

I. INTRODUCTION

1. The Asian Development Bank (ADB) is preparing the Metropolitan Sanitation Management Investment Project (MSMIP) to provide sewerage and wastewater treatment facilities within the central districts of the cities of Cimahi and Jambi (North Sumatra province), Makassar (south Sulawesi), Palembang (South Sumatra) and Pekanbaru (central Sumatra) in the Republic of Indonesia. The Government of Indonesia (the Government) has emphasized the urgent need for establishing institutions in these cities to deliver qualitative and efficient sanitation services.

2. To ensure long-term sustainability of MSMIP, this capacity development technical assistance (CDTA) will complement the loan by providing expert advice to (i) help establish the relevant agencies in the cities, (ii) create an operational framework for sanitation services which will include tariff structures and billing, and (iii) provide training to ensure continued sustainability of the services.

3. In particular, the CDTA will provide capacity building activities which will include the setting up of institutions and financial policies; a sanitation regulatory framework; operation manuals and advisory services; billing and collection systems; and provision of training and workshops. The main outputs of the TA will be establishment of sanitation management institutions, public awareness of sanitation issues and the micro-marketing of sewer connections, and tariff setting.

4. The CDTA is a sub-project 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 DFAT and administered by ADB.

5. **Progress of SIAP.** This is the sixth subproject under the \$25 million SIAP. Approval of the subproject will make total approvals \$9.215 million.

II. ISSUES

6. The urban population in the project cities depends on poorly constructed and maintained septic tanks and unlined pit latrines with leachates penetrating the aquifers. Some 80% of gray water drains directly to surface waters. The present sanitation services are totally inadequate and those that exist are not integrated, largely due to the lack of regulations and enforcement resulting in very limited desludging of septic tanks, wholly inadequate septage treatment facilities and a fragmented operational responsibility. Improved access to safe water and basic sanitation is part of the Government of Indonesia's effort to achieve its 2015 Millennium Development Goal (MDG) targets. While reports suggest good progress is achieved with sanitation, in practice, the facilities now available are inadequate and substandard.

7. Present sanitation relies on septage removal and its treatment in facilities which are unsustainable. As a result, there is significant environmental pollution, widespread contamination of surface and ground water and the associated spread of water-related diseases and high infant mortality. The inadequacies of the current sanitation systems and resulting environmental and health impacts have been shown to equate to economic opportunity losses of approximately \$5.6 billion annually, equaling 2.3% of the country's gross domestic product. These issues can be solved by the introduction of (i) public sewerage and

wastewater treatment facilities; (ii) an institutional framework for their effective operation and management (O&M) and (iii) by public awareness of good sanitation practices.

8. **Rationale of the TA.** In Cimahi, Jambi, Makassar and Pekanbaru, there is no agency responsible for sanitation and hence no available experience to operate and manage sewerage and wastewater facilities to be provided under the loan Project. In Palembang the city government will be the implementing agency (IA), where experience of water supply management now exists. Accordingly, there is an urgent need to provide support, expertise and training for city agencies who will assume responsibility for O&M of the services constructed.

9. The urban populations have little appreciation of the need for and benefits of good sanitation. Therefore, there is a need to develop awareness of the personal health and economic advantages available through good sanitation practices. This understanding should also be reinforced within the new sanitation agencies.

III. IMPACT, OUTCOME AND OUTPUTS

A. Impact and Outcome

10. The expected impact of the CDTA will be reduced environmental pollution and improved health through better sanitation management. The outcome will be a strengthened institutional and capacity of responsible agencies in sanitation management and health in Cimahi, Jambi, Makassar, Palembang and Pekanbaru.

B. Methodology and Key Activities

11. The CDTA will have three main outputs, all supporting output 3 of the MSMIP¹.

12. **Output 1: Establishment of sanitation management institutions.** This will focus on developing: (i) an efficient service delivery organization² (SDO) in each city and (ii) establishment and implementation of regulations governing effective service delivery. The consultants will provide advisory services, technical assistance and monitoring of institutional development and progress of cities and SDOs. A system will be developed consisting of periodic development indicators that will chart the city and SDO's progress towards the capacity development targets of establishing a supportive sector and an effective SDO.

13. The consultant will cover sector and SDO reform initiatives such as preparation of legal and regulatory frameworks, draft decrees and legal documents, SDO organization, staffing and functions, policies and guidelines, operating manuals, business planning models and financial management systems. The consultants will lead preparation of these standard documents or

¹ Output 3: Institutional management set up and sanitation awareness. Institutional management will focus on developing: (i) an efficient service delivery organization in each city and (ii) implementation of regulations governing the service delivery. Public awareness campaigns are aimed at creating an appreciation and understanding of the benefits of sewerage systems and the need for adequate charges to ensure that they remain fully operational and correctly maintained.

² Utility service building covers assistance in setting up a semi-autonomous, not-for-profit, service provider or Badan Layanan Umum Daerah (BLUD) in Cimahi, Jambi, Makassar, and Pekanbaru and a wastewater department under the PDAM for Palembang which will enjoy more flexibilities and responsibilities than a normal government agency. During the initial years of operation, the sewerage systems in Cimahi, Jambi, Makassar, and Pekanbaru will be operated by a temporary Regional Technical Implementation Unit called Unit Pelaksanaan Teknis Daerah (UPTD) whose establishment will be supported by the CDTA.

templates in the initial year and once approved, they will be provided to each of the five cities to be the basis of preparation of specific policies and guidelines for that city.

