



# Technical Assistance Report

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Project Number: 46380  
Technical Assistance Cluster (TAC)  
May 2013

## Republic of Indonesia: Sustainable Infrastructure Assistance Program (Financed by the Government of Australia)

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 1 April 2013)

Currency unit	–	rupiah (Rp)
Rp1.00	=	\$0.00010
\$1.00	=	Rp9,750

## ABBREVIATIONS

ADB	–	Asian Development Bank
AusAID	–	Australian Agency for International Development
BAPPENAS	–	Badan Perencanaan dan Pembangunan Nasional (National Development Planning Agency)
GDP	–	gross domestic product
IMU	–	Infrastructure Management Unit
PPP	–	public–private partnership
TA	–	technical assistance
TAC	–	technical assistance cluster
TOR	–	terms of reference
WSS	–	water supply and sanitation

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Type</b>	–	Cluster including CDTA, PATA, and PPTA
<b>Targeting classification</b>	–	General intervention
<b>Sector (subsectors)</b>	–	Multisector—water supply and other municipal infrastructure and services (water supply and sanitation, waste management, urban sector development), transport (road transport, transport management and policies), energy (renewable energy, energy efficiency and conservation, energy sector development)
<b>Themes (subthemes)</b>	–	<b>Economic growth</b> (promoting economic efficiency and enabling business environment, widening access to markets and economic opportunities), private sector development (policy reforms, private sector investment, public–private partnerships), capacity development (institutional development, organizational development), governance (economic and financial governance)
<b>Climate change</b>	–	Climate change mitigation and adaptation
<b>Location (impact)</b>	–	National (high)
<b>Partnership</b>	–	Government of Australia

## NOTES

- (i) The fiscal year (FY) of the Government of Indonesia and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

1. Recent consultations between the Government of Indonesia and the Asian Development Bank (ADB) have highlighted the importance of continued support for infrastructure development to sustain inclusive growth. The government's development strategy includes both the urban areas of Java Island, and rural areas and islands in eastern Indonesia, where infrastructure development is very limited. The technical assistance cluster (TAC) will support the government's efforts to meet its development goals by improving the investment climate, associated policies and institutional capacity, for infrastructure development. The TAC will support identified projects by enhancing project preparedness and developing local capacity for improved project implementation. The government has agreed with the impact, outcome, outputs, implementation arrangements, and cost and financing arrangements of the TAC.<sup>1</sup> The design and monitoring framework for the TAC is in Appendix 1.

## II. ISSUES

2. Indonesia's economy has performed well since 2005, with average annual gross domestic product (GDP) growth of 5.7% during 2005–2010, and increasing to 6.5% in 2011–2012. Sustained economic growth has helped reduce the national poverty incidence to 12.4% in 2011 from a peak of 24.0% following the Asian financial crisis in 1997. Despite Indonesia's recent strong economic performance, infrastructure development has lagged, with significant consequences for future growth prospects. The International Monetary Fund estimates that a baseline potential growth rate of 7.1% for 2014–2016 could increase to 7.9% if infrastructure development and economic reforms are accelerated.

3. There are infrastructure bottlenecks across most sectors, but these are particularly significant in the energy, transport, water supply and sanitation (WSS), and urban services sectors. Investment in the energy sector by the state-owned power company (Perusahaan Listrik Negara) and the private sector is inadequate to meet the projected annual 9%–10% increase in electricity demand. Only about 68% of the population currently has access to electricity, a level significantly below Indonesia's regional peers. Overreliance on imported petroleum and high energy subsidies together, place a severe burden on government resources and limit the availability of funding for infrastructure development. In the WSS sector, only about 48% of the population has access to safe drinking water (compared to a 2015 target of 69%). Similarly, only 51% of the population has access to basic sanitation (compared to a 2015 target of 62%). Investment in the roads sector has returned to the pre-1997 financial crisis level of 1.6% of GDP, but is nevertheless inadequate to keep pace with the increasing demand.

