

# Kajian Pendanaan Public untuk Air Minum dan Sanitasi di Indonesia

## *Review of Public Financing for Water Supply and Sanitation in Indonesia*



December 2006



Latar Belakang  
*Background Report*

**Kajian Mengenai Pendanaan Publik untuk  
Air Minum dan Sanitasi di Indonesia**

*Review of Water Supply and Sanitation  
Financing in Indonesia*

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## Abbreviations and Acronyms

ABT	Anggaran Belanja Tambahan/ Additional expenditure budget
AMPL/WSES	Air minum dan penyehatan lingkungan/Water supply and environmental sanitation
APBD	Anggaran Pendapatan dan Belanja Daerah/ local budget
APBN	Anggaran Pendapatan dan Belanja Negara/ state budget
Bappenas	Badan Perencanaan Pembangunan Nasional/ National Development Planning Agency
Bappeda	Badan Perencanaan Pembangunan Daerah/ Local Development Planning Agency
BUMDs	Badan Usaha Milik Daerah/ Local Government-Owned Enterprises
DAK	Dana alokasi khusus/ special allocation fund
DAU	Dana alokasi umum/ general allocation fund
DD	Dana Dekonsentrasi/ "Deconcentration" Funds
DSCR	Debt Service Coverage Ratio
DTP	Dana Tugas Perbantuan/ Co-Administration Funds
GDP	Gross domestic product
GOI	Government of Indonesia
GRDP	Gross regional domestic product
IDR	Indonesian rupiah
IEC	Information, education and communication
IPAL	Instalasi Pengolahan Air Limbah/ Wastewater Treatment Unit
IPLT	Instalasi Pengolahan Limbah Terpadu/Integrated Sludge Treatment Unit
MCK	Mandi cuci kakus/ public toilets
MDGs	Millennium Development Goals
MoF	Ministry of Finance
MoH	Ministry of Health
MTEF	Medium-Term Expenditure Framework
NAPs	National Action Plans
PAD	Pendapatan asli daerah/ local own revenue
PDAMs	Perusahaan Daerah Air Minum/ Local Government-Owned Water Utilities
PP	Peraturan Pemerintah/ Government Regulation
PKPSBBM	Program Kompensasi Pemberian Subsidi Bahan Bakar Minyak/ Oil Subsidy Compensation Program
PU	Pekerjaan Umum/ Ministry of Public Works
RKN	Rencana Kerja Nasional/ National Work Plan
RPJMN	Rencana Pembangunan Jangka Menengah Nasional/ National Medium-Term Development Plan
UPP	Urban Poverty Project
WASPOLA	Water and Sanitation Policy Action Planning Project
WSLIC	Water Supply for Low-Income Communities Project
WSP-EAP	Water and Sanitation Program—East Asia and the Pacific
WSS	Water supply and sanitation

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December 2006

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The report was written by Brian Smith and Jemima Sy based on research conducted with Bambang Widjajarso, Andy Hamzah, Kodirin and Akhmad Priharjanto. Assistance was provided by Dormaringan Saragih, Irvan Tjondronegoro, Yosa Yuliarsa and Nuri Yusnita.

Peer reviews and other information were provided by: Russell Abrams, Meltem Aran, Andre Bald, Isabel Blackett, Werner Brenner, Jan Drozd, Leila Elvas, Chris Heymans, Sofyan Iskandar, Katharina Gassner, Alfred Lambertus, Blane Lewis, Nilanjana Mukherjee, Andre Oosterman, Mike Ponsonby, Devianiandy Setiawan, Bambang Suharnoko, Risyana Sukarma, Gary Swisher, James Woodcock, Kameel Virjee and Bastian Zaini.

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# Kajian Mengenai Pendanaan Publik untuk Air Minum dan Sanitasi di Indonesia

## Ringkasan Laporan

### Pendahuluan dan Tujuan

Dibutuhkan kemampuan untuk memperkirakan dan mengalokasikan sumber daya secara rasional dalam upaya penyediaan layanan air minum dan penyehatan lingkungan (AMPL) yang berkelanjutan. Pemerintah Republik Indonesia, melalui Kelompok Kerja Air Minum dan Penyehatan Lingkungan (AMPL), membutuhkan kajian pendanaan ini untuk memperoleh gambaran dasar yang lebih baik bagi pengembangan strategi pendanaan di sektor ini. Studi ini memberikan gambaran besaran dan kualitas investasi yang telah dilakukan pada sektor AMPL di era desentralisasi sebagai sarana memahami permasalahan-permasalahan mendasar terkait dengan kesenjangan dalam pendanaan sektor.

### Cakupan Studi

Studi ini meneliti pendanaan publik dalam pengoperasian dan investasi pada sektor AMPL pasca-desentralisasi, yaitu 2003-2005. Kajian ini menganalisis alokasi dana yang dilakukan oleh Departemen Kesehatan dan Departemen Pekerjaan Umum pada tingkat pusat, dan pada tujuh propinsi, dua kota dan 19 kabupaten yang berpartisipasi pada proyek Water Supply and Sanitation Policy Action Planning (WASPOLA).

Dokumen-dokumen anggaran juga dianalisa, namun data mengenai pengeluaran ternyata tidak mencukupi, laporan ini hanya akan memfokuskan pada alokasi anggaran. Komposisi alokasi sektor dianalisa dengan memverifikasi butir-butir anggaran terhadap dokumen-dokumen pendukung untuk menentukan validitas kegiatan/keluaran. Alokasi-alokasi tersebut lalu diklasifikasikan berdasarkan sub-sektor berdasarkan jenis kegiatan/keluaran: i. Fisik, ii. Bantuan teknis, iii.

Dukungan dan pemeliharaan proyek dan iv. Sosialisasi kebijakan atau pembangunan kapasitas. Perbandingan dan korelasi alokasi anggaran di dalam dan antar tingkatan pemerintah dan jenis kegiatan juga dilakukan.

## Latar Belakang Sektor

**Tabel 1. Pengeluaran Tahunan Rata-Rata dalam Pembangunan Sektor Air**

Level of Government	Average (1994-97) in Billion Rp	Average (1998-2000) in Billion Rp	Average (2001-2002) in Billion Rp
	Historical	Post Crisis	Under Decentralization
Central	842	1,450.8	1,985.0
Province	55	106.0	284.6
Districts and Cities	29	538	335.5
<b>Total</b>	<b>926</b>	<b>1,610.5</b>	<b>2,605.3</b>
As percent of GDP*	0.23%	0.40%	0.64%

\* 2000 Constant Prices:  
Analyzed from Sistem Informasi Keuangan Daerah and MoF Data

Sebelum desentralisasi, departemen-departemen tingkat pusat memiliki kewenangan besar untuk merencanakan, mengembangkan dan mendanai prasarana pada sektor ini, sementara pengoperasian dan pemeliharaan umumnya diserahkan oleh pemerintah pusat kepada pemerintah daerah. Oleh karena itu, tidak mengherankan jika 90 persen pengeluaran pemerintah pusat adalah untuk investasi kapital. Rata-rata pengeluaran untuk sektor air pada dua tahun pertama setelah desentralisasi mengalami kenaikan sebesar 60 persen di atas rata-rata historis pasca-krisis. Sementara pengeluaran meningkat baik di tingkat pusat maupun daerah, pengeluaran pemerintah daerah (propinsi dan kabupaten) meningkat hampir tiga kali lipat dan pengeluaran pemerintah kabupaten meningkat enam kali lipat.

## Konteks Kelembagaan

Saat ini beragam aktor dari berbagai institusi terlibat dalam kegiatan pembangunan di sektor ini. Pada tingkat pusat, lebih dari 20 direktorat dari 8 departemen/kementerian terlibat dalam penyediaan air dan sanitasi, sementara pada tingkat lokal, terdapat 9 unit yang berbeda, di mana setiap kabupaten memiliki antara 2 sampai 4 unit, namun tidak ada koordinasi antar organisasi ini. Hubungan antar lembaga pemerintahan yang tidak terkoordinir dengan baik inilah yang membentuk praktik-praktik pendanaan negara pada sektor ini, dengan beragamnya unit-unit anggaran yang menggunakan sejumlah skema berbeda dalam penyaluran dana, dan mencerminkan prioritas yang paralel.

Mandat pada tingkat nasional berfokus pada pembuatan kebijakan, bantuan teknis, pembangunan kapasitas dan sosialisasi dan promosi kebijakan. Namun temuan studi ini menunjukkan bahwa tidak cukup banyak sumberdaya yang dialokasikan untuk memenuhi mandat ini. Pada tingkat daerah, terlepas dari banyaknya pelaku, beberapa mandat masih belum memiliki kerangka kelembagaan yang jelas, dan hal ini mencerminkan rendahnya prioritas untuk sektor ini.

Tantangan di bidang koordinasi dan pencapaian kejelasan peran setiap institusi tidaklah ringan karena kerancuan dalam pembagian fungsi antar institusi menurunkan akuntabilitas institusi-institusi di tingkat daerah. Akar dari semua permasalahan itu adalah kurangnya komitmen institusi-institusi tersebut terhadap berbagai area program dan peran yang menjadi tanggung jawab mereka.

## Strategi Nasional AMPL

Arahan Pemerintah Indonesia untuk sektor AMPL tercantum dalam Rencana Pembangunan Jangka Menengah Nasional - RPJMN, 2004-2009, dan sebelumnya, dalam Rencana Kerja Nasional (RKN) untuk Penyediaan AMPL yang dikembangkan oleh Departemen Pekerjaan Umum - PU. Baik RPJMN maupun RKN pada dasarnya dirancang untuk mencapai target Tujuan Pembangunan Milenium (MDG) Indonesia pada tahun 2015.

**Tabel 2. GOI Water Supply Targets**

Water Supply Access* Targets	RPJMN 2009	NAP 2010	NAP 2015
Urban	66%	90%	93%
Rural	30%	70.75%	77.50%
<b>Total</b>	<b>66%</b>	<b>83%</b>	<b>88%</b>
Service Level Target of Projected Total Access			
Piped water	40%	48.50%	62%
Others	60%	51.50%	38%
Operational Targets			
No. of households connected (millions)		19.00	25.40
Productions capacity ('000 liters per sec)		268.00	358.00

\* Refers to piped and non-piped systems

**Tabel 3. GOI Sanitation Targets**

Sanitation & Wastewater Access Targets	RPJMN 2009	NAP 2010	NAP 2015
<b>Sanitation Targets</b>			
Urban		73.74%	71.39%
Rural		64.50%	78.82%
<b>Total</b>		<b>69%</b>	<b>75.34%</b>
Operational Targets			
Open defecation free*	100%	100%	100%
IPLT and IPAL Use Capacity	60%	60%	
Reduce Domestic Water Pollution	50%	50%	

\* Households at least have a latrine as safe disposal for human waste

Selain untuk pembuangan yang aman bagi limbah manusia (sanitasi), RKN mengenai air limbah juga bertujuan untuk mengembangkan sistem sewerage terpusat untuk kota metropolitan dan wilayah perkotaan besar lainnya.

Berbagai dokumen strategi Pemerintah menetapkan satu paket prinsip dan kegiatan yang konsisten yang dapat menjadi landasan prioritas bersama sektor ini atau program kerja utama. Namun, proses pengembangan strategi belum selesai. Kedua paket dokumen tersebut masih belum jelas dalam mendefinisikan layanan minimum yang menjadi prioritas, paket program reformasi, serta mengenai pembagian tanggungjawab. Beberapa area strategis memerlukan pengembangan lebih lanjut.

Untuk menyelesaikan pengembangan strategi tersebut, pemerintah dapat mempertimbangkan untuk menyepakati tingkat minimum penyediaan layanan bagi semua penduduk Indonesia dan memprioritaskan satu paket reformasi tertentu. Proses ini dapat meningkatkan dampak kegiatan



karena mampu untuk mengkonsolidasikan upaya-upaya berbagai institusi yang terlibat. Beranjak dari kesepakatan ini, rencana investasi sektor dapat dikembangkan, dan dari sini akan terdefiniskan apa dan bagaimana sumber dana akan dialokasikan untuk mencapai target-target ter-

tentu selama periode tertentu. Pendanaan publik, terutama transfer dari tingkatan pemerintah yang lebih tinggi ke tingkatan pemerintah yang lebih rendah, dapat dilakukan untuk menunjang kegiatan-kegiatan yang menjadi prioritas ini.

**Tabel 3.**  
**Wilayah-Wilayah Strategis yang Tercantum dalam Rencana Penyediaan Air dan Sanitasi Nasional**

	RPJMN	NAP Water Supply	NAP Wastewater
1. Sector Policy and Planning			Strengthen coordination with other sectors
2. Infrastructure Development and Rehabilitation			
2.1. New Infrastructure Development	Increase number of PDAMs and PDALs in metropolitan and big cities Increase service connections, particularly for villages Increase sewerage connections	Develop water supply facilities incrementally Support increased service connections especially in rural and peri-urban communities	Expand coverage of existing wastewater facilities and infrastructure Implement program for domestic IPAL development Support infrastructure development in disease-endemic areas Develop infrastructure in disaster areas Develop appropriate infrastructure in remote areas and small islands Develop infrastructure in border areas
2.2. Rehabilitation of Existing Infrastructure	Rehabilitate infrastructure destroyed by natural calamities Refurbish water and wastewater systems built Replace old trunk and distribution pipes		Rehabilitate existing wastewater facilities and infrastructure
3. Technical Assistance to Support Program/Project Implementation			
3.1. Develop Pro-Poor Approaches to Infrastructure Development	Ensure participation of communities in planning, design and construction		Develop wastewater infrastructure for low-income community
3.2. Technology Research and Development	Improve technology for sewage processing		Develop program for environmentally-friendly technology for wastewater management
4. Performance Improvement of Service Providers (Institutionally and Community Managed)			
4.1. Operational Efficiency	Implement leakage reduction program. Optimize idle capacity of water and wastewater facilities	Improve quality of drinking water distributed	Assist increased performance of wastewater infrastructure and facilities
4.2. Service Provider Capacity	Support improved human resources management of service providers Revise regulation of local government enterprises Support capacity-building programs for community-based service providers	Support continuing training for PDAM management Establish separate supervision body from operations	Improve competence of human resources
4.3. Debt Restructuring	Implement debt restructuring program for PDAMs.	Implement debt restructuring program for PDAMs Encourage local governments to contribute in settling PDAM debt	
5. Sector Institutions Reform			
5.1. Sector Management Organization	Form regional/aggregated management of water supply.	Establish management body for water resources allocation	Establish regulatory institution for wastewater
5.2. Tariff Reform	Revise rules on tariffs to support improved cost-recovery	Support establishment of cost-covering tariffs	
6. Administration and Enforcement of Regulations		Institute rewards and penalties to encourage water conservation	Review and improve regulations on wastewater management Develop regulatory and technical standards & guidelines for wastewater management Improve domestic and industrial wastewater monitoring
7. Communications Program			
7.1. Hygiene Promotion	Launch public campaign on importance of clean and healthy living Implement school-based hygiene campaign	Implement school-based education program	Implement environmental education and sanitation campaigns in local forums.
7.2. Water Education	Increase community participation for environmental conservation	Institute rewards and punishment for conservation	Implement the community-led total sanitation program
8. Promoting Increased Investments			
8.1. Private Sector Participation	Review and revise regulations to increase private participation	Review and revise regulations to increase private participation	Identify business opportunities for sanitation service providers
8.2. Facilitate New Sources of Financing/Innovations	Encourage participation from NGOs	Encourage local governments to invest in sector Promote cooperation between local governments on water provision Encourage increased community investment	Encourage local governments participation in wastewater facilities development Implement a program for extensifying wastewater financing

## Kebijakan Pendanaan

Pendanaan publik untuk sektor ini berasal dari sumber-sumber berikut:

- Alokasi anggaran pemerintah pusat untuk mendanai kegiatan-kegiatan yang telah didelégasikan ke pemerintah daerah melalui Dana Dekonsentrasi dan Tugas Perbantuan.
- Alokasi anggaran oleh pemerintah daerah, termasuk Dana Alokasi Khusus – DAK.
- Pinjaman luar negeri yang diserahkan pemerintah pusat ke pemerintah daerah.
- Pinjaman oleh pemerintah daerah. Selama periode studi (2003-2005), tidak ada pinjaman untuk proyek air dan sanitasi.
- Sumber-sumber pendanaan lain yang dialokasikan dari APBN biasanya lebih bersifat ad hoc atau sementara seperti contohnya Anggaran Belanja Tambahan atau kompensasi pengurangan subsidi bahan bakar.

Perkembangan kebijakan perencanaan dan penganggaran pada saat ini memberikan peluang bagi perencanaan dan pengawasan yang lebih bersifat sektoral. Reformasi pada saat ini menekankan pada anggaran yang terintegrasi dan berfokus pada kinerja, berdasarkan sudut pandang pembangunan dengan jangka waktu yang lebih panjang. Proses baru ini menggunakan rencana jangka panjang dan menengah pada tingkat nasional dan daerah sebagai dasar bagi proposal anggaran tahunan. Kebijakan pada saat ini juga mempertimbangkan penggunaan kerangka kerja pengeluaran jangka menengah, dengan plafon anggaran masa depan untuk pengguna anggaran.

**Tabel 4.**  
**Perbandingan antara Kebijakan dan Praktik Reformasi Anggaran dalam PAS**

Ketidakcocokan antara Reformasi Anggaran dengan Praktik Pendanaan PAS pada Saat Ini	
Pilar-pilar Reformasi Anggaran	Pendanaan AMPL Saat ini
Kesatuan anggaran sehingga semua dana menjadi akuntabel dan dapat diawasi	Berbagai kegiatan 'off budget', terutama dari sudut pandang pemerintah daerah yang memegang tanggung jawab utama AMPL
Penganggaran berdasarkan kinerja perlu untuk mendefinisikan hubungan antara input (alokasi) dengan output dan hasil untuk memastikan efektivitas anggaran	Pencapaian hasil AMPL atau ketidakterhasilannya tidak dapat dikaitkan secara mudah kepada badan tertentu karena sektor ini melibatkan berbagai tingkat pemerintahan dan berbagai badan.
Kerangka kerja pengeluaran jangka menengah (MTEF) untuk perencanaan dalam jangka yang lebih panjang dan realistis	Tidak ada kontrak atau strategi yang mencakup keseluruhan sektor yang dapat dipergunakan untuk mengalokasikan tanggung jawab dan akuntabilitas pendanaan antar pelaku.
	Kebanyakan pendanaan bersifat tahunan dan bukan bertahun-tahun dan tidak ada MTEF untuk sektor ini.