14. The system will link each Local Institutional Development Action Plan (LIDAP) and Financial and Operating Performance Improvement Plan (FOPIP) to the desired indicators to be achieved within a predetermined period. Once the system is established the consultants will assist the cities implement the LIDAP and FOPIP through regular visits. The visits will provide planning, assessment and strategy development sessions and opportunities for coaching and technical assistance. This will cover all the institutional, environmental, legal, etc. concerns discussed in the PPTA reports.

15. **Output 2: Public awareness of sanitation issues and the micro marketing of sewer connections.** This output will comprise the initiation of public awareness campaigns aimed at creating an appreciation and understanding of the benefits of public sewerage systems, the need for sewer connections and that adequate charges must apply to ensure that the sewerage systems remain fully operational and correctly maintained. The city sanitation agencies will be advised and trained in implementing these awareness and marketing procedures.

16. The CA/PH will assist in mobilizing the community in planning, operating and maintaining community-based systems, financed by MSMIP and the local government. The CA/PH will also include an awareness campaign aimed at connecting communities to the sewerage system, as the MSMIP aims to provide about 70,270 additional house connections and 12,840 commercial connections. Gender issues will be incorporated into the CA/PH preparation and implementation, as per the MSMIP Gender Action Plan.

17. **Output 3: Tariff setting.** This output will provide guidance to the managing agencies on establishing realistic operational budgets and associated tariffs to ensure that effective O&M is sustainable while recognizing and incorporating the needs for customers requiring social support.

IV. COST AND FINANCING

18. The TA is estimated to cost \$US 2.20 million, of which \$2.0 million will be a subproject from DFAT funded Infrastructure Cluster TA for Indonesia on Sustainable Infrastructure Program on a grant basis administered by ADB. The government will provide counterpart support in the form of counterpart staff, office and housing accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions.

V. IMPLEMENTATION ARRANGEMENTS AND SCHEDULE

19. The CDTA will be implemented on an intermittent basis over 3 ½ years starting in Q3 2014 and ending in December 2018. The majority of the work will take place during the first 2½ years as indicated in the CDTA consultants' input, Table 1, below.

20. The CDTA and proposed MSMIP implementation arrangements are the same. The Directorate General of Human Settlements (DGHS) in the Ministry of Public Works (MPW) is the EA. The CDTA will be managed by the central project management unit (CPMU) in the DGHS/MPW, and the appointed manager for MSMIP will also oversee CDTA implementation, supervision, monitoring, accounting and reporting. A provincial project management unit (PPMU) and a city level project management unit (LPMU) for MSMIP will be appointed and a

full-time counterpart staff in the same PPMU and LPMU will be appointed to coordinate CDTA implementation activities at the provincial and city level.³

21. The MSMIP will require that cross-sector teams will be set up at the sub-district level to support coordination among participating communities. These teams will include the head of the sub-district and representatives of the community health centers. In each participating community, a community implementation team will be established. These implementation sub-structures will also support CDTA implementation. In Palembang, a full-time counterpart staff will be appointed in the provincial and city offices of MPW to oversee and coordinate CDTA activities. The CDTA will use the same coordinating mechanism as the proposed MSMIP to provide implementation updates and share lessons.

recommendations for policy-making measures that should support and safeguard its consolidation for the benefit of the people of Indonesia.

22. Consulting services will include a total of 131 person-months (49 person-months international and 82 person-months national) for TA implementation support. The consultants will be engaged by ADB in accordance with the *Guidelines on the Use of Consultants* (2010, as amended from time to time). A firm will be recruited through quality and cost-based selection procedures (90-10), using a simplified technical proposal. One team of consultants will be formed in each city, with key persons based in the CPMU. They will work with government officials and MSMIP project implementation consultants in support teams at the central, provincial and city levels. Procurement of goods and equipment (if any) will be in accordance with ADB's *Procurement Guidelines* (2010, as amended from time to time). At the end of the TA, procured goods and equipment will be turned over to the EA and local governments using them. Disbursement under the TA will be done in accordance with ADB's *Technical Assistance Disbursement Handbook* (January 2008, as amended from time to time).

23. The CDTA consultant will be expected to field specialists in accordance with the schedule of inputs set out in Table 1. Details of the required expertise and responsibilities of each consultant are included in Appendix 4.

Table 1: Consultants Expertise and Inputs

Consulting Positions		2013	2014	2015	2016	2017	Total Person-Months
a) International							
1.	Team Leader/Utility Management Specialist		6.0	6.0	4.0	2.0	18
2.	Sewerage Operations Specialist		4.0	-	4.0	-	8
3.	Business/ Financial Planning Specialist		4.0	-	2.0	-	6
4.	Organizational Development and Training Specialist		1.5	1.5	1.5	1.5	6
5.	MIS Specialist		1.5	-	1.5	3	2
6.	Regulatory PPP Specialist		1.0	-	1.0	-	2
7.	Wastewater Specialist – Biosolids		2.0	-	-	-	2
8.	Benefit and Monitoring Specialist		2.0	-	-	-	2
9.	Wastewater Specialist - Water reuse		2.0	-	-	-	2
	Subtotal	0	24.0	7.5	14.0	3.5	49
b) National							
1.	Deputy Team Leader – Utility Management		6.0	12.0	12.0	12.0	42
2.	Sewerage Operations Specialist		3.0	-	2.0	2.0	7
3.	Legal Specialist		1.0	-	1.0	-	2

³ PPMU will be established in Cimahi, Jambi, Makassar and Pekanbaru.

