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Indonesia Urban Water, Sanitation, and Hygiene

USAID INDONESIA URBAN WATER SANITATION AND HYGIENE

ANNUAL PROGRESS REPORT I

MARCH – SEPTEMBER 2011

QUARTERLY PROGRESS REPORT 2

JULY – SEPTEMBER 2011



OCTOBER 2011

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A morning briefing with the Deputy District Head of Tangerang, H. Rano Karno, before the Partnership Agreement Signing Ceremony on September 19, 2011.

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LIST OF ABBREVIATIONS AND ACRONYMS

The following is a list of abbreviations and acronyms commonly used in this report and on the project as a whole.

ADB	Asian Development Bank
AIDAR	Agency for International Development Acquisition Regulations
Akatirta Wiyata	Akademi Teknik Tirta Wiyata
AMPL	Air Minum dan Kesehatan Lingkungan / Drinking Water and Environmental Health
APBD	Anggaran Pendapatan dan Belanja Daerah / Local Government Budget
APBN	Anggaran Pendapatan dan Belanja Negara / National Government Budget
APOKSI	Aliansi Kota Peduli Sanitasi / Cities Caring for Sanitation Alliance
APR	Annual Progress Report
AusAID	Australian Agency for International Development
Bappeda	Regional Planning Board
Bappenas	Badan Perencanaan dan Pembangunan Nasional / National Development Planning Agency
BCC	Behavior Change Communications
BJB	PT Bank Pembangunan Daerah Jabar Banten / Regional Development Bank of West Java and Banten
BNI	Bank Nasional Indonesia
BPKP	Badan Pengawasan Keuangan dan Pembangunan / State Supervisory Board for Finance and Development
BPLHD	Badan Pengelola Lingkungan Hidup Daerah
BPRS	Bank Perkreditan Rakyat Syariah / Sharia Rural Bank
BPS	National Statistics Bureau
BRI	Bank Rakyat Indonesia
BTPN	Bank Tabungan Pensiunan Nasional / National Savings Pensioners Bank
BTN	Bank Tabungan Negara
C1	IUWASH Component One
C2	IUWASH Component Two
C3	IUWASH Component Three
CBO	Community-Based Organization
CCFI	Coca-Cola Foundation Indonesia
CCP	Center for Communication Program
CFR	Code of Federal Regulation
Cipta Karya	Directorate General of Human Settlement, MPW
CJ	Central Java
CL	Creditworthiness Ladder
CLTS	Community-led Total Sanitation
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
CSS	Citywide Sanitation Strategy
DAI	Development Alternatives, Inc. (IUWASH prime contractor)
DD	Diarrheal Disease
DED	Detailed Engineering Design
DEWATS	Decentralized Wastewater Treatment Systems
DCOP	Deputy Chief of Party
DHV	PT Darya Varya
DPRD	Dewan Perwakilan Rakyat Daerah / Local House of Representatives
EJ	East Java
ECO-Asia	Environmental Cooperation – Asia (USAID)
EE	Enabling Environment (for improved service delivery, Component 3)
EHRA	Environmental Health Risk Assessment
EMMP	Environmental Mitigation and Monitoring Plan

ESP	Environmental Services Program
FGD	Focus Group Discussion
FTL	Field Technical Liaison
FY	Financial Year
GCM	Global Circulation Model
GEC	Grant Evaluation Committee
GIS	Geographic Information System
GoI	Government of Indonesia
GUC	Grants Under Contract
HR	High Level Result
HRD	Human Resource Development
IBL	Indonesia Business Links
IC	Improved Capacity (for service delivery, Component 2)
ICED	Indonesia Clean Energy Development Project (USAID)
IEE	Initial Environmental Examination
IKK	Ibu Kota Kecamatan
IndII	Indonesia Infrastructure Initiative (AusAID)
IPAL	Instalasi Pengolahan Air Limbah
IPLT	Instalasi Pengolahan Limbah Tinja
IR	Intermediate Result
ISSDP	Indonesia Sanitation Sector Development Program
IUWASH	Indonesia Urban Water Sanitation and Hygiene
JICA	Japan International Cooperation Agency
JPA	Joint Partnership Agreement
KSAN	Konferensi Sanitasi dan Air Minum / National Conference on Sanitation and Drinking Water
KSR	Kupedes untuk Sambungan Rumah / Rural Development Credit for Household Connections
KUPEDES	Kredit Umum Pedesaan / Rural Development Credit
LG	Local Government
LOP	Life of Project
LTTA	Long-term Technical Assistant
M&E	Monitoring and Evaluation
MBR	Masyarakat Berpenghasilan Rendah / low-income communities
MC	Microfinance Specialist
MCK	Mandi Cuci Kakus / Bathe, Wash, Latrine (public washing and sanitation facilities)
MD	Mobilized Demand (for improved service delivery, Component I)
MDG	Millennium Development Goals
MFI	Micro-Financing Institution
MLD	PT. Mitra Lingkungan Dutaconsult (IUWASH subcontractor)
MoF	Departemen Keuangan / Ministry of Finance
MoFA	Departemen Luar Negeri / Ministry of Foreign Affairs
MoH	Departemen Kesehatan / Ministry of Health
MoHA	Departemen Dalam Negeri / Ministry of Home Affairs
MPW	Departemen Pekerjaan Umum / Ministry of Public Works
MOU	Memorandum of Understanding
MSMHP	Metropolitan Sanitation Management and Health Project
Musrenbang	Musyawaharah Perencanaan Pembangunan / Development Planning Consultation process
MPW/PLP	Kementerian Pekerjaan Umum/Ditjen Penyehatan Lingkungan dan Permukiman / Ministry of Public Works/Directorate of Environmental Health and Settlement
NAD	Nanggroe Aceh Darussalam / Aceh Province
NGO	Non-Governmental Organization
NRW	Non-Revenue Water
O&M	Operations and Maintenance
ODF	Open Defecation Free
PA	Partnership Agreement
PD PAL	Perusahaan Daerah Pengelolaan Air Limbah

PDAB	Perusahaan Daerah Air Bersih / Provincial Clean Water Company
PDAM	Perusahaan Daerah Air Minum / Local Drinking Water Company
Pefindo	Pemeringkat Efek Indonesia (rating firm)
Pemda	Pemerintah Daerah / Local Government (LG)
PERPAMSI	Persatuan Perusahaan Air Minum Seluruh Indonesia / Union of Indonesian Water Supply Enterprises
PerPres	Peraturan Presiden / Presidential Regulation
PI	PDAM Performance Index
PII	Penjaminan Infrastruktur Indonesia / Indonesia Infrastructure Assurance
PKK	Pemberdayaan Kesejahteraan Keluarga / Family Welfare Empowerment
PKS	Perjanjian Kerja Sama / Cooperation Agreement
PMK	Peraturan Menteri Keuangan / MoF Decree
PMP	Performance Monitoring Plan
PNPM Mandiri	Program Nasional Pemberdayaan Masyarakat Mandiri / National Program for Community Self-Empowerment
Pokja	Kelompok Kerja / Working Group
Posyandu	Pos Pelayanan Terpadu / Integrated (health) Service Post
POU	Point of Use
PP29	Peraturan Pemerintah No. 29
PPKM	Program Peningkatan Keberdayaan Masyarakat / Increased Community Empowerment Program
PPP	Public Private Partnership
PPSP	Percepatan Pembangunan Sanitasi Perkotaan/ Accelerated Program for Urban Sanitation
PTI	Participant Training Information
PU	Pekerjaan Umum / Public Works
PY	Project Year
QPR	Quarterly Progress Report
RAD	Rencana Aksi Daerah / Local Action Plan
RFA	Request for Applications
RIPJM	Medium-Term Investment Development Plan
RISPAM	Sanitation and Drinking Water Investment Plan
RKAP	Local Government Annual Work Plan
RT	Rukun Tetangga / Neighborhood Association
RW	Rukun Warga / Community Association, equal to Ward
Sanimas	Sanitasi Berbasis Masyarakat / Community-based Sanitation
SDG	Sanitation Donor Group
SKPD	Satuan Perangkat Permerintah Daerah / Local Government Work Unit
SME	Small or Medium Enterprise
SMI	Sarana Multi Infrastruktur (infrastructure finance intermediary)
SOW	Scope of Work
SSE	South Sulawesi and Eastern Indonesia
SSK	Strategi Sanitasi Kota / Citywide Sanitation Strategy (CSS)
STBM	Sanitasi Total Berbasis Masyarakat / Community-based Total Sanitation
STTA	Short Term Technical Assistance
TAMIS	Technical and Administrative Management Information System
TMG	The Manoff Group (IUWASH subcontractor)
UPTD	Unit Pelaksana Teknis Daerah
USAID	United States Agency for International Development
USDP	Urban Sanitation Development Program
WASPOLA	Water Supply and Sanitation Policy Formulation and Action Planning
WatSan	Water and Sanitation
WES	Water, Environment and Sanitation
WRM	Water Resource Management
WSP	Water and Sanitation Program (World Bank)
WTP	Water Treatment Plant
YLKI	Yayasan Lembaga Konsumen Indonesia / Indonesian Consumer Institute Foundation

Program Site Location Map



Section I

INTRODUCTION

This is the first Annual Progress Report (APR) of the USAID Indonesia Urban Water, Sanitation and Hygiene (IUWASH) project. The APR covers the period of March through September, 2011. Importantly, this report also serves as the project's second Quarterly Progress Report (QPR), covering the period of July through September, 2011. While the focus is on activities, achievements and issues encountered during the annual period, activities undertaken during the quarterly period are also noted in order that progress registered and issues encountered can be appropriately recorded and gauged.

Project activities during the first quarterly reporting period focused on the establishment of critical management systems and resources and the initiation of field-level assessments. Activities during the second quarterly reporting period sought to complete the establishment of essential project infrastructure at the national and regional levels and develop programmatic understandings and relationships at the local level that will guide project implementation over the coming year. This Annual Progress Report provides detail on these and other IUWASH activities on a national, regional and local level. The report tracks progress against the project's first Annual Work Plan and further highlights activities that were not planned at the project's onset, but became either necessary to pursue or desirable opportunities that would serve the project over the long term. Subsequent sections of this report include:

Section 2, High-Level Results and Component Level Progress: In this Section, we present a detailed account of the project's overall progress towards the achievement of the project's Higher-Level Results, as well as much additional detail on the progress, issues and plans within each Outcome area of the project's three Components and Grant Program.

Section 3, National-Level Activities: This section details progress, issues and plans for the next quarter that are related to general project management and the project's many cross-cutting areas (gender, GIS, environmental compliance, collaboration with other programs, etc.).

Section 4, Regional-Level Activities: This chapter provides for each IUWASH region a summary of the challenges confronting the region, progress and plans for the region that address these challenges, as well as additional detail on the status, progress and plans within each "cluster" of localities where the project is working.

Section 5, Project Monitoring and Evaluation: This chapter provides detail on the project's progress and achievements registered to date and during the reporting period with regard to each targeted IUWASH Outcome. Given that the project is in its early stages, the focus in this report is on qualitative progress and achievements, while quantitative progress and achievements are noted where indicated.

IUWASH IN BRIEF

The USAID Indonesia Urban Water, Sanitation and Hygiene (IUWASH) Project, Contract No. AID-497-C-11-00001, is a 60-month effort designed to support the Government of Indonesia (GoI) in making significant progress towards achieving its safe water and sanitation Millennium Development Goal (MDG) targets by expanding access to these services. The

IUWASH Project works with Indonesian government agencies (central, provincial, and local), local government-owned water utilities (PDAMs), sector associations, NGOs, communities, universities, and the private sector. With USAID funding of US\$33.7 million dollars, the Project is expected to result in the following benefits to Indonesia:

- Two million people in urban areas gain access to improved water supply as a result of US Government assistance;
- 200,000 people in urban areas gain access to improved sanitation facilities as a result of US Government assistance; and
- The per-unit water cost paid by the poor in targeted communities decreases by at least 20% through more participatory, transparent, accountable, and financially enabled services.

To contribute to more equitable access, IUWASH emphasizes expanding access among Indonesia’s urban poor, who are currently the people with the most limited access to these services. To ensure that access improvements are sustained, IUWASH implements activities that contribute to the achievement of three distinct types of intermediate results, namely:

- Increased demand for safe drinking water access and improved sanitation among urban communities and households with currently unimproved access;
- Improved water and sanitation services provided by the public and private sector institutions in urban areas where there is sufficient sustainable capacity to meet increased demand; and
- Improved governance and finances that create an enabling environment supporting equitable access to safe drinking water and improved sanitation in urban areas.

Corresponding to the above results are three technical components that together will lead to increased access to water and sanitation services (see Figure 1. IUWASH Conceptual Framework). Component 1 focuses on the mobilization of demand; Component 2 aims to increase capacity for service delivery; and Component 3 seeks to improve the enabling environment. These components are mutually reinforcing, and the outcomes targeted in each are inextricably linked, such that success under one component cannot be achieved without commensurate success in the other two. These components are further supported by a small grant program to promote innovation and scaling-up of successful approaches to increasing access.



Figure 1: IUWASH Conceptual Framework.

Operationally, IUWASH is a regionally based project supported by a central office in Jakarta and regional offices in Medan, Semarang, Surabaya and Makassar, as well as satellite and liaison offices in approximately 20 other locations. Through this structure, IUWASH aims to assist approximately 50 local water companies (PDAMs) to improve access to safe water, and 30 local governments to improve access to adequate sanitation.

CURRENT PROGRESS OF IUWASH PROJECT ACTIVITIES

Main activities conducted in this quarter consisted of follow-up activities after the site selection of IUWASH cities. While the IUWASH team was processing the signing of the Partnership Agreements, several assessment and initial technical activities were conducted during this quarter. These activities included:

- Discussing priority programs for safe water supply and improved sanitation services with PDAMs, Sanitation Working Groups (*Pokja*) and other institutions;
- Discussing each Partnership Agreement with Local Government representatives, including the Legal Bureau, before the signing of the agreement by the Mayor;
- Conducting IUWASH signing and/or launching the IUWASH program. These activities were conducted at provincial level in Papua Province, involving the city and district of Jayapura, and in Banten Province, involving Serang, Tangerang and Lebak districts;
- Presenting and socializing the IUWASH planned activities to multi-stakeholders in four cities in North Sumatra, including Pematang Siantar, Binjai, Tanjung Balai and Tebing Tinggi;
- Conducting initial assessments for potential IUWASH partners working on promoting the water and sanitation sector;
- Assessing the effectiveness of existing promotion materials for micro-credit programs in Surabaya and Sidoarjo, East Java;
- Conducting technical training on maintenance of community-based water supply in the city of Medan;
- Supporting Local Governments in the city of Semarang, and Kendal and Kudus districts in the development of District Planning (*Rencana Aksi Daerah/RAD*) for the water and sanitation sector; and
- Announcing the first Request for Applications (RFA) for a small grant to increase sewerage connections in DKI Jakarta.

By combining activities from both quarterly reporting periods, the highlights of the annual reporting period can be summarized as follows:

- Mobilization of all required personnel (a total of 85 staff, including key personnel, senior technical and administrative staff, support personnel, etc.);
- Completion of all required project start-up deliverables, including the Performance Monitoring Plan (PMP), the first Annual Work Plan, the Environmental Monitoring and Mitigation Plan (EMMP), the Grant Manual and Implementation Plan, the Procurement Plan, etc.;
- Introduction of the project across a wide range of national, international and local stakeholders;
- Completion of rapid assessments in all project regions (North Sumatra, Banten/West Java, Central Java, East Java and South Sulawesi/Eastern Indonesia), involving 42 districts and cities, from which 31 target locations were selected for the Project's first year;
- Execution of project "Partnership Agreements" with five local governments in target districts and cities, with plans in place for the establishment of such agreements in all 31 target locations;
- The establishment of all project offices, including those in Medan, Jakarta, Semarang, Surabaya, and Makassar, and agreement with a majority of local governments on the provision of office space to the project's Field Technical Liaisons (FTLs);
- The initiation of programmatic activities across all project Components, with notable efforts including: support to national-level sector forums; the development of debt restructuring monitoring tools; the initiation of programs related to microfinance

promotion; the assessment and initiation of work related to water security and climate change adaptation; and the initiation of work to inventory and assess key sector policies, budget allocations and citizen engagement mechanisms at the local level; and

- A major effort to establish effective relationships with key national partners, local stakeholders, donors, NGOs and private sector agencies involved in sector development (notably, Coca-Cola).

While these highlights reflect significant progress towards achieving project goals and objectives, as they were undertaken during the project's first work-planning period (for Program Year I, or PYI), some activities could not be conducted as planned, or required adjustment. While more details can be found in later sections of this report, the three main reasons for these changes were as follows:

- The activities listed in the IUWASH Work Plan, PYI (2011) were developed before the site selection was finalized. Consequently, some activities lost their relevance once the project's target locations were finalized.
- Some planned activities needed to be better aligned with the plans and priorities of central GoI agencies. This alignment has now been completed, and agreed activities will be conducted in the next work plan period.
- Many field activities depended on the finalization and signing of Partnership Agreements (PAs) with the local government in each target area. In some cases, this process has been somewhat delayed by the involvement of the legal and protocol sections of these local governments, or by the Ramadan fasting month and Idul Fitri (Eid) holiday during the final quarter of the reporting period.

SUMMARY OF ACHIEVEMENTS

In addition to general project development, IUWASH measures progress based on the project's achievement of outcomes and higher-level results as defined in the IUWASH Performance Monitoring Plan (PMP). Given the formative nature of the PYI period, the achievement of IUWASH outcomes and higher-level results was relatively limited in this period, with outcomes only being registered under HR-4, which measures the number of people participating in IUWASH training activities. Achievements under this outcome during the reporting period included 417 people trained in IUWASH training activities, with women accounting for 32% of all training participants. The total budget spent in support of this training was US\$4,445. Details of progress in this and other IUWASH outcomes can be found in Annexes 2 and 3.

Section 2

HIGH LEVEL RESULTS & COMPONENT LEVEL PROGRESS

INTRODUCTION

In this Section, we present a detailed account of the project's overall progress towards the achievement of the project's High Level Results, as well as much additional detail on the progress, issues encountered and plans within each Outcome area of the project's three Components and within the Grant Program, which complements work in all other areas. As developed in Section 1, IUWASH recognizes that all of the Components and the Grant Program are mutually reinforcing. Their Outcomes are inextricably linked, and success under one Component cannot be achieved if there is not commensurate success in the other two. As such, and where indicated, we have attempted to highlight important linkages between the work under the Components and specific areas of collaboration. This Section is divided into the following Sub-Sections:

Section 2.1. High Level Results

Section 2.2. Component 1: Mobilizing demand for service delivery

Section 2.3. Component 2: Improving and expanding capacity for service delivery

Section 2.4. Component 3: Strengthening the enabling environment

Section 2.5. Grant Program

Section 2.1.

HIGH LEVEL RESULTS

The High Level Results of IUWASH greatly contribute to the achievement of the MDGs of the GoI. The first two results directly contribute to the number of people that benefit from improved access to water supply and sanitation, while the third result directly contributes to decreasing costs of water for the poor, which in turn influences people's access to water supply. The final result relates to the number of people trained on issues related to increasing access to clean water and sanitation. These results are achieved through realizing the outcomes of the IUWASH technical components of the project.

During this quarter, as anticipated, activities geared toward achievement of the project's High Level Results were generally limited. The priority for this quarter's activities was to follow up on the site selection process through a series of discussions with targeted municipalities to finalize priority programs, establish preliminary work plans to address these priority areas and develop and conclude Partnership Agreements (PAs) that define the roles and responsibilities of IUWASH and the targeted local government. To this end, IUWASH conducted numerous workshops that contributed to the fourth High Level Result (HR-4), Participant Training. In instances where PAs could not be concluded, IUWASH was nonetheless able to initiate a wide range of technical activities under the project's main components, which also contributed to HR-4. To date, as a result of these efforts, a total of **417 people** have benefited from IUWASH training-related activities, with **31.88% participation by women** and total funds of **US\$4,445** expended.

Section 2.2.

COMPONENT I: MOBILIZING DEMAND FOR SERVICE DELIVERY

IUWASH recognizes that comprehensive solutions to improved water and sanitation services in Indonesia will require the active participation of civil society, including community-based organizations (CBOs), civil society organizations (CSOs), consumer organizations, and NGOs. While the legal burden of service provision lies with local government, the feedback and engagement of these groups is an obvious corollary to satisfactory and accountable service provision. To obtain the desired level of civil society involvement, however, several important challenges must be overcome. Specifically, three interconnected civil society challenges that IUWASH needs to address are lack of awareness, lack of representation, and lack of effective feedback mechanisms. IUWASH addresses these challenges in an integrated manner with other components, by stimulating demand from both civil society and local governments for improved and increased water supply and sanitation services, which includes making service providers more accountable to the citizens they serve and the local government owners.

Over the past quarter, and during PYI as a whole, the main achievements under this Component included the following:

- Completion of recruitment of all Component staff at both national and regional levels, as well as the mobilization of STTA in social marketing to support national work;
- Creation of common understanding within BCC team on component approaches and the national plan to support BCC work at the regional level;
- Continued collection of information, existing tools and guidelines from other water supply and sanitation programs;

- Desk study work for use in behavior assessments, baseline data collection, and upcoming stakeholder consultations (FGDs and in-depth interviews);
- A microfinance ‘communications materials check’ to gain understanding on audience responses to earlier microfinance materials and messages developed under the precursor ESP. This included a review of materials and lessons learned from promotion activities by BRI and PDAMs, and holding FGDs with local customers and non-customers;
- Based on the above, initial development of a communications strategy for increasing water supply connections using microfinance;
- Design and implementation of IUWASH project launches, which were also used as a tool to gain Gol counterpart commitment for the project’s duration;
- Coordination with national stakeholders, notably the Ministry of Public Works (MPW), Ministry of Health (MoH) and Bappenas, on project support to key national advocacy and technical exchange events, including the National Conference on Sanitation and Drinking Water (KSAN, October 11-13, 2011) and the Global Handwashing with Soap Day (October 15, 2011). For these events, IUWASH coordinated:
 - Design of three KSAN conference sessions with related program partners and Gol counterparts, and speaker contributions for two other sessions;
 - Organization of “WASH Week”, a tactical campaign designed to support Gol sector advocacy messages and complement the USAID Golden Anniversary;
 - Development of a USAID WatSan partners exhibition booth.

The following provides further details on Component activities as they relate to targeted Component outcomes and tasks.

I. Outcome MD.1: Households willing to pay for sanitation improvements

This outcome addresses one of the principal challenges facing the expansion of sanitation facilities in Indonesia, namely, the absence of demand at the household level to pay for improved sanitation facilities and services. Despite the acute health hazards posed by the persistent pollution of nearby waterways and groundwater, household surveys that include sanitation indicators often report a surprisingly high level of satisfaction with the status quo. At the root of this complacency are low levels of awareness of the risks associated with poor sanitation combined with the lack of incentives for households to change their practices. In a classic example of the tragedy of the commons, households see little to gain from individual investments in sanitation when so much depends on the actions of their neighbors, and, more broadly, their community as a whole.

While formal activities under this outcome area were not planned for either quarterly period during PY1, much formative work was still undertaken. For instance, in preparation for expanded IUWASH involvement in this outcome area in PY2, IUWASH identified a number of potential partners and strategic entry-points for technical assistance efforts. These included discussions and technical exchanges with Mercy Corps, ECO-Asia, Sanitation Donor Group (SDG) members, the national Community-based Total Sanitation (STBM) program, and others. The team collected data on local and national NGOs and government units with a WASH activity portfolio with good results, and prepared a list of potential areas for collaboration. Finally, the team began developing a format for a series of stakeholder consultations in Medan and Semarang involving water and sanitation users, community leaders, and service providers. These consultations are planned for October and are also intended to substantially inform requirements in these key task areas.

During the reporting period, the team also advanced work on sanitation baseline and annual data collection. In particular, formative work was undertaken through (i) the project's initial site selection assessment work, providing a wealth of relevant information; (ii) a Situational Assessment consultancy, including a desk study of relevant publications and information sources; (iii) a review of Environmental Health Risk Assessment (EHRA) data for seven IUWASH target cities; and (iv) a robust compilation and analysis of WASH issues in the national media. These activities, of which the latter three are still on-going, have served to improve understanding of current trends and identify data sources and information gaps.

In the next quarter, The Component I team will continue to catalogue reference documents and tools, finalize the situational assessment report, and implement the planned stakeholder consultations. The team will also provide support for planned regional level work in West Java and North Sumatra, as well as in other locations to be identified during the work-planning process for PY2. This support is currently expected to include:

- Coordination with the STBM National Secretariat to support a West Java/City of Bogor STBM Socialization Workshop.
- Provision of support in the development of community training in North Sumatra (specifically Medan and Belawan) on Operation and Maintenance (O&M) of septic systems provided by the Public Works Office of Medan City.

2. Outcome MD.2: Civil society groups and/or government cadres implementing programs to mobilize improved access to safe drinking water and adequate sanitation

Civil society groups not only play an important advocacy role, but can also be invaluable partners in the implementation of improved water supply and sanitation services. Such groups are critical, for example, in the organization and operation of community-based systems such as master meter schemes and communal septic systems. To this end, IUWASH will engage CSOs under Outcome MD-2 and provide direct capacity building to facilitate the establishment of community-based systems.

Work under this outcome targets (i) identification, engagement and capacity building of CSOs and/or government cadres; (ii) assistance in the leveraging of resources to support the implementation of mobilization programs; and (iii) promoting the sharing of program approaches, achievements, and lessons learned with a wider audience. Though originally planned to focus on community-based sanitation training in conjunction with Indonesia Business Links (IBL), following more in-depth review of program needs, efforts in this regard were redirected to providing guidance to NGOs in North

Sumatra on the preparation of concept papers for the Coca-Cola Water Replenishment program. The work on the Coca-Cola program also provided a foundation from which Component staff began developing a strategy for more actively engaging Corporate Social Responsibility (CSR) programs to help meet sector needs.



Figure 2: WASH Week campaign.

Very importantly, and though unplanned at the onset of the work-planning period, IUWASH became a very active actor in promoting information exchange in the sector. Examples include (i) IUWASH support to USAID WatSan Partners events, (ii) coordination of KSan sessions on sludge management, planning processes, and approaches to improving utility efficiency, and (iii) organization of a series of activities termed “WASH Week” (see Figure 2). Other prominent IUWASH efforts in this area have included the review and promotion of microfinance programming in support of increased access to water and sanitation services. In view of the positive response from our local PDAM counterparts, microfinance was seen as one task with an immediate need for promotion in order to gain partner support for implementation. With existing experience and promotional material ready for the project to adapt for further use, microfinance became a new topic to be supported under Component 1.



SELVIANA HEHANUSSA/ IUWASH MAKASSAR

A Partnership Agreement signing ceremony between IUWASH and the City of Ambon marked the city's 436th Anniversary on September 8, 2011, prompting local newspaper *Radar Ambon* to publish an article on “The Clean Water and Sanitation Threat in Ambon” the following day.

Staff from Components 1 and 3 therefore jointly conducted focus group discussions (FGDs) with current and potential customers to gain better knowledge of the promotional aspects of the program, including seeking customer/non-customer acceptance of the message conveyed in the last campaign. Among many findings, one important observation from current customers was that despite now being able to access piped water through microfinance, the intermittent nature of water supplied by the PDAM and their own lack of even a small water storage tank often left them with little benefit from the program. The implication is that microfinance for improved access to piped water may need to be supplemented by microfinance for improved water storage capacity if it is to have an impact, particularly in poor areas. Stronger local government involvement also needs to be fostered to ensure the program reaches a wider population in each district, under an intervention strategy that complements the microfinance work of the Component 3 team.

The Component 1 team also made important contributions to project launch events in target municipalities. These launch events acknowledged and reaffirmed the commitment of local government leaders and others to substantive sector improvement. The launches included initial steps to raise WASH issues in the local media, contributing to overall media advocacy in each target region during the life of the project (LOP).

In the next quarter, advocacy work will become more structured and implemented in conjunction with other communications activities. Project launches will continue to target both local governmental leadership and media. The WASH Week tactical campaign (see Figure 2) is expected to solidify IUWASH's role in media advocacy at the national level, and a comprehensive media advocacy strategy will be developed to extend the project's reach and impact at the regional, local and community levels.

3. Outcome MD.3. Civil society groups that report on PDAM operations or performance

The active participation of civil society in monitoring and reporting on the quality of service provision is fundamental to the achievement of sustainable improvements in water supply services. In this context, CSO “reporting” on PDAM activities is defined as regular information exchange between PDAMs, local governments and the public, as well as synergies with the other programs seeking a similar level of heightened involvement (such as with the Pacific Institute’s “Water SMS” program). IUWASH therefore encourages the development of forums that can provide leadership in the dialogue with service providers and local government officials. This includes regular local water forums that bring together communities, CSOs, elected officials, and service providers to exchange ideas and concerns, and ultimately serve as a catalyst for change.

No work was planned in this area for the reporting period. However, the project has initiated efforts to assess various platforms for increased customer involvement in PDAM performance monitoring. These efforts include (i) information gathering on current PDAM practices in customer engagement, involving reviews with PDAM officials in Tangerang, Surabaya and Sidoarjo; (ii) continued information sharing with the Pacific Institute; and (iii) discussions with SPEAK, a national non-profit organization that has engaged in communications activities specifically targeting PDAMs on behalf of the ECO-Asia program.

Looking ahead to the next quarter, and considering the activities to be integrated into the PY2 Work Plan, the Component 1 team will gather more materials, catalogue more experiences, and collect more local data on existing and potential mechanisms for advancing citizen and customer engagement. Together with the Component 2 and 3 teams, the team will identify potential PDAMs and local organizations, and undertake a capacity assessment to identify activities to be implemented. Particular attention will be given to working closely with and better defining the role of local governments and service providers (especially PDAMs) in this important outcome area.



IUWASH JAKARTA

“There is a local NGO, Lembaga Advokasi dan Peduli Konsumen Indonesia (LAPKI), with which we work closely. On a monthly basis, they help to convene a Customer Forum. For these forums, they produce video clips of customer comments on PDAM services (most of which are critical). We view these clips and use them as a basis for more in-depth discussions with customers,” says Bapak Yoyok from the PR Unit of Surabaya City PDAM.

