extension was held off so that BAPPENAS could take the necessary steps to demonstrate that the objectives remain achievable and implementation will be on track. The 2-year request for retroactive extension has now been endorsed to the World Bank’s Vice President.

To improve internal and external coordination, the first quarterly Task Team Leader’s (TTL) review meeting was held with RNE. Following this, Government of Indonesia (GOI) counterparts were updated on implementation progress. Additionally, the first donor water supply sector coordination meeting, led by the Ministry of Public Works took place.
Planned actions from previous phase that were not completed and carried over during the continuing phase are 1). Disbursement of 10 percent precondition for WASAP-D grant continuation. The loan effectiveness condition for WASAP-D; disbursement is likely to be achieved by the end of February 2010 and, 2). Speed up implementation under WASAP-E to improve performance rating which is currently rated as unsatisfactory. The subprograms WASAP-E and D continue to face delays in procuring of services. However, additional support is being provided by task teams to mitigate these implementation weaknesses.

### Trust Fund Background

The WASAP was established in 2004 as an umbrella Trust Fund (TF), supported by the RNE, to assist the GOI, to improve its service coverage and quality in the Water and Sanitation Sector (WSS). The project development objective is to provide capacity building and technical assistance, to bring about reformed and capable institutions, and to support the development of related sector programs. This program represents a significant grant-funded WSS integrated program of the World Bank in Indonesia. This TF consist of separate child funds that integrate and cut across various thematic sectors and institutions to promote reforms, capacity building and sector investment. As planned, Water Supply Capacity Building (WASAP-B) and Water Financing (WASAP-I) have now closed. The ISSDP component of WASAP-C will be closed in January 31, 2010.

In its latter phase of operations, this TF continues to provide strategic support, analytical and advisory services and technical assistance to support the Government of Indonesia’s WSS sector priorities. The summary results from each sub-program are included in this report, including a Financial and Budget Status Report.

### WASAP TF Operations

At the end of this reporting period, two more sub-programs closed and WASAP comprises of sub-programs as shown below. The status of various subprograms is as follows:

**WASAP A: Program Administration and Advisory Services**

This program continues to provide facilitation and analytical support for program initiation. A strategic task, Assessment and Creditworthiness rating for DKI Jakarta is completed by Standard and Poor.

**WASAP B: Water Supply Sector Capacity Building (closed)**

Subprogram WASAP-B closed in December 2009. Consultation on the draft review report of the past two-years implementation is in progress and the final draft report will be available by February 2010.
**WASAP C: Indonesia Sanitation Sector Development Program and Sanitation Capacity Building and Sector Reform**

The ISSDP component of Subprogram WASAP-C will be closed in January 2010. Most of the reports are finalized and closing documents are being prepared. The WSP support for sanitation coordination and urban sanitation sector support component will remain active until December 31, 2011.

**WASAP D: Sanitation Pilots**

Six city governments have submitted proposals to implement sanitation (wastewater) pilot activities, based on priorities identified in the city sanitation strategies. The Grant Agreement was signed with Government in November and will be effective in February 2010, after which the program will be implemented by Government and supervised by WSP.

**WASAP E: Water Supply and Sanitation Sector Monitoring Support**

Progress of subprogram WASAP-E, Water Sector Monitoring continues to face delays and has been rated as unsatisfactory.

**WASAP F: Water Resources Management**

Implementation of WASAP-F, Water Resources Management experienced initial procurement delays of two major contracts ‘Java Water Resources Strategic Study (JWRSS) and Water Management for Climate Change Mitigation and Adaptive Development in Coastal Lowlands (WACLIMAD)’. However, it is now in the final stages of progress and mobilization of consultant is expected this February. Two contracts with NGOs regarding (i) capacity building of Civil Societies organization and Water User Association in the basin management, and (ii) water resources conservation in the upper catchment of Probolo basin – Central Java were recently completed.

**WASAP H: Aceh Nias Water and Sanitation Facility (closed)**

**WASAP I: Water and Sanitation Sector Financing Initiative (closed)**

All activities under subprogram WASAP-I was completed in October 2009. This subprogram closed in December 31, 2009. The final report is completed and dissemination of the results will take place between March-April, 2010.

**WASAP J: Technical Assistance for Flood Mitigation Project**

This program continues assistance to Project management Unit of Jakarta Urgent Flood Mitigation Project (PMU JUFMP) for technical assistance, capacity building, institutional support and communication. Planned outputs are underway in the pipeline and disbursements should begin soon.

Management and Implementation: A WASAP Management Committee (MC) oversees the implementation of the program. This committee functions as an advisory council and meets every six months to monitor progress and mitigate issues related to the effective implementation of program. The WASAP MC is comprised of representatives from the World Bank and the GOI, as full members, and a representative of the Royal Netherlands Embassy as a permanent observer. The GOI-MC members resulting from last MC meeting are:

**BAPPENAS**: Budi Hidayat, Director of Housing and Human Settlements and Donny Azdan, Director of Water Resources

**Ministry of Public Works**: Tamin Zakaria MZ, Director of Water Supply Development and Susmono, Director of Environmental Health and Sanitation
Ministry of Finance: Soritaon Siregar, Director of Investment Management Systems
The only permanent observer to the MC will continue to be the Government of the Netherlands, currently represented by Jaap van der Velden. The next MC Meeting is scheduled for, February 25, 2009.

Program Highlights

Several management and programmatic themes emerges from the management, implementation and performance of the subprograms during the past six months. These are, i) investment and regulatory reform ii) convergence in thematic tasks, iii) alignment of cross-cutting assistance to GOI, iv) monitoring, evaluation and communication and v) analytical support.

Investment and Regulatory Reform: WSS continues to maintain high political profile. The increased sector investment is not aligned specifically to meet national targets for water supply. Notwithstanding, the increase in investment is generating an accelerated roadmap for water and sanitation implementation during 2010-2014. This period also coincides with GOI’s finalization of the mid-term plan for 2010-2015. While there are signs of increased political will at the central level and rising awareness of accountability, similar level of political advocacy is not generally discernable at the local level, although this too is changing where Local Government has been supported by water or sanitation facilitation or technical assistance. WASAP-B, in partnership with PERPAMSI and Ministry of Finance, played an instrumental role in formulating and introducing PMK 120 Debt Restructuring Regulation for Water Utilities in partnership with PERPAMSI. The implementation of PMK 120 is ongoing. To date, 85 PDAMs submitted their proposal for Debt Restructuring; 15 of which have been approved by MOF. PMK 120 puts MOF as the responsible agency to monitor the implementation of PMK 120.

Institutional capacity and financing will remain crucial in the next few years. WASAP-I supported the GOI in implementing Government Regulation 168 of 2009 regarding on granting fiscal mechanism with the setting up of national water incentives program (Water Hibah). This rewards investments by local government to the water sector and will be indicated by connections to poor households. The Ministry of Public Works has formally submitted IDR 20 billion for inclusion in the national budget (2010-2014) to fund the proposed grant.

Government also issued Presidential Decree 29 regarding Interest Rate Subsidy and Loan Guarantee to the Water utilities and a new Ministerial Guidelines number PMK 229.01/2009 was issued by MOF in December 2009 to support this. With newer regulations, there is a semblance of mixed policy options for integrated financing possibility at the local government level – short and long-terms, subsidy, incentives and grants. It is anticipated that with these options, expenditures will actualize in future to strategically link the financing options to meet the needs at the local government and PDAM levels.
Convergence in Thematic Tasks: This report marks a period of significant importance and transition for this TF. As WASAP enters its fourth year of program implementation, the tasks of two major TFs (WASAP-B and WASAP-I) are now completed and officially closed. The main component of WASAP-C is also ending at the end of January 2010. Ongoing activities and coordination support to the GOI are being mainstreamed with WASAP-A. These include three major pillars: water supply, sanitation and water financing. Hence, several analytical and sector coordination tasks are merging with WASAP-A under Advisory Services. These are sanitation, urban drainage, climate change, spatial planning and flooding.

Alignment of Cross-cutting Assistance to GOI: The 2nd National Conference on Sanitation took place in December, 7-9, 2009. The conference was high profile and opened by the Vice President, who also launched the national sanitation acceleration program; based on urban sanitation approaches developed though ISSDP. The sanitation acceleration program includes sewerage development in 16 cities, and 5 years technical assistance to Government as follow up support to the work started by ISSDP is being contracted by the Dutch government. Based on the city strategies introduced by WASAP-C, limited implementation in priority areas will be undertaken though the WASAP-D sanitation pilots.

As previous commitment and tasks are closing, cross-cutting issues of climate change and spatial planning are also emerging. The WACLIMAD and JWRSS are programs aiming at the development of new policies and strategies incorporating water resources management. Finally, the findings and recommendations from Standard and Poor Assessment and Creditworthiness Rating for DKI Jakarta help DKI to understand their financial and borrowing capacity for infrastructure investment programs. The result from this credit rating encourages other metropolitan cities throughout Indonesia to follow a similar exercise.

Monitoring, Evaluation and Communication: In November 2009, Quarterly TTL and RNE meeting was held as planned. This meeting followed briefings for GOI counterparts to update them on ongoing implementation. These quarterly meetings are aimed at improving project and donor relations. Most Grant Monitoring Reports (GRM) for subprograms has been finalized for the ending annual cycle. GRM for WASAP-B, 2007 is pending approval and for 2008 and 2009 is not yet complete. The final program reports for WASAP-B and WASAP-C are under review and consultation. The task order for WASAP-I is complete and the main report is finalized. Procuring of consultants services for the continuing Tasks for WASAP-F, WASAP-D and WASAP-E will be expedited in the coming months. As subprograms final deliverables and tasks are being completed, consultations with the Government and relevant line agencies continue. The outcomes are planned to be communicated to a wider audience by using the WASAP website, printed material, policy briefings and other channels. It is expected that these results will further provide guidelines for follow up action.

Analytical Support: In addition to supporting staff time, management and administrative support, WASAP-A continues to provide support for analytical tasks and project preparation. This support includes preparation for special studies for Jakarta Flooding, preparing for sanitation (sewerage) and solid waste investment project, and urban drainage. In addition to this support, WASAP-A
explores opportunities and possibilities to leverage these start-up funds to harmonize projects and programs with other donor agencies.

**Finances**

As compared to the last reporting period, in general, expenditure volume has slightly slowed down, end of the year. With major contracts and activities in transaction, this trend is likely to be reversed in the next six months. Likewise, with fiscal closing next quarter, disbursement ratio and expenditure volume is expected to increase. The financial status report shows that by December 31, 2009, the WASAP program disbursed a total amount of Euro 13,560,459.69. This disbursement rate represents 74 percent of the initial grant amount of Euro 18.26 million and 54 percent of the total grant amount of Euro 25 million. However, commitments of USD 1.1 million (approximately Euro 810,000) are in transaction, which represent of about 3.2 percent of the total grant amount. There is cash balance for the remaining program period of Euro 7,056,260.78.

**Conclusion and Actions**

This section summarizes the key actions required for follow up. For the next six months, the WASAP program will specifically address the following areas.

- *Supporting mainstreaming of climate change in water management.* WACLIMAD and JWRSS procurements will be finalized. These actions are aimed at assisting the GOI in development policies and strategies to incorporate climate change with water resources management.
- *Increased assistance to GOI executed programs:* Additional supervision and oversight will be provided by task teams to support GOI executed programs, in particular, WASAP-E and WASAP-D. WASAP-E remains a high risk program. WASAP-J on Jakarta Floods is moving on track.
- *Capacity to monitor implementation of ongoing reform:* As GOI moves forward from a stage of introducing regulatory reform to implementation, support and assistance will continue to be leveraged in stabilizing this development process.
- *Moving Forward with Project preparation Support.* Procurement delays continue to slow down implementation and disbursement ratio, in addition to impacting performance and targets.
- *Piloting plans and strategies.* The closure of WASAP-B and WASAP-C/ISSDP introduces a second phase of program implementation. WASAP-D will carry forward the task to initiate the implementation of city pilots.
- *Sector coordination and monitoring:* The program will continue water supply and sanitation sector coordination and monitoring support to GOI and to the debt
restructuring implementation monitoring for water utilities and other sector reform regulations.

WASAP Subprogram – A

Program Administration and Advisory Services

Biannual Progress Report

July 1 – December 31, 2009

Jakarta, Indonesia

Title: Sub-Program A - Program Administration and Advisory Services

Timeframe of Program (starting date-ending date): June 2005 – end of WASAP

A. Executive Summary

The WASAP Sub-program A provides support for the overall administration, technical and advisory services for WASAP. During this reporting period, main activities conducted under WASAP Sub-program A include the completion of WASAP Mid-term review and coordination to prepare follow up actions in responding to the findings and recommendations, final Integrated Flood Management (IFM) Workshop and finalization of IFM Module, completion of the Standard & Poor Assessment and Creditworthiness Rating for DKI Jakarta, facilitation of sanitation and solid waste investment programs, continue support to the start up of sub-program WASAP J, integration of WASAP website into the World Bank website, as well as continue providing support to the on-going special studies and other WASAP sub-programs.