Dengan pengecualian alokasi anggaran pemerintah daerah yang berdasar pada kerangka kerja jangka menengah dan untuk kasus-kasus di mana pendanaan diambil dari pinjaman, saat ini tidak ada penyaluran dana yang memiliki jaminan melampaui alokasi tahunannya. Ada pula dana-dana yang menurut pandangan pemerintah daerah bersifat "off-budget", walaupun penggunaan utamanya untuk penyediaan AMPL. Kombinasi dari faktor-faktor ini menciptakan tantangan bagi perencanaan yang lebih rasional dan bersifat lebih panjang, yang sangat penting bagi sektor AMPL yang umumnya ditandai oleh investasi besar berjangka panjang.

Sebagai tambahan, kerangka kerja perencanaan dan anggaran pada saat ini tidak mendukung perencanaan yang mencakup keseluruhan sektor. Untuk sektor yang dipegang oleh satu otoritas yang sama, hal ini bukan merupakan masalah, namun seperti yang telah dibahas sebelumnya, otoritas di bidang penyediaan AMPL mencakup banyak unit dan institusi. Perencanaan lintas institusi dalam penyediaan AMPL diatur dalam PP 16/2005 (sebagai peraturan pelaksana Undang-Undang Sumber Daya Air No 7 tahun 2005), pada bagian yang menetapkan bahwa kebijakan dan strategi pengembangan penyediaan air minum nasional akan disusun oleh pemerintah setiap lima tahun sekali. Namun, akan lebih berguna apabila kita menghubungkan proses ini dengan kerangka penganggaran sehingga penetapan prioritas diantara berbagai pilihan-pilihan kebijakan menjadi jelas (karena terbatasnya anggaran) dan pengeluaran akan terkait dengan pencapaian/keluaran program dalam jangka pendek, dan hasil program dalam jangka panjang.

- 1 Perlu dicatat, walaupun peraturan ini hanya mengatur mengenai "penyediaan air minum", kebijakan undang-undang tersebut secara umum juga mendorong pembangunan sanitasi yang terintegrasi.

## Tren Anggaran untuk Penyediaan AMPL 2003-2005

### 1.1. Investasi Daerah untuk AMPL

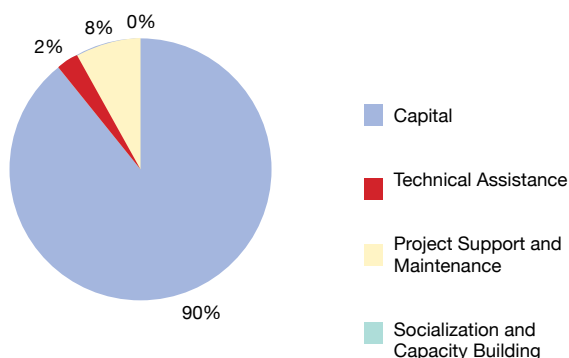
Rata-rata investasi daerah dalam sektor AMPL di Indonesia (penyediaan air, sanitasi, limbah padat dan saluran air) di lokasi WASPOLA tercatat paling tinggi untuk sektor perkotaan dan paling rendah untuk level propinsi, dilihat dari jumlah dananya. Walaupun propinsi-propinsi memiliki pendapatan per kapita yang relatif tinggi, seperti mereka tidak merasa bertanggungjawab dalam penyediaan AMPL. Kota-kota yang berpartisipasi dalam WASPOLA menginvestasikan jumlah dana tertinggi per kapita, sementara propinsi-propinsi menginvestasikan jumlah per kapita yang jauh lebih sedikit dibanding kabupaten atau kota.

**Tabel 5.**  
**Rata-Rata Alokasi Anggaran AMPL dan Rata-Rata Pendapatan Daerah pada Wilayah WASPOLA**

	Rata-rata Anggaran AMPL		Rata-rata Total Pendapatan Daerah	
	Dalam Juta Rupiah	Rupiah per Kapita	Dalam Juta Rupiah	Rupiah per Kapita
Kabupaten	1,689	6,162	789,804	475,790
Propinsi	3,071	661	2,669,782	1,615,314
Kota	4,611	30,251	469,379	3,825,743

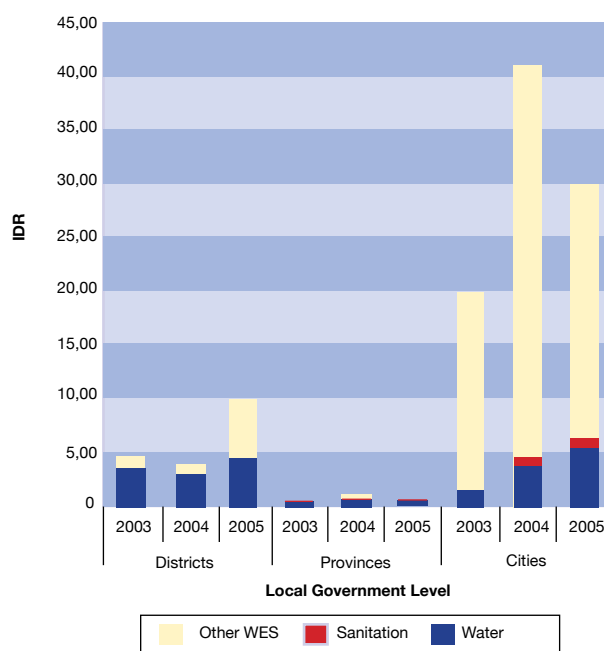
Kebanyakan alokasi anggaran AMPL daerah, sekitar 90%, diperuntukkan bagi investasi kapital. Hanya sejumlah kecil yang dialokasikan untuk bantuan teknis, sosialisasi, dan pembangunan kapasitas (lihat Gambar 1).

**Gambar 1**  
**Alokasi Anggaran Daerah untuk Pengeluaran AMPL menurut Jenis Pengeluaran**



Sekitar 50% dari alokasi anggaran AMPL propinsi dan kabupaten diperuntukkan bagi penyediaan air. Namun, pada anggaran kota, penyediaan air mendapatkan bagian yang lebih kecil; alokasi anggaran AMPL kota yang terbesar adalah untuk saluran air. Alokasi anggaran AMPL untuk limbah padat mendapatkan bagian kecil pada semua tingkat pemerintahan, yang terbesar hanya mencapai 5% dari anggaran kota. Sanitasi mendapatkan sekitar seperlima dari total alokasi anggaran untuk penyediaan air, namun perbandingan ini bervariasi pada setiap tingkat pemerintahan.

**Gambar 2.**  
**Alokasi AMPL Pemerintah Daerah (Per Kapita) 2003-2005**



Studi ini juga mempelajari hubungan antara pendapatan daerah, produk domestik bruto daerah (PDBD) dan alokasi anggaran AMPL. Pertambahan pada pendapatan daerah diharapkan dapat berakibat pada peningkatan alokasi AMPL, namun korelasi yang ditemukan lemah (0,14). Lebih lanjut lagi, hampir tidak ada korelasi (0,05) antara alokasi AMPL dan PDBD.

## 1.2. Investasi Nasional AMPL

### 1.2.1. Alokasi AMPL Departemen Pekerjaan Umum

Alokasi dari Departemen Pekerjaan Umum ke pemerintah daerah, baik secara nasional maupun bagi peserta WASPOLA, kebanyakan untuk sektor air. Secara nasional, sanitasi hanya mendapat sekitar 15% dari total alokasi Departemen Pekerjaan Umum untuk penyediaan air, dan untuk peserta WASPOLA, sanitasi dialokasikan sekitar sepersepuluh dari jumlah ini. Dua per tiga dari Alokasi Departemen Pekerjaan umum dianggarkan untuk investasi fisik dan hampir keseluruhan sisanya untuk bantuan teknis, yang meliputi investigasi optimalisasi sektor, rancangan teknik detail dan studi kelayakan yang terkait dengan investasi fisik.

Studi ini juga menguji korelasi antara alokasi AMPL Departemen Pekerjaan Umum dengan alokasi AMPL pemerintah daerah. Hubungan yang ditemukan bersifat positif walaupun lemah (0,21). Dibanding dengan alokasi nasional di wilayah-wilayah WASPOLA, sebagian besar dana untuk sektor ini, kecuali untuk penanganan limbah padat, telah dialokasikan oleh pemerintah daerah. Kombinasi dari kedua pengamatan ini menunjukkan bahwa ada kesempatan bagi lembaga-lembaga tingkat pusat untuk lebih memanfaatkan dana dari pemerintah daerah.

**Tabel 6.**  
**Alokasi Sub-Sektor di Wilayah WASPOLA untuk Tahun 2003-2004**

	Oleh Departemen Pekerjaan Umum	Oleh Pemerintah Daerah	Daerah sebagai persentase dari Total
Penyediaan air	49,292,425,000	91,008,643,356	65%
Sanitasi	925,000,000	20,697,563,605	96%
Kotoran Padat	4,379,282,000	3,660,089,006	46%
Saluran air	1,861,903,000	73,102,575,664	98%
<b>Total</b>	<b>56,458,610,000</b>	<b>188,468,871,631</b>	<b>77%</b>

Departemen Kesehatan adalah departemen yang menyalurkan dana terbesar nomor dua untuk air dan sanitasi, namun jauh lebih sedikit dibandingkan Departemen Pekerjaan Umum. Dalam jangka waktu tiga tahun, alokasi anggaran umum Departemen Kesehatan untuk penyediaan air dan sanitasi hanya sebesar kurang dari satu persen dari jumlah yang dialokasikan oleh PU, dan alokasi dari Depkes terus menurun sepanjang jangka waktu studi. Di sisi lain, pendanaan Depkes untuk sanitasi melebihi kontribusi PU. Namun, bagian yang lebih besar dari dukungan Depkes terhadap penyediaan air dan sanitasi, dilakukan melalui Proyek Water Supply for Low-Income Communities (WSLIC). Alokasi Depkes yang terkait dengan WSLIC “mengerdilkan” alokasi mereka secara umum, karena besar alokasi yang terkait dengan WSLIC adalah 98% dari total dukungan Depkes pada bidang AMPL.

### 1.3. Dukungan Pemerintah Pusat dan Daerah kepada PDAM

Dari seluruh pemerintah daerah yang berpartisipasi dalam WASPOLA, hanya propinsi Sumatra Barat dan kabupaten Gorontalo yang mengalokasikan dana untuk mendukung dan mengawasi PDAM. Di sisi lain, dukungan dari pemerintah pusat, melalui Departemen Pekerjaan Umum, mencapai rata-rata sebesar 30 persen selama periode tiga tahun tersebut. Kebanyakan dukungan kepada PDAM berbentuk bantuan teknis – optimalisasi dan kegiatan perancangan.

### Kesimpulan dan Rekomendasi

1. Investasi pada saat ini berada di bawah tingkat yang dibutuhkan untuk mencapai target pemerintah di sektor ini. Alokasi daerah untuk AMPL, rata-rata, hanya sebesar kurang dari 1 persen dari total pendapatan daerah dan alokasi tahunan untuk sektor ini adalah sebesar rata-rata 0,40 dolar AS – sekitar 0,03 persen dari PDB per kapita.
2. Komposisi dan tren alokasi sektor menunjukkan peningkatan alokasi oleh pemerintah daerah, namun terdapat potensi untuk peningkatan arahan nasional dari pusat. Perge-

seran sumber investasi sektor dari pemerintah pusat ke pemerintah daerah telah terlihat dalam wilayah studi, dimana pemerintah daerah mendanai sekitar 46 persen sampai 90 persen dari total kegiatan sub-sektor. Hal ini menunjukkan keinginan pemerintah daerah untuk melakukan investasi pada bidang AMPL. Namun, studi ini juga menemukan korelasi yang lemah antara pendapatan daerah dan PDBD dengan alokasi AMPL. Advokasi secara umum untuk kepentingan sektor AMPL dipandang akan mendatangkan manfaat, dan departemen-departemen terkait dapat bekerjasama dengan pemerintah daerah dalam membangun kapasitas mereka dalam mengembangkan strategi, perencanaan dan pelaksanaan program di sektor ini. Pemerintah pusat juga memiliki peluang untuk mengarahkan pemerintah daerah melalui pemberian transfer yang bisa diperkirakan dan bersifat jangka panjang yang didasarkan pada prioritas program yang jelas dan pencapaian hasil.

3. Pemerintah daerah memainkan peranan yang semakin penting dalam pendanaan sektor, namun dana dan kapasitas yang ada terbatas. Walaupun pemerintah daerah semakin memperbesar tanggung-jawab mereka dalam sektor, masih sedikit sekali sumberdaya yang diinvestasikan untuk AMPL dan pendanaan sektor ini sepertinya akan terus dibatasi oleh berbagai kepentingan lain. Perbaikan kinerja fiskal dan pengelolaan keuangan bukan merupakan satu-satunya tantangan yang dihadapi oleh pemerintah daerah. Tantangan utama adalah untuk memastikan bahwa perbaikan secara progresif dan kelayakan dari layanan AMPL cukup untuk menghasilkan kepercayaan dari pemberi dana potensial, termasuk konsumen, dan untuk menyeimbangkan antara kepentingan umum dan komersil. Hal ini memerlukan perencanaan dan pengawasan sektoral yang lebih baik, selain juga kemampuan teknis dan pengelolaan proyek, yang saat ini belum tersedia.
4. Kapasitas institusi-institusi sektor untuk mengembangkan rencana investasi yang realistis dapat diperkuat dengan cara-cara yang sederhana. Berdasarkan kajian ini,

maupun dari umpan balik pemerintah daerah, cukup jelas bahwa parameter dasar dari perencanaan keuangan sektor tidak tersedia, atau parameter tersebut tidak diketahui oleh pemerintah daerah. Cara-cara yang sederhana dapat dikembangkan dan disebarkan untuk mendukung penguatan perencanaan investasi di bidang AMPL seperti tabel biaya standar untuk paket layanan minimum dan program reformasi; aturan untuk pengelompokan dan penamaan input dan kegiatan/keluaran; ketersediaan dan publikasi data-data acuan, baik untuk input (biaya) maupun total investasi untuk menilai program dengan membandingkannya dengan pengguna anggaran lainnya/pemerintah daerah.

5. Pada tingkat pusat, GOI perlu menyelesaikan proses pengembangan strategi melalui kesepakatan yang lebih luas (antar-departemen) mengenai layanan mendasar dan paket reformasi prioritas dengan tujuan untuk meningkatkan anggaran keseluruhan sektor dan memperbaiki efektivitas.
6. Dibutuhkan kejelasan mengenai pembagian tanggungjawab berbagai tingkat pemerintahan, terutama antara propinsi dengan kabupaten/kota. Walaupun memiliki pendapatan yang relatif tinggi, propinsi ternyata tertinggal dalam hal alokasi di sektor ini. Pola ini mencerminkan kerancuan peran propinsi dalam AMPL.
7. Institusi-institusi terkait perlu diberi tanggung jawab untuk melaporkan, mengumpulkan dan menganalisa keuangan dan kinerja sektor secara berkala, dan perlu ada sumberdaya yang mendukung kegiatan ini termasuk audit secara acak. Tinjauan finansial untuk sektor ini memerlukan proses pengumpulan dan analisa yang bersifat komplementer karena informasi menyangkut sektor ini tersebar di seluruh unit-unit anggaran dan tingkatan pemerintah. Kemampuan untuk menganalisa kualitas pengeluaran sektor pada saat ini terbatas karena (i) data keuangan yang dilaporkan kebanyakan berupa perencanaan ke depan (*forward-looking*), contoh: informasi mengenai alokasi anggaran tersedia, namun data pengeluaran, walaupun tersedia, biasanya mencerminkan alokasi.

8. Penyaluran dana nasional untuk AMPL pada saat ini memiliki jangka waktu pelaksanaan yang pendek (tahunan) dan tidak bisa dipastikan dari tahun ke tahun. Terlebih lagi, terkecuali untuk DAK dan dana hibah, dari sudut pandang pemerintah daerah, Dana Dekonsentrasi and Perbantuan bersifat “off budget.” Faktor-faktor ini berpotensi untuk menurunkan kapasitas lokal dalam memelihara dan mendukung program selama pelaksanaan. Kepastian pendanaan sangat penting untuk perencanaan, terutama untuk proyek investasi kapital yang memiliki waktu persiapan yang panjang seperti penyediaan AMPL. Walaupun anggaran untuk tahun-tahun berikutnya tidak dapat dipastikan, rencana investasi jangka menengah sektor, yang memperkirakan jumlah yang perlu dialokasikan untuk sektor, dapat menjadi petunjuk yang berguna bagi pemerintah daerah dan pusat. Sistem pembayaran hibah berdasarkan hasil yang dicapai juga dapat dipertimbangkan.
  9. Perlu dialokasikan lebih banyak lagi sumberdaya nasional untuk penguatan institusi dan pengembangan kapasitas daerah untuk perencanaan dan pemrograman sektor.
  10. Pengeluaran daerah untuk pemeliharaan dan ‘piranti lunak’ perlu ditingkatkan secara proporsional untuk memastikan ketahanan dan efektifitas investasi modal yang telah dilakukan.
  11. Berbagai jenis pendanaan jangka panjang perlu disediakan bagi pemerintah daerah, dan bagi perusahaan daerah yang menunjukkan berbagai tingkat kesiapan dan tanggungjawab.
- Pembahasan mengenai pembuatan suatu nota kesepahaman sektor mengenai layanan minimum dan paket reformasi prioritas yang akan berada di bawah koordinasi Bappenas.
  - Berbagi hasil studi dengan, dan meminta masukan dari, pemerintah daerah mengenai pandangan mereka tentang jenis dukungan yang mereka harapkan dari pemerintah pusat; berbagi *good practices* dari pemerintah daerah dalam investasi sektor dan pengembangan strategi sektor.
  - Pengembangan *situation self-assessment* dan catatan arahan strategi dan proses untuk pemerintah daerah sebagai masukan bagi pengembangan program AMPL nasional.
  - Pengembangan rencana investasi sektor dengan unit pembiayaan per paket kebijakan.

## Tahap 2

- Bersamaan dengan hal-hal di atas, mulai pelaksanaan tahap ke dua dari tinjauan pendanaan sektor melalui perusahaan daerah dan tarif pengguna.