4.	Customer Service Specialist		1.0	-	-	1.0	2
5.	Management Training/Bus. Devt Specialist		3.0	2.0	1.0	1.0	7
6.	Regulatory and PPP Specialist		2.0	-	1.0	-	3
7.	Accounting Systems Specialist		3.0	-	2.0	-	5
8.	Community Development Specialist		3.0	-	2.0	-	5
9.	MIS/Information Technology Specialist		3.0	2.0	2.0	-	7
10.	Benefit and Monitoring Specialist		2.0	-	-	-	2
	Subtotal	0	27.0	16.0	23.0	16.0	82
	Total	0	51.0	23.5	37.0	19.5	131

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Reduced environment pollution and improved health in Cimahi, Jambi, Makassar, Palembang and Pekanbaru through better sanitation management</p>	<p>By 2020: At least 312,000 people and 12,800 businesses have access to improved sanitation from new facilities in 5 cities (baseline to be determined).</p> <p>In urban areas benefitting from the project, at least 30% reduction of diarrhea among children less than 5 years old (baseline to be determined).</p>	<p>National statistics (SUSENAS)</p> <p>Health centers (puskesmas) data in the 3 cities.</p> <p>2014 Intercensal Population Survey (SUPAS)</p> <p>PHBS data for each city</p> <p>End of MSMIP survey</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Governments remain committed to governance improvements in sanitation management and health • Complementary sanitation infrastructure is improved or built in the 5 cities.
<p>Outcome Strengthened institutional and capacity of responsible agencies in sanitation management and health in Cimahi, Jambi, Makassar, Palembang and Pekanbaru</p>	<p>By 2018: The city sanitation strategy (CSS) is updated at least once in Cimahi, Jambi, Makassar, Palembang and Pekanbaru.</p>	<p>City performance against Community awareness program for sanitation and public health campaigns (CA/PH) plans</p> <p>City performance against financial and operational performance improvement plan (FOPIP)</p> <p>City performance against Local institutional and development action plan (LIDAP)</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Increased political will for managing wastewater and involving communities in wastewater management. <p>Risk</p> <ul style="list-style-type: none"> • The 5 cities remain engaged and committed in TA activities.
<p>Outputs 1. Improved Delivery of community-based sanitation initiatives and septage management</p>	<p>O&M arrangements are established for at least 50% of the existing and new 64 community sanitation facilities planned by 2020.</p> <p>The PHBS program indicators for each city are improved, as required.</p> <p>Increased public awareness about the need for hygiene behaviour. At least 30% of</p>	<p>CA/PH for each city</p> <p>MSMIP project surveys and progress reports</p> <p>PHBS data for each city</p> <p>TA training and consultation records, disaggregated by sex.</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • The MSMIP is approved and effective by the start of TA. • Awareness activities under MSMIP continue in parallel with TA activities. <p>Risk</p> <ul style="list-style-type: none"> • Without the accompanying investment, TA activities may be less effective in areas

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
	<p>participants in public consultation and socialization activities are female.</p> <p>Increased public participation in sanitation and wastewater facilities. At least 30% of participants are women.</p>		outside of the project.
2. Established operation and maintenance of sewerage infrastructure	<p>Tariffs for UPTDs are adjusted to full O&M expenditure mid-2018 (2% of household disposable expenditure).</p> <p>Collection efficiency for Palembang PDAM remains at 98% by end -2020.</p> <p>Plan for tariff setting is prepared in Cimahi, Jambi Makassar and Pekanbaru.</p>	FOPIP for each city	<p>Assumptions</p> <ul style="list-style-type: none"> The MSMIP is approved and effective by TA start. PDAM Palembang and LGs in Cimahi, Jambi, Makassar and Pekanbaru remain committed to set up an overall performance. <p>Risk</p> <ul style="list-style-type: none"> Without the accompanying investment, TA activities may be less effective in Palembang.
3. Established institutions in environmental sanitation management	<p>By 2015, CSWG in each city comprising of at least 30% of women.</p> <p>3 LIDAPs are prepared and implemented for each city.</p> <p>At least 30% of all participants are female</p>	<p>Performance contracts</p> <p>TA training and consultation records, disaggregated by sex</p>	<p>Assumption</p> <ul style="list-style-type: none"> PDAM Palembang remains committed to improving their overall performance introduction the sanitation fees.
<p>Activities with Milestones</p> <p>Output 1: Improved delivery of community-based sanitation initiatives</p> <p>1.1. UPTD are established and in place, and CSS have been updated, Q1/2015.</p> <p>1.2. Community consultations and focus-group discussions are continuous</p> <p>1.3. Improve PHBS program indicators for the five cities, Q1/2015</p> <p>1.4. Prepare CA/PH for Cimahi, Jambi, Makassar, Palembang and Pekanbaru, Q1/2015</p> <p>1.5. Incorporate gender issues in CA/PHs, and ensure proposed actions are gender sensitive. Provide equal opportunities for men and women to participate in the CDTA activities.</p> <p>1.6. Implement, monitor progress, and update CA/PHs annually, Q1/2016</p>			<p>Inputs</p> <p>Total: \$2.0 million</p> <p>ADB grant: \$2.0 million</p> <ul style="list-style-type: none"> Consulting services (109 person-months (27 person-months international and 82 person-months national) \$2.00 million Equipment \$0.050 million Training \$0.060 million

