

PROJECT PREPARATORY TECHNICAL ASSISTANCE



Asian Development Bank

MEMORANDUM

6 November 2013

FOR APPROVAL PARA. 20

To: James A. Nugent, Director General, SERD

Through: Amy Leung, Director, SEUW

From: Paul van Klaveren, Senior Urban Development Specialist, SEUW

Subject: **C-TA0013-INO: Sustainable Infrastructure Assistance Program — Request for Approval of Subproject 2,⁸ IKK Water Supply Sector Project**

I. INTRODUCTION

1. The above subproject is part of the C-TA0013-INO: Sustainable Infrastructure Assistance Program (SIAP) that was approved by the ADB Board of Directors on 17 June 2013. The C-TA0013-INO is a technical assistance cluster (TAC) financed by Australian's Department of Foreign Affairs and Trade (DFAT) and administered by ADB.

2. **Progress of SIAP.** This is the second subproject under the \$20 million C-TA0013-INO: Sustainable Infrastructure Assistance Program. Approval of the subproject will make total approvals \$3.2 million. Six further subprojects are expected to be considered for approval in 2013. There are no implementation performance issues to report.

A. Justification

3. Project preparatory technical assistance is required to prepare three sample projects for ADB financing.⁹ It is expected that three teams consisting of Indonesian experts, will be mobilized to prepare three subproject appraisal reports at the same time. Overall supervision is provided by the international experts. The final reports will be presented during a national conference, to be organized and administered by the consultants.

B. Major Outcome, Outputs and Activities

4. The outcome of this PPTA is the formulation of a project that may be considered by ADB for financing.

⁸ The TA first appeared in the business opportunities section of ADB's website on 6 November 2013.

⁹ A detailed evaluation of the IKK program, the preparation of a set of comprehensive lessons learned, the preparation of a long and short lists of potential sub-projects, and the identification of the three sample sub-projects will be carried out before the PPTA starts, under a different TA.

5. The major outputs and activities are summarized in Table A4.1.

Table A4.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date ^a	Major Outputs	Expected Completion Date ^a
	1	Three Sub-project appraisal reports	4
1.1 Surveys and data collection	2		
1.2 Preparation of feasibility studies	3		
1.3 Financial and economic analysis	3		
1.4 Preparation of safeguard documents	3		
1.5 Socio-economic impact assessment			
1.6 Financial management and procurement assessment and development plan	3		
1.7 Consultation and reporting	4		

^a: in months following mobilization of consultants.

Source: Asian Development Bank.

C. Cost Estimate and Proposed Financing Arrangement

6. The TA is estimated to cost \$715,000 to be financed on a grant basis by the Australian Government administered by ADB. The government will provide counterpart support in the form of counterpart staff. The detailed cost estimate is presented in Table A4.2.

Table A4.2: Cost Estimates and Financing Plan (\$'000)

Item	Total Cost
ADB Financing^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (13 person-months)	286.0
ii. National consultants (51 person-months)	204.0
b. International and local travel	30.0
c. Reports and communications	10.0
2. Equipment (computer, printer, etc.) ^b	8.0
3. Workshops, training, seminars, and conferences ^c	
a. Facilitators	0.9
b. Facilities	3.0
c. Travel and per diem	6.0
4. Office accommodation	45.0
5. Socio-economic and geo-technical surveys	45.0
6. Miscellaneous administration and support costs	15.0
7. Contingencies	62.1
Total	715.0

^a The technical assistance (TA) is estimated to cost \$715,000 of which contributions from Australian Agency for International Development, which will be administered by ADB, are presented in the table. The government will provide counterpart support in the form of remuneration, per diem and transport of the counterpart staff, and other in-kind contributions.

^b Equipment

Type	Quantity	Cost
Desktop	3	\$ 5,000
Printer	3	\$ 3,000

All equipment will be handed over to the EA following the completion of the TA

^c Workshops, training, seminars, and conferences

Purpose	Venue
Final dissemination workshop	tbc

Sources: Asian Development Bank.

D. Consulting Services

7. ADB will contract a consulting firm to provide the requested services. The consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time), using the Quality-Cost Based (80/20) selection method with simplified technical proposals and contracted on a lump-sum basis.

8. When preparing the sub-project appraisal reports, adequate emphasis is placed on the capacity of the executing and implementing agencies to prepare and implement the sub-projects. This will include thorough gap assessments of the current and needed capacity development regarding designing, procuring and supervising the construction of the investments.