4. A number of factors constrain infrastructure development in Indonesia. Following the 1997 Asian financial crisis, the government focused on rehabilitating and restructuring the financial sector to consolidate its fiscal position and reduce high public debt. This contributed to a reduction in infrastructure spending from pre-crisis levels of 5%–7% of GDP to a current level of 2.5%–4% of GDP. The decentralization process launched in 2001 largely transferred responsibility for infrastructure provision to local government, and the central government retained responsibility for sector policies and strategies, and provision of infrastructure services at the national level. However, the differing roles and responsibilities among disparate levels of government and agencies for the development and management of infrastructure are often not clearly demarcated or adequately coordinated, and regulations are not consistent. Inadequate

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<sup>1</sup> The TA first appeared in the business opportunities section of ADB's website on 27 March 2013.

local government capacity to prepare and implement projects has resulted in an overall slowdown in infrastructure development.

5. All levels of government face capacity constraints in planning, implementation, and operation and maintenance of infrastructure. Asset management planning and programs are either absent or not well developed, leading to reactive rather than preventative maintenance. The government also has limited capacity to procure consultants and tender services consistent with development partners' guidelines and Indonesia's procedures, which in turn lead to delays and bottlenecks. Project readiness and safeguards in particular are often not advanced adequately to support effective and timely implementation. Lack of coordination among ministries leads to long delays in obtaining forestry permits and environmental clearances. Moreover, the slow process of land acquisition continues to result in long project implementation delays.

6. Tariff policies in many sectors do not allow for full cost recovery, and infrastructure providers rely on subsidies through public service obligations; in addition to having opportunity costs, these subsidies introduce substantial uncertainty into medium- and long-range investment planning. For example, the tariffs that can be levied by government-owned water utilities are set below cost recovery by local governments; they are even insufficient to support operation and maintenance expenses. Funds for system rehabilitation and expansion have not been provided to keep up with growing demand and rapid urbanization. Similarly, while the investment needs in the electricity sector are in the range of \$8 billion–\$10 billion per year, the state electricity company, Perusahaan Listrik Negara, which is heavily subsidized through a public service obligation, only has access to a limited infrastructure budget of about \$2 billion a year, contributing to underinvestment in the sector.

7. Despite progress in promoting public–private partnerships (PPPs) in infrastructure during 1990–1997, projects were generally chosen on a non-competitive basis and the provision of government support was ad hoc. In 2005, the government announced a newly designed PPP program, and some progress has been made in improving the policy, legal and regulatory, financing, and risk management frameworks for PPP. However, delivering bankable PPPs remains challenging, in particular because the institutional framework and capacity for project preparation and transactions are inadequate. In addition, enhanced coordination among government agencies is needed to improve the private sector enabling environment, streamline land acquisition, and reduce regulatory inconsistency among different levels of government and other agencies.

8. Developing infrastructure and improving the overall enabling environment to enhance connectivity within and among Indonesia's islands are key development priorities of the government.<sup>2</sup> Recognizing the crucial link between infrastructure development and sustained, inclusive growth, the National Medium-Term Development Plan, 2010–2014 highlights increased infrastructure development as a key priority.<sup>3</sup> The government's emerging policy on development cooperation underscores that foreign borrowing for projects will entail (i) investments in energy, infrastructure, and urban development including through PPPs; (ii) transfer of technology and knowledge; and (iii) capacity development. The ADB Indonesia country partnership strategy, 2012–2014 also accords priority to these development

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<sup>2</sup> Coordinating Ministry for Economic Affairs. 2011. *Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia* (Acceleration and Expansion of Indonesia Economic Development), 2011–2025. Jakarta.

<sup>3</sup> The National Medium-Term Development Plan, 2010–2014 (National Development Planning Agency [BAPPENAS] 2010. *Rencana Pembangunan Jangka Menengah Nasional*. Jakarta) is the second phase of implementation of the National Long-Term Development Plan 2005–2025.

imperatives.<sup>4</sup> The TAC aims to develop a partnership for deeper collaboration among the Government of Indonesia, ADB, and the Government of Australia with a view to supporting shared infrastructure development objectives in Indonesia.

9. A review of ADB's prior operations and other evaluation studies in the infrastructure sectors in Indonesia point to several persistent challenges: (i) the poor capacity of implementing agencies to design, procure and implement projects; (ii) long delays in land acquisition and permit processing; (iii) an inadequate focus on environmental and social safeguards; and (iv) inadequate private sector participation. The TAC will address these challenges through an integrated, comprehensive approach that focuses on projects and their enabling environment, and complements project preparatory work through capacity strengthening of implementing agencies, bolstering of safeguards-related measures, and relevant analytical work.