Langkah Selanjutnya dalam Strategi Keuangan  
Langkah-langkah di bawah ini diperlukan untuk menggerakkan proses strategi keuangan sektor ini. Kegiatan-kegiatan kunci ini perlu dibahas dan disepakati dengan GOI, dan jadwal kerja akan ditetapkan berdasarkan hasil diskusi tersebut.

## Tahap 1

- Konsultasi antara Bappenas, Departemen Keuangan, Departemen Pekerjaan Umum, dan Departemen Kesehatan mengenai temuan studi.



# Review of Water Supply and Sanitation Financing in Indonesia

## 1. Introduction

Indonesia is at the same time vast and overcrowded. Its territory is divided into hundreds of local administrative units – 33 provinces, 50 cities and 445 districts. About 60 percent of a total of 217 million people live on Java Island. Here, the five major cities are home to 12 percent of the entire population. By contrast, residents of the province of Papua, about five times larger than Java, comprise one percent of the population.

The management of basic services under such extreme spatial conditions is expectedly complicated and requires a well planned approach to infrastructure development, which has not been the case for water supply and sanitation, particularly in the last decade. Estimating and allocating resources required in the continuing promotion of sustainable water supply and sanitation development across the vast territory has become especially difficult under decentralization. The challenge arises not only because responsibilities have become diffused, but also because information systems still are too weak to support such exercises.

Decentralization, however, offers great opportunities for redefining lines of sector responsibilities between central and local levels of government underpinned by more effective modes of public financing (through inter-governmental transfers) and articulated in a sector investment plan. Such a plan could be an instrument for better defining sector priorities and the role that various institutions will play and the resources from which they can draw. In the Indonesian context, it is critical that the sector investment plan emphasize results, but at the same time, ensure that the allocation of resources promotes

improving capacity and accountability at the local level by predictability of financing and sufficiency of funds allocated for capacity-building.

### 1.1. Objective of the Study

The Government of Indonesia (GoI), through the Water Supply and Environmental Sanitation (Air Minum dan Penyehatan Lingkungan – AMPL) Working Group, with support from the Water and Sanitation Program – East Asia and the Pacific (WSP-EAP) and the World Bank, commissioned this review of financing in water supply and sanitation to provide an improved basis for the development of financing strategies for Indonesia's water supply and sanitation sector.

The aim of this study is to provide sector stakeholders with a snapshot of the order of magnitude and quality of investments made in water supply and sanitation after decentralization as a means of exploring the underlying issues related to the gap in sector financing, effectiveness of current channels of funds and institutional arrangements, which would serve as basis for recommendations on a way forward for developing a sector investment plan.

In the context of Indonesia, developing a sector strategy and investment plan will not be achieved overnight as key sets of information remain unavailable. Prior to this study, attempts at quantifying investments in water supply and sanitation have been limited to global figures of investments in water, which included irrigation and water resources conservation, and very limited disaggregated information on funds allocated for sanitation.

## 1.2. Study Scope, Method and Limitations

This study looks at public financing for water supply and sanitation operations and investment during a three year post-decentralization period, 2003-2005.

### 1.2.1. Sector Focus

The review is focused on water supply and sanitation, which have relevant Millennium Development Goals (MDGs) that Gol has endorsed. “Water supply” pertains to activities related to the distribution of water for domestic and municipal uses, including source development and treatment, whether piped or through point sources. The study did not investigate water resource management, development of reservoir and other infrastructure for the transport and treatment of bulk water which are no less important given the acute water shortages in many parts of Indonesia.

Consistent with the primary focus on MDGs, the study’s scope of “sanitation” is limited to collection and disposal of excreta and domestic wastewater, including hygiene promotion, but not to the broader definition of “environmental sanitation” recognized in Gol policy, which includes solid waste and drainage. Most budget data, however, also include information on solid waste and drainage, and whenever available, such data are presented in this report for comparison.

The study looks at aggregate financing for urban and rural areas because in all cases, budget documents did not differentiate between these locations.

### 1.2.2. Institutional Focus

The study focuses only on selected national and local government agencies. At the central level, the Ministries of Health and Public Works were selected as the agencies with the most significant programs dealing directly with water supply and sanitation.<sup>3</sup> At the local level, the review focuses

on seven provinces, two cities and 19 districts and the relevant district offices, participating in the Water Supply and Sanitation Policy Action Planning Project (WASPOLA), under which this study is commissioned. Annex 3 provides key information about these local governments.

The study considers sector financing from central and local line department budgets in support of local government-owned water utilities (Perusahaan Daerah Air Minum - PDAMs). PDAMs, however, maintain their own books of accounts and flows into the sector from PDAM internally-generated revenues and financing were not included in this initial review.

### 1.2.3. Budget Reviews

National sector ministry and local government budget documents were examined in this study. Data on expenditure (“realization”) also were collected, but proved insufficient to yield useful results. When reported, most expenditure data simply mirrored budgeted amounts and the study, therefore, is based on budget allocations only.

The composition of sector allocations was analyzed by verifying budget items against their supporting documents to determine the precise nature of activities/outputs. Allocations were then classified by sub-sector: i. water supply, ii. sanitation, iii. solid waste, iv. drainage or a combination of sub-sectors i-iv. Allocations also were classified according to the type of their activity/output: i. physical, ii. technical assistance, iii. project support and maintenance and iv. “socialization” of policies or capacity-building. These activity / output types are described in Tabel 5.

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<sup>3</sup> Ministry of Environment also is considered a key implementing agency, however, based on consultations with their planning, budget and line directorates, it was not possible to disaggregate the Ministry’s water and sanitation data from general water resource/environment. Other important agencies involved in the sector include Bappenas, whose role is largely coordination and policy development and does not involve direct sector investment, and Ministry of Finance; however, only one subsidiary loan (on-lent through MoF to local districts) was made during 2003-2005.



**Table 1.**  
**Classification of Budget-funded Activities/Outputs**

<b>Classification of Budget-funded Activities/Outputs</b>
<ul style="list-style-type: none"> <li>• Physical project – rehabilitation or construction of new infrastructure/facilities, including the capitalization of costs of construction (such as materials and labor)</li> <li>• Technical assistance –analytical work, including planning activities, engineering design, feasibility studies and research</li> <li>• Project support, administration and maintenance – maintenance of existing assets, project and day-to-day administration and activities undertaken to carry out mandated functions, such as testing or regulation</li> <li>• Socialization and capacity-building – promulgation of sector policies; information, education and communication (IEC) campaigns; and other general workshops and training activities</li> </ul>

Comparison and correlation of budget allocations within and across levels of government and types of activities were conducted. General local government budget information also was obtained in the study and disaggregated into the government financial reporting classifications shown in Table 2.

**Table 2.**  
**Simplified Local Government Budget Structure**

<b>total inflow</b>	<b>total outflow</b>
<b>own revenue</b> <i>(pendapatan asli daerah-PAD )</i> <ul style="list-style-type: none"> <li>• local taxes</li> <li>• local levies/charges for services</li> <li>• income from regionally-owned enterprises</li> <li>• other</li> </ul>	<b>capital expenditure</b> <b>operational expenditure</b> <ul style="list-style-type: none"> <li>personnel</li> <li>goods and services</li> <li>travel</li> <li>maintenance</li> <li>other</li> </ul>
<b>balancing funds</b> <ul style="list-style-type: none"> <li>• revenue sharing from taxes</li> <li>• revenue sharing from natural resources</li> <li>• general allocation fund (DAU)</li> <li>• special allocation fund (DAK)</li> </ul>	<b>revenue sharing to lower levels</b> <b>unplanned expense</b>
<b>transfers</b> <ul style="list-style-type: none"> <li>• other transfers from central government</li> <li>• transfers from provincial government</li> </ul>	
<b>other revenues</b> <ul style="list-style-type: none"> <li>• other grants</li> <li>• emergency funds</li> <li>• other</li> </ul>	

## 1.2.4. Other Reviews

While budget reviews focused on selected institutions, interviews also were conducted with a wide set of national agencies involved in sector policy-making, service delivery and local government financing. Laws, regulations, and policy and strategy documents regarding sector priorities and public financing also were reviewed.

## 2. Sector Background

Before decentralization in 2001, central ministries exercised almost all authority for infrastructure planning, development and financing in water supply and sanitation. National line ministries, led by the Ministry of Public Works, were responsible for developing sector master plans and programs, and technical specifications. Tariff policies were also set at central levels. On the other hand, operations and maintenance traditionally was assigned by the center to local governments – a practice that has become formal policy only after decentralization.

### 2.1. Position at Decentralization

The separation of responsibility between central and local governments described above is reflected in the composition of public spending prior to decentralization, where central levels of government accounted for 90 percent - spent mostly on capital investment.

As a policy, assets created through national grants never formally transferred to local governments, even after decentralization. Instead, assets generally were treated in local books of accounts as “national equity” – except that the share-owners (national government) also fully relinquished responsibility for operations and maintenance to the local government.<sup>4</sup>

<sup>4</sup> State-owned water supply utilities (BPAMs), created with national funding, were transformed into local water utilities (PDAMs) once a certain level of operational independence was reached.

Indeed, the sector, or at least, water supply, has enjoyed growing central government support over the last decade, thus spending had been steadily increasing even before decentralization. Soft loan financing was also available to local governments, or their local government-owned enterprises (Badan Usaha Milik Daerah - BUMDs) through the Ministry of Finance (MoF).

But the highly centralized and dichotomous system did not foster local capacity development and responsible sector management and opened opportunities for exploitation; on the other hand, low tariffs and investment and operational inefficiencies weighed down utilities, creating a vicious cycle of under performance. Thus, despite increasing investments, the sector experienced declining technical and financial performance.

On the years preceding decentralization, Indonesia was visited by the Asian financial crisis, which exacerbated fundamental weaknesses in the financing and operation of urban water utilities and sanitation projects. Utilities and local governments with debts financed from offshore sources held no protection from currency risks, and thus, many utilities became bankrupt. With decentralization also came revenue transfers from the center, but also the transfer of a large bureaucracy from the center to local levels with its concomitant impact on local budgets and their financial position.

## 2.2. Position Post-Decentralization

Table 3 shows average historical water sector spending (including water resources management and development) and spending in the years immediately before and after decentralization. Despite the crisis, the water sector enjoyed increasing, albeit modest, investments relative to the national GDP.

**Table 3.**  
**Average Annual Water Sector Development Spending**

Level of Government	Average (1994 - 97) in Billion Rp	Average (1998 - 2000) in Billion Rp	Average (2001- 02) in Billion Rp
	Historical	Post Crisis	Under Decentralization
Central	842	1,450.8	1,985.1
Province	55	106.6	284.6
District and Cities	29	53.8	335.5
<b>Total</b>	<b>926</b>	<b>1,610.5</b>	<b>2,605.3</b>
<i>As percent of GDP*</i>	0.23%	0.40%	0.64%

\*2000 Constant Prices; Analyzed from Sistem Informasi Keuangan Daerah and MoF Data

Importantly, average total water sector spending in the first two years after decentralization jumped 60 percent above the historical after-crisis average. While spending increased both at central and local levels, local government spending (provinces and districts) increased almost three-fold and district level spending increased by a factor of six. Rural water supply and sanitation, traditionally financed through grants from the central Ministry of Health and donors, post-decentralization is funded increasingly through cost-sharing arrangements with either or both levels of local government and accounts for part of the increase. Despite increasing local government investment, however, the central government still accounted for more than three-quarters of water sector expenditure in 2001 and 2002.

On the other hand, financial viability of local water supply utilities (PDAMs) continued to deteriorate with low revenues and escalated debt service obligations from loans outstanding with the national government through the Ministry of Finance (MoF). Accumulated unpaid receivables from PDAMs were valued by MoF at US\$275 million in 2004, up from US\$166 million in only one year. MoF has been extremely cautious in lending to local governments and PDAMs for water supply and sanitation, while restructuring of local liabilities following the crisis has been slow and implemented piecemeal. Consequently, the sector currently has no access to one of its largest traditional sources of capital financing through MoF and utilities are unable to finance improvements adequately through internally generated revenues.

In the short-term, this financial squeeze means the quality of spending from currently available

public sources must improve. The role of government in directing resource flows to meet sector objectives and ensuring quality of spending therefore is critical.

### 3. Institutional Context

Not unlike other countries in the region, the water supply and sanitation sector in Indonesia is characterized by multiple institutional actors involved in different sector development activities. The complicated state of inter-governmental relations shapes the current practice in the sector's public financing – characterized by multiplicity of budget units, utilizing varying funds channeling schemes, and reflecting parallel priorities. The challenge of coordination and achieving clarity on institutional roles is not superficial in Indonesia because ambiguity in the assignment of functions among institutions compromises their accountability.

Table 4 and Table 5 present the various institutions involved in the sector. The matrices organize their roles into the following broad functional categories: i. policy development and planning; ii. infrastructure development and rehabilitation; iii. technical assistance for program implementation and operations; iv. administration and enforcement of regulations; v. capacity-building and training; vi. promotion and “socialization” (whether to the general public or specific targets); and vii. financing.

A check mark (✓) indicates that the function is a mandate of the institution. A color gradient reflects the extent of the function being performed. Initially, this grading is a qualitative judgment based on research and interviews conducted; it can be quantified further as more budget allocation and expenditure information becomes available.

After decentralization, national government's role, in theory, has been more limited to policy development, including standards setting, facilitation and capacity-building of local enterprises and financing. These roles are performed by various directorates under different ministries. Annex 1 summarizes the different functions per-

formed by these agencies.

On the other hand, after decentralization, responsibility for planning, development and provision of water supply and sanitation services devolved to local governments. The earlier framework of political and fiscal decentralization that was drawn up (through Law 24 and 25 of 1999) did not see much of a role for the provincial governments. This was corrected in later amendments to the fundamental decentralization laws (Law 32 and 33 of 2004), which gave a larger role to the province in the oversight of districts/cities development plans. However, under current government regulation, responsibilities between provinces on the one hand and cities or districts on the other in relation to water supply development are identical, except that provinces have the additional mandate over inter-district activities and disputes. Both levels of government, for example, can create locally-owned water enterprises. In practice, service provision falls within the direct responsibility of cities/districts, while a number of provinces have initiated sector planning activities and provided block budget transfers to cities/districts below them.

Urban water is commonly supplied through PDAMs, which are often owned by district or city governments. Tariffs charged by PDAMs are approved by the local parliament, but the Ministry of Home Affairs provides guidance on how tariffs are set; meanwhile, the newly created BPP SPAM under the Ministry of Public Works has authority to recommend policies/actions towards the regulation of utility performance. PDAMs, however, only cover about 17% of the total population. Other urban residents rely on small-scale and commercial private providers. In rural areas, safe sources of water are mostly managed by the community, organized through national programs.

Provision of sewerage or other wastewater collection and treatment services falls under the management of a line department within a local government unit at provincial- and also at city/district-levels. The responsible department is not standard across local governments. In only a few cases do PDAMs also provide sanitation services.

Table 4. Roles of National Government

	Coordinating Minister for Economic & Finance	Bappenas				Ministry of Finance				Ministry of Public Works				Ministry of Health	Ministry of Environment			Ministry of Home Affairs			Ministry of Mining
		Directorate for Human Settlements	Directorate for Water Resources	Directorate for Environment	Directorate for Health	Directorate for Budget & Treasury (Anggaran 1 on Sectors)	Directorate for Budget & Treasury (Local Government Finance)	Directorate for Financial Institutions	Directorate for Water Supply	Directorate for Waste Water	Directorate for Planning & Program (in each of the sub-sectors)	BPP SPAM	Directorate of Environmental Health		Directorate for Small-Enterprises & Domestic Pollution Control	Directorate for Conservation	Directorate for Support Units & Environmental Financing	Directorate for Spatial Planning	Directorate for Community Development	Administration of Local Budget and Locally-Owned Enterprises	
<b>Policy Development and Planning</b>																					
Coordination of inputs/activities of various institutions	✓	✓	✓	✓	✓						✓						✓	✓			
Priority-setting, Development of core sector strategies and plans		✓	✓	✓	✓				✓	✓	✓	✓	✓		✓		✓	✓			
Monitoring of achievement of policy outcomes	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓						
<b>Infrastructure Development and Rehabilitation</b>																					
Construction and rehabilitation of water supply and sanitation infrastructure																					
Construction and rehabilitation of support infrastructure such as water quality laboratory testing facilities													✓			✓					
Operation and maintenance of water supply and sanitation infrastructure																					
<b>Technical Assistance for Program Implementation</b>																					
Conduct of studies, investigations and evaluations on water supply and sanitation methods, strategies or techniques		✓			✓					✓	✓	✓	✓					✓			
Development of skilled workers or experts to support water supply and sanitation project implementation													✓					✓			
Regulation of use of natural resources, such as water and land														✓	✓	✓					
<b>Administration and Enforcement of Regulations</b>																					
Regulation of performance of service providers											✓			✓					✓		
Development of technical or performance standards for services											✓	✓	✓	✓				✓	✓		
Development of water quality and effluent standards													✓		✓						
Enforcement of regulation, including licensing, testing and prosecution											✓			✓						✓	
<b>Capacity Building and Training</b>																					
Conduct of learning and skills upgrading activities for water supply and sanitation service providers or communities managing services		✓								✓											
Conduct of learning and skills upgrading activities of health and education frontline workers on water supply and sanitation issue/skills																					
Facilitation and transaction support for providers of water supply and sanitation service or goods		✓						✓	✓	✓	✓		✓		✓			✓			
<b>Promotion and Socialization</b>																					
Hygiene promotion		✓								✓											
Advocacy for conservation and proper use of water resources			✓													✓					
Advocacy for increased investments in water supply and sanitation		✓						✓	✓	✓			✓	✓	✓	✓					
<b>Financing or Water and Sanitation Program</b>																					
Development of sector finance policies	✓	✓				✓	✓				✓										
Provision of financing and management of funding windows for water supply and sanitation																					

**Table 5.**  
**Roles of Local Government (Provinces, Cities and Districts)**

	Bappeda	Dinas PU	Dinas Kesehatan	Badan Pengendalian Dampak Lingkungan Daerah	Badan Penataan Ruang dan Lingkungan Hidup	Dinas Lingkungan Hidup dan Kebersihan	Badan Pemberdayaan Masyarakat	Dinas Kesejahteraan Sosial	PDAM
<b>Policy Development and Planning</b>									
Coordination of inputs/activities of various institutions	✓								
Priority-setting, Development of core sector strategies and plans	✓	✓	✓	✓	✓	✓	✓	✓	✓
Monitoring of achievement of policy outcomes									
<b>Infrastructure Development and Rehabilitation</b>									
Construction and rehabilitation of water supply and sanitation infrastructure		✓							
Operation and maintenance of water supply and sanitation infrastructure									✓
Construction and rehabilitation of support infrastructure such as water quality laboratory testing facilities			✓	✓	✓				
Operation and management of support infrastructure									
<b>Technical Assistance for Program Implementation</b>									
Conduct of studies, investigations and evaluations on water supply and sanitation methods, strategies or techniques									
Development of skilled workers or experts to support water supply and sanitation project implementation		✓	✓						
<b>Administration and Enforcement of Regulations</b>									
Regulation of use of natural resources, such as water and land				✓	✓	✓			
Regulation of performance of service providers									
Development of technical or performance standards for services		✓							
Development of water quality and effluent standards									
Enforcement of regulation, including licensing, testing and prosecution									
<b>Capacity Building and Training</b>									
Conduct of learning and skills upgrading activities for water supply and sanitation service providers or communities managing services		✓	✓						
Conduct of learning and skills upgrading activities of health and education frontline workers on water supply and sanitation issue/skills			✓						
Facilitation and transaction support for providers of water supply and sanitation service or goods									
<b>Promotion and Socialization</b>									
Hygiene promotion			✓						
Advocacy for conservation and proper use of water resources				✓	✓	✓			
Advocacy for increased investments in water supply and sanitation									✓
<b>Financing or Water and Sanitation Program</b>									
Provision of financing and management of funding windows for water supply and sanitation			✓						

### 3.1. National Level

In examining the mandates and practice of the various institutions, a few observations can be made.