Some new activities have been also initiated under this sub-program, including discussions and brainstorming meetings on the water supply and sanitation financing, as well as collaboration with Directorate General Cipta Karya and the World Bank’s Carbon Partnership Fund in facilitating a workshop on Integrated Solid Waste Management with Clean Development Mechanism as Incentive.

B. Program Background

The objective of WASAP Sub-program A is to (i) serve as the overall coordinating and management structure of the WASAP; (ii) perform common administrative and strategic functions; (iii) develop linkages across sub-programs, (iv) conduct advisory services through consultant TA and special studies, and (v) improve stakeholder (GoI and donors) sector coordination.

C. Results to Date

Outputs or progress of activities implemented in this reporting period:

Overall WASAP Administration and Management: MC Meeting was conducted in July 29, 2009 focusing on the responds and follow up action to the findings and recommendations of the WASAP Mid-term Review. Many of the follow up actions have been implemented immediately following the presentation of the draft findings in the previous MC Meeting in April 1, 2009, including the decision to conduct TTLs meeting on the quarterly basis. The TTLs meeting was conducted in November 3, 2009 where the TTLs responded to the RNE’s comments on the
progress report as well as provided progress updates on the implementation. Issues on budget situation were also discussed in this meeting. Internal coordination and communication with the World Bank’s management have been also intensified, in particular in improving WASAP’s internal monitoring and evaluation reporting, financial management, and preparation of some sub-programs’ closures.

WASAP Mid-Term Review: WASAP Mid-Term Review implemented by Royal Haskoning has been completed and the Final Report has been submitted in August 2009. TTLs have provided responds and follow up actions to the findings and recommendations. A matrix of responds and follow up actions has been developed and discussed in the MC Meeting conducted in July 29, 2009.

Standard and Poor’s Assessment and Creditworthiness Rating for DKI Jakarta: To support DKI Jakarta’s plan to launch municipal project finance bonds to strengthen their fiscal position, and to improve planning for future infrastructure investments, WASAP-A has contracted Standard & Poor’s (S&P) to conduct a Financial Management Assessment (FMA) and credit rating of DKI Jakarta. The assessment provides a comprehensive overview and analysis of DKI Jakarta’s fiscal position and its ability to manage and acquire debt. S&P has applied its methodology for FMA, using a comprehensive assessment of Local Government's financial management sophistication and quality. S&P has also applied its current methodology for assigning credit ratings to Local Governments and, using S&P’s global rating scale, provided a credit rating of the city, as well as evaluated challenges, strengths, and risks of the entity’s financial management systems and practices in the context of global good practices and the local environment. DKI Jakarta’s financial management and creditworthiness is rated based on in-depth qualitative and quantitative analysis of a wide range of financial, economic, and institutional factors. S&P has completed their FMA and credit rating of DKI Jakarta with the result of BB-/stable. The final report is available and ready to be presented to the Governor but it is strictly confidential and under DKI Jakarta’s discretion for disclosure.

JUFMP Capacity Building Support and Technical Assistance: WASAP has been integral in supporting preparation for the Jakarta Urgent Flood Mitigation Program (JUFMP) – previously called JEDI. Currently, the Project is nearing appraisal. WASAP Subprogram J is assisting with technical and capacity building support for the Project, and WASAP Subprogram A has also been integral in providing ad-hoc support to ensure comprehensive Project preparation and analysis. WASAP Subprogram A has supported coordination and communication, as well as policy analysis, technical assistance, monitoring, and critical support in social and environmental safeguard issues. JUFMP will be conducting its appraisal mission in mid-February upon which loan negotiations will be conducted; JUFMP is expected to begin implementation in Mid 2010. The PPC Consultant has started the work on the Detailed Engineering Design (DED) and draft bidding documents for Phase 1 is near completion. The EIA/SIA Consultant has started working on the tracer study, reviewing Ancol Disposal Site, ESMF, and initiating the Resettlement Plan (RP). The successful developments in achieving progress to this date have been contingent on the mobilizing power and support that has been provided through WASAP Subprogram A support.
Integrated Flood Management Module: As a follow up on the Training of Trainers conducted in February 23, 2009, the Integrated Flood Management Module has been further developed and improved to accommodate the comments and findings/recommendations from the workshop. More local context and technical aspects were included in the module, as well as some improvements in the teaching strategies and methods. Another workshop was conducted in Bandung in June 15-18, 2009 to introduce the improved IFM Module. There were 25 participants in the workshop, consisted of lecturers of CKNet members from various universities, government officials from River Basin Organizations and Regional Planning and Development Agencies, as well as some media journalists. Following the workshop, more inputs and recommendation to improve the module have been compiled and accommodated in the Final Module. At the moment, some external flood experts are conducting final review on the IFM Module. The final version is expected to be ready before mid-2010.

Preparation for Urban Water and Sanitation Investment Programs: To respond to the requests from the GOI for support to GOI’s targets and plans to improve and expand water and sanitation services, WASAP-A has facilitated some discussions with Ministry of Public Works, BAPPENAS, utility association (PERPAMSI), other donors, and some local governments to assess the possibility of developing investment projects on water and sanitation sector. Discussions have been also initiated with the other units in the World Bank such as the Carbon Partnership Facility (CPF) to identify possible collaboration. WASAP-A participated and supported the Solid Waste Management and Clean Development Mechanism Workshop, which was conducted on October 29-30, 2009. The workshop was jointly organized by the Ministry of Public Works and the CPF. The workshop was aimed to improve local governments’ understanding on the GOI’s strategy in improving urban solid waste management, introduce the CDM as possible alternative incentive that can be utilized by local governments, and to identify the possible support from Central Government and the World Bank. Following the workshop, already 7 (seven) local governments submitted their expression of interests to participate in the Solid Waste Management and CDM program. WASAP-A also continues the dialogue with MoPW and BAPPENAS for preparation of the follow-up project on the West Java Environmental Management Program (WJEMP), investment for urban sanitation programs, as well as support and financing facilities for development of water supply sector.

WASAP Communication: To ensure continuous maintenance, more secure database storage, and consistency with the overall World Bank’s communication policy and strategy, WASAP website is being integrated with the World Bank’s internet system. The integration process is on-going and expected to be completed by end of January 2010. Considering the overall program management efficiency, the plan to hire an STC Strategic Communication Specialist has been cancelled. The existing WASAP Communication and Website Developer Specialist is now working closer and under direct coordination with the World Bank’s External Communication Team.
## D. Results Matrix (Summary Table)

<table>
<thead>
<tr>
<th>Objectives and Outputs</th>
<th>Results Indicators as stated in original work program</th>
<th>Progress against those performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Objective:</strong></td>
<td><strong>Objective Performance Indicators</strong></td>
<td><strong>List progress against each indicator</strong></td>
</tr>
<tr>
<td>To coordinate, manage, and administer the Indonesia WASAP, to conduct rapid advisory services through TA and studies, and to improve stakeholder coordination</td>
<td>• Effective program coordination established</td>
<td>• Improve coordination and program management through quarterly TTLs meetings</td>
</tr>
<tr>
<td></td>
<td>• Advisory Support responds to sector needs, delivered quickly, TA and Special Studies are utilized</td>
<td>• Special studies to respond interests and requests from GOI (local and central level): completion of S&amp;P Special study, Belawan Water for the Poor, Jayapura WSS assessment, Jakarta Flood Management; on-going discussions and facilitation to prepare new studies/support for water and sanitation financing and development programs</td>
</tr>
<tr>
<td></td>
<td>• Effective coordination established between sub-programs, and overall goals and strategies effectively communicated</td>
<td>• Integration of WASAP website to the World Bank’s website is being finalized</td>
</tr>
<tr>
<td></td>
<td>• Effective program monitoring systems established, regular meetings held on-schedule according to Administrative Agreement</td>
<td>• Utilization of the new format of financial reporting; completion of WASAP Mid-Term review; MC meeting was conducted in July 29, 09 and TTLs meeting on November 3, 2009</td>
</tr>
</tbody>
</table>

### Expected Outputs:

<table>
<thead>
<tr>
<th>Output Indicators:</th>
<th>List progress against each indicator:</th>
</tr>
</thead>
<tbody>
<tr>
<td>TF Secretariat &amp; TA: Coordinate and Manage Sub-programs</td>
<td>MC meeting was conducted on July 29, 09. The next MC meetings will be conducted in February 2010.</td>
</tr>
<tr>
<td>Rapid Response &amp; Study Facility: Deliver rapid response TA and Special Studies supporting the work of Sub-programs</td>
<td>Completed special studies and support to strategic water and sanitation programs: Belawan Water for the Poor, Umbuluan Study, S&amp;P Financial Assessment, PAMSIMAS. On-going studies and support: Integrated Flood Management Module, JEDI flood capacity building support and technical assistance, preparation activities to develop investment and</td>
</tr>
<tr>
<td>TA facility utilized, delivering TA and studies expediently to respond to urgent sector needs</td>
<td></td>
</tr>
</tbody>
</table>
Stakeholder sector coordination: Improve sector coordination through workshops and meetings

Improved coordination, indicated through regular meetings and workshops, recorded minutes of meetings, seminars on water resource management, water supply and sanitation

Results in improved program linkages and partnerships with other organizations and program

Continue brainstorming meetings with other donors and stakeholders on water financing and sanitation roadmap; active participation and involvement in various workshops and meetings with GOI and other donors resulted in closer relationship, increased partnership and more collaboration.

Program Monitoring: Conduct bi-annual monitoring and program evaluation

Development of program monitoring systems, and results/impacts reported in semi-annual reports

Fully compliance with the World Bank's internal monitoring system (ISR, GRM, LOP)

Bi-annual progress report with reporting period July-December and January-June

E. Summary of Financial Status: 31 December 2009

<table>
<thead>
<tr>
<th>Description</th>
<th>EUR</th>
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<tr>
<td>Grant amount</td>
<td>2,954,636.78</td>
<td>4,254,086.04</td>
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<tr>
<td>Receipts:</td>
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<td>Disbursement:</td>
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<td>Commitments:</td>
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<td>379,178.85</td>
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<tr>
<td>Cash Balance:</td>
<td>815,484.57</td>
<td>1,289,553.19</td>
</tr>
</tbody>
</table>

Projected disbursement January – March 2010: USD 868,450
Planned disbursement April – June 2010: USD 954,546

Detailed information on financial status can be found in the separate financial status report.

F. Significant Problems/Constraints and Measures to Overcome

Some of the WASAP sub-programs are nearing completion. WASAP-B and I are closing out on December 31, 2009 while the ISSDP (Indonesia Sanitation Sector Development Program) part of WASAP-C is ending on January 31, 2010. Following the close out, any follow up activities on water supply development/support to PDAMs and sanitation development (especially in relation to sanitation investment) will be implemented under WASAP-A’s coordination.

TORs for follow up activities of these closed out sub-program will be discussed with the donor and will be submitted to MC members for approval.
Discussions and collaborations with GOI and other donors will be also continued and intensified to ensure that WASAP’s activities are in-line and supporting GOI’s program and do not contradict/overlap with other donors programs.

G. Plan and Proposal for Continued Implementation of Sub-Program

WASAP Sub-program A will continue providing administrative support of the overall WASAP implementation within the umbrella trust fund. TTLs quarterly meetings will continue to be implemented in quarterly basis and MC meetings will be conducted every February and August.

With completion and closing up of some sub-programs (sub-program B, the ISSDP component of sub-program C, and sub-program I), any follow-up activities of those sub-programs will be organized and implemented under coordination of WASAP sub-program A. In general, WASAP A will continue providing support to the following special studies:

- Support for Jakarta Flood/JEDI Capacity Building and Technical Assistance
- Support for water supply (PDAMs) to continue and as follow up to the lessons learned from WASAP-B and WASAP-I. TORs for follow up activities will be prepared.
- Continue support for preparation of sanitation (sewerage) and solid waste investment projects
- Continue coordination and dialogue with GOI, other donors, and other stakeholders on the development of water and sanitation financing schemes
- Other studies based on requests from GOI
WASAP Subprogram – B

Water Supply Sector Capacity Building

Biannual Progress Report

July 1 – December 31, 2009

Jakarta, Indonesia

Title: Sub-Program B – Water Supply Services and Capacity Building

Ending Program Period 31 December 2009

A. Executive Summary

This report provides implementation progress of WASAP-B, during the final ending program period 1 July to 31 December 2009. After having completed all the SWOTs in the 14 PDAMs, and based on the advice of the Management Committee, WASAP-B continued to respond to the requests made by the Ministry of Finance in support of the debt restructuring program. The main activities for this period included (1) Implementing seminars for Business Plan applications and revisions. (2) Supporting PDAM Padang during the West Sumatera earthquake (3) Conducting Workshop on Donor Water Supply Sector Coordination (4) Preparing the final review report and (5) Closing of subprogram WASAP-B TF.

