

## CONCEPT PAPER FOR LENDING PRODUCTS

### Poverty Reduction Through Land Rehabilitation and Management

**Date:**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other (specify e.g., loan-financed project preparatory, project implementation or advisory activities) </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other (specify) </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Environmental and natural resources Subsector:</p> <p>b. For project preparatory and lending, classification (check one)</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input checked="" type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other: </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection </td> </tr> </table>	<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
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<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development </p>		
<p><b>4. Responsible division/department:</b> SEAE/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> C. Wensley</p>		
<p><b>6. Description of assistance(s)</b></p> <p>a. <b>Background/linkage to country/regional strategy:</b> Natural resources management and environmental protection are two key elements of the country strategy. Indonesia has about 20 million hectares of degraded land, mostly forests and watershed and failed transmigration areas in outer islands. The continuing degradation threatens the livelihood of forest communities forcing them to illegal logging and opening new areas for slash-and-burn agriculture. Rehabilitation and management of these lands will provide opportunities to local communities to generate sustainable income and move out of pervasive poverty</p> <p>b. <b>Goal and purpose</b> The long-term goal is sustainable management of land resources and poverty reduction. The project purpose is community-based management of degraded lands for agroforestry and other economic activities in a sustainable manner.</p>		

<p><b>c. Components and outputs:</b> Subject to confirmation during the feasibility study, the project components will include (i) rationalization of policy and institutional framework for management of degraded forest lands and critical forest ecosystems; (ii) identification and rehabilitation of priority areas and development of agroforestry and other suitable productive crops; and (iii) strengthening of local government and beneficiary institutions.</p> <p><b>d. Expected results and deliverables:</b> The Project is expected to result in improved management of land and forest resources and reduced poverty incidence among the forest communities.</p> <p><b>e. Social or environmental issues or concerns (if any):</b> The Project will aim at addressing the concerns related to environmental degradation and rural poverty.</p> <p><b>f. Plans for disseminating results/deliverables:</b> To be developed under the feasibility study.</p>																	
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Home Affairs in cooperation with the ministries of agriculture and forestry</p>																	
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> The present form of the project concept was developed during interministerial discussions on environmental protection and poverty reduction. Further Government input and beneficiary participation in firming up the project design and implementation arrangements will be sought during the project preparation.</p>																	
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <table border="0"> <tr> <td>a. Year included in CSP</td> <td>2002</td> </tr> <tr> <td>b. Expected date of submission for approval</td> <td></td> </tr> <tr> <td>    Lending:</td> <td>2003</td> </tr> <tr> <td>    Nonlending (project preparatory):</td> <td>2002</td> </tr> <tr> <td>    Nonlending (other than project preparatory)</td> <td></td> </tr> <tr> <td>c. Period and duration of assistance</td> <td></td> </tr> <tr> <td>    Lending:</td> <td>2004—2009</td> </tr> <tr> <td>    Nonlending:</td> <td>2003—2004</td> </tr> </table>		a. Year included in CSP	2002	b. Expected date of submission for approval		Lending:	2003	Nonlending (project preparatory):	2002	Nonlending (other than project preparatory)		c. Period and duration of assistance		Lending:	2004—2009	Nonlending:	2003—2004
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Lending:	2004—2009																
Nonlending:	2003—2004																
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending</p> <p><input checked="" type="checkbox"/> Ordinary capital resources: \$75 million</p> <p><input type="checkbox"/> Asian Development Fund: \$ -</p> <p><input type="checkbox"/> Other: Grant-based cofinancing \$ -</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget: \$800,000</p> <p><input type="checkbox"/> Grant TA funds: \$500,000</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>																	

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Rural Area Development Project  
(Formerly Community Empowerment for Rural Development 2)**

**Date:**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other (specify e.g., loan-financed project preparatory, project implementation or advisory activities)</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other (specify)</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Rural Development Sub-Sector: Rural development</p> <p>b. For project preparatory and lending, classification (check one)</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s) (check more than one category, if applicable)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input checked="" type="checkbox"/> Economic growth</td> <td style="width: 50%;"><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other (specify):</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other (specify):	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other (specify):										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> SESS/SERD</p>										
<p><b>5. Responsible ADB officer(s):</b> M. Jayawant</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The project mirrors the central objective of ADB's country strategy for Indonesia of reducing poverty and regional inequity. By developing the necessary capacity among communities and government support services, the proposed project will allow disadvantaged regions to access the benefits of wider economic growth and at the same time allow a better utilization of local resources for poverty reduction.</p> <p><b>b. Goal and purpose</b> The long term goal is to reduce the poverty. The immediate purpose is to empower poor communities to plan and manage their own development activities and to develop the capacity among the government to play a supporting role for these activities, particularly in harnessing the poverty reduction potential of the development.</p> <p><b>c. Components and outputs:</b></p> <p>(i) Human resource development, (ii) rural infrastructure development; and (iii) project management.</p>										

<p><b>d. Expected results and deliverables:</b>          The project will (i) improve the institutional capacity of district government planning and support services; (ii) improve the ability of poor communities to provide active inputs into development decision making; and (iii) improve links of poor communities to urban areas.</p> <p><b>e. Social or environmental issues or concerns (if any):</b> To be determined during feasibility study</p> <p><b>f. Plans for disseminating results/deliverables:</b> to be determined during feasibility study</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of home affairs</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b>          All stakeholders will be consulted during project preparation.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in: 2002</p> <p>b. Expected date of submission for approval          Lending: 2003          Nonlending (project preparatory):          Nonlending (other than project preparatory)</p> <p>c. Period and duration of assistance          Lending: TBD          Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million  <input type="checkbox"/> Asian Development Fund: \$ -  <input type="checkbox"/> Other: Grant-based cofinancing \$ -</p> <p>If cofinancing is required indicate sources, and amount sought:          If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought:          If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Rural Micro Finance