4. Outcome MD.4. Sanitation for the poor toolkit developed

This outcome targets the collection, review and compilation of existing best practices, and practical examples and tools in support of improved access to sanitation for the poor. Though no activities are planned in this area, IUWASH has begun substantive background information reviews. Important references identified include (i) the “10 Step Communications Strategy” development toolkit of Eco-ASIA; (ii) CLTS guidelines; (iii) O&M for community-based sanitation manuals by the Accelerated Program for Urban Sanitation (PPSP); (iv) materials developed under ESP – Water for the Poor Toolkit, Micro Credit Communications Material, and Handwashing with Soap Training Module; and (v) other materials available through PLAN International, the MoH, WSP, etc.

During the next quarter, IUWASH will develop a more refined approach to gathering materials, collecting reference documents, and capturing lessons learned. Further enriching IUWASH knowledge on best practices in sanitation programming is an early but fundamental step in developing the Sanitation for the Poor Toolkit.

5. Outcome MD.5. Household increased adoption of improved hygiene practices

Hygiene promotion and behavior change represent a core component of the IUWASH technical approach to support improved practices in the home and, more broadly, demand mobilization for improved service delivery. Although there is much to accomplish in terms of improving hygiene knowledge, attitudes, and practices in urban Indonesia, there is now clear policy direction and program planning support under the Community-led Total Sanitation (STBM) and Citywide Sanitation Strategies (CSS) programs. Additional synergies are possible with other programs such as the USAID-funded CCP-I "High-Five" program which recently began implementation of STBM activities in Medan, Surabaya and Makassar, and important resources are available through other national and international initiatives. During the last quarter of PY1, IUWASH directed efforts toward developing effective working relationships with these other programs and initiatives, and supporting the national sector promotional efforts mentioned above.

During the next quarter, IUWASH will conduct stakeholder consultations to gain further insight on urban community behaviors as they relates to the WatSan sector. Several aspects will be studied closely, including behaviors related to hygiene, water access, sanitation access, and PDAM accountability. Training for IUWASH staff in Behavior Change Communications (BCC) is also planned for the next quarter.

Section 2.2.

COMPONENT 2: IMPROVING & EXPANDING CAPACITY FOR SERVICE DELIVERY

To sustainably realize overall expected results, Component 2 capacity improvement activities facilitate the delivery of expanded water supply and sanitation services on a sustainable basis to effectively meet the increased demand sought under Component 1 and take advantage of the improved environments for governance and finance developed under Component 3. To this end, IUWASH provides technical assistance to water utilities, local governments, private businesses and others that contribute to sustainable water and sanitation service improvements. This assistance addresses the technical, financial and accountability aspects of improving and expanding water and sanitation services. Component Two assists local partners in identifying priority areas for assistance, developing clear plans that respond to these priorities, and working with stakeholders at all levels to ensure that plans are effectively implemented.

While the Component 2 team has been focusing on completing the field assessments for 34 target locations, presenting the results to the technical team (*Tim Teknis*, the Gol steering committee for the IUWASH project), and assisting in preparation of the PAs with targeted local governments, there has also been solid progress in several Component 2 outcomes during the last quarter. The level and intensity of field activities has increased steadily through a combination of further consultations with local and national stakeholders on sector priorities, the establishment of local action plans for improved and expanded service delivery, and the provision of technical assistance in response to these priorities and plans (including technical reviews, field assessments and workshops). Cooperation and coordination with other Component teams has included regular discussions in Jakarta and with and among regional offices. IUWASH relations with other donors and Gol agencies were expanded through important exchanges with Tim Teknis, MPW, AusAID/IndII, ADB, ECO-Asia, UNICEF, Mercy Corps, WSP and others.

During this quarter, and following on from work undertaken in the previous quarter, IUWASH Component 2 has focused on four main programs:

1. Completing technical field assessments for all IUWASH regions, including conclusion of agreements with local stakeholders (PDAM and Pemda) on priority programs, and sharing of results with the Tim Teknis.
2. Completing a PDAM Performance Index (PI) and PDAM Energy Audit checklist and their distribution to all IUWASH regions.
3. Conducting several meetings with central Gol Ministries, especially the MPW, to identify and resolve possible issues of overlap between Gol programs (PPSP and the PDAM Rescue program) with IUWASH, and with the MoF to agree on IUWASH support in the development of a PDAM debt-restructuring monitoring tool.
4. Meeting key national and international stakeholders to further introduce the IUWASH program (ADB, IndII, PERPAMSI); working with representatives of multiple other agencies contributing to the National Conference on Sanitation and Drinking Water (KSAN), organizing three technical panel sessions; and building a strong foundation for the project's first engagement with a key private sector partner, Coca-Cola.

Key activities conducted during this quarter are further described in the sections below, organized by Outcome.

I. Outcome IC-1: PDAMs with improved technical, financial and management performance

Improving and expanding water supply coverage is fundamentally dependent on improving the technical, financial and management performance of PDAMs. To achieve improved performance, IUWASH provides tailored assistance in areas such as management information systems, financial accounting, billing and collections, Non-Revenue Water (NRW) reduction, energy efficiency, and many others.

During this quarter, the IUWASH team completed development of a PDAM Performance Index (PI), which will be used to measure PDAM performance improvement as a result of IUWASH interventions. The PI is divided into six critical categories, which are weighted as shown in Table I. Each category is divided in four sub-indices for which a baseline has been established and which will be measured for each PDAM at the start of IUWASH support and on an annual basis thereafter. Baseline and annual results will be discussed with each PDAM board of supervisors (*Dewan Pengawas*) and Pemda. PDAM performance improvement programs and targets for IUWASH support will then be agreed for the coming year.

Table I. PDAM Performance Index

	Category	Score (%)
1	Financial	20
2	Technical	20
3	Raw Water	15
4	Customer Relation	15
5	Good Governance	15
6	Management/HRD	15
		100

During the site assessment process, the IUWASH team collected most of the required baseline data and agreed with municipal officials and central GoI agencies (through Tim Teknis) to include 30 PDAMs in the IUWASH 2011-2012 program. Priority programs were then agreed between IUWASH and PDAM management. The programs for performance improvement and services were combined, with some locations placing special emphasis on expansion programs while others focused on safeguarding and expanding raw water sources (see Section 2.2.2 for more on this). By the end of September, six agreements had been signed by IUWASH with local governments and PDAM leadership, with the remainder scheduled for signing in October. In September, preparations commenced for field activities including energy audits and customer satisfaction surveys.

During this quarter, the IUWASH team also joined meetings with Indll to determine program similarities, possible overlap in locations, and areas for collaboration. It was agreed to conduct regular meetings, as soon as the Indll-2 program begins its work in the field. IUWASH also held several meeting with the MPW to resolve issues of possible overlap with the PPSP in several locations, especially three locations where MPW is currently implementing a “PDAM rescue” program. It was agreed that until the MPW program is completed (December 2011), the IUWASH program will not commence similar programs, but will focus on water supply system expansion, raw water protection, and other areas that are not part of this MPW program.

IUWASH also presented its program to the president of the Union of Indonesian Water Supply Enterprises (PERPAMSI), including a proposed plan to jointly host a session on PDAM regionalization during the upcoming KSAN. The PERPAMSI president fully supports the

program and requested development of a formal agreement on collaboration between IUWASH and PERPAMSI, which will be developed next quarter.

In the next quarter, the PI data for all PDAMs will be analyzed (PDAM data as of June 2011) and concrete program support activities will commence with all targeted PDAMs through a combination of direct LTTA support and other support.

2. Outcome IC-2: PDAMs assisted in restructuring their outstanding debts

Debt represents a critical obstacle to the ability of many PDAMs to address service improvement needs. IUWASH assistance in this area focuses on improving water utilities' debt management and related performance monitoring.

Of the 29 PDAMs currently receiving support under the IUWASH program, four have requested IUWASH support in restructuring their current debt. IUWASH has commenced supporting these four PDAMs in developing their five-year business plans, including co-financing Real Demand Surveys, which are crucial inputs to their business plans (see Table 2).

In addition, debt restructuring for 12 PDAMs targeted by the IUWASH program has either already been approved by the MoF or is now awaiting a final decision. These 12 PDAMs are part of a group of 58 PDAMs being assisted by the MoF. In September, the MoF requested IUWASH assistance in developing a debt-restructuring monitoring tool that the MoF can introduce to monitor compliance of all 58 PDAMs with the technical and financial targets under the debt restructuring program. In August and September, the IUWASH Municipal Finance team drafted the monitoring tool and then refined it over the course of several meetings with the MoF. A final version was ready by the end of September.

The IUWASH team will give the MoF a short training course on using the PDAM debt-restructuring monitoring tool, after which the MoF will initiate a roll-out to all provinces, starting with Central Java in late October. IUWASH will then begin providing support for the monitoring program on the 12 PDAMs undergoing debt restructuring, while continuing to support the four PDAMs that require a new debt restructuring plan.

Table 2. Locations Receiving PDAM Debt Restructuring Support

	Location	Type of Support Provided
1	City of Medan	Developing debt restructuring plan
2	Tanjung Balai District	Monitoring
3	City of Tebing Tinggi	Monitoring
4	City of Pematang Siantar	Monitoring
5	Karawang District	Monitoring
6	Tangerang District	Monitoring
7	City of Semarang	Monitoring
8	Semarang District	Monitoring
9	City of Surakarta	Monitoring
10	Gresik District	Monitoring
11	Lamongan District	Developing debt restructuring plan
12	Mojokerto District	Monitoring
13	City of Makassar	Monitoring
14	Jayapura District	Monitoring
15	Pare Pare District	Developing debt restructuring plan
16	Enrekang District	Developing debt restructuring plan

3. Outcome IC-3: PDAMs with improved credit worthiness

Recognizing that improved creditworthiness of PDAMs opens doors to sources of much needed funding for system improvement and expansion, IUWASH assists local governments and PDAMs to better assess their current conditions, address areas of weakness and gradually move towards the financially “healthy” status that makes them candidates for increased investment.

During the reporting period, the IUWASH team focused on developing a Creditworthiness Ladder (CL), a tool to guide monitoring and achievement of Outcome IC-3 by identifying weaknesses in a utility’s credit profile and evaluating efforts to shore up those weaknesses. Given the multi-dimensional nature of creditworthiness, the CL will, in addition to the standard financial indicators, also take into consideration the utility’s operating and regulatory environment, management practices, and technical performance (see Table 3).

Table 3. Creditworthiness Ladder Categories

Proposed CL Indicator Categories
Customer Base
System Capacity
Technical Operations
Governance and Policies
Management and HR
Debt Management
Rate Structure
Cash Flow and Liquidity

In order to make the CL as accurate as possible, IUWASH deliberately selected indicator categories commonly used by rating agencies and commercial banks to gauge bankability (see Table 3). The CL may thus be considered as a simplified proxy of a credit rating, as well as instructive to utilities in helping to determine what steps they can take to achieve a higher credit rating. Nonetheless, the CL is not meant to take the place of the actual credit rating process from a licensed agency. While it can be used as a learning tool, it does not replicate in full the formal credit rating process, which ultimately reflects the collective opinion of a rating committee.

Regarding the implementation process, data will be collected from each IUWASH-targeted PDAM in March and September each year. The September data reflect utility performance measures and financial statements for the first six months of the year (January-June), while the March data reflects the achievements during the entire previous year. Given the extent to which the CL feeds off the PI, data for both these PMP tools will be collected in tandem. Following an internal calculation and peer review, IUWASH will provide a summary of the results to the water utility. By providing regular debriefs to the utility’s management, it is hoped that the concept of creditworthiness and the factors that influence it will become better understood by the utility. Further, the review of the results will also help the utility to identify concrete steps that can be taken to bolster its attractiveness to lenders.

IUWASH held multiple consultations with the rating agency Pefindo this quarter to begin preparing the proposed “Creditworthiness Workshop” with local government and water utility partners. Given the need to complete the testing of the CL and to finalize all local government PAs, this partnership has been delayed until the next quarter.

4. Outcome IC-4: Local government implementing climate change adaptation measures, based on raw water sources vulnerability assessment

From the effects of sea-level rise to changing rainfall patterns, freshwater supply in Indonesia is highly sensitive to the impacts of climate change, and assisting local governments and service providers in reducing vulnerability to climate change is critically important to the sustainability of IUWASH activities. While increased funding is available to related needs, accessing these funds requires realistic raw water protection and investment plans, and committed support from the local government.

During the site assessment process, 12 locations were identified as being in immediate need of a raw water vulnerability assessment, either due to lowering water tables (Kudus), reduced discharge from springs (Medan) or a need to access new raw water sources (Enrekang, Jayapura) to augment insufficient raw water availability required for expansion of PDAM services. The 12 locations are listed in Table 4.

Table 4. Locations of Raw Water Vulnerability Assessment

	Location	Type of Water Resource
1	City of Medan	Spring/surface water
2	Pematang Siantar District	Groundwater/deep wells
3	Karawang District	Spring
4	Serang District	Spring
5	Kudus District	Groundwater/deep wells
6	Semarang District	Groundwater/deep wells
7	Mojokerto District	Spring
8	Probolinggo District	Spring
9	Enrekang District	Spring
10	City of ParePare	Surface water
11	City of Ambon	Spring
12	Jayapura District	Lake

A concept note outlining IUWASH's approach to climate change adaptation was presented to and accepted by USAID. This note presents a variety of climate change adaptation interventions, ranging from upstream raw water conservation and diversification to downstream water efficiency programs, including Non-Revenue Water (NRW) reduction and use of block tariffs to encourage reduced water use.

An Australian graduate student with a background in hydrogeology and Indonesian studies joined the IUWASH Raw Water Team, which oversees climate change activities, in the middle of September and will work with IUWASH through the end of December, supporting raw water vulnerability studies and development of initial action plans, and conducting a review on climate change adaptation work done elsewhere that can potentially be applied in IUWASH target areas.

During this quarter IUWASH also held several discussions with CCFI (Coca-Cola Foundation Indonesia) following its request to develop a recharge project in the catchment area of Medan as part of the project's climate change adaptation for recharging spring aquifers. IUWASH conducted a field study and developed a concept note for construction of small infiltration ponds for Sibolangit Spring, which was reviewed and accepted by CCFI. In the coming quarter, IUWASH will work with CCFI to select an NGO for implementation, support development of a full project proposal, and serve as a liaison with local and national stakeholders.

A rapid inventory of the current Gol program related to climate change adaption for raw water protection showed possible relevant programs with the Ministries of Planning (*Bappenas*), Environment, Mining, Forestry, Public Works and Agriculture. In the coming quarter, all of these ministries will be visited by the Raw Water Team to identify possible areas of collaboration with IUWASH.

5. Outcome IC-5: Local Governments implementing integrated sanitation and hygiene interventions

Although many government leaders recognize that poor access to sanitation poses a serious problem to the health and economic well-being of urban populations, sanitation often remains a household issue; capacity to engender the type of development needed is often limited; and there is general lack of awareness about alternative, lower-cost collection and treatment approaches. To improve capacity to expand sanitation services, IUWASH builds on recent and current efforts to support Gol programs to rapidly expand access to sanitation in local governments across Indonesia (such as PPSP).

During this quarter, IUWASH assessed the status of the Ministry of Public Works-led Accelerated Program for Urban Sanitation (PPSP) in all 34 IUWASH locations. This program is led by the Ministry of Public Works/Directorate of Environmental Health and Settlement (MPW/PLP) and the assessment revealed the following:

- (1) 15 cities are already within the PPSP program;
- (2) 15 cities are not (yet) in the PPSP program and are showing strong interest to receive support from IUWASH to enter the program; and
- (3) four cities are not in the PPSP program, and have not shown sufficient interest or commitment to be included in the PPSP for 2012.

These results were discussed during two meetings with the Tim Teknis, at which IUWASH support was clarified. During subsequent meetings with MPW/PLP, it became clear that to avoid confusion between IUWASH and MPW/PLP, it is better that the 15 cities in group 1 be assisted only by the MPW/PLP facilitators. For the 15 cities in group 2, the IUWASH team will provide facilitation, provided the cities have fulfilled all criteria to join the PPSP-2012 program, namely the necessary budget allocation and the establishment of a Decree of the Sanitation Working Group (*SK-Pokja Sanitasi*). For the four remaining cities (group 3), IUWASH will re-assess the interest of local government to be included in PPSP-2013, provided they fulfill all MPW/PLP criteria.

In addition to facilitating support for the PPSP program, which for cities in groups 2 and 3 includes establishing a Working Group on Sanitation, development of a Sanitation White Book and a Project Memorandum, IUWASH may assist cities in groups 1 and 2 in developing Community-based Sanitation initiatives, strengthening the STBM program for urban areas, and introducing comprehensive sludge management systems (in specific communities or citywide), and provide promotional programs (campaigns, exchange visits, etc.) for local decision-makers to increase their commitment to rapidly increasing access to improved sanitation in urban areas.

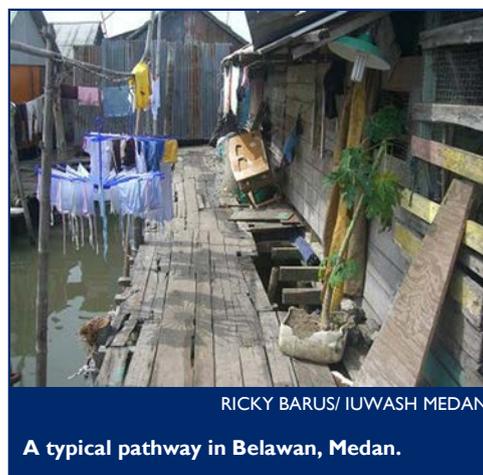
During this quarter IUWASH was also fully involved in supporting the organization of KSAN, including establishing an agreement on direct project support to 16 key local delegates from eight cities within the IUWASH program, hosting three technical sessions (including one on sludge management), supporting local speakers for other sessions, and promoting all other USAID WatSan program partners.

During the next quarter, IUWASH will continue its close collaboration with MPW/PLP and the Technical Team (particularly Bappenas and the Working Group on Drinking Water and Environmental Health - *Pokja Air Minum dan Penyehatan Lingkungan*) to further synchronize their respective efforts in urban sanitation development. Furthermore, the National team will support the KSAN (October 11-13) and participate in the STBM Conference (October 14-15) and start facilitating work in agreed field locations. IUWASH will join the last ECO-Asia training on urban sludge management (mid-October) and discuss with all stakeholders the best approaches to continue this program.

6. Outcome IC-6: Small and medium businesses providing affordable construction and sanitation facility management services

Given the relatively small number of government-operated and centralized sanitation systems in Indonesian urban areas, the role of small and medium businesses (SMEs) in meeting increased demand for improved sanitation facilities is highly prominent. Although still in the initial stages of strategy development, approaches to expand the role of SMEs in sanitation services are expected to include (i) organizing training programs for SMEs on the installation, operations, and maintenance of on-site household and/or communal sanitation systems; (ii) facilitating information sharing among SMEs and sector stakeholders to better understand market demand; and (iii) encouraging local governments to better engage SMEs in such areas as desludging septic tanks.

During this quarter, information was collected on sanitation marketing from the World Bank-supported Water and Sanitation Program (WSP), including approaches and a toolkit to scale up supply and demand for improved sanitation facilities. IUWASH also conducted meetings with Mercy Corps, which has been implementing an innovative sanitation program in urban slums in Jakarta, supporting improvement of individual household toilets through various promotional activities, and linking up with local SME for septic sludge removal. The program is almost completed and Mercy Corps gave a detailed presentation of its structure and results during the IUWASH team meeting at the end of September.



During the next quarter, IUWASH will follow-up with Mercy Corps to identify ways to utilize the expertise of Mercy Corps and the WSP sanitation marketing toolkit within the IUWASH program, and will identify potential SMEs in target areas where IUWASH is beginning Community-based Sanitation activities (in particular, Jakarta and Medan).

7. Outcome IC-7: Poor residents reporting greater satisfaction with water and sanitation services

Better customer relations are built on effective communications and demonstrated actions by service providers to improve the quality of service. IUWASH work in this area seeks to improve (i) public awareness of key sector issues, (ii) the transparency of actions being taken to improve water services, and (iii) communication among all parties involved.

The National team (all Components) began developing the baseline survey criteria and questions this quarter but could not complete this due to key staff being engaged in other program activities, including completing site assessment work and preparing local program

launchings. One PDAM customer satisfaction survey commenced in East Java, with the results expected in the next quarter. During field visits to Jayapura (by IUWASH and USAID) and Medan (by IUWASH), several master meter projects were also visited. It was generally found that PDAM performance was reliable (Belawan, Medan), satisfaction among poor residents was high, and payments were on time. However, where water supply from the PDAM is unreliable (the Vietnam area in Jayapura) and there is insufficient communication from the PDAM to its customers, customer satisfaction drops off quickly, and this is soon followed by payment delays and problems.

Next quarter, IUWASH will select the communities where it will support local service providers to increase service coverage and collect baseline data.

Section 2.3.

COMPONENT 3: STRENGTHENING THE ENABLING ENVIRONMENT

A supportive enabling environment is axiomatic to improvements in the provision of water supply and sanitation services in Indonesia. To this end, Component 3 of the USAID-IUWASH Project seeks to address several weaknesses that continue to hamper water and sanitation service provision, including: (1) policy and political constraints at the local government level, (2) a persistent deficiency of macro- and micro-level financing for service improvement and expansion, and (3) a lack of engagement of civil society (including customers) in local planning and decision-making processes.

Over the past quarter and during PYI as a whole, the main achievements under this Component have included the following:

- Collection of baseline inventory of pertinent local policies, planning documents, and budget allocation data;
- Identification of strategic entry-points for technical assistance in the budgeting and planning process, including the Pokja AMPL (Working Group on Drinking Water and Environmental Health), Forum SKPD, and Supervisory Board (*Dewan Pengawas*).
- Mapping of key investment/project needs to increase service within partner local governments and their water utilities;
- Identification of the first set of utilities interested in implementing a microcredit program for new connections, followed by the development of four partnership agreements between a PDAM and a local bank;
- Revision of the microcredit marketing approach based on the implementation of focus group discussions in Surabaya and Sidoarjo;
- Commencement of a survey of existing citizen engagement mechanisms in the water and sanitation sector, including the design of a questionnaire for use in each region;
- Contribution to the development of PAs with local governments, and the rapid assessment process;
- Mobilization of all Component staff, including regional specialists.

The following sections provide further detail on Component activities as they relate to targeted Component outcomes and tasks.

I. Outcome EE I: Improving local government prioritization of safe drinking water and sanitation through their adoption of supportive local policies and increased budget allocations

Annual planning and budgeting as well as broader policy formulation are at the heart of the governance process. Tasks under Outcome EE-I are therefore aimed at increasing the degree of prioritization local governments accord water supply and sanitation services through a combination of (1) increased awareness through advocacy and training, (2) collaborative planning and budgeting approaches, and (3) the strengthening of monitoring and oversight mechanisms.

Activities under Outcome EE-I for the reporting period focused on the collection of baseline information in IUWASH municipalities concerning existing water and sanitation policies as well as historical budget allocations to the sector. Working with colleagues from across the Component teams, the Governance and Finance Advisor compiled a menu of policy and planning documents to be utilized by the regional teams as they seek to inventory

the policy, planning, and budgeting mechanisms already in place in their respective regions. Table 5 contains a sample of the documentation included in the inventory tool.

Table 5. Selected Policies in Water and Sanitation Sector

Policies	Planning Documents	Financing Documents
<ul style="list-style-type: none"> Raw Water Protection PDAM Management Selection Duties and Powers of Dewan Pengawas Automatic Tariff Adjustment PDAM Performance Contract Minimum Service Standards Compulsory Sewerage Connections or Septage Management 	<ul style="list-style-type: none"> Local Government Annual Work Plan (RKAP) Medium-Term Investment Development Plan (RIPJM) Work Plan of the SKPD Sanitation and Drinking Water Investment Plan (RISPAM) Pokja AMPL Local Action Plan (RAD) City Sanitation Strategy (SSK) 	<ul style="list-style-type: none"> District Income and Expenditures Budget (APBD); Provincial Income and Expenditures Budget (APBD Provinsi); Special Allocation Fund (DAK); Public Private Partnership Contracts; Loan Agreements

The inventory is expected to be completed in mid-October 2011, with the results directly feeding into the IUWASH Performance Monitoring Plan baseline as well as informing the next steps within each municipality. Notably, the preliminary data already gathered shows important trends and challenges related to the local government budgeting process for the sector. For example, the City of Binjai in North Sumatra—which has struggled to achieve adequate service coverage and quality—allocated an average of less than one percent of its total budget (APBD) to the water and sanitation sector over the past three years. In contrast, the City of Bogor—generally considered one of the strongest-performing municipalities in the country—allocated more than two percent of its APBD funds to sanitation alone in 2010. Additionally, data collected from the City of Solo in Central Java demonstrated the often erratic nature of WatSan sector funding, with extreme fluctuations from one year to the next.

Given that data remains outstanding for several IUWASH municipalities, and that extensive inputs are required in order to finalize the local government PAs, the compilation of a water and sanitation “state of the sector” briefing note for each IUWASH location will be completed during the first quarter of PY2.

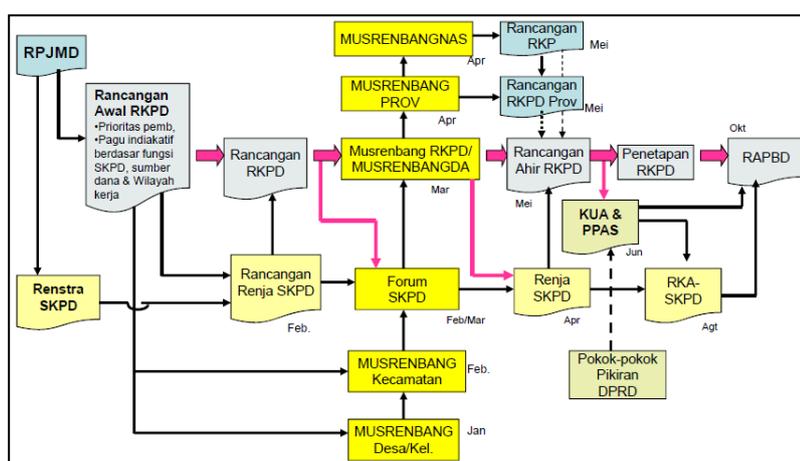


Figure 3: Local Government Planning Process

In addition to the above activities, IUWASH also sought to identify strategic entry-points for technical assistance efforts, specifically as the Project looked to inform the policy and budgeting agenda in early PY2. Based on preliminary discussions, the key institutions identified include the Working Group on Drinking Water and Environmental Protection

(Pokja AMPL), the supervisory board of the water utility (*Dewan Pengawas*), and the Local Government Working Unit Forum (*Forum SKPD*). Regarding the latter, the Forum SKPD plays a central role in the preparation of a district’s annual work planning and budgeting process, providing a window for input from technical experts and citizens. Figure 3 shows the position of the Forum SKPD relative to the overall local government planning process.

In the first quarter of PY2, in addition to completing the policy/planning inventory and compiling the “state of the sector” briefs mentioned above, IUWASH will also begin implementing stakeholder water and sanitation roundtables in each district. The objective of these roundtable events is to engender a common understanding of the service challenges facing each district among key stakeholders, ultimately informing the policy agenda for 2012.

2. Outcome EE 2: Improving PDAM or local government ability to obtain access to long-term funding for water or sanitation investment plans

Increasing awareness of barriers faced by service providers in accessing long-term funding led the central government to initiate a series of new policy and funding initiatives in water and sanitation. While some local governments have successfully been able to tap such resources, for many others, insufficient access to long-term financing remains one of the greatest constraints to the expansion of water supply and sanitation services.

Activities for the reporting period focused on identifying water and sanitation investment needs, both as part of the rapid assessment process conducted during the first quarter and to support the development of the PAs with selected local governments. Table 6 highlights key investment needs that IUWASH identified for possible technical assistance.

Table 6. Key Projects Identified for Investment Plans in Water

Region	PDAM	Investment/Project	Anticipated Financing Source
DKI/West Java	City of Bekasi	Mustika Jaya area, which requires a 300 liters per second (lps) new treatment plant and distribution lines	Public Private Partnership
Banten	Tangerang District	New WTP in Kelapa Dua sub-district to serve Southern Tangerang	Public Private Partnership
Banten	Lebak District	WTP renovation and distribution line construction to serve Kopo and Tiga Raksa areas	Public Private Partnership with PT Ciria Jasa
Banten	Serang District	Greenfield water supply project for Ciruas area	Public Private Partnership
Central Java	City of Solo	300 lps bulk water supply project	Public Private Partnership with PT Jasa Tirta
East Java	City of Gresik	200 lps water supply project	Public Private Partnership
East Java	City of Mojokerto	500 lps water supply project	Public Private Partnership
South Sulawesi	City of Pare-Pare	Bulk water supply project for the districts of Pare-Pare, Sidrap, and Enrekang	Central Government Funding

During this quarter the IUWASH team also met with GoI partners—MoHA and MoF (Directorate of Investment Management)—to more fully understand the current policy environment, including the available financing mechanisms to support expanded access to clean water and sanitation. Notably, progress related to Presidential Decree 29/2009 has thus far been slow, with just three water utilities fulfilling the requirements for financing. The policy is currently being revised to facilitate greater utilization of the program.

In October and November 2011, IUWASH will conduct a detailed feasibility review of the 300 liters per second (lps) bulk water supply project for the investment in the City of Solo (see Table 6). The project is expected to provide an additional 11,000 connections for the city, which is presently facing a critical water shortage. Waning flows have prompted some customers to disconnect from the utility altogether in recent months.

3. Outcome EE 3: Increasing the percentage of financial resources accessed by service providers from public and private sources for expansion of improved water and sanitation services

Closely related to access to long-term infrastructure funding, this area of activity monitors the overall levels of financing accessed by service providers to improve and expand water supply and sanitation services. These financial resources may come in the form of public funding (such as through the APBD, APBN or DAK), private/commercial funding (such as via a commercial bank [including under PerPres 29/2009], municipal bond, corporate bond, or supplier credit), donor funding (including international donors, domestic donors, or CSR from private companies) or own-source revenue generation.