First, the national-level mandates currently are focused on policy development, technical assistance, capacity-building and socialization of policies and promotion. In the context of decentralization, this is appropriate. It is important, therefore, that sufficient resources are available to and allocated by the national level institutions to fulfill their mandate, but evidence from this study suggests that these types of activities are only a marginal part of the national sector budget.

Second, while there are specific cases of overlap between institutions, most common functions are shared appropriately. For instance, priority-setting and development of core sector strategies benefit from different perspectives and expertise. Provision of technical assistance, deployment of expertise and capacity-building also are cross-cutting functions.

The risk of inefficiency in public spending stems not from overlapping mandates, but rather because of poor coordination of inputs toward overall sector objectives. Poor coordination dissipates the impact of already insufficient resources when these funds are spent on duplicative activities and result in inability to track overall sector progress.

Current mechanisms for coordination depend primarily on persuasion and good relationships between actors. The AMPL working group, convened by National Development Planning Agency (Badan Perencanaan dan Pembangunan Nasional – Bappenas) and formed through government decree (Surat Keputusan Pemerintah), has been used as a venue for coordination, but its ability to monitor overall sector progress, seek an account from different institutions for achievement of targets, or influence how public funds are allocated to reflect policy directions or adjustments to policy reviews, is limited.

The root problem in coordination and accountability is the lack of sector-wide agreement among institutions on the various program areas and roles for which they will be responsible. Individual directorates or ministries may have action plans, but linkages to shared strategies and sector outcomes are not apparent. Further, while many institutions have a mandate to monitor sector outcomes, few resources are available to do so.

### 3.2. Local Level

At the local level, both provincial and city/district, there are many budget units involved in water and sanitation. In the study sample, eight departments/units were identified as possibly involved in the sector.<sup>5</sup> Not all departments are present in all local government units – each unit having 2-4 such departments. Most local governments have departments for public works (Dinas Pekerjaan Umum) and health (Dinas Kesehatan) at both provincial and city/district levels. More than a third had either a department for settlements and environment (Badan Penataan Ruang dan Lingkungan Hidup), environmental sanitation (Dinas Lingkungan Hidup dan Kebersihan; Dinas Kebersihan dan Pertamanan) or pollution control (Badan Pengendalian Dampak Lingkungan Daerah). In a few, community empowerment offices (Badan Pemberdayaan Masyarakat or Dinas Kesejahteraan Sosial) also were involved. The local planning and development unit (Badan Perencanaan dan Pembangunan Daerah – Bappeda) was involved as overall coordinator, but faced similar challenges in playing this role as does its national counterpart.

Despite the many actors, a number of mandates still have no institutional home. Sector planning, service performance regulation and enforcement of regulations are among the most important gaps. These gaps result either from a function not being assigned or not currently having any funding.

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<sup>5</sup> There are possibly other departments/units found in local governments that were not part of this study since there are no uniform structures for the sector across local administrations.



In all cases examined, nearly all allocations for water supply and sanitation are channeled through the Dinas Pekerjaan Umum (around 96 percent) and Kesehatan (three percent). Other offices typically receive less than one percent of sector allocations. While there is much less mandate overlap at the local level, because funds also are more constrained, dissipating efforts across too many institutions with too few resources is an issue for local governments.

#### 4. National Water Supply and Sanitation Strategies

Recently, GoI articulated its overall direction for the water supply and sanitation sector through a medium-term development plan (Rencana Pembangunan Jangka Menengah Nasional - RPJMN, 2004-2009). Before the RPJMN process commenced, the Ministry of Public Works (Departemen Pekerjaan Umum - PU) already had started to develop its individual national action plans (NAPs) for water supply and sanitation.

Both RPJMN and NAPs are fundamentally geared toward achieving Indonesia's MDG targets by 2015. But the water supply NAP was finalized prior to the medium-term plan and its targets do not completely match the overarching RPJMN. NAP targets will be adjusted to RPJMN in accordance with national development planning system policies. Current NAP and RPJMN water supply targets are shown in Table 6.

**Table 6.**  
**GoI Water Supply Targets**

Water Supply Access* Targets	RP JMN 2009	NAP 2010	NAP 2015
Urban	66%	90%	93%
Rural	30%	70.75%	77.50%
<b>Total</b>	<b>66%</b>	<b>83%</b>	<b>88%</b>
Service Level Targets of Projected Total			
Access	40%	48.50%	62%
Pipe water	60%	51.50%	38%
Others			
Operational Targets			
No. of households connected (millions)		19.00	25.40
Production capacity ('000 liters per sec)		268.00	358.00

\* Refers to piped and non-piped systems

Sanitation targets are shown in Table 7; note NAP operational targets are completely aligned with the RPJMN as the former was updated when the latter was promulgated. In addition to safe disposal for human wastes (sanitation), NAP also aims to develop centralized sewerage systems in metropolitan and large urban areas.

**Table 7.**  
**GoI Sanitation Targets**

Water Supply Access* Targets	RP JMN 2009	NAP 2009	NAP 2015
Urban		73.74%	71.39%
Rural		64.50%	78.82%
<b>Total</b>		<b>69%</b>	<b>75.34%</b>
Operational Targets			
Open defecation free*	100%	100%	100%
IPLT and IPAL Use Capacity	60%	60%	
Reduce Domestic Water Pollution	50%	50%	

\* Households at least have a safe disposal for human waste

GoI's strategies establish a consistent set of principles and activities that can form the basis of a common sector priority or core program of work. In Table 8, these principles have been organized into eight areas of intervention that correspond to the above institutional mandate/responsibility matrices (Table 4 and Table 5).

**Table 8.**  
**Strategic Areas Articulated in National Water Supply and Sanitation Plans**

	RPJMN	NAP Water Supply	NAP Wastewater
1. Sector Policy and Planning			Strengthen coordination with other sectors
2. Infrastructure Development and Rehabilitation			
2.1. New Infrastructure Development	Increase number of PDAMs and PDALs in metropolitan and big cities Increase service connections, particularly for villages Increase sewerage connections	Develop water supply facilities incrementally Support increased service connections especially in rural and peri-urban communities	Expand coverage of existing wastewater facilities and infrastructure Implement program for domestic IPAL development Support infrastructure development in disease-endemic areas Develop infrastructure in disaster areas Develop appropriate infrastructure in remote areas and small islands Develop infrastructure in border areas
2.2. Rehabilitation of Existing Infrastructure	Rehabilitate infrastructure destroyed by natural calamities Refurbish water and wastewater systems built Replace old trunk and distribution pipes		Rehabilitate existing wastewater facilities and infrastructure
3. Technical Assistance to Support Program/Project Implementation			
3.1. Develop Pro-Poor Approaches to Infrastructure Development	Ensure participation of communities in planning, design and construction		Develop wastewater infrastructure for low-income community
3.2. Technology Research and Development	Improve technology for sewage processing		Develop program for environmentally-friendly technology for wastewater management
4. Performance Improvement of Service Providers (Institutionally and Community Managed)			
4.1. Operational Efficiency	Implement leakage reduction program. Optimize idle capacity of water and wastewater facilities	Improve quality of drinking water distributed	Assist increased performance of wastewater infrastructure and facilities
4.2. Service Provider Capacity	Support improved human resources management of service providers Revise regulation of local government enterprises Support capacity-building programs for community-based service providers	Support continuing training for PDAM management Establish separate supervision body from operations	Improve competence of human resources
4.3. Debt Restructuring	Implement debt restructuring program for PDAMs.	Implement debt restructuring program for PDAMs Encourage local governments to contribute in settling PDAM debt	
5. Sector Institutions Reform			
5.1. Sector Management Organization	Form regional/aggregated management of water supply.	Establish management body for water resources allocation	Establish regulatory institution for wastewater
5.2. Tariff Reform	Revise rules on tariffs to support improved cost-recovery	Support establishment of cost-covering tariffs	
6. Administration and Enforcement of Regulations		Institute rewards and penalties to encourage water conservation	Review and improve regulations on wastewater management Develop regulatory and technical standards & guidelines for wastewater management Improve domestic and industrial wastewater monitoring
7. Communications Program			
7.1. Hygiene Promotion	Launch public campaign on importance of clean and healthy living Implement school-based hygiene campaign	Implement school-based education program	Implement environmental education and sanitation campaigns in local forums.
7.2. Water Education	Increase community participation for environmental conservation	Institute rewards and punishment for conservation	Implement the community-led total sanitation program
8. Promoting Increased Investments			
8.1. Private Sector Participation	Review and revise regulations to increase private participation	Review and revise regulations to increase private participation	Identify business opportunities for sanitation service providers
8.2. Facilitate New Sources of Financing/Innovations	Encourage participation from NGOs	Encourage local governments to invest in sector Promote cooperation between local governments on water provision Encourage increased community investment	Encourage local governments participation in wastewater facilities development Implement a program for extensifying wastewater financing



While infrastructure development and service delivery are articulated priorities, the strategies demonstrate agreement, indeed an emphasis, on sector reform programs as sector reform has come to be viewed as a key objective.

The strategy development process, however, is still incomplete. Both sets of documents are vague on defining the priority minimum service and reform program package, and on assignment of responsibilities. Some strategic areas need further development. Ideally, sector strategies should reflect a choice already made on a specific course of action among a number of options even if some options, for example, for “extensifying” sources of financing for sanitation, are not fully known. Some important mandates also have been overlooked – such as supporting capacity of local governments for sector development planning and monitoring.

As a step in completing the strategy exercise, Gol, particularly national government could consider agreeing and supporting a minimum level of service for water and sanitation to be available for all Indonesians and prioritizing a core set of reforms. This minimum level of service takes an approach to prioritization that emphasizes ‘some for all’ instead of ‘all for some,’ and based on strategy development experience elsewhere, facilitates investment planning exercises, and more importantly, improves the likelihood of impact because of its ability to consolidate efforts of all involved institutions. Various parts of Gol can make a commitment towards achieving this minimum package, perhaps defined according to Indonesia’s MDGs targets, but likely differentiated between rural, low and high density urban areas and a set of priority reform programs.

From this agreement, a sector investment plan can be developed, which would define what and how resources are going to be allocated to pursue these targets over a period of time. Public financing, particularly, transfers from higher to lower levels of government, could be earmarked to support these priority activities. Prioritization and predictability of financing from national government would be a key lever for directing local government action in the sector and improve

their amenability to performance-based financing.

## **5. Financial Policies**

Two groups of financial policies – in effect during the period of review (2003-2005) as well as those with prospective application to sector financial planning – are relevant to this study. The first group includes policies that direct, or influence the direction of, public financing for water supply and sanitation. The second group of policies relates to budget and planning frameworks.

### **5.1. Public Financing for Water Supply and Sanitation**

The sector draws financing for its activities from the following major sources of public funds.

#### **5.1.1. Budget allocations by national government agencies**

National ministries, with responsibility for the sector, finance their annual work plans through the national budget (Anggaran Pendapatan dan Belanja Nasional - APBN). Because responsibility for water supply and sanitation has been decentralized to local government, infrastructure investments are not expected to be part of national government plans. However, local governments that cannot fulfill their mandates for sector development may receive assistance from national government for low income/poor areas that are not served by local or nationally-owned water enterprises. There are a number of funds channels by which this can be achieved, not excluding direct implementation by national government.

APBN can finance delegated responsibilities through “deconcentration” funds (Dana Dekonsentrasi) and co-administration funds (Dana Tugas Pembantuan). Both funds are allocated to national ministries; although the program is managed by central departments of government, work is conducted at the local level – prov-

ince and kota/kabupaten, respectively. Neither source of funds is included in local budgets, although local government designates a counterpart work unit (budget user) accountable for the completion of activities.

The law on Fiscal Balance specifies Dana Dekonsentrasi is to fund activities that are non-physical in nature, whereas Dana Perbantuan is allocated for physical works only. Ownership of property purchased with these funds remains with the national government, and with it, the responsibility to administer or maintain such property, unless an explicit donation is made. Government finance planners also note that because of its hybrid nature, accountability for the funds is hard to exact either from the center or districts. Allocations for water supply and sanitation through these special funds are made annually and not guaranteed year-on-year.

### **5.1.2. Budget allocations by local governments**

In addition to allocations of local revenues for the sector, local governments also have access to national revenues earmarked for specific priority sectors and activities established by the Government, through Bappenas. Special allocation funds (Dana Alokasi Khusus – DAK) are counted as revenues in the local budget, and allocated and accounted through the regular local budget process. DAK allocations for water supply started only in 2005 (IDR 203 billion). In 2006, this amount will triple to IDR 608 billion. DAK allocations in 2006 also include IDR 112 billion for environmental health, which may be used for sanitation-related activities. DAK allocations comprise only a miniscule portion of total local government revenues. For example total 2005 DAK for all sectors do not make up more than 9% of local revenues, and DAK allocations for water supply ranged from less than 0.1 to 0.4% of local revenues.

DAK is a conditional grant, with local governments usually required to contribute 10 percent of project costs. Not all local governments are eligible to receive DAK. In 2005, 218 districts

and cities out of received DAK allocations for water supply. A fiscal capacity filter is applied so that only needy districts are eligible. Special eligibility criteria also are established by law. Sector line ministries set technical standards of proposals that will be eligible, and specify types of allowable expenditure. DAK regulations can be revised annually and sector allocations are not guaranteed for multiple years. Indeed, current DAK regulations indicate that projects must be completed within one year.

### **5.1.3. Loans by national government on-granted to local governments**

National government agencies can on-grant funds from overseas loans to local governments with relatively lower fiscal capacity as established by regulations. These grants may not be used for project administration or local government counterpart financing. According to PMK129/2005, local governments should provide counterpart funds in relation to their fiscal capacity.

On-granting usually is part of a national initiative; for water supply and sanitation, these initiatives can be through either sector-specific or multi-sectoral projects such as urban development, or through community driven development programs. In the period under review only a few major on-granting programs supporting water supply and sanitation have been identified.

These include the following World Bank-funded projects:

- Water Supply for Low-Income Communities (WSLIC) – discussed under Ministry of Health below
- Kecamatan Development Project – Since the project began in 1999, IDR 470 billion has been invested in water supply (including piped water) and public toilets. A majority of investment (77%) was for water supply.
- Urban Poverty Project (UPP) – The second phase of UPP started in 2003 and up to the current year, IDR 14.4 billion has been spent on water supply, sanitation, solid waste and

drainage. More than half of this was allocated to drainage and about 10 percent to water supply.

Other sector projects include:

- Denpasar Sewerage Development Project - US\$45 million on-granted to Denpasar from a Japan Bank for International Cooperation loan to the Ministry of Public Works

#### **5.1.4. Loans directly made by local government agencies**

Local governments have the ability to borrow for activities within their mandate, with borrowing limits established by Ministry of Finance regulation. For long-term loans the financial limits are:

- Outstanding debt must not exceed 75 percent of total revenue in the local budget (APBD) in the previous year
- Based on annual projections of local revenue and expenditure, the debt service coverage ratio (DSCR) must not be less than 2.5. DSCR is defined as the ratio of the sum of regional income and the sum of debt (including amortization of principal, interest and other fees coming due in the relevant year)

The Ministry also establishes ceilings on the total annual debt incurred by local governments nationwide.

Local governments are prohibited by law from borrowing directly from overseas sources and are able to access bilateral, multi-lateral financing or financing from international banks only through on-lending from the national government. These loans are available only for revenue-generating projects. During the period under review (2003-2005), there was no on-lending for water and sanitation projects.

Recent regulations also deny new loans for local governments with arrears from previous borrowings. Because local government-owned enterprises, such as PDAMs, are not allowed to borrow on-lent funds directly, only through

their owner, the “no arrears” requirement applies both to the local government owner and the enterprise. Since 2000, there have been created 87 new local government units. These are also not allowed to borrow, if the one from which the newly created local government split off, is in arrears to the central government.

#### **5.1.5. Other sources from national government revenues**

There are other less clear sources of financing for public infrastructure allocated from the APBN. The Anggaran Belanja Tambahan (ABT), or additional expenditure budget, may be used to augment infrastructure development funds, but this study has not determined whether any allocations have been made specifically for water supply and sanitation.

Also, in 2005, as part of the windfall from reducing oil subsidies, Government launched an Oil Subsidy Compensation Program (Program Kompensasi Pemberian Subsidi Bahan Bakar Minyak), with an allocation of IDR 3.342 billion for village infrastructure programs. Each participating village would receive IDR 250 million to spend on, among others, water supply infrastructure. These funds are allocated to the national line ministry for their direct implementation.

There are numerous channels of public funds in the sector; however, except for local government budget allocations that are based on a medium-term framework and for cases where financing is derived from loans, none of the present fund channels are guaranteed beyond their annual allocation. There also are many funds that are “off-budget” from the perspective of local government, despite it having primary responsibility for water supply and sanitation. These factors combine to create challenges for the more rational and longer-term planning that is critical for water supply and sanitation, which is characterized by large multi-year investments. Too, the unpredictability of flows makes it difficult to enforce hard budget constraints and to hold local institutions duly accountable.

