

**SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY**

Country:	Indonesia	Project Title:	Metropolitan Sanitation Management Investment Program
Lending/Financing Modality:	Project loan	Department/ Division:	Southeast Asia Department/Urban Development and Water Division, SERD

**I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY**

Targeting classification: Targeting Intervention - Sector/Subsector Interventions Supporting MDGs  
Goal 7: Ensure environmental sustainability

**A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy**

Indonesia is experiencing steady growth in gross domestic product (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 resulted in economic opportunity losses estimated to reach \$6.3 billion annually or 2.3% of the country's GDP.<sup>a</sup> The program will help address these problems by developing and connecting people to new sanitation and wastewater treatment facilities in five cities: Cimahi, Jambi, Makassar, Palembang, and Pekanbaru; and promote the MDGs for sanitation, linking poverty reduction and environmental management. The program is included in the country operations business plan, 2012–2014 for Indonesia prepared by the Asian Development Bank (ADB). It is aligned with ADB's country partnership strategy, 2012–2014 for Indonesia and with the government's National Medium-Term Development Plan, 2010–2014, which aims to accelerate attainment of the MDGs for poverty reduction, environment, water, and sanitation.

**B. Results from the Poverty and Social Analysis during PPTA or Due Diligence****1. Key poverty and social issues.**

Key poverty and social issues. In the target cities, up to 14% of the populations live below the poverty line.<sup>b</sup> Most, including the poor, women, and vulnerable groups, lack proper sanitation and wastewater treatment, and experience related pollution and health problems due to the lack of infrastructure and hygiene, e.g., dysentery (averaging 14%) and skin diseases (as high as 18.9% in Jambi).<sup>c</sup> At least 70% of project households have septic tanks but most are below standard with polluted wastewater ending up in waterways and open spaces. Open defecation still occurs in the target cities' slum areas and along waterways, such as at the floating houses in Jambi and Pekanbaru, involving as much as 10% of the population.<sup>d</sup> Inadequate access of disadvantaged groups to sanitation services is attributed to lack of investment in sanitation, limited affordability, and lack of awareness and demand (many are satisfied with the current sanitation arrangements). The problem is highlighted in sanitation hot spots, including those near wastewater treatment plants (WWTPs), which are not within the public sewerage area. In these areas, employment is lacking, especially for women (in Jambi, 79% of the unemployed are women).

**2. Beneficiaries.**

Upon completion, the program will directly benefit 312,000 people and 12,800 businesses in the immediate subproject areas in the five cities through connections to proper sanitation and off-site wastewater treatment systems, and improved hygiene, living conditions, and environmental quality. Targeted gender and socially inclusive interventions (refer to the gender action plan [GAP], program administration manual, and design and monitoring framework [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; information, education, and communication (IEC); sanitation and hygiene awareness; and participation in public consultations and decision making on project design, implementation, and monitoring.

**3. Impact channels**

The primary impact will be the development of sanitation and wastewater treatment plants, which will improve overall urban sanitation, reduce pollution, and 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 the poor, women, and vulnerable will be achieved through targeted gender and socially inclusive interventions. Where needed, the cities will pass an ordinance or update building codes to require sewerage connections or the maintenance of adequate sanitation for all domestic, rental, and commercial establishments in the central business districts (CBDs). Negative impacts include the impact of land acquisition for the subproject sites on some businesses and households that will need to be relocated. The affected groups will be compensated accordingly with opportunities for livelihood support.

4. Other social and poverty issues.

The program is limited to the CBDs and not entire cities. Thus many city residents will not benefit from the program.

5. Design features.

The subprojects are to provide public sewerage systems and wastewater treatment to serve the CBDs in five target cities. In each city, housing areas adjacent to the CBD and along the routes of the trunk sewers to the WWTP are to be connected to the sewerage system. The program is designed to ensure increased access of the population (85%) to improved sewerage connection and on-site sanitation for WWTP sites in the five cities. The poverty and socially inclusive design features are to (i) promote inclusive development through subsidies for domestic connections and monthly fees of the poor, households headed by women, and vulnerable groups; (ii) provide access to on-site communal sanitation facilities in nonsewered areas where poverty and social deprivation occur; (iii) promote employment opportunities during construction and in sanitation management for poor and low-income people; (iv) promote increased awareness of hygiene and sanitation among local residents, including the poor to foster positive behavior change that improves environmental conditions and health; and (v) ensure participation in implementing structures or working groups on sanitation and on land acquisition and resettlement. Targets include female quotas in staffing (increase of at least 10%) and promotion (by 10%) by 2018. Expanded benefits include nonsewered 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 on-site 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. Women will comprise at least 40% of participants at the public consultations and of key decision making and working groups. IEC programs and joint sanitation planning and delivery will target 50% women's participation in collaboration with women's groups such as the PKK (Women's Empowerment Organization). The program 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, households, and women in collaboration with community and women's organizations (nongovernment and community service organizations) 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 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 (and GAP) will ensure that civil society, including affected households and women, will participate in the planning, design, implementation, and monitoring of the program. The stakeholder and consultation strategy 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 project management unit and service delivery organizations to ensure that the GAP and social strategy agreed to by the government and ADB is fully implemented.

4. What forms of civil society organization participation is envisaged during project implementation?

M Information gathering and sharing  M Consultation  M Collaboration  M Partnership

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.  No.