The primary activity conducted under Outcome EE 3 through the close of the reporting period was the commencement of the baseline assessment of financial resources accessed by the first set of local governments and PDAM partners.

The final results of the baseline assessment of financial resources will be compiled during the first quarter of PY2 and formerly incorporated into the PMP.

4. Outcome EE 4: Facilitating access of low income households to micro finance for improvements in water and sanitation

While improved municipal systems are critical to expanded service delivery, for many low-income households, installation and connection fees represent a significant additional barrier to accessing improved water supply and sanitation. To address this issue, IUWASH promotes the development of microfinance through the establishment of partnerships between utilities and microfinance providers. Activities under Outcome EE 4 over the reporting period focused on the identification of municipalities with immediate potential for a microcredit program, the promotion of microcredit for household connections with Bank BTPN as a new partner, and the revamping of the overall microcredit communications strategy.

During this quarter, IUWASH held preliminary discussions with Bank BTPN to encourage its involvement in the extension of small loans for water supply and sanitation. While BTPN is very interested in participating in principle, several procedural requirements of the bank will require further negotiation, including the institution's stipulation that loans be disbursed directly to applicants.

As the first step in re-engaging local banks and water utilities, IUWASH finalized the site selection, prioritizing those locations where we could achieve quick wins in terms of the

immediate growth of new connections. Table 7 summarizes the selected sites, with an estimated total of 5,500 new connections targeted over the next 12 months.

Table 7. Selected Sites for Micro Credit Program

Region	PDAM	Bank	Comment
North Sumatra	Langkat	BRI/North Sumatra	Former ESP Program; MOU to be revised w/ IUWASH TA
North Sumatra	Tebing Tinggi or Tanjung Balai	BRI/North Sumatra	New Program; still identifying highest opportunities
DKI/West Java	Karawang District	BTN	New Program, MOU Drafted
DKI/West Java	Serang District	BRI/BPRS	New Program, MOU Drafted
DKI/West Java	Lebak District	BRI/BPRS	New Program
Central Java	Kudus	BRI/BPRS/BKK	New Program
Central Java	Kendal	BRI/BPRS/BKK	New Program
Central Java	Semarang District	BRI/BPRS/BKK	New Program; MOU Signed
East Java	Sidoarjo	BRI	Former ESP Program; MOU to be revised w/ IUWASH TA
East Java	Mojokerto	BRI	New Program; MOU Drafted
Sulawesi/EI	Parepare or Enrekang	BRI/Bank Syariah Mandiri (BSM)	New Program; still identifying highest opportunities

Notably, the first four MOUs between a bank and water utility have been drafted in the Regencies of Semarang, Karawang and Serang, and the City of Mojokerto, with the Semarang District MOU being signed in mid-September.

Capacity building for local stakeholders also commenced, with initial assistance to PDAM Sidoarjo to revise its existing partnership agreement with the regional branch office of BRI. Training and outreach activities are expected to escalate in the coming quarter as partnerships move from the MOU preparation phase to implementation.

In order to improve the overall outreach and promotion approach for microcredit for household connections, this quarter IUWASH conducted a series of focus group discussions (FGDs) in Surabaya and Sidoarjo. The FGDs provided interesting insights into the perspective of existing and potential utility customers. The results will be used to design a more integrated communications campaign strategy to more effectively reach the household level. Included in this strategy will be a standardized package of communications materials (such as posters, pamphlets, field marketing kits, and presentations) that can then be adapted for each partnership.

Looking ahead, activities in the coming quarter under Outcome EE 4 will focus on finalization of the MOUs in Karawang, Serang, and Mojokerto, revision of the MOU in Sidoarjo, and implementation of staff training seminars in each respective location. IUWASH will also formally share the results of the FGDs and the resulting marketing strategy with BRI headquarters, seeking its buy-in and support as more BRI branches enter partnerships with water utilities. Finally, IUWASH will explore the potential use of the grants mechanism to support the utilization of microfinance for household sanitation improvements.

5. Outcome EE 5: Facilitating Local Government adoption of new or improved mechanisms for citizens to engage local government in water and sanitation

For reasons related largely to the history of sector governance in Indonesia, few local governments or service providers seek to meaningfully engage the public in the planning and decision-making process. The public's historic lack of involvement has led to a degree of complacency and a sense that citizens have no input into issues of service delivery. IUWASH supports the development of mechanisms for improving citizen involvement in the provision of water and sanitation services, thereby resulting in more accountable and transparent service delivery.

Activities for the reporting period focused on inventorying existing citizen engagement mechanisms in the water and sanitation sector. More specifically, IUWASH developed a survey tool for the regional teams to query local stakeholders—including the PDAM, Supervisory Board, Pokja AMPL and Pemda—regarding the available means for citizens to participate in planning and budgeting WatSan services. The survey questionnaire covers the utility supervisory board, Forum SKPD, customer forums, watchdog/consumer advocacy organizations (such as YLKI), and electronic communications tools (such as SMS gateways, email, and interactive websites). The survey was piloted in Probolinggo, East Java starting in September 2011.

The survey on citizen engagement mechanisms will be implemented across all IUWASH municipalities in the first quarter of PY2. Once the results are completed, IUWASH will identify those mechanisms that have achieved the greatest impact and develop a strategy for replication in at least one district in each province.

Section 2.4.

GRANTS PROGRAM

With a total value of US\$2.5 million, the Grants Under Contract (GUC) activity of IUWASH represents a substantial resource not only for the achievement of project-specific objectives, but also an important contribution to the USAID FORWARD initiative, which seeks new partnerships, emphasizes innovation and maintains a steady focus on results. The IUWASH Grants Program is further implemented in accordance with all applicable USAID rules and regulations and generally follows the requirements found in ADS 303 and 22 CFR 226. Grant program management also follows the guidelines stipulated in the USAID-approved IUWASH Grants Program Manual and Grants Implementation Plan and is further synchronized with and supports the project's technical components. Key activities during the reporting period included:

- A Grant Management module was developed and integrated into the project's Technical and Administrative Management Information System (TAMIS), including sections addressing the grant award processes as well as administrative aspects. The TAMIS system for the grants program is in the initial stages of development and will be modified in subsequent periods as required.
- A Request for Application (RFA) for a Community-based Small-scale Sewerage system in Jakarta was launched and awaited responses. Due to delays on the part of key stakeholders in providing information and feedback on the RFA scope of work (SOW), it was not possible to conclude the process of grantee selection in September, as planned. This is now scheduled for mid- to late October.
- An initial list of potential grant activities at the national and regional levels was developed and will be refined during the development of the PY2 Work Plan.
- Procurement and Grant Assistants from each region were briefed on the grant award and management process to ensure compliance with the Grants Program Manual and Implementation Plan. Beginning in the first quarter of PY2, the Manual will be further socialized to technical staff and Regional Coordinators.
- IUWASH also received an unsolicited proposal/concept paper from Banten this quarter. This proposal was reviewed by a Grant Evaluation Committee which concluded that the proposal did not meet project needs or the minimum eligibility criteria.

Primary areas of focus for the next reporting period will include:

- Selecting the most appropriate grantee for the project's first RFA (discussed above); securing USAID approval for this grant; and establishing all related financial, administrative and programmatic systems to ensure grantee compliance with related terms and conditions.
- Supporting the development of grant activities at the regional level through focused visits by national program leadership, improving the development of Scopes of Work (SOWs) for pre-identified activities and proceeding with limited competition processes in each region.
- Ensuring the effective start of at least one grant activity in each region by the end of the second quarter of PY2.
- Conducting internal training and other capacity building efforts for IUWASH staff involved in grant management, and holding external training for new and potential grantees on related processes and requirements.

Section 3

NATIONAL ACTIVITIES AND KEY UPCOMING EVENTS

Introduction

In this Section, we present a more detailed account of the activities and achievements at the national level.

I. General Project Management

While the ultimate success of IUWASH depends on the effectiveness of the project's technical components, their ability to operate effectively (both independently and as an integrated whole) is equally dependent on the organizational and management structures and systems the team puts into place in their support. Tracking against activities defined and planned in the project's first annual work plan, activities under the heading "General Project Management" during the first and final quarterly period of PY1 included:

- Development of the program's first Annual Work Plan (for PY1) and initiation of work on the Annual Work Plan for PY2. These efforts emphasized the close alignment of plans with targeted outcomes and higher-level results;
- Completion of all required start-up and subsequent deliverables;
- Development of the majority of the IUWASH Operations Manual, along with the integration of Manual modules into the DAI Technical and Administrative Management Information System (TAMIS).
- Provision of all planned technical and administrative backstopping support by the DAI home office. Included within this task was substantial management and administrative support during the project's first quarter and more focused programmatic assistance in the project's second quarter (with a particular emphasis support to governance and finance work under Component 3);
- Establishment and customization of TAMIS for the specific requirements of IUWASH during the project's second quarter. Minor modifications and adjustments are expected to continue throughout the LOP;
- Regular support visits by national team members to regional project locations. Such visits were focused on the introduction of the project to local leaders, technical assessments, operational start-up, and the establishment of effective relationships with local stakeholders. In forthcoming periods, the focus of such visits will shift to more substantive programmatic guidance and support.
- Conducting two project-wide Planning and Coordination Meetings, the first of which focused on planning with Regional Coordinators and the second of which involved the majority of the project's technical and administrative/finance personnel and covered, among many topics, development of the project's PY2 Work Plan;
- Conducting regular weekly meetings with the USAID COTR to provide updates on project progress, issues and challenges.

While many challenges and issues were encountered in accomplishing the above, none are deemed especially noteworthy or outside of the normal course of business. Aside from those tasks planned above, the project's work towards further development and refinement of the IUWASH Matrix Management Chart should also be noted. In particular, a revised matrix was developed and issued in the latter part of PY1, providing a comprehensive map of staff charged with coordination across all IUWASH's targeted outcomes and functional areas. A copy of the revised matrix is provided in Annex I.

During the upcoming period, general project management will focus on completion of staff recruitment, capacity building at the regional level to ensure required management systems are fully operational, and refining systems for contract, grant and overall financial management.

Mobilization and Quick-Start Activities focused on putting into place the basic programmatic and administrative foundation from which IUWASH's long-term success and impact will be built. Key activities involved:

- Mobilization of 75% of all staff (international and national staff), with primarily support staff and Field Technical Liaison (FTL) positions remaining;
- Mobilization of short-term staff (international and national staff) in support of work under all components. This included mobilization of required resources not only from DAI, but also from key subcontractors, The Manoff Group (TMG) and PT. Mitra Lingkungan Dutaconsult (MLD). This did not, however, include planned mobilization of STTA from subcontractor PT Darya Varya (DHV), on which USAID has been kept informed;
- Establishment of all national and regional offices. By the end of PY1, IUWASH had in place functioning and equipped offices in Jakarta (which serves as both the national office and the regional office for West Java, Banten and Jakarta), Medan, Semarang, Surabaya, and Makassar;
- Development and submission of all initial contract deliverables, including:
 - Performance Monitoring Plan (PMP)
 - Annual Work Plan for PY1;
 - Environmental Management and Monitoring Plan (EMMP);
 - Grant Manual and Implementation Plan;
 - Procurement Plan;
 - Branding and Marking Plan; and
 - First Quarterly Progress Report (QPR);
- Procurement of required project equipment and furnishings, with the exception of planned vehicle procurement, which is expected to occur in the first quarter of PY2. The project also took possession of seven vehicles (four from the USAID/DBE-2 project and three from the USAID/ESP program). Two additional vehicles from USAID/ESP are expected to be released shortly;
- Introduction of the project at the national level, which involved briefing sessions for central-level Gol officials and key partners (USAID partners, donors, private sector agencies and others). All targeted introductory sessions were conducted as planned and specific relationships developed, as further described in this section under the heading "Collaboration with Others";
- Introduction of the project at the regional level, which was conducted as part of the site selection process. To this end, scores of meetings were held with government officials at provincial and municipal levels, in support of which the project developed a variety of standardized and customized presentations as well as a variety of 'factsheets' and other descriptive literature;
- Implementation of all site selection activities, which was one of the most critical and time-consuming activities in both quarterly periods. Steps in the process are set out in Figure 4. Results of these efforts were presented to the Gol Technical Team (*Tim Teknis*, which serves as the project's steering committee) for review and approval. The final list of 34 'approved' sites for IUWASH interventions can be found in Table 8. Importantly, work in these localities will be periodically reassessed to ensure local government commitment remains high. Towards the end of PY2, additional assessment activities will also be undertaken to add to this list, ultimately bringing the total number of IUWASH-assisted locations up to the target of at least 50.

Table 8: Approved Sites for IUWASH Assistance Beginning in PY I

North Sumatra	West Java, Jakarta, Banten	Central Java	East Java	South Sulawesi/ East Indonesia
Medan city Binjai city Langkat district Pematang Siantar city Tanjung Balai city Tebing Tinggi city	Bekasi city Bekasi district Bogor city DKI Jakarta Karawang district Lebak district Serang district Tangerang district	Semarang city Semarang district Surakarta city Kendal district Kudus district	Gresik district Lamongan district Mojokerto district Probolinggo district Sidoarjo district Surabaya city	Ambon city Jayapura city Jayapura city Makassar city Maros district Takalar district Parepare city Jeneponto district Enrekang district

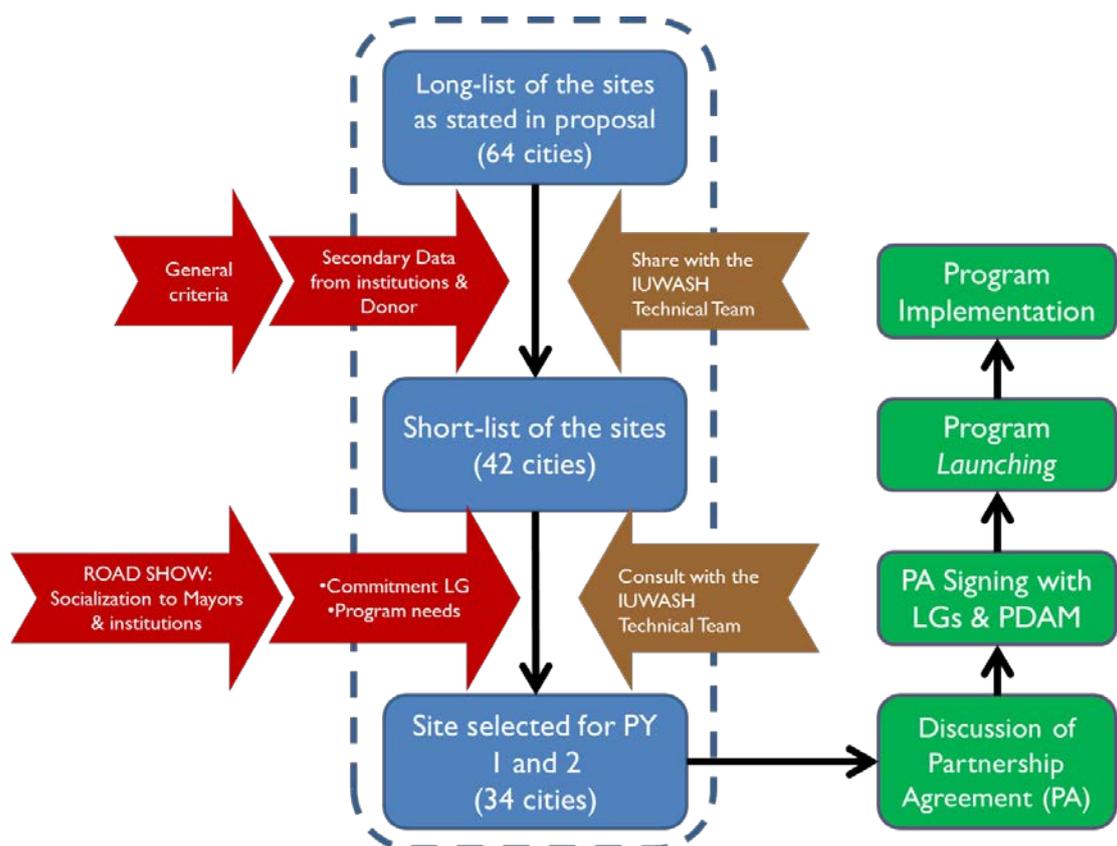


Figure 4: Site Selection Process.

Several other activities were also undertaken which, though not precisely defined in the PY I Work Plan, were nonetheless critical to the project’s mobilization and rapid start-up. Prominent among these were:

- *Joint Partnership Agreements:* A Joint Partnership Agreement (JPA) template was developed and introduced to Gol officials (Mayors and District Heads) in all selected site locations. Similar in design to a Memorandum of Understanding (MOU) but without any connotation of being legally binding, the JPA sets forth the essential roles and responsibilities of both IUWASH and the local governments that the project seeks to serve. Aside from basic calls for cooperation and collaboration, the JPA requires the local government to ensure the availability of critical information regarding water supply and sanitation service delivery, and asks for an up-front commitment to make available needed budgetary resources in support of sector

development. With the goal of entering into such agreements with all targeted locations, about a third of locations have thus far entered into such agreements (often during formal and well-publicized signing ceremonies), and other locations are in the process of conducting legal reviews of the Agreement documents, which they plan to sign in October.

- *Rapid-Start Program Activities:* Though more thoroughly described in a subsequent section, IUWASH also endeavored to identify and begin tangible work to show its own commitment to the sector and to engage stakeholders at all levels in substantive dialog and work early on. A partial listing of such 'Rapid Start' activities, all of which were undertaken in the final quarter of PYI, includes:
 - Development and issuance of an RFA in support of a community-based sewerage development activity;
 - Development of a program for groundwater restoration in support of Coca-Cola's corporate social responsibility (CSR) program;
 - Significant support to the upcoming KSAN national water supply and sanitation conference;
 - A major push to re-invigorate microfinance programs in support of water supply in multiple locations; and
 - Assistance to the MoF in the development of tools needed to assist it in monitoring debt restructuring/debt management efforts being undertaken by local governments nationwide.

With the completion of PYI, in effect the project's first seven months, mobilization and start-up is considered largely complete. Any remaining tasks will be integrated into other sections in subsequent work plans and reports. Key activities in the area of General Project Management for the upcoming quarterly period include:

- Complete staff recruitment;
- Conduct an array of required training for staff in various technical, administrative and financial management areas;
- Conduct an all-staff meeting to review a wide array of programmatic and administrative issues, improve teamwork, as well as coordination and problem identification/resolution;
- Develop the Year 2 Annual Work Plan;
- Continue to actively engage and seek the guidance and support of national and local stakeholders through formal and informal exchanges;
- Complete all modules for the IUWASH Operations Manual; and
- Conduct reviews of project management systems and make adjustments as required, on an on-going basis.

2. Project Communications

Communications and reporting are of paramount importance to both the effective engagement of IUWASH stakeholders at all levels and the project's broader objective of building public awareness of critical sector issues and needs. Project accomplishments during PYI included:

- Design of the IUWASH project identity and style guide based on USAID branding requirements, which was largely completed in the first quarter of PYI;
- Development of the IUWASH website and establishment of user-friendly systems for accessing and updating relevant information. Despite being a work in progress, the IUWASH website (<http://www.iuwash.or.id>) became fully functional, and contains essential project information in English and Bahasa Indonesia to cater to as broad an audience as possible. The website is also being used to provide information

in support of the IUWASH Grants Program, initially by making available the project’s first Request for Application (RFA) for a forthcoming project in South Jakarta, as part of the West Java, DKI Jakarta, Banten activity.

- Integration of two social media tools into the project’s communications work, including a Facebook page (<http://www.facebook.com/iuwash>) and Twitter account (@airsanitasi). These social media tools will broadcast real-time and relevant project information to enhance project awareness, share lessons learned, and relate important facts and figures on water, sanitation, and hygiene for national and international stakeholders, as well as to garner support from the wider public—supporting the important advocacy work of all project components. To appropriately gauge the utility and impact of these media, and make adjustments as necessary, the Communications Team is closely monitoring the use of these media. Currently, the newly established website is generating an average of 72 unique visitors each month; each visitor visits an average of 1.46 times; and each visit involves the review of an average of 14.09 pages. The Facebook page has generated 29 ‘likes’ comments; while the @airsanitasi Twitter account has 6 followers. While the numbers are low at present, this level of detail in monitoring will continue, and the number of users is expected to grow substantially as the project’s field activities intensify.

- The project broadened its work in development of technical fact sheets to describe project activities to Indonesian and international audiences, putting into place systems for sharing more substantive sector information than simply promotional materials. In particular, the Project Communications Team developed regional information sheets for West Java, DKI Jakarta, Banten and for South Sulawesi, Ambon, Jayapura. These information sheets present basic information on sector conditions in a clear and engaging format, and include project plans for work in those areas. The team worked with GIS/Mapping colleagues and technical specialists



The IUWASH website (<http://www.iuwash.or.id>) is fully functional, broadcasting essential project information in Bahasa Indonesia. It will expand into a bilingual site in the next few months.



The IUWASH Facebook page at <http://www.facebook.com/iuwash> will encourage public participation in and support for IUWASH activities.



The IUWASH Twitter account @airsanitasi will use the #airsanitasi hashtag to broadcast the work of IUWASH in ensuring access to water, sanitation, and hygiene for the wider public.

to develop a series of City/District Profile Maps of all IUWASH-selected cities and districts.. An abbreviated, summary version of the project's first quarterly report was also developed to more readily relate project progress to a wide range of stakeholders. Together, these publications were compiled into information kits that were widely used in support of media briefing, project introductory meetings and launch events, and other forums across the project's work area and among all stakeholders. By last count, IUWASH had produced and distributed more than 1,600 project publications to national government and donor agencies, city and district governments, the media, and other key stakeholders.

- Development of a monthly IUWASH newsletter (in English and Bahasa Indonesia) has not yet been initiated, as the Communications Team shifted its resources to provide critical support to regional teams in the implementation of a wide range of project launch events, as well as to support project participation in a series of national sector-wide promotional events scheduled from late September to mid-October (including a student lecture, a student art contest, KSAN, and a radio/twitter campaign).

In the next quarter, the Project Communications team will redesign and restructure the website, adding a bilingual section and will feature more stories and project documents. In addition, attention will be focused on maximizing the use of IUWASH Facebook and Twitter accounts, in collaboration with all Components. The Project Communications team will also produce other communications materials that support public awareness-building on the issues of water, sanitation and hygiene, and on IUWASH itself as a USAID project, including vinyl banners with multiple uses, whose design can easily be adapted for other types of publications such as posters and brochures.

3. Program Reporting

This section describes progress towards producing the many regular reports that are required to ensure the project adequately imparts key information to its stakeholders and remains compliant with reporting requirements under IUWASH contract terms and conditions. Some details of program reporting include:

- Development with USAID of a distribution list for key project reports, including 32 agencies and institutions (USAID, central-level Gol agencies, other donors and development programs, etc.);
- Production and distribution of 75 copies ('hard' and 'soft') of the IUWASH Quarterly Progress Report 1 (QPR-1) which covers the period of March-June 2011. Per USAID approval, the second quarterly report in PY1 (and the final quarterly report of each subsequent project year) will be submitted as a combined report with the IUWASH Annual Report;
- Production and distribution of the IUWASH Annual Work Plan for PY1 according to the same distribution schedule as above;
- Production and distribution of six bi-weekly reports during the last quarter, bringing the total number of bi-weekly reports produced to 11. Prior to the bi-weekly reports, the project produced weekly reports produced during in this first year of IUWASH. The bi-weekly reports provide updates to USAID and project staff on project activities at the national and regional levels and include information on technical and administrative activities. A calendar of upcoming activities is also provided; and
- Production of a series of regular and required financial and administrative reports. One of these, the Annual Inventory Report, accompanies the current report.

The project continues to refine its systems for project programmatic reporting, ensuring that report formats track very closely with the Project's PMP and Work Plan.

During the next period, project reporting activities will focus on continuing to provide quality reports in a timely fashion, while at the same time:

- Reporting more broadly on program outputs and results;
- Integrating local level data;
- Improving internal reporting procedures and support; and
- Completing the project's second Annual Work Plan (for PY2).

4. Geographic Information Systems and Mapping

The IUWASH Geographic Information System (GIS) supports and enhances the project's technical components, program communications, monitoring systems, and overall project management. GIS work during the last quarter of PY1 included:

- Conducting an inventory of data sources of IUWASH sites. For all IUWASH locations, detailed maps and digitized information were collected and are ready to be used for general program mapping, raw water mapping, PDAM information, etc.;
- Development of a GIS database that was achieved through the development of FOSS (free and open source software) systems in conjunction with Mapwindo GIS and Google Earth;
- On-going provision of GIS information for project reports and presentations;
- Development of the first raw water mapping of Sibolangit Spring in North Sumatra. Spatial maps are being used to identify (i) the catchment area, (ii) the boundaries of the spring in relation to raw water intakes, and (iii) the best locations to place infiltration ponds (the construction of which is planned for next year in partnership with Coca-Cola). This example of utilizing GIS was showcased to IUWASH technical staff during the Planning and Coordination Meeting in September 2011; and
- GIS team participation in a presentation on a system for online water meter reading which, when combined with customer information systems, provides improved billing efficiency and transparency in customer payment information. This system can be combined with GIS systems to further enhance information on service delivery.

In the next quarter, GIS work will focus mainly on supporting the project's Raw Water Team in conducting initial PDAM raw water vulnerability assessments and inventories of potential climate change adaptation measures. GIS assistance will also be provided to the West Java team to introduce GIS mapping as support for PDAM customer information systems. GIS staff will continue to provide support to project communications and reporting efforts, including the possible development of interactive online project mapping systems.

5. Gender

The IUWASH team recognizes that water supply and sanitation activities gain efficiency, impact and sustainability when both women and men participate effectively in all levels of decision-making. To do so with its limited resources, IUWASH is focusing on the development of its overall approach and strategy to address gender issues, as well as substantively engaging CSOs (such as PKK), PDAMs, local government members, Pokja-San members, CBOs, school teachers, and local health sanitarians in target communities to ensure that both men and women benefit from IUWASH activities. Specific tasks set forth in the PY1 Work Plan and related project achievements during the final quarter of the reporting period included:

- Establishment of an IUWASH Gender Working Group that will guide and monitor progress towards ensuring the project's adoption of and adherence to an appropriate gender strategy. Working Group members have been integrated into the IUWASH Matrix Management Chart (see Annex I), and Group membership includes staff at the national level and in all regions, as well as both male and female members to ensure gender balance and the soundness of approaches;
- Development of a scope of work for a national consultant, who will oversee a Gender Assessment to better define needs in this important area, and who will then coordinate development of the project's gender strategy with substantial input from IUWASH staff. A consultancy in support of this work was originally scheduled for the last quarter of PY1, but has been moved to the first quarter of PY2 due to logistical and cost reasons; and
- Various internal and external discussions (with UNICEF, CARE, etc.) at the national and regional levels to advance the project's level of readiness for the assessment and strategy development exercises.

In the next period, gender-related activities will focus on conducting a Gender Assessment to identify important gender issues, and developing the project's Gender Strategy for dealing with such issues internally and externally. The output is expected to be termed the IUWASH Gender Mainstreaming Strategy and Plan and will provide a platform for capacity development, initially among IUWASH staff and later with other project stakeholders, as appropriate. Such capacity building will involve:

- Better defining the role of the IUWASH Gender Working Group;
- Conducting an internal Gender Workshop for national and regional staff to ensure full understanding of and "buy-in" to the strategy;
- Undertaking extensive engagement of possible national and regional partners, such as the PKK and the Ministry of Women's Empowerment; and
- Identifying and responding to other opportunities to advance gender mainstreaming in the water supply and sanitation sector.

6. Monitoring and Evaluation

Monitoring and evaluation (M&E) is an essential part of project management and of the overall project cycle. The IUWASH M&E program focuses on clearly defining what needs to be measured to adequately gauge project progress and then ensuring that appropriate data is collected, compiled and reported on. Much of the M&E system is set forth in the project's Performance Monitoring Plan (PMP). The system is further bolstered by the project's web-enabled TAMIS, its annual work plans and similar tools. During the reporting period, primary M&E activities included:

- Development and approval by USAID of the project's Performance Monitoring Plan (PMP), which was completed in the first quarter of PY1. Some minor revisions have been made since that time (based in part on the project's site assessment work) and a revised version will be made available in October;
- Baseline data collection activities in 34 municipalities, which involved:
 - development of tools and instrument in support of the survey;
 - pre-testing these tools and instruments; and
 - implementation of the survey for specific outcomes;
- Commencement of baseline data collection for High Level Result 1 (people gaining access to improved water supply), IC-1 (the PDAM performance index), and EE-1 (local governments placing greater priority on the water and sanitation sector);
- Development of PMP data collection and data entry templates and tools and their integration into the TAMIS system. Regular data collection in support of the PMP has also been initiated, although additional training of staff in the use of TAMIS for data

entry is required, and will be the subject of additional attention in the initial phases of PY2;

- Initial development of qualitative monitoring and evaluation tools and instruments in support of longitudinal studies, for which field-testing and implementation will fall under the Annual Work Plan for PY2; and
- General project-level capacity building for M&E. As a long-term effort, this will be the subject of continued attention over the LOP.

In the next reporting period, IUWASH M&E activities will focus on the following:

- Continued development of tools and instruments in support of baseline data collection, through which project progress will ultimately be measured;
- Conducting PMP training for IUWASH staff, which will be integrated with other relevant trainings such as a planned TAMIS and Environmental Compliance training;
- Development of an overall concept for IUWASH qualitative monitoring and evaluation; and
- Development of a simple system for reporting on IUWASH outcomes and deliverables that contribute to the Gol's achievement of MDG targets.

