

# MANAGEMENT RESPONSE

## WATER AND SANITATION HIBAH EVALUATION DECEMBER 2017

### Summary of management response

The review provides a helpful basis for post to engage with the Government of Indonesia (GOI) on the performance-based financing model and help to inform the design of a new Water Hibah outcome-focussed pilot (using unused Hibah grant funds). Jakarta Post agrees with 6 of the recommendations and partially agree with one recommendations regarding the Sanitation Hibah, and has already instructed the Australia Indonesia Partnership for Infrastructure (KIAT Facility) to begin implementing the recommendations regarding improving community socialisation, strengthened M&E, and monitoring of gender outcomes and to explore the possibility/impact of increasing the grant funding allocated for Sanitation Hibah (as per the Review's recommendation). Post will discuss the review and our management response with GOI ahead of publishing these documents on the DFAT website in the coming weeks.

## Individual management response to the recommendations

Recommendation	Response	Explanation	Action Plan	Timeframe
<p>Recommendation 1</p> <p>DFAT/KIAT should improve the M&amp;E system to capture and address challenges faced in real-time, allocating sufficient responsive resources to assist in addressing context-specific challenges (technical and institutional support, advocacy and socialisation activities as required). This should include facilitating regular DFAT/Bappenas joint monitoring, ensuring monitoring against strategic objectives, and improving the methodological approach and analysis of the baseline-endline surveys.</p>	Agree	The current M&E system and reporting on the Sanitation Hibah does not ensure important strategic issues are identified and addressed in a timely way. An updated M&E system should include metrics and methodology for measurement at outcome level of increase in LG investment and benefits from Gender Equality and Social Inclusion - sensitive socialisation and benefits.	KIAT to revise the M&E plan for Sanitation Hibah.	By April 2018
<p>Recommendation 2</p> <p>Optimise GOI roles going forward, including greater involvement of Directorate General of Housing and Settlements (DGHS) directorate responsible for Environmental Sanitation (PPLP) in implementation (through potentially shifting the CPMU to PPLP) and consideration of an increased role for Ministry of Home Affairs (MoHA) that leverages their position in relation to local governments.</p>	Partially Agree	DFAT and KIAT will continue discussions with GOI on the best way forward to enhance the involvement of DGHS PPLP Directorate and its Work Units (Satker) at the provincial level in implementing the Sanitation Hibah program, and also explore the possibility of engaging with MoHA (whilst cognisant of the constraints of including a new partner at this advanced stage of the programs' implementation).	<p>DFAT to consult with Bappenas, DGHS, and MoHA.</p> <p>If feasible, MoHA will be invited to participate in joint monitoring missions undertaken with Bappenas and DGHS.</p>	Ongoing

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<p>Recommendation 3</p> <p>DFAT and GOI to take actions to improve sustainability of the Sanitation Hibah, including to review potential (or not) for its extension to conducive contexts by either GOI or with DFAT support. This should comprise undertaking an assessment of all cities with idle wastewater treatment capacity to understand if there are cities with both strong political will and strong community demand where it could be implemented in its current form (or with some minor additional community engagement) and/or consider extension in any of the current participating cities that have additional demand.</p>	Agree	<p>DFAT agrees that there is potential for the program to be expanded, and will explore with GOI.</p> <p>Currently two of the four participating Local Governments (LGs) in the program have requested additional grant funding from DFAT, to build more house connections.</p> <p>DFAT will also assess interest to trial Sanitation Hibah grants for provincial government (following on from the example set by the Provincial Road Improvement and Maintenance program).</p> <p>GOI flagged their intention to re-allocate available grant fund from Water to Sanitation Hibah.</p>	<p>KIAT and the CPMU will undertake an assessment of all cities and potentially provinces (i.e. Denpasar) with idle wastewater treatment capacity which have the potential to be included in the Sanitation Hibah program.</p> <p>DFAT to make representations to stakeholders about our willingness to expand the program, and assess response.</p>	<p>Analysis by KIAT completed by March 2018.</p> <p>DFAT consultations with Central Government – completed by March 2018</p>

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<p>Recommendation 4</p> <p>DFAT in consultation with GoI should implement short-term efforts to address the poor integration of gender equality and inclusion into the Sanitation Hibah, in ways that are complementary to chosen approaches to improving community socialisation, and including monitoring of gender outcomes in the revised M&amp;E system.</p>	Agree	DFAT agrees that more could be done to more fully and strategically integrate gender and social inclusion issues in the program, and will prioritise going forward, including through introduction of a community socialisation program.	KIAT to design and implement a community socialisation program to build demand for sanitation services, and build awareness of hygiene issues, which fully integrates gender equality and social inclusion.	Design completed by May 2018.
<p>Recommendation 5</p> <p>In the short-term, DFAT/KIAT should use improved M&amp;E system to identify issues (see Recommendation 1) and building from this, as relevant, adopt targeted strategies to increase political will and increase community demand and improve the program socialisation approach, following the recommended options presented in this report, and including attention to gender and PLWD in such approaches.</p>	Agree	Agree that the Sanitation Hibah's M&E system could be improved, not only to assist with program implementation but also to better respond to priority issues (such as gender and inclusion).	In correlation with Recommendation 1, KIAT to review and update the M&E Plan for Sanitation Hibah and ensure gender and social inclusion are more comprehensively included, and design a new community socialisation intervention.	Completed by May 2018.

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<p>Recommendation 6</p> <p>In the longer term, GoI and DFAT should take on board the lessons arising from the Sanitation Hibah and the breadth of required sanitation sector governance reforms into the design of future performance-based financing programs towards achieving 100-0-100 and SDG targets. This includes how to use performance-based financing to incentivise local level regulatory and tariff reform, ways to revise and evolve the program design so in future it can reach a greater breadth of cities, and concurrently taking steps to address national regulatory reforms.</p>	Agree	<p>There have indeed been many lessons coming out of this program (including the use of the performance based financing mechanism), both for DFAT and GOI, which we are keen to build on for future investments in the sector.</p> <p>We note that the emphasis under SDG 6 is based on measuring the delivery of sanitation services rather than the development of sanitation infrastructure. This is in line with our proposed Pilot Performance based Hibah for Water. We will explore including sanitation in that modality.</p>	<p>DFAT to make ongoing representations to GOI about the utility of the mechanism.</p> <p>KIAT to scope potential for future programming in the wastewater sector (and perhaps solid waste sector).</p>	Ongoing
<p>Recommendation 7</p> <p>DFAT and Bappenas should support efforts towards greater coordination of development partners in sanitation through the Sanitation Donor Working Group, given the scale of the issues to be addressed in the sanitation sector and the ambitions of the 100-0-100 and SDG targets.</p>	Agree	<p>The Joint Government/Urban Sanitation Sector Partner Group (which is essentially a donor coordination group for the sector) meetings have recently been resurrected by the World Bank (in collaboration with JICA). DFAT and KIAT attended and contributed and agree that it is a useful mechanism, particularly given how complex the sector is and how many actors are</p>	<p>DFAT and KIAT to maintain attendance at these meetings, and use them as an opportunity to update others on our programs' implementation issues, as well as learn from the experience of others.</p>	Ongoing.

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		<p>working in the space.</p> <p>Bappenas recently established a new Working Group for Urban, Housing and Settlements (Pokja Perkotaan, Perumahan, Air dan Sanitasi) which should enable greater cross-sectoral government coordination. From time to time, donors will be invited to attend specific meetings, depending on what the agenda covers.</p>	<p>Program implementation issues requiring cross-sectoral GOI coordination/support can be discussed at Pokja PPAS as needed.</p>	