10. The TAC will facilitate programmatic support for ADB's infrastructure portfolio across energy, transport, WSS, and urban services sectors. ADB will address policy and regulatory reform, capacity development, preparation of strategic and catalytic investments, and development of knowledge products and services. The TAC supports several key priorities of ADB's Indonesia country partnership strategy: development partnerships, private sector development including PPPs, knowledge management, governance and capacity development, and, where applicable, gender equity and regional cooperation. It will support the government's implementation of selected elements of its reform and development agenda through focused policy dialogue, targeted capacity development, and preparation of innovative and scalable project interventions. In coordination with the National Development Planning Agency (BAPPENAS), the Australian Agency for International Development (AusAID), key government sector agencies and state-owned enterprises, and other development partners, the TAC will increase coordination and synergy across ADB's sovereign and nonsovereign infrastructure portfolios. Supplementary Appendix A summarizes the development partner activities that will be complemented by the TAC.

### **III. THE PROPOSED TECHNICAL ASSISTANCE**

#### **A. Impact and Outcome**

11. The expected impact will be increased infrastructure investments in the energy, transport, WSS, and urban services sectors to sustain economic growth and poverty reduction. The TAC outcome will be improved project readiness and development of a set of bankable projects in the energy, transport, WSS, and urban services sectors.

#### **B. Methodology and Key Activities**

12. The TAC will provide a holistic approach to addressing implementation challenges in Indonesia's infrastructure sector by supporting capacity strengthening of implementing agencies, bolstering of safeguards-related measures and relevant analytical work development, and promoting enabling conditions that will assist in the rapid implementation of investment projects. These activities will be undertaken in conjunction with project preparatory work.

13. The TAC will comprise several components to be implemented during 2013–2017. It will enable ADB, AusAID, and Indonesia to adopt a long-term perspective and develop a sustained partnership, and provide flexibility in the design and implementation of the component projects.

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<sup>4</sup> ADB. 2012. *Country Partnership Strategy: Indonesia, 2012–2014*. Manila.

The cluster approach will (i) provide a multi-sector, coordinated platform to address common issues across sectors; (ii) strengthen the government's capacity to implement projects and undertake policy and sector reforms involving local and national-level stakeholders from the public and private sectors; and (iii) provide flexibility in programming the components to most effectively respond to the government's evolving infrastructure needs during 2013–2017.

14. ADB's current policy on technical assistance (TA) operations primarily restricts the cluster approach to capacity development and policy and advisory-type activities.<sup>5</sup> The ADB Board will be requested to approve a variation to the existing policy to include project preparation TA in the proposed TAC on an exceptional basis, as this would increase the efficiency and effectiveness of ADB's infrastructure operations in Indonesia, by ensuring a more coordinated approach to addressing cross-sectoral themes.<sup>6</sup> The requirements for financial management assessment of project enterprises and of safeguards compliance applicable to project preparation TA will be maintained, including enhanced management scrutiny of the component TA projects.

15. The TAC will deliver four outputs: (i) policy and advisory services, (ii) capacity development of relevant government agencies, (iii) preparation of bankable infrastructure projects, and (iv) knowledge management and dissemination. Key activities under the TAC will include (i) reviews, assessments, and recommendations for policies and regulations; (ii) rapid response to the government's requests for assessments of emerging policy issues; (iii) formulation of strategies, plans and roadmaps; and (iv) organizational and institutional reforms. The main project preparation-related activities will comprise pre-feasibility and feasibility studies, including financial management and economic soundness; environmental and social safeguards and poverty assessments; and procurement and implementation plans for selected projects.

### **C. Cost and Financing**

16. The TA cluster is estimated to cost \$23,000,000, of which \$20,000,000 will be financed on a grant basis by the Government of Australia and administered by ADB. The government will provide counterpart contributions in the form of staff, domestic transportation, office space, office supplies, access to data and other in-kind contributions. The cost estimates and financing plan and the estimated funding requirement from the TAC for each component TA are in Appendix 2. The government has been informed that approval of the TAC does not commit ADB to finance any ensuing project.

### **D. Implementation Arrangements**

17. BAPPENAS will be the executing agency and responsible for overall management and coordination of the TAC. Relevant line ministries or agencies will be the executing agencies for the respective component TA projects. The implementation arrangements are outlined in Supplementary Appendix B. The procedures for processing and execution of the component TA projects are summarized in Supplementary Appendix C.