7. Environmental Compliance

As a project aimed very much at improving the environmental health status of Indonesian citizens, the IUWASH team understands the importance of ensuring that its own activities do not, in any way, negatively impact public health or environmental conditions in the areas it operates. Guiding this desire are: USAID environmental regulation 22 CFR 216; the project's Initial Environmental Examination (IEE) which is referenced as ASIA 09-86 IEE & ETD); and the approved IUWASH Environmental Monitoring and Mitigation Plan (EMMP) which was integrated into and approved as part of the project's PY1 Work Plan during the first quarter of the reporting period. Activities currently being undertaken by IUWASH are mostly field studies, workshops and meetings that have no real direct impact on the physical environment, and such activities have received a "categorical exclusion" from further environmental review. However, some activities to be implemented in PY2 (especially those involving construction at the community level) will be subject to such review. In preparation for such work, project environmental compliance activities in the final quarter of PY1 focused on:

- Designation of project-level national and regional project Environmental Officers who are charged with overseeing compliance with the project's IEE and EMMP. These officers are incorporated into the project's Matrix Management Chart (see Annex 1) and have received (together with other staff) an initial orientation on the overall environmental compliance process. Additional training and support will be provided in subsequent reporting periods and, as required, over the LOP; and
- Development and incorporation of an environmental compliance module into the TAMIS system to help ensure that all project locations follow required procedures, and to aid in the related review, approval and reporting processes.

Activities planned to be implemented in the next quarter include:

- Development of environmental mitigation and monitoring support tools and instruments;
- Completion of the TAMIS environmental compliance module;
- In-depth training of environmental officers in compliance requirements and procedures, including use of the TAMIS module; and
- On-going supervision of environmental compliance processes and procedures and processes with support provided as required by the national-level Environmental Officer and associated technical specialists.

8. Collaboration with Other Development Programs

To achieve success, the IUWASH program and team have to collaborate closely with many stakeholders, both at National (Jakarta) and Regional level. The main collaboration with the GoI is through the Technical Team for Water and Sanitation (*Tim Teknis*) under the USAID Assistance Agreement with the Ministry of Social Welfare. The Technical Team is led by Bappenas and includes ministries such as Public Works, Health, Environment, Home Affairs, and Women Empowerment. After the initial introduction of the program to national stakeholders during the first three months of the program, the last three months included introductions to all local stakeholders (34 cities), and follow-up meetings with Tim Teknis, donors, private partners and others. Related activities, described according to major institutional grouping and specific tasks set forth in the PYI Work Plan, include the following:

Collaboration with USAID WatSan partners:

- IUWASH organized a “brown-bag” lunch with all USAID WatSan partners (UNICEF, Mercy Corps, CCP-I, Eco-Asia, Pattiro Foundation and the Pacific Institute) to introduce the SMS-Water initiative of Pacific Institute and discuss results of quick assessments of similar programs in Surakarta and Sumatra. IUWASH is also coordinating the involvement of all USAID WatSan partners in an exhibition booth during the upcoming KSAN conference (October 11-13).
- Several meetings were conducted with the Eco-Asia local team leader and the Eco-Asia team in Bangkok (through Skype) to discuss the closing down of the ECO-Asia WatSan water component and how IUWASH could continue some of the initiatives, especially on urban sludge management and the PDAM promotion toolkit. IUWASH arranged a presentation by SPEAK, a local NGO and the main partner of ECO-Asia in Indonesia to identify possibilities for collaboration. During the upcoming KSAN conference, the ECO-Asia regional team will be in Jakarta to finalize this transition.
- IUWASH agreed to support a UNICEF session during KSAN by participating and showcasing the Medan local government’s commitment to upscaling its water supply and sanitation in urban poor areas.
- IUWASH participated in the launching of the High-Five program (September 26).

Collaboration with GoI Ministries and Programs:

- The IUWASH team presented the site selection results for West Java, Banten, Central Java, South Sulawesi and Eastern Indonesia to the Technical Team. All proposed cities were agreed by the members of the Technical Team. It was also agreed that IUWASH would conduct additional field assessments for three cities in South Sulawesi at the request of the South Sulawesi Governor, and would coordinate further with the MPW to streamline field activities for some cities where both IUWASH and the MPW are planning TA activities.
- Field Assessments were conducted in the three cities in South Sulawesi (Parepare, Enrekang and Jeneponto). The results were shared with and agreed by the Technical Team, which then finalized the inclusion of these three cities in the IUWASH 2012 program by informing the respective mayors of each city.
- The IUWASH team conducted five follow-up meetings with MPW officials to identify and clarify the programs in ‘overlapping’ cities for both water supply and urban sanitation. Agreement was reached with both MPW Directorates and IUWASH on the division of responsibilities, the type of support to be provided by IUWASH, and the timing of the program.
- The IUWASH team agreed to support the KSAN national conference and joined all preparatory meetings, provided a list of participating partners, identified possible financial support, and agreed to prepare and host three KSAN sessions (on

Synergizing Local Government Planning Process; Sludge Management; and PDAM Regionalization).

- The MoF requested IUWASH support in developing a PDAM debt restructuring monitoring tool, which tracks PDAM progress in complying with agreed targets in the approved business plans. A draft was developed and shared with MoF officials. The final manual was to be used to train MoF staff during the last week of September, after which MoF officials will introduce it to PDAMs in Indonesia.

Collaboration with Other Donor Agencies:

- The IUWASH team met with the Australian Government-funded Indll program to compare program activities, possible overlapping locations, and possible program collaboration, so that the IUWASH regional teams can identify potential WatSan expansion programs, support local stakeholders (PDAM, Pemda) with necessary project preparation (regulations, land allocation, institutional setting, etc.), communicate with Indll, and support monitoring during implementation.
- IUWASH also met Mercy Corps, which presented its innovative Jakarta urban slum sanitation program, combining promotion of improved septic tanks with sludge collection at community level. A subsequent presentation was made during the IUWASH national team meeting and a follow-up discussion was planned for possible expansion of this concept through one of the IUWASH small grants.
- A follow-up meeting with ADB technical, Manila-based staff focused on exchange of information, and identification of possible collaboration for PDAM Energy Efficiency and PDAM IKK (subdistrict capital) expansion programs.
- Communication (by email) with WHO increased mutual understanding of possible partnership between IUWASH and WHO as part of the Water Safety Program (WSP), whereby IUWASH could focus on raw water protection measures and PDAM operational efficiency (such as reducing non-revenue water) while WHO would focus on a more specific PDAM water quality improvement technical assistance package.

Collaboration with Private Sector:

- There has been no follow-up on the initiative with IBL since last quarter since IBL did not communicate to IUWASH any progress with DHV, the chemical company that had initially shown interest in supporting community-based sanitation programming.
- IUWASH was approached by CCFI (Coca-Cola Foundation Indonesia) to develop collaboration on utilizing their CSR funding for recharging upstream aquifers and/or increasing access to safe water for poor neighborhoods. IUWASH developed an outline concept and conducted field visits (to North Sumatra) to collect more information and ascertain support by local stakeholders. Five local NGOs were approached, of which four submitted outline concepts for implementing construction of 800 infiltration ponds to augment the aquifer of Sibolangit Spring, which provides 15% of the water supply to Medan city.

Collaboration with Other Institutions:

- IUWASH has had regular meetings with members of Pokja AMPL, mainly to discuss details of the upcoming KSAN, but also to exchange information on other programs, policies, and implementation approaches, among other things.
- IUWASH met the president of PERPAMSI to introduce the IUWASH program and discuss joint hosting of a KSAN session on PDAM regionalization by IUWASH and PERPAMSI.

In the next reporting period, the IUWASH team will continue fostering and deepening relations with all project partners at both national and local level. In particular, the project's raw water specialists will follow up discussions with the GoI and donor agencies involved in climate change programming, and municipal finance specialists will continue supporting the MoF in developing debt restructuring monitoring tools. The collaborative program with Coca-Cola will hopefully result in the award of a grant from Coca-Cola to a local NGO for development of infiltration ponds, to which IUWASH will provide technical assistance and monitoring support. Regular meetings with the main donor agencies in the sector (i.e., Indll and USDP) will continue on a monthly basis.

Section 4

REGIONAL HIGHLIGHTS AND CLUSTER REPORTS

Moving forward from the completion of IUWASH site selection in all regions, a primary activity during this past quarter involved the preparation of Partnership Agreements (PAs) between IUWASH and targeted local governments. In preparing these agreements, the two parties identified priority needs and programs that respond to these needs that will be supported by IUWASH during the coming year. IUWASH and local government partners also developed plans for formally launching the project in their respective areas. The end result was a high level of consensus on what needs to be done and how, and a commitment by both parties to work together closely to improve water supply and sanitation conditions throughout the IUWASH work area. Figure 5 shows the overall achievement in the process of concluding the PAs. While it indicates that there are several target localities with which agreements have yet to be concluded, these have either already been agreed to (and are only awaiting the scheduling of a formal signing ceremony) or are still under review by the local governments' legal departments.

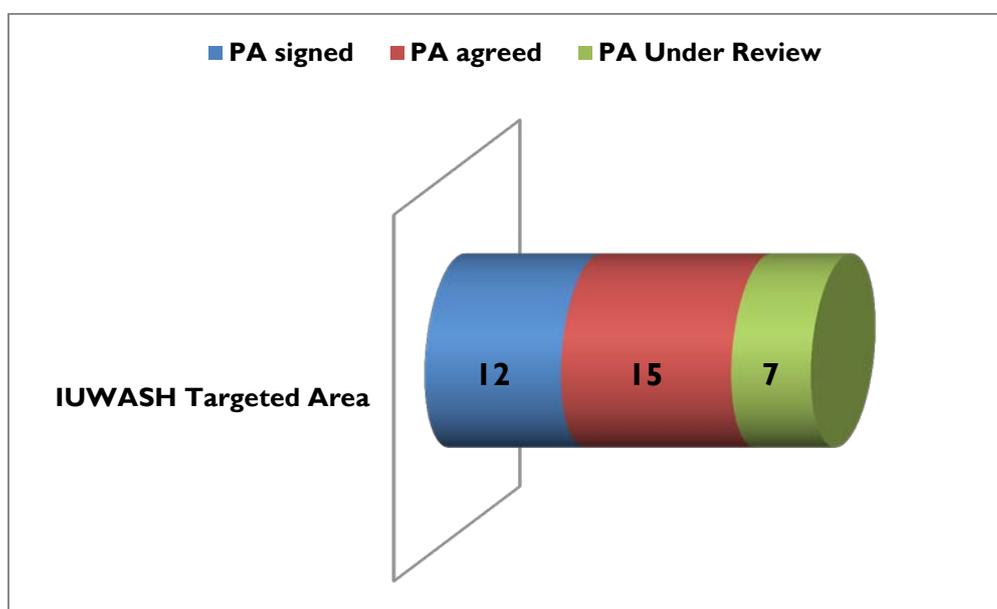


Figure 5: Progress in Concluding Partnership Agreements between IUWASH and Targeted Local Governments.

Though many PAs are yet to be concluded, local government partners have nonetheless been very supportive of IUWASH beginning to implement activities that respond to their priority needs. Some of these include:

- Institutional assessments regarding behavior change programs in North Sumatra;
- Development of grant program Request for Application (RFA) for the development of community-based sewerage systems in DKI Jakarta;
- Support for local governments in the development of Regional Action Plans (*Rencana Aksi Daerah/RAD*) for water supply and sanitation for the city of Semarang and the districts of Kendal and Kudus in Central Java.
- Implementation of a Customer Satisfaction Survey in Lamongan district in East Java.

This Regional section of the quarterly report presents the progress and achievements of the program at the regional and local levels, as well as plans for the forthcoming period. It provides a brief summary report for each local area project “Cluster” in the form of an easy-to-read factsheet. Based on needs and resources, the composition of the project’s local area Clusters may change in forthcoming periods. Each of these Cluster reports provides general information on the cluster, an overview of site selection activities, a listing of the priority programs identified, other activities to highlight, issues related to partner coordination, and plans for the next quarter. This type of report will make the tracking of the progress of program activities easier and can also be used more readily by IUWASH regional offices for reporting to their local government partners. As these are initial reports, IUWASH will continue to refine and improve upon them to ensure that they have the greatest utility possible.



Summary of City / District Profiles for North Sumatra Region

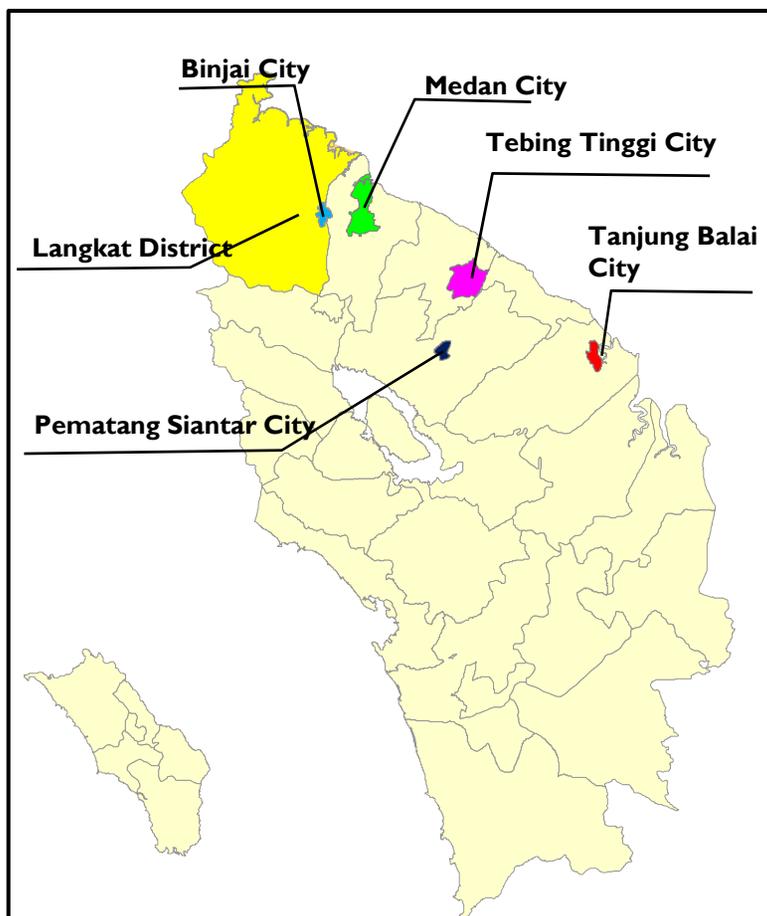


Pematang Siantar City

Pematang Siantar is the second largest city in North Sumatera with a total population of 2,121,053. The coverage of the city's PDAM ("Tirta Uli") is 76.4 % and they still have capacity for 7,500 new connections. The City Government has developed an appropriate plan for the city sewerage system that could help inspire other regional governments in the area. However, a Sanitation Working Group has not yet been established to prepare several key elements required for seeking assistance from the Central Government (and which includes a sanitation 'White Book', a Citywide Sanitation Strategy (CSS), a Project Memorandum, a Master Plan and Detailed Engineering Designs. The promotion of CLTS (STBM) is another area of identified need and for which local is high.

Medan City

With a total population of 2,121,053 people, Medan City has been very successful in expanding drinking water access for the poor, reaching 35,000 in the last 3 years alone. Its service provider, PDAM Tirtanadi, has an opportunity to utilize its idle capacity to connect an additional 7,900 households. After that scarcity of raw water supply will become a major problem. Addressing this requires strong advocacy, technical support, and ultimately long-term finance from the central government. In sanitation sector, around 4% of the area will be served by offsite sewerage system. MSMHP (ADB) is supporting the improvement of sewage networks and treatment capacity, targeting 13,250 new household connection. Micro-finance might be used for the house connections. Dinas Perkim still supports on-site systems for poor communities. The Sanitation Working Group is established but still needs assistance on the development of White Book, CSS & Project Memorandum.



Tanjung Balai City

With a 159,932 people, of which 51.3% are served with piped water supply, Tanjung Balai City urgently requires new water sources. Its service provider, PDAM Tirta Kualo, has only 2.5 l/sec of idle capacity and an immediate need for 3,000 new connections. In terms of sanitation, the Sanitation Working Group (Pokja Sanitasi) is not yet formed. However, they have developed drafts (that require some revision) of the documentation required for inclusion in the national PPSP program (White Book, CSS plan, etc.). Promotion of CLTS (STBM) is ongoing but also requires support.

Binjai City

Binjai City has a very low rate of piped water supply coverage with only 22,2% being served out of a total population of 246,010. They require assistance in most all operational areas (technical, financial and management). With the low cost recovery rates (only 56,7 %), they also require support in business planning and debt restructuring. Given other factors, they could, however, extend service to 7,500 households. As sanitation has not been a priority of the local government, they have no Sanitation Working Group, nor related documentation, and the new Mayor has requested IUWASH to support their development as quickly as possible.

Tebing Tinggi City

The area PDAM serves only 30,6 % of the total population of 145,180 people and still has idle capacity for 1,870 new connections. Support is especially needed for the development of DED, business plan, long-term finance, and overall capacity building. In sanitation, the government has a well-functional Sanitation Working Group and has already developed the required White Book and CSS plan. Also 11 units of MCK and communal IPAL under the Sanimas Program have been established. However, promotion of CLTS (STBM) is still required as part of the citywide CSS plan.

Section 4.1.

NORTH SUMATRA

Summary

The province of North Sumatra stretches across the island of Sumatra between the Indian Ocean and the Strait of Malacca. It borders Aceh province to the northwest and Riau and West Sumatra provinces to the southeast. It has an area of 70,787 km² and, with a population of 12,982,204 (per BPS preliminary estimates for 2010), it is the most populous province outside of the island of Java.



IUWASH began working in North Sumatra in May 2011, meeting with a wide range of provincial and local government leaders, conducting numerous municipal-level assessments of water supply and sanitation conditions, and importantly, gauging the extent of local government commitment to address sector deficiencies. These assessments led to the selection of six municipalities as IUWASH target areas beginning in PYI. These include the cities of Medan, Binjai, Tebing Tinggi, Pematang Siantar and Tanjung Balai, and the district of Langkat.

From the assessment exercises conducted, the province faces several important challenges in meeting the urban water supply and sanitation needs of its population. These can be summarized as follows:

- **Urban water supply:** Though conditions among municipalities vary considerably, some common themes include: low rates of coverage; declining or threatened availability of raw water; low rates of cost recovery; high rates of NRW (which serves as an indicator of overall water supply system performance); and importantly, constrained financial capability necessary for improving system performance and expanding coverage. Key sector data for IUWASH target areas based on data made available during the course of assessments is provided in the following table:

Table 9: Key Water Supply Data in Provincial IUWASH Target Areas

No	Parameter	Medan	Binjai	Langkat District	Tebing Tinggi	Pematang Siantar	Tanjung Balai
1	Productive Capacity (lps)	5.537	227	267	140	787	260
2	Non-Revenue Water (%)	30,40	32,20	45,20	35,00	31,10	34,00
3	Total No. of Piped Connections	406.001	11.377	14.087	9.101	53.841	17.975
4	Total Coverage (%)	68,4	22,20	8,90	30,60	74,60	51,30
5	Tariff (Rp)	2.324	3.436	2.863	2.643	1.638	1.175
6	Staff per 1,000 Connections	3,1	20,5	11,5	10,4	9,4	3,1

- **Urban sanitation:** Conditions of urban sanitation among IUWASH target areas vary considerably. Common themes include: generally low levels of access to improved sanitation facilities; high rates of open defecation which result from such lack of access; poor septage management practices; and a fragmented institutional environment to address these important areas. Not surprisingly, inadequate sanitation is especially pronounced among the province's urban poor, many of whom live in densely populated slum areas. Key sector data for IUWASH target areas based on data made available during the course of assessments is provided in the following table:

Table 10: Key Sanitation Data in Provincial IUWASH Target Areas

No	Parameter	Medan City	Binjai City	Langkat District	Tebing Tinggi City	Pematang Siantar City	Tanjung Balai City
1	Sewerage System Connections	√ (coverage 11%)	—	—	—	—	—
2	Sanitation Working Group (existence)	√	—	—	√	—	—
3	Citywide Sanitation Plan	√	—	—	√	—	—

Following the local-level assessment and site selection work discussed above, the major portion of which was completed in the first quarter of PY1, IUWASH engaged in a number of activities in the second and last quarter of PY1. The activities included:

- Socialization and coordination with Mayors and District Heads, regional planning offices (*Bappeda*), PDAMs and others to identify local-level sector priorities and begin developing clear action plans;
- Based on the above, the drafting of Partnership Agreements for all target localities, and the conclusion of such agreements with five municipalities and six PDAMs;
- Discussion on priority programs with PDAM Medan, Binjai, and Langkat and coordination with Dinas Tarukim at provincial level on implementation of the program for Year 2011-2012;
- Coordination and discussion with PDAM Pematang Siantar and PDAM Tebing Tinggi regarding work plan and IUWASH program activities for FY 2012, and conduct initial Raw Water Study;
- Discussion with PDAM Tirtanadi regarding its Medium-Term Investment Development Plan (RIPJM), business planning, and socialization of tariff adjustments;
- Socialization of new directives by the Directorate General of Human Settlement (Dirjen Cipta Karya) of the MPW in Tanjung Balai, Tebing Tinggi and Medan to Bappeda and health office (*Dinas Kesehatan*) regarding implementation of PPSP program activities;
- Field visits to target areas to support the preparation of specific action plans that target improved septage management, improved deep well pumping systems, and needs assessment of water and sanitation program in slum areas.
- Completion of a majority of project staff recruitment and office establishment.

Though subject to the finalization and approval of the PY2 Work Plan, in the next quarter, IUWASH's work in the province will focus on:

- Formal launch of the project in all target areas;
- Initiation of support for improved PDAM performance (technical and financial);
- Raw water study with PDAMs in cities of Medan, Pematang Siantar and Tebing Tinggi;
- Assessment of potential water supply systems for low-income communities in Medan, Tebing Tinggi, Pematang Siantar, Tanjung Balai;
- Support to cities of Binjai and Pematang Siantar for implementation of PPSP program;
- Development of grant programs for septage management in Belawan, health and hygiene promotion in Tanjung Balai, and a wastewater system review in Tanjung Balai.

Key Upcoming Events

The following is the preliminary schedule of key upcoming events for the next quarter in this region.

Event Title	Date	Type of Event	Venue
IUWASH Program Launching	Oct 3, 2011	Workshop	Tiara Convention Center, Medan
Training for community organizations on septage management and community organization for Sanimas program	Nov. 2011	Training	City of Medan
Workshop on National Policy and Strategy for water supply, with participation by all PDAM IUWASH Partners and PDAM Simalungun	Dec. 2011	Workshop	City of Medan
Training for community group on promotion of STBM, Sanimas and communal sewerage system	Dec. 2011	Training	City of Medan

Cluster reports

IUWASH understands that the key to achieving the results it targets lies in the successful implementation of activities at the local level. In order to better describe and track the project's activities and progress in each target location, IUWASH has developed cluster reports (one page each) which are introduced in this report. In addition to improving project management, these cluster reports are designed to better share information with the project's many local stakeholders, as well as national Gol partners, concerned donor organizations and other interested parties. These are in the initial stages of development and will be refined and improved in subsequent quarterly reports.

In the case of North Sumatra, there are five clusters, each of which is described in greater detail in the following pages, namely:

- *Medan City Cluster*
- *Binjai and Langkat Cluster*
- *Tebing Tinggi Cluster*
- *Pematang Siantar Cluster*
- *Tanjung Balai Cluster*

NORTH SUMATRA, Medan Cluster

Summary

The City of Medan has been very successful in expanding drinking water access for poor people in the last three years to reach more than 35,000 poor people. With a total population of 2,121,053 people, PDAM Tirtanadi has an opportunity to utilize its idle capacity to connect an additional 7,900 households. The scarcity of raw water supply is a big problem for the PDAM. It needs strong advocacy and technical support to obtain long-term finance from central government to solve the raw water problem. In the sanitation sector, around 4% of the area will be served by an offsite sewerage system. MSMHP (ADB) will support the network extension and a sewerage plant system targeting 13,250 new household connections. Microfinance might be used for the household connections. Dinas Perkim still supports on-site systems for poor communities.

Site Selection Activities

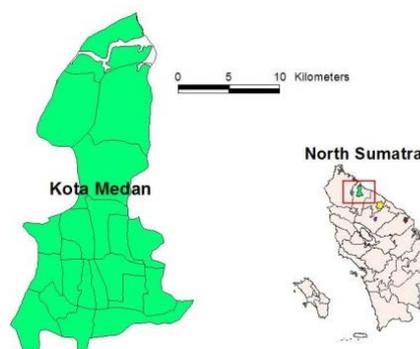
The site selection activity began with a meeting with the Mayor of Medan to introduce the IUWASH program. This was followed by data collection at institutions working in the water and sanitation sectors. The site selection process identified the Local Government's needs in water supply and sanitation services. In water supply, the needs include a raw water study, access to long-term finance for PDAM Tirtanadi, debt restructuring, NRW reduction, tariff review, and billing system. In the sanitation sector, the needs include development of a city sewerage system, a sludge management system, and a community-based sanitation system. The city has had a citywide sanitation strategic plan since 2009 but this now needs to be reviewed.

Priority Program

1. Increase people's access to safe water and improved sanitation
2. PDAM debt restructuring
3. Increase technical, management and finance performance of PDAM
4. PDAM raw water study
5. Promotion of city sewerage system
6. Obtain policy and financing support for water and sanitation sectors
7. Promotion of STBM program
8. Increase citizen participation in water and sanitation program

Plan for Next Quarter Program:

- Launch IUWASH program for North Sumatra, with Governor and high-level USAID officials.
- Conduct community training in Belawan on O&M of individual fiberglass septic tanks and preparations for Grant Program on Septage Management
- Support Pemda in tendering additional 1,000 individual septic tank systems for Belawan
- Promote Grant Program on proposed Health and Hygiene Campaign
- Workshop on National Policy and Strategy for water supply, with participation by all PDAM IUWASH partners and PDAM Simalungun
- Campaign on city sewerage connection



Ricky Pasha Barus/ IUWASH Medan

A typically narrow path in this area presents a special challenge for the entry of desludging equipment of floating septic tank using regular de-sludging vehicle

Partners Coordination

- Coordination with Local Government conducted with Bappeda, PDAM Tirtanadi, Public Works Office and other institutions.
- Coordination with other USAID WatSan partners under High Five
- Communication with MSMHP (ADB) program on urban sanitation issues

Other Highlights

- Coordination with Mayor, Bappeda, PDAM Tirtanadi on PA
- Field visit to Belawan to prepare septage system
- Field visit to Medan Denai on revision of deep well system
- Conduct initial Raw Water Study in Sibolangit

NORTH SUMATRA, Binjai and Langkat Cluster

Summary

The city of Binjai has a low rate of service coverage from the PDAM, with 22.2% of a total population of 246,010 people, and will need significant improvement of the PDAM operation. With a low Full Cost Recovery (56.7%), it needs support on business planning and debt restructuring in addition to the opportunity for 7,500 new connections. Urban sanitation has not been a Pemda priority, so it has no Pokja and no City Sanitation Strategy.

The new Mayor has requested IUWASH to support the local government to develop all of these as quickly as possible.

The city of Langkat is part of this cluster but IUWASH support will initially focus on developing a micro-credit program with PDAM Kota Langkat because, with a coverage of only 10.3%, the region needs to expand its service coverage to reach more low-income people.

Site Selection Activities

A meeting with the Mayor of Binjai city was followed by meetings with the LG service offices working in water and sanitation to assess the problem, needs and opportunity for the Local Government. The program needs in water supply sector are NRW reduction, staff rationalization, optimization of distribution network, capacity building for PDAM staff on technical, management and financial affairs, revision of the corporate plan, and improving the capacity of PDAM WTP. For the sanitation sector, the program needs are to support the Sanitation Working Group (*Pokja Sanitasi*) in developing a citywide sanitation strategic plan, health and hygiene campaigns including hand washing with soap, and development of a community-based sanitation system (*Sanimas*).

The site selection in Langkat district only focused on assessing the water supply sector and the need to increase access through microfinance.

Priority Program

Binjai City:

1. Increase people's access to safe water and improved sanitation
2. PDAM debt restructuring
3. Increase technical, management and finance performance of PDAM
4. Microcredit for safe water and sanitation services
5. Support Pemda to receive technical assistance from PPSP program
6. Obtain policy and financing support for water and sanitation sectors
7. Promotion of STBM program
8. Increase citizen participation in water and sanitation program

Langkat City: Specific program on microcredit for water supply

Plan for Next Quarter

Binjai City:

- Facilitate the preparation of Pokja AMPL and facilitate EHRA survey in Binjai city
- Development of PDAM Corporate Plan
- Support restructuring of PDAM staff
- Mapping of government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations

Langkat City:

- Introduction of IUWASH microcredit program to PDAM Langkat



Ferry Boyke – IUWASH Medan

Construction of Bingei River weir to increase water production in WTP Marcapada PDAM Tirta Sari, Binjai city

Partners Coordination

- Coordination was only implemented in Binjai city with Local Government institutions working in water and sanitation sectors, and PDAM Tirtasari on IUWASH priority program.
- There was limited coordination activity conducted in Langkat city.

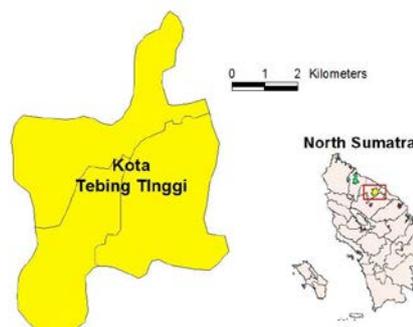
Other Highlights:

- Coordination with Mayor, Bappeda, PDAM Tirtasari, on PA
- Socialization of PPSP program to Bappeda
- Discussion on priority programs in PY 2, 2012 with local stakeholders

NORTH SUMATRA, Tebing Tinggi Cluster

Summary

PDAM Kota Tebing Tinggi serves 30.6 % of the total population of 145,180 people and still has idle capacity for 1,870 new connections. Support needed includes development of DED, business plan, advocacy to obtain long-term finance, and capacity building to enhance the efficiency of water management. In sanitation, the government has solid performance since Pokja Sanitasi has been established and White Book and CSS plans have been produced. Also, 11 units of MCK and communal IPAL have already been established under the Sanimas program. However, this sector still needs to promote the STBM program as part of the CSS plan.