**Date: May 2002**

### 1. Type/modality of assistance (check)

- Lending
- Project loan
  - Program loan
  - Sector loan
  - Sector development program loan
  - Other (specify e.g., loan-financed project preparatory, project implementation or advisory activities)
- Nonlending
- Project preparatory
  - Other than project preparatory
    - Economic, thematic, and sector work
    - Institutional development
    - Other (specify)

### 2. Assistance Focus

- a. If assistance focuses on a particular sector or subsector, specify the  
Sector: Agriculture and rural development      Subsector:
- b. For project preparatory and lending, classification (check one)
- Core poverty intervention
  - Poverty intervention
- c. Key thematic area(s)
- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Economic growth | <input checked="" type="checkbox"/> Human development |
| <input type="checkbox"/> Gender and development     | <input type="checkbox"/> Good governance              |
| <input type="checkbox"/> Environmental protection   | <input type="checkbox"/> Private sector development   |
| <input type="checkbox"/> Regional cooperation       | <input type="checkbox"/> Social protection            |
| <input type="checkbox"/> Other:                     |   |

### 3. Coverage

- Country       Subregional       Interregional
- Internal policy development

### 4. Responsible division/department: SEAE/SERD

### 5. Responsible ADB officer(s): S. Sethboonsarng

### 6. Description of assistance(s)

#### a. Background/linkage to country/regional strategy:

The central objective of ADB country strategy for Indonesia is reducing poverty and regional inequity. In the context of relatively high levels of poverty and large numbers entering the labor force, self-employment and microenterprises will continue to play an important role in the country's overall program for poverty reduction. The principal project will support improving the access of the rural poor to financial and related services.

#### b. Goal and purpose

The long-term goal is to reduce poverty and regional inequity. The project purpose is to improve and create an enabling environment for rural microfinance institution to grow and increase their outreach programs and assist the rural poor develop the capacities to gain access to rural microfinance services.

#### c. Components and outputs:

Subject to confirmation by the detailed feasibility study, the project components will include: (i) strengthening of selected rural financing institutions in providing financial services for the development microenterprises; (ii) strengthening of the capacity of the rural communities to access microfinance services, manage credit funds, mobilize savings, empower themselves and improve their creditworthiness; and (iii) providing financial support to the rural financing institutions for a viable credit program.

**d. Expected results and deliverables:**  
 The project is expected to result in increased employment and income opportunities for the rural poor.

**e. Social or environmental issues or concerns (if any):**  
 No major social or environmental issues anticipated.

**f. Plans for disseminating results/deliverables:**  
 To be developed under the feasibility study.

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**7. Proposed executing/implementing agencies:** Director General of Agriculture Facilities, Ministry of Agriculture

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**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
 The institutions involved in conceptualization of the project and preparation of the scope and terms of reference of the TA are Ministry of Finance, Bank Indonesia, Bank Rakyat Indonesia, and Ministry of Agriculture. Potential beneficiaries were consulted during TA fact-finding.

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**9. Timetable for assistance design, processing, and implementation**

a. Year included in 2002

b. Expected date of submission for approval

Lending:	2003
Nonlending (project preparatory):	2002
Nonlending (other than project preparatory)	

c. Period and duration of assistance

Lending:	2003—2007
Nonlending:	2002—2003

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**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending

- Ordinary capital resources: \$100 million
- Asian Development Fund: \$ -
- Other: Grant-based cofinancing \$ -

If cofinancing is required indicate sources, and amount sought:  
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget
- Grant TA funds

If cofinancing is required indicate sources, and amount sought:  
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Financial Governance and Social Security Reform Program (FGSSR) 2

**Date:** 2 August 2002

**1. Type/modality of assistance** (double-click on appropriate box)

- Lending  
 Project loan  
 Program loan  
 Sector loan  
 Sector development program loan  
 Other:  
 Nonlending  
 Project preparatory  
 Other than project preparatory  
 Economic, thematic, and sector work  
 Institutional development  
 Other

**2. Assistance Focus**

- a. If assistance focuses on a particular sector or subsector, specify the  
Sector: Financial  
Subsector:
- b. For project preparatory and lending, classification  
 Core poverty intervention  
 Poverty intervention  
 Other Development Intervention
- c. Key thematic area(s)
- |   |   |
|---|---|
| <input type="checkbox"/> Economic growth          | <input type="checkbox"/> Human development            |
| <input type="checkbox"/> Gender and development   | <input checked="" type="checkbox"/> Good governance   |
| <input type="checkbox"/> Environmental protection | <input type="checkbox"/> Private sector development   |
| <input type="checkbox"/> Regional cooperation     | <input checked="" type="checkbox"/> Social protection |
| <input type="checkbox"/> Other:                   |   |

**3. Coverage**

- Country                       Subregional                       Interregional  
 Internal policy development

**4. Responsible division/department:** SERD/SEGF

**5. Responsible ADB officer(s):** Julie Rogers

**6. Description of assistance**

**a. Background:**

The Government of the Republic of Indonesia has requested ADB to provide program assistance for the development and reform of the financial sector including capital markets, pensions, insurance and banking supervision. The FGSSR will build upon INO-Loan 1618 Financial Governance Reforms Sector Development Program core reforms. The FGSSR is a cluster comprising two loans to support reforms for financial governance and social security. The first loan will consist of two tranches and is planned for implementation during 2002 to 2003. Subject to satisfactory progress under the first loan, the second loan will be processed and implemented over 2003—2005.