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>onwards.</p> <p>Output 2: Established operation and maintenance of sewerage infrastructure</p> <p>2.1. UPTD are established and in place, and CSS have been updated, Q1/2015 2.2. Board of Supervisors are appointed, and in place, Q1/2015 2.3. Community consultations and focus-group discussions are continuous 2.4. Review financial assessments and prepare FOPIP for each city. 2.5. Assist with tariff setting and conduct associated community consultations and awareness raising on tariffs, Q1/2015 2.6. Include a revenue improvement action plan in FOPIP for Palembang, Q1/2015. 2.7. Incorporate gender issues in FOPIPs, and allows for equal opportunities. 2.8. Implement, monitor progress and update FOPIPs annually, Q1/2015 onwards.</p> <p>Output 3: Established institutions in environmental sanitation management</p> <p>3.1. UPTD are established and in place, and CSS have been updated, Q1/2015 3.2. An assessment of operational and financial performance of PDAM Palembang, Q1/2015. 3.3. Update institutional assessments that were completed during MSMIP PPTA, Q1/2015 3.4. Draft discussion paper prepared by Q1/2015 and finalized by Q4/2015. 3.5. Prepare performance contract between city government and heads of the responsible agencies, Q2/2015. 3.6. Prepare a LIDAP for Cimahi, Jambi, Makassar, Palembang and Pekanbaru, Q2/2015. 3.7. Implement, monitor progress, and update LIDAPs annually, Q3/2015 onwards 3.8. Review and update indicative training action plan (Appendix 2), Q1/2015 3.9. Implement training action plan, with at least 30% of all trainings reserved for women, Q2/2015 onwards.</p>		<ul style="list-style-type: none"> • Survey \$0.050 million • Miscellaneous support \$0.050 million • Contract negotiation \$0.020 million • Contingencies 0.160 million <p>Government: \$0.20 million</p> <ul style="list-style-type: none"> • Office Accommodation and Transport \$0.110 million • Remuneration and per diem of counterpart staff \$0.090 million 	

CA/PH = Community awareness program for sanitation and public health campaigns, CSS = city sanitation strategy, UPTD = city sanitation technical unit, FOPIP = financial and operational performance improvement plan, LIDAP = local institutional and development action plan, MSMIP = Metropolitan Sanitation Management and Health Project, PDAM = *Perusahaan Daerah Air Minum*, PHBS = *Perilaku Hidup Bersih Sehat*, Q = quarter.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	756.00
ii. National Consultants	620.00
b. International and Local Travel	134.00
c. Reports and Communications	50.00
2. Equipment ^b	50.00
3. Training, Seminars, and Conferences	
a. Facilitators	50.00
b. Training Program	60.00
4. Surveys	50.00
5. Miscellaneous Administration and Support Costs	50.00
6. Representative for Contract Negotiations	20.00
7. Contingencies	160.00
Subtotal (A)	2,000.00
B. Government of Indonesia in kind Financing^c	200.00
Total	2,200.00

^a \$2.00 million financed by the Government of Australia Financing, to be administered by the Asian Development Bank. Funds from the Government of Australia are to be front-loaded. This amount also includes ADB's administration fee, audit costs, bank charges, and a 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 Indonesia.

^b Office equipment includes computers, printers, scanner, facsimile machine, photocopier, camera, projector, and other office equipment)

^c Including office space, office furniture (e.g., sufficient number of standard desks, chairs, shelves and closets), lighting, electricity, air conditioning, access to phone lines), counterpart staff, administrative support, local transportation for counterpart staff and facilitation of good sanitation awareness campaigns

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

CONSULTANT INPUTS

All consultant specialists are expected to work as an integrated team and be involved in the preparation of draft policy / guidelines / manuals, and training materials and in the conduct of workshops. In addition, they will also be conducting advisory visits to all five cities to help ensure and monitor that the LIDAP and FOPIP recommendations are being implemented. Training and workshops will be administered by the TA.

All consultants shall be professionally qualified and the length of relevant experience, post-qualification, shall be 20 years for the team leader, 15 years for international specialists and 8 years for national specialists.

The particular responsibilities required of the CDTA specialists are as follows:

International

1. Team Leader/ Utility Management Specialist

- a. Responsible for overall TA implementation, including the management of CDTA consultants, monitoring TA progress, preparing required progress reports and participate in ADB and INDII missions;
- b. Lead the preparation of policies, guidelines, and manuals covering sector and SDO reform initiatives such as preparation of legal and regulatory frameworks, draft decrees and legal documents, SDO organization, staffing and functions, policies and guidelines, operating manuals, business planning models and financial management systems. The TL will also initiate discussions/consultations to obtain the necessary approval for these as well as take the necessary steps towards its implementation;
- c. Liaise, support and coordinate with all organizations forming the project implementation structure;
- d. Prepare the LPMU and the PPIUs for project organization and overall project implementation readiness;
- e. Oversee establishment of agreed institutional arrangements and policy requirements under the Project; and