## 5.2. Public Financial Planning and Budgeting Policies

In the years following decentralization, Gol has updated its regulations on public financial budgeting and reporting on an almost yearly basis. One of the most significant changes in budget reporting was between 2003 and 2004, when reporting switched from by sector programs to by work units (or department budget users). This change has made comparability difficult between previous and current years and also caused confusion among local governments.<sup>6</sup>

Nevertheless, the current development planning and budgeting policies summarized in Table 10 are much improved, emphasizing integrated and performance-focused budgets, based on a longer-term view of development. The new process introduces long- and medium-term development planning at national and local levels as the basis for annual budget proposals. The current policies also contemplate the introduction of a medium-term expenditure framework, with future budget ceilings for budget users.

However, the processes of planning and budgeting are overly detailed and formal, resulting in tardiness and their poor translation into practice. Information on actual expenditures are difficult to access because documentation of budget changes tend to be cumbersome and therefore, avoided.

Too, the current framework does not support sector-wide planning. The only opportunity to develop sector plans is as part of the strategic development plan for the whole government, which includes all sectors. Detailed sector costs and resource requirements are developed only by individual work units within ministries and local governments, and only through an annual process.

For sectors with unilateral mandates, this could be sufficient, but for sectors such as water supply and sanitation that span many units and institutions, introducing a sector investment and expenditure framework process could be beneficial in coordinating activities of different agencies

to ensure synergies and promote accountability through a regular process of planning and review. This approach would outline core strategic policies and programs, and the roles of relevant institutions, for the water and sanitation portion of the medium-term development plan.

**Table 9.**  
**Comparison between Budget Reform Policies and Practice in WSS**

Incompatibilities between Budget Reforms and Present Practices in WSS Financing	
Pillars of Budget Reforms	Present WSS Financing
<b>Unified</b> budget so that all funds can be accounted and monitored	Number of 'off budget' activities, especially from the perspective of local governments who have primary responsibility
<b>Performance-based</b> budgeting needs to clearly define the links between inputs (allocations) to outputs and outcomes to ensure budget effectiveness	Achievement of WSS outcomes or their non-achievement cannot easily be attributed to one agency since the sector involves multiple levels of government and agencies  There is no sector-wide 'contract' or strategy that allocates responsibilities and funding accountability among the various stakeholders
<b>Medium-term expenditure framework</b> (MTEF) for longer-range and realistic planning	Most financing is annual rather than multi-year and there is no MTEF for sector.

A step or process will need to be introduced within the current framework to allow cross-institutional planning. Such an approach already is contemplated in PP 16/2005 (implementing the Water Resources Law No. 7 2005), when it calls for a national drinking water supply<sup>7</sup> development policy and strategy to be formulated by Government every five years. However, it would be much more useful to link this process to the budgeting framework so that trade-offs among policy options become explicit (because of budget constraint) and expenditures are linked to achievement of program outputs in the short-run and outcomes in the long-run.

<sup>6</sup> In 2004, only half of local governments submitted expenditure reports to the Ministry of Finance. Among those who made submissions, half reported in the old format and the rest used the new formats.

<sup>7</sup> Note that while regulations only speak of "drinking water supply," the general policy of the law also promotes integrated development of sanitation.

This approach would be consistent with performance-based budgeting policies being introduced in government. Current planning policies call for more systematic budget performance reviews of achievements (outcomes), unit price standards and minimum service standards. This oversight can be coordinated by state agencies, such as Bappenas, whilst leaving implementation and operational approaches to budget users (technical ministries or local government work units) based on an agreed sector program of work.

**Table 10.**  
**Planning and Budgeting Framework**

Document	Period (Yrs)	Content	By Whom	By When
<b>RPJP</b> Long-Term National Development Plan	20	Elaborates goals, vision, missions and direction of national development and state administration as per the Preamble of the 1945 Constitution	National Government Preparation Coordinated by Bappenas	1 year before current plan expires
<b>RP JPD</b> Long-Term Regional Development Plan	20	Contains vision, missions and directions of regional development based on national long-term development plan	Local Government Preparation Coordinated by Bappeda	1 year before current plan expires
<b>RP JMN</b> Medium-Term National Development Plan	5	Elaborates vision, mission and programs of the President. Contains national development strategies, general policies, programs of ministries/institutional, interministerial, regional and territorial programs, macro-economic framework covering directions of fiscal policies	National Government	Within 3 months of President taking up office
<b>RP JMD</b> Medium Term Regional Development Plan	5	Elaborates vision, mission and programs of the head of region by referring to the national medium-term plan. Contains the directions of financial policies, regional development strategies, programs of the regional working units and inter-regional working unit programs and indicative regulation and funding framework	Local Governments	Within 3 months from inauguration of head of local government
<b>Renstra-KL</b> Medium-Term Development Plan of the Ministry	5	Contains vision, mission, objectives, strategies, policies, programs and activities as per the mandate of the ministry/institution and is based on the	Per Ministry / Institution*	
<b>Renstra-SPKD</b> Medium-Term Plan of Local Departments/ Work Units	5	Contains vision, mission, objective, strategies, policies, programs and activities as per the mandate of the regional working unit and is based on the local government medium-term plan.	Per Regional Work Unit	
<b>RKP</b> Annual National Development Plan	1	Elaborates on the national medium-term plan and collates individual ministries' annual plans.	National Government	
<b>RKPD</b> Annual Regional Development Plan	1	Elaborates on the regional medium-term plan and contains regional economic framework, priorities, action plan and funding. It collates the annual plan of individual work units and forms the basis of the Local Revenues and Expenditure proposal (budget proposal) to the local assembly.	Regional Government	By May
<b>Renja-KL</b> Annual Plan of Ministry	1	Contains the work plan of units within the ministry and the costs of their program and activities. The various plans are collected and reviewed by the executive and are included in the national budget proposal to the national assembly.	Per Ministry / Institution	Prepared by mid-July; approved into law after national budget is passed
<b>Renja-SPKD</b> Annual Plan of Local Department / Work Units	1	Contains the individual work plan of local work units and includes the costs of their programs and activities.	Per Local Department/ Work Unit	
<b>APBN</b> National Revenues and Expenditure (Budget)	1		DPR - National Assembly	By October
<b>APBD</b> Local Revenues and Expenditure	1		DPRD - Local Assembly	No later than 1 month before the new budget year
<b>DPA</b> Budget Implementation Documents by Ministries	1	Based on the approved annual plan and budget.	Per Ministry / Institution	By end December
<b>DPA-SKPDs</b> Budget Implementation Documents by Local Departments/Work Units	1	Based on the approved annual plan and budget.	Per Local Department/ Work Unit	Within 6 days of being notified of the approval of the APBD

\* Institutions are non-state ministry organizations that are established to execute tasks on the basis of the Constitution or other laws and therefore, receive budget allocations.



## 6. Budget Trends for Water Supply and Environmental Sanitation (WSES) 2003-2005

### 6.1. Local Investment in Water Supply and Environmental Sanitation

As shown in table 11, average local investment in Indonesia's water and environmental sanitation sector (water supply, sanitation, solid waste and drainage; or WSES) for WASPOLA participants is highest for cities and lowest for districts, in terms of total IDR, participating cities invest the highest amount per capita, while provinces invest substantially less per capita than either districts or cities, even though provincial revenue is much greater than direct revenue.

**Table 11.**  
Average WSES Budget Allocation and Average Local Revenues in WASPOLA Areas

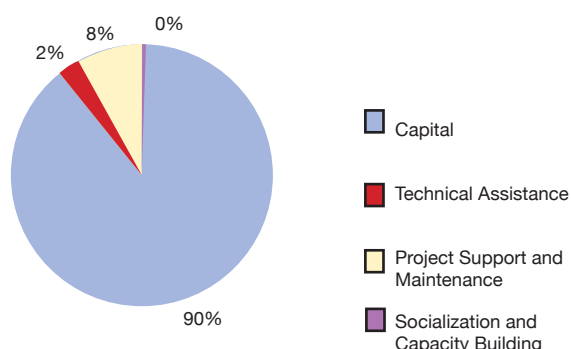
	Ave. WSES Budget		Ave. Total Local Revenues	
	in million IDR	IDR per capita	in million IDR	IDR per capita
Districts	1,689	6,162	748,804	475,790
Provinces	3,071	661	2,669,782	1,619,314
Cities	4,611	30,251	469,379	3,825,743

The vast majority of local WSES budget allocations, about ninety percent, are for capital investment. Only minor amounts are allocated for technical assistance, and project support and maintenance (see Figure 1).

Capital investments for water supply include source development, installation of pumps and distribution pipes or their rehabilitation. Capital investments in sanitation comprise mostly the construction or rehabilitation of public toilets (MCK) and rehabilitation of IPLTs.

Hygiene hardly featured in the local budgets, except for allocations towards the maintenance of sanitation clinics (information center) in Tanah Datar, Western Sumatra, totaling IDR 7.6 million in three years.

**Figure 1.**  
Local Budget Allocation for WSES by Expenditure Type



The split between capital and operational (that is, non-capital) allocations in local budgets for WSES is markedly different from overall local budgets, where capital allocations are only about one-quarter of the allocation for operational expenditures.

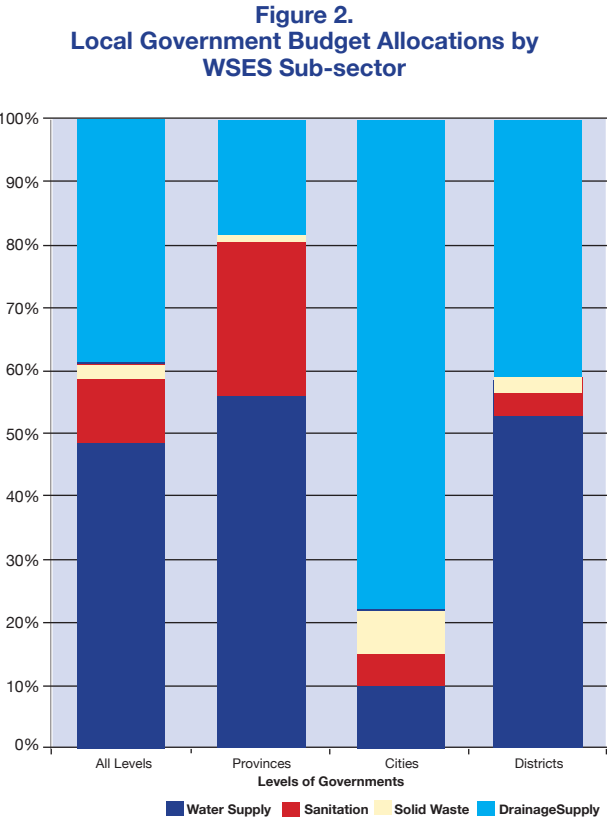
When individual government allocations are examined, the difference between capital and operational allocations is even stronger. As shown in Table 12, several local government budgets have allocations for capital investments, but zero funds allocated for operational expenditures.

**Table 12.**  
Local Governments with Capital Allocations but No Operational Budget Allocation (2003-2005)

Year	Local Governments
2003	Provinces: Banten and Gorontalo Districts: Kebumen, Pekalongan and Sawah Lunto/Sijunjung
2004	City: Pangkalpinang Districts: Pekalongan, Pohnu Wato, Sawah Lunto/Sijunjung and South Bangka
2005	Province: Banten City: Pangkalpinang Districts: Selayar and Bone Bolango

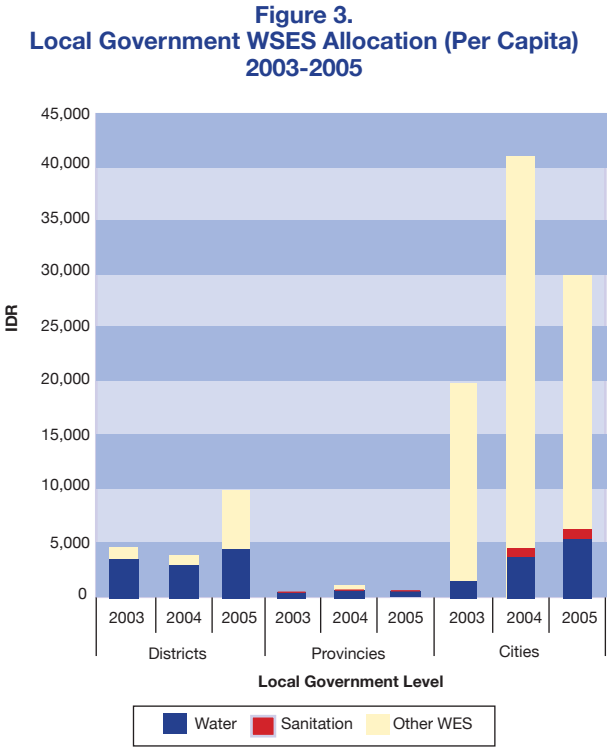
Budget allocations by provinces, districts and cities participating in the WASPOLA project also have been classified by WSES sub-sectors. About half of province and district WSES budget allocations are for water supply. In city budgets however, water supply is a comparatively minor share; the largest city budget WSES allocation,

about 80 percent, is for drainage. (Cities are underrepresented in the study’s local government database; their population is less than one percent of the total population of WASPOLA participants.) Allocations for solid waste are a minor share of WSES budgets at all levels of local government, at most reaching only five percent of WSES in city budgets. Sanitation receives about one-fifth of total local budget allocations for water supply, but this proportion varies markedly across government levels. In district budgets, sanitation allocations are only about six percent of that allocated for water, yet in province and city budgets, sanitation is allocated roughly half the amounts for water. These results are shown in Figure 2.



Although sampled provinces, districts and cities participate in the WASPOLA project, no discernible trend was observed in their overall WSES allocations or in sub-sector amounts. Total WSES allocations declined slightly in district budgets in 2004, but increased in province and city budgets. This trend was reversed in 2005, when WSES allocations decreased in province and city budgets, and increased in district budgets (see Figure 3). While over time, WSES budget alloca-

tions can be expected to increase for WASPOLA participants, WSES strategies were adopted by participating governments only in 2005, and hence any budget consequences are beyond the data for this study.



The study also examined the relationship between regional revenue, gross regional domestic product (GRDP) and WSES budget allocations. For each level of government, regional revenues are the sum of local government’s own revenue from taxes, duties and state owned enterprises; plus equalization funds, including revenue sharing of taxes and natural resource income, and general (DAU) and special (DAK) allocation funds. Increases in regional revenue might be expected to yield increased WSES allocations, but only a weak correlation (0.14) was found. Further, there was almost no correlation (0.05) between WSES allocations and GRDP.

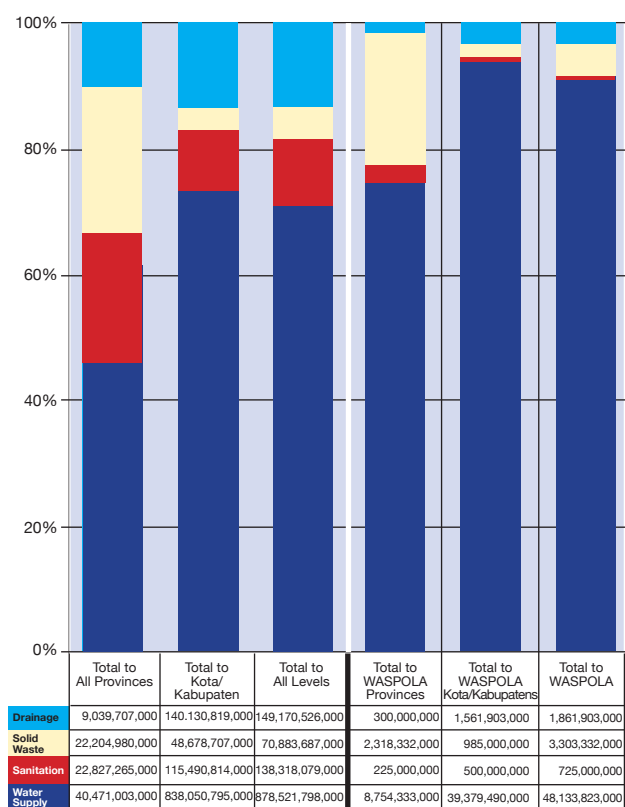


## 6.2. National Investment in Water Supply and Environmental Sanitation

### 6.2.1. WSES Allocations from the Ministry of Public Works

In addition to analyzing local budget allocations for WSES, the study examined allocations by the sector's key line ministry, Public Works (Pekerjaan Umum; PU). Public Works allocations to local governments, both nationally and for WASPOLA participants, largely are for water supply. Nationally, sanitation is allocated only about 15 percent of the Public Works allocation for water supply, and for WASPOLA participants, sanitation is allocated about one-tenth this amount. These data are shown in Figure 4.

**Figure 4.**  
**Ministry of Public Works Sub-Sector Allocations (2003-2005) to Local Governments**



The study also tested for correlation between Public Works WSES allocations and those of local governments. The relationship was found to be slightly positive (0.21). Most funds for all WSES sub-sectors, except solid waste, are allocated by local governments, not Public Works,

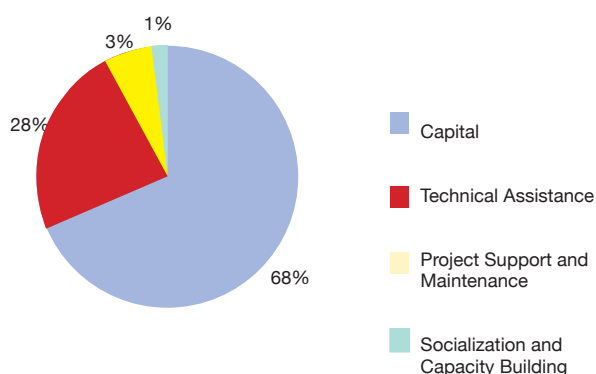
as shown in Table 13 below. There is opportunity, therefore, for national government agencies to better leverage funds from the local governments.