**b. Goal and purpose:**

The FGSSR will improve governance through increased disclosure, transparency and enforcement of regulations, effective audits and financial assessments of enterprises and the development of legal frameworks for anticorruption and anti-money laundering efforts. The first loan of the FGSSR will support a broad framework for the overall strengthening of the financial sector and promote the development of sound

<p>financial institutions necessary to support economic growth. As part of this overall strengthening, it also aims to improve social protection through improved governance, supervision and regulation of pension funds and mandatory social insurance programs workers social security (JAMSOSTEK), pension insurance funds (TASPEN), and military insurance program (ASABRI).</p> <p>To strengthen financial sector governance, the first loan will support the establishment of a consolidated supervisory and regulatory authority otoritas jasa keuangan (OJK, financial services authority) for the financial sector. In the pre-OJK transition period of 2002-2003, the first loan will (i) support comprehensive legal reform necessary to transfer regulatory power to OJK; (ii) support development of an anti-money laundering regime; (iii) continue strengthening regulation and supervision in the relevant institutions; (iv) improve corporate governance; (v) promote demutualization of stock exchanges to increase competitiveness, efficiency and governance; (vi) promote adoption of international best practices and standards for prudential regulation and supervision of the financial sector; and (vii) strengthen supervision through capacity building. The first loan will (i) strengthen governance of mandatory pension and provident funds; (ii) undertake assessment of unfounded pension liabilities and preparation of financing options to reduce liabilities and administrative and operating costs; undertake measures to improve programs to provide adequate retirement income; and (iv) undertake strategic audits and company reviews to identify necessary reforms, restructuring and consolidation.</p> <p>The second loan under FGSSR Cluster would continue support for the first loan reforms, and include measures to support broader social security reform. The second loan would be presented for Board consideration, based on the successful implementation of the first loan. Policy actions for the second loan are subject to revision depending upon ADB's reassessment of the macroeconomic environment, further sector information and analyses conducted under the first loan, lessons learned under the first loan, and status of implementation of and readiness of the Government to undertake the proposed policy reforms.</p>
<p><b>7. Proposed executing/implementing agencies:</b>          Executing Agency: Coordinating Ministry for Economic Affairs (CMEA)          Implementing agencies will include: ministry of finance (including capital market supervisory agency (BAPEPAM) and directorate general of financial institutions); ministry of justice and human rights; ministry of manpower and transmigration; ministry of home affairs; ministry of state administration.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b>          See background section above</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <ul style="list-style-type: none"> <li>• Program design will be further developed during implementation of first loan under FGSSR.</li> <li>• Board consideration of second loan would following satisfactory completion of first loan and is planned for 2003</li> <li>• Proposed Implementation of second loan (2003—2005)</li> </ul>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending</p> <p><input checked="" type="checkbox"/> Ordinary capital resources: \$150 million</p> <p><input type="checkbox"/> Asian Development Fund:</p> <p><input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought:          If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget:</p> <p><input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought:          If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.</p>

## Road Rehabilitation (Sector) 2

Date: May 2002

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other: (specify, e.g., loan financed project preparatory, project implementation, or advisory activities) </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> <b>Other:</b> </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development Intervention </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> <b>Other:</b> </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> <b>Other:</b>	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
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<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> <b>Country</b> <input type="checkbox"/> <b>Subregional</b> <input type="checkbox"/> <b>Interregional</b> <input type="checkbox"/> <b>Internal policy development</b></p>		
<p><b>4. Responsible division/department:</b> SEID/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> M. Rehman</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional/interregional strategy:</b>  Due to the 1997-1999 financial crisis, the road sector has received insufficient allocation of public expenditures, and the road network has suffered considerably from lack of adequate routine and periodic maintenance. The project is the second sector loan formulated to help the Government (i) rehabilitate high-priority links of the road network to facilitate economic recovery and reduce poverty, and (ii) implement road traffic and transport policies formulated under the first sector loan.</p> <p><b>b. Goal and purpose:</b>  The goal is to help improve the critical road infrastructure in Indonesia and contribute to long term growth of the economy. It could also help in promoting sub regional transport cooperation, particularly Indonesia – East Timor sub regional cooperation.</p> <p><b>c. Components and outputs:</b>  The detailed components and outputs will be determined after the first sector loan is implemented and after drawing lessons learned from it. It is expected to increase the overall coverage of road rehabilitation to areas not covered under the first loan.</p> <p><b>d. Expected results and deliverables:</b>  The project will reduce transport costs, and facilitate economic recovery. Apart from benefiting direct users of roads, it will help pro-poor growth by providing the poor with employment opportunities and better access to markets and health and education facilities.</p>		

<p><b>e. Social or environmental issues or concerns:</b> The project is not expected to have social and environmental concerns as it will focus mainly on rehabilitations of roads rather than new construction.</p> <p><b>f. Plans for disseminating results/deliverables:</b> To be determined during processing</p>
<p><b>7. Proposed executing/implementing agencies:</b> Directorate General of Regional Infrastructure, Ministry of Human Settlements and Regional Development</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> During the fact finding phase, the Mission visited the proposed road links in the islands of Kalimantan and Sumatra to hold discussions with the local Government officials and also met with officials from Directorate General of Road Infrastructure (MSRI), Directorate General of Land Communications (Ministry of Transport and Communications), BAPPENAS, MOF, Coordinating Ministry of the Economy in Jakarta on the nature, extent, and beneficiary involvement in the proposed project.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: 2003 Nonlending (project preparatory): Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance (s) Lending: 2004-2007 Nonlending:</p> <p>CSP = Country Strategy and Program, SCSP = Subregional Cooperation Strategy and Program</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million. <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other (Specify):</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Clean Energy Use for Blue Sky