The main results during this phase were completion of 8 seminars planned under the program. In total, 37 PDAMs benefited from these seminars. WASAP-B leveraged assistance and funds from the Bank’s disaster fund and provided support to the Government of Indonesia, by leading the Damage, Losses and Preliminary Needs Assessment (DaLA) for West Sumatera. Following the DaLA assessment, the team provided Technical Assistance and post disaster follow up support to the local government of Padang and the PDAM Director.

WASAP-B subprogram was closed on 31 December 2009 and transactions of financial commitments will be carried over until 31 March, 2010. The remaining unspent balance of around USD 420,127.06 will be used strategically under WASAP-A to provide continuation of assistance for the water supply sector as needed during the next several months.

The Ministry of Public Works led first Donor Water supply Sector Coordination meeting was successfully held on 20 October 2009. Over 67 people representing various stakeholder groups participated in this workshop. The next meeting is planned at the end of February or early March 2010. This sector coordination activity must be continued under WASAP-A.

B. Program Background

1. The development objective of the WASAP-B subprogram is to improve urban water sector governance and service delivery. This objective aims to increase sector advocacy, public awareness, transparency, accountability and professionalism of PDAMs. There are three specific focus areas of this program: (i) Strengthened Association of Water Utilities (PERPAMSI), (ii) Strengthened and scaled up utility performance and (iii) Support to Institutional reform of PDAMs. Several program activities from the original results matrix have been closed as the program is realigned to provide specific support to GOI’s sector priority.
2. The overall management and guidance of this program is provided by Task Team Leader located at the World Bank Institute in Washington DC. The Co-TTL located in Jakarta Indonesia office is responsible for day to day implementation and management of this program. In addition to this, a national team of consultants provided support at the field level.

3. WASAP-B’s program supported the SWOT studies in 14 PDAMs. The implementation of this activity utilized two different methodologies and approaches. The initial approach (8 utilities) built on mobilizing and developing the political will and interest of the leadership, in creating centers of excellence to re-examine institutional, technical and financial context of utility performance and operations. The latter, focused only on the utility itself to examine the institutional, technical and financial trajectories. The latter was also used as the ‘connector’ between national policy reform and the utility/local government’s capacity to respond to these reforms. A draft final report of these results is prepared and under peer-review and will be shared with the Management Committee in February 2010. In addition to these, 8 rapid seminars were conducted where 37 PDAM staff members were trained in business plan review and development.

C. Results to Date

1. Outputs or activities completed since the last reporting period – 31 June 2009.
   a. Support to Institutional Reform of PDAMs: Seminars. Eight different seminars were conducted in Bukittinggi, Makassar 1 and 2, Surabaya, Semarang, Jambi, Medan and Palembang where PDAMs from the surrounding districts and kabupatens (a total of 37) participated. At the request of MOF, the Flying Doctors Team organized review session of the Business Plan applications of the PDAMs and provided technical assistance to PDAMs that were unable to fulfill the Business Plan criteria. These seminars indicate that there are limitations in the existing capacity of the water utilities in fulfilling, understanding and meeting basic Business Plan criteria required by the MOF. These limitations are particularly visible in smaller water utilities.
   b. Fostering Enabling Environment for Water Supply Sector Reform: The commitment made by the Government of Indonesia to add 10 million new water connections by 2013 has accelerated political commitment of the line Ministries. PDAMs are eager to tap into the various inventive scheme options the GOI is providing to them for the expansion of services. WASAP-B continues to coordinate activities with the Debt Restructuring Team to provide support to this process, seeking to leverage on these schemes.
   c. Improved Water Sector Coordination and Harmonization: WASAP-B together with the Ministry of Public Works held a donor coordination meeting in October 20, 2009. A total of 65 representatives from ADB, JICA, USAID, AusAID, WB, civil society and research groups participated at this workshop. Draft Terms of Reference and work plan were shared with donors and partners, and were finalized in close consultation with the Ministry of Public Works. The next planned quarterly water supply sector coordination meeting is scheduled at the end of February or early March 2010.
   d. Scaling-up of Technical Assistance in Disaster: The WASAP-B Team led the West Sumatra, Water and Sanitation DALA assessment. The methodology, process and approach of the BNPB were presented in Jakarta to 75 PDAM Directors, NGOs, GOI
institutions and research institutions at a Crisis Management workshop organized by the Ministry of Public Works, PERPAMSI (Association of Water Utilities in Indonesia), PALYJA, AETRA, IATPI and PII. PERPAMSI will prepare a disaster preparedness manual for water utilities.

e. **Status of Debt Restructuring**: To date, 15 PDAMs have been approved by the Policy Committee to restructure their penalty and arrears. The GOI may need to extend the date to include additional PDAMs in the program.

f. **Management and Administrative Functions**: WASAP-B program closed the contracts of the existing STCs, Flying Doctors’ Team, the institutional specialist, technical coordinator, policy advisor, and the two finance specialists. Likewise, the overdue internal Grant Monitoring Report of 2007 was also finalized and is pending approval.

g. **Final Review and Results Report**: A final program review is underway. The draft report has been circulated for peer-review comments. This report examines the field results of 14 PDAMs assisted by WASAP-B and contextualizes changes in regulatory reform from a political economy standpoint. The underlying theme of WASAP-B past two years assistance was to create centers of excellence and building leadership at the PDAM level.

---

<table>
<thead>
<tr>
<th>Development Objective</th>
<th>OVI</th>
<th>MOV</th>
<th>Risks/Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To improve urban water sector governance and service delivery</strong></td>
<td>Increase in service quality and coverage</td>
<td>National human development and poverty surveys and data</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improved sector regulation and involvement of civil society in sector governance</td>
<td>Annual reports of utility performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decrease in urban population living below poverty line</td>
<td>Reports issued by regulators, donors, etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Goals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>To increase sector advocacy, public awareness, transparency, and the accountability and professionalism of PDAMs</strong></td>
<td>Improved utility performance (financial, technical, communication with constituents)</td>
<td>Utility benchmarking data</td>
<td>Lack of support form local/central governments</td>
</tr>
<tr>
<td></td>
<td>Autonomy of PDAMs strengthened</td>
<td>Government pronouncements, plans, and budgets</td>
<td>Lack of incentives for utility performance</td>
</tr>
<tr>
<td></td>
<td>Policy reform agenda included in government plans</td>
<td>Annual reports of PDAMs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improved public access to sector information</td>
<td>Surveys of consumer awareness</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Greater media coverage of sector issues</td>
<td>Existence of new/expanded sources of information for sector stakeholders</td>
<td></td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>Component 1: Strengthened PERPAMSI</td>
<td>Effective governance of PERPAMSI</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>
PERPAMSI has been recognized by GOI Law as an National Association of Water Utilities
Diversified Funding Base other than police and military
Greater profile/presence in sector policy dialogue and facilitation

| Component 2: Strengthened and scaled up BM of utility performance | Significant increase in number of participating utilities | NA |
| - Effective interpretation of data and dissemination of BM reports for use by stakeholders and the public | NA | NA |
| - Adequate allocation of resources to BM program unit | NA | NA |
| - Financial sustainability of BM program | NA | NA |

<p>| Component 3: Support to institutional reform of PDAMs | Corporatization of PDAMs increased | Model developed, SWOT diagnostic analysis and Business Plan review complete |
| - Availability of national experts/consultants | Debt Restructuring Process and support to 175 PDAMs ongoing | Rapid response may be difficult to meet: every field visit anticipates assistance from WASAP-B |
| - Awareness of PDAMs on reform options and processes | Technical Team support through national experts mobilized for FY09-10 Ongoing implementation of PMK 120, PMK 129 and PMK 168/169 | GOI’s plans are ambitious |
| - Leverage of national government and donor support | Donor sector coordination and harmonization ongoing | Demand for service is higher than expected |
| - TOR and Work-plan prepared for Donor coordination | First Sector Coordination | In-depth follow up programs may be required to support investment and expansion plans |
| - Donor sector coordination and harmonization ongoing | First Sector Coordination | Unclear implementation plan of the GOI |
| - Follow up program planned in March 2010 to ensure effective implementation strategy | First Sector Coordination | Follow up program planned in March 2010 to ensure effective implementation strategy |</p>
<table>
<thead>
<tr>
<th>Activities</th>
<th>Focus Area 1: Strengthen PERPAMSI</th>
<th>Meeting attended by 67 stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Component 1.1:</strong> Strengthen PERPAMSI communication and information services</td>
<td>Baseline assessment conducted and Communication and Information Services Strategy (CISS) developed. Outreach program implemented. Communications tools and training for PDAMs carried out by PERPAMSI and YTPD. PERPAMSI Advisory team for communications strengthened.</td>
<td>Supported and planned workshop on West Sumatra, Water and Sanitation Damage, loss and Preliminary Needs Assessment (DaLA) methodology, process and approach of the BNPB report in Jakarta to 75 PDAM Directors. PERPAMSI to prepare disaster preparedness manual for water utilities.</td>
</tr>
<tr>
<td><strong>Component 1.2:</strong> Strengthen PERPAMSI Education and Training Foundation (YPTD)</td>
<td>Not Applicable.</td>
<td></td>
</tr>
<tr>
<td><strong>Focus Area 2: Expanded performance monitoring and benchmarking of PDAMs</strong></td>
<td>Update current benchmarking system</td>
<td>Not applicable for this program period (80-100 already achieved during previous program period).</td>
</tr>
<tr>
<td><strong>Component 2.1:</strong> Expanding performance monitoring and benchmarking of PDAMs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Focus Area 3: Facilitating Corporatization of PDAMs</strong></td>
<td>Final Review Report in progress. Seminars to 37 PDAMs conducted.</td>
<td>Ongoing implementation of PMK 120, PMK 129, and PMK 168/169. Models developed, shared, and scaled up. Training of trainers for survey complete and task ongoing. 14 Reports finalized. 8 Seminars conducted to 37 PDAMs where financial, technical, and institutional gaps in business plans were addressed and methods to address them.</td>
</tr>
</tbody>
</table>
improve these were disseminated to the water utilities.

E. Summary of Financial Status and Projected Budget Plan

<table>
<thead>
<tr>
<th>GRANT AMOUNT (USD)</th>
<th>RECEIPTS (USD)</th>
<th>DISBURSEMENT (USD)</th>
<th>COMMITMENTS (USD)</th>
<th>AVAILABLE BALANCE (USD)</th>
<th>PROJECTED (JULY 09-31 DEC 09)</th>
<th>PLANNED (DEC 10 - MAR 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,000,000.00</td>
<td>3,744,555.76</td>
<td>2,987,451.01 (92%)</td>
<td>105,171.23 (2.6%)</td>
<td>420,127.06 (10.1%)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

F. Significant Problems/Constraints Encountered and Measures to Overcome or Mitigate

WASAP-B’s external assistance has been strategic in supporting the Government’s debt restructuring program. However, the recommendation to conduct rapid seminars are not sufficient to meet the PDAM’s needs and not sustainable to create viable institutions. The follow-up programs must continue to provide horizontal leadership development programs at the PDAM and local government levels in order to elevate the mid-level PDAMs into stronger institutions. WBI and IBRD technical assistance in the water sector must continue, taking the results from the past two years into consideration as the way forward. MOF debt restructuring process has been slow and particular attention, the next two years has to be given to the monitoring of the program.

Irregularities in transaction processing and lack of supporting documentation for administration and logistical support provided during Karangasem workshop was brought to the attention of WASAP management by BPKP-Denpasar. These issues are being investigated.

G. Plan and Proposal for Continued Implementation of Sub-Program

By the end of 2009, the program accomplished all targets that were set for the past two-years. As specified in the Memorandum of Understanding in Batam in May 2008, between WASAP-B, PERPAMSI and PDAM/PEMDA, SWOT assistance to 14 PDAMs were provided. Simultaneously, these were adapted and supported with debt restructuring. Additionally, based on Ministry of Finance’s recommendation to the Management Committee, the program assisted 37 PDAMs through rapid seminars. In total 51 PDAMs and local governments benefitted from WASAP-B program.
Besides these ongoing activities, WASAP-B has prepared a final synthesis report of the implementation and analysis of the results of the field investigation of 14 PDAMs. This report will be disseminated at the Management Committee meeting scheduled in February 2010.