**Table 13.**  
**Sub-Sector Allocations for 2003-2005 in WASPOLA Areas**

	By Ministry of Public Works	By Local Governments	Local Allocation as Percentage of Total
Water Supply	49,292,425,000	91,008,643,356	65%
Sanitation	925,000,000	20,697,563,605	96%
Solid Waste	4,379,282,000	3,660,089,006	46%
Drainage	1,861,903,000	73,102,575,664	98%
Total	56,458,610,000	188,468,871,631	77%

Finally, Public Works budget allocations were analyzed by type of expenditure. As shown in Figure 5, about two-thirds of Public Works allocations are for physical investments and most all the remainder are for technical assistance, which include systems optimization investigations, detailed engineering design and feasibility studies linked to physical investments. Capital investments for water supply mostly comprise laying of transmission and distribution pipelines, construction of intake tanks and reservoirs, development of public hydrants, procurement of pumps and electric generators, while for sanitation, capital investments include construction and rehabilitation of sewerage systems, wastewater treatment plants, procurement of sewage tanker trucks, pumps and generators. In the three years, PU allocated IDR 408 million on awareness raising activities for sanitation. While PU's concentration on physical investments is less than local government's 90 percent, the Ministry clearly continues to focus on capital projects more than sector policy guidance and capacity building.

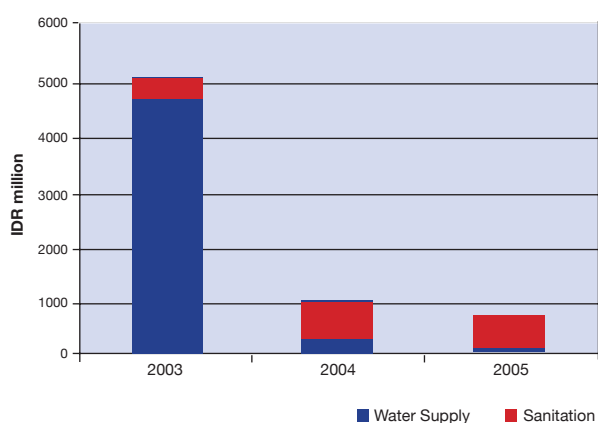
**Figure 5.**  
**Public Works Budget Allocation for WSES**  
**by Expenditure Type**



### 6.2.2. WSES Allocations from the Ministry of Health

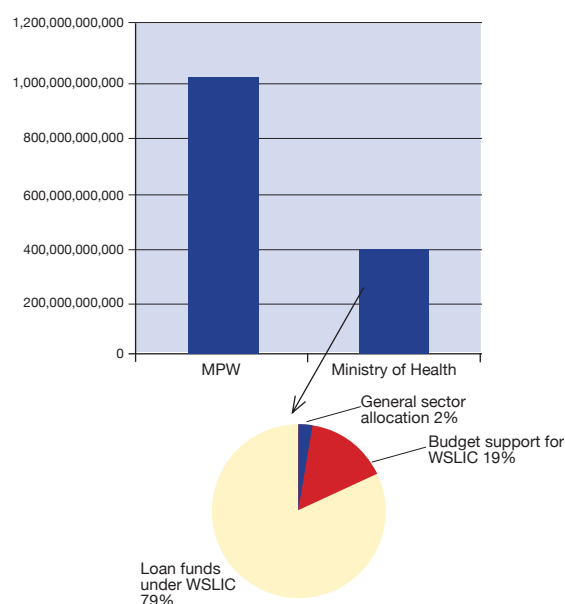
The Ministry of Health is the second largest ministerial channel of funds for water and sanitation, but much less significant than Public Works. In the three-year period, MoH general budget allocations for water supply and sanitation came to less than one percent of amounts allocated by PU, and MoH's allocation has decreased over the sample period. MoH general budget allocations for WSES are shown in Figure 6. MoH funding for sanitation on the other hand exceeds PU's contribution. Sanitation allocations comprise wastewater facilities, sanitation emergency response systems and a significant portion (IDR 2.26 billion, or about 1.2 times that of sanitation capital investments) is allocated for hygiene promotion. No MoH funds are allocated for drainage or solid waste.

**Figure 6**  
**Ministry of Health General Budget Allocations for WSES**



A much larger portion of MoH support for water supply and sanitation, however, is made through the Water Supply for Low-Income Communities Project (WSLIC). (See Figure 7.) WSLIC-related allocations dwarf MoH general allocations and comprise about 98 percent of the Ministry's total support for water and sanitation. Every IDR 1 from the WSLIC loan was matched by IDR 0.24 allocated from the national budget for project and infrastructure support. Including WSLIC support, MoH allocations for water supply and sanitation are 40 percent of that allocated by the Ministry of Public Works.

**Figure 7.**  
**Water Supply and Sanitation Allocations**  
**by Ministries**



A larger portion of MoH funds is allocated for physical investment compared with Ministry of Public Works (75 percent versus 68 percent). One-fifth of the MoH budget for water and sanitation is allocated for project administration and support and only a small portion, mainly from general budget allocations, is earmarked for technical assistance, socialization and capacity-building (see Table 14).

**Table 14.**  
**Ministry of Health WSES Allocation by Type**

	General Budget Allocations	Budget Allocations for WSLIC	WSLIC Loans	Total
Capital	3,232,661,000	23,408,720,278	195,083,966,378	221,725,347,656
Technical Assistance	10,115,893,000			10,115,893,000
Project Support and Maintenance	1,067,454,000	55,790,975,722		56,858,429,722
Socialization and Capacity Building	6,704,257,000			6,704,257,000

### 6.3. National and Local Government Support to PDAMs

From the local governments participating in WASPOLA, only Western Sumatra Province and Gorontalo district have funds allocated for support and supervision of PDAMs. Western Sumatra allocated about four percent of its total three-year water supply budget (IDR 206 million) to monitor the 14 PDAMs in the province. Gorontalo allocated IDR 112 million to support development of a PDAM network master plan.

On the other hand, support from national government, through the Ministry of Public Works, is more significant – comprising nearly half of its expenditure in 2005 and averaging about 30 percent over the three years (see Table 15). Most support to PDAMs was in the form of technical assistance – optimization and design activities.

**Table 15.**  
**Ministry of Public Works Support for PDAMs**

Year	Amount in IDR	% of Total Annual PU Spending in WSES
2003	102,326,778,000	39.0%
2004	6,566,734,000	1.6%
2005	109,701,912,000	45.4%
Total 3 Years	218,595,424,000	28.6%

## 7. Conclusions and Recommendations

### 7.1. Current levels of investments are below what is required to achieve government sector targets.

Although the current study has not quantified the cost of meeting sector targets against funds allocated, it is apparent that insufficient resources

are being allocated. Local allocations for WSES, on the average, comprise less than one percent of total local revenues and annual allocations for the sector average about US\$0.40 per person—about 0.03 percent of per capita GNP.

The low level of investment at local levels is mirrored in the national historical budgets. Comparing the estimates from NAP on the required national government investments in water supply with annual average investments from the Ministries of Public Works and Health, these agencies would have to invest about 14 times more each year to meet NAP targets.

Any current approximation of required sector investments is bound to be understated due to unmet targets upon which they were based and under estimation of what investments might be required in developing future water sources for distribution. What is clear is that investments in the sector will need to increase and outcomes from such spending will need to improve, in order to achieve Indonesia's growth and poverty alleviation goals.

### 7.2. The composition and trends of sector allocations demonstrate increasing shares from local governments, but there is potential for greater national direction.

Within the study areas, the review finds a dramatic shift in the source of sector investment from central to local governments, with the latter financing between 46 up to over 90 percent of total sub-sector activities.

This demonstrates willingness of local governments to invest in WSES. However, the study found only weak positive correlation between local revenues and GRDP, and allocations for water supply and sanitation.

There is need to influence the direction of local resources to the sector. General advocacy on the benefits of water and sanitation can be useful for generating political support for sector investments. However, sector line ministries also

can work with local governments in building their capacity on sector strategy development, planning and program implementation.

National government also has the opportunity to direct local governments through the provision of predictable and longer-term transfers based on a clear program priority and on achievement of results.

### **7.3. Local governments are playing an increasingly significant role in sector financing, but finances and capacities are presently limited.**

Local governments are demonstrating interest in taking up their responsibility for improved water and sanitation services. However, only very little is being invested and sector financing is likely to continue to be limited by multiple competing demands. In fact, between 2003 and 2005, a number of the local governments under study returned a negative balance between total local revenues and expenditures – together making up a total budget deficit of some Rp 710 billion.

Sector financing will also need to be raised from other sources, most likely, from user payments, participation of the private sector and perhaps later, through the capital markets.

Improved fiscal performance and management of financing are not the only challenges facing local governments. The key challenge will be to ensure progressive improvements and viability of WSES services enough to breed confidence from its potential financiers, including customers, and to balance public and commercial interests. This entails better sector planning and oversight, as well as technical and project/utility management capabilities that may not be currently available.

### **7.4. Capacity of sector institutions to develop realistic investment plans can be enhanced with simple tools**

In conducting this review and based on feedback from local governments, it became apparent that

basic parameters for sector financial planning are not available to or known by local governments. Simple tools can be developed and disseminated to support enhanced investment planning for water supply and sanitation:

- Standard cost schedules for minimum service packages and reform programs that include investment and recurrent costs as well as physical and non-physical components. These schedules would include a bill of materials/inputs and unit costs that can be adapted to local prices, based on selected technical and program options. Options for developing more sophisticated cost models also can be introduced gradually, such as those allowing for “efficiency” analysis, baseline cost monitoring or that weights feasible options according to non-financial objectives, such as impact on the poor.
- Norms for classifying and naming inputs and activities/outputs. It was found in the study that budget planners often classify inputs/activities/outputs differently or misclassify them. For example, rehabilitation costs are sometimes treated as operating expenses under the “goods and services” classification. For analyzing the composition of allocations, the general classification used in this study was found helpful.
- Availability and publication of benchmark data, both on input (costs) and total investments allows sector institutions at different levels to assess their progress compared with others, can motivate change and can alert oversight institutions to areas requiring more attention/priority.

### **7.5. At the central level, GoI needs to complete the strategy development process via a broad-based (inter-Ministry) agreement on a minimum service and priority reform package with a view to increasing overall sector spending and improving effectiveness.**

The increases in historical investments by national government and creation of new lines of dedi-

cated funding for water supply and sanitation, e.g., DAK, indicate recognition of WSES' growing in importance. On the other hand, the need to use national funds to leverage other sources of financing becomes more important in the face of the rising significance of local financing.

At the central level, progress needs to be made towards defining and agreeing a minimum service and priority reform package and defining the roles to be played by key agencies in order to consolidate central level action and resources.

The common strategic priorities under RPJMN and NAPs can be a starting point, but the exercise should seek to validate the relative significance of the strategic areas to conditions at local levels and at this level, define targets. This consensus development process could be initiated by Bappenas and conclude with an inter-Ministerial memorandum of agreement embodying the minimum service and priority reform package. Because of the large numbers of provinces and districts in the country, the national government could consider a process of representation from local governments that would be involved in the initial priority setting discussions and allowing for local adaptation during implementation.

The memorandum of agreement would cover the division of roles among the various institutions/departments/units in delivering or implementing this service and reform package, including identifying the lead agency at national and at local levels. Following this consensus, the intervention packages can be detailed by technical and implementing units from local governments departments and line ministries.

A sector investment plan can be developed over a medium term framework on this basis, and, together with the memorandum of agreement, provide overall guidance to the sector and form a stronger basis of sector coordination and performance monitoring by oversight institutions such as Bappenas with support from the Ministry of Finance. In this way, the sector investment plan then becomes a key policy instrument by which priorities are made in relation to how public resources will be allocated.

Key sector policy-makers and stakeholders will need to pursue this minimum service and reform package within a specified timeframe, say, up to 2010. The agreement would be published and communicated to sector stakeholders, particularly the local governments, donor community and other financiers; and overall progress reviewed by Bappenas and the Ministry of Finance.

#### **7.6. Need for clarity on the responsibilities of levels of government, particularly between province and districts/cities**

Developing a sector investment plan, as described above, is inextricably linked to establishing a new mode of functional and fiscal arrangements between national and local governments defined in the context of decentralization and increasing local fiscal authority and accountability. In this context, the role of the province needs to be more clearly defined vis-à-vis districts and cities. Some provinces have already shown leadership by initiating sector planning and supporting priority programs through co-financing or block transfer systems. The province also has a role to play in sector oversight and coordination within their jurisdiction.

#### **7.7. Current system of information on public financing for WSES faces the following key challenges in its ability to support policy/program reviews and development:**

- Financial reviews for the sector require a complementary process of collation and analysis because sector information is spread across many budget units and levels of government; regular public financial reporting is aggregated according to budget users (ministries, departments and directorates) and not by sector.
- The ability to assess the quality of sector expenditure is presently limited because (i) financial data reported are largely forward-looking, i.e., budget allocation information is available, but expenditure data, where available, usually mirrors allocations and (ii) quality of local government monitoring of even ba-



sic sector outcomes, e.g. coverage of water supply and sanitation, is highly variable. In addition, information on some public funding sources, for example, ABT, is not available.

Institutions at relevant levels should be assigned to report, collate and analyze sector finance and performance on a regular basis and resources should be made available to support this activity, including audits of representative samples. Comparing levels of investments against revenues or GRDP over time and across levels of government could be instituted relatively easily. More comprehensive reviews on outputs/outcomes can be undertaken for medium-term periods so as not to be burdensome, and complemented by briefer reviews in sector audits carried out by an oversight body.

**7.8. Channels of national funds for water and sanitation currently have a short-term (annual) period of implementation and cannot be guaranteed year-on-year. Moreover, except for DAK and on-granted funds, from the point of view of local governments, transfers from Dana Dekonsentrasi and Perbantuan are “off budget.” These factors potentially dissipate local capacity for maintaining and supporting programs during implementation.**

Sector allocations through DAK, Dekonsentrasi and Dana Tugas Perbantuan cannot be assured for multiple years. Predictability of funding is important for planning, particularly of long-gestating capital investment projects such as water supply and sanitation. While budgets cannot be guaranteed for future years, a medium-term sector investment plan, estimating amounts needed to be allocated to the sector, would be useful guidance for local and national governments.

Allocations from national government are not expected to be the principal source of financing for the sector, but instead to stimulate sector development by local government and to support lower income local governments. Indeed, national transfers currently comprise less than 10 percent of allocations in the WSES sector.

To enable national allocations to have a more catalytic role, counterpart funding requirements from local governments for capital investment projects (currently between 0-10 percent of project value) could increase, and policies on the ownership and responsibility for maintenance of capital created using national funds should be clarified. The merits of paying out grants on the basis of outcomes achieved also can be considered.

**7.9. More national resources should be allocated towards local institutional strengthening and capacity-development for sector planning and programming.**

At present, national allocations to the sector are overwhelmingly earmarked for physical construction activities. More attention needs to be paid to developing local capacities for sector planning and implementation. National institutions will need to focus increasingly on supporting local government sector progress through upstream analytical work and policy development, research, and systems for sector monitoring and evaluation.

**7.10. Local spending on maintenance and ‘software’ needs to increase proportionately to secure the endurance and effectiveness of capital investments made.**

Even more than national allocations, physical construction dominate a local allocations to the sector. There is apparently not enough being set aside for maintenance and other activities that are critical to ensuring water and sanitation investments achieve their outcomes – for example, hygiene awareness.

**7.11. Different types of long-term financing need to be made available to local governments and locally-owned enterprises demonstrating varying levels of readiness and responsibility.**

Current local government investments, while increasing, cannot fund large and longer-gestating investments. Long-term financing still needs to be available as a source of capital, otherwise required investments will be put off. Although prudence in local financing is a legitimate concern, as long as local governments are not presented with viable options for long-term financing, this will likely have a contracting effect on the sector.

**8. Next Steps on Finance Strategy**

The following broad steps have been identified as necessary to move the sector finance strategy process forward. These key activities need to be discussed and agreed with GoI and time-tables assigned based on those discussions.

- Consultations among Bappenas, Ministry of Finance, Ministry of Public Works, and Ministry of Health about study findings
- Discussion of developing a sector memorandum of understanding on a minimum service and priority reform package to be led by Bappenas
- Sharing of study results with and seeking inputs from local governments on their views about what support they seek from national government; sharing of good practices from local governments in sector investments and sector strategy development
- Development of situation self-assessment and strategy guidance notes and process for local governments to serve as inputs into national WSES program development
- Development of sector investment plan with unit costing of policy packages

**Annex 1.**  
**List of National Institutions Involved in WSS and their Roles**

**1. Bappenas**

- a. Directorate for Human Settlements – coordination and investment policy and planning for housing/settlements sector
- b. Directorate for Water Resources – coordination and investment policy and planning for water resources conservation, development and management
- c. Directorate for Environment – coordination and investment policy and planning for ‘brown’ sectors, including solid waste and sanitation
- d. Directorate for Health – coordination and investment policy and planning for health sector

**2. Ministry of Finance**

- a. Directorate for Financial Institutions – financing windows through subsidiary loans
- b. Directorate for Budget and Treasury, Local Government Finance - policies on local borrowing and grants
- c. Directorate for Budget and Treasury, Budget 1 Office on Sector Services – broad ceilings on budgets

**3. Ministry of Public Works**

- a. Directorate for Water Supply Development – infrastructure, technical assistance, and standards for water supply provision
- b. BPP SPAM – regulation of water resources and water supply enterprises
- c. Directorate for Wastewater– infrastructure, technical assistance, and standards for sanitation and wastewater services
- d. Respective sub-directorates for planning and programming under the sector directorates (a and b above)

- 4. Ministry of Health,** Directorate for Environmental Health – rural water supply, drinking water quality standards; rural sanitation, promotion and hygiene; urban integrated cities development (healthy cities)

**5. Ministry of Home Affairs**

- a. Administration Office for Local Financing (Bina Administrasi Keuangan Daerah), – policy/regulations on state-owned enterprises, which include PDAMs
- b. Directorate for Spatial Planning and Environment – general integrated land use/spatial planning and regulation, including water resources management; technical assistance to do those planning

**6. Ministry of Environment**

- a. Directorate for Small Enterprises and Domestic Pollution Control – technical assistance, program implementation on rating, regulation, some infrastructure e.g. laboratories for water quality testing
- b. Directorate on Conservation – water resources management
- c. Directorate on Supporting Units – activities on environmental financing such as pollution or water users’ fees