**Date: May 2002**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other: (specify, e.g., loan financed project preparatory, project implementation, or advisory activities)</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other Development Intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p style="margin-left: 20px;"><input type="checkbox"/> Economic growth</p> <p style="margin-left: 20px;"><input type="checkbox"/> Gender and development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Environmental protection</p> <p style="margin-left: 20px;"><input type="checkbox"/> Regional cooperation</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> </td> <td style="width: 50%; vertical-align: top;"> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Human development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Good governance</p> <p style="margin-left: 20px;"><input type="checkbox"/> Private sector development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Social protection</p> </td> </tr> </table>	<p style="margin-left: 20px;"><input type="checkbox"/> Economic growth</p> <p style="margin-left: 20px;"><input type="checkbox"/> Gender and development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Environmental protection</p> <p style="margin-left: 20px;"><input type="checkbox"/> Regional cooperation</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p>	<p style="margin-left: 20px;"><input checked="" type="checkbox"/> Human development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Good governance</p> <p style="margin-left: 20px;"><input type="checkbox"/> Private sector development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Social protection</p>
<p style="margin-left: 20px;"><input type="checkbox"/> Economic growth</p> <p style="margin-left: 20px;"><input type="checkbox"/> Gender and development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Environmental protection</p> <p style="margin-left: 20px;"><input type="checkbox"/> Regional cooperation</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p>	<p style="margin-left: 20px;"><input checked="" type="checkbox"/> Human development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Good governance</p> <p style="margin-left: 20px;"><input type="checkbox"/> Private sector development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Social protection</p>	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional                      <input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SEID/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> A. Terway</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional/interregional strategy:</b> Deteriorating air quality is impairing the health and welfare of the population, in particular the 10 million residents of Jakarta. The primary causes of air pollution – emissions from vehicles and industrial processes – continue to grow with economic development. Emissions caused by the increasing use of petroleum fuels need to be controlled to avoid erosion of the gains of economic and social development.</p> <p><b>b. Goal and purpose:</b> The objective of the project is to promote the use of clean fuels and improve air quality through abatement of mobile and stationary sources of air pollution.</p> <p><b>c. Components and outputs:</b> The project may be designed to (i) promote the use of liquefied natural gas (LNG) for public transport vehicles in urban areas and along busy highways connecting important cities; (ii) reduce air pollution from industry and power generation through the use of clean energy and improvement of fuel quality; (iii) provide basic infrastructure and services; (iv) strengthen capacity of the institutions involved, including to monitor emissions and air quality; and (v) engage the Government in policy dialogue on regulatory issues.</p>		

<p><b>d. Expected results and deliverables:</b></p> <p><b>e. Social or environmental issues or concerns:</b></p> <p><b>f. Plans for disseminating results/deliverables:</b></p>
<p><b>6. Proposed executing/implementing agencies:</b> TBD</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval  Lending: 2003  Nonlending (project preparatory):  Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance (s)  Lending:  Nonlending:</p> <p>CSP = Country Strategy and Program, SCSP = Subregional Cooperation Strategy and Program</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$ 100 million.  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other (Specify):</p> <p>If cofinancing is required indicate sources, and amount sought:  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought:  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Decentralized Health Services 2

**Date:**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Sector Subsector: Health and Nutrition Sector</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SESS/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> J. Jeugmans, Senior Social Sector Specialist, SESS</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>On 1 January 2001, the Government decentralized health services management to local governments (districts. While decentralization allows better targeting of resources to the poor, the technical and managerial capacities of local governments and the degree of community participation must be improved to fully realize this potential.</p> <p>The projects will support more districts and provinces through similar strategies, incorporating lessons learned from implementation of Decentralized Health Services (DHS).</p> <p>To strengthen local capacity in social sectors and to integrate social services planning and management at the local level, geographical coverage of DHS-2 will consider poverty incidence and complementarity with ongoing and/or future ADB-financed health and education sector projects.</p> <p><b>b. Goal and purpose:</b></p> <p><b>c. Components and outputs:</b></p>		

<p><b>d. Expected results and deliverables:</b> Through the Social Protection Sector Development Project (SPSDP) and Health and Nutrition Sector Development Project (HNSDP), ADB pioneered direct transfer of loan funds to districts and health centers as block grants. The proposed project directly builds on achievements of SPSDP and HNSDP</p> <p><b>e. Social or environmental issues or concerns:</b> none</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Health and Social Welfare, District Governments</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> TBD</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: September 2003 Nonlending (project preparatory): Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: Nonlending: October 2003-September 2004</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million  <input type="checkbox"/> Asian Development Fund: \$ -  <input type="checkbox"/> Other: Grant-based cofinancing \$ -</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Shelter Sector Project

**Date:** 20 April 2002

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input checked="" type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other:         </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other:         </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Urban Subsector: Housing</p> <p>b. For project preparatory and lending,</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input checked="" type="checkbox"/> Poverty intervention         </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development  <input checked="" type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                              <input type="checkbox"/> Subregional                              <input type="checkbox"/> Interregional                              <input type="checkbox"/> Internal policy development       </p>		
<p><b>4. Responsible division/department:</b> SESS/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> M. Lindfield, Housing Finance Specialist, SESS : A. Weitz, Urban Economist, SESS (alternate)</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>The project will specifically address poverty reduction by focusing on building the housing and other assets of the poor so as to lift them out of poverty and provide a buffer against poverty in adverse circumstances. The improved shelter and neighborhood environment will enhance human development opportunities. Support to financial institutions to initiate new forms of lending appropriate to the poor will strengthen the financial sector and thus the economy as a whole.</p> <p>The project will address key strategic priorities of the CSP under the overall objective of poverty reduction. Specifically, it will address good governance by strengthening national and local systems for managing land and shelter; it will foster human and social development by the provision of neighborhood services supporting poor households and improving the housing assets of these households; and it will enhance regional development and equity by financing pro-poor urban development nationally, including neighborhood-based livelihood support.</p> <p><b>b. Goal and purpose:</b></p> <p>The poor do not have access to finance for upgrading and for purchase of appropriate shelter on new sites. Nor are there systems for decentralized upgrading activity or development of low cost new sites. While the objective of improved shelter for the poor is clearly set out in the National Development Program, and is the</p>		

responsibility of local governments supported by Directorate General Housing and Settlements of Ministry of Settlements and Regional Infrastructure, the institutional basis for achieving this objective is not established.