The outcome of WASAP-B review, water sector assistance to Indonesia and the institutional strengthening of the PDAMs must continue. The draft report is currently being shared with the government and is in process of finalization. These review results will be shared widely by organizing a BBL at the WBOJ office. A presentation is being planned at the WBI office in Washington D.C.
WASAP Subprogram – C

Indonesia Sanitation Sector Development Program (ISSDP)

Biannual Progress Report

July 1 – December 31, 2009

Jakarta, Indonesia

Title: Sub-Program C - Indonesia Sanitation Sector Development Program (ISSDP)

Ending Program Period Phase 1: July 2005 – April 2008, Phase 2: May 2008 to January 2010

A. Executive Summary

The main sub-component of WASAP C (Indonesia Sanitation Sector Development Program or ISSDP) is in its final six months with completion due on 31 January 2010. During the reporting period most of the outstanding outputs were completed and outcomes achieved as a result of the planning, implementation strategy and capacity building undertaken since April 2006.

Following statements by the Minister of Public Works in April 2009 on the Government’s commitment to improve urban sanitation a Roadmap for sanitation development has been endorsed by the Echelon 1 Water and Sanitation Committee (WSC) as the implementation plan for achieving the Ministers vision and commitment. With ISSDP teams design and support, the Tim Teknis Pembangunan Sanitasi (TTPS) Roadmap for an “Acceleration Program for Sanitation Development 2010-2014” (Percepatan Pembangunan Sanitasi Permukiman or PPSP) was launched by the Vice President together with the Ministers of Planning, Health and Public Works at the Vice Presidents Palace on 8 December 2010. At the launch the Vice President also opened the second National Sanitation Conference.

In support of this increased commitment to sanitation development Government has announced substantially increased Dana Alokasi Khusus (DAK) allocations (65%) to local Government in 2010. The budget line will be separate from, but roughly equivalent to the DAK allocation for water supply in 2010. At the same time as the increase in local government annual allocations, Ministry of Public Works have announced their plans to expand existing or develop new sewerage systems in 16 cities over the next 5 years. Several bi-lateral donors are currently working with Government on how to support this expanded sanitation investment program with both TA and infrastructure loans.

The Vice President endorsement and launch of the PPSP is the culmination of ISSDP support to Government which has moved from achieving Mayoral leadership in six cities in early 2007 to the initial Ministerial statements late in 2007, then to more specific Ministerial commitments by Public Works in early 2009 combined with developing, testing and making available the processes and specific tools needed to develop a national sanitation program.

As part of this process the Provincial Governments in East Java, Central Java and West Sumatra have established structures for promotion and monitoring of sanitation development for the cities within their jurisdiction. In each Province two new cities have undertaken the sanitation assessment and strategy development process, although due to interruption caused by the Padang earthquake in October the CSS has not been completed yet.

B. Program Background

Statement of objective for sub-Program C To establish a framework for sustainable pro-poor sanitation services in Indonesia through the development of effective and coordinated policy-making, institutional reform, strategic planning, and awareness building.
Description of Program Outputs  ISSDP’s purpose is to support Government of Indonesia in the development of a sustainable sanitation sector with a focus on pro-poor urban sanitation. The ISSDP program Phase 2 has three main sub outputs corresponding with the sub-components as follows:

Output 1 – Sanitation Enabling Environment
An enabling framework for sanitation in Indonesia developed through strengthened policy, regulation, institutions, strategies and actions plans.

Output 2 – Coordination Framework
Framework for co-ordination and investment in the sanitation sector developed by Government and supported by donors.

Outputs 3 – Provincial and city capacity building, strategies and sanitation promotion
Provincial Governments enabled to take the city sanitation strategies (CSS) to scale and CSS funded and implemented in 6-8 cities (including awareness campaigns) and lessons fed back to policy framework.

C. Results to Date

The main activity implementation during the reporting period:

Output 1- Enabling framework for Sanitation
ISSDP team have facilitated and worked with the Governments Tim Teknis Pembangunan Sanitasi (TTPS) to:

• Consolidate the Acceleration Program for Sanitation Development 2010- 2014 (PPSP) for launch by the Vice President on 9 December.
• Elaborate the roles, functions and funding for PPSP implementation units in Ministries of Public Works (MPW), Home Affairs (MOHA) and Health (MOH) with co-ordination by the Bappenas-led Sanitation Working Group identified and budgeted for 2010-2014.
• Develop and organize the second National Sanitation Conference in December 2010
• In seeking funds for the PPSP bridging phase (October 2009-Feb 2010); designing the training of trainers; and in training the new facilitators employed by PU for the scaled up program in 2010.
• Draft final documents were completed during December 2010 including:
  o Reference Book on Technology Options for Urban Sanitation
  o Manuals A-C and E on the developing Pokjas, situation assessments, city sanitation strategies and monitoring and evaluation.

And Guidance Notes on:
  o Minimum service standards
  o Sanitation funding and funding mechanisms
  o Corporate Social Responsibility (CSR) as an alternative resource for sanitation development
**Community Participation and Gender Inclusion**

- WSP drafted and finalized the terms of reference, and supported the procurement of Technical Assistance (TA) from RNE to support the PPSP program.
- In August an urban sanitation study tour of three urban sanitation programs in the Philippines was undertaken for ISSDP city, provincial and national participants.
- At the request of Government, speakers from India and Philippines were invited by WSP to make presentations at the National Sanitation Conference in Dec 09.

**Output 2 - Coordinating framework**

- The Sanitation donor group (SDG) met in October to share *lessons learned on sanitation in disaster situations* focusing on lessons learned from Aech and a co-ordination meeting in November, including discussion of the contents for *Sanitation Lessons Learned in Asian Countries* for presentation at the national sanitation Conference in December.
- The SDG made a joint presentation at National Sanitation Conference on 8 December on *National Policy and Financing for Sanitation - Lessons from Asian Countries* and WSP arrange for speakers from India and Philippines to make key presentations on Urban Sanitation Policy and integrated solid waste management.
- WSP advocated with several bilateral donors to support Government’s PPSP plans – in particular to support increased capacity building, Master planning, detailed design and implementation.

**Output 3 - Provincial governments enabled to take the CSS process to scale**

- Provincial working groups meeting on regular basis in East Java, Central Java and West Sumatra.
- Groups in West Sumatra and East Java are seen to be actively taking a leading role, developing the monitoring and communication roles with Cities. The future role of Provincial Pokja’s will be important for advocacy to their cities, co-ordination, and monitoring. However, in the short-medium term their role in capacity building may be limited – which will need to be supported by central Government and technical assistance.

**Output 4 - City Sanitation Strategies**

- All six Phase 1 cities using increased APBD budgets to develop poor community sanitation
- Eight new cities have been selected in the provinces, six have completed their situation assessments and Environmental health risk assessments (White books) and help public consultations.
- Five Phase 2 ISSDP cities: Tegal, Pekalongan, Bukittinggi, Batu and Kediri have completed and submitted their draft final CSSs. The Padang CSS has been delayed due to the interruption of the Earthquake which fully occupied Government officials for several months. However Pandang has resumed activities, its situation assessment and white book and will complete the CSS under PPSP.
- See Output 1 - experiences (pokja formation, white book, city strategies, Mayors commitment, action plans etc) and challenges (financial, institutional, legal) have been used to develop the core strategy and approach of the national *Acceleration Program for Sanitation Development (PPSP)*.
## D. Results Matrix (Summary Table)

### Outputs

To establish a sustainable framework for pro-poor sanitation services in Indonesia through the development of effective and coordinated policy-making, institutional reform, strategic planning, and awareness building.

### Results Indicators OVI & MOV

- **OVI**: Policy and strategy documents formally adopted, demonstrating PRS-type principles of ownership, comprehensiveness, etc. Clear instructions and tested operational guidance issued to municipalities on the improvement of sanitation services.
- **MOV**: Gazetted policy documents and national sanitation strategy document. Provincial and municipal budgets and annual plans. Government circulars, decrees etc.

### Progress against indicators

- 2010 DAK to include a separate sanitation allocation and increased by 65% to around $40million
- Sanitation targets incorporated in the new 2010 RPMJ plans at city, province and central Govt level.
- Active WSC committee (Esc 1) and defined roles and mandates for Ministerial responsibilities and Echelon 2 structures.
- All Phase 1 City Sanitation plans incorporated in the RPJMD and RPIJM. In 5 cities sanitation strategy has been signed by Walikota and/or by DPRD regulation.
- Phase 2 CSS are in final draft awaiting local approval process.

### Output 1

**An enabling framework** for sanitation in Indonesia developed through strengthened policy, regulation, institutions, strategies and action plans.

- **OVI**: Policy and strategy documents formally adopted, demonstrating PRS-type principles of ownership, comprehensiveness, etc. Clear instructions and tested operational guidance issued to municipalities on the improvement of sanitation services.
- **MOV**: Gazetted policy documents and national sanitation strategy document. Provincial and municipal budgets and annual plans. Government circulars, decrees etc.

- **Roadmap for Acceleration Program for Urban Sanitation Development** agreed by WSC and launched by Vice President.
- Four sanitation planning process Manuals in final draft and to be used in PPSP from Feb 2010. A fifth is still under development.
- **Guidance Notes** in final draft available for:
  - Minimum service standards
  - Sanitation Funding and funding mechanisms
  - Corporate Social Responsibility (CSR) as an alternative resource for Sanitation Development
  - Community Participation and Gender Inclusion
- **Provincial Governments** allocating funds to sanitation working groups as start of Provincial commitments
- **MOHA** issue circular on increased 2010 DAK sanitation allocations.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Results Indicators OVI &amp; MOV</th>
<th>Progress against indicators</th>
</tr>
</thead>
</table>
| **Output 2**  
Coordinating framework for activity and investment in the sanitation sector developed by government and agreed with all donors. | OVI: Sector Investment Framework and Plan endorsed by donors.  
MOV: Investment Framework and Plan documents | • Sanitation donor group (SDG) met 3 times. Minutes available.  
• Donors increasing aligning new project designs with Governments STBM and PPSP programs.  
• TOR for Investment framework developed for comment by government but due to a lack of support, the activity will be implemented under a different structure closer to the Cipta Karya BINA program – see below. |
| **Output 3**  
Provincial governments enabled to take the CSS process to scale. | OVI: CSS development underway in at least two more cities in three provinces  
MOV: EHRAs, White Books, Provincial government directives, municipal plans and budget documents, | • Provincial sanitation working group formed in East Java and existing AMPL working group mandates adapted for urban sanitation in West Sumatra and Central Java  
• East Java Pokja holding monthly meetings with all Phase 1 and Phase 2 cities to monitor progress and discuss developments.  
• EHRAs and White books complete in six Phase 2 cities.  
• CSS completed in 5 Phase 2 cities  
• CSS development is incorporated in RPJMD plans at Province level, |
| **Output 4**  
Local level capacity building and city-wide strategies and action plans completed in 6 cities and fed back to policy framework | OVI: Infrastructure development and service delivery are consistent with CSS content. Positive evaluation of awareness campaigns.  
MOV: City reports, Surveys, Approved treatment and disposal strategies, Public awareness surveys, Monitoring and evaluation reports | • Proposals for sanitation infrastructure are being reviewed by Ministry of Public Works for alignment with CSS, to enable funding under WASAP D.  
• CSS included in RPJMD (medium term expenditure plan) and approved by Walikota/DPRD in 5 cities and RPIJM of all 6 cities.  
• Funding sources being sought from Government, Corporate Social Responsibility and donors. |
E. Summary of Financial Status to 31 December 2009 and planned disbursements to 31 June and December 2010

<table>
<thead>
<tr>
<th>Trust Fund</th>
<th>Budget allocated</th>
<th>Committed on 31 Dec 09</th>
<th>Dispersed to 31 Dec 09</th>
<th>Projected exp Jan – 31 Jun 10</th>
<th>Est. exp Jul – Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>TF055278</td>
<td>2,000,500</td>
<td>24,745</td>
<td>1,402,252</td>
<td>100,000</td>
<td>150,000</td>
</tr>
<tr>
<td>TF056133</td>
<td>9,370,657</td>
<td>444,407</td>
<td>8,345,033</td>
<td>753,415</td>
<td>00</td>
</tr>
<tr>
<td>Totals</td>
<td>11,551,069</td>
<td>1,324,767</td>
<td>8,494,959</td>
<td>853,415</td>
<td>255,602</td>
</tr>
</tbody>
</table>

F. Significant Constraints Encountered and Measures to Overcome or Mitigate

- Turnover of provincial and city government employees was high in early 2009 and a significant number of staff at province and city level changed positions due to structural reorganization of Provincial and city governments. This required additional capacity building which had not been predicted, and is likely to be a feature of future sanitation work at city level. There are already indications that some of the current pokja members will again be moved to new positions in 2010.
- Local Government funding of some City Sanitation pokjas was insufficient resulting in a delays while mid-year budget revisions attempted to correct the situation.
- The development of a national investment plan has not been possible though the Sanitation Donor Group, in part because the Governments urban sanitation strategy and plans are only now under development. This initiative should not be cancelled, but rather postponed and undertaken in the context of direct technical assistance from the Netherlands Embassy to MPW pending the interest of the Bina Program under Cipta Karya in developing such a plan.
- The provincial communications teams have suffered from a lack of institutional ownership and lack of clear counterpart with whom to work. This input has not been able to achieve its potential and future communications inputs will be located in the context of a particular institutional structure, possibly Home Affairs/Local Government. Communications expertise located at central level has been highly effective due to receiving clear direction and tasks.
- Delays in government budget availability caused a substantial slow down of activities during the first 3 months of 2009 and may do the same in 2010.