2. Sewerage Operations Specialist

- a. Provide technical inputs into the LIDAP and FOPIP and ensure the technical capacity and readiness of the SDOs for O&M responsibilities;
- b. Prepare the Operations Manual;
- c. Assist the Organization Development and Training specialist in the LIDAP and FOPIP implementation in the 4 cities and in creating development indicators;
- d. Monitor institutional development and progress of cities and SDOs;

- e. Prepare the necessary training materials and conduct training on sewerage operation and maintenance for the in-country workshops on Utility Management, Technical Training, Project Management and Sector Management;

3. Business/Financial Planning Specialist

- a. Develop the business and financial models for the SDO that will ensure sustainable wastewater operations;
- b. Coordinate with team specialists to design and implement a social marketing strategy and to development indicators of SDO performance; and
- c. Assist with creation and effective implementation of LIDAP and FOPIP;

4. Organizational Development and Training Specialist

- a. Provide technical inputs and ensure that the LIDAP and FOPIP activities are carried out as planned in the cities. The consultant will manage the various experts who will provide advisory services and technical assistance and who will monitor institutional development and progress of cities and SDOs;
- b. Develop and implement a system consisting of periodic development indicators that will chart the city and SDO's progress;
- c. Conduct visits and provide advisory services and technical assistance during planning, assessment and strategy development sessions;
- d. Prepare and implement the Training Plan and manage the conduct workshops; and
- e. Liaise with the Indonesia Waste Water Institute (IWWI) for the participation of the MSMIP cities in its Training and Certification Program;

5. MIS Specialist

- a. Responsible for reviewing and revising (or establishing) the MIS system each city/UPTD/SDO for sanitation management and for performance monitoring indication;
- b. Provide technical inputs to and assist with the implementation of LIDAPs and FOPIPs;
- c. Prepare the necessary training materials and conduct training on MIS for the in-country workshops;

6. Regulatory and PPP Specialist

- a. Provide technical inputs and assist with training into the LIDAP and FOPIP particularly in the areas of regulation and PPP;
- b. Conduct visits and provide advisory services, technical assistance and training to the cities during planning, assessment and strategy development sessions particularly in the areas of regulation and PPP;
- c. Assist with developing and progress of periodic development indicators particularly in the areas of regulation and PPP that will chart the city and SDO's progress;

7. Wastewater Specialist – Bio-solids

- a. Assist the cities to develop a Bio-solids strategy, including identification of options; and
- b. Conduct visits and provide advisory services and technical assistance to the cities and prepare the necessary training materials and participate in workshops.

8. Benefit Monitoring and Evaluation Specialist

- a. Conduct a baseline survey and develop and implement a Project Performance Monitoring System; and
- b. Responsible for monitoring and evaluation of project benefits;

9. Wastewater Specialist – Water reuse

- a. Conduct visits and provide advisory services and technical assistance to the cities particularly in the area of water reuse and identify options; and
- b. Prepare the necessary training materials and conduct training on sewerage operation and maintenance particularly on water reuse.

National Consultants

1. Deputy Team Leader /Utility Management Specialist

- a. Deputize for and provide professional and logistic support the Team Leader in all tasks;
- b. Liaise, support and coordinate with all project implementation agencies, units and consultants and specialists;
- c. Manage the activities of national specialists;
- d. Assist the Team Leader to coordinate preparation, compilation, finalization and submission of reports to the Indonesian Government, ADB and MSMIP; and
- e. Participate in ADB and IndII Program Review Missions, as required;

2. Sewerage Operations Specialist

- a. Assist the International Sewerage Operations Specialist in activities to ensure the readiness of the UPTD/SDO of the cities and to prepare the wastewater operations manual;
- b. Provide technical inputs into the LIDAP and FOPIP;
- c. Conduct visits and provide advisory services and technical assistance to the cities during planning, assessment and strategy development sessions particularly in the area of sewerage operation;
- d. Assist with development of performance indicators and monitor institutional development and progress of cities and SDOs; and

- e. Prepare the necessary training materials and conduct training on sewerage operation and maintenance.

3. Legal

- a. Responsible for coordinating with the Organizational Development and Training specialists in reviewing, recommending and amending necessary sanitation legislation in the 4 cities particularly in establishing the BLUDs;
- b. Provide the Organization Development and Training specialist with policy and legal framework advice in the formulation and implementation of LIDAPs and FOPIPs;
- c. Conduct visits, provide advisory services, develop performance monitoring targets for the SDOs and provide training support to the cities; and
- d. Coordinate (i) with the city government on the key actions in the LIDAP and (ii) with the SDOs for the implementation of the FOPIP.

4. Customer Service Specialist

- a. Assist with design and implement a social marketing strategy to ensure that whole target population is reached;
- b. Assist with technical inputs in formulating and implementing the LIDAPs and FOPIPs;
- c. Provide technical inputs into the particularly in the areas of customer service; and
- d. Conduct visits, provide advisory services, develop performance monitoring targets for the SDOs and provide training support to the cities.

5. Management Training / Business Development Specialist

- a. Assist with technical inputs in formulating and implementing the LIDAPs and FOPIPs;
- b. Provide technical inputs into the particularly in the areas of customer service;
- c. Conduct visits, provide advisory services, develop performance monitoring targets for the SDOs and help design and implement training support to the cities; and
- d. Liaise with the Indonesia Waste Water Institute (IWWI) for the participation of the MSMIP cities in its Training and Certification Program.