**c. Components and outputs:**

The major components of the project will be (i) community based mechanisms for slum upgrading and low income housing; (ii) financial systems to fund such shelter development for the poor and to provide for the financing needs of the poor in respect of shelter and neighborhood improvement and livelihood support (iii) capacity building for pro-poor shelter planning, development and finance involving support to local government, central support agencies, financial intermediaries and NGOs.

**d. Expected results and deliverables:**

The project will:

Undertake activities in six pilot cities and some 24 others and produce for each (i) pro-poor shelter plans including slum upgrading and low cost housing development; (ii) strengthening for the organizations involved in implementing these plans; and (iii) implementation of upgrading and new site development sub-projects.

In each of the participating financial institutions (PFIs) the project will: (i) undertake required institutional strengthening including systems improvement and training required and; (ii) provide required capital for both project and end finance. In addition the project will implement national systems of support to development activities for shelter for the poor and similar support systems for financing such activity.

**e. Social or environmental issues or concerns:**

Extensive community participation in project implementation required.

**f. Plans for disseminating results/deliverables: TBD**

**7. Proposed executing/implementing agencies:**

Directorate General of Housing and Settlements, Ministry of Settlements and Regional Infrastructure

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The PPTA will undertake extensive discussions and liaison with the Directorate General of Housing and Settlements (DGHS) and other Directorate Generals within the Ministry of Settlements and Regional Infrastructure (MSRI), BAPPENAS and the Ministry of Home Affairs (MoHA). In addition, the PPTA will consult with stakeholders from the private sector (financiers and developers), local governments, civil society, and shelter improvement interest groups and associations. In particular, communities involved in the project and associated CBOs will be involved in a structured way in sub project design and implementation. Discussions with bilateral agencies will also be held to determine cofinancing possibilities.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2001
- b. Expected date of submission for approval
  - Lending: November 2003
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: 5 years (2003 to 2008)
  - Nonlending:

**10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)**

- a. For lending
  - Ordinary capital resources: \$100 million
  - Asian Development Fund: \$
  - Other: {specify} \${amount}

If cofinancing is required indicate sources, and amount sought: TBD  
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds

If cofinancing is required indicate sources, and amount sought:  
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance

**Private Sector Participation Development Facility  
For Urban Infrastructure**

**Date:**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social, Subsector: Urban</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Economic growth</p> <p style="margin-left: 20px;"><input type="checkbox"/> Gender and development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Environmental protection</p> <p style="margin-left: 20px;"><input type="checkbox"/> Regional cooperation</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> </td> <td style="width: 50%; vertical-align: top;"> <p style="margin-left: 20px;"><input type="checkbox"/> Human development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Good governance</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Private sector development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Social protection</p> </td> </tr> </table>	<p style="margin-left: 20px;"><input checked="" type="checkbox"/> Economic growth</p> <p style="margin-left: 20px;"><input type="checkbox"/> Gender and development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Environmental protection</p> <p style="margin-left: 20px;"><input type="checkbox"/> Regional cooperation</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p>	<p style="margin-left: 20px;"><input type="checkbox"/> Human development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Good governance</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Private sector development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Social protection</p>
<p style="margin-left: 20px;"><input checked="" type="checkbox"/> Economic growth</p> <p style="margin-left: 20px;"><input type="checkbox"/> Gender and development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Environmental protection</p> <p style="margin-left: 20px;"><input type="checkbox"/> Regional cooperation</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p>	<p style="margin-left: 20px;"><input type="checkbox"/> Human development</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Good governance</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Private sector development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Social protection</p>	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SESS/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> A. Weitz, Urban Economist, SESS</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>With the introduction of regional autonomy in January 2001, local governments are now in charge of planning, financing, and managing their own investment and service priorities. The backlog in the delivery of urban infrastructure and services is substantial, and the demand continues to grow rapidly. However, local governments lack the capacity and the financial resources to manage all these responsibilities. As a result, the Government is promoting private sector participation (PSP) in the infrastructure sector to address the backlog of investments, relieve pressure on public funds, free budget resources for social and environmental projects that cannot achieve cost recovery, and increase the efficiency of local service delivery.</p> <p><b>b. Goal and purpose:</b></p> <p>The TA loan will provide financial resources for local governments to finance consultancy services for soliciting and managing PSP in urban infrastructure projects. The goal of the PSP development facility for urban infrastructure is to increase PSP in the provision of urban infrastructure investments and services; promote good governance, competition, and transparency in the selection of project sponsors; and develop a local government credit market.</p>		

<p><b>c. Components and outputs:</b> The loan will cover:</p> <ul style="list-style-type: none"> <li>(i) institutional development and capacity building for the new Facility</li> <li>(ii) capacity building at municipal level to develop and manage PSP project proposals</li> <li>(iii) financing of a selected number of pilot consultancy services for soliciting and managing PSP projects</li> <li>(iv) development of a local government credit market</li> </ul> <p><b>d. Expected results and deliverables:</b></p> <ul style="list-style-type: none"> <li>(i) Establishment of revolving Facility on sustainable basis</li> <li>(ii) Fully-fledged project proposals that are attractive to the private sector (including feasibility studies and tender documents)</li> </ul> <p><b>e. Social or environmental issues or concerns:</b> TBD</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Center for Infrastructure Investment and Development (CIID), ministry of settlements and regional infrastructure.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p> <p>The Project Preparatory Technical Assistance (PPTA) in 2002 is being prepared in close cooperation with the executing agency, CIID, which receives support from the Government's Interdepartmental Committee for Acceleration of Infrastructure Development.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <ul style="list-style-type: none"> <li>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2001</li> <li>b. Expected date of submission for approval <ul style="list-style-type: none"> <li>Lending: 2003</li> <li>Nonlending (project preparatory): 2001</li> <li>Nonlending (other than project preparatory):</li> </ul> </li> <li>c. Period and duration of assistance <ul style="list-style-type: none"> <li>Lending: 2004-2008</li> <li>Nonlending: 2002, 6 months</li> </ul> </li> </ul>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <ul style="list-style-type: none"> <li>a. For lending <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Ordinary capital resources: \$10 million</li> <li><input type="checkbox"/> Asian Development Fund: \$ -</li> <li><input type="checkbox"/> Other: Grant-based cofinancing \$ -</li> </ul> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> </li> <li>b. For nonlending <ul style="list-style-type: none"> <li><input type="checkbox"/> No resources required, other than ADB staff</li> <li><input type="checkbox"/> ADB's administrative budget: \$</li> <li><input type="checkbox"/> Grant TA funds</li> </ul> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> </li> </ul>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Support for Public Audit Reform