G. Plan and Proposal for Continued Implementation of Sub-Program

Overall status The contract with DHV is due to be completed on 31 January 2010 and a smooth transition to the Governments PPSP program supported by a new TA contract (funded by the Netherlands Embassy) is expected in early February 2010. The new TA will be divided into

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1 The budget agreed for Phase 1 and Phase 2 is not yet reflected as the Grant Amount in the SAP reports which need to be updated.
teams supporting Project Implementation Unity (PIUs) based in Ministry of Public Works, Ministry of Health and Ministry of Home Affairs, in addition to the Project Management Unit (PMU) lead by Bappenas and the Tim Teknis Sanitasi Perbangunan (TTPS) secretariat.

**C1 – Enabling Environment.** The pace of progress in the consensus building needed for institutional and legal reform, and clarification of roles and responsibilities sped up considerably in the last 12 months and has resulted in the expected achieving the outputs and outcomes at national for the original WASAP C /ISSDP project period.

**C2 - Coordinating framework**
The Sanitation donor group will continue to function as a coordination, capacity building and as a communications tool for working with Government. The government is increasingly communicating with the donors as a group to encourage support for their clearer sanitation objectives and strategies.

**C3 and C4 – Provincial and City Level capacity building and promotion**
The lessons learned from the promotion strategies and CSS developed in Phase One combined with the Province and city level capacity building and CSS refinements in Phase 2 have been used to develop the manuals and guidance notes for 2010-2014 *Acceleration Program for Sanitation Development (PPSP)*. Around 40 new cities were selected by Government in September 2009 to start the CSS process in 2010 under PPSP. 40 city and provincial facilitators have already been trained to be deployed under PU budgets in 2010.

Pending final agreement by the WASAP Management Committee WSP inputs to national sanitation development will continue to the end of 2011 using the current WASAP C TF55278 budget allocation (as noted in section E above) based on a new concept note with two key outputs: Donor coordination and lessons learned and TA support to WASAP D implementation and other sanitation programs. WSP has received a letter from Bappenas requesting its ongoing inputs and support.

As part of WSP’s on-going role during 2010 the lessons learned from ISSDP’s implementation will be reviewed and documented for use in Indonesia and elsewhere. Also various documents from the program will be translated and adapted if necessary for use by an English speaking target audience.
WASAP Subprogram – D

Sanitation Pilots

Biannual Progress Report

July 1 – December 31, 2009

Jakarta, Indonesia

Title: Sub-Program D – Sanitation Pilots (Government execution, proposal submitted to WASAP MC)

Timeframe of Program: The timeframe has been adjusted to align with the availability of the city sanitation strategies and action plans and the Government of Indonesia’s annual budgeting and planning system. Implementation will be planned and local budgets have been allocated since 2008, pending the availability of the Grant in 2010 for detailed engineering design and construction in 2010 and 2011.

A. Executive Summary

The WASAP TF proposal included sub-program D with in-principle approval for a Government-executed sanitation (wastewater) pilot program in the six cities under WASAP sub-program C, Indonesia Sanitation Sector Development Program (ISSDP). The pilots are designed to provide matching funds to implement works outlined in the City Sanitation Strategies. The city governments have submitted proposals based on the agreed criteria for evaluation by the Executing Agency, the Ministry of Public Works (MPW). The pilots will partially fund specific activities from the City Action Plans developed from the City Sanitation Strategies (CSS) under ISSDP.

As required by the Minutes of the WASAP Management Committee (MC) meeting in May 2005 for disbursement of funds, a detailed plan of implementation from MPW was sent in November 2007 addressed to WASAP MC.

The original sub-program D proposal under-estimated the time taken for the cities to develop the CSS and the subsequent Action Plans, and also did not take into consideration the need to align both the CSS and the pilot works with the Government’s annual budgeting and planning system, nor the mechanisms required to channel funds to local government. This sub-program will be implemented through MPW under a grant agreement between the Bank and Ministry of Finance (MOF) and a subsidiary grant agreement (Naskah Perjanjian Penerusan Hibah or NPPH) between central and local government. The MOF regulation (Peraturan Menteri Keuangan, PMK) on subsidiary grant agreements between the central and local governments was issued on 6 November 2008 after lengthy delay. The PMK will be revised and re-issued in January 2010.

Local (city) budgets for 2008 and 2009 were allocated and approved by each local parliament. At the WASAP D Workshop on 29 November to 2 December 2009 the cities agreed to start forming a Project Management Unit (PMU), Project Implementation Unit (PIU) in each city as stipulated in the Grant Agreement as the city responsibility as project implementation preparation. At central level the EA will form a Central Project Management Unit (CPMU) who will be responsible for project day to day activity.

The financial, procurement, anti-corruption and social safeguarding assessment reports (prepared by World Bank) and also the procurement plan (prepared by MPW with support from local governments) were completed, and the Grant Agreement was signed by the Bank and countersigned by Government in November 2009.
The WASAP D Project Management Manual (PMM) was been submitted to the World Bank for review and comments were returned to Public Works on 21 January 2010. A final version of the PMM is expected before the end of January. Once the PMM has been agreed by both parties, the NPPH and MOU’s formats established and the project management units are formed at central governments the project will be made and the EA and the MOF will prepare a subsidiary grant agreement for each city.

B.   Program Background

To develop sanitation models and implementation processes that assist local governments improve their capacity for better sanitation service delivery.

Sub-program D, which will be executed by the Government, will enable selected cities to implement selected community-based and city-wide activities prioritized in their respective City Sanitation Strategies and Action Plans on a matching funding basis.

**Output 1:**
Sanitation models developed in relation to community-based systems, and small industries in poor areas.

**Output 2:**
Support for priority municipal actions to improve and/or connect centralized sewerage systems to low-income areas.

C.   Results to Date

Not yet applicable – as the focus has been on completion of the grant agreements and the project management and implementation manual.

D.   Results Matrix (Summary Table)

<table>
<thead>
<tr>
<th>Objectives and Outputs</th>
<th>Results Indicators as OVI and MOV</th>
<th>Progress against indicators</th>
</tr>
</thead>
</table>
**Purpose**
To develop models and implementation processes that assist local governments improve capacity for better sanitation service delivery based on CSS.

<table>
<thead>
<tr>
<th>OVI</th>
<th>MOV</th>
<th>Not applicable yet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local planning an budgets reflect realistic solutions to sanitation needs</td>
<td>RPMJD, Annual Reports from and budgets of Kota</td>
<td></td>
</tr>
</tbody>
</table>

**Output 1**
Sanitation models developed in relation to community-based systems small industries in poor areas.

- Number of poor households targeted for each system and actual number with improved sanitation on completion
- Total number households targeted and total number severed
- No of completed systems in use by target group.

<table>
<thead>
<tr>
<th>Not yet applicable</th>
</tr>
</thead>
</table>

**Output 2**
Support for priority municipal actions to improve and/or integrate low-income areas into municipal sewerage systems

- Number of poor households targeted for each system and actual number with improved sanitation on completion
- Total number households targeted and total number severed
- No of completed systems in use by target group.

<table>
<thead>
<tr>
<th>Not yet applicable</th>
</tr>
</thead>
</table>

### E. Summary of Financial Status and Planned Disbursements

The Grant Agreement has been signed by the Bank and counter-signed by the MOF in November 2009. Disbursement is pending grant effectiveness in February 2010, after the project management manual (PMM) and other requirements have been accepted by the Bank. Once the grant is effective disbursement will be made to a special account Treasury for a portion of the grant and the EA plans to complete the procurement of consultants for central and city levels.

The money available will be used in FY10 and FY11, unless there is a possibility for an extension of the WASAP D component beyond 2011.
F. Significant Constraints Encountered and Measures to Overcome or Mitigate

Under the Grant Agreement yet to be finalized the Government, through MPW, will execute the project, with implementation at the city level by the ISSDP cities, where they have the financial management capacity. WSP and the Bank will supervise. The delay during issuing the PMK held up the execution of WASAP D. However, since the grant agreement have been signed and the PMM is expected to be accepted by all, the project could be effective in the near future. The cities have sent their sanitation proposals to the central government. These proposals are needed in order for the EA and the MOF to prepare subsidiary agreements for the cities. It is expected that by February this year the grant agreement will be effective and the subsidiary agreement signed by the cities and Financial Minister.

Despite the slower than intended progress at the city level, all the local governments allocated sanitation funding for fiscal year 2008, 2009 and 2010 which was not tied to an external funding source.

Timelines have been adjusted to accommodate the various issues outlined above. The requirement for local government matching funds will remain consistent with recent approaches used by central Government and many donor projects. However, to achieve this, it is expected that the WASAP grant funds will be needed to end of 2011 to ensure completion of construction, as the preparation of the Grant Agreement, the detailed city sanitation proposals, procurement using National Competitive Bidding (NCB) and compliance with safeguards is taking longer than anticipated.
WASAP Subprogram – E

Water Supply and Sanitation Sector Monitoring Support

Supplementary Progress Report

July 1 – December 31, 2009

Jakarta, Indonesia

Title: Sub-Program E – Water Sector Monitoring Program

Ending Program Period: 31 October 2009

A. Executive Summary (This brief paragraph highlights major achievements and outputs)

This project has been rated as unsatisfactory due to delays in procuring the main technical assistance and management consulting firm. The technical assistance team was finally mobilized in October 2009 and commenced preliminary discussions with Government on the proposed project.

During the same period, the Grant Agreement for the project expired (30 October 2009) and a request was received on the same day from the Ministry of Finance to extend the same. The task team has taken this opportunity to work closely with BAPPENAS to address implementation weaknesses towards ensuring that the objectives can still be achieved within the proposed extension. To this end, BAPPNEAS have been working towards the: a. recruitment of a National Program Manager to manage the day-to-day activities of the project and manage the contract of the consultants b. recruitment of an International Monitoring Adviser to provide strategic and quality assurance inputs to the work of the local firm and c. updating of the consultant work plan based on work done during inception. The inception report is expected to be submitted by mid-January 2010.

B. Program Background (This brief paragraph that describes the overall objective of the sub-program including various sub-components of the program)

The Water Supply and Sanitation Sector Monitoring Support Program (WASAP E) is a recipient-executed trust fund executed by Bappenas. The aim is to introduce improved tools and institutional systems for WSS monitoring and data management to support GoI’s achievement of its sector goals.

The project originally had 5 phases, which were reduced to 4 based on a recommendation by the WASAP Steering Committee on 29 July 2009 to reduce the scope of work of the project and based on the fact that preparatory assessments and canvassing of lessons were already undertaken outside the main consulting contract. The remaining 4 phases are now: Phase 1 an attenuated Consultation process - This phase will review the need for and constraints to sector monitoring and compiles good practices/models that may be applicable to the Indonesian context. Phase 2 System Development - This phase is concerned with arriving at the best appropriate, least cost set of tools for sector monitoring. Under this phase the monitoring protocols and MIS system will be designed and pre-tested. Phase 3 Pilot Testing - Full scale trial of the systems developed under Phase 2 will be undertaken. Phase 4 Sector Performance Review This phase seeks to consolidate the results of the Program into three major areas of follow-up: a. national and provincial reviews...
of sector performance based on the results of the pilot b. dissemination of results and c. drafting a Sector Monitoring Development Strategy.