Site Selection Activities

Site selection activity in this city consisted of two main activities: a meeting with a high-level official and data collection on the current condition of water and sanitation sectors. The IUWASH team has met with the Mayor of the city to present the IUWASH program. The data collection was conducted at PDAM, Bappeda, Dinas PU, Dinas Kesehatan and other institutions. The identified program needs in water supply are NRW reduction, tariff adjustment, billing and accounting system, capacity building for PDAM staff on technical, management and financial affairs, and development of network capacity. In the sanitation sector, the program needs identified are a campaign on STBM and to stop open defecation, and a campaign on health and hygiene including hand washing with soap.



Asep Mulyana-IUWASH Jakarta

**Field Visit to Water Treatment Plant
PDAM Tirta Bulian Tebing Tinggi (raw
water study activity)**

Priority Program

1. Increase access to safe water and improved sanitation
2. Increase technical, management and financial performance of PDAM
3. Microcredit for safe water and sanitation services
4. Policy support for water and sanitation sectors
5. Promotion of STBM program
6. Increase citizen participation in water and sanitation program

Plan for Next Quarter Program

- Assess hygiene behavior of poor communities along Sei Bahilang and Sei Padang rivers
- Promotion of proposed Grant Program on Health and Hygiene Campaign
- Commence PDAM capacity building program, including on-the-job training for design distribution network
- Start assessment of tariff review for PDAM
- Mapping of government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations

Partners Coordination

- Coordination was implemented with Pemda working in water and sanitation sectors and PDAM Tirta Bulian on IUWASH priority program.

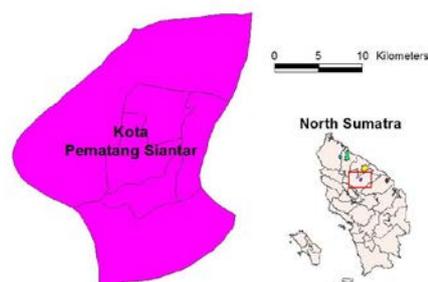
Other Highlights

- Coordination with Mayor, Bappeda, PDAM Tirta Bulian, on PA
- Socialization of PPSP program to Bappeda
- Discussion on IUWASH priority programs with local stakeholders

NORTH SUMATRA, Pematang Siantar Cluster

Summary

The city of Pematang Siantar is the second largest city in North Sumatra, with a total population of 2,121,053 and PDAM coverage of 76.4%. PDAM still has idle capacity for 7,500 new connections. Pemda has ambitions to develop city a sewerage system to inspire other regional governments around Lake Toba. However, a Pokja AMPL has not been established yet to prepare the PPSP programs supported by the central government. This creates an opportunity for IUWASH to support development of a City Sanitation Strategy, including promotion of STBM program to be implemented by Pemda in priority locations.



Site Selection Activities

IUWASH team met the Mayor to introduce the IUWASH program and discuss priorities, followed by a series of meetings for data selection with PDAM and the LG service offices working in the water and sanitation sectors. Identified program needs in water supply are NRW reduction, improved network distribution system, billing and accounting system, SOP development, capacity building for PDAM staff, and increased of capacity of network system. Program needs identified for sanitation were to support the Sanitation Working Group in developing citywide sanitation strategic plans, health and hygiene campaign including hand washing with soap, development of a wastewater treatment plan, and development of a community-based sanitation system (Sanimas).



Asep Mulyana-IUWASH Jakarta

Raw water study activities at PDAM Tirta Uli, Pematang Siantar City

Priority Program

1. Increase people's access to safe water and improved sanitation
2. Increase technical, management and financial performance of PDAM
3. Microcredit for safe water and sanitation services
4. Support Pokja AMPL to develop citywide sanitation strategic plans supported by PPSP program
5. Policy support for water and sanitation sectors
6. Promotion of STBM program
7. Increase citizen participation in water and sanitation program

Plan for Next Quarter Program

- Continue support to Local Government to implement PPSP program, including formation of Pokja AMPL in Pematang Siantar city, capacity building for the Pokja, and support for implementation of EHRA survey
- Conduct promotion of proposed IUWASH Grant Program on Health and Hygiene Campaign
- Mapping of government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations
- Continue PDAM raw water vulnerability assessment

Partners Coordination

- Coordination activity was implemented in Pematang Siantar city with Local Government institutions working in water and sanitation sectors and PDAM Tirta Uli on IUWASH priority programs.

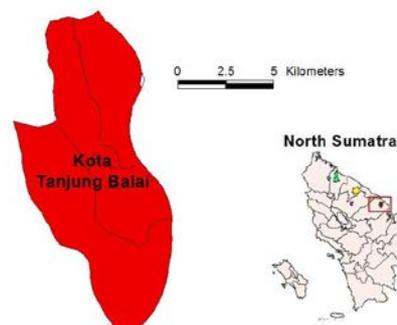
Other Highlights

- Coordination with Mayor, Bappeda, PDAM Tirta Bulian on PA
- Socialization of PPSP program to Bappeda
- Discussion on IUWASH priority programs with stakeholders
- Initial data collection for raw water study

NORTH SUMATRA, Tanjung Balai

Summary

The city of Tanjung Balai urgently requires additional new water resources since PDAM Tirta Kualo only has 2.5 lps in idle capacity. The immediate need for new connections is more than 3,000 households. Currently, service coverage is 51.3% of a total of 159,932 people. The Sanitation Working Group has not yet been established but the White Book, CSS plan, Project Memorandum, Business Plan, Master Plan, and DED have all been drafted, although they need revision to be included in the national PPSP program. Promotion of STBM programs is ongoing but still needs continued support.



Site Selection Activities

Site selection activity consisted of two main activities: meeting with the Mayor of Tanjung Balai and data collection on the current state of the water and sanitation sectors. The meeting with the Mayor was to introduce the IUWASH program. The data collection was conducted with PDAM and other Local Government institutions working in water and sanitation sectors. The program needs in water supply sector are a review and evaluation of the debt restructuring program, billing and accounting system, SOP development, capacity building for PDAM staff on technical and management affairs, optimizing distribution and finance capacity, increasing capacity of the network system, and completion of water treatment plant development. In the sanitation sector, the program needs identified were a campaign on STBM and to stop open defecation, and a health and hygiene campaign including a hand washing with soap campaign.



Ricky Pasha Barus/ IUWASH Medan

MBR location for Clean Water and Sanitation program in Tanjung Balai City.

Priority Program

1. Increase access to safe water and improved sanitation
2. Increase technical, management and financial performance of PDAM
3. Microcredit for safe water and sanitation services
4. Policy support for water and sanitation sectors
5. Obtain financial support for water and sanitation sectors
6. Promotion of STBM program
7. Increase citizen participation in water and sanitation program

Plan for Next Quarter Program

- Mapping of government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations
- Conduct promotion of proposed IUWASH Grant Program on Health and Hygiene Campaign
- Wastewater system review in Tanjung Balai
- Commence PDAM capacity building program, including on-the-job training for design distribution network
- Assess PDAM production facilities and identify opportunities to increase output by reviewing design and mobilizing additional financing

Partners Coordination

- Coordination activity was implemented in Tanjung Balai city with Local Government institutions working in water and sanitation sectors and PDAM Tirta Kualo on IUWASH priority program.

Other Highlights

- Coordination with Mayor, Bappeda, PDAM Tirta Kualo on PA
- Socialization of PPSP program to Bappeda
- Field visit to Mata Alasan, Tanjung Balai III, regarding water and sanitation needs in slum areas



Summary of City / District Profiles for West Java – Banten – Jakarta Region



Tangerang District

Kab. Tangerang has a total population of 2,508,967 people and a successful program on improved basic services in rural areas which will be replicated in urban areas. Their Renstra Sanitation will be modified into CSS. The district is also very interested in IUWASH's micro-credit program to increase coverage for piped water, as well as our programs to assess raw water resources vulnerabilities of the PDAM.

Serang District

Serang is one of the first districts in Banten to develop a CSS and, this year, PPSP and IUWASH will support the Project Memorandum & CSS implementation. The PDAM is serving only 6.5% of the population (1,405,228 people) or less than 23,000 house connections. In 2015, the PDAM plans to increase coverage to 42% by optimizing its idle capacity, NRW reduction, and investments for new production units through APBD, PPP and PP 29/2009.

Bekasi City

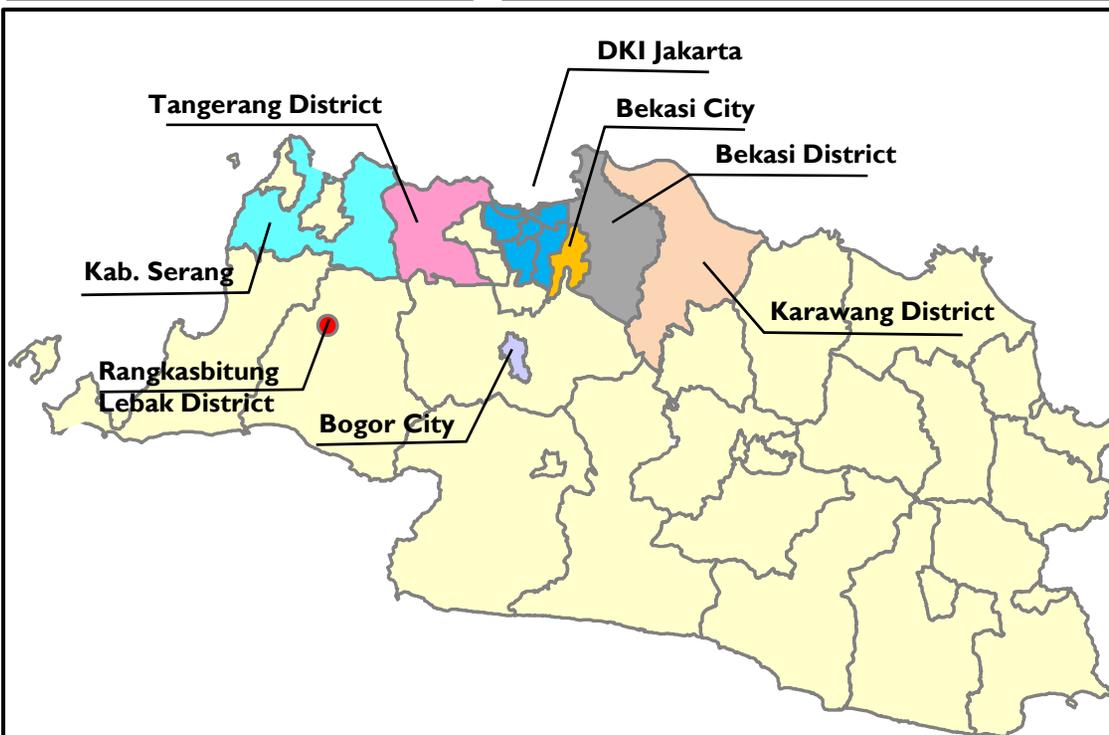
The main challenge is the low service coverage for piped water (4%) to cover the total population of 2,327,705 people. The service provision has been split between the city and the district. CSS is already in place, and STBM is also very active. In 2011, the district is targeting 10 open-defecation-free villages.

Bekasi District

With a total population of 2,193,774 people, this district is very engaged in water and sanitation service improvements. Through the DAK Sanitation, for example, they installed 11 communal sanitation systems from 2008. In 2012, the total DAK is Rp 4.6 M for 20 systems. They also initiated a new approach to engage small house developers to pilot communal septic tank or IPAL for RSS housing areas in 6 villages and worked with local NGO for a small water supply system. There is no CSS developed yet.

Bogor City

Kota Bogor (population 949,066) is presently finalizing a wastewater master plan with AusAID assistance. The city has already developed a CSS and, in 2012, will allocate 2% of its local budget to support the implementation of the CSS and master plan. The city is also very active in promoting STBM. This year, they are targeting 11 of the 22 villages to achieve open-defecation free status. The Pokja Sanitasi is very active, implementing regular monthly meetings to ensure close stakeholder coordination.



Rangkasbitung at Lebak District

This PDAM has a potential to add 11,000 new house connections via a new PPP initiative as well as a new water treatment plant presently under development. The potential for growth is high given an existing idle capacity of 260 l/s plus the potential for NRW reduction from 44% to 30% over the next four years.

Section 4.2.

WEST JAVA/DKI JAKARTA/BANTEN

Summary

The IUWASH region comprised of West Java, DKI Jakarta and Banten provinces is host to the nation's largest population concentration (see Table 11). Bordered by the Java Sea to the North, the Sunda Strait to the West, the Indian Ocean to the South, and the Province of Central Java to the East, it occupies approximately a third of the island of Java.



Table 11: Populations of Provinces in Western Java

Province	Surface Area (km ²)	Total Population	No. Classified as Poor
West Java	34,817	43,053,732	4,773,700
Banten	9,161	10,632,166	758,200
DKI Jakarta	622	9,607,787	321,200
Total	44,600	63,293,685	5,853,100

Population figures are per BPS preliminary data for 2010

IUWASH began working in the region in May 2011, meeting with a wide range of provincial and local government leaders and conducting numerous municipal-level assessments of water supply and sanitation conditions, and importantly, gauging the extent of local government commitment to address sector deficiencies. These assessments led to the selection of eight municipalities as IUWASH target areas, beginning in PY1. These include the cities of Bekasi and Bogor, the districts of Bekasi, Karawang, Lebak, Serang, and Tangerang, and the Special Capital Region (DKI) of Jakarta (see Regional Map for further information).

From the assessment exercises conducted, this IUWASH Region faces several important challenges in meeting the urban water supply and sanitation needs of its population. These can be summarized as follows:

- **Urban water supply:** Though conditions among municipalities vary considerably, some common themes include: low rates of coverage; declining or threatened availability of raw water; low rates of cost recovery; high rates of NRW (which serves as an indicator of overall water supply system performance); and importantly, constrained financial capability necessary for improving system performance and expanding coverage. Key sector data for IUWASH target areas based on data made available during the course of assessments is provided in Table 12.

Table 12: Key Water Supply Data in Regional IUWASH Target Areas

No	Parameter	Bekasi City	Bogor City	Bekasi District	Karawang District	Lebak District	Serang District	Tangerang District	DKI Jakarta
1	Productive Capacity (lps)	306	1408	N/A	549	213	325	4394	N/A
2	Non-Revenue Water (%)	22.80	36.50	N/A	43.00	41.36	23.70	12.10	N/A
3	No. of Piped Connections	113,077	94,955	N/A	45,735	16,116	26,040	106,972	N/A
4	Total Coverage (%)	29,00	53,80	N/A	10,80	7.69	11.00	6.10	N/A
5	Tariff (Rp)	2,034	3,845	N/A	3,268	2,384	2,357	2,647	N/A
6	Staff/1,000 Connections	6.71	5.42	N/A	5.2	9.6	6.11	4.06	N/A

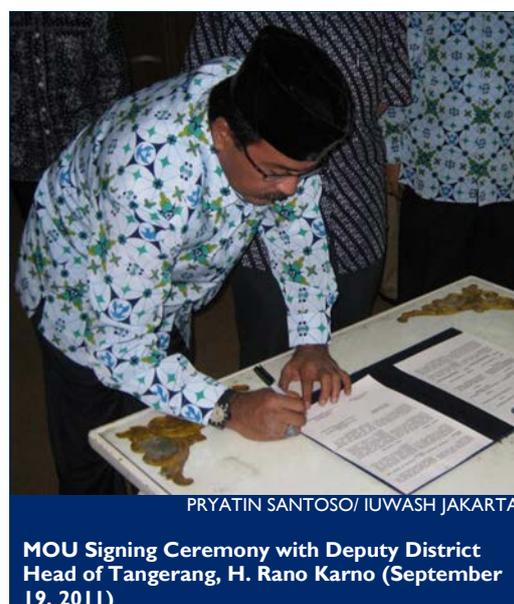
- Urban sanitation:** Conditions of urban sanitation among IUWASH target areas also vary considerably. Common themes include: generally low levels of access to improved sanitation facilities; high rates of open defecation which result from such lack of access; poor septage management practices; and a fragmented institutional environment to address these important areas. Not surprisingly, inadequate sanitation is especially pronounced among these three provinces' urban poor, many of whom live in densely populated slum areas. Key sector data for IUWASH target areas based on data made available during the course of assessments is provided in Table 13:

Table 13: Key Sanitation Data in Regional IUWASH Target Areas

No	Parameter	Bekasi City	Bogor City	Bekasi District	Karawang District	Lebak District	Serang District	Tangerang District	DKI Jakarta
1	Sewerage System Connections	—	—	—	—	—	—	—	√ (coverage 3%)
2	Sanitation Working Group (existence)	√	√	—	—	—	√	√	√
3	Citywide Sanitation Plan	√	√	—	—	—	√	—	—

Following the local-level assessment and site selection work discussed above, the major portion of which was completed in the first quarter of PYI, IUWASH engaged in a number of activities in the second and last quarter of PYI. These activities included:

- The signing of PAs with three of the target districts and municipalities;
- Assessment of potential sites in Jakarta for a community-based sewerage program. This was done in coordination with the area service provider, PD PAL, and involved the development of an SOW for a full program and issuance of a related RFA;
- Collection of PDAM baseline data and identification of potential interventions, including those involving billing and accounting, NRW reduction, customer relations, corporate plan/business plan development, and raw water vulnerability assessments;



MOU Signing Ceremony with Deputy District Head of Tangerang, H. Rano Karno (September 19, 2011)

- Identification of needs within the sanitation sector, including needed assistance to local governments in developing a City Sanitation Strategy (CSS), especially in the districts of Karawang, Tangerang and Bekasi;
- Assessment of local government policies, budget allocations and investment plans for the water and sanitation sectors;
- Identification of potential microcredit activities for water supply in Karawang and Tangerang, and for sanitation in Bogor;
- Exploratory work related to: a feasibility study and preparation of a Public Private Partnership (PPP) for PDAMs in Lebak, Tangerang, Serang and Bekasi; collaboration with a Dutch utility, Waternet, and PDAMs in Serang and Tangerang for bundling water supply and sanitation services; and a feasibility study on optimizing and increasing household connections to communal/small-scale wastewater treatment plants with PD PAL Jaya for apartment complexes.
- Completion of a majority of project staff recruitment.

There were also planned activities which could not take place in this quarterly period, such as a community-based sanitation program with IBL utilizing CSR funding (an activity for which funding was subsequently not available).

Though subject to the finalization and approval of the PY2 Work Plan, in the next quarter IUWASH work in the Region will focus on:

- Start-up of the community-based sewerage grant activity;
- The signing of PAs with the remaining target areas;
- Organization of a Septage Management Workshop with PD PAL Jaya;
- Organization of a workshop to disseminate results of the Sanitation Master Plan exercise for the City of Bogor;
- Conducting a ‘real demand’ survey for PDAM Lebak;
- Follow-up on many of the other items listed above.

Key Upcoming Events

The key events planned to be conducted in the next quarter by the IUWASH West Java/Banten/DKI Jakarta Team are stated in the table below:

Event Title	Date	Type of Event	Venue
Pre-bid Meeting and site visit for Small Grants program in Jakarta	4-5 October 2011	Meeting	IUWASH office
Partnership signing ceremony and CLTS workshop for 4 selected cities/districts in West Java Cluster	11-12 October 2011 (tentative)	Workshop	Mayor’s Office, Bogor (tentative)
Septage Management Workshop with PD PAL Jaya	9 November 2011 (tentative)	Workshop	PD PAL Jaya office
Dissemination workshop of Sanitation Master Plan for City of Bogor	21 December 2011 (tentative)	Workshop	Bappeda office, City of Bogor
Real demand survey for PDAM Lebak	November-December 2011	Survey	New service areas of PDAM Lebak and PT Ciriayasa

Cluster reports

IUWASH understands that the key to achieving the results it targets lies in the successful implementation of activities at the local level. In order to better describe and track the project's activities and progress in each target location, IUWASH has developed cluster reports (one page each) which are introduced in this report. In addition to serving to improve project management, they are designed to better share information with the project's many local stakeholders, as well as national GoI partners, concerned donor organizations and other interested parties. These cluster reports are still at the initial stages of development and will be refined and improved in subsequent quarterly reports.

In the case of the IUWASH Region of West Java/Banten/DKI Jakarta, there are three clusters, each of which is described in greater detail in the following pages, namely:

- *Banten Cluster (Districts of Tangerang, Serang and Lebak)*
- *Jakarta-Bogor Cluster (DKI Jakarta Province and City of Bogor)*
- *Bekasi-Karawang Cluster (City of Bekasi, Districts of Bekasi and Karawang)*

BANTEN/DKI JAKARTA/WEST JAVA, Banten Cluster (Districts of Tangerang, Serang and Lebak)

Summary

These three districts share the same two challenges in provision of water supply and sanitation access: (1) relatively low level of people's awareness on adequate hygiene behavior, and (2) low service coverage of piped water (14% in Tangerang, 11.5% in Serang and 7.8% in Lebak). Additionally, access to adequate sanitation facilities is also low, except for Serang, where the STBM program is very active. The majority of the population relies on individual sludge treatment systems, either septic tanks or soak pits. The private sector in this cluster is expanding business activities, attracting workers to migrate from other districts. Expanding industrial activities also provide a big opportunity for public private partnership, either through a CSR program or through a formal contract agreement, like the currently ongoing activity in Lebak, where PDAM Lebak is collaborating with private company PT Ciriayasa to construct two water treatment plants to serve an additional 14,000 household connections.



Site Selection Activities

Following provincial and district-level road shows and based on rapid assessment results, IUWASH and the local government of Serang District signed a PA for increased access to safe water supply and adequate sanitation services. Special support for PDAM Lebak will focus on setting up a microcredit scheme with a local bank such as BRI, or a cooperative, to provide alternative financing for households to get new water connections. A PA was signed by IUWASH and the director of PDAM Lebak, H. Ridwan.

In Tangerang district, IUWASH will assist the local government in developing the CSS as well as conducting a study and evaluation of Sanimas systems installed in 2006. With the PDAMs for Tangerang and Serang districts a collaboration with Waternet was initiated for packaging water and sanitation connections served by PDAM.



Harod R. Novandi, IUWASH Jakarta

Morning briefing with Deputy District Head of Tangerang, H. Rano Karno, before Partnership Agreement Signing Ceremony.

Priority Programs

- Water service expansion through PPP (Lebak and Serang)
- Development of Corporate Plan (Serang and Lebak)
- Development of billing and accounting system (Serang)
- NRW reduction (Serang)
- Raw water source assessment (Serang)
- Microcredit water supply and sanitation (Lebak, Serang)
- Regionalization of water supply (Lebak and Tangerang)
- Development of City Sanitation Strategy (Tangerang)
- Feasibility Study for Sludge Treatment Facility (Serang)
- Assessment and improvement of existing Sanimas System (Serang and Tangerang)
- CLTS promotion and training (Serang and Tangerang)
- CSR mobilization (Serang and Tangerang)

Plan for Next Quarter:

- Conduct Real Demand Survey for new service areas of PDAM Lebak under PPP initiative with PT Ciriayasa
- Conduct Customer Satisfaction Survey with PDAM Serang
- Commence baseline PDAM creditworthiness monitoring
- Conduct raw water assessment with PDAM Serang
- Conduct evaluation of existing CBS system in Serang and Tangerang
- Continue promoting microfinance schemes, including development of MOU, training and promotion programs (Lebak and Serang)
- Commence training of Pokja AMPL (Tangerang)
- Mapping of government stakeholder and other institutions, and collecting baseline information on water and sanitation policies and budget allocations

Partners Coordination

IUWASH has closely coordinated and worked with local governments in implementing its programs and activities:

- Bappeda Serang and Tangerang Districts
- Dinas Kesehatan Serang District
- Dinas Cipta Karya Tangerang District
- Pokja AMPL Serang District
- PDAM Tirta Kerta Raharja Tangerang District
- PDAM Albantani Serang District
- PDAM Lebak District

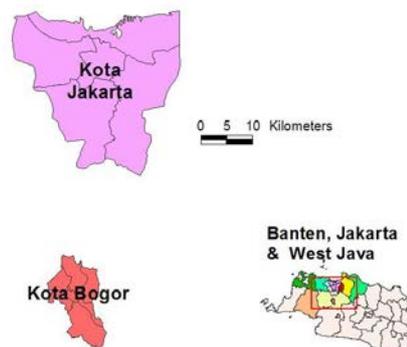
Other Highlights

- A potential program to be funded through the IUWASH program was identified jointly with the local government of Serang District. The program is designed to support three villages recently declared as Open Defecation Free (ODF) (Cisaat, Curuggoong and Kramatwatu) to improve the existing sanitation physical infrastructure.

BANTEN/DKI JAKARTA/WEST JAVA, DKI Jakarta and Bogor Cluster

Summary

Drinking water service coverage in both Jakarta and Bogor exceeds 50% of the population. However, since the population in Bogor is only 10% of Jakarta's 9.5 million, Bogor only serves 950,000 people compared to the 5.5 million people with household connections in Jakarta. IUWASH has identified several potential and innovative programs with local governments, including a shallow sewerage system with PD PAL Jaya, master meter with PT Pam Lyonnaise Jaya, and microcredit on sanitation with UPTD PAL Bogor for an estimated 2,100 new connections. As of 2010, there were 10 Sanimas units installed in the City of Bogor and 35 BPLHD communal wastewater treatment facilities in DKI Jakarta, which need to be assessed and evaluated to confirm their sustainability.



Activities

Site Selection

From the assessment and site selection process, IUWASH will provide full support to the government of the City of Bogor for water and sanitation programs. In Jakarta, IUWASH will only work on special programs with few government institutions on community-based water supply and sanitation project. Responding to a request from the national government, IUWASH will also support water utilities in Jakarta for NRW reduction through a study and reduction of illegal connections using a master meter scheme. With Pokja AMPL for the City of Bogor, IUWASH also made preliminary observations of existing communal toilets (MCK) constructed under the Sanimas program, and assessed a wastewater treatment facility (IPAL) in Tegal Gundil.



An MCK constructed under the Sanimas Project in Bubulak, City of Bogor

Priority Programs

DKI Jakarta

1. NRW reduction study (tentative, and only on request by private operators)
2. Small Grants on communal water supply system and community-based shallow sewer system
3. Microcredit promotion on water supply and sanitation

City of Bogor

1. Water service expansion through PPP Katulampa
2. Development of Corporate Plan and GIS/MIS interface and training
3. Optimization of IPAL Tegal Gundil and piloting of regular septage management
4. Review and public consultation for Sanitation Master Plan
5. Assessment of existing Sanimas system
6. Microcredit for water supply and sanitation
7. CSR mobilization

Plan for Next Quarter

- Conduct Customer Satisfaction Survey with PDAM Kota Bogor
- Implement small grant program on shallow sewer system in Jakarta
- Develop possible small grant with Mercy Corps on urban sanitation in densely populated slums in Jakarta
- Develop integrated MIS and GIS with PDAM Kota Bogor
- Dissemination workshop on Sanitation Master Plan for Bogor
- Internal workshop with PD PAL Jaya on Septage Management and Assessment of Communal Wastewater Treatment Plants with BPLHD in Jakarta
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations

Partners Coordination

IUWASH has closely coordinated and worked with local governments in implementing its programs and activities:

- Bappeda Kota Bogor
- Dinas Kesehatan Kota Bogor
- Dinas Kebersihan dan Pertamanan Kota Bogor
- Dinas Cipta Karya Kota Bogor
- Pokja AMPL Kota Bogor
- PDAM Tirta Pakuan of Kota Bogor
- PD PAL Jaya Jakarta

Other Highlights

- SOW and RFA for the first IUWASH small grants program on community-based shallow sewer system was published on IUWASH website and in Kompas newspaper (Sep. 27).
- Program will be implemented in two subdistricts in South Jakarta in collaboration with PD PAL Jaya.
- The grant is divided into two: a software part for the community engagement, mobilization and capacity building activities with NGO, and a hardware part for physical works with a local contractor or SME.

BANTEN/DKI JAKARTA/WEST JAVA, West Java Cluster (Bekasi City and District, Karawang District)

Summary

Bekasi City, Bekasi District and Karawang District are neighboring cities and districts on the northern coast of West Java with a population size of 1.9 million each for Bekasi City and Bekasi District, and 2.1 million for Karawang District. High population growth is the main problem as these cities support economic activities and services for Jakarta. Because more residential areas are continually being developed in these cities, they face an increasing demand for water and sanitation access. Water utilities can only serve a small portion of population: 29% in Bekasi City and 11% in Karawang District. In the sanitation sector, most local governments still require support in developing an umbrella policy, such as a City Sanitation Strategy (CSS).

Site Selection Activities

IUWASH started its activities in this cluster with a series of road shows and rapid assessments. Bekasi City and Karawang District share a similar vision and have shown a great interest and commitment to improve public services in both sectors. This has been a main indicator for IUWASH to select and continue working with both city and district. Some potential programs identified include improvement of PDAM performance, micro-credit for water supply household connections and support in STBM promotion, development of Sanitation Master Plan for Bekasi City, and development of CSS for the Karawang and Bekasi Districts, which will be coordinated closely with the MPW. IUWASH also identified potential partners and initiatives for the community-based water supply and sanitation program.



An example of Community-based Water Treatment Plant initiative in Jayalaksana Village, Bekasi District, constructed in 2009 with support from the local government and a local NGO, Yayasan Eka Mitra.

Priority Programs

1. Water service expansion through PPP scheme (Bekasi City)
2. Corporate Plan (Bekasi City and Karawang District)
3. billing and accounting system, NRW reduction, energy audit, improved distribution networks and raw water vulnerability assessment (Karawang District)
4. Master meter for water supply (all locations)
5. Establishment Pokja AMPL and develop CSS (Bekasi and Karawang Districts)
6. Institutional study and TA for communal sanitation system (Bekasi District)
7. Technical review and study of IPLT (Karawang District)
8. Support Master Plan Development and sanitation mapping (Bekasi City)
9. CLTS promotion and TOT for government cadres (all locations)
10. CSR mobilization (Bekasi City and District)

Plan for Next Quarter

- Conduct Customer Satisfaction Survey with PDAM Kota Bekasi and Kab. Karawang and study for PDAM new service area in Mustika Jaya (potential PPP scheme)
- Conduct on-the-job training for GIS development and optimization
- Survey and assessment of existing PDAM raw water source (Ciburial) in Karawang District
- Review Sludge Treatment Facilities in Karawang District.
- Facilitate establishment of Pokja AMPL in Districts of Bekasi and Karawang
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations

Partners Coordination

IUWASH has closely coordinated with local governments in implementing its programs and activities:

- Bappeda Kota Bekasi, Kab. Bekasi and Kab. Karawang
- Dinas Kebersihan Kota & Kab Bekasi
- Dinas Kesehatan Kota Bekasi
- Dinas Tata Ruang dan Permukiman Kab. Bekasi
- Pokja AMPL Kota Bekasi
- PDAM Tirta Patriot Kota Bekasi
- PDAM Tirta Tarum Kab Karawang

Other Highlights

- Preparation to formalize signing of partnership agreement (early October)
- Prepared Customer Satisfaction Survey with PDAM Bekasi and Karawang (cost sharing with PDAMs)
- Assistance to Bekasi and Karawang Districts to submit applications for support by national government in developing CSS



Summary of City / District Profiles for Central Java Region



Semarang City

The Water Utility (PDAM) of Semarang City has 134,600 connections, covering 56% of the municipality's population. The PDAM's non-revenue water rate is greater than 50%, and is also facing high energy costs. These conditions will require the PDAM to focus on NRW reduction as well as an audit of energy consumption. Regarding sanitation, the City Government requires support to revise the Citywide sanitation plan to adopt a more integrated approach to sanitation service provision.