18. A steering committee will be established to provide overall guidance on programming and critical project-related activities of the TAC. The deputy minister for infrastructure of BAPPENAS and the country director of the Indonesia Resident Mission will serve as co-chairs

<sup>5</sup> ADB. 1997. *Review of the Bank's Technical Assistance Operations*. Manila (R 119-97).

<sup>6</sup> The Board accorded similar waivers in two previous TAC projects in India. ADB. 2006. *Technical Assistance Cluster for Project Processing and Capacity Development in India*. Manila and ADB. 2009. *Technical Assistance Cluster for Advanced Project Preparedness for Poverty Reduction in India*. Manila.



of the steering committee, and the Counselor, Infrastructure and Economic Governance, AusAID, will act as an advisor. The steering committee will include relevant sector directors of: (i) ADB's Southeast Asia Department and (ii) government ministries and agencies involved in infrastructure development. A technical advisory group comprising representatives of the government ministries or agencies and ADB sector division project specialists will assist the steering committee in performing its tasks by reviewing TA proposals and other documents.

19. TAC implementation will be anchored in the Indonesia Resident Mission under the supervision of the country director supported by a project officer, who will work in close collaboration with the ADB sector divisions managing the component TA projects for energy, transport, WSS, and urban services. The resident mission will be supported by an infrastructure management unit comprised of consultants. The TAC will be implemented over 4 years (July 2013 to June 2017), with a completion report prepared for the entire TAC.

20. Consultants will be engaged by ADB in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time). The TAC will require a mix of international and national consultants with various expertise and skills, as well as a mix of recruitment approaches involving both individuals and firms. Firms and individuals will be contracted through a mix of quality-based selection, single source selection, and quality-and cost-based selection using full and simplified technical proposals as may be most appropriate for the circumstances of each assignment. Lump sum contracts for specific outputs may also be used.

21. The implementation of TA activities will require 931 person-months of consulting services, comprising 469 person-months of international and 462 person-months of national consultant services, and broken down as follows: (i) component projects: 805 person-months (international, 375 person-months; national 430 person-months); (ii) infrastructure management unit: 86 person-months (international, 74 person-months; national 12 person-months); and (iii) immediate needs of the executing and implementing agencies for specific advisory services: 20 person-months each of international and national consultant services. The types of expertise required and the outline terms of reference for the infrastructure management unit are included in Appendix 3. Summaries of the component TA projects are in Supplementary Appendix D.

22. Procurement under the TAC and component projects will be in accordance with the ADB Procurement Guidelines (2010, as amended from time to time). Equipment for the component projects will be procured by the TA consultants and turned over to the government upon completion of each TA project. All disbursements under the TAC will be in accordance with the ADB *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). AusAID will transfer the funds to ADB in annual tranches. ADB will manage the funds in accordance with its procedures, and will provide six-monthly reports on the implementation of the TAC and its components, including unaudited financial statements of commitments and utilization.

#### **IV. THE PRESIDENT'S RECOMMENDATION**

23. The President recommends that the Board approve (i) ADB administering the technical assistance cluster not exceeding the equivalent of \$20,000,000 to the Government of Indonesia to be financed on a grant basis by the Government of Australia for the Sustainable Infrastructure Assistance Program, and (ii) a variation of the existing policy to include project preparatory technical assistance components, on exceptional basis, as proposed in paragraph 14 of this report.

### DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b></p> <p>Infrastructure investments in the energy, transport, and WSS and urban services sectors increased</p>	<p>Increase in proportion of population with sustainable access to an improved water source from 50% in 2011 to over 70% by 2022.</p> <p>Increase in proportion of population with sustainable access to basic sanitation from 51% in 2009 to over 70% by 2022.</p> <p>Improvement in average national highway condition rating from 87% (rated good to fair) in 2009 to over 95% by 2022</p> <p>Increase in renewable energy, including from large hydropower, from 13% of generation mix in 2011 to 20% by 2022</p> <p>Increase in electrification ratio from 67% of population in 2011 to 95% in 2022</p>	<p>Central Bureau of Statistics data</p> <p>Annual reporting from BAPPENAS, MOF, and relevant line ministries</p> <p>ADB and development partner economic evaluation and reporting</p> <p>BAPPENAS report on MDGs</p> <p>ADB review missions</p> <p>TAC progress reports</p>	<p><b>Assumption</b></p> <p>Continued government commitment to macroeconomic and sector reforms</p> <p><b>Risk</b></p> <p>Unforeseen deterioration of the global economic environment and/or natural disasters may reduce spending on infrastructure and slow the pace of reforms</p>
<p><b>Outcome</b></p> <p>Project readiness improved and a set of bankable projects developed in energy, transport, WSS, and urban services sectors</p>	<p>Increase in public and private sector planned investments in infrastructure from \$20 billion in 2012 to \$25 billion in 2017</p>	<p>Central Bureau of Statistics data</p> <p>Annual reporting from BAPPENAS, and relevant line ministries</p> <p>ADB and development partner economic evaluation and reporting</p> <p>BAPPENAS report on MDGs</p> <p>ADB review missions</p> <p>TAC progress reports</p>	<p><b>Assumption</b></p> <p>Continued government commitment to reforming public financial management, decentralization, and PPPs to increase private sector participation in infrastructure</p> <p><b>Risk</b></p> <p>Pace of reforms slower than expected</p>
<p><b>Outputs</b></p> <p>1. Policy and advisory recommendations developed</p>	<p>At least three sector assessments and road maps prepared for the next RPJMN and adopted by the government by 2015</p> <p>At least three policy and regulatory recommendations developed by 2017</p>	<p>TAC and component TA output reports</p> <p>Government policies and regulations in relevant subsectors</p> <p>Annual reports from BAPPENAS, MOF, and relevant line ministries</p> <p>ADB review missions</p>	<p><b>Assumption</b></p> <p>Timely decisions, agreed-upon actions, and provision of information and data by executing and implementing agencies</p> <p><b>Risk</b></p> <p>Changes in government policies and priorities arising from political developments</p>
<p>2. Capacity of sector agencies strengthened</p>	<p>Needs assessment and development program prepared and executed for at least one CDTA to the executing agency handling</p>	<p>TAC and component TA output reports</p> <p>BAPPENAS, line ministry and executing agency</p>	

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	<p>ADB investments by 2015</p> <p>Two additional twinning or partnership CDTAs prepared and executed by 2017</p> <p>Training programs prepared and delivered for at least five implementing agencies by 2017</p> <p>Institutional and organizational changes to improve management adopted by government agencies by 2017</p>	<p>reports</p> <p>ADB review missions</p>	
<p>3. Infrastructure projects suitable for financing by ADB and the government prepared.</p>	<p>At least eight pre-feasibility and feasibility studies (completed by 2016)</p> <p>Due diligence and implementation plans for four investment projects by 2016</p> <p>Safeguards documents prepared consistent with ADB Safeguards Policy Statement for each component by 2016</p> <p>Social assessment, gender analysis, and social preparation conducted for each component by 2016</p> <p>Investment and financing plans prepared by 2017</p> <p>ADB investments prepared and approved by 2017</p>	<p>PPTA documentation and related reports</p> <p>ADB RRP and other internal documents</p> <p>Consultants' progress reports.</p> <p>Annual reporting from the BAPPENAS, MOF, and relevant line ministries</p> <p>ADB review missions</p> <p>IMU reporting</p>	
<p>4. Knowledge management and dissemination undertaken</p>	<p>Sector specific knowledge products prepared and uploaded on ADB website during 2014–2017</p>	<p>Consultants' progress reports.</p> <p>Annual reporting from the BAPPENAS, MOF, and relevant line ministries</p> <p>ADB review missions</p> <p>IMU reporting</p>	
<p><b>Activities with Milestones</b></p> <p><b>1. Policy and advisory recommendations developed</b></p> <p>1.1. Develop concept paper and obtain government's concurrence and ADB management approval for component projects in energy, water and sanitation, transport and urban services</p> <p>1.2. Recruit consultants and proceed with implementation</p> <p>1.3. Complete analytical studies, policy development workshops and drafting of recommendations and draft regulations as appropriate</p> <p><b>2. Capacity of sector-focused agencies strengthened</b></p> <p>2.1. Develop concept paper and obtain government concurrence and ADB management approval for component projects in energy, WSS, transport and urban services.</p>		<p><b>Inputs</b></p> <p>Government of Australia</p> <p><b>\$20,000,000</b></p> <p>The government will provide counterpart support in the form of office space, counterpart staff, logistical support, data and information provision, and support for workshops and other in-kind contributions.</p>	