C. Results to Date (List Outputs, Activities and Outcomes under implementation since the last reporting period)

Output 2, 3, 4: Establishing a National Inter-Agency Sector Review Committee; Developing a draft Strategic Framework for Sector Monitoring and Identifying Participating local governments

These outputs are underway but delayed.

D. Results Matrix (Summary Table)

<table>
<thead>
<tr>
<th>Phase 1 Lessons Learning Outputs</th>
<th>Outputs Proposed for the Period</th>
<th>Progress Summary</th>
<th>Other Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of Sector Monitoring and Good Practices</td>
<td>High-quality report presented at a national conference by first half of 2008</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>Establishment of a National Inter-Agency Sector Review Committee</td>
<td>ToRs for Committee adopted through regulation (surat keputusan) and appropriate budgets for financing the Committee's activities are allocated by 2009</td>
<td>A technical group responsible for 'monitoring' under the AMPL Steering Committee will be utilized as the Committee. However, ToRs for the committee under WASAP-E has not been agreed.</td>
<td></td>
</tr>
<tr>
<td>Strategic Framework for Sector Monitoring</td>
<td>Framework strategy is assessed as feasible and agreed by them by 2009</td>
<td>Delayed, moved to mid-January 2010 as part of inception report</td>
<td></td>
</tr>
<tr>
<td>Identification of participating local governments 3 provinces and 6 districts</td>
<td>Commitment agreements by participating local governments endorsed by their respective councils by 2009</td>
<td>Delayed. Partnership agreements between national program and local governments have not yet been entered.</td>
<td>BAPPENAS already has a long list of candidate local governments that proposes a shorter selection process, which will emphasize criteria-based selection rather than 'proposal' based selection. This is consistent with the 'research' nature of the project</td>
</tr>
</tbody>
</table>
**E. Summary of Financial Status and Projected Budget Plan**

<table>
<thead>
<tr>
<th>Grant Amount (USD)</th>
<th>Receipts (USD)</th>
<th>Disbursements (USD)</th>
<th>Commitments (USD)</th>
<th>Available Balance (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1587100.65</td>
<td>762,008.08</td>
<td>75,966.24</td>
<td>0%</td>
<td>709,097.17</td>
</tr>
</tbody>
</table>

**E1: Projected Expenditure**

<table>
<thead>
<tr>
<th>Projected Exp – 1 Jan – Jun 10</th>
<th>Estimated Exp 1 Jul – Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>150,000.00</td>
<td>165,000.00</td>
</tr>
</tbody>
</table>

**Expense Item**

<table>
<thead>
<tr>
<th>Expense Item</th>
<th>Estimated Cost in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Consultancy Fees for Preparation Team</td>
<td>30,000</td>
</tr>
<tr>
<td>2. Conference on WSS Monitoring</td>
<td>30,000</td>
</tr>
<tr>
<td>3. Tim Bantuan Teknis – Mobilization Fee</td>
<td>110,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150,000</strong></td>
</tr>
</tbody>
</table>

**Expense Item**

<table>
<thead>
<tr>
<th>Expense Item</th>
<th>Estimated Cost in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tim Bantuan Teknis – Payment #2</td>
<td>165,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>165,000</strong></td>
</tr>
</tbody>
</table>

**F. Significant Constraints Encountered and Measures to Overcome or Mitigate**

<table>
<thead>
<tr>
<th>Problems/Constraints</th>
<th>Proposed Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Achievability of the objectives in the proposed extension period. (High)</td>
<td>BAPPENAS through the Ministry of Finance has requested a retroactive extension of the project for 2 years. This opportunity was used to discuss suitable mechanisms to be in place to ensure that the project objectives continue to be achievable. BAPPENAS has complied with those mechanisms, including: recruiting a National Program Manager, an International Monitoring Adviser and updating the work plan.</td>
</tr>
</tbody>
</table>
In addition, a supervision mission is scheduled in February 2010 focusing on orientation and agreement on operational procedures such as procurement, disbursement and financial reporting.

2. Quality of outputs from the consulting firm (High)

BAPPENAS and the task team continue to raise the issue of the level of understanding of the local consulting firm about what needs to be done under the project and the process in which it needs to be done. Presently, the consultants are focused on supply and data-driven activities, whereas there is need to build local capacity and institute incentives to conduct monitoring and reporting. An international adviser has been recruited to work with the local team on these issues. The task team is also providing significant amount of inputs to the team.

G. Plan and Proposal for Continued Implementation of Sub-Program

<table>
<thead>
<tr>
<th>Phase 1 Lessons Learning Outputs</th>
<th>Outputs Proposed for the Period</th>
<th>OVI</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of Sector Monitoring and Good Practices</td>
<td>High-quality report presented at a national conference by 2nd half of 2008 (completed)</td>
<td>Assessed by the project technical working group, the Executing Agency and World Bank staff</td>
<td></td>
</tr>
<tr>
<td>Establishment of a National Inter-Agency Sector Review Committee</td>
<td>ToRs for Committee adopted through regulation (surat keputusan) and appropriate budgets for financing the Committee’s activities are allocated by 2009</td>
<td>Examination of ToR and regulation</td>
<td>Agreements are reached between the various Government ministries</td>
</tr>
<tr>
<td>Strategic Framework for Sector Monitoring</td>
<td>Framework strategy is assessed as feasible and agreed by them by 2009</td>
<td>Assessed by the project implementing agencies identified in Section F of the proposal</td>
<td></td>
</tr>
<tr>
<td>Identification of participating local governments 3 provinces and 6 districts</td>
<td>Commitment agreements by participating local governments endorsed by their respective councils by 2009</td>
<td>Partnership agreements between national program and local governments</td>
<td></td>
</tr>
</tbody>
</table>
WASAP Subprogram – F

Water Resources Management

Biannual Progress Report

July 1 – December 31, 2009

Jakarta, Indonesia
**Date of Report:** January 25, 2010

**Title:** Sub-Program F: Water Resources Management (*Aligning the Water Resources Sector with National Development Goals*)

**Ending Program Period** December 31, 2011

### A. Executive Summary

Between July and December 2009 all activities were a continuation of the existing contracts, and preparation of new contracts. No new contracts were signed. The contracts for three activities carried out by NGOs and Consultant/University came to termination by the end of December 2009. Procurement for two new contracts for Java Water Resources Strategic Study (JWRSS) and Water Management for Climate Change Mitigation and Adaptive Development in Coastal Lowlands (WACLIMAD) was delayed and is now in its final stages. Mobilization is expected early February 2010 for both contracts.

The main outputs of the WASAP F Program during the reporting period are:

- **Sustained Policy Dialogue with the GoI:** a number of regulations have been completed and issued by the GoI prior to this reporting period. A list of those regulations is provided in the annex to this report. A number of new draft regulations (RPP) are being prepared: RPP on Rivers, RPP on Dams, RPP on Water Use Right, RPP on Lakes, RPP on Swamps/Lowlands, in which WASAP–F is providing inputs. The government is preparing Strategic Plan (Pola) and Development & Management Plan (Rencana) for all basins in Indonesia (Water Law Nr. 7/2004). The WASAP-F contributes to the preparation of guidelines for the Rencana.

- **Climate Change and Spatial Planning** The Water Management for Climate Change Mitigation and Adaptive Development of Coastal Lowlands (WACLIMAD) and the Java Water Resources Strategic Study (JWRSS) are new programs aiming at the development of new policies and strategies incorporating climate change and spatial planning in water resources management.

- **Role of civil society.** The Puslit Dinamika Pembangunan of the Padjadjaran University in Bandung conducted a field survey to monitor the outcomes and impacts of the participatory irrigation management as implemented under the Water Resources and Irrigation Sector Management Program (WISMP). They have submitted their final report and the contract could be closed.

The Public Awareness Campaign on the role of the civil society in river basin management was continued during this period by a consortium of NGOs (LP3ES, Telapak, and Both Ends). The consultations on the importance of community participation in water resources management with Balai Besar Wilayah Sungai (BBWS) Jeneberang and BBWS Progo Opak Serang were concluded. A Draft Policy Paper on Civil Society Organization (CSO) Participation on Basin Water Resources Management has been prepared by the consultant.
**Participatory Catchment Management.** Workshops have been held to socialize the output and outcome of this program for related provincial agency and water resources agency of Java and other provinces. Follow-up and up-scaling of the program will be conducted by local government (Kebumen and Purworejo Districts), the European Union NTB-WRMP Project, the World Bank financed Dam Operation Improvement and Safety Project (DOISP) and WISMP-2. The implementing NGO LPPSP has contributed to the preparation of a draft Peraturan Daerah/Perda (Regional Regulation) on Water Resources Conservation and draft Peraturan Desa/Perdes (Village Regulation) on Community Based Environmental Management supporting regional government and its community.

<table>
<thead>
<tr>
<th>Overall Budget Figures</th>
<th>USD</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Allocation</td>
<td>3,128,394.35</td>
<td>Equiv’ Euro 2,215,143.96</td>
</tr>
<tr>
<td>Additional 2008</td>
<td>2,800,000.00</td>
<td>To cover new program WACLIMAD and JWRSS</td>
</tr>
<tr>
<td>Total Allocation</td>
<td>5,928,394.35</td>
<td>To cover all program in WASAP-F</td>
</tr>
<tr>
<td>Disbursed by December 2009</td>
<td>1,832,889.56</td>
<td>Outstanding Commitment is USD 320,026.31</td>
</tr>
<tr>
<td>Estimate disbursement</td>
<td>1,170,000.00</td>
<td>To pay part of outstanding commitment (USD 125,000), and advance payment plus first payment for WACLIMAD and JWRSS (USD 700,000)</td>
</tr>
<tr>
<td>July 2010 – December 2011</td>
<td>2,897,110.44</td>
<td>To complete WACLIMAD, JWRSS and its management cost plus cont’d dialogue with the government</td>
</tr>
<tr>
<td>Estimated total disbursement by December 2011</td>
<td>5,900,000.00</td>
<td>Rounded</td>
</tr>
</tbody>
</table>

**B. Program Background**

1. The Objectives of WASAP F are:
   - Improved water-related service delivery by local and national government;
   - Improved financial and fiscal sustainability of the water resources and irrigation sector and of its physical infrastructure;
   - Improved investment climate;
   - Improved accountability in service delivery, strengthened role of civil society & users;
   - Mainstreamed and deepened reforms building upon the earlier reform-related regulations and administrative procedures;
   - Better preparedness of government to articulate responses to future priority issues.
2. WASAP F Components are:
   A. Policy Dialogue with GoI on Water Resources Sector Performance Improvement. It supports initiatives to finalizing the Water Resources Law7/2004 implementing Government Regulations (PPs) and Presidential and Ministerial Regulations and Guidelines
   B. Strategic Studies on Priorities for Investment in the Water Resources Sector 2006-2015. It provides recommendations for strategic prioritization of investments to improve service provision to the rural and urban water users (JWRSS and WACLIMAD).
   C. Facility for Rapid Responses to Pilot Innovative Approaches and for Stimulation of Short-term Problem-solving Advice and Sector Support to improve river basin and watershed management, Management of Tidal Lowlands, Climate Change Mitigation and Adaptation, and Community Based Water Resources Conservation and Training.
   D. Fostering Partnership with Water Users and Civil Society. Through pilot activities to support active representation of the main water users, among others the PDAMs, in water councils and improved river basin performance. Ongoing activities are:
      • Civil Society and Water Users Capacity Building in Water Governance;
      • Introduction of a Benchmarking System in River Basin Organizations;
      • Impact Study on Agriculture Water Allocation.

The WASAP Sub-program F team has structured the organization of the project management team. The TTL is based in Jakarta, Indonesia, assisted by one ETC consultants responsible for direct policy and strategic support to GOI, and facilitation of WASAP –F operations, and one STC responsible for overall orientation, substance and supervision, administrative and procurement guidance, oversees the dialogue with government, and first-line supervision. The ETC consultant will be extended as Co-term until closure of WASAP.

C. Results to Date


GOI has:
   • Established the National Water Council with Presidential Regulation no 6/2009. The first session was in July 2009 and resulted in a Working Program of 2009, internal procedures (issued by Menko Ekuin), and Establishment of three Special Committees to prepare 2 National Policy Documents and 3 Presidential Decrees.
   • Finalizing Draft Guidelines for Basin Water Resources Management Plan (Rencana) prepared by WASAP-F individual consultants.
GOI continues with support of WASAP-F individual consultants to:

- A Legal review of the Draft Regulation on Dam management and development,
- Prepare draft Government Regulation on River management and development
- Prepare Government Regulation on Water Use Right
- Prepare Govt. Regulations on Coastal Lowland Management and Development
- Prepare Presidential Regulation on National Policy of Water Resources
- Prepare Presidential Regulation on National Policy of Information System on Hydrology, Hydrometeorology and Hydrogeology
- Prepare Presidential Decree on Ground Water
- Prepare Presidential Decree on the Establishment of Catchment Area Forum

On request of DGWR, the mission supported the discussion on Government Regulation on Irrigation (PP on irrigation) as a contribution to a PU workshop in Bandung on December 5, 2009. Main issue of the workshop to obtain clarity on the matter of authorities and responsibilities for development of irrigation systems in the context of the 500,000 ha new irrigation schemes target in the coming government period and medium term plan.