6. Regulatory and PPP Specialist

- a. Conduct visits, provide advisory services, develop performance monitoring indicators for the cities and SDOs and provide other technical assistance as required;
- b. Assist with technical inputs in formulating and implementing the LIDAPs and FOPIPs; and
- c. Assist with training and liaison with city governments and SDOs.

7. Financial / Accounting Specialist

- a. Assist with development of a business model and dynamic financial model for the SDO;
- b. Assist with technical inputs in formulating and implementing the LIDAPs and FOPIPs;

- c. Conduct visits, provide advisory services, develop performance monitoring targets for the SDOs and help design and implement training support to the cities;
- d. Monitor institutional development and progress of cities and SDOs based on the targets in the development indicators particularly in the areas of business and financial planning;
- e. Coordinate (i) with the city government on the key actions in the LIDAP and (ii) with the SDOs for the implementation of the FOPIP.

8. Community Development Specialist

- a. Assist with design and implement a social marketing strategy;
- b. Assist with technical inputs in formulating and implementing the LIDAPs and FOPIPs and for training staffs in the cities;
- c. Conduct visits, provide advisory services, develop performance monitoring targets for the SDOs and help design and implement community-level training support to the cities;
- d. Coordinate with cities and SDOs and monitor institutional development and progress of cities and SDOs based on the targets for community development; and
- e. Strengthen pro-poor targeting strategies and capacity building on sanitation management for implementing agencies, communities and village governments on sanitation management.

9. MIS Specialist

- a. Assist in reviewing and revising (or establishing) the MIS system in the city/ UPTD/ SDO for improved sanitation management;
- b. Assist with technical inputs in formulating and implementing the LIDAPs and FOPIPs and for training staffs in the cities;
- c. Conduct visits, provide advisory services, develop performance monitoring targets for the SDOs and help design and implement community-level training support to the cities;
- d. Coordinate with cities and SDOs and monitor institutional development and progress of cities and SDOs based on the targets for community development.

10. Benefit Monitoring and Evaluation Specialist

- a. Assist the International Benefit Monitoring and Evaluation Specialist to conduct baseline study and monitoring and evaluation of project benefits.

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY [SPRSS]

Country	Indonesia	Project Title	Metropolitan Sanitation Management Improvement Project (MSMIP)
Lending/Financing Modality:	Project	Department Division	South East Asia Water and Sanitation
I. POVERTY AND SOCIAL ANALYSIS AND STRATEGYⁱ			
Targeting classification:		Targeted Intervention – TI - MDG 7	
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy			
<p>Indonesia is experiencing steady growth in GDP with a corresponding decline in overall income poverty. Yet, proper sanitation facilities are available to only 30% of the population (59% in urban areas and 27% in rural areas). The country is far short of attaining its commitment for improved sanitation under the Millennium Development Goals (MDGs). The inadequacies of the current sanitation systems and resulting environmental and health impacts have shown to equate to economic opportunity losses estimated to reach \$6.3 billion annually or 2.3% of the country's Gross Domestic Product (GDP)⁴. The project will help address these problems by developing and connecting people to new sanitation and wastewater treatment in five cities, namely, Cimahi, Makassar, Pekanbaru, Palembang and Jambi; and promote the MDGs on sanitation, linking poverty reduction and environmental management. The MSMIP is included in the Indonesia Country Operations Business Plan (COBP), 2012–2014. It is aligned with the Indonesia Country Partnership Strategy (CPS), 2012–2014. It is also aligned with the Government's National Medium-Term Development Plan (RPJMN), 2010–2014 which aims to accelerate attainment of the MDGs on poverty reduction, the environment, water and sanitation.</p>			
B. Results from the Poverty and Social Analysis during PPTA or Due Diligence			
<p>Key Poverty and Social Issues. Poverty exists in the target cities; up to 14% live below the poverty line⁵. The majority of these cities' populations, which includes the poor, women and vulnerable groups, suffer from a lack of proper sanitation, wastewater treatment and related pollution and health problems, due to the lack of infrastructure and hygiene. The affected people live in poor conditions and suffer from poor sanitation, living conditions and water-related diseases, such as dysentery (which averages 14%) and skin diseases, which could be as high as 18.9% in Jambi.⁶ At least 70% of project households have septic tanks but most are below standard with polluted waste water ending up in waterways and in open spaces. Open defecation still occurs in the target cities' slum⁷ areas and along waterways, such as at the floating houses in Pekanbaru and in Jambi, involving as much as 10% of the population. Inadequate access of disadvantaged groups to sanitation services is attributed to a lack of investment in sanitation, limited affordability for the poor, and a lack of awareness and demand, in which many are satisfied with the current sanitation arrangements. The problem is highlighted in sanitation hot spots, including those near Waste Water Treatment Plant (WWTP) sites, which are not within the public sewerage area. There is a lack of employment, especially among women, in sanitation hot spots, as reflected in Jambi, where 79% of the unemployed are women.</p>			
<p>Beneficiaries. Upon completion the project will directly benefit 312,000 people and 12,800 businesses in the immediate project areas in the five cities through connections to proper sanitation and off-site wastewater treatment systems, improved hygiene, living conditions and environmental quality. Targeted gender and socially inclusive interventions (refer to the GAP, PAM and DMF) will benefit the poor, women and vulnerable groups through access to sanitation facilities and services, employment, livelihood and enterprise development training, capacity building and training, IEC and sanitation and hygiene awareness, participation in public consultations and decision making on project design, implementation and monitoring.</p>			
<p>Impact channels. The primary impact will come from the infrastructure development of sanitation and wastewater treatment plants which will improve the overall urban sanitation, reduce pollution, improve living conditions and people's health standards. Sanitation awareness campaigns will improve hygiene and sanitation practices and reduce defecation in open areas. Social inclusion of poor people, women and vulnerable groups will be achieved through targeted gender and socially inclusive interventions. Where needed, the cities will pass a city ordinance or update building codes to require sewerage connections or</p>			