- 7. Ministry of Mining** – licensing of ground water abstraction



**Annex 2.**  
**WSS Financing Study**  
**List of Government Counterparts Consulted**

Name	Directorate
<b>Bappenas</b>	
Basah Hernowo	Human Settlements
Oswar Mungkasa	Human Settlements
Nugroho Tri Utomo	Human Settlements
Maraita Listyasari	Human Settlements
Rahmat SD	AMPL
Andre S Kuncoroyekti	AMPL
<b>Ministry of Finance</b>	
Setya Budi	DJAPK
Baharuddin Abubakar	DJAPK
Made Arya Wijaya	Direktorat Anggaran I
Sambas Mulyana	Direktorat Anggaran II
Wawan Sunarjo	Direktorat Anggaran II
Teguh Widyono	Pengelolaan Perusahaan Pinjaman
Siddik Budiman	Pengelolaan Perusahaan Pinjaman
Arlen Pakpahan	Bapekki
Kasman Saragito	Bapekki
Herry P.	Bapekki
Wahyu W.	Bapekki
Fadliya	Bapekki
Denny Kurniawan	Bapekki
Kadjatmiko	Anggaran II
Catur	Anggaran II
Wendy Julianti	Anggaran II
<b>Ministry of Health</b>	
Wan Alkadri	Dir. Penyakit & Lingkungan
Ismail Malik	Dit. Environmental & Health
Nugroho	Dit. Environmental & Health
Mudjiharto	Dit. Environmental & Health
Djoko Wartono	CPMU – CWSH
Endang S.	Food Sanitation
Asep Suryakusumah	Food Sanitation
Wahanudin	Safety of waste
Bambang Hermawan	WSLIC-2
Imam Syahbandi	WSLIC-2
Mike Ponsonby	WSLIC-2

Name	Directorate
<b>Ministry of Public Works</b>	
Poedjastanto	
Susmono	
Noerhadi	
Handy Legowo	DJCK, Dep PU
Bambang Purwanto	DJCK, Dep. PU
Siswanto	Ditjen PMD
Dian Suci H.	Dir. Pengembangan Air Minum, DJCK, Public Works
Michael Oscar K	Dit. PAM, DJCK, Public Works
Suryanto	
Luky R.A.	
Deka Paranoan	Dit. PLP-DJCK
Hotman F Pandiangan	Dit. PLP-DJCK
Dian Suci H.	Dir. Pengembangan Air Minum, DJCK, Public Works
Agus Ahyar	Dit Pam
<b>Ministry of Environment</b>	
Mohammad Helmy	KLH
lim Ibrahim	KLH
Zulkarnain	
<b>Department of Local Government</b>	
Helda Nusi	Bangda
Rheidda Pramudhy	
Eko Subowo	BAKD
Sutirto	BAKD

**Annex 3.**  
**List of WASPOLA Participating Local Governments and Key Data**

Province/District	Population		
	2002	2003	2005
<b>West Sumatera Province</b>	4,456,816	4,528,242	4,578,474
Sawah Lunto / Sijunjung	181,365	185,845	-
Tanah Datar	333,610	339,216	333,600
Payakumbuh City	102,065	104,377	104,784
Solok	454,914	333,188	-
<b>Bangka Belitung Province</b>	976,031	1,012,655	1,060,965
South Bangka	143,909	147,039	153,416
West Bangka	134,652	140,323	146,408
Pangkalpinang City	137,582	141,556	155,036
<b>Banten Province</b>	8,956,229	9,083,144	9,352,300
Pandeglang	1,082,012	1,100,911	1,116,000
Lebak	1,128,924	1,156,433	1,176,802
<b>Central Java Province</b>	32,052,840	32,397,431	32,397,432
Kebumen	1,193,978	1,203,315	1,369,961
Grobogan	1,353,688	1,360,908	-
Pekalongan	821,870	844,215	-
<b>West Nusa Tenggara Province</b>	4,005,360	4,076,040	4,053,674
West Lombok	-	724,491	724,491
East Lombok	-	1,027,805	1,044,673
Sumbawa	-	469,162	390,665
<b>South Sulawesi Province</b>	7,280,351	7,379,370	-
Selayar	109,415	111,458	107,706
Takalar	240,578	244,582	246,929
Pangkajene Kepulauan	275,151	277,223	285,172
<b>Gorontalo Province</b>	881,057	896,004	-
Gorontalo	-	536,354	-
Bone Bolango	-	-	-
Pohu Wato	-	-	106,865

Province/District	GRDP at Constant Price		
	2002	2003	2005
<b>West Sumatera Province</b>	65,593,949,750,000	24,334,842,080,000	25,640,806,330,000
Sawah Lunto / Sijunjung	2,002,962,350,000	-	-
Tanah Datar	4,467,397,320,000	587,605,410,000	618,009,430,000
Payakumbuh City	1,523,295,010,000	576,841,680,000	609,222,960,000
Solok	3,813,623,520,000	1,441,309,800,000	1,520,991,380,000
<b>Bangka Belitung Province</b>	17,886,890,000,000	6,727,117,000,000	7,010,018,000,000
South Bangka	1,037,474,000,000	-	-
West Bangka	2,137,070,000,000	-	-
Pangkalpinang City	2,257,682,000,000	810,668,000,000	847,520,000,000
<b>Banten Province</b>	141,437,188,000,000	-	-
Pandeglang	8,385,712,730,000	1,319,909,540,000	1,398,784,320,000
Lebak	8,006,454,000,000	1,154,839,000,000	1,200,820,000,000
<b>Central Java Province</b>	365,317,140,090,000	129,166,462,450,000	135,789,872,310,000
Kebumen	5,632,322,370,000	2,099,743,130,000	2,141,060,040,000
Grobogan	5,470,185,090,000	2,115,140,050,000	2,190,405,940,000
Pekalongan	6,448,453,090,000	2,406,190,610,000	2,504,933,380,000
<b>West Nusa Tenggara Province</b>	40,357,587,000,000	-	-
West Lombok	2,138,560,390,000	-	-
East Lombok	2,541,943,330,000	-	-
Sumbawa	6,299,910,040,000	-	-
<b>South Sulawesi Province</b>	91,365,395,000,000	35,426,050,000,000	37,266,969,000,000
Selayar	839,814,000,000	303,577,000,000	317,241,000,000
Takalar	1,626,961,000,000	621,242,000,000	651,678,000,000
Pangkajene Kepulauan	4,082,358,000,000	1,656,406,000,000	1,758,994,000,000
<b>Gorontalo Province</b>	5,276,787,000,000	-	-
Gorontalo	935,402,000,000	-	-
Bone Bolango	339,009,390,000	-	-
Pohu Wato	410,163,000,000	-	-

## **A p p e n d i c e s**

**Table 16.**  
**Total Local Budget Allocations for Water Supply and Sanitation**

No.	Province/District	Total Expenditure (budget) on WSS		
		2003	2004	2005
10000	<b>West Sumatera Province</b>	896,809,000	2,192,759,000	3,940,326,200
11000	Sawah Lunto / Sijunjung	680,000,000	976,292,500	2,461,120,100
12000	Tanah Datar	871,037,000	198,951,532	819.890,000
13000	Payakumbuh City	2,769,676,411	4,265,571,723	2,881,325,830
14000	Solok	1,579,148,500	2,425,131,400	894,788,100
20000	<b>Bangka Belitung Province</b>	0	2,730,000,000	0
21000	South Bangka	0	180,000,000	3,575,580,000
22000	West Bangka	0	0	150,000,000
23000	Pangkalpinang City	7,001,395,000	5,769,000,000	4,980,479,000
30000	<b>Banten Province</b>	284,900,000	712,500,000	3,230,525,000
31000	Pandeglang	398,750,000	680,883,000	1,020,485,000
32000	Lebak	1,174,500,000	1,533,000,000	3,418,044,400
40000	<b>Central Java Province</b>	3,376,336,000	920,000,000	3,006,920,000
41000	Kebumen	1,492,167,000	814,978,000	2,036,200,00
42000	Grobogan	955,000,000	2,322,424,000	2,862,000,000
43000	Pekalongan	499,000,000	240,000,000	1,725,000,000
50000	<b>West Nusa Tenggara Province</b>	1,796,098,000	5,056,345,167	4,484,900,930
51000	West Lombok	1,274,228,000	1,580,186,593	925,439,000
52000	East Lombok	2,628,083,000	1,539,225,200	1,576,970,250
53000	Sumbawa	3,112,771,870	0	0
60000	<b>South Sulawesi Province</b>	10,558,265,000	4,661,350,000	10,805,711,105
61000	Selayar	2,442,400,000	3,226,354,000	2,517,016,000
62000	Takalar	1,153,003,250	818,819,000	989,971,000
63000	Pangkajene Kepulauan	5,670,009,000	3,624,020,000	6,147,510,000
70000	<b>Gorontalo Province</b>	1,050,030,000	1,732,000,000	3,065,360,000
71000	Gorontalo	425,140,000	10,000,000	764,800,000
72000	Bone Bolango	0	0	1,155,650,000
73000	Pohu Wato	0	14,144,062,500	4,610,058,500
	<b>TOTAL</b>	<b>52,068,747,101</b>	<b>62,353,853,115</b>	<b>74,046,270,000</b>

Source: DASK Province/Kab/Kota 2003-2005



**Table 17. Local Budget Allocation for Water Supply and Environmental Sanitation Sector – Capital and Operational Expenditure**

COMPARISON OF LOCAL BUDGET (BUDGETED) ALLOCATION FOR WSS. For provinces and districts of the WASPOLA area. Cumulative period of 2003 - 2005

Province / District	Expenditure (budgeted) for WSES										
	Capital Expenditure					Operational Expenditure					
	Water	Waste Water	Solid Waste	Drainage	Others	Total Capital Exp	Personnel	Goods & Services	Traveling	Maintenance	Total Operational Exp
West Sumatra	3,656,623,00	0	0	1,631,095,000	190,000,000	5,477,718,000	166,355,000	756,644,700	564,052,000	65,124,500	1,552,176,200
Bangka Belitung	50,000,000	0	0	2,480,000,000	0	2,530,000,000	12,500,000	187,500,000	0	0	200,000,000
Banten	3,515,425,000	0	0	0	0	3,515,425,000	55,500,000	654,100,000	3,200,000	0	712,500,000
Central Java	3,293,070,000	705,665,000	0	1,078,000,000	0	5,076,737,000	83,850,000	1,843,226,000	299,445,000	0	2,226,521,000
West Nusa Tenggara	6,369,572,300	1,900,000,000	0	0	0	8,269,572,300	119,200,460	898,001,940	49,820,000	2,000,749,397	3,067,711,797
South Sulawesi	10,735,066,105	7,852,100,000	0	1,630,000,000	2,333,350,000	22,550,536,105	430,100,000	2,689,773,000	219,940,000	134,977,000	3,474,790,000
Gorontalo	3,582,750,000	1,650,000,000	0	0	10,100,000	5,242,850,000	36,180,000	28,500,000	39,860,000	500,000,000	604,540,000
Total province	31,202,526,405	12,107,765,000	0	6,819,095,000	2,533,450,000	52,662,836,405	903,385,460	7,057,745,640	1,176,317,000	2,700,850,897	11,338,298,997
Payakumbuh City	1,584,892,700	49,800,000	296,540,975	4,744,763,530	1,807,384,813	8,483,382,018	177,495,336	458,329,305	26,560,000	770,807,305	1,433,191,946
Pangkalpinang City	1,192,500,000	1,744,100,000	245,000,000	14,564,659,000	0	17,746,259,000	4,615,000	0	0	0	4,615,000
Total City	2,777,392,700	1,793,900,000	541,540,975	19,309,422,530	1,807,384,813	26,229,641,018	182,110,336	458,429,305	26,560,000	770,807,305	1,437,806,946
Sawah Lunto/Sijunjung	2,374,972,900	50,000,000	2,640,000	1,677,850,000	0	4,105,462,900	0	6,449,700	5,500,000	0	11,949,700
Tanah Datar	843,796,032	42,000,000	0	880,300,000	0	1,766,096,032	46,564,492	41,026,300	18,982,942	17,208,900	123,782,500
Solok	4,166,988,200	0	0	70,000,000	0	4,236,988,200	33,540,000	491,306,300	111,983,500	25,250,000	662,079,800
South Bangka	399,600,000	0	0	3,155,980,000	0	3,555,580,000	0	0	0	200,000,000	200,000,000
West Bangka	0	0	0	0	0	0	3,375,000	4,125,000	0	142,500,000	150,000,000
Pandeglang	1,695,554,500	0	0	0	0	1,695,554,500	62,095,000	201,506,250	88,451,250	52,511,000	404,563,500
Lebak	4,329,663,000	807,500,000	142,500,000	0	33,000,000	5,312,663,000	122,981,000	121,141,400	93,825,000	474,934,000	812,881,400
Kebumen	2,567,746,750	0	0	1,622,442,500	0	4,190,189,250	31,7895,000	92,852,750	28,518,000	0	153,155,750
Grobogan	2,205,000,000	0	222,000,000	2,275,000,000	1,047,500,000	5,749,500,000	12,495,000	121,141,400	18,300,000	237,331,548	389,924,000
Pekalongan	1,728,740,000	47,000,000	0	635,751,000	0	2,411,491,000	11,548,300	36,107,200	4,853,500	0	52,509,000
West Lombok	1,678,225,152	480,000,000	123,635,000	405,297,420	0	2,687,157,572	201,144,800	425,816,617	65,511,000	400,223,674	1,092,696,091
East Lombok	2,457,970,800	878,363,000	225,000,000	1,028,490,000	0	4,589,823,800	362,725,000	482,680,650	69,250,000	239,799,000	1,154,454,650
Sumbawa	0	0	0	2,237,640,120	532,000,000	2,769,640,120	95,217,000	189,374,750	29,540,000	29,000,000	343,131,750
Selayar	5,014,754,000	40,000,000	0	2,329,016,000	0	7,383,770,000	0	782,000,000	0	0	782,000,000
Takalar	1,144,110,000	0	9,800,000	751,500,000	0	1,905,410,000	62,600,000	717,023,750	117,260,000	159,500,000	1,056,383,750
Pangkajene Kepulauan	10,204,148,000	100,000,000	93,000,000	1,259,559,000	0	11,656,707,000	126,145,000	622,385,000	44,270,000	2,992,032,000	3,784,832,000
Gorontalo	848,000,000	57,500,000	192,500,000	0	0	1,098,000,000	20,450,000	75,250,000	6,240,000	0	101,940,000
Bone Bolango	1,155,850,000	0	0	0	0	1,155,850,000	0	0	0	0	0
Pohu Wato	3,727,000,000	0	0	14,94,755,000	0	18,721,755,000	0	32,366,000	0	0	32,366,000
Total Kabupaten	46,542,119,334	2,502,363,000	1,011,075,000	33,323,581,040	1,612,500,000	84,991,638,374	1,192,665,592	4,443,208,985	702,485,192	4,970,290,122	11,308,649,891

Table 18. Local Budget Allocation for WSS - Physical and Non-Physical Activities

COMPARISON OF LOCAL BUDGET ALLOCATION FOR WSS. Among provinces and districts of the WASPOLA area. Cumulative for Period 2003 - 2005

Province & District	Physical Project				Non Physical Projects			
	Water	Waste Water	Solid Waste	Drainage	Sub Total	Tehnickal Assistance	Project Support & Maintenance	Socialization of Policies
<b>West Sumatra Province</b>	3,819,188,000	0	0	1,975,000,000	5,794,1880,000	404,829,400	512,690,000	319,186,800
Sawah Lunto/Sijunjung	2,386,922,600	50,000,000	2,640,000	1,677,850,000	4,117,412,600	0	0	0
Tanah Datar	862,951,532	45,000,000	0	914,537,000	1,822,488,532	0	67,390,000	0
Solok	1,630,319,100	53,545,105	397,423,411	6,714,004,343	8,795,331,959	156,494,800	964,747,205	0
<b>Bangka Belitung Province</b>	4,336,215,200	0	0	70,000,000	4,406,215,200	0	492,852,800	0
South Bangka	50,000,000	0	0	2,480,000,000	2,530,000,000	200,000,000	0	0
West Bangka	399,600,000	0	0	3,555,580,000	3,555,580,000	0	200,000,000	0
Pangkalpinang City	0	0	0	0	0	0	150,000,000	0
<b>Banten Province</b>	1,192,500,000	644,100,000	0	15,016,580,000	15,016,580,000	0	2,734,294,000	0
Pandeglang	3,515,425,000	0	0	3,515,425,000	3,515,425,000	712,500,000	0	0
Lebak	2,100,118,000	0	0	2,100,118,000	2,100,118,000	0	0	0
<b>Central Java Province</b>	4,601,281,000	901,465,500	150,000,000	5,652,767,000	5,652,767,400	0	472,777,000	0
Kebumen	2,887,494,000	858,000,000	200,000,000	5,075,494,000	5,075,494,000	1,146,382,000	1,031,880,000	49,500,000
Grobogan	2,597,452,000	0	0	4,042,742,000	4,042,742,000	24,478,000	276,125,000	0
Pekalongan	3,255,000,000	27,500,000	242,000,000	4,899,500,000	4,899,500,000	105,000,000	1,134,924,000	0
<b>West Nusa Tenggara Province</b>	1,738,000,000	50,000,000	0	2,464,000,000	2,464,000,000	0	0	0
Province	7,947,157,200	1,971,937,500	0	9,919,094,000	9,919,094,700	0	1,418,249,397	0
West Lombok	1,876,600,919	512,406,200	529,301,290	2,922,308,409	2,922,308,409	0	857,545,254	0
East Lombok	2,671,970,000	928,781,000	549,667,000	5,439,888,000	5,439,888,000	72,630,000	231,760,450	0
Sumbawa	187,234,000	0	0	3,112,771,870	3,112,771,870	0	0	0
<b>South Sulawesi Province</b>	11,745,846,105	9,602,480,000	0	25,875,326,105	25,875,326,105	0	0	150,000,000
Selayar	5,014,754,000	40,000,000	0	7,383,770,000	7,383,770,000	571,000,000	211,000,000	0
Takalar	1,499,479,000	0	126,343,000	2,907,001,000	2,907,001,000	0	54,792,750	0
Pangkajene Kepulauan	10,618,148,000	180,400,000	98,000,000	12,221,487,000	12,221,487,000	0	3,220,052,000	0
<b>Gorontalo Province</b>	2,777,750,000	2,184,000,000	0	4,961,750,000	4,961,750,000	868,280,000	17,360,000	0
Gorontalo	754,800,000	57,500,000	207,070,000	1,019,370,000	1,019,370,000	112,070,000	68,500,000	0
Bone Bolango	945,850,000	0	0	15,940,605,000	15,940,605,000	0	210,000,000	0
Pohu Wato	3,727,000,000	0	0	3,727,000,000	3,727,000,000	0	32,366,000	0
<b>Total 7 Province</b>	32,742,860,305	14,616,417,500	200,000,000	57,671,277,805	57,671,277,805	3,330,991,400	2,980,179,397	518,686,800
<b>Total Kab/Kota</b>	52,396,195,351	3,494,718,705	2,302,444,701	111,546,936,970	111,546,936,970	1,041,672,800	11,379,126,459	0
<b>TOTAL</b>	85,139,055,656	18,111,136,205	2,502,444,701	169,218,214,775	189,218,214,755	4,372,664,200	14,359,305,856	518,686,800