**Date:** 10 June 2002

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Public Audit Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other Development Intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input checked="" type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> IRM</p>		
<p><b>5. Responsible ADB officer(s):</b> F. Ahmed, Financial Management Specialist, IRM, M. Ryan, Principal Financial Sector Specialist, IRM.</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>The existing framework for public audit has various limitations that restrict the effectiveness and efficiency of public audit functions. The present Audit Law which establishes the Supreme Audit Agency (BKP), does not provide effective independence of the Auditor General, and does not adequately address the role, responsibilities, authority, funding, reporting requirements to Parliament, and accountability of BKP. In addition to BKP, a separate audit agency, National Supervision and Development Board (BPKP), created by Presidential Decree to carry out audits of ministries and state owned enterprises, and report to the President. There is some overlap of external audit functions which is costly and ineffective. Each ministry also has its own internal audit unit headed by an Inspector General. While there is coordination between BPKP and inspectors general, there remains duplication in internal audit. The process of decentralization has further complicated the audit process within both central and local governments. BPKP has been auditing various local governments, but there is presently no legal authority for BPKP or public accounting firms to undertake such work. These limitations and recommendations for reform have been addressed in the World Bank Country Financial Accountability Assessment (CFAA) completed with ADB participation in</p>		

January 2001. A revised BPK law has been submitted to Parliament, and a Ministry of Finance Committee has issued a White Paper addressing broad principles and strategy for reform of the public financial management system, including public auditing, in Indonesia.

Support for the Government in addressing the above limitations is fully consistent with the focus of the country strategy on improving governance and supporting decentralization. More efficient and effective public audits are crucial part of improving central government financial management while responding to decentralization goals.

**b. Goal and purpose:**

The project will assist the Government to formulate and implement reforms in line with the principles of the White Paper with the goal of improving good governance through the development of a sound financial management system, specifically by addressing the need for strong, professional and independent public oversight and audit.

**c. Components and outputs:**

The project will address (i) options for addressing potential institutional reorganization and reallocation of audit functions and responsibilities among existing audit agencies at national and local levels, (ii) the need for amendments to laws and regulations, (iii) identification of financial support and capacity building for new reorganized and/or institutions, and (iv) support for implementation.

**d. Expected results and deliverables:**

- (i) development of implementation plan for reorganization and reform of public audit functions at national and local levels
- (ii) support for initial implementation and reorganization

**e. Social or environmental issues or concerns: TBD**

**f. Plans for disseminating results/deliverables: TBD**

**7. Proposed executing/implementing agencies:** Ministry of Finance (MOF), State Financial Accounting Agency

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The Ministry of Finance Financial Management Reform Committee has issued a White Paper in May 2002 setting out the broad principles and strategy for reform of the public financial management system including public audit reforms.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in: 2002
- b. Expected date of submission for approval
  - Lending: September 2003
  - Nonlending (project preparatory): PPTA, August 2002
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: 2003-2006
  - Nonlending:

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
  - Ordinary capital resources: \$100 million
  - Asian Development Fund: \$ -
  - Other: Grant-based cofinancing \$ -

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Local Government Financing (Pilot)

Date:

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Municipal Finance Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other Development Intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input checked="" type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SESS/SEGF/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> A. Weitz, Urban Economist, SESS; K. Kriegsmann, Senior Corp. Gov. Specialist, SEGF</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> In the context of decentralization, local governments have assumed significant new responsibilities for delivery of basic services and development of infrastructure. Against these responsibilities, financing mechanisms are underdeveloped and most local governments receive insufficient transfers from the national budget to support their functions. Thus local governments need access to alternative sources of funding for development. The existing system for municipal borrowing is under stress with a high percentage of loans in arrears and a large backlog of applications, and it is not designed to cope with the additional demands of decentralization. In addition the financial management capacity at the local government level is weak, and a suitable interim method for assessing creditworthiness needs to be established.</p> <p><b>b. Goal and purpose:</b> Establishing a fully functioning municipal finance market in Indonesia from which local governments can finance their infrastructure investments is likely to be a long-term process, but there are a number of intermediate steps that can be taken to lay the foundations of a new system. Options for this new system range from (i) establishing a new intermediary to (ii) using existing financial institutions for loan syndication or securitization of a portfolio of municipal loans and (iii) developing a municipal bond market. All of these</p>		