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>2.2. Engage consultants and proceed with implementation</p> <p>2.3. Complete training and capacity-building activities including workshops, twinning, on-the-job-training and study tours</p> <p><b>3. Infrastructure projects suitable for ADB and government financing prepared</b></p> <p>3.1. Develop concept paper and obtain government's concurrence and ADB management approval for component projects in energy, WSS, transport and urban services</p> <p>3.2. Recruit consultants and proceed with implementation</p> <p>3.3. Complete technical, financial, social and environmental due diligence and support preparation of environmental and social safeguards measures and advance procurement</p> <p>3.4. Develop a financing plan and loan documentation for ADB financing, if appropriate and submit to ADB's Board of Directors for consideration</p> <p><b>4. Knowledge management and dissemination undertaken</b></p> <p>4.1. Develop concept paper and obtain government's concurrence and ADB management approval for component projects in energy, WSS, transport and urban services</p> <p>4.2. Recruit consultants and proceed with implementation</p> <p>4.3. Complete analytical studies, policy dialogue and preparation of key knowledge products that distill best practices or capture lessons from ADB and government-financed projects</p>			

ADB = Asian Development Bank, BAPPENAS = National Development Planning Agency, CDTA = capacity development technical assistance, IMU = infrastructure management unit, MDG = Millennium Development Goal, MOF = Ministry of Finance, PPTA = project preparatory technical assistance, RPJMN = National Medium-Term Development Plan, RRP = report and recommendation of the President, TA = technical assistance, TAC = technical assistance cluster, TAG = technical advisory group, WSS = water supply and sanitation.

Note: This design and monitoring framework pertains to the overall TAC. Each component TA will be prepared during TAC implementation and will have its own design and monitoring framework, which will be the basis for monitoring and evaluation of the specific TA.

Sources: Asian Development Bank; National Development Planning Agency.

**COST ESTIMATES AND FINANCING PLAN**  
**Table A2.1: Overall Cost Estimates and Financing Plan for the TAC**  
(\$'000)

Item	Amount
<b>Government of Australia<sup>a</sup></b>	
1. Consultants <sup>b</sup>	
a. Remuneration and per diem	
i. International consultants	11,578
ii. National consultants	2,938
b. International and local travel	1,165
c. Reports and communications	300
2. Equipment <sup>c</sup>	200
3. Training, seminars, and conferences	
a. Facilitators and resource persons	300
b. Training program, workshops, seminars and conferences	300
4. Vehicle hire <sup>d</sup>	201
5. Surveys <sup>d</sup>	200
6. Miscellaneous administration and support costs <sup>e</sup>	1,718
7. Representative for contract negotiations <sup>f</sup>	100
8. Contingencies	1,000
<b>Total</b>	<b>20,000</b>

Note: The technical assistance cluster (TAC) is estimated to cost \$23,000,000, of which the contribution from the Government of Australia is presented in the table above. The Government of Indonesia will provide support in the form of counterpart staff, domestic transportation, office space, office supplies, access to data and other in-kind contributions. The value of the Government of Indonesia's contribution is estimated to account for 13% of the total TA cost.

<sup>a</sup> Administered by the Asian Development Bank (ADB).

<sup>b</sup> This amount includes \$13,226,000 for component projects, and \$1,790,000 for the Infrastructure Management Unit (IMU). A provision of \$665,000 will be made for advisory services for executing and implementing agencies. The IMU will include two international and one national experts, and three sub-professionals, and may also include a monitoring advisor, a public-private partnership (PPP) advisor, a communications specialist, a graphics specialist, safeguards, and other specialists as required.

<sup>c</sup> All equipment to be procured by the IMU and the respective component consultants will be turned over to the executing and implementing agencies upon completion of the TA if in working condition. Equipment not in working condition will be disposed of in accordance with ADB procedures.

<sup>d</sup> Applicable to all components.

<sup>e</sup> This amount also includes ADB's administration fee, audit costs, bank charges, and provision for foreign exchange fluctuations (if any), to the extent that these items are not covered by the interest and investment income earned on this grant, or any additional grant from the Government of Australia.

<sup>f</sup> Relates to all components. Fifteen different contract negotiations are expected to be conducted across the various component TA projects.

Source: Asian Development Bank estimates.