Kendal District

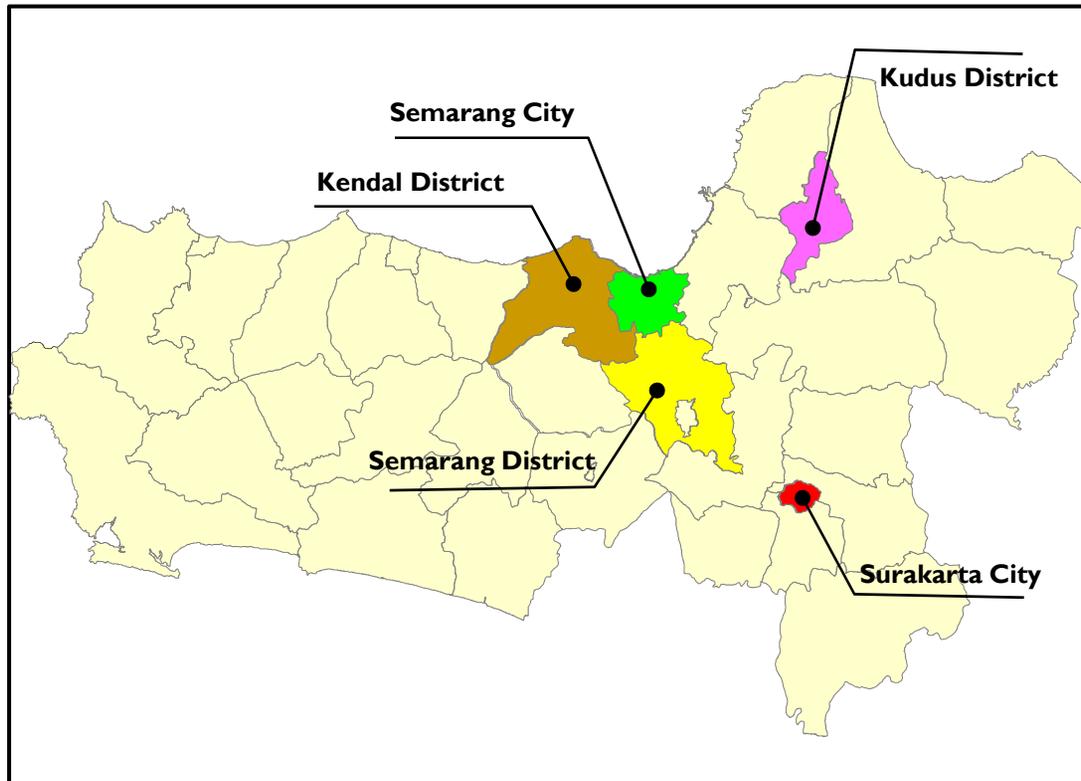
In order to serve the population of 900,611 people, Water Utility (PDAM) of Kendal District plans to replace their deep wells with raw water sourced from a natural spring (Telogo Mili), thereby reducing energy costs. The PDAM requests assistance in corporate plan preparation, a tariff adjustment, and cost-benefit analysis for the new investment plan in Telogo Mili that targets 36,000 new connections.

Semarang District

To serve the total population of 931,041 people, the Water Utility (PDAM) must develop an investment plan to increase capacity in western Semarang using spring water sources. The service coverage of the PDAM presently stands at 18.5%. Notably, the PDAM has already obtained approval for its debt restructuring plan. Regarding sanitation, Semarang has no sewerage system nor sanitation strategy

Kudus District

With relatively low coverage service coverage (about 17%), the Water Utility (PDAM) faces severe challenges related to insufficient raw water to serve the total population of 777,954 people. Currently, deep wells represent the only source of reliable raw water. The PDAM also requires a new corporate plan, as the existing plan expired in 2010. Regarding sanitation, on-site sewerage treatment is presently the only option available across the district. A sanitation working group, was recently formed, however, through a mayoral decree.



Surakarta City

The business plan for Water Utility (PDAM) of Surakarta City debt restructuring has been approved by the Ministry of Finance, and IUWASH will assist the PDAM in monitoring progress against its prescribed targets, including obtaining financing to build a treatment plant to expand services to 6,000 customers. The city—which has a population of 500,642—currently has limited sewerage coverage, with the treatment plant operating far below capacity. Thus, the PDAM (as the manager of sanitation services) is seeking to increase connections, possibly through microfinance. Sanitation Working Group has completed SSK and requests support on development of Project Memorandum.

Section 4.3.

CENTRAL JAVA

Summary

With a total population of 32,380,687 (per BPS preliminary data for 2010), Central Java is the third most-populous province in Indonesia after West Java and East Java (which lie on its western and eastern borders). Its land area of 32,801 km² is about a quarter of the total land area of Java. Central Java also completely surrounds Yogyakarta, which is an entirely separate administrative area.



IUWASH began working in the region in June 2011, meeting with a wide range of provincial and local government leaders and conducting numerous municipal-level assessments of water supply and sanitation conditions, and importantly, gauging the extent of local government commitment to address sector deficiencies. These assessments led to the selection of five municipalities as IUWASH target areas beginning in PY1. These include the cities of Semarang and Surakarta (also known as Solo), and the districts of Semarang, Kendal and Kudus (see Regional Map for further information).

From the assessment exercises conducted, this IUWASH Region faces several important challenges in meeting the urban water supply and sanitation needs of its population. These can be summarized as follows:

- **Urban water supply:** Though conditions among municipalities vary considerably, some common themes include: low rates of coverage; declining or threatened availability of raw water; low rates of cost recovery; high rates of NRW (which serves as an indicator of overall water supply system performance); and importantly, constrained financial capability necessary for improving system performance and expanding coverage. Key sector data for IUWASH target areas based on data made available during the course of assessments are provided in Table 14.

Table 14: Key Water Supply Data in Regional IUWASH Target Areas

No	Parameter	Semarang City	Surakarta City	Semarang District	Kendal District	Kudus District
1	Productive Capacity (lps)	2707	1620	436	374	367
2	Non-Revenue Water (%)	51.30	34.90	39.40	27.20	36.20
3	No. of Piped Connections	134,617	55,338	26,191	42,684	22,750
4	Total Coverage (%)	56.10	57.30	18.50	22.90	17.10
5	Tariff (Rp)	3,527	3,849	2,485	3,433	2,878
6	Staff/1,000 Connections	4.5	7.6	6.1	5.0	4.0

- **Urban sanitation:** Conditions of urban sanitation among IUWASH target areas likewise vary considerably. Common themes include: generally low levels of access to improved sanitation facilities; high rates of open defecation which result from such lack of access; poor septage management practices; and a fragmented institutional environment to address these important areas. Not surprisingly, inadequate sanitation is especially pronounced among the province's urban poor, many of whom live in densely populated slum areas. Key sector data for IUWASH target areas based on data made available during the course of assessments is provided in Table 15.

Table 15: Key Sanitation Data in Regional IUWASH Target Areas

No	Parameter	Semarang City	Surakarta City	Semarang District	Kendal District	Kudus District
1	Sewerage System Connections	—	√ (coverage 11%)	—	—	—
2	Sanitation Working Group (existence)	√	√	—	—	—
3	Citywide Sanitation Plan	√	√	—	—	—

Following the local-level assessment and site selection work discussed above, the major portion of which was completed in the first quarter of PY1, IUWASH engaged in a number of activities in the second and last quarter of PY1. These activities included:

- Coordination with local governments, Bappeda offices and PDAMs regarding program priorities, including those related to sanitation and requirements for avoiding overlap with the Gol PPSP program.
- Socialization of microcredit for PDAMs in the Districts of Semarang, Kendal and Kudus. This involved several small workshops and meetings with the PDAMs and local banks. It has thus far also resulted in the signing of one MOU between the PDAM of the district of Semarang and Bank Rakyat Indonesia (BRI), with others also being prepared.
- Preparation of a Customer Satisfaction Survey for the PDAMs of Semarang and Kendal Districts. These program will help improve management aspects of the PDAMs and will be implemented with cost sharing from both PDAMs.
- Preparation of a baseline survey and Customer Satisfaction Survey on sewerage in the City of Surakarta. This activity will assess the real demand for sewerage connections and possible means for addressing billing and collection requirements.
- Support in the development of Regional Action Plans (RADs) for water supply and sanitation in Semarang City and Kudus District. This was initiated during workshops to better explain the objectives of the RADs and to establish local action plans for them to complete (including FGDs, regular meetings of the Pokja AMPL, etc.).
- A series of meetings with all local governments to review key policy initiatives and the critical role played by administrative and, importantly, legislative branches.
- Signing of PAs with three of the target municipalities and districts;
- Completion of a majority of project staff recruitment.

Though subject to the finalization and approval of the PY2 Work Plan, in the next quarter IUWASH work in the Region will focus on implementation of those activities identified above, including:

- Arranging a series of FGDs related to the development of the RAD for Semarang City and Kudus District.
- Customer satisfaction surveys for the districts of Semarang, Kendal and Kudus which then feed into the development of their PDAM Corporate Plans.
- Support for debt restructuring programs through further refinement and roll-out of debt restructuring monitoring tools in close collaboration with the MoF Regional Office (*Kanwil*) in Central Java.

Key Upcoming Events

The key upcoming events planned for the Central Java region are described in the table below.

Event Title	Date	Type of Event	Venue
Development of RAD for Water Supply and Sanitation in Semarang City and Kendal and Kudus Districts	October 3 - December 30, 2011	Workshop and FGD	Semarang City, Kendal and Kudus Districts
Series of workshops and campaigns to advocate local government, local legislature (DPRD) and private sector to support water and sanitation sectors	October 19 - December 30, 2011	Workshop	Surakarta City, Semarang City, Kendal and Kudus Districts
Conduct Customer Satisfaction Survey in collaboration with PDAM Kab Semarang, Kendal and Kudus	November – Dec 30, 2011	Survey	Semarang, Kendal and Kudus Districts
Baseline survey to identify potential customers for sewerage system in Surakarta City	November 1 - 30, 2011	Survey	Surakarta City
Conduct energy audit/efficiency program on PDAM Kota Semarang, Kab Kendal and Kab Kudus	December 19, 2011 - June 15, 2012	Survey	Semarang City, Kendal and Kudus Districts
Conduct raw water study on PDAM Kab Kudus	December 12, 2011 - Jan 31, 2012	Survey	Kudus District

Cluster reports

IUWASH understands that the key to achieving the results it targets lies in the successful implementation of activities at the local level. In order to better describe and track the project's activities and progress in each target location, IUWASH has developed cluster reports (one page each), which are introduced in this report. In addition to improving project management, they are designed to better share information with the project's many local stakeholders as well as national GoI partners, concerned donor organizations and other interested parties. Since they are at the initial stages of development, they will be refined and improved in subsequent quarterly reports.

In the case of Central Java, there are three clusters, each of which is described in greater detail in the following pages, namely:

- *Semarang City, Semarang District and Kendal District Cluster*
- *Kudus District Cluster*
- *Surakarta City Cluster*

CENTRAL JAVA, Semarang-Kendal Cluster

Summary

Semarang City and Kendal District are both situated on the northern coast of Central Java, while Semarang District is located south of Semarang. Semarang City has a population of around 1.6 million people, while Kendal District and Semarang District each has around 900,000 people. PDAM Kota Semarang has 134,600 connections and is the largest in Central Java, but with 56% coverage there is still an opportunity to expand services. This PDAM also has an NRW above 50% and high energy costs, forcing it to focus on a reduction plan for both in the near future. The current problem in the sanitation sector is related to the high population density and people's perspectives on improved hygiene behavior. All cities already have water and sanitation working groups (Pokja-AMPL) to develop citywide sanitation strategy and Regional Action Plans, which are expected to support increased access to improved sanitation services.



Site Selection Activities

The IUWASH site selection was done through a socialization program with heads of districts, followed by an assessment at the related institutions. Semarang City and Kendal District were selected because they met IUWASH requirements for both sanitation and water supply. Due to its poor score in sanitation, Semarang District has only been selected for support with its water supply program. PDAM Kab Semarang has a good opportunity to develop rapidly, with a strong managing director and a motivated management team. IUWASH support for the sanitation sector will be reviewed again in the following year.



An FGD with the Pokja AMPL for Semarang City to develop its Regional Action Plan was held in IUWASH office.

Priority Program

- PDAM Kab Semarang district has already signed a microcredit MOU with BRI. This will be the first location to implement the microcredit program.
- Semarang City and Kendal District will receive TA to prepare Regional Action Plans for Water Supply and Sanitation, through workshops and a series of FGDs.
- Because the Pokja-AMPL in Kendal District has just been formed, it will need technical assistance for institutional strengthening.
- IUWASH will also provide support on developing community-based sanitation system and sludge management in all locations.

Plan for Next Quarter

- Conduct energy audit of PDAMs for Semarang City and Kendal District
- Conduct Customer Satisfaction Survey in collaboration with PDAMs of Semarang and Kendal Districts
- Monitor achievement of target business plan debt restructuring in PDAM for Semarang District
- FGD on Regional Action Plan for Water Supply and Sanitation in Semarang City and Kendal District
- Training Institutional Strengthening for Pokja AMPL in Kendal District
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations
- Start pilot program on communal septic tanks in Kendal and Semarang

Partners Coordination

Coordination mainly focused on discussing program priorities of IUWASH, preparing partnership agreements, and plans for IUWASH project launch events.

Other activities included meetings with the PDAMs of Semarang City, Semarang District and Kendal District in order to leverage potential support for the water sector program.

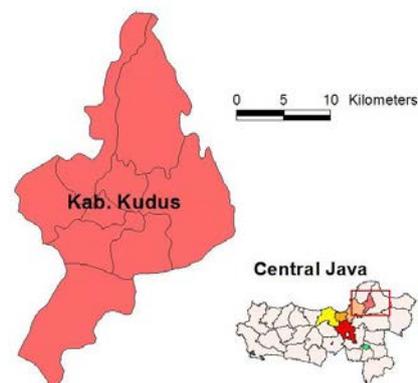
Other Highlights

- Prepared Customer Satisfaction Survey of PDAM for Semarang and Kendal Districts
- Conducted microcredit socialization and facilitated PDAM and local bank (BRI) to develop MOU
- Conducted Workshop on developing RAD for Water Supply and Sanitation in Semarang City and Kendal District

CENTRAL JAVA, Kudus Cluster

Summary

Kudus District is located 50 km east of Semarang City and has a population of around 800,000. The main problem for water supply is the low level of access, with service coverage of only 17%, combined with water losses of 36%. PDAM is also facing a problem of lack of raw water availability and high operational costs, since its main production units are deep wells. Kudus District Penda expressed strong commitment to increasing water supply access. Kudus already has a water and sanitation working group (Pokja-AMPL) to develop a citywide sanitation strategy and a Regional Action Plan (RAD), which will support increased access to improved sanitation services. Since Pokja AMPL has just been formed, technical assistance from IUWASH is needed to develop the RAD.



Site Selection Activities

The IUWASH site selection of this cluster was conducted through a socialization program with heads of districts, followed by assessments of related institutions. Kudus District was selected since it met the IUWASH requirements for both sanitation and water supply.

The PDAM of Kudus District has the capacity to expand its services based on a director with an entrepreneurial background and a strong management team. On sanitation, Bappeda has a strong commitment to improve services to the public.



Workshop on Regional Action Plan for Kudus District, facilitated by IUWASH.

Priority Program

- To develop a comprehensive Corporate Plan, a Customer Satisfaction Survey needs to be done first. This survey will be useful in giving a clear picture of PDAM weaknesses in service delivery in the eyes of customer.
- Kudus District plans to develop an RAD for Water Supply and Sanitation through workshops and a series of FGDs.
- Because the Pokja-AMPL for Kudus District has no experience in developing RAD, it needs technical assistance from IUWASH to support this process.
- IUWASH will also provide support in developing community-based sanitation systems.

Plan for Next Quarter

- Conduct energy audit in PDAM for Kudus District
- Conduct Customer Satisfaction Survey in collaboration with PDAM for Kudus District
- Sign microcredit agreement between PDAM and BRI and conduct training
- FGD on Regional Action Plan for Water Supply and Sanitation
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations

Partners Coordination

The main activity in this period was coordination with government institutions. The coordination mainly focused on discussing program priorities of IUWASH, preparing partnership agreements, and plans for IUWASH project launch events.

Another partner coordination activity was a meeting with the PDAM of Kudus District to leverage potential support on water sector program.

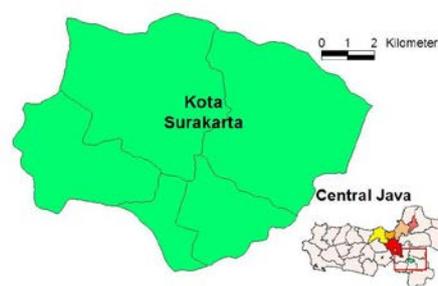
Other Highlights

- Prepared Customer Satisfaction Survey on PDAM for Kudus District
- Conducted microcredit socialization and facilitated PDAM and local BRI bank to develop MOU
- Initiated RAD for Water Supply and Sanitation through workshop in September

CENTRAL JAVA, Surakarta Cluster

Summary

Surakarta City is located 100 km southeast of Semarang City and has a population of 500,000. PDAM Surakarta needs to improve its technical and management capacity because it has high water loss (36%) and high production costs. IUWASH was requested to assist PDAM Surakarta by monitoring its business plan to achieve its annual target. IUWASH was also requested to assist PDAM Surakarta in obtaining alternative financing to build 300 lps WTP in Semanggi, with 6,000 new customers. The current problem in the sanitation sector relates to the high population density and people's perspectives on improved hygiene behavior. Surakarta already has a water and sanitation working group (Pokja-AMPL) and already has a citywide sanitation strategy (SSK) document.



Site Selection Activities

IUWASH site selection for this cluster was conducted through meetings and assessments with the Pemda and PDAM management. Surakarta City was selected because it met the IUWASH requirements for both sanitation and water supply.

The PDAM for Surakarta has ambitious plans to expand its production capacity and has requested IUWASH support in this, as well as in restructuring the PDAM's debt. Besides water supply, the PDAM also operates a sewerage system, with substantial potential to increase customers and operational efficiency. On urban sanitation aspects, Bappeda has a strong commitment to improve public services.



Socialization of IUWASH program: presentation at Bappeda office in Surakarta.

Priority Programs

- The sanitation baseline survey is intended to identify potential customers as well as to understand why there is only around 30% billing efficiency in sewerage services.
- To avoid failure in achieving the target under the debt restructuring program, IUWASH will assist PDAM with a monitoring program.
- IUWASH will also provide support on developing community-based sanitation system and sludge management.

Plan for Next Quarter

- Conduct baseline survey to identify potential customers (including a customer satisfaction survey) for sewerage connections
- Monitoring achievement of target business plan for debt restructuring
- Engage in advocacy with government and private sector to develop concern and action to support good sanitation for poor community
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations
- Support PDAM in obtaining long-term finance for system expansion

Partners Coordination

Coordination focused on discussing program priorities supported by IUWASH, and preparing PAs

IUWASH met the PDAM for Surakarta City to leverage potential support on water sector and sewerage program

Other Highlights

- Preparation of baseline survey to conduct mapping on potential customers for sewerage connections



Summary of City / District Profiles For East Java Region



Gresik District

With total population of 1,177,201, Gresik District has already established a Sanitation Working Group and plans to start this year to prepare the SSK and White Book through PPSP and IUWASH support to improve their sanitation conditions. Water Utility (PDAM) of Gresik District has coverage of 26% of the urban population and is planning to increase production capacity and service coverage through public-private partnerships. Notably, a feasibility study was prepared by potential investor and the PDAM requests IUWASH to further support the procurement process.

Mojokerto District

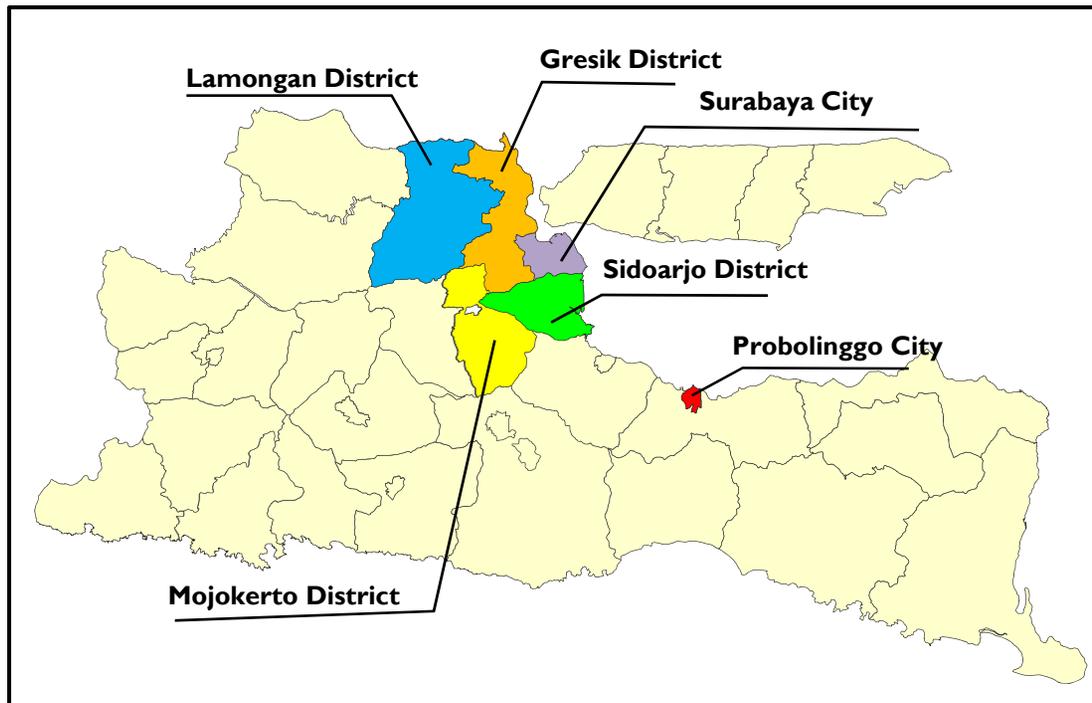
Mojokerto is committed to the improvement of water supply and sanitation services to meet the needs of its population of 1,097,409 people. The Water Utility (PDAM) (which has a service coverage of 66%) is planning to buy bulk water from PDAB to bolster their capacity, requiring IUWASH assistance to prepare the feasibility analysis and calculate the cost-benefit ratio. PDAB will build a WTP with a capacity of 500 l/sec and has signed an MOU with the PDAM. Also, the Local Government has established Sanitation Working Group, which commenced the preparation of the CSS and White Book.

Probolinggo City

With a population 216,967 people, Probolinggo is working to improve water and sanitation services. Concerning sanitation, the city is the first among 5 selected districts to complete an SSK and White Book. Further, the local government's commitment is demonstrated by its budget allocation for sanitation in the APBD, an important step as the government seeks to reduce the high rates of open defecation prevalent in slum areas. Regarding water supply, tariffs have reached cost recovery, but coverage remains low (36%) and NRW high.

Sidoarjo District

Piped water supply coverage of Sidoarjo (population 1,945,252) is about 23%. The water quality of Kali Pelayaran, one of the raw water sources for the Water Utility (PDAM), is declining due to the continued disposal of untreated human waste. Thus, improvement of sanitation and behavior change is paramount to protect PDAM raw water quality. While the PDAM has performed well in recent years, investment is required to bolster production capacity. IUWASH can provide valuable assistance in this regard by conducting cost-benefit analysis for investment plans for the proposed Umbulan Springs project as well as assisting in tariff adjustments.



Lamongan District

With a population of 1,179,770 people, Lamongan is committed to increase access to water supply by revising the Lamongan Water Utility's (PDAM) Business Plan for Debt Restructuring. The PDAM currently has low service coverage (6%) as well as a tariff rate below cost recovery. Concerning sanitation, the Local Government established an AMPL Working Group in 2010, and will begin to prepare a CSS and White Book this year. While funds were allocated from the district's budget for sanitation programs in 2011, additional funds will undoubtedly be required to meet sanitation targets in the years ahead.

Section 4.4.

EAST JAVA

Summary:

With a population of 37,476,757 (per preliminary BPS data for 2010), East Java is the second most populous province in Indonesia. Located on the eastern part of the island of Java, it includes the neighboring islands of Madura, the Kangean and Sapudi groups to the east, and the Bawean and the Masalembu Islands to the north. The total land area of the province is 47,800 km², and administratively, it is divided into 29 districts (*kabupaten*) and 9 cities (*kotamadya*).



IUWASH began working in the region in May 2011, meeting with a wide range of provincial and local government leaders and conducting numerous district-level assessments of water supply and sanitation conditions, and importantly, gauging the extent of local government commitment to address sector deficiencies. These assessments led to the selection of six districts as IUWASH target areas beginning in PY1. These include the districts of Gresik, Lamongan, Mojokerto, Probolinggo, Sidoarjo, and Surabaya (see Regional Map for further information).

From the assessment exercises conducted, this IUWASH Region faces several important challenges in meeting the urban water supply and sanitation needs of its population. These can be summarized as follows:

- **Urban water supply:** Though conditions among municipalities vary considerably, some common themes include: low rates of coverage; declining or threatened availability of raw water; low rates of cost recovery; high rates of NRW (which serves as an indicator of overall water supply system performance); and importantly, constrained financial capability necessary for improving system performance and expanding coverage. Key sector data for IUWASH target areas based on data made available during the course of assessments are provided in Table 16:

Table 16: Key Water Supply Data in Regional IUWASH Target Areas

No	Parameter	Gresik District	Lamongan District	Mojokerto District	Probolinggo District	Sidoarjo District	Surabaya District
1	Productive Capacity (lps)	660	141	110	345	861	N/A
2	Non-Revenue Water (%)	28.00	35.60	30	40.60	26.00	N/A
3	No. of Piped Connections	65,459	14,652	12,117	15,781	91,945	N/A
4	Total Coverage (%)	26.80	6.20	2.70	36.70	23.40	N/A
5	Tariff (Rp)	2,521	2,657	2,104	2,332	4,894	N/A
6	Staff/1,000 Connections	3.9	7.3	10.2	4.6	5.0	N/A

- **Urban sanitation:** Urban sanitation conditions also vary considerably among IUWASH target areas. Common themes include: generally low levels of access to improved sanitation facilities; high rates of open defecation which result from such lack of access; poor septage management practices; and a fragmented institutional environment to address these important areas. Not surprisingly, inadequate sanitation is especially pronounced among the province's urban poor, many of whom

live in densely-populated slum areas. Key sector data for IUWASH target areas based on data made available during the course of assessments are provided in Table 17.

Table 17: Key Sanitation Data in Regional IUWASH Target Areas

No	Parameter	Gresik District	Lamongan District	Mojokerto District	Probolinggo City	Sidoarjo District	Surabaya District
1	Sewerage System Connections	—	—	—	—	√	N/A
2	Sanitation Working Group (existence)	√	√	√	√	√	N/A
3	Citywide Sanitation Plan	—	—	—	√	—	N/A

Following the local level assessment and site selection work discussed above, the major portion of which was completed in the first quarter of PY1, IUWASH engaged in a number of activities in the second and last quarter of PY1. These activities included:

- Development of PAs with all local governments, which have undergone thorough legal reviews and are expected to be signed in October.
- Implementation of a Customer Satisfaction Survey (CSS) for the PDAM of Lamongan District. This PDAM is currently preparing its business plan, and the customer satisfaction survey is a key element of that process. Based on formal bidding procedures, this will be implemented by a local non-profit NGO, Prakarsa, and the provincial PDAM will also contribute by assisting with training for enumerators and supervisory personnel.
- Socialization of microcredit for water supply with Mojokerto PDAM. This has involved several briefings on microcredit, as well as the facilitation of relations between the PDAM and the local branch of BRI. An MOU to formalize their collaboration is now being prepared.
- Initial review of potential for a Public Private Partnership (PPP) in support of increased raw water availability, for:
 - Mojokerto PDAM with Perusahaan Daerah Air Bersih (PDAB). In addition to an overall review of the feasibility of the proposed PPP, IUWASH is analyzing various PPP models to advise which may be most appropriate.
 - Gresik PDAM, where existing production capacity is insufficient to serve its customers (meaning that the system cannot supply water 24 hours, and must instead serve customers by rotation). Possible PPP partners to increase the service include PT. Petro Gresik and PDAB East Java Province.
- Identification of needs related to community-based sanitation (CBS) in Sidoarjo District. Raw water for the Sidoarjo PDAM is taken from Pelayaran River. The quality of this water is in severe decline due to poor sanitation practices of communities along the river basin, including very high rates of open defecation. IUWASH is presently focused on identifying possible solutions, including support for STBM/CLTS in the area.
- The development of a community-based sanitation program (CBS/STBM) for Probolinggo City. As a city, the percentage of the population practicing open defecation in Probolinggo is still high (as much as 30%). IUWASH is providing assistance to the local government through the Pokja AMPL (Sanitation Working Group) to develop a more robust STBM program, and is also assisting in identifying targeted areas.