The participation plan is to ensure key stakeholder input in the program design, implementation, and monitoring

## III. GENDER AND DEVELOPMENT

Gender mainstreaming category:

Effective gender mainstreaming (EGM)

### A. Key issues.

The gender analysis shows that many of the poor live in deprived areas lacking sanitation facilities and services. The cities have high incidence of water-related diseases (up to 18% for diarrhea), principally due to poor sanitation and hygiene practices. 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, exacerbating women's time poverty considerably. Women in these areas suffer from low incomes as a result of limited access to employment and

livelihoods. Most cities have a significant percentage of households headed by women, who are generally poor and generally live in the hot spot areas near WWTPs. Women are in an overall disadvantaged position preventing them from equally and meaningfully sharing in the program 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 program implementation and in leadership roles in sanitation management.

**B. Key actions.**

Gender action plan     Other actions or measures     No action or measure

The GAP will address the concerns and needs of women in the project area. The key design features promote social inclusion through subsidized connections and monthly fees for the poor and households headed by women, 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 potential income-generating activities during civil works construction; and 50 women, either as individuals or organizations near the WWTPs, will be able to obtain livelihood and enterprise development training from the sanitation and livelihood development assistance. 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, equal numbers of 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 midterm reviews. Social inclusion and pro-poor measures include provision of on-site sanitation with livelihood options, as needed, near WWTPs.

**IV. ADDRESSING SOCIAL SAFEGUARD ISSUES**

**A. Involuntary Resettlement**

**Safeguard Category**     A     B     C     FI

1. Key impacts.

Land acquisition for WWTP sites in all subprojects will affect 63 households (240 people). Of these, 24 households will be physically displaced and need to be relocated; 5 households will be severely affected due to the loss of more than 10% of their household incomes. For individual subprojects, the displaced people and those severely affected remain well below 200. Therefore, the involuntary resettlement category for individual subprojects as well as for the overall project remains as B.

2. Strategy to address the impacts?

Land acquisition and resettlement plans 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 Safeguard Policy Statement guidelines including in areas traversed by sewer lines.

3. Plan or other actions.

- Resettlement plan
- Resettlement framework
- Environmental and social management system arrangement
- No action
- Combined resettlement and indigenous peoples plan
- Combined resettlement framework and indigenous peoples planning framework
- Social impact matrix

**B. Indigenous Peoples**

**Safeguard Category**     A     B     C     FI

1. Key impacts.     Yes     No

The program is not expected to impact indigenous peoples.

2. Strategy to address the impacts.

No action is needed No indigenous peoples will be affected by the subprojects. Land to be acquired is not part of any ancestral domain.

3. Plan or other actions.

- Indigenous peoples plan
- Indigenous peoples planning framework
- Combined resettlement plan and indigenous peoples plan
- Combined resettlement framework and indigenous peoples planning framework

Environmental and social management system arrangement

Indigenous peoples plan elements integrated in project with a summary

Social impact matrix

No action

## V. ADDRESSING OTHER SOCIAL RISKS

### A. Risks in the Labor Market

1. Relevance of the project for the country's or region's or sector's labor market.

L unemployment  L underemployment  L retrenchment  L core labor standards

Relevance of the project for the country's or region's or sector's labor market. high (H), medium (M), and low or not significant (L).

2. Labor market impact.

Employment will be created during construction and sewerage operations. Risks include influx of migrant workers with poor sanitation and living conditions at work camps. The DMF indicates at least 35% employment in civil works for local laborers from poor and low-income households and communities in the subproject areas and that contractors will adhere to core labor standards: not hiring minors, providing women with the same pay for the same work rendered, and allowing workers the right to organize. This also applies to project management unit and service delivery organization staff. Work camps will have basic facilities for water and sanitation.

### 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 will not be less than the percentage below the poverty line for each city. Owners of rental properties will provide sewerage access for renters in compliance with relevant provision of building codes and city ordinance.

### C. Communicable Diseases and Other Social Risks

1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA):

L Communicable diseases

L Human trafficking

Others (please specify)

2. Describe the related risks of the project on people in project area.

The risk of HIV/AIDS or other communicable diseases at work camps and in project communities might be lessened as a result of hiring local workers. HIV/AIDS awareness campaign will be initiated through the contractor targeting all construction workers, conducted in collaboration with village governments and women organizations. This will form part of the contract bidding documents.

## VI. MONITORING AND EVALUATION

1. Targets and indicators:

Social indicators are included in the DMF and GAP to facilitate monitoring of gender and social development activities and/or social impacts during program implementation. They will be included in the program performance monitoring system to monitor social and gender benefits for beneficiaries and stakeholders.

2. Required human resources:

A national gender and social development specialist will be engaged to monitor GAP implementation and a safeguard monitoring expert to ensure compliance with ADB's Safeguard Policy Statement (2009)

3. Information in PAM:

Explain what information the project review, monitoring, and completion reports included in the PAM. Social dimensions include monitoring of safeguards (compensation, physical and economic re-establishment of DPs) and GAP measures on quarterly basis. CPMU and ADB will jointly assess project implementation at least once every year. The government CPMU and ADB will conduct a comprehensive midterm review 3 years after the project starts including: scope coverage, implementation performance, compliance with covenants and changes needed to overcome problems encountered. Completion report will include effectiveness of capacity development and awareness building program and compliance with loan covenants.

4. Monitoring tools:

The executing and implementing agencies and ADB will assess implementation progress semi-annually and carry out a comprehensive midterm review 3 years after program commencement.