

ADAPTING TO INCREASE ACCESS TO CLEAN WATER AND SANITATION:

Indonesia's IUWASH Program

OVERVIEW

USAID/Indonesia's Urban Water, Sanitation and Hygiene (IUWASH) program was designed to support the Government of Indonesia (GOI) in making significant progress toward achieving its safe water and sanitation Millennium Development Goal (MDG) targets by expanding access to these services.¹ A \$40 million project that operated in more than 50 Indonesian municipalities from 2011 to 2016, IUWASH had the following technical components:

1. Mobilization of demand for better water and sanitation services;
2. Improvement and expansion of local government capacity; and
3. Strengthening of enabling environments for policymaking and financial services, with an emphasis on building capacity for good governance (both democratic and corporate).

IUWASH AT A GLANCE

- Frequent and effective use of a variety of data to manage adaptively
- Cost plus fixed fee contract awarded after full and open competition
- Innovative development of tools, such as a performance index for local water utilities and a credit worthiness ladder, to monitor and learn from engagement with local governments
- Emphasis on private sector engagement, including a successful \$1 million commitment from Coca-Cola for water replenishment programs
- Coordination and collaboration with other donors, local governments, community members and the Government of Indonesia
- Grants Under Contract (GUC) component supplemented technical assistance, funding pilot activities and providing flexible means for leveraging community contributions

HOW WAS IUWASH MANAGED ADAPTIVELY?

IUWASH, which was a cost plus fixed fee (CPFF) contract awarded to Development Alternatives Incorporated (DAI) in a free and open competition, was managed adaptively in several ways:

¹ IUWASH's contract number is AID-497-C-11-00001.

- It featured innovative use of data for adaptive management, developing a new performance index and credit worthiness ladder for local water utilities. Both of these metrics generated data used by the program staff regularly to assess local water utilities' suitability for micro-credit awards from private financial organizations. IUWASH also encouraged local utilities to track this data and use it to improve their services. Other donors, such as the World Bank and Indonesia's Ministry of Public Works, adopted these tools in their own programs. One of the recommendations of the midterm evaluation of IUWASH was that other USAID missions be encouraged to use data from these tools to manage programs adaptively.
- IUWASH included a Grants Under Contract (GUC) component awarding \$1,507,263 over five years in small grants to local organizations as a supplement to the capacity-building activities taking place as part of IUWASH. IUWASH was careful to ensure that these grant activities contributed directly to the project's targeted outcomes, were innovative and unique and could be replicated or scaled up by communities, the local government or interested private sector partners. The creditworthiness ladder for local water utilities facilitated private sector investment in support of some of these innovations. In addition, some grantees received funding subsequently from other organizations. Additionally, there was strong buy-in from local governments, many of which replicated grant program activities.
- The contract developed strong partnerships with universities, government ministries, other international donors and private sector companies, such as Coca-Cola, which contributed \$1 million to the project for water replenishment activities. Overall, IUWASH leveraged \$38.2 from the private sector and the Indonesian government.
- USAID and DAI were able to differentiate themselves from other donors through innovation, using data to manage adaptively and engaging strategically with many other organizations, including Coca-Cola, GOI, and other donors. IUWASH's focus on building the capacity of local water utilities allowed the staff to build relationships with local stakeholders, adapting the program's approaches as needed to maximize development outcomes.
- Communication between Mission and IUWASH staff members was frequent and open, contributing to the ability to identify and address issues as soon as they arose. Staff from the Mission, including the contracting officer's representative (COR) and technical advisors, conducted biweekly management meetings with IUWASH staff members to check in and make course corrections whenever necessary. Meetings included a status update on program targets and reviews of all relevant activities. Real-time communication among IUWASH regional and central staff members took place on an ongoing basis.

CHALLENGES AND LESSONS LEARNED

The IUWASH program encountered its share of challenges, including two performance audits and several adjustments to the scope of the project. While the audits found no serious errors or flaws in the program, they did require staff time and attention.

Both Mission and DAI staff learned from their experiences in IUWASH's predecessor program and also used the lessons they learned during the implementation of IUWASH to carefully design the program's successor, drawing on data they had collected as well as findings of a final evaluation of the program.

In sum, IUWASH was an excellent program that utilized and managed adaptively a variety of data.