Table A4.3: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	
Water supply specialist / team leader	6
Institutional / procurement expert	2
Financial expert / economist	1
Social development / gender specialist	1
Environmental expert	1
Resettlement expert	1
Hydro-geologist	1
National	
Water supply specialist	15
Institutional / procurement expert	6
Financial expert / economist	6
Social development / gender specialist	6
Environmental expert	4
Resettlement expert	4
Hydro-geologist	4
Design engineers	6

Source: Asian Development Bank.

9. The outline terms of reference for the project preparatory TA consultants are described in paras. 10 to 16.

10. **Water supply specialists** (international, 6 person-months; national, 15 person-months). These specialists will review, update and improve all relevant technical documents required for loan processing, including relevant sections of the Report and Recommendation of the President (RRP). The international water supply specialist will be the team leader and responsible for the overall outcome of this PPTA (see paragraph 1).

11. **Institutional/procurement expert** (international, 2 person-months; national, 6 person-months). These experts will review and develop institutional arrangements that are feasible and ensure sustainability in operation and maintenance of the project. Capacity gap assessments, including procurement capacity, will be carried out and appropriate training and other capacity building initiatives will be included in project design.

12. **Financial expert/economist** (international, 1 person-month; national, 6 person-months). The experts will provide a detailed financial and economic analysis of the proposed Project and

the subprojects. The consultant's tasks include, but are not limited to the following: (i) prepare detailed project cost estimates; (ii) conduct in-depth financial and economic analysis of the investments (cost-benefit analyses); (iii) design the project fund-flow mechanism; (iv) undertake a financial management assessment of the EA and IAs; (v) assess and reach agreement on financial reporting, auditing and disclosure arrangements; (vi) develop tariff proposals; and (vii) assess possibilities for micro-financing for house connections and sanitation.

13. **Social development/gender specialist** (international, 1 person-month; national, 6 person-months). The experts will provide a detailed socio/economic, gender and ethnic minority analysis of the proposed project and the subprojects, develop appropriate community mobilization and awareness campaigns, design and carry out a willingness to pay survey, and prepare relevant sections of the RRP.

14. **Environmental expert** (international, 1 person-month; national, 4 person-months). The experts will ensure that environmental issues are appropriately included into project development and will prepare documentation required for loan processing, including relevant sections of the RRP.

15. **Resettlement expert** (international, 1 person-month; national, 4 person-months). The experts will ensure that land acquisition and resettlement issues are appropriately assessed and included into project development and will prepare documentation (resettlement framework/resettlement plan as applicable) required for loan processing, including relevant sections of the RRP. The Resettlement Specialist will ensure that activities and documents relate effectively to the activities and studies/surveys to be carried out/prepared by the Social Development Specialist (such as vulnerability assessments, focus group discussions, household surveys, gender analysis and ethnic minority assessment etc).

16. **Hydro-geologist** (international, 1 person-month; national, 4 person-months). The experts will review, update and improve geo-technical surveys of candidate sub-projects to ensure that water resources are sustainable over the life of the investments. Minimum standards and quality requirements of surveys will be defined that can be used to select future sub-projects. Counterpart staff will be assisted in improving their capacity to prepare and review surveys.

E. Implementation Arrangements

17. The executing agency of the TA is the Directorate General for Human Settlements of the Ministry of Public Works, which will establish a project management unit. The Government of Indonesia, through DGHS will finance the cost of remuneration, per diem and transport of the counterpart staff.

18. The proposed TA processing and implementation schedule is listed in Table A4.4.

Table A4.4: Technical Assistance Processing and Implementation Schedule

	Major Milestones	Expected Completion Date
VI.	VP's approval of concept paper	15 November 2013
	Mobilization of consulting firm	1 January 2014
	Draft final report	1 April 2014
	Final report	1 June 2014
	Financial closure	31 August 2014

Source: Asian Development Bank.

19. Departmental and interdepartmental comments were sought. The paper has been revised to incorporate these comments. The comments matrices are attached.

II. RECOMMENDATION

20. Pursuant to para. 27 of OM Section D12/OP, we request your approval for the provision of technical assistance not exceeding the equivalent of \$715,000 financed on a grant basis by the Government of Australia administered by the ADB through C-TA0013-INO: Sustainable Infrastructure Assistance Program to the Republic of Indonesia for IKK Water Supply Sector Project - Subproject 2 subject to the approval of the concept clearance of the project in accordance with OM D11/OP para. 5.