⁴ WSP: Economic Impacts of Sanitation in Indonesia. Napitupulu L and Hutton G. World Bank ESI. August 2008.

⁵ The poor is defined as those living on \$0.60 per capita per day – *Urban Sanitation in Indonesia: Planning for Progress*. Water Sanitation Project, World Bank, 2009.

⁶ From socio-economic surveys under Waste Water Master Planning (2011) and PPTA for Jambi. Also in Table 3 in Appendix A of Poverty and Social Analysis for MSMIP Cities.

⁷ Dictionary definition of slum is a heavily populated urban area characterized by substandard housing and squalor. Ocular inspection and interviews show poor environmental services, particularly water and sanitation facilities, low socio-economic status as laborers and lack of tenure security as renters or as informal settlers on private or public land.

the maintenance of adequate sanitation for all domestic, rental and commercial establishments in the central business districts. There will be some negative impacts. The land acquired for the project sites will impact some businesses as well as HHs that need to be relocated. The affected groups will be compensated accordingly with opportunities for livelihood support.

Other social and poverty issues. The Project is limited to the Central Business Districts (CBDs) and not entire cities. Thus large numbers of people will not benefit from the project.

Design features. The MSMIP subprojects are to provide public sewerage systems and wastewater treatment to serve the CBDs in the five target cities. In each city, the housing areas adjacent to the CBD and along the routes of the trunk sewers to the wastewater treatment plant (WWTP) are also to be connected to the sewerage system. The Project is design to ensure increased access of population (85%) to improved sewerage connection and onsite sanitation for WWTP sites in the five cities'. The poverty and socially inclusive design features are: (a) promote inclusive development through subsidies for domestic connections and monthly fees of the poor, FHHs, the sick and disabled; (b) provide access to on-site communal sanitation facilities in non-sewered areas where poverty and social deprivation occur; (c) promote employment opportunities at construction and in sanitation management with employment targets for women; (d) promote increased awareness of hygiene and sanitation among local residents, including the poor to foster positive behavior change that improves environmental conditions and health; participation in implementing structures or working groups on sanitation and on land acquisition and resettlement. Targets also include female quotas in staffing (increase of at least 10%) and promotion (by 10% by 2018). Expanded benefits include non-sewer areas in joint implementation of sanitation advocacy plans and reduced cost of desludging through discharge points for sludge tankers as well as through provision of onsite sanitation and livelihood support near WWTP sites.

II. PARTICIPATION AND EMPOWERING THE POOR

1. *Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.* Consultations with the target beneficiaries, affected persons, and vulnerable groups were conducted during project preparation and will be continued during implementation. At least 40% of participants at the public consultations and 40% of participants in key decision making and working groups will be women. IEC programs and Joint Sanitation planning and delivery will target 50% women's participation in collaboration with women's groups such as the PKK. The Project will ensure inclusive development through subsidized connections and monthly fees, livelihood and enterprise development training, capacity development training, and employment opportunities that will benefit the poor, women and vulnerable groups in the subproject areas.

2. *If civil society has a specific role in the Project, summarize the actions taken to ensure their participation.* Village chiefs and officials, HHs, and women in collaboration with community and women organizations (NGOs/CSOs) such as the PKK and Berantas are being mobilized to be part of the joint planning and implementation of social marketing of sanitation and IEC on hygiene and sanitation. Gender design measures are also in place to ensure 40% participation of women in decision making and working groups and 50% in capacity building programs.

3. *Explain how the Project ensures adequate participation of civil society organizations in project implementation.* The Participation Plan (PP) and the GAP will ensure that civil society including affected HHs and women will participate in the planning, design, implementation and monitoring of the Project. The Stakeholder and Consultation Strategy (SCS) as reflected in the PAM will guide the main communication messages necessary to ensure maximum stakeholder engagement and benefit. A national Gender and Social Development Specialist will support the central and local PMU and Service Delivery Organizations (SDOs) to ensure that the GAP and social strategy agreed between the Government and the Asian Development Bank is fully implemented.