<p>options imply institutional strengthening of both local governments and the lending institutions, and the development of a credit rating system. The purpose of the loan is to assist the Government in the start-up phase of a new municipal finance system, and pilot test reform options in selected municipalities and institutions.</p> <p><b>c. Components and outputs:</b> The loan will cover (i) institutional development and financial support and capacity building for the new window or institution; (ii) capacity building at municipal level in financial management; and (iii) start-up finance for selected local infrastructure investments</p> <p><b>d. Expected results and deliverables:</b></p> <ul style="list-style-type: none"> <li>• establishment of a new municipal finance window or an independent municipal finance institution</li> <li>• fully functioning debt and financial management units in pilot local governments; and</li> <li>• pilot investment projects.</li> </ul> <p><b>e. Social or environmental issues or concerns:</b> TBD</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of finance (MoF), Directorate general for central and regional finance balance</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p> <p>During 2002 the Directorate General for Central and Regional Financial Balance, in the Ministry of Finance (MoF), will receive two ADTA (TA 3777-INO on Fiscal Decentralization and a TA on Financing Mechanism for Local Government Development) which will contribute to developing institutional capability for designing the new window or institution and assessing the capability at regional level to work with the new financing modality. During this process there will be an ongoing dialogue on the development of the new modality.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval</p> <p style="padding-left: 20px;">Lending: 2003</p> <p style="padding-left: 20px;">Nonlending (project preparatory):</p> <p style="padding-left: 20px;">Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance</p> <p style="padding-left: 20px;">Lending: 2004-2007</p> <p style="padding-left: 20px;">Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Ordinary capital resources: \$20 million</p> <p style="padding-left: 20px;"><input type="checkbox"/> Asian Development Fund: \$ -</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other: Grant-based cofinancing \$ -</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p style="padding-left: 20px;"><input type="checkbox"/> No resources required, other than ADB staff</p> <p style="padding-left: 20px;"><input type="checkbox"/> ADB's administrative budget: \$</p> <p style="padding-left: 20px;"><input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance

## Agriculture and Rural Sector Development Program

**Date:**

<p><b>1. Type/modality of assistance (check)</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input checked="" type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other (specify e.g., loan-financed project preparatory, project implementation or advisory activities)         </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other (specify)         </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Rural Development</p> <p>b. For project preparatory and lending, classification (check one)</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development Intervention         </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input checked="" type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input checked="" type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development         </p>		
<p><b>4. Responsible division/department:</b> SERD/SESS</p>		
<p><b>5. Responsible ADB officer(s):</b> M. Jayawant</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The project will select key objectives from ADB's country strategy for Indonesia and support the Government in its efforts to meet these objectives.</p> <p><b>b. Goal and purpose</b> The long term goal is to develop the agriculture and rural development sector. The immediate purpose is to assist the Government in implementing a time slice of its medium-term agriculture and rural development strategy while laying the foundation for long-term sustainability.</p> <p><b>c. Components and outputs:</b> Specific components will be identified during the feasibility study.</p> <p><b>d. Expected results and deliverables:</b> The project will assist the government in implementing key reforms in the agriculture sector. The project will support investments to complement the reforms.</p>		

<p><b>e. Social or environmental issues or concerns (if any):</b> TBD during feasibility study.</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD To be determined during feasibility study.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Agriculture</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> Close consultation with government agencies will be key to acceptance of the program. Close consultations with civil society will be key to identifying key investments.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in: 2002</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): Nonlending (other than project preparatory)</p> <p>c. Period and duration of assistance Lending: TBD Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million  <input type="checkbox"/> Asian Development Fund: \$ -  <input type="checkbox"/> Other: Grant-based cofinancing \$ -</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Sustainable Aquaculture Development for Poverty Reduction

**Date: 7 August 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: _____ Subsector: _____</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input checked="" type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other: {specify}         </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: {specify}	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: {specify}	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional                      <input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department: SEAE/SERD</b></p>		
<p><b>5. Responsible ADB officer(s): W. Zhou</b></p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>Environmental degradation and overfishing has damaged coastal ecosystems and depleted fish stock along the coasts of Indonesia's populous islands. The Government's initiatives to improve coastal environment by reducing fishing pressure have been affected by the lack of alternative livelihood opportunities among the fishing communities, most of whom are poor and disadvantaged. Fishing being the occupation of last resort, the number of fishers have increased by 50 percent over the last decade, further deteriorating the resource base. Aquaculture is an effective means to reduce pressure on natural stock and improve incomes. Aquaculture development has been constrained by the lack of disseminating location specific technology, improper environmental management, and lack of financial support. The project will assist the Government in addressing these issues and design a project for sustainable aquaculture development for the poor coastal communities.</p> <p>Previous studies include the feasibility reports, completion reports and performance reports of a number of projects in the aquaculture sector financed by ADB and other agencies. The sector status, issues and development potentials will be updated during the first phase of the proposed PPTA. ADB has extensive experience in implementing fisheries and aquaculture development projects in Indonesia. The results of previous projects (8 projects) are mixed, and lessons learned will guide the design of the proposed Project</p>		

<p><b>b. Goal and purpose:</b> The project will assist the Government in addressing these issues and design a project for sustainable aquaculture development for the poor coastal communities.</p> <p><b>c. Components and outputs: TBD</b></p> <p><b>d. Expected results and deliverables: TBD</b></p> <p><b>e. Social or environmental issues or concerns: TBD</b> Social issues affecting the communities include dwindling fish stock in coastal and inland waters because of overfishing, degradation of natural fish habitats and water pollution.</p> <p><b>f. Plans for disseminating results/deliverables: TBD</b></p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Marines and Fisheries, Directorate General of Aquaculture</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2001</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance{s} Lending: 2005 Nonlending:</p>
<p><b>10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</b></p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$ 50 million  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other: {specify} \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \${amount}  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Flood Management in Selected River Basins in Java