Though subject to the finalization and approval of the PY2 Work Plan, in the next quarter, IUWASH work in the Region will focus on implementation of those activities identified above, including:

- Completion of all PAs with target locations.
- Facilitation with local governments and PDAMs in all target areas regarding the potential development of a master meter scheme.
- Review and possible preparation of a grant program aimed at the development of communal sanitation facilities in Sidoarjo District and Probolinggo City.
- Facilitation of the work of the Sanitation Working Group in the districts of Lamongan and Mojokerto in support of the preparation of documents required for their application for PPSP support.
- Facilitation with all local governments through discussions and serial workshops for the development of improved sector policies and regulations, including those directly related to citizen engagement.
- Completion of all remaining staff recruitment.

Key Upcoming Events

Key events planned for the coming quarter in the Region are detailed in the following table:

Event Title	Date	Type of Event	Venue
Signing of Partnership Agreement and IUWASH Program Launching	Oct. 2011	Workshop	Provincial Government Office, Surabaya
Serial FGDs with communities and government stakeholders for STBM program implementation	Oct-Dec. 2011	FGD	Sidoarjo District and Probolinggo City
Public Consultation for Sanitation Development Program in Sidoarjo District	End of Oct. 2011	Workshop	Sidoarjo District
Training for development of SOP for PDAM	Nov. 2011	Training	PDAM Lamongan and PDAM Probolinggo
Workshop on PDAM Corporate Planning	Dec. 2011	Workshop	PDAM Probolinggo

Cluster reports

IUWASH understands that the key to achieving the results it targets lies in the successful implementation of activities at the local level. In order to better describe and track the project's activities and progress in each target location, IUWASH has developed cluster reports (one page each), which are introduced in this report. In addition to serving to improve project management, they are designed to better share information with the project's many local stakeholders, as well as national GoI partners, concerned donor organizations and other interested parties. Since they are in the initial stages of development, they will be refined and improved in subsequent quarterly reports.

In the case of East Java, there are four clusters, each of which is described in greater detail in the following pages. They include:

- *Gresik-Lamongan Cluster*
- *Sidoarjo-Surabaya Cluster*
- *Mojokerto Cluster*
- *Probolinggo Cluster*

EAST JAVA, Gresik-Lamongan Cluster

Summary

Gresik and Lamongan are neighboring districts on the northern coast of East Java. The districts have similar population sizes, at around 1.2 million for Gresik and 1.4 million for Lamongan. The main problem for water supply is low access to improved water supply facilities. The PDAM service coverage in Gresik District is 29.9%, while in Lamongan District it is much lower, at 16%. Both local governments have a strong commitment to increase water supply access. The current problem in the sanitation sector is related to a high population density and people's perspectives on improved hygiene behavior. Sanitation facilities in both districts have generally not improved yet, without proper septic tanks. Both districts already have sanitation working groups to develop citywide sanitation strategy, which will support increased access to improved sanitation services.



Site Selection Activities

The IUWASH site selection of this cluster was conducted through a socialization program with heads of districts, followed by data collection at institutions working in these sectors. The PDAM for Gresik District needs support in finding alternative financing to expand its services, which require a tariff adjustment to meet its financial needs. Lamongan District is facing a similar challenge. Besides finding alternative financing, Lamongan also needs to improve its technical and management support because it still has a high NRW (30%). In the sanitation sector, both districts need support to strengthen their Sanitation Working Groups and develop citywide sanitation strategy. However, since Gresik District is already part of the Urban Sanitation Acceleration Project (PPSP), it will continue working with the MPW and Bappenas, while IUWASH will support Lamongan District. IUWASH will also provide support on developing community-based sanitation system, sludge management and the city sewerage system.



Discussion with the Local Government and the PDAM of Lamongan District about IUWASH's planned facilitation in Lamongan District.

Priority Program

Gresik City:

1. Public Private Partnership
2. Increased technical, management and financial performance of PDAM
3. Tariff adjustment and monitoring of debt restructuring
4. Policy strengthening for water and sanitation planning
5. Capacity building of LG officers in water and sanitation budgeting (long-term financing)
6. Improving water and sanitation services in settlement areas along the coast
7. Increasing citizen participation in water and sanitation program
8. PDAM raw water study
9. Environmental Health Campaign including STBM, Health and Hygiene

Lamongan City:

1. Increased technical, management and financial performance of PDAM
2. Microcredit for safe water and sanitation services
3. Support Pokja STBM in implementing PPSP program
4. Policy support for water and sanitation sectors
5. Capacity building of LG officers in water and sanitation budgeting (long-term financing)
6. Promotion of STBM program
7. Increased citizen participation in water and sanitation program

Plan for Next Quarter

- Conduct feasibility study for potential PPP between Water Utility of Gresik District and PDAB East Java Province for a potential capacity of 200 lps
- Conduct Customer Satisfaction Survey with PDAM in Lamongan District
- Support Sanitation Working Group to initiate development of citywide sanitation strategy for Lamongan and Mojokerto Districts
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations
- Identify BCC/STBM detailed capacity building and promotion needs
- Commence PDAM tariff adjustment program (Lamongan and Gresik)

Partners Coordination

Coordination mainly focused on discussing program priorities of IUWASH and plans for IUWASH project launch events.

Another partner coordination activity was meeting the PDAM of Gresik District and several private sector parties (PT Petro Gresik and PDAB Provinsi Jatim) to leverage potential support for the water sector program.

Other Highlights

- Prepared Customer Satisfaction Survey for PDAM for Lamongan District, implemented with cost sharing from the PDAM ;
- Supported Pemda of Gresik District in implementing STBM program through ODF (Open Defecation Free) campaign
- Prepared tariff adjustment and financial projection for business plan and debt restructuring program in Lamongan

EAST JAVA, Mojokerto Cluster

Summary

Mojokerto District is split into two parts by the Brantas river and has a population of around 1.1 million people. The PDAM covers four out of 14 subdistricts, reaching about 20% of the total population. The main problem for water supply is low access to improved water supply facilities. The program priority in PDAM Mojokerto is increasing the production capacity through a PPP with PDAB East Java Province. The planned additional production capacity is 500 lps.

The current problems in sanitation are related to people's perceptions on improved hygiene behavior. Sanitation facilities in this district are generally not improved without proper septic tanks. The government has already established a sanitation working group to develop a citywide sanitation strategy, which will support increased access to improved sanitation services. Since the local government is not yet part of PPSP, IUWASH will support it in the preparation of documents required for the application to join PPSP in 2013.



Site Selection Activities

The IUWASH site selection of this cluster were conducted through a socialization program with heads of districts, followed by data collection at related institutions. The PDAM for Mojokerto needs support in finding alternative financing to expand its services, requiring tariff adjustments to meet its financial capacity. IUWASH will facilitate the preparation of a Feasibility Study for the PPP program with PDAB, a Provincial Water Utility. IUWASH is also introducing microcredit for a water supply connection to PDAM Mojokerto. In the sanitation sector, Mojokerto needs support to strengthening its Sanitation Working Group to develop a citywide sanitation strategy. IUWASH will also provide support on developing community-based sanitation system, sludge management, and a city sewerage system.



Coordination meeting on microcredit program for water supply connection in PDAM Mojokerto.

Priority Program

1. Public Private Partnership
2. Increased technical, management and financial PDAM performance
3. PDAM Raw Water Study
4. Microcredit for safe water and sanitation services
5. Support Pokja AMPL with development of citywide sanitation strategy
6. Policy support for water and sanitation sectors
7. Capacity building of LG officers in budgeting of water and sanitation program (including long-term financing)
8. Promotion of STBM program
9. Increase citizen participation in water and sanitation program

Plan for Next Quarter

- Conduct feasibility study for potential PPP between PDAM Mojokerto and PDAB East Java Province with a capacity of 500 lps
- Commence Raw Water Vulnerability Assessment
- Support Sanitation Working Group to initiate process of developing a citywide sanitation strategy
- Facilitate in the preparation of an MOU between PDAM Mojokerto and BRI for a microcredit program
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations
- Identify BCC/STBM detailed capacity building and promotion needs

Partners Coordination

- Coordination mainly focused on discussing program priorities of IUWASH and plans for IUWASH project launch events.
- IUWASH supported a meeting of PDAM Mojokerto and PDAB East Java Province to leverage potential support for a water sector program supported by the private sector.
- IUWASH arranged introduction of a microcredit program to the PDAM and BRI, and a Partnership Agreement is now in preparation

Other Highlights

- Support the preparation of a Feasibility Study for a PPP on water supply
- Facilitate the promotion of microcredit for water supply connections
- Facilitate the Sanitation Working Group to prepare the documents required for joining the PPSP program in 2013

EAST JAVA, Sidoarjo-Surabaya Cluster

Summary

Sidoarjo District and Surabaya City are neighboring cities. Sidoarjo District is a supporting district to Surabaya District, with most of its population working in Surabaya. The PDAM coverage area in Surabaya is about 70%, while in Sidoarjo it is still low, at 33%. The main problem in Sidoarjo recently has been the quality of the raw water source for PDAM, which is declining because most of the population lives along the river basin and defecates along the river.

Fish cages placed along the river are also polluting the water. Surabaya has many slum areas that need to be improved. The main problem in this city is urbanization. Many people live in illegal areas with minimum water and sanitation infrastructure.



Site Selection Activities

The IUWASH site selection of this cluster was conducted through a socialization program with heads of districts, followed by data collection with related institutions. PDAM Sidoarjo needs support in improving its raw water source, in conjunction with the improvement of community sanitation along the river. Opportunities were also identified for further promotion of microcredit, along with some potential areas for implementing the master meter scheme.

A detailed program for supporting the Surabaya Pemda and PDAM was not determined since IUWASH has not yet received a commitment from the Surabaya Pemda. PDAM Surabaya has shown interest in increasing its microcredit customers and introducing a master meter scheme for the poor.

Priority Program

Sidoarjo District:

1. Increase access to safe water and improved sanitation
2. Public Private Partnership
3. Increase technical, management and financial performance of PDAM
4. PDAM creditworthiness
5. Microcredit for safe water and sanitation services
6. Policy support for water and sanitation sectors
7. Capacity building of LG officers in budgeting of water and sanitation program (including long-term financing)
8. Promotion of STBM program
9. Increase citizen participation in water and sanitation program

Surabaya City:

No formal agreement or work plan has been developed yet with the Surabaya Pemda or PDAM; this will be completed in October 2011.

Plan for Next Quarter

- Planning and implementation of master meter scheme in Sidoarjo and Surabaya
- Working with Sanitation Working Group to initiate STBM program and public consultation for sanitation development in Sidoarjo
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations
- Introduce PDAM creditworthiness program and criteria
- Preparation for billing and accounting system for PDAM Sidoarjo
- Preparation of local workshop on need to increase advocacy and financing to improve water and sanitation access



FGD on microcredit program – identification of effective communication tools for microcredit for water supply connections.

Partners Coordination

- Coordination mainly focused on discussing program priorities of IUWASH and plans for IUWASH project launch events.
- Another partner coordination activity was a meeting arranged by IUWASH with PDAM Sidoarjo and BRI to improve the microcredit program.

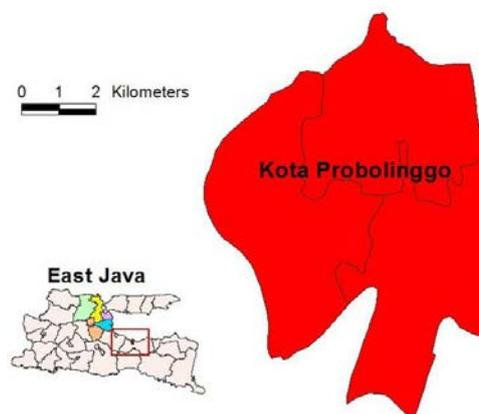
Other Highlights

- Coordination meeting among BRI, PDAM and IUWASH on expanding microcredit services for water supply connections in Sidoarjo
- FGD at community level in Sidoarjo and Surabaya on the previous microcredit program
- Initial survey to identify areas for implementation of ODF program
- Attending Surabaya LG meeting on Sanitation Master Plan

EAST JAVA, Probolinggo Cluster

Summary

The city of Probolinggo (total population 216,967) has problems with both water supply and sanitation services. The PDAM tariff is already at Full cost Recovery, but coverage is still low (36%) and water losses are high (>40%). Although Probolinggo is a coastal area, and most of the ground water is salty, people are not yet interested in having a PDAM connection because they are not aware of the importance of safe water for their health. Probolinggo LG is showing a strong commitment to improve urban sanitation, as shown by its local budget allocation for sanitation. Most of the population living in slum areas is still practicing Open Defecation (up to 65% in some areas). Probolinggo is part of the PPSP program facilitated by the central government.



Site Selection Activities

The IUWASH site selection of this cluster was conducted through a socialization program with heads of districts, followed by data collection with relevant institutions. The PDAM and Pemda, especially the Sanitation Working Group of Probolinggo City, need support in the promotion of behavior change to use safe water and the ODF program. IUWASH will provide support on developing community-based sanitation and possibly an integrated sludge management system.



Around 65% of the population in this area still practices Open Defecation.

Priority Program

1. Increase access to safe water and improved sanitation
2. Increase PDAM's technical, management and financial performance
3. Microcredit for safe water and sanitation services
4. Policy support for water and sanitation sectors
5. Capacity building of LG officers in budgeting water and sanitation program (including long-term financing)
6. Promotion of STBM program
7. Increase citizen participation in water and sanitation program

Plan for Next Quarter

- Initial survey to identify potential area for STBM program
- Coordinate with PDAM to expand access to water supply system
- Mapping government stakeholders and other institutions, and collecting baseline information on water and sanitation policies and budget allocations
- Preparation of billing and accounting system for PDAM Probolinggo
- Preparation of local workshop on need for increased advocacy and financing to improve water and sanitation access

Partners Coordination

Coordination mainly focused on discussing program priorities of IUWASH and plans for IUWASH project launch events.

Other Highlights

- Coordination with Health Office on planning STBM program implementation
- Preparation of Behavior Change Communication program and tools
- Discussion with PDAM on preparation of SOP



Summary of City / District Profiles for South Sulawesi, Ambon, and Jayapura



Makassar City

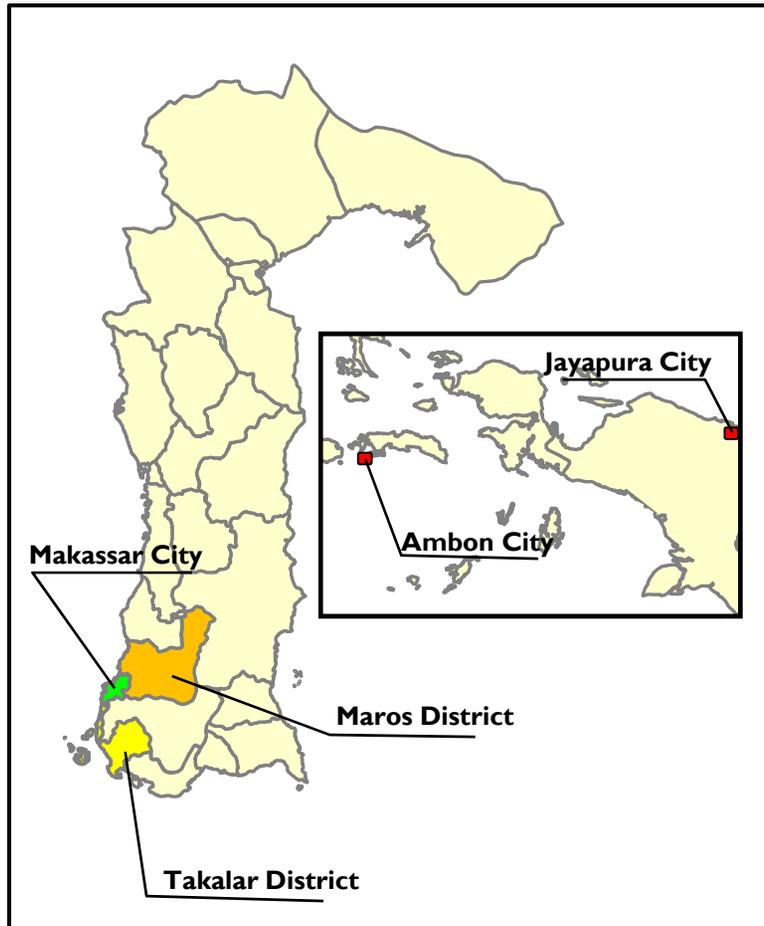
Makassar has the largest population (1,339,374) in what is known as the Mamminasata Metropolitan Area. Its water service provider has a total of 150,924 connections. Scheduled to end Dec. 2011, the Water Utility (PDAM) of Makassar City has been receiving support from JICA in Master Plan development, feasibility studies for priority projects, NRW reduction, etc. The City has expressed special interest in PPP development for water supply. The City has also established a Sanitation Working Group (*Pokja AMPL*) and is interested in accelerating program implementation.

Maros District

The population of Maros District is 318,238. The area's Water Utility (PDAM) has a total of 9,397 piped water connections (or about 15,2% of the total population). The PDAM has been receiving support from JICA in NRW reduction, financial system development, GIS, and water quality monitoring. In sanitation, the open defecation is still high, especially along river bank and coastal areas. They have a plan for communal wastewater treatment in low income areas. A Sanitation Working Group has been established, but requires strengthening.

Takalar District

The population of this district is 269,172, and the number of Water Utility (PDAM) connections is 4,122 (covering 14,8% of the population). The PDAM has received support from JICA on NRW reduction, financial system development, GIS, and water quality monitoring. The PDAM hopes IUWASH will support additional technical and management training. In sanitation, open defecation remains high. They have a plan for wastewater treatment in low income areas. A Sanitation Working Group has been established, but requires strengthening.



Ambon City

The population of Ambon city is 330,355. The PDAM coverage is 13,1% with total connections of 8,675 connection. This low connection rate is due to a lack of raw water sources. In sanitation, the local government has leveraged funds from the central government of Rp. 800 Million and Rp. 2 Billion in grant funds from AusAid to develop 2 units each of MCK++ and communal septic systems. The city already has a White Book and City of Sanitation Strategic plan (SSK). This SSK serves as a guide for the preparation of RPJM (middle-term of city development plan).

Jayapura City/ District

With 27,027 piped connections, water supply coverage in Jayapura is about 50,6% of the total population of 261,776. They still have very high rates of NRW. A Sanitation Working Group (*Pokja AMPL*) has been established and is considered as very active. Through collaboration with UNICEF, the City Government has built latrines in schools and MCK++ for 100 HH. Leveraged funding from the central government has amounted to Rp. 1,4 Billion in 2011 (for the construction of 2 MCK++ and communal septic systems. This program is also supported by PNPM Mandiri with an additional Rp. 350 Million.

Section 4.5.

SOUTH SULAWESI AND EASTERN INDONESIA

Summary

This IUWASH Region has the largest expanse, covering the Province of South Sulawesi, the City of Ambon in Maluku Province, and the City and District of Jayapura in Papua Province. Their combined population is approximately 8,638,147 with a total combined surface area of approximately 72,881 km². See the accompanying map for further details.



IUWASH began working in the region in June 2011, meeting with a wide range of provincial and local government leaders and conducting numerous municipal level assessments of water supply and sanitation conditions, and importantly, gauging the extent of local government commitment to address sector deficiencies. These assessments led to the selection of nine municipalities as IUWASH target areas beginning in PY1. These include the cities of Makassar, Parepare, Ambon and Jayapura, and the districts of Maros, Takalar, Jenepono, Enrekang, and Jayapura.

From the assessment exercises conducted, this IUWASH Region faces several important challenges in meeting the urban water supply and sanitation needs of its population. These can be summarized as follows:

- **Urban water supply:** Though conditions among municipalities vary considerably, some common themes include: low rates of coverage; declining or threatened availability of raw water; low rates of cost recovery; high rates of NRW (which serves as an indicator of overall water supply system performance); and importantly, constrained financial capability necessary for improving system performance and expanding coverage. Key sector data for IUWASH target areas based on data made available during the course of assessments is provided in Table 18.

Table 18: Key Water Supply Data in Regional IUWASH Target Areas

No	Parameter	Makassar City	Parepare City	Ambon City	Jayapura City	Maros District	Takalar District	Jenepono District	Enrekang District	Jayapura District
1	Productive Capacity (lps)	1,303	112	72	148	58	34	112	568	1
2	Non-Revenue Water (%)	8.70	49.70	28.10	24.40	21.90	20.20	60.40	52.10	2
3	No. of Piped Connections	140,457	9,375	7,485	16,452	6,008	5,635	8,675	27,027	3
4	Total Coverage (%)	66.20	49.30	13.70	77.00	49.40	10.7	13.10	50.60	4
5	Tariff (Rp)	3,456	3,555	2,806	3,040	1,144	4,214	5,935	3,860	5
6	Staff/1,000 Connections	5.0	10.5	8.7	7.3	8.2	10.1	11.3	6.2	6

- **Urban sanitation:** Urban sanitation conditions among the IUWASH target areas also vary considerably. Common themes include: generally low levels of access to

improved sanitation facilities; high rates of open defecation which result from such lack of access; poor septage management practices; and a fragmented institutional environment to address these important areas. Not surprisingly, inadequate sanitation is especially pronounced among the these provinces' urban poor, many of whom live in densely populated slum areas. Key sector data for IUWASH target areas based on data made available during the course of assessments is provided in Table 19.

Table 19: Key Sanitation Data in Regional IUWASH Target Areas

No	Parameter	Makassar City	Parepare City	Ambon City	Jayapura City	Maros District	Takalar District	Jenepono District	Enrekang District	Jayapura District
1	Sewerage System Connections	—	—	—	—	—	—	—	—	—
2	Citywide Sanitation Plan	√	—	—	In Process	—	—	√	√	√
3	Sanitation Working Group (existence)	√	—	√	√	—	—	√	√	√

Following the local-level assessment and site selection work discussed above, the major portion of which was completed in the first quarter of PY1, IUWASH engaged in a number of activities in the second and last quarter of PY1. These activities included:

- Assessment and subsequent addition of three new municipalities in South Sulawesi province (Parepare City, Enrekang and Jenepono Districts) following a request from the Deputy Governor of South Sulawesi to expand the IUWASH activities to areas outside of the Mamminasata area (which comprises Makassar, Maros, etc.).
- Drafting of PAs with all locations, and the signing of such agreements in formal project launch events in Ambon and Jayapura. Following final reviews by the legal departments of the remaining municipalities, all agreements are expected to be signed in late October or early November.
- Initiation of assistance related to the development of citywide sanitation strategies in several areas, which is being conducted in close coordination with the MPW-led PPSP program.
- Initiation of assessment of PDAM performance and support to the Pokja AMPL of Jayapura and Ambon.

Though subject to the finalization and approval of the PY2 Work Plan, in the next quarter, IUWASH work in the Region will focus on implementation of those activities identified above, including:

- Completion of all PAs with targeted municipalities.
- Completion of all remaining staff recruitment.
- Initiation of formal PDAM capacity building activities.
- Support for raw water assessments for the PDAM of Enrekang District.
- Support the Pokja AMPL in all IUWASH cities on development of citywide sanitation strategic plans where approved by the PPSP.
- Assessment of government sector policies and identification of areas where improvement is needed.

Key Upcoming Events

Key events planned for the coming quarter in the Region are detailed in the following table:

Event Title	Date	Type of Event	Venue
Signing of Partnership Agreement and IUWASH Program Launching for South Sulawesi Province	Week 3 of Oct. 2011	Workshop	Provincial Government Office, Makassar
Serial FGDs with communities and government stakeholders for STBM program implementation	Week 1 of Oct. 2011	FGD	Jenepono District
FGD with Pokja AMPL	24-27 Oct. 2011	Workshop	Jayapura City and District
Workshop on raw water potential, related to climate change issues	10-19 Oct. 2011	Training & Survey	Districts of Enrekang and Jenepono, Parepare City,
Assessment of NGOs, potential partners, SMEs, Communal Septic tanks, and Pokja AMPL	4-7 Oct. 2011	FGD	Ambon City

Cluster reports

IUWASH understands that the key to achieving the results it targets lies in the successful implementation of activities at the local level. In order to better describe and track the project's activities and progress in each target location, IUWASH has developed cluster reports (one page each), which are introduced in this report. In addition to serving to improve project management, they are designed to better share information with the project's many local stakeholders, as well as national GoI partners, concerned donor organizations and other interested parties. Since they are in the initial stages of development, they will be refined and improved in subsequent quarterly reports.

In this Region, there are four clusters, each of which is described in greater detail in the following pages. They include:

- *Makassar-Maros-Takalar Cluster*
- *Parepare-Enrekang-Jenepono Cluster*
- *Ambon Cluster*
- *Jayapura Cluster*

SOUTH SULAWESI/Eastern Indonesia, Makassar-Maros-Takalar Cluster

Summary

Makassar City has the biggest population in the Mamminasata Metropolitan Area (1,339,374 people), while Takalar and Maros Districts have populations of around 300,000. The total service coverage of the PDAMs in these cities varies from 14% to 62%, and they face problems due to a shortage of raw water. Several donors have supported the Pemda here, but some of them are now ending their support, and there is strong demand from the Pemda in these cities to provide support in the water and sanitation sector.

In the sanitation sector, the Pokja AMPL in the three cities already have several donors and development projects involved in accelerating sanitation program implementation, so IUWASH will focus only on activities that complement existing programs supported by other donors.

Site Selection Activities

The IUWASH site selection in this cluster involved high-level meetings followed by data collection. It was found that the PDAMs require continuity of capacity building activities after JICA finishes its support in December 2012.

In the sanitation sector, all cities already have a Sanitation Working Group/Pokja AMPL. Maros District will receive support from PPSP in developing a Citywide Sanitation Strategic Plan (CSS) and Makassar City will be supported by IUWASH in reviewing its CSS. IUWASH has been requested to support development of a community-based sanitation system, sludge management, and a city sewerage system, and to coordinate its program with the Sanitation Working Group/Pokja AMPL and NGOs/stakeholders working in the sanitation sector.

Priority Program

Makassar, Maros, Takalar:

1. Increase access to safe water and improved sanitation
2. Support Local Government to receive technical assistant from PPSP program on development of citywide sanitation strategic plan
3. Policy support for water and sanitation sectors
4. Obtain financing support for water and sanitation sectors
5. Promotion of STBM program
6. Increase citizen participation in water and sanitation program
7. Microcredit for safe water and sanitation services (Maros)

Plan for Next Quarter

- Assess sanitation conditions and current STBM program activities, and commence behavior change programs
- Finalize baseline of PDAM PI and checklist on local policies and budget allocations of Local Government
- Review and update existing CSS for Makassar, which was done under MSMHP
- Facilitate Pokja Sanitation in Maros with development of Citywide Sanitation Strategy and Sanitation White Book
- Capacity building through technical, administration and financial training to PDAM Makassar, including tariff adjustments and financial projections for business plan and debt restructuring program



IUWASH Chief of Party (right) meeting with Takalar District Head and SKPD Head on water and sanitation in Rujab, Takalar.

Partners Coordination

Coordination mainly focused on discussing program priorities of IUWASH and plans for IUWASH project launch events.

Another partner coordination activity was meeting with Water SMS Makassar, MSMHP, and several private companies (PT Coca-Cola, PT Semen Tonasa) to leverage potential support for the water and sanitation sector program.

Other Highlights

- Microcredit for water and sanitation socialization in Makassar and Takalar
- Preparing PAs for all cities and holding discussions to determine program priorities
- Discussions with all PDAMs in this cluster to identify the priority program for PDAM capacity building as the continuation of JICA support after December 2011

SOUTH SULAWESI-EI, Jeneponto-Parepare-Enrekang Cluster

Summary

The involvement of these three cities in the IUWASH Project followed a request from the Deputy Governor for IUWASH support to be expanded to other cities in South Sulawesi. The IUWASH assistance to these cities is timely, since they have good potential to improve the state of their water and sanitation. Enrekang has good water resources to expand coverage to the populations of both Enrekang and Parepare. Of these three cities, Jeneponto has the highest population.

In the sanitation sector, there is a poor perception among people about improving hygiene behavior. Sanitation facilities in each district are generally constructed without proper septic tanks. The Sanitation Working Group in Jeneponto was formed four years ago but is still not active. The Pokja in Parepare is receiving support from WASPOLA, so IUWASH was asked to focus its sanitation support on development of community-based sanitation.

Site Selection Activities

The IUWASH site selection process was conducted through a socialization program to heads of districts and data collection on water supply and sanitation system conditions. The site selection process found that the water supply sector needs support to increase capacity and coverage area, and PDAM staff need capacity building in technical, management and financial skills. While in the sanitation sector, the Local Governments need support to strengthen the Sanitation Working Group/Pokja AMPL to develop a Citywide Sanitation Strategy (CSS). In Jeneponto, IUWASH will support the review and updating of the existing CSS, and help prepare Jeneponto for joining the PPSP program in 2013 along with the Local Government of Enrekang.

IUWASH is also expected to support the development of a PDAM Customer Forum, community-based sanitation, sludge management, and city sewerage systems in these cities.

Priority Program

Jeneponto, Enrekang, Pare-pare Cities:

1. Increase access to safe water and improved sanitation
2. Support Local Government in receiving technical assistance from PPSP program on development of citywide sanitation strategic plan
3. Policy support for water and sanitation sectors
4. Obtain financial support for water and sanitation sectors
5. Promotion of STBM program
6. Increase citizen participation in water and sanitation programs

Other Activities

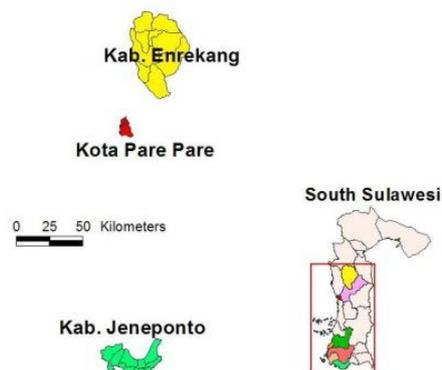
1. Support development of sanitation facilities (Jeneponto and Parepare)
2. Debt restructuring program (Enrekang and Parepare)
3. Feasibility study for Raw Water Source (Enrekang and Parepare)

Microcredit for safe water and sanitation services (Enrekang)

Plan for Next Quarter

- Assess sanitation conditions and current STBM program activities, and commence behavior change programs
- Finalize baseline for PDAM PI and checklist of Pemda local policies and budget allocations
- Conduct feasibility study on raw water available for water supply system development in Parepare and Enrekang

Provide capacity building in technical, management and financial skills to PDAM staff in Parepare and Enrekang.



