

# INDONESIA



## BACKGROUND

Indonesia is located in one of the world's most natural disaster-prone areas. According to the National Disaster Management Agency (BNBP), over the last 30 years, there were on average 289 significant natural disasters per year, with an average annual death toll of approximately 8,000.

The government spends between US\$300-500 million annually on post-disaster reconstruction, with spending during major disaster years reaching 0.3 percent of the national gross domestic product (GDP); AND as high as 45 percent at the provincial level. The cost of replacing or restoring public infrastructure and private households,

most of which are uninsured, places a significant burden on public expenditures. Following the Indian Ocean Tsunami of 2004, the government allocated more than US\$7 billion for reconstruction in Aceh and Nias and approximately US\$2 billion following the 2010 volcano eruption of Mount Merapi.

Climate change is recognized as a key threat to Indonesia's development, especially for lower income groups that are disproportionately affected. Indonesia is highly vulnerable to impacts of climate change, such the rising of the sea level and changing weather patterns—both of which may lead to increased uncertainty in water

## QUICK FACTS

### COUNTRY INDICATORS<sup>1</sup>

GDP per capita (PPP)	\$9,561
Total Population	249,865,631
Income Level	Lower middle
Poverty <sup>2</sup>	11%
Urban Population	52%

### RISK PROFILE<sup>3</sup>

Lack of coping capacity	 5.4
Vulnerability	 3.0
Hazard and exposure	 7.0
Overall risk	 4.9

### KEY PRIORITIES

1. Understanding and use of risk information
2. Community-driven development
3. Urban resilience
4. Disaster risk financing and insurance
5. Safer schools

<sup>1</sup> World Bank: free and open access to development data in countries around the globe. <http://data.worldbank.org/>

<sup>2</sup> Poverty rates at national poverty lines, World Bank Open Data.

<sup>3</sup> INFORM: a global, open-source risk assessment for humanitarian crises and disasters. INFORM uses a scale from 0-10 (10 is the highest level of risk) <http://www.inform-index.org/>



availability, food production and disruption to transport and commerce.

The Indian Ocean Tsunami was the turning point for the government of Indonesia to address disaster risk management (DRM). A law on Disaster Management was enacted in 2007 and the BNPB established in 2008. The government included disaster management in nine priorities of its national development plan in 2010-2014, as well as in 2015-2019. In the new development plan 2015-2019, it is clearly stated that the disaster

management policy aims to reduce disaster risk and increase resilience of national and local governments, and communities facing disasters.

Budget allocation for disaster management through BNPB increased by 500 percent between 2010 and 2014. BNPB also channeled US\$233 million—including 50 percent for on-call emergency fund and 50 percent for reserve funds. Although it increased, budget allocation for disaster management is still below one percent of the total national budget as set in the global commitment.

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## GFDRR PROGRESS TO DATE

GFDRR's engagement in Indonesia initially focused on mainstreaming DRM into national policy frameworks, plans, and key development sectors. For example, GFDRR provided support integrating earthquake resistant standards into the technical guidelines for school rehabilitation used for the repair of more than 100,000 heavily damaged classrooms by the education sector.

GFDRR also supported the development of a construction planning and supervision model involving school committees and local engineers—where 180 schools received assistance to enhance quality assurance. Moreover, GFDRR provided support for innovative open-source software tools to produce maps to guide decision-making for planning and preparedness.

On disaster risk financing and insurance, GFDRR provided technical assistance to the Ministry of Finance and BNPB including in capacity building with local and international experts, supported the drafting of the Minister of Finance decree on natural disaster insurance, and provided an earthquake financial model of a parametric insurance scheme.

In addition, GFDRR provided support in mainstreaming resilience into World Bank-financed projects, such as the road improvement in the earthquake and landslide prone corridor of western Sumatra which targeted more than 700 kilometers of national road; and the Urban Community Driven Development project which trains facilitators in DRM to serve more than 10,000 urban communities across the country.

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## LOOKING AHEAD

GFDRR will continue assisting Indonesia to better manage disaster and climate risks by strengthening the understanding of risk and the use of risk information in investment decision-making processes across sectors and levels of government. Activities will focus on key economic sectors as well as the community-driven development program in urban areas to boost investment in urban resilience.

GFDRR will support implementation of a comprehensive risk financing framework to provide flexibility for recovery programs. GFDRR will also support the scaling up of a safe school initiative through institutionalizing policy, standards, and procedures as well as support system for new construction and retrofitting of existing learning facilities. This activity will be implemented as part of GFDRR's Safer Schools Program.