**Table A2.2: Breakdown Of Financing By Component Projects**

Sector	Component	Year	Type	Amount (\$,000)
<b>A. Core projects</b>				
<b>1. 2013 projects</b>				
Energy	Scaling up Renewable Energy Access in Eastern Indonesia	2013	CDTA	1,000
Energy	East Java Hydropower Development	2013	PPTA	1,500
Transport	Strengthening Community Participation in Project Design, Implementation and Monitoring	2013	CDTA	1,000
WSOMIS	Preparing IKK Water Supply Project	2013	PPTA	1,200
WSOMIS	Capacity Development for Metropolitan Sanitation Management Investment Program	2013	CDTA	2,000
Subtotal (1)				<b>6,700</b>
<b>2. 2014 projects</b>				
Energy	Geothermal Power Investment Program in Central Java	2014	PPTA	1,500
Transport	Road Asset Management	2014	CDTA	1,500
Transport	Transport Sector Project Management	2014	CDTA	1,500
WSOMIS	Preparing the Second Metropolitan Sanitation Management Investment Program	2014	PPTA	1,000
WSOMIS	Green Cities - A Sustainable Urban Future in Southeast Asia	2014	CDTA	1,000
WSOMIS	Strengthening PDAMs' Technical and Financial Performance	2014	CDTA	1,300
Multisector (IRM)	Support for Public Private Partnership	2014	CDTA	3,000
Subtotal (2)				10,800
<b>Subtotal (A)</b>				<b>17,500</b>
<b>B. Non-Core Projects</b>				
<b>1. 2014 projects</b>				
Energy	Promoting Use of Small-scale Liquefied Natural Gas for Power Generation and Transport	2014	ADTA	700
WSOMIS	Capacity Development for IKK Water Supply Project	2014	CDTA	1,500
WSOMIS	Second Water Operators' Partnership for Indonesia	2014	CDTA	1,500
WSOMIS	Second Water Supply and Sanitation Sector Development Assistance	2014	CDTA	800
Subtotal (1)				4,500
<b>2. 2015 projects</b>				
Transport	Sustainable Urban Transport	2015	CDTA	1,000
Transport	Climate Resilience in Transport	2015	CDTA	1,000
Transport	Preparing the Third Regional Roads Development Project	2015	PPTA	1,500
Subtotal (2)				3,500
<b>Subtotal (B)</b>				<b>8,000</b>
<b>Total (A+B)</b>				<b>25,500</b>

ADTA = advisory technical assistance; CDTA = capacity development technical assistance; IKK = Ibukota Kecamatan (sub districts); PDAM = Perusahaan Daerah Air Minum (Regional Water Agency), PPTA = project preparatory technical assistance; WSOMIS = Water Supply and Other Municipal Infrastructure and Services

Notes: 1. This list does not include the costs associated with the Infrastructure Management Unit (\$1,790,000), advisory services for executing and implementing agencies (\$665,000), ADB administration fee and the cost share provided by the government (\$3,000,000).

2. In addition to financing the operational and administrative costs, the Australian financing of \$20,000,000 will cover only the core projects. The non-core projects may be implemented if resources will still be available after the implementation of the core projects.

Source: Asian Development Bank, National Development Planning Agency, Directors General (Highways and Public Works), Ministry of Energy and Mineral Resources.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. Consulting Services Requirements

1. All consultants will be engaged by the Asian Development Bank (ADB) in accordance with the Guidelines on the Use of Consultants (2010, as amended from time to time) and other arrangements satisfactory to ADB for the engagement of national consultants. Since the technical assistance cluster (TAC) will be completed in 4 years, expeditious selection and fielding of the consultants and simplified procedures will be adopted where possible.
2. All individual consultants will be engaged on a direct-selection basis. Each of the component technical (TA) projects will require a team of international and national consultants to be engaged separately. This will be reflected in the concept papers of the component TA projects prior to approval.
3. The services provided by the consultants will not violate or infringe on any industrial property or intellectual property right or any third party claim. The consultants shall indemnify ADB from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, suits, proceedings, demands, costs, expenses, and disbursements that may be imposed on, incurred by, or asserted against ADB by reason of infringement of any intellectual or industrial property right. The consultant shall ensure that the writings, textual matter, drawings, photographs, picture, maps, and diagrams and all materials submitted to ADB do not infringe the copyright or intellectual property right of any third party. The consultant shall obtain all copyright permissions and pay all copyright or other fees for textual matter, drawings, photographs, picture, maps, diagrams and materials to be reproduced and ensure that such reproduction does not infringe the copyright or intellectual property right of any third party. The consultant shall ensure that all the materials submitted are original or properly cited and quoted.
4. The implementation of TA activities will require 931 person-months of consulting services, comprising 469 person-months of international and 462 person-months of national consultant services. This includes 805 person-months (375 person-months of international and 430 person-months of national consultant services) for the component TA projects. The IMU will require a total of 86 person-months of consultant services (74 person-months of international and 12 person-months of national consultant services). A provision has been made for 40 person-months of consultant services (20 person-months each of international and national consultant services) to respond to immediate requirements on the part of the executing and implementing agencies for specific advisory services.
5. Full technical proposals will be required for consulting services with contract budgets over \$1,000,000, simplified technical proposals for contract budgets over \$600,000 and less than or equal to \$1,000,000, and biodata technical proposals for contract budgets of \$600,000 and less.
6. International and national consultants in the following areas of expertise will typically be required: civil engineer(s); highway engineer(s); material engineer(s); geotechnical engineer(s); pavement engineer(s); structure or bridge engineer(s); transport economist(s); transport planner(s); contract management specialist(s); social development specialist(s); resettlement specialist(s); environment specialist(s); climate change experts; capacity development or governance specialist(s); private sector specialist; energy sector specialists; geothermal energy specialist(s); power transmission specialist(s); institutional development specialist(s); project