B. Strategic Studies on Priorities for Investment in the Water Resources Sector.

1. Java Water Resources Strategic Study (JWRSS).

Activities to identify priorities for Investment in the Water Resources Sector 2006-2015 continued with the preparation for the Java Water Resources Strategic Study. JWRSS aims for a higher level of water security on Java to support economic growth and poverty reduction anticipating the impacts of climate change. The objectives of the study are: (i) To document the present water resources and water use situation in Java using existing studies and data sets (e.g. WISMP supported Balai WS/PSDA pola and rencana); (ii) To develop and analyze the future scenarios for water resources and water use in Java and identify critical water resources hot spots (incl. climate change); (iii) To formulate priority mitigation and adaptation interventions for water resources management and development in Java; (iv) To formulate a Java water resources action plan.

The program is initiated by Bappenas and will be implemented with MoPW-DGSDA. Proposals from the bidders have been received and are now in the final stage of evaluation and contract preparation. Mobilization of the consultant is expected in February 2010. The estimated cost of the present TA is 1 million USD. Total estimated costs 1.3 Million USD
2. **Water Management for Climate Change Mitigation and Adaptive Development in Coastal Lowlands (WACLIMAD)**

WACLIMAD is a follow-up of GoN sponsored lowland and climate change initiatives and in response to GoI and GoN priorities on work climate change mitigation and adaptation in peatlands and lowlands. WACLIMAD facilitates an informed multi-sector policy dialogue to formulate a balanced development-conservation strategy for the sustainable management of lowlands and their peatlands. It consists of: (i) Screening of socio-economic and physical conditions in the coastal lowlands including peatlands; (ii) Multi agency policy dialogue on development and conservation strategies for the coastal lowlands including climate change mitigation and adaptation, (iii) Identification of institutional strengthening needs. Contract negotiations with the winning proposal consultants are ongoing. Mobilization is expected in February 2010. The TA Cost for mapping and dialogue is around 2.0 Million US$.

C. **Facility for Rapid Responses to Pilot Innovative Approaches and for Stimulation of Short-term Problem-solving Advice and Sector Support.**

1. **Climate Change Adaptation.**

The UNDP collaboration was completed with the launch of the key policy document “National Development Planning: Indonesia responses to Integrating Climate Change” in July 2008. Further climate change mitigation and adaptation program are developed through WACLIMAD and JWRSS.

2. **Community based water resources conservation program and training in the Dulang sub-watershed in Central Java.**

The NGO, Lembaga Pengkajian dan Pengembangan Sumber Daya Pembangunan (LPPSP) continued its facilitation activities to accomplish implementation of the conservation action plan (construction of clean water distribution pipes, clean water tanks in the settlements area, revetment etc) in each sub-village where several local agencies also contributed their budget. In consultation with the local government and community LPPSP has contributed to the preparation of a draft Peraturan Daerah/Perda (Regional Regulation) on Water Resources Conservation and draft Peraturan Desa/Perdes (Village Regulation) on Community Based Environmental Management. Workshop has been conducted in November to socialize the output and outcome of the Dulang conservation program for related provincial agencies including the water resources services of Java, Nusa Tenggara Barat, Lampung and South Sulawesi. Mr. Jaap Vander Velden, the First Secretary for Water, from the Royal Netherlands Embassy visited the project area, carried out dialogue with the community and attended the above mentioned workshop.
Up-scaling of the program will be carried out by local government (Kebumen and Purworejo Districts), the EU NTB-WRMP Project (2 locations), The World Bank financed Dam Operation Improvement and Safety Project (DOISP) and WISMP-2. The Kebumen and Purworejo Districts have communicated their enthusiasm by continuing this program with its local government budget. The contract of LPPSP is terminated in December 2009.

D. Fostering Partnership with Water Users and Civil Society.

1. Civil Society and Water Users Capacity Building in Water Governance

Consortium NGOs (LP3ES, Telapak and Both Ends) continued to facilitate civil society and water users/stakeholders to prepare for their involvement in Provincial and Basin Water Councils and Committees. During this period, the process of Draft Policy Paper on Civil Society Organization (CSO) Participation on Basin Water Resources Management preparation has been finalized. The Policy Paper determines the detail activities that CSO could be involved in water resources management including the criteria and selection process of CSO. The paper has been discussed with Bappenas and DGWR and could be used as inputs by government for the respective regulation.

Public campaign on water resources issues and civil society capacity building was carrying out through showing the film of each program activity in each province to the community. In responding to the program the community along Kali Progo and Air Bengkulu planted about 3,500 trees.

Discussion between Balai Besar Wilayah Sungai (BBWS) Jeneberang and BBWS Progo Opak Serang concluded that community participation on water resources management was important and has to be implemented in BBWS programs. It was understood that the obstacle in community involvement in water governance program was the absence of government regulation on community participation in water resources management. The contract of LP3ES is terminated in December 2009.

2. Monitoring the outcomes and impacts of implementation of PP No. 20/2006 on participatory irrigation and its Ministerial regulations

The impact and outcomes were assessed in 7 Provinces and 21 kabupaten by Pusat Dinamika Pembangunan (PDB) of Padjadjaran University (UNPAD) Bandung. The aim is to assess the outcomes and impacts in on (i) strengthened irrigation management Institutions; (ii) improved performance of irrigation and increased agricultural productivity: (iii) farmer incomes and poverty reduction. The Final report has been submitted. The findings will be part of the evaluation of the implementation of the Participatory Irrigation Management policy of GoI and the approach to its implementation through WISMP, PISP (ADB) and JICA programs. The outcome serves as an input in the formulation of the second stage of WISMP.
3. **Benchmarking RBOs.**

The original Terms of References was revised based on internal discussions with MPW and the World Bank’s Task managers because of a parallel RBO Benchmarking Project supported by the Asian Development Bank (ADB) at almost the same time. Focus of the revised ToR was to analyze Strength and Weaknesses of the selected RBOs and to prepare a capacity building program. A consultant team has been recruited and fielded. Their activities have been presented in earlier progress reports. Administrative and bureaucratic constraints both at the national level (MPW) and the RBOs caused long delays during the process and initiation under this program was not continued. It was therefore decided to terminate this project. A final report was submitted to the Bank.

<table>
<thead>
<tr>
<th>D. Summary of Financial Status (USD): as of December 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grant Amount (before topped-up)</strong></td>
</tr>
<tr>
<td>Holding Currency (HC) - Euro</td>
</tr>
<tr>
<td>2,215,143.96</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overview Budget WASAP F</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Contract 2006</td>
<td>3,128,394.35</td>
</tr>
<tr>
<td>Approved Topping-up in 2008</td>
<td>2,800,000.00</td>
</tr>
<tr>
<td><strong>Total available</strong></td>
<td><strong>5,928,394.35</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall Program and Estimated Budget until Closing Date (December 31, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Committed</strong></td>
</tr>
<tr>
<td>Disbursed by end of December , 2009</td>
</tr>
<tr>
<td>Outstanding Commitment</td>
</tr>
<tr>
<td><strong>Total Committed by December 2009</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Programmed until 12/31/2011</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>IWRM</td>
<td>48,000.00</td>
</tr>
<tr>
<td>ETC &amp; STC &amp; small consultant/NGO contracts</td>
<td>700,000.00</td>
</tr>
<tr>
<td>Java Water Resources Strategic Study</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>Special Planning Alt. 1/Replication Catchment Mgt’</td>
<td>0</td>
</tr>
<tr>
<td>WAQLIMAD</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td><strong>Total New Programmed</strong></td>
<td><strong>3,748,000.00</strong></td>
</tr>
</tbody>
</table>

| Total Budget Needed | **2,152,915.87 + 3,748,000.00 = Rounded 5,900,000** |
**Disbursement Forecast**

<table>
<thead>
<tr>
<th>As of December, 2009</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be disbursed (estimated) January-June, 2010</td>
<td>1,170,000.00</td>
</tr>
<tr>
<td><strong>Total disbursed (estimated) by June, 2010</strong></td>
<td><strong>3,002,889.56</strong></td>
</tr>
</tbody>
</table>

**Budget Plan in US$: January – June, 2010:**

- IWRM Workshop         48,000 (estimated)
- Java WR Strategic Study 300,000 (advance plus first payment)
- Waclimad       700,000 (advance plus first payment)
- STC Consultants         15,000 (2 pax)
- Part of Outstanding Commitment 107,000 (already committed)
- **Total**                **1,170,000**

**E. Significant Problems/Constraints and Measures to Overcome**

There is no significant problem encountered. However, planned allocation of USD 5,900,000 for WASAP-F should be soon be finalized in the SAP system, otherwise the contracts of WACLIMAD and JWRSS cannot be signed before the end of January, 2010.

**F. Significant Constraints Encountered and Measures to Overcome or Mitigate**

The WASAP Sub-program F is embedded in the Bank’s strategic and operational engagement with Government of Indonesia for the sector. Many of WASAP’s outputs are incorporated and mainstreamed through WISMP and NTB-WRMP, DOISP, as well as ADB’s PISP. The Government Regulations, for which advice was extended under WASAP, by definition will henceforth also guide investment operations funded by Dana Alokasi Khusus (DAK) and other external sources such as JBIC. Conversely, the experiences from these field operations are fed back into the WASAP-supported advice and studies. The component A of the project, policy dialogue on improvement of water resources management will continue until December 2011.

The components B and C, strategic studies and rapid response, will be covered by two big contracts WACLIMAD and JWRSS. The climate change and spatial planning initiatives are linked through these studies. The WACLIMAD and JWRSS contracts are under preparation and the consultant teams will be mobilized early February 2010.

The component D, partnership with water users and civil societies: There is no definitive program at this moment. However, budget permitting, small activities can be identified for 2010 and 2011.
WASAP Subprogram – I

Indonesia Water and Sanitation Financing Initiative

Biannual Progress Report

July 1 – December 31, 2009

Jakarta, Indonesia
**Date of Report:** 20 January 2010. Report Period 1 July to 31 December 2009.

**Title:** Sub-Program E – Water Sector Monitoring Program

**Ending Program Period** 31 October 2009

**A. Executive Summary** (This brief paragraph highlights major achievements and outputs)

Except for dissemination of the final report, the project is completed. During the period, analysis of a significant amount of data collected was completed. A progress report was presented in October 2009 and comments were received from peer reviewers and stakeholders from GoI and the sector. A final report was submitted in November and a presentation to the World Bank task team and reviewers was held in December 2009. The final report will be submitted to the GoI in January 2010 and a presentation held for this purpose.

**B. Program Background** (This brief paragraph that describes the overall objective of the sub-program including various sub-components of the program)

WASAP I seeks to improve national and local government WSS sector strategies based on appropriate financing that utilizes public and private resources to increase sector performance, help the poor gain access to water and sanitation and meet MDG sector targets. Based on the revised work plan, the original components have been revised. The objectives of the present components are as follows: Component 1: to develop and agree with the Government the criteria of a fiscal transfer mechanism for water that meets the requirements of the IDPL III. Component 2: to develop a program that mobilizes investment in water based on an improved local governance model and Component 3: to develop specific solutions to improve governance in the sanitation sector. Component 2&3 seeks to help stakeholders better understand the mismatch between local government resources for water supply and sanitation.

**C. Results to Date** (List Outputs, Activities and Outcomes under implementation since the last reporting period)

1. *Progress Report: Evidence of Underinvestment in WSS Indonesia*

   The progress report presents quantified information on the level of underinvestment in the sector in general, and evidence of underinvestment by specific local governments. The report estimates the need for investment using the national action plan targets as well as against the demand of consumers based on a willingness-to-pay survey.

2. *draft Final and Final Report: Policies for Better WSS in Indonesia*

   Based on the evidence of underinvestment, this report explores the reasons that may be contributing to such underinvestment. The report specifically looks at financial constraints as
well as the issue of governance. The report presents some recommendations towards improving the sector financial architecture, building from the current institutions and initiatives of the Government. It also makes recommendations for improving local government sector governance through an integrated assistance program.

