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EAST ASIA PACIFIC REGION **URBAN SANITATION REVIEW**

# INDONESIA

## POLICY BRIEF

SEPTEMBER 2013



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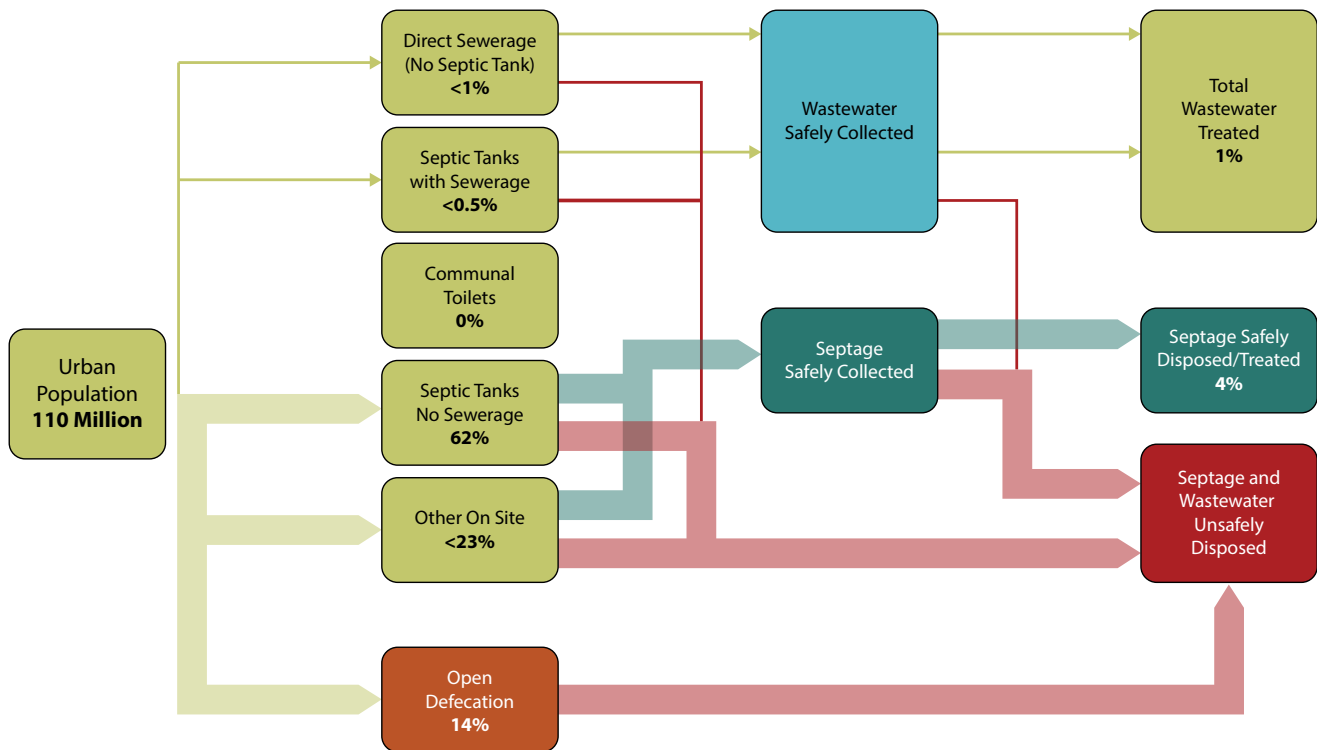
**A**lmost half of Indonesia's population of 245 million people lives in urban areas and their needs for safe wastewater management services are growing rapidly. The economic impacts of poor sanitation<sup>1</sup> in Indonesia are estimated to be IDR 56 trillion (US\$6.3 billion), equivalent to about 2.3 percent of the gross domestic product, the largest in the East Asia Pacific region.<sup>2</sup>

About 1 percent of the urban wastewater is treated in Indonesia (Figure 1) compared to figures of 70 percent and 90 percent for a similar indicator in China and Korea, respectively. Also, in Indonesia, about 14 percent of the population defecates in the open. The cost to improve sanitation in Indonesia is estimated to be at least IDR 384 trillion (US\$42.7 billion).