4. *Forms of civil society organization participation envisaged during project implementation*

- Information gathering and sharing: H
- Consultation: H
- Collaboration: M
- Partnership: M

5. *Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?*

Yes, a PP has been prepared to ensure the key stakeholders' input in the project design, implementation and monitoring.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: (Effective Gender Mainstreaming – EGM)

Key Issues. The Project gender analysis shows that many of the poor live in deprived areas which lack sanitation facilities and

services. The significant social and economic burden of illness, health care for the family and other associated domestic responsibilities as a result of not having proper access to proper sanitation, falls primarily on women. The current situation exacerbates women's time poverty considerably. Women in these areas suffer from low incomes as a result of limited access to employment and livelihoods. There are significant percentages of female-headed households (FHH) in most cities⁸ who are generally poor and generally live in the hot spot areas near the Waste Water Treatment Plants (WWTPs). Women are in an overall disadvantaged position preventing them from equally and meaningfully sharing in the Project's benefits and management, despite their central role in water, hygiene and sanitation management. Women are further handicapped by the traditional view that sewerage infrastructure development is men's domain which potentially bars women's active involvement in project implementation and in leadership roles in sanitation management.

Key actions. The Gender Action Plan (GAP) will address the concerns and needs of women in the Project. The key design features promote social inclusion through subsidised connections and monthly fees for the poor and FHHs, equal access to compensation and equal titles for women and men upon resettlement, and access to on-site communal sanitation facilities in hot spot areas. Women will be economically empowered through a 35% target for female employment in civil works construction; and 50 women, either as individuals or organisations near WWTPs will be able to obtain livelihood and enterprise development training from the Sanitation/Livelihood Development Fund. Women will have a voice through a 40% target for female participation in decision making and working groups, IEC (and capacity building and training programs, 50%-50% male and female community facilitators for awareness, and a 50% equal participation target in public consultations on sewerage connection, campaigns, subsidies, and land acquisition and resettlement. Sex-disaggregated baseline data will be collected and used to monitor GAP implementation and impact during quarterly and mid-term reviews. Social inclusion and pro-poor measures include provision of onsite sanitation with livelihood options, as needed, near WWTPs.

Gender action plan (GAP) Other actions or measures No action or measure

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement | Safeguard Category: (Category B)

"Land acquisition for Waste Water Treatment Plant sites in all subprojects will affect 63 households (240 persons). Of these 24 households would be physically displaced and would need to be relocated. 5 Households would be severely affected due to the loss of more than 10% of their household incomes. For individual sub-projects the displaced persons and those severely affected remain much below 200. Therefore, the IR category for individual sub-projects as well as for the overall Project remains as 'B'."

"Strategy to address the impacts. Land Acquisition and Resettlement Plans (LARPs) were prepared for Cimahi, Palembang and Pekanbaru. Compensation is based on replacement costs with restoration of lost incomes and assistance for relocation, where necessary. Consultations will continue consistent with SPS guidelines including in areas traversed by sewer lines."

3. Plan or other Actions - Resettlement plan – X

B. Indigenous Peoples | Safeguard Category: C

Key Impacts and Strategy. MSMIP is not expected to have impacts on indigenous peoples. No further action is needed.

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

1. Relevance of the Project for the region's sector's labor market. Indicate the impact as high (H), medium (M), and low (L) or not significant (L).

Unemployment - L Underemployment - L Retrenchment - L Core labor standards – L

Labor market impact Employment will be created during construction and sewerage operations. Risks include influx of migrant workers with poor sanitation/living conditions at work camps. The DMF indicates at least 35% employment in civil works for unskilled labourers will be women and that contractor adheres to core labor standards where minors are not hired, where women receive the same pay for the same work rendered and workers have the right to organize. This also applies to PMU/SDO staff. Work camps will have basic facilities for water and sanitation.

⁸ Women-headed households: (Cimahi – 13%, Makassar – 8%, Palembang – 3.2%, Pekanbaru – 12%, Jambi – 5%). Women-headed households tend to be poorer as, for example, in Jambi where 71% of the unemployed and 70% of those unable to attend primary education are women.

B. Affordability
Lack of affordability of sanitation services was addressed through universal connection for domestic users and affordable tariff with subsidy for monthly fees for poor households and inclusive measures for hot spots. The beneficiaries of subsidized tariffs shall be no less than the percentage below the poverty line for each city. Owners of rental properties shall provide sewerage access for renters in compliance with relevant provision of building code/city ordinance.

C. Communicable Diseases and other Social Risks
The low levels of sanitation exacerbate rates of diarrhea and dengue. Also, labor influx and work camps may bring risks of sexually transmitted diseases including HIV/AIDS. This is mitigated through a quota of at least 35% local workers. Along with sanitation education, Gender Action Plan and Communication Strategy includes information bulletin on risks of HIV/AIDS relayed through appropriate media and through NGO expert in HIV/AIDS education engaged by civil works contractor which shall also provide SPRSS information and prepare code of conduct for workers in addition to adequate water and sanitation facilities at work camps which will form part of contract bidding documents.

Communicable diseases - (M), Human trafficking - (L), Others (HIV/AIDS) - (L)

VI. MONITORING AND EVALUATION

Are social indicators included in the DMF to facilitate monitoring of gender and social development activities and/or social impacts during project implementation? Yes No

Yes, social and gender indicators and targets are included in the project DMF and GAP. They will be included in the project performance monitoring system to monitor project social and gender benefits on beneficiaries/ stakeholders. A national gender and social development specialist will be hired to monitor the implementation of GAP. A safeguard monitoring expert will be engaged by the PISC to ensure compliance with ADB’s Safeguard Policy Statement (2009). The Project will be reviewed jointly by the EA, IAs, and ADB semi-annually to assess implementation progress. A comprehensive mid-term review will be carried out by the EA, IAs and ADB three years after the commencement of the Project.