## D. Results Matrix (Summary Table)

<table>
<thead>
<tr>
<th>Outputs Proposed for the Period</th>
<th>Description</th>
<th>Progress Summary</th>
<th>Other Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3 Assessment of water and sanitation spending political economy.</td>
<td>Hypotheses testing; actions to reverse spending trend.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>2.1 Developing capital and recurrent cost forecasts.</td>
<td>Recurrent costs for water supply and sanitation service providers (fixed and variable costs, e.g. salaries, chemicals, electricity, raw water, maintenance, administration); demand forecast estimates; water resource availability; distribution data (e.g., number of poor households).</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>2.2 Financial model for water supply and sanitation.</td>
<td>Investment options component--coverage goals, types of service, least cost infrastructure options; utility finance component--tariff and subsidy requirements, financing options; local government sustainability component--local government budget allocation and financing, financing options.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>2.3 Financial database.</td>
<td>Reporting capability; performance tracking; updating capability.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>2.4 Final report and field note.</td>
<td>Project outcomes compared to project objectives; key issues and findings; final action plan and expenditure forecasts; lessons learned; recommended next steps.</td>
<td>Completed</td>
<td>Advisory Panel approval.</td>
</tr>
</tbody>
</table>
E. Summary of Financial Status and Projected Budget Plan

<table>
<thead>
<tr>
<th>Grant Amount (USD)</th>
<th>Receipts (USD)</th>
<th>Disbursements (USD)</th>
<th>Commitments (USD)</th>
<th>Available Balance (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,095,187.11 *</td>
<td>1,066,006.43</td>
<td>853,659.26</td>
<td>0</td>
<td>243,927.26</td>
</tr>
</tbody>
</table>

* This amount was based on the original WASAP-I proposal approved by the Management Committee (Aug 2007). This amount has since been reduced to USD 850,000 plus incremental operating cost associated to supervision based on the revision of the project scope of work following the inception period and reflected in a contract amendment of the consultants (November 2008).

E1: Projected Expenditure

<table>
<thead>
<tr>
<th>Projected Exp 1 July – 30 Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>347,731.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expense Item</th>
<th>Estimated Cost in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contract Payment #4 Final Report on Fiscal Transfer Mechanism Developed in Detail</td>
<td>133,753.00</td>
</tr>
<tr>
<td>2. Contract Payment #5 Report on Data Analysis for Local Governance of Water and Sanitation</td>
<td>133,753.00</td>
</tr>
<tr>
<td>3. Contract Payment #6 Report on Preferred Option for improving water and sanitation governance</td>
<td>80,225.04</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>347,731.04</strong></td>
</tr>
</tbody>
</table>

F. Significant Constraints Encountered and Measures to Overcome or Mitigate

<table>
<thead>
<tr>
<th>Problems/Constraints</th>
<th>Proposed Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bappenas has not responded to the request of MoPW in relation to financing the Water Hibah.</td>
<td>Government will deliberate the proposal in the usual course of its budgeting process.</td>
</tr>
</tbody>
</table>
### Annex 1 WASAP-I Revised LOGICAL FRAMEWORK

<table>
<thead>
<tr>
<th>Narrative Summary</th>
<th>Objectively Verifiable Indicator (OVI)</th>
<th>Means of Verification (MOV)</th>
<th>Risk / Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal</strong></td>
<td>Indonesia meets its water and sanitation MDG.</td>
<td>Joint Monitoring Program data.</td>
<td>Assumptions: 1. Indonesia has a sound legal and regulatory framework in place for financial management. 2. Local governments have significant authority over planning and budgets. 3. Local governments are under-investing in WSS service. 4. Local governments have resources to spend but are not spending them on water services.</td>
</tr>
<tr>
<td>Improved national and local government WSS sector strategies based on appropriate financing that utilizes public and private resources to increase sector performance, help the poor gain access to water and sanitation and meet MDG sector targets.</td>
<td>6 local governments develop quality WSS projects and participate in the national hibah program</td>
<td>Program steering committee considers the strategies to be responsive to sector realities</td>
<td></td>
</tr>
<tr>
<td><strong>Purpose</strong></td>
<td>% increase investment in WSS from local government</td>
<td><em>Kota</em> and <em>kabupaten</em> annual budget documents.</td>
<td>Risk: Despite increased allocation of resources and improved quality of spending by local government, Indonesia is unable to meet its water and sanitation MDG.</td>
</tr>
<tr>
<td>To increase allocation of resources and improve quality of spending by local government on water supply and sanitation, to assist Indonesia achieve its Millennium Development Goal for the water and sanitation sector.</td>
<td>Program proposal submitted by Ministry of Public Works</td>
<td>Approval by Ministry of Finance</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Program proposal submitted by Ministry of Public Works</td>
<td>Relevant project intervention as assessed by GoI and WB</td>
<td></td>
</tr>
<tr>
<td>Intra-governmental fiscal mechanism adopted by central government that provides incentives to local government to invest in WSS</td>
<td>Draft project concept</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed concept for intervention program to improve local WSS sector governance</td>
<td>Report with draft detailed mechanism</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>Report with draft detailed mechanism</td>
<td>Ministry of Public Works submission to Ministry of Finance</td>
<td></td>
</tr>
</tbody>
</table>
WASAP Subprogram – J

Technical Assistance for Flood Mitigation Project

Biannual Progress Report

April 1, 2008 – December 31, 2008

Jakarta, Indonesia

Title: Sub-Program J –Technical Assistance for Flood Mitigation Project

Ending Program Period 31 December 2010

A. Executive Summary

Sub-program J provides support to the Project Management Unit of Jakarta Urgent Flood Mitigation Project (PMU JUFMP) for technical assistance, capacity building, institutional support and communication. The major portions of this subprogram will provide the Detailed Engineering Design (DED) and bid documents, as well as Environmental/Social Impact Assessments (EIA/SIA) for the necessary preparation required to implement the JUFMP. The designs are intended to provide a framework for implementation to alleviate over one million citizens of Jakarta from the effects of flooding (as simulated with the impacts of the devastating floods of February 2007). Furthermore, the EIA/SIA will ensure adherence to social and environmental safeguards.

WASAP subprogram J has been created, signed and agreed upon by the World Bank and GoI counterparts. Grant Agreement was countersigned by Ministry of Finance (MoF) on December 19, 2008. The holding currency of this trust fund hierarchy is Euros and the amount specified in the grant amount is Euro 3,200,000 (equivalent to US$ 5 million) allocated for this program. An initial transfer of US$1 million has been undertaken to WASAP TF account.

Planned outputs are underway in the pipeline and disbursements should begin quickly. The procurement of Project Preparation Consultant (PPC) and EIA/SIA Consultant is well underway according to the schedule. Contract for PPC has been signed on 9 September 2009 between PMU and Sinotech Eng, while contract for EIA/SIA Consultant was signed on 28 September 2009 between PMU and PPA Consultant. Currently, PPC has finished with the draft of bidding documents for 2 packages under phase 1 of JUFMP covers:

- Package 1 for Melati retention basin, Ciliwung-Gn. Sahari and Sentiong-Sunter drains (executed by DKI).
- Package 2 for Cengkareng and Lower Sunter floodway (executed by Balai Besar Cilicis).

On the EIA/SIA, PPA is still reviewing EIA/SIA component for phase 1, including Ancol Amdal. EIA and SIA for phase 2 have also been started, begin with preliminary survey. PPA has also assisted DKI in the preparation of Tracer Study.

On financing, there are no disbursements to date for subprogram J due to administration matters within MoF. While program activity has been included in the budget (DIPA) 2009 and 2010, DG Budget is still processing the opening of the SA/DA (Special Account/Designated Account) for disbursement after the account is active.
B. Program Background

Objectives: To provide technical expertise to strengthen the capacity of the Recipient to operate and maintain its flood control system according to standards and practices needed for a metropolitan area of national importance, and to prepare and support implementation of a project with a comprehensive program of activities to reduce the economic and social cost of flooding by partially restoring the capacity of the city’s flood control system.

The works slated for subprogram J, directly support the preparation and implementation of JUFMP Project, which will reduce the area of DKI Jakarta that is frequently flooded and achieve reductions in associated socio-economic costs through: (i) priority rehabilitation of existing floodways and retention basins; and (ii) provision of technical expertise to improve the effectiveness of Jakarta in storm-water drainage and flood control.

Dredging and rehabilitation of existing floodways and retention basins will have immediate, positive impacts for one million people who will, in the short to medium term, no longer be directly affected by severe flooding, like the devastating February 2007 event. Beneficiaries will be predominantly poor communities living in flood-prone areas. Dredging and rehabilitation is only an entry point through to engage with and strengthen the capacity of DKI to operate and maintain its flood control system. It represents a platform, a basis to promote and support comprehensive flood mitigation interventions, not least of which is increased technical O&M capacity, and inter-agency coordination.

Regarding critical social safeguard issues, JUFMP has introduced a rights-based approach to community engagement and social development ensuring that beneficiaries enjoy sustainable benefits from the project.

WASAP subprogram J detailed activities include:

1. Detailed Engineering Design (DED) of dredging works, river embankments rehabilitation, pump and rack repairs, and bridges rehabilitation/improvements.
2. Preparation of bidding documents for 7 packages under JUFMP as follows:
   • Phase 1:
     ① Package 1: Melati retention basin, Ciliwung-Gn. Sahari and Sentiong-Sunter drains.
     ② Package 2: Cengkareng and Lower Sunter floodway.
   • Phase 2:
     ③ Package 3: Cideng-Thamrin drains.
3. Preparation support for EIA/SIA and Resettlement Plan (RP), as well as analysis and fact findings.
4. Capacity building and institutional support and strengthening for dredging operation and maintenance activities.

C. Results Matrix (Summary Table)

<table>
<thead>
<tr>
<th>Objectives and Outputs</th>
<th>Results Indicators as stated in original work program</th>
<th>Progress against those performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Design (Project Preparation Consultant), Environmental/ Social Impact Assessment (EIA/SIA), and bid documents for JUFMP construction works</td>
<td>• Completion of design and bid documents for dredging contracts (package 1 and 2) under phase 1.</td>
</tr>
<tr>
<td></td>
<td>• Supervision of JUFMP construction</td>
<td>• Draft TOR for supervision is ready and Request Expression of Interests (REOI) has been advertised.</td>
</tr>
<tr>
<td></td>
<td>• Capacity building of MOPW and DKI staff</td>
<td>• Selective training and workshops for MPW and DKI staff is prepared.</td>
</tr>
<tr>
<td></td>
<td>• Institutional support, coordination and communication</td>
<td>• Design and setup of Media Centre (including dredging O&amp;M office and communication strategy) is under preparation.</td>
</tr>
</tbody>
</table>

D. Summary of Financial Status and Planned Disbursements

<table>
<thead>
<tr>
<th>Grant Amount (US$)</th>
<th>Receipts (US$)</th>
<th>Disbursements (US$)</th>
<th>Commitments (US$)</th>
<th>Available Balance (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000,000</td>
<td>1,089,779</td>
<td>0</td>
<td>0</td>
<td>1,089,779</td>
</tr>
</tbody>
</table>

58
C1: Projected Expenditure

<table>
<thead>
<tr>
<th>Projected Exp Jan 01–Jun 30 ‘10</th>
<th>Estimated Exp Q1 Jan–Mar 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ 1,000,000</td>
<td>US$ 500,000</td>
</tr>
</tbody>
</table>

E. Significant Constraints Encountered and Measures to Overcome or Mitigate

There has been no disbursement to date due to delay on the opening of the Special Account/Designated Account (SA/DA) for this sub program. The activities have been allocated in the budget 2010 and PMU currently assisting Working Group (Satker) of subprogram WASAP-J to complete all the administration requirements and acceleration of SA opening by DG Budget, MoF.

F. Plan and Proposal for Continued Implementation of Sub-Program

Allocation in budget (DIPA) 2010 for this grant all together with JUFMP is completed. First transfer of money from WASAP TF account to Special/Designated Account is expected to be executed on mid February 2010.

Two consultants (Sinotech and PPA) are on board with total contract amount of around US$ 2,500,000 under category (2) consultants’ services. While the grant allocation under this category is Euro 2,880,000 (equivalent to US$ 4,500,000), remaining fund of around US$ 2,000,000 is planned to be utilized for two separate additional activities, i.e. consultant service for Flood Management Information System (FMIS) and construction supervision consultant of JUFMP. The FMIS is very important to support both Central and Provincial Government establish framework on flood management system in DKI Jakarta.

Since PMU is planning to establish Flood Media Center which will deal with several activities, including communication and information centre, the FMIS will be a very useful tool to help built strong coordination between MPW and DKI as well as to integrate existing flood database and system of DKI Jakarta.