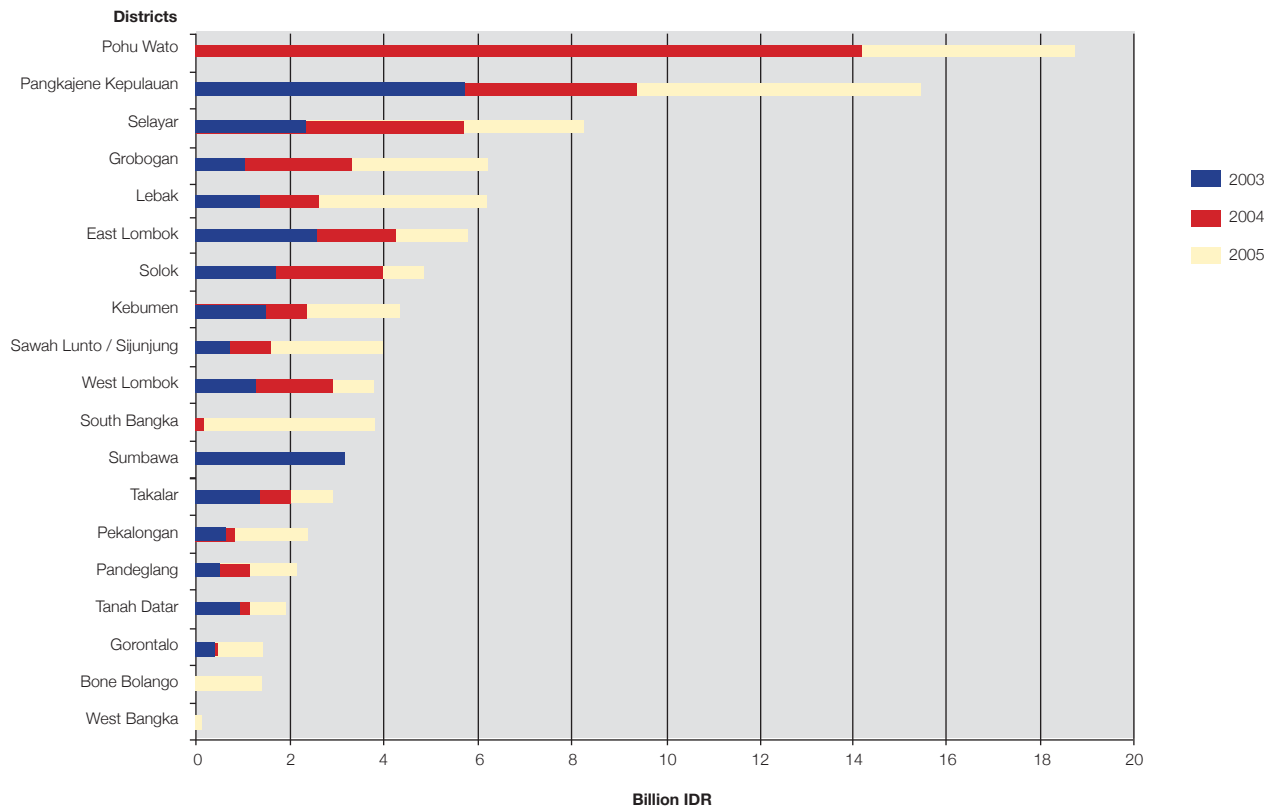
DASK Provinsi/Kab/Kota 2003-2005

Table 19. Local Budget - Total Revenues and Expenditure

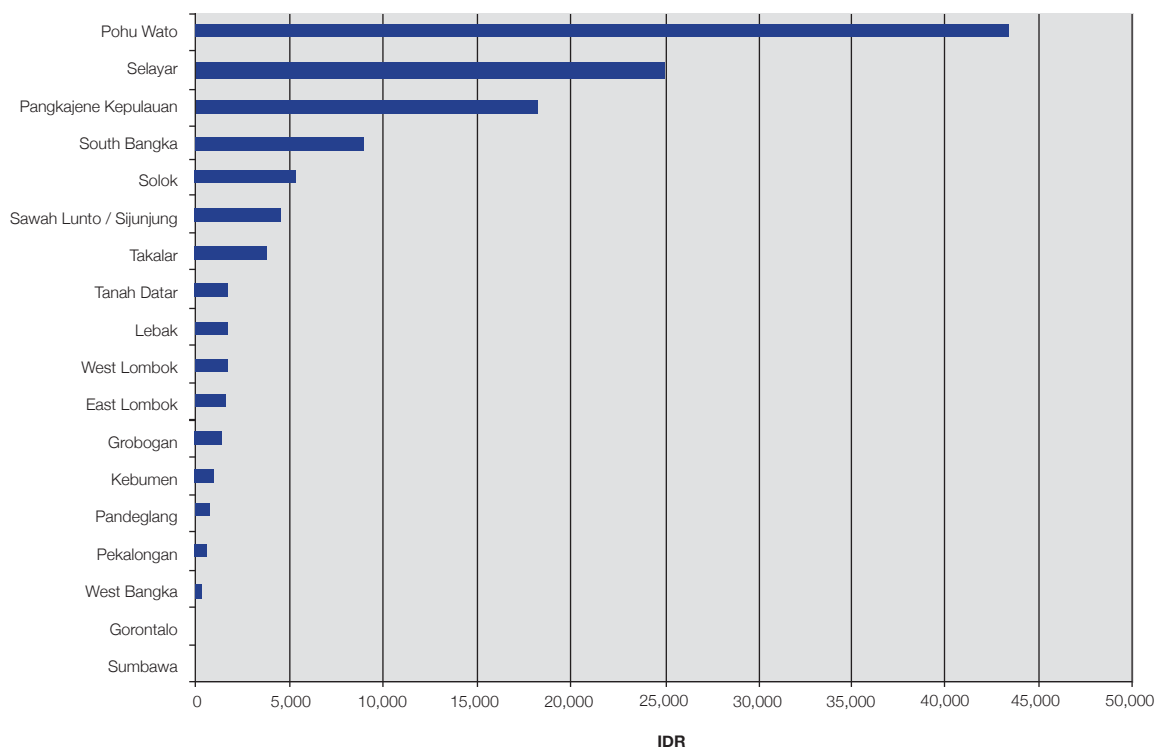
Kode	Province & District	Total Revenue (budgeted)			Total Expenditure (budgeted)		
		2003	2004	2005	2003	2004	2005
10000	<b>West Sumatra Province</b>	494,729,300,000	563,950,350,000	738,641,240,000	304,739,320,000	636,818,370,000	831,197,740,000
11000	Sawah Lunto/Sijunjung	217,284,940,000	228,062,520,000	159,897,860,000	260,355,360,000	263,199,540,000	193,954,250,000
12000	Tanah Datar	220,000,900,000	221,519,800,000	237,635,360,000	244,770,770,000	258,121,920,000	265,203,550,000
13000	Solok	180,073,960,000	165,848,320,000	170,153,430,000	180,073,960,000	185,393,740,000	193,084,680,000
14000	<b>Bangka Belitung Province</b>	243,769,410,000	258,412,870,000	209,388,179,470	273,369,700,000	287,412,870,000	232,846,029,159
20000	South Bangka	240,350,270,000	271,930,790,000	322,483,760,000	257,716,740,000	318,616,670,000	382,971,870,000
21000	West Bangka	-	73,161,629,472	98,561,660,000	-	66,786,259,352	124,333,340,000
22000	Pangkalpinang City	-	70,483,190,000	86,906,940,000	-	71,997,110,000	108,040,100,000
23000	<b>Banten Province</b>	129,824,730,000	141,765,840,000	151,091,300,000	141,756,780,000	160,231,590,000	165,155,480,000
30000	Pandeglang	1,075,305,980,000	1,225,373,920,000	1,452,277,790,000	1,123,305,980,000	1,263,930,140,000	1,598,988,210,000
31000	Lebak	326,584,150,000	349,877,110,000	370,373,170,000	326,624,160,000	352,608,520,000	372,909,770,000
32000	<b>Central Java Province</b>	305,113,010,000	322,857,200,000	362,980,710,000	306,780,310,000	324,834,710,000	368,270,460,000
40000	Kebumen	2,190,129,810,000	2,425,881,000,000	2,897,938,080,000	2,358,271,500,000	2,373,142,800,000	2,682,191,550,000
41000	Grobogan	388,670,610,000	417,756,790,000	427,381,260,000	395,925,090,000	443,210,990,000	453,210,270,000
42000	Pekalongan	384,860,760,000	439,831,040,000,0069	441,428,430,000	287,711,290,000	485,442,480,000	287,942,540,000
43000	<b>West Nusa Tenggara</b>	280,477,910,000	299,570,860,000	321,446,930,000	290,283,090,000	315,376,040,000	326,252,120,000
50000	<b>Province</b>	403,285,460,000	434,453,780,000	475,998,870,000	403,285,460,000	441,204,940,000	514,199,780,000
51000	West Lombok	296,922,290,000	297,301,610,000	324,625,580,000	296,922,280,000	303,395,530,000	330,206,240,000
52000	East Lombok	358,003,490,000	378,903,860,000	405,490,280,000	365,374,930,000	389,468,830,000	404,437,700,000
53000	Sumbawa	304,462,530,000	318,767,480,000	249,223,340,000	317,278,440,000	322,328,730,000	270,084,360,000
60000	<b>South Sulawesi Province</b>	749,625,360,000	826,277,420,000	1,162,637,940,000	752,385,520,000	864,042,190,000	1,125,546,540,000
61000	Selayar	137,820,230,000	146,678,610,000	160,006,870,000	118,659,280,000	150,213,950,000	164,511,070,000
62000	Takalar	176,341,050,000	179,591,180,000	191,581,390,000	185,307,850,000	176,072,830,000	186,610,280,000
63000	Pangkajene Kepulauan	204,119,010,000	213,896,940,000	234,647,530,000	203,324,050,000	221,583,550,000	245,560,730,000
70000	<b>Gorontalo Province</b>	221,837,120,000	254,143,610,000	261,220,000,000	206,332,170,000	255,438,930,000	131,694,840,000
71000	Gorontalo	252,980,040,000	229,367,950,000	240,159,610,000	252,703,620,000	355,131,900,000	261,789,080,000
72000	Bone Bolango	-	91,957,488,304	120,335,380,000	-	91,957,488,304	115,359,260,000
73000	Pohu Wato	-	117,050,579,941	128,411,661,562	-	118,532,634,627	127,739,396,839
	<b>Total 7 Province</b>	<b>5,375,263,300,000</b>	<b>6,002,010,870,000</b>	<b>7,311,197,680,000</b>	<b>5,406,035,690,000</b>	<b>6,153,194,040,000</b>	<b>7,266,790,530,000</b>
	<b>Total Kab/Kota</b>	<b>4,407,273,020,000</b>	<b>4,962,662,867,717</b>	<b>5,091,736,771,031</b>	<b>4,547,220,960,000</b>	<b>5,323,301,212,283</b>	<b>5,197,500,705,998</b>

Source: Ministry of Finance (DJAPK - Website)

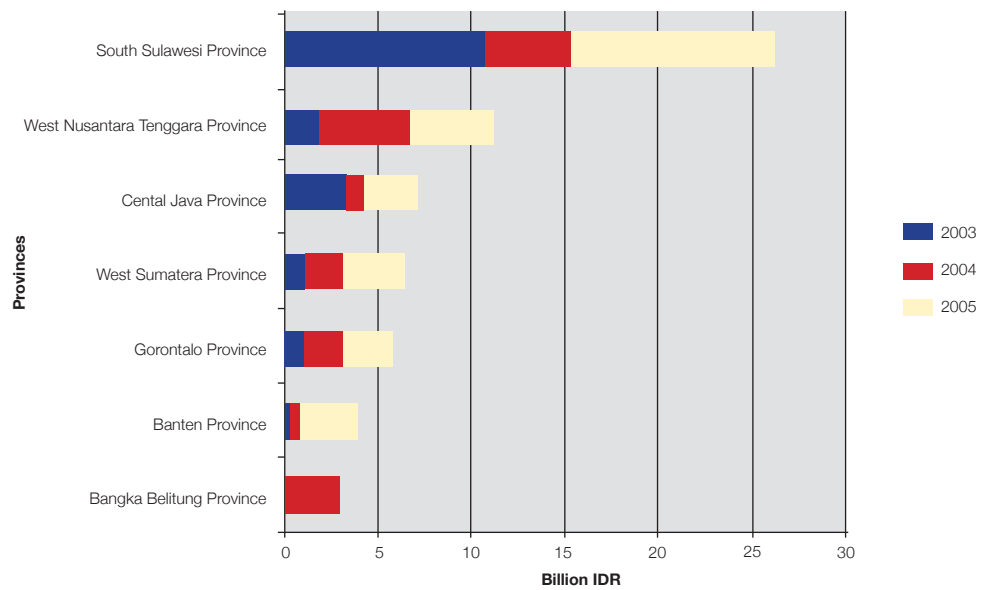
**Figure 8.**  
**Districts Ranked by Total WSES Investment (2003 - 2005)**



**Figure 9.**  
**District Ranked by WSES Average Per K (2003 - 2005)**



**Figure 10.**  
**Provinces Ranked by WSES Investment (2003-2005)**



**Figure 11.**  
**Provinces Ranked by Ave Per K (2003-2005)**

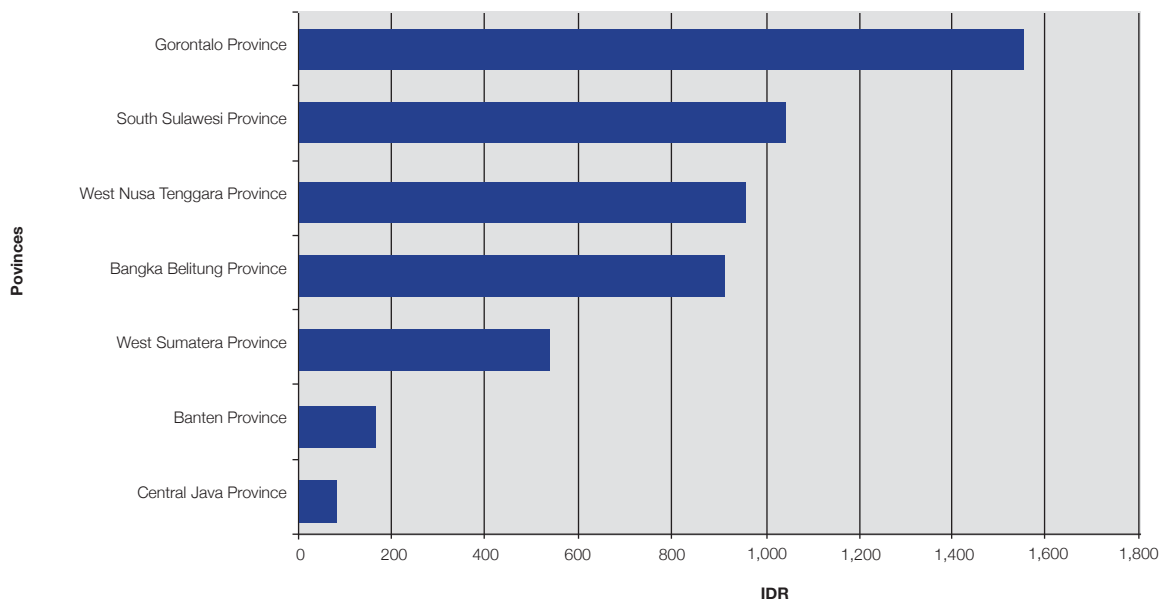


Table 20. Ministry of Public Works WSES Allocation by Type

Class of Spending	2003					
	Total	Capital	Non Capital	Detailed Non Capital		
				TA	OM	SC
Total Spending	394,669,619,000	226,009,550,000	168,660,069,000	156,765,716,000	10,960,366,000	933,987,000
Water	262,599,214,000	120,034,842,000	142,564,373,000	131,759,007,000	10,030,366,000	775,000,000
Sanitation	67,142,151,000	59,282,951,000	7,859,200,000	6,820,213,000	930,000,000	108,987,000
Solid Waste	24,749,908,000	13,117,671,000	11,628,237,000	11,578,237,000	0	50,000,000
Drainage	40,182,345,000	33,574,086,000	6,608,259,000	6,608,259,000	0	0
Class of Spending	2004					
	Total	Capital	Non Capital	Detailed Non Capital		
				TA	OM	SC
Total Spending	508,817,473,000	465,923,263,000	42,894,210,000	27,012,187,000	11,205,411,000	4,676,612,000
Water	404,964,646,000	378,745,234,000	26,219,412,000	17,858,480,000	4,786,798,000	5,574,634,000
Sanitation	45,656,821,000	42,311,821,000	3,345,000,000	3,000,000,000	345,000,000	0
Solid Waste	12,637,544,000	7,940,137,000	4,697,405,000	3,045,427,000	600,000,000	1,051,978,000
Drainage	45,558,462,000	36,926,069,000	8,632,393,000	3,108,280,000	5,474,113,000	50,000,000
Class of Spending	2005					
	Total	Capital	Non Capital	Detailed Non Capital		
				TA	OM	SC
Total Spending	370,356,930,000	322,113,604,000	48,243,326,000	37,687,610,000	4,433,842,000	2,121,884,000
Water	241,667,385,000	219,383,863,000	22,283,522,000	17,493,546,000	3,864,034,000	925,941,000
Sanitation	26,118,591,000	16,151,738,000	9,966,853,000	9,056,050,000	610,803,000	300,000,000
Solid Waste	36,324,735,000	32,985,432,000	3,339,303,000	3,173,361,000	0	162,942,000
Drainage	66,246,219,000	53,592,571,000	12,653,648,000	7,964,653,000	3,964,995,000	730,000,000
*TA	- Technical and Planning Activities					
OM	- Operations and Maintenance					
SC	- Socialization, Communications and Capacity Building					