### Indonesia's Sanitation Targets

2010 – 2014 Mid-term Development Plan

- **100%** Open Defecation-Free
- **10%** of the total population to be using off-site wastewater management systems
- **90%** of the population to have improved on-site or shared facilities



To support Indonesia's efforts to improve sanitation and meet its ambitious sanitation targets, the World Bank, with a grant from AusAID, conducted a study of the urban sanitation sector to examine what is needed to remove constraints on the sector.

This brief summarizes the key policy recommendations in the report.

<sup>1</sup> In Indonesia, sanitation includes wastewater management, solid waste and urban drainage.

<sup>2</sup> Water and Sanitation Program (WSP) 2008.

## Summary of Key Issues and Recommendations

Issues	Recommendations
<p>64 percent of urban households have septic tanks, but only 4 percent of septage is treated. For the foreseeable future, about 90 percent of urban households will have on-site sanitation.</p>	<ol style="list-style-type: none"> <li>1. Implement program to conduct advocacy on effective septage management.</li> <li>2. Local government to prepare and implement viable septage management plans.</li> <li>3. Local government to prepare city ordinances requiring regular de-sludging, septic tank retrofitting, proper disposal of septage.</li> <li>4. Local government to establish septage management institutional arrangements.</li> <li>5. Local government to introduce an environmental fee on households to cover the cost of desludging services and septage treatment.</li> <li>6. Provide financial support for septic tank retrofitting, where required.</li> </ol>
<p>Less than 1 percent of urban wastewater is treated</p>	<ol style="list-style-type: none"> <li>1. Conduct citywide sanitation planning through SSKs (city sanitation strategies), focusing on the development of centralized systems in highly urbanized areas while ensuring that low income communities are serviced and open defecation is eliminated.</li> <li>2. Continue DEWATS (decentralized wastewater treatment systems) program in locations where centralized systems are not viable, but with consideration of costs, required effluent quality, and financial and institutional viability.</li> <li>3. Focus future DEWATS program on provision of decentralized systems with sewerage networks rather than on MCKs (communal toilets).</li> <li>4. Expand coverage of centralized sewerage more rapidly through a staged approach initially using combined sewerage and interceptors before transitioning to separate systems.</li> <li>5. Design treatment facilities that are economical and set effluent standards that will help to improve the environment.</li> </ol>
<p>Huge investment is needed for 2014-2019 to implement current local government sanitation investment plans and for long term</p>	<ol style="list-style-type: none"> <li>1. Develop a well-defined public expenditure framework and clearly articulated financing policy with sources of financing identified.</li> <li>2. Provide technical assistance to local governments to prepare viable sanitation projects.</li> <li>3. Maximize the use of central government and local government financing for centralized systems and DEWATS.</li> </ol>
<p>No clear institutional framework for wastewater management at local government level</p>	<ol style="list-style-type: none"> <li>1. Develop guidelines for local government management of wastewater services focusing on service delivery to customers.</li> <li>2. Assign overall responsibility to one Service Provider for wastewater infrastructure including centralized sewerage, DEWATS and septage management.</li> <li>3. Develop regulatory arrangements for wastewater services, including tariff structures whereby consumer fees cover operating costs.</li> <li>4. Professionalize the sector by developing additional training and licensing programs for specific skills areas.</li> <li>5. Encourage the private sector to take on the role of Service Provider for wastewater operations.</li> </ol>
<p>Low utilization of existing sanitation systems – mismatch of demand and supply.</p>	<ol style="list-style-type: none"> <li>1. Include real demand surveys in feasibility studies for wastewater management.</li> <li>2. Build public awareness of sanitation benefits to influence behavior change through government and civil society interventions.</li> <li>3. Adopt tariff or environmental fee structure requiring all households to pay for sanitation whether they are connected or not to the sewer system.</li> <li>4. Provide financial support to low-income households to pay connection fees.</li> <li>5. Undertake intensive demand-creation campaigns to accelerate sewerage connection rates. The Service Provider should be responsible for this effort.</li> </ol>