Meeting with regional secretariat (Sekwilda) and all institutional heads on water and sanitation in Enrekang.

Partners Coordination

The main activity this period was coordination with government institutions, focusing on determining the program priorities, signing the MOUs, and planning IUWASH project launching events.

Other Highlights

- Baseline data surveys of existing raw water systems in Jeneponto, Parepare and Enrekang;
- Identification of existing PDAM customer and community-based forums still working in the water supply and sanitation sector.

MALUKU, Ambon Cluster

Summary

The population of Ambon city is 330,355 people. The PDAM's coverage is 30%, with a total of 8,675 PDAM connections. PT DSA is a private operator also operating in Ambon, but its coverage is currently unknown. Low connection figures are due to a lack of raw water source and lack of investment finance.

The problem in the sanitation sector is that people have a poor understanding on improved hygiene behavior. Sanitation facilities are generally improper septic tanks. The Pemda has leveraged funds from the Gol of around Rp800 million and has received Rp2 billion in funding from AusAID to develop two units each of MCK++ and Communal Septic Tanks. The city already has a White Book and Citywide Sanitation Strategic Plan (SSK), but this needs reviewing with the assistance of IUWASH.

Site Selection Activities

The IUWASH site selection of this cluster was conducted through a socialization program with the Pemda and PDAM, followed by data collection with relevant institutions. On Sept 7-8, 2011, the IUWASH program was launched and an MOU signed with the Mayor of Ambon and the Governor of Maluku. The water program is needed to support the raw water policy and improve technical and management support because Ambon has very high water losses (60%). The PDAM is also planning system expansion to the village of Paso, Baguala subdistrict, and has requested IUWASH support with the planning.

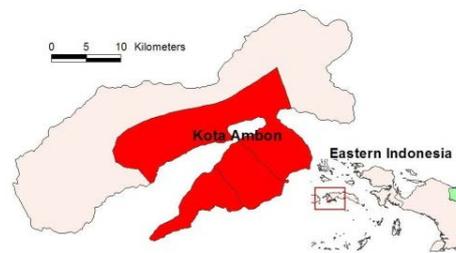
In the sanitation sector, Ambon City needs support to strengthen its Sanitation Working Group to review and upgrade its citywide sanitation strategy, and also to provide support on developing a community-based sanitation system, sludge management, and (possibly) small-scale sewerage system.

Priority Program

1. Increase access to safe water and improved sanitation
2. Increase technical, management and financial performance of PDAM
3. Microcredit for safe water and sanitation services
4. PDAM raw water study
5. Support Local Government in receiving technical assistance from PPSP program for development of citywide sanitation strategic plan
6. Policy support for water and sanitation sectors
7. Obtain financing support for water and sanitation sectors
8. Promotion of STBM program
9. Increase citizen participation in water and sanitation program

Plan for Next Quarter

- Assess sanitation conditions and current STBM program activities, and commence behavior change programs
- Finalize baseline of PDAM PI and checklist on Pemda local policies and budget allocations
- Work with Sanitation Working Group to initiate process of developing a citywide sanitation strategy for Ambon City
- Support development of policy for raw water protection
- Distribution pipeline development and increase new connections in Paso area, Ambon City



(from left) IUWASH COP, Mayor of Ambon, and Mr. Ben Stoner of USAID were speakers at the launching event in Ambon.

Partners Coordination

During this period no formal coordination with partners was conducted for Ambon City.

A brief review highlighted several partners working in the water and sanitation sectors in Ambon, including Mercy Corps, UNICEF and Save the Children.

Other Highlights

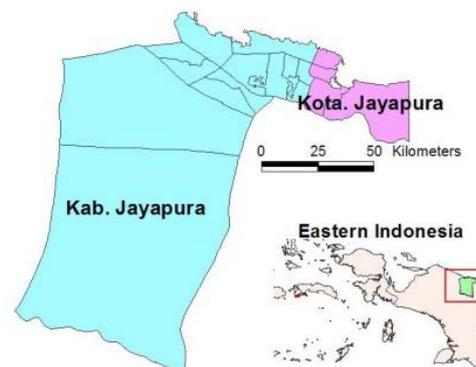
- Assessment of Pokja's current condition and preparation of review of its organizational structure
- Ambon City Pemda has a budget from AusAID to implement sanitation utilities and has sought collaboration with IUWASH to prepare the study for a small-scale sewerage system

PAPUA, Jayapura City and District Cluster

Summary

The service coverage of the PDAM for Jayapura City is about 50% of a total population of 261,776 people, with a total of 27,027 connections. The main problems include the high rate of NRW, low billing efficiency, and lack of sustainable raw water sources.

In the sanitation sector, people have a poor understanding on improved hygiene behavior and sanitation facilities have not yet improved without proper septic tanks. Both the Pokja AMPL are very active in implementing the sanitation program under the CSS plan. In collaboration with UNICEF, latrines were built in schools and MCK++ for 100 households. Leveraged fund support from the central government in the amount of Rp1.4 billion in 2011 was used to build two MCK++ units and a Communal Septic Tank. This program is also supported by PNP Mandiri, which provided an additional Rp350 million for this program.



Site Selection Activities

The IUWASH site selection for this cluster was conducted through a socialization program with the Pemda and PDAM, followed by data collection at relevant institutions. On August 15, 2011 the IUWASH program was formally launched and the MOU was signed by both the mayor and assistant I of Papua province.

The water program is needed to support capacity building for the water supply system from Lake Sentani, along with the structuring and optimization of distribution pipelines, including water loss reduction programs and distribution network mapping. In the sanitation sector, the Jayapura City and District need support to strengthen their Sanitation Working Groups and develop a citywide sanitation strategy. They also need support in developing a community-based sanitation system and assessing the condition of utilities in the community.



Papua Provincial Government, the Mayor and District Head of Jayapura, Head of Papua Province Bappeda, USAID Indonesia, and IUWASH COP after MOU signing.

Priority Program

1. Increase access to safe water and improved sanitation
2. Increase technical, management and financial performance of PDAM
3. Support Local Government review of citywide sanitation strategic plan
4. Support development of DED for waste water treatment
5. Policy support for water and sanitation sectors
6. Obtain financing support for water and sanitation sectors
7. Promotion of STBM program
8. Increase citizen participation in water and sanitation programs

Plan for Next Quarter

- Assess sanitation conditions and current STBM program activities, and commence behavior change programs
- Finalize baseline of PDAM PI and checklist on Pemda local policies and budget allocations
- Work with Sanitation Working Group to initiate review and update of city-wide sanitation strategy for Jayapura City and District.
- Plan capacity building for the water supply system from Lake Sentani together with Saker Air Minum in Jayapura
- Structure and optimize distribution pipelines, including water loss reduction programs and documentation pipelines

Partners Coordination

During this period, coordination has not been implemented with any partners in Jayapura, only with UNICEF in Jakarta. There has been agreement for Jayapura's Mayor and PDAM director to participate in KSAN.

Other Highlights

- Assessment of Pokja condition and preparing review of Pokja organizational structure

Section 5

PROJECT MONITORING & EVALUATION

INTRODUCTION

This section presents progress towards the IUWASH results and outcomes based on the indicators developed for and presented in the IUWASH Performance Monitoring Plan (PMP). The IUWASH achievements are presented under the following components:

- High-Level Results/MDG Outcomes (HR)
- Mobilize Demand for Improved Water and Sanitation Services (MD)
- Improve Capacity to Provide Sustainable Safe Water and Sanitation Services (IC)
- Create an Enabling Environment Supporting Equitable Water and Sanitation Services (EE)

The achievements under High-Level Results are the ultimate IUWASH achievements that will receive contribution from all three technical components. Under each component, each outcome is described by an indicator, including this year's target, the total target over the life of the project (LOP), and progress to date. There was limited achievement of the IUWASH PMP outcomes during this quarter since the main focus this quarter was on the establishment of the IUWASH Partnership Agreements, stakeholder meetings at central level, and development of the initial field activities of the IUWASH program. The following section provides detailed information on the progress made towards each outcome. The progress will be updated each quarter. The outcomes highlighted in yellow are outcomes that contribute to the USAID Operational Plan (USAID OP) indicators.

IUWASH PROGRESS BASED ON PMP

Period: July – September 2011

High Level Results (HR): MDG Outcomes	
HR.1. People gain access to improved water supply as a result of US Government assistance	
Indicator: Number of people in urban areas gain access to improved water supply as a result of US Government assistance	First Year Target: 0 people Total Target over the life of project: 2,000,000 people
Progress: The progress made during this quarter was to prepare the tools for baseline data collection and commence actual data collection.. There has been limited achievement under this outcome. IUWASH will continue to measure and report the achievement in the next quarter.	
HR.2. People gain access to improved sanitation services as a result of US Government assistance	
Indicator: Number of people in urban areas gain access to improved sanitation facilities as a result of US Government assistance	First Year Target: 0 people Total Target over the life of project: 200,000 people
Progress: There has been limited achievement under this outcome. IUWASH will continue to measure and report the achievement in the next quarter.	
HR.3. Per unit water cost paid by poor in targeted communities decreases by at least 20% through more participatory, transparent, and financially enabled services	
Indicator: The per unit water cost paid by the poor in targeted communities decreases by at least 20% through more participatory, transparent, accountable and financially enabled services	First Year Target: 0% Total Target over the life of project: 20%
Progress: There has been limited achievement under this outcome, IUWASH will continue to measure and report achievements in the following quarter.	
HR.4. People participated in IUWASH training activities	
Indicator: Number of people trained in IUWASH training type of activities	First Year Target: 2,000 people Total Target over the life of project: 50,000 people
Progress: <ul style="list-style-type: none"> This quarter, 417 people participated in IUWASH trainings, workshops and seminars. The average participation rate of women in IUWASH events was 31.88%. A total budget of US\$4,445 was spent on training activities this quarter. This figure represents the achievement for this Program Year. Detailed information on this achievement disaggregated by province can be found in Annex 2. 	

Component 2: Mobilize Demand for Improved Water and Sanitation Services (MD)	
MD.1 Household willing to pay for sanitation improvements	
Indicator: Number of households willing to pay for sanitation improvements	First Year Target: 0 household Total Target over the life of project: 40,000 households
<p>Progress: There has been limited qualitative achievement under this outcome. IUWASH will continue to measure the achievement in the next quarter.</p>	
MD.2 Civil society groups and/or government cadres implementing programs to mobilize improved access to safe drinking water and adequate sanitation	
Indicator: Number of civil society groups and/or government cadres implementing programs to mobilize improved access to safe drinking water and adequate sanitation	First Year Target: 0 civil society group and government cadre Total Target over the life of project: 40 civil society groups and government cadres
<p>Progress: Progress in the qualitative achievement of this outcome is limited. However, the IUWASH team has conducted the institutional assessment as the initial step toward the achievement of this outcome. Also, the RFA for increasing urban sewerage through CBOs has begun, as has CBO training in Medan. IUWASH will continue to measure the achievement in the following quarters.</p>	
MD.3. Civil society groups that report on PDAM operations or performance	
Indicator: Number of civil society groups that report on PDAM operations or performance	First Year Target: 0 civil society group Total Target over the life of project: 20 civil society groups
<p>Progress: There has been limited qualitative achievement under this outcome. IUWASH will continue to measure the achievement in the next quarter.</p>	
MD.4. Sanitation for the poor toolkit developed	
Indicator: Number of sanitation for the poor toolkit developed	First Year Target: 0 toolkit Total Target over the life of project: 1 toolkit
<p>Progress: There has been limited qualitative achievement under this outcome, except for a principal agreement to develop the toolkit in collaboration with the MPW. IUWASH will continue to measure the achievement of this outcome in the next quarter.</p>	
MD.5. Household increased adoption of improved hygiene practices	
Indicator: Percent increased of household that adopted improved health and hygiene practices	First Year Target: 0% Total Target over the life of project: 20%
<p>Progress: The progress made during in this quarter under this achievement is limited, with the IUWASH team focusing on the initial development of the baseline tools to measure this outcome.</p>	

Component 2: Improve Capacity to Provide Sustainable Safe Water and Sanitation Services (IC)

IC.1. PDAMs with improved technical, financial and management performance

Indicator: Number of PDAMs with improved technical, financial and management performance
First Year Target: 0 PDAM
Total Target over the life of project: 50 PDAMs

Progress:

There has been limited qualitative achievement under this outcome. This quarter, the IUWASH team developed the PDAM Performance Index (PI) tool to measure PDAM baseline performance before IUWASH interventions. IUWASH will present the baseline data in the next quarter.

IC.2. PDAMs in default of old debts are assisted in restructuring their outstanding debts

Indicator: Number of PDAMs in default of old debts are assisted in restructuring their outstanding debts
First Year Target: 0 PDAM
Total Target over the life of project: 20 PDAMs

Progress:

There has been limited qualitative achievement under this outcome. This quarter, the IUWASH team assessed the current status of the debt restructuring program at all PDAM partners and agreed with the MoF to develop a debt restructuring monitoring tool. PDAMs in 16 IUWASH locations will be included in next year's program. Detailed information on progress can be found in Section 2 of this report. IUWASH will continue to measure the achievement of this outcome in the next quarter.

IC.3. PDAMs with improved credit worthiness

Indicator: Number of PDAMs with improved credit worthiness
First Year Target: 0 PDAM
Total Target over the life of project: 20 PDAMs

Progress:

There has been limited qualitative achievement under this outcome. The IUWASH team focused on developing a Creditworthiness Ladder (CL) as a tool to guide the achievement and monitoring of this outcome, especially for identifying weaknesses in a utility's credit profile and evaluating efforts to shore up those weaknesses. IUWASH will continue to measure the achievement of this outcome in the next quarter.

IC.4. Local government institutions implementing necessary climate change adaptation measures, based on preliminary raw water sources vulnerability assessment

Indicator: Number of local government institutions implementing necessary climate change adaptation measures, based on preliminary raw water sources vulnerability assessment
First Year Target: 0 Local Government
Total Target over the life of project: 20 Local Governments

Progress:

The progress made toward achievement of this outcome is still at an initial stage, with a review of data gathered from site selection activities related to the condition of raw water sources in all IUWASH locations. This information is being used to develop the IUWASH Climate Change Adaptation concept related to PDAM raw water conservation. A potential collaborative program with Coca-Cola Foundation Indonesia (CCFI) will be conducted in the Sibolangit area for a Water Replenishment Program. This program will support PDAM Tirtanadi Medan in increasing its raw water sources. IUWASH will continue to measure the achievement of this outcome in the next quarter.

Component 2: Improve Capacity to Provide Sustainable Safe Water and Sanitation Services (IC)

IC.5. Local Governments implementing integrated sanitation and hygiene interventions reflected in their citywide sanitation strategic (CSS) plans

Indicator: Number of local governments implementing integrated sanitation and hygiene interventions that reflect their citywide sanitation strategic plans

First Year Target: 0 Local Government

Total Target over the life of project: 20 Local Governments

Progress:

There has been limited qualitative achievement under this outcome. Progress has focused on the collaborative program with PPSP, with the identification of IUWASH cities that will receive PPSP support in Year 2012. IUWASH will continue to measure the achievement of this outcome in the next quarter.

IC.6. Small and medium business providing affordable construction and sanitation facility management services

Indicator: Number of small and medium business providing affordable construction and sanitation facility management services

First Year Target: 0 SME

Total Target over the life of project: 30 SMEs

Progress:

There has been limited qualitative achievement under this outcome. Draft SOWs for two small grants involving SMEs were developed towards the end of this quarter. IUWASH will continue to measure the achievement of this outcome in the next quarter.

IC.7. poor residents in targeted communities who report greater satisfaction with water and sanitation services

Indicator: Increased percentage (%) of poor residents in targeted communities who report greater satisfaction with water and sanitation services

First Year Target: 0%

Total Target over the life of project: 20%

Progress:

There has been limited qualitative achievement under this outcome. During this quarter, the IUWASH Team developed criteria and questions for a baseline survey relating to this outcome. IUWASH will continue to measure the achievement of this outcome in the next quarter.

Component 3: Create an Enabling Environment Supporting Equitable Water and Sanitation Services (EE)	
EE.1 Participating local governments that put greater priority on safe drinking water and sanitation through supportive local policies and budget allocation increases	
Indicator: Number of participating local governments that put greater priority on safe drinking water and sanitation through supportive local policies and budget allocation increases	First Year Target: 0 PDAM Total Target over the life of project: 50 Local Governments
Progress: There has been limited qualitative achievement under this outcome. This quarter, the IUWASH team developed the baseline data collection tools for this outcome and commenced data collection in all IUWASH regions. IUWASH will continue to measure the achievement of this outcome in the next quarter.	
EE.2 PDAMs or local governments obtain access to long-term funding for water or sanitation investment plans	
Indicator: Number of PDAMs or local government obtain access to long-term funding for water or sanitation investment plans	First Year Target: 0 PDAM Total Target over the life of project: 15 PDAMs
Progress: There has been limited qualitative achievement under this outcome. This quarter, the IUWASH team conducted an assessment to identify PDAM needs for water and sanitation investments in 10 IUWASH locations . IUWASH will continue to measure the achievement of this outcome in next quarter.	
EE.3. Percent increased (%) in financial resources accessed by service providers from public and private sources for expansion of improved WatSan services	
Indicator: Increased percentage (%) in financial resources accessed by service providers from public and private sources for expansion of improved water and sanitation services	First Year Target: 0% Total Target over the life of project: 10%
Progress: There has been limited qualitative achievement under this outcome. This quarter, the IUWASH team conducted an initial baseline assessment of financial resources with the IUWASH Local Government and PDAM partners. IUWASH will continue to measure the achievement of this outcome in the following quarter.	
EE.4. Low income households accessing micro finance for household improvements in water and sanitation	
Indicator: Number of low income households accessing micro finance for household improvements in water and sanitation	First Year Target: 0 household Total Target over the life of project: 40.000 households
Progress: There has been limited qualitative achievement under this outcome. This quarter, the IUWASH team identified potential bank partners to support the microfinance program. The IUWASH team also identified potential sites to initiate the microfinance program. This program will commence initially in 11 IUWASH locations. An update on the achievement of this outcome will be provided in the next quarter.	

Component 3: Create an Enabling Environment Supporting Equitable Water and Sanitation Services (EE)	
EE.5. Local Governments adopt new or improved mechanisms for citizens to engage local government in water and sanitation	
Indicator: Number of Local Governments adopt new or improved mechanisms for citizens to engage local government in water and sanitation	First Year Target: 0 Local Government Total Target over the life of project: 20 Local Governments
Progress: There has been limited qualitative achievement under this outcome. This quarter, the IUWASH team made an inventory of existing citizen engagement mechanisms in the water and sanitation sector by developing survey tools to be utilized by the regional teams to query local stakeholders (PDAM, PDAM Supervisory Board, Pokja AMPL, and Pemda) regarding the available means for citizens to participate in the planning and budgeting of water and sanitation services.	

ANNEXES

ANNEX 1: MATRIX MANAGEMENT CHART

Implementation Area /Lead Advisor	Project Outcome/ Functional Area	Technical Coordinator	North Sumatra	West Java/ Banten/DKI	Central Java	East Java	South Sulawesi/ Eastern Indo
Program Coordination, COP/DCOP	Workplan development, program planning and coordination, reporting	Alifah Lestari	Subahri Ritonga	Nur Endah Shofiani	Jefry Budiman	Laksmi Cahyaniwati	Hanny Singgih
Comp. 1: Demand Mobilization, Farah Amini	MD.1: # of households willing to pay for sanitation	Kuwat Karyadi	Hetty Tambunan	Suryani Amin	Dwi Anggraheni Hermawati	Ristina Aprillia	Suhartini
	MD.2: # of CSO/Govt cadres mobilizing access to WatSan	Kuwat Karyadi		Eri Arianto			
	MD.3: # of CSOs reporting on PDAM operations or performance	Andi Musfarayani		Suryani Amin			
	MD.4: Sanitation for the Poor Toolkit	Andi Musfarayani		Eri Arianto			
	MD.5: % of households adopting improved hygiene practices	Kuwat Karyadi		Suryani Amin			
Comp. 2: Increase Capacity, Foort Bustraan	IC.1-a: # of PDAMs with improved technical/ management performance	Hernadi Setiono	Ferry Boyke	Hernadi Setiono	Agus Nugraha	Rudhy Finansyah	Ridwan Habibie
	IC.1-b: # of PDAMs with improved financial performance	Benny Djumhana	TBD	Blandina Mandiangan	Nugroho Andwiwinarno	Rudy Jusdian	TBD
	IC.2: # of PDAMs assisted in debt restructuring						
	IC.3: # of PDAMs with improved credit worthiness						
	IC.4: # of LGs implementing climate change adaptation measures	Asep Mulyana	Ferry Boyke	Ahmad Rosyid	Agus Nugraha	Rudhy Finansyah	Ridwan Habibie
	IC.5: # of LGs implementing CSS plans	Andre Kuncoroyekti	Mohammad Yagi	Andre Kuncoroyekti	Yudi Wijanarko	TBD	Selviana Hehanussa
	IC.6: # of SMEs providing sanitation construction/facility management services	Eri Arianto		Eri Arianto			
IC.7: % of poor with greater satisfaction in WatSan services	Hernadi Setiono	Ferry Boyke	Ahmad Rosyid	Agus Nugraha	Rudhy Finansyah	Ridwan Habibie	

Implementation Area /Lead Advisor	Project Outcome/ Functional Area	Technical Coordinator	North Sumatra	West Java/ Banten/DKI	Central Java	East Java	South Sulawesi/ Eastern Indo
Comp. 3: Enabling Environment , Heru Darmawan	EE.1: # of LGs putting priority on WatSan through policies and budgets	Heru Darmawan	Zulkifli Kahar	Ahmad Rosyid	Nugroho Andwiwinarno	Kresna Budidarsono	Hanny Singgih
	EE.2: # of PDAMs/LGs accessing LT funding	Benny Djumhana	TBD	Blandina Mandiangan		Rudy Jusdian	TBD
	EE.3: % increase in public/private financial resources	Benny Djumhana	TBD	Blandina Mandiangan	Nugroho Andwiwinarno	Rudy Jusdian	TBD
	EE.4: # of households accessing microfinance	Gusril Bahar					
	EE.5: # of LGs adopting mechanisms for citizen engagement	Heru Darmawan	Zulkifli Kahar	Ahmad Rosyid	Kresna Budidarsono	Hanny Singgih	
Grants Management , Wouter Sahanaya	Grant development and monitoring	Wouter Sahanaya	Sie Ket Liong	Esa Kurnia Muharmis	Nabawi Madjid	Sihol Sinaga	Chairun Nadirin
Monitoring/Evaluation , Alifah Lestari	PMP development, monitoring and evaluation	Alifah Lestari	Subahri Ritonga	Nur Endah Shofiani	Jefry Budiman	Laksmi Cahyaniwati	Hanny Singgih
Operations , Ida Nurtam	Finance	Betty Sulistina	Tengku Afriyenni	TBD/Lidia Lestari	Moniq A. Theresia	Rani Sukmasari	Ira Leman
	Administration	Daisy Malino	Nurwari	Siti Wahyuni	Moniq A. Theresia	Nana Noerhajati	Ivonny Ndaparoka
	Procurement	Daisy Malino	Sie Ket Liong	Esa Kurnia Muharmis	Nabawi Madjid	Sihol Sinaga	Chairun Nadirin
	Human Resources	Romanna Renteria	Nurwari	Romanna Renteria	Moniq A. Theresia	Nana Noerhajati	Ivonny Ndaparoka
	Information Technology	Agus Winarto		Agus Winarto			
	Travel	Paulina Marpaung	Melda Zang	Paulina Marpaung	Chatarina Meity Yovita	Ary Cahyaningtyas	TBD/Ivonny Ndaparoka
Communications , Ardita Caesari	Publications, graphics and other communications support	Pryatin Santoso	Reg. Coord. And/or Office Manager				
	Website support	Caesar Triasdana					
Environmental Monitoring , Wouter Sahayana	EMMP and IEE development and compliance monitoring	Wouter Sahayana	Mohammad Yagi	Nur Endah Shofiani	Agus Nugraha	Ristina Aprillia	Selviana Hehanussa
GIS/Mapping , Sabdo Sumartono	GIS, mapping, spatial analysis	Sabdo Sumartono	Ferry Boyke	Ahmad Rosyid	Agus Nugraha	Rudhy Finansyah	Ridwan Habibie
Gender , Alifah Lestari	IUWASH gender mainstreaming and gender in working environment	Alifah Lestari	Mohammad Yagi	Suryani Amin	Dwi Hermawati	Ahmad Fathoni	Suhartini

ANNEX 2: LIST OF IUWASH TRAINING, WORKSHOP AND SEMINAR ACTIVITIES IN THE FOURTH QUARTER OF PY1
 (PERIOD OF JULY-SEPTEMBER 2011)

Type	Province	Title	Location	Starting Date	End Date	Partici pants	% Female	Actual Cost (Rp)			
								Instruction	Trainee	Travel	Total
Total						417	31.88%				
Focus Group Discussion	East Java	Micro Credit Communications Material Check	Several villages in Cities of Surabaya and Sidoarjo	8/22/2011	8/24/2011	18	50.00%				
Work-shop	North Sumatra	Workshop to Introduce and Discuss IUWASH Program together with Water and Sanitation Stakeholders in the City of Pematang Siantar	City of Pematang Siantar	9/29/2011	9/29/2011	24	12.50%				
	South Sulawesi/ Eastern Indonesia	IUWASH Program Launching in Jayapura	Meeting Room, Papua Governor's Office, City of Jayapura	8/15/2011	8/15/2011	72	13.89%				
	South Sulawesi/ Eastern Indonesia	IUWASH Program Launching in Ambon	Meeting Room, Ambon municipal government, City of Ambon	9/7/2011	9/9/2011	48	45.83%				
	Central Java	Workshop to Prepare Local Action Plan for Drinking Water and Environmental Health (RAD AMPL) in city of Semarang	Bappeda Office, City of Semarang	9/8/2011	9/8/2011	24	33.33%				

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Type	Province	Title	Location	Starting Date	End Date	Partici pants	% Female	Actual Cost (Rp)			
								Instruction	Trainee	Travel	Total
Work-shop	Central Java	Workshop to Prepare RAD AMPL in Kudus district	Aula Bappeda, Kudus district	9/14/2011	9/14/2011	26	57.69%	█	█	█	█
	West Java/ Banten/ DKI Jakarta	IUWASH Program Launching in Tangerang district	Wareng Meeting Room, Setda Bldg., Tangerang district	9/19/2011	9/19/2011	61	22.95%	█	█	█	█
	Central Java	Workshop to Prepare White Book on Sanitation in Kendal district	Bappeda Office, Kendal district	9/27/2011	9/27/2011	57	28.07%	█	█	█	█
	North Sumatra	Workshop to Introduce and Discuss IUWASH Program together with Water and Sanitation Stakeholders in city of Pematang Siantar	City of Pematang Siantar	9/29/2011	9/29/2011	52	23.08%	█	█	█	█
	East Java	Workshop to Introduce IUWASH's water and sanitation activities	Surabaya Regional Office, City of Surabaya	9/30/2011	9/30/2011	35	31.43%	█	█	█	█

ANNEX 3: LIST OF IUWASH SITE LOCATIONS

No	Name of City (Kota)/District (Kab.)	IUWASH		CIPTA KARYA		AUSAID	
		Water Supply	Sanitation	PPSP 2011	Sanitation/ Investment	HIBAH (GRANT)	OTHER PROGRAMS
North Sumatra Province							
1	Kota Binjai		PPSP 2012				
2	Kota Medan		CBS	PPSP 2011			Sanitation
3	Kota Tebing Tinggi		CBS	PPSP 2011			
4	Kota Pematang Siantar		PPSP 2012				
5	Kota Tanjung Balai		CBS	PPSP 2011	Sanitation		
6	Kab. Langkat						
Banten Province							
7	Kab. Serang		CBS	PPSP 2011		Water	
8	Kab. Lebak						
9	Kab. Tangerang		PPSP 2012				
West Java Province							
10	Kab. Karawang		PPSP 2012			Water	PP29-plan
11	Kota Bogor		CBS	PPSP 2011		Water	WW / Mplan
12	Kota Bekasi		CBS	PPSP 2011			
13	Kab. Bekasi		PPSP 2012			Water (USAID)	
DKI Jakarta Province							
14	DKI Jakarta		CBS	PPSP 2011		Sanitation	
Central Java Province							
15	Kota Semarang		CBS	PPSP 2011			
16	Kota Surakarta		CBS	PPSP 2011	Sanitation	Sanitation	
17	Kab. Kudus		CBS	PPSP 2011	Investment	Water	PP29-done
18	Kab. Kendal		CBS / PPSP'13		Investment		
19	Kab. Semarang						
East Java Province							
20	Kab. Sidoarjo		CBS	PPSP 2011		Water	PP29-plan
21	Kab. Gresik		CBS	PPSP 2011			PP29-plan
22	Kab. Lamongan		PPSP 2012				
23	Kab. Mojokerto		CBS / PPSP'13				
24	Kota Probolinggo		CBS	PPSP 2011			
25	Kota Surabaya		CBS	PPSP 2011			PP29-plan
South Sulawesi Province							
26	Kota Makassar		PPSP 2012 ®				Sanitation
27	Kab. Takalar		CBS / PPSP'13				Sanitation
28	Kab. Maros		PPSP 2012				Sanitation
29	Kota Pare-Pare		CBS	PPSP 2011			
30	Kab Enrekang						
31	Kab Jeneponto		CBS / PPSP'13				
Maluku Province							
32	Kota Ambon		PPSP 2012 ®				Sanitation
Papua Province							
33	Kab. Jayapura		PPSP 2012 ®		Sanitation	Water	
34	Kota Jayapura		PPSP 2012 ®				Sanitation
		29	15+11+4	15	3 + 2	7+2	12

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