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**PROJECTS AWARDED BY GFDRR 2007-2015**

Project	Description
<b>Just-in-time Support for Capacity Building</b>  <b>US\$ 800,000   Start date: 2014 (Ongoing)</b>	Strengthens capacities of national and sub-national DRM agencies to understand and integrate resilience in local and community development through trainings and technical assistance. Activities include: (i) building capacity for risk identification; (ii) post-disaster recovery planning; and (iii) risk financing.
<b>Mainstreaming DRR – Phase II</b>     <b>US\$2,895,000   Start date: 2013 (Ongoing)</b>	Assists the government with the implementation of the National Action Plan for 2010–2012 and the subsequent national DRM program. Activities include: (i) provincial and local level risk assessments; (ii) draft government policies, mechanisms, and procedures to strengthen fiscal resilience; and (iii) local vulnerability assessment and resilience action plans developed in 15 major cities.
<b>Mainstreaming DRR in Community Empowerment in Urban Areas (PNPM Urban)</b>    <b>US\$2,380,000   Start date: 2011 (Ongoing)</b>	Provides support to the Ministry of Public Works to tackle unplanned urbanization and environmental degradation, and increase community-based capacity building. Activities include: (i) training facilitators on DRM and community driven processes to incorporate into the development agenda; (ii) technical assistance on risk identification, investment projects, and risk reduction measures; and (iii) development of block grant funding to implement risk reduction and infrastructure investments.
<b>Mainstreaming DRR – Phase I</b>    <b>US\$1,226, 517   2007-2011 (Completed)</b>	Supported the preparation and implementation of a National Action Plan. Activities include: (i) risk atlas; (ii) strengthened capacities for PDNA and policy guidance for the creation of the public sector-supported catastrophe insurance program. Community Settlement Plans were developed in 254 villages in Yogyakarta and Central Java, ensuring mainstreaming of DRM in a housing project of the Java Reconstruction Fund (JRF).
<b>Indonesia: West Sumatra and Jambi PDNA</b>  <b>US\$131,000   2009-2011 (Completed)</b>	Conducted a Post-Disaster Needs Assessment (PDNA). Activities included: (i) development of basic institutional capacity in BNPB for coordinating the PDNA—since then BNPB has been able to develop rehabilitation and reconstruction plans for smaller scale disasters; and (ii) development of a report that was used as the basis for the formulation of Rehabilitation and Reconstruction Plan.
<b>Nias – Mainstreaming DRR into Local Economic Development</b>  <b>US\$49,875   2008-2009 (Completed)</b>	Supported the design to mainstream risk reduction and mitigation measures. Activities included: (i) design of the Local Economic Development Project, a US\$20 million project that was financed through the multi-donor trust fund for Aceh and Nias.

 Pillar 1  
Risk Identification

 Pillar 2  
Risk Reduction

 Pillar 3  
Preparedness

 Pillar 4  
Financial Protection

 Pillar 5  
Resilient Reconstruction

### GFDRR KEY PARTNERS

<b>Australia</b>	The Australia Indonesia Facility for Disaster Reduction (AIFDR) is developing risk assessment tools jointly with GFDRR to support local contingency planning and risk assessment/planning.
<b>UNDP</b>	The United Nations Development Programme (UNDP) supports communities through efforts in capacity development, PDNA and safe school and resilient village programs focusing on governance. This complements the GFDRR/World Bank focus on mainstreaming investments.
<b>EU</b>	The European Union (EU) is the largest donor in the reconstruction multi-donor trust funds that are managed by the World Bank.
<b>Netherlands</b>	The Netherlands supported the development of several flood models for Jakarta under the Water and Sanitation Program (WASAP) Trust Fund, as well as the Basic Education Capacity Building Trust Fund (BEC-TF), both of which supported the Safe School Initiative.
<b>Switzerland</b>	Switzerland supported risk financing and insurance analytical works for the Ministry of Finance with GFDRR.
<b>United States</b>	Key donor in the Third National Program for Community Empowerment Support Facility Trust Fund, which recently established a disaster response window, and is providing US\$14 million for the post-Merapi reconstruction.
<b>World Bank</b>	The following projects are part of the World Bank's efforts to mainstream DRM: <ul style="list-style-type: none"> <li>■ <b>National Program for Community Empowerment in Rural Area Project:</b> Improves socio-economic and local governance conditions</li> <li>■ <b>Jakarta Urgent Flood Mitigation Project:</b> Improves the operations of Jakarta's flood management system.</li> <li>■ <b>Disaster Risk Management Program for The Third National Program For Community Empowerment in Urban Areas:</b> Ensures that the urban poor benefit from improved socio-economic and local governance conditions.</li> </ul>

### GFDRR STAKEHOLDERS

<b>National Services</b>	Ministry of Public Works, Ministry of Home Affairs, National Disaster Management Agency (BNPB), Ministry of Home Affairs, National Development Planning, National Council for Climate Change (DNPI), Fiscal Policy Office, Chambers of Commerce (KADIN), Urban Community Driven Development (PNPM)
<b>Regional Organizations</b>	Association of Southeast Asian Nations (ASEAN), Asian Development Bank (ADB)
<b>International Organizations</b>	World Bank, United Nations Development Programme (UNDP), United Nations Office for the Coordination of Humanitarian Affairs (OCHA), International Federation of Red Cross and Red Crescent Societies (IFRC), United Nations Children's Fund (UNICEF), United Nations Educational, Scientific and Cultural Organization (UNESCO)
<b>Non-governmental Organizations and Civil Society Organizations</b>	Mercy Corps, Plan International, Oxfam, Save the Children, Handicap International