management specialist(s); procurement specialist(s); financial management specialist(s); public–private partnership (PPP) specialist(s); monitoring and quality assurance specialist(s); economist(s); accounting specialist(s); water supply specialist(s); roads specialist(s); solid waste specialist(s); sanitation specialist(s); water utility specialist(s); urban planner(s); public administration specialist(s); training and communications specialist(s); water management or water users association specialist(s); water disaster management specialist(s); hydrologist(s); and sociologist(s).

## **B. Infrastructure Management Unit**

7. The following are terms of reference (TORs) for the infrastructure advisor (team leader) and program manager of the Infrastructure Management Unit (IMU). TORs for other positions in the IMU such as the PPP advisory services, communication specialist, print graphics specialist, and subprofessionals will be developed as required once the IMU has been established. The consultants will be engaged either as individuals or through a firm in accordance with project requirements and the ADB Guidelines on the Use of Consultants (2010, as amended from time to time).

8. **Infrastructure advisor** (international, 48 person-months). The infrastructure advisor will serve as the TAC team leader and will head the IMU and report to the TAC supervisor at the Indonesia Resident Mission and coordinate with the energy, transport, and urban development sector divisions of the Southeast Asia Department through their focal points. The advisor will be responsible for coordinating all inputs under the TAC, its components, and associated IMU responsibilities. The advisor will be supported by a program administration specialist. The team leader will be responsible for ensuring all deliverables are submitted and all information is provided on time as and when needed. The advisor should have had at least 15 years of experience in managing complex infrastructure projects, including developing reporting formats and preparing TA progress reports. The consultant will be responsible for:

- (i) overall leadership for the IMU and management of the TAC;
- (ii) developing a TAC management plan, structure and reporting formats, in collaboration with relevant ADB staff and in alignment with ADB's country programming and portfolio review cycles;
- (iii) developing milestones in consultation with ADB sector divisions;
- (iv) monitoring the progress of TA components and advising ADB on potential delays and deviations from targets;
- (v) preparing and submitting TA progress reports as required for ADB consultations with the Australian Agency for International Development (AusAID);
- (vi) preparing quarterly reports to the ADB Board on the TAC and its component projects;
- (vii) overseeing the secretariat function of the IMU to the TAC steering committee including semiannual reporting, synthesizing key issues for discussion at meetings, preparing minutes, reporting on financial commitments and disbursements, and other tasks as may be required;
- (viii) overseeing an annual financial audit of the TAC and its component TA projects; and
- (ix) participating in AusAID and ADB review meetings on TA progress; and other tasks as required to ensure smooth implementation of the TA.

9. **Program administration specialist** (international, 24 person-months). The specialist will assist the team leader with the implementation of the TAC and its components. The main



tasks will include assisting with the coordination of TA activities to ensure timely implementation. Among other tasks, the specialist will:

- (i) liaise with relevant government agencies, Australian Agency for International Development, and ADB staff to assist with the preparation of the TAC program of activities;
- (ii) assist with the preparation of TA progress reports as required; and
- (iii) perform any other administrative tasks as requested to ensure smooth implementation of the TA.