**Date: 7 August 2002**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other: {specify, e.g., loan-financed project preparatory, project implementation, or advisory activities} </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other: {specify} </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Nat Subsector: {insert subsector name}</p> <p>b. For project preparatory and lending, classification {check one}</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development Institution </p> <p>c. Key thematic area(s) {check more than one category, if applicable}</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input checked="" type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other: {specify} </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection </td> </tr> </table>	<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: {specify}	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: {specify}	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b> {click on appropriate box}</p> <p><input checked="" type="checkbox"/> Country      <input type="checkbox"/> Subregional      <input type="checkbox"/> Interregional      <input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SEAE / SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> M.J. Rahman</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b>  Reurrence of major floods have increased in the Java Island in recent years with heavy losses to the economy. The effectiveness of fragmented flood control works have been reduced necessitating an integrated approach to flood management within a river basin. In addition to improving the flood discharge carrying capacity of the river and protecting vulnerable sites from erosion through structural measures, the impact of watershed denudation and the loss of natural flood retention areas and drainage routes to urban and industrial belts and infrastructure need to be assessed and corrective measures built in the flood management plan.</p> <p>Preparatory works initiated by DGWR are at initial stage of assessment on watershed based on satellite imageries in progress. ADB has been involved in water resources development including flood control in major river basis, in Java Island.</p> <p><b>b. Goal and purpose:</b>  The project will provide for preparation and phased implementation of a comprehensive flood management program taking into account the spatial dimensions of the existing and future development activities within the basin.</p>		

<p><b>c. Components and outputs:</b> TBD</p> <p><b>d. Expected results and deliverables:</b> TBD</p> <p><b>e. Social or environmental issues or concerns:</b>                  Unsustainable economic activities in the watershed by local communities, and legal and management issues relating to lands designated within forest estates.</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b>                  Ministry of Settlement and Regional Infrastructure Development, Directorate General of Water Resources</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval                  Lending: 2004                  Nonlending (project preparatory):                  Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance{s}                  Lending: 2005-2009                  Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$ 100 million  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought:                  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought:                  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Social Security Unification and Development

Date: 22 May 2002

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other (specify e.g., loan-financed project preparatory, project implementation or advisory activities)         </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory           <table style="margin-left: 40px; border: none;"> <tr> <td><input type="checkbox"/> Economic, thematic, and sector work</td> <td><input type="checkbox"/> Institutional development</td> </tr> <tr> <td><input type="checkbox"/> Other</td> <td></td> </tr> </table> </p>	<input type="checkbox"/> Economic, thematic, and sector work	<input type="checkbox"/> Institutional development	<input type="checkbox"/> Other							
<input type="checkbox"/> Economic, thematic, and sector work	<input type="checkbox"/> Institutional development									
<input type="checkbox"/> Other										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Financial Sector Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development Intervention         </p> <p>c. Key thematic area(s)</p> <table style="margin-left: 20px; border: none;"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input checked="" type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development         </p>										
<p><b>4. Responsible division/department:</b> SERD/SEGF</p>										
<p><b>5. Responsible ADB officer(s):</b> J. Rogers</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background:</b></p> <p>In August 2000, a Committee for the Improvement of National Social Security was formed. This Committee was coordinated by the Vice President's Secretariat and began examining options and feasibility of (i) a minimum pension scheme, (ii) improving existing social insurance programs, (iii) expanding coverage to the informal sector, and (iv) legislation for a national social security system. In April 2002, Presidential Decree No. 20 of 2002 regarding the establishment of a national social insurance team was issued. This decree provides for the establishment of a team to prepare the concept and organization of national social insurance system. It also states that the Team shall submit an initial draft law regarding National Social Insurance System to the State Secretary in 2002.</p> <p>ADB had been in consultation with the initial committee established in the Vice President Secretariat since 2000 and now with the newly reconstituted Team in the President's Office to coordinate on potential reforms for social security. Certain elements of social security reform are planned to be addressed in the Financial</p>										

<p>Governance and Social Security Reform Program (FGSSR) planned for 2002, including the strengthening of financial governance and supervision to protect pension fund assets; improving program design to provide for more adequate retirement income; and establishing a unified identification number system to provide for portability of benefits and efficient administration of benefits.</p> <p>At the request of Government, a delegation from the Presidential Team will be in Manila 3—7 June 2002 for further consultation with ADB and for a comparative assessment of the Philippine social security system. ADB will continue to coordinate closely with the Presidential Team in the development of effective and fiscally sustainable reforms under FGSSR I &amp; II. Potential provision of technical assistance will also be examined to support a good development in this transition phase.</p> <p><b>b. Goal and purpose:</b> The social security unification and development project planned for 2004 will support the President in the implementation of a new social insurance law, programs and institutions to be reformed or established under such law, with a view toward providing improved social protection for the people of Indonesia that is fiscally sustainable and manageable within the new decentralized framework.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Executing Agency: TBD Implementing Agencies: TBD Potential Implementing Agencies include ministry of manpower and transmigration, financial service authority (FSA) and ministry of home affairs.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> See background section above</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b> TBD</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending</p> <p><input checked="" type="checkbox"/> Ordinary capital resources: \$80 million</p> <p><input type="checkbox"/> Asian Development Fund:</p> <p><input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget:</p> <p><input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

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## Provincial Small-and Medium-Sized Enterprises (SME) Development

Date:

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other:         </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other:         </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Industry Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development intervention         </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development         </p>		
<p><b>4. Responsible division/department:</b> SEGF/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> E. Rodriguez</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p style="margin-left: 20px;"><b>Linkage to Country Strategy:</b></p> <ul style="list-style-type: none"> <li>• The project supports (i) private sector development, (ii) decentralization, and (iii) competitive economy.</li> </ul> <p style="margin-left: 20px;"><b>Background/Rationale:</b></p> <ul style="list-style-type: none"> <li>• Regional disparity in Indonesia calls for a geographical focus in assistance to industrial and trade development of Small-and Medium-Sized Enterprises (SMEs);</li> <li>• Supporting public and private sector investments is crucial to Indonesia's economic recovery and generation of employment across Indonesia;</li> </ul> <p><b>b. Goal and purpose:</b> To improve private sector investment in SME development in "core" provinces</p>		

<p><b>c. Components and outputs:</b> (i) investment; (ii) support of post-investment business development services.</p> <p><b>d. Expected results and deliverables:</b> A public-private sector project would be launched to support further policy reform, Business Development Services (BDS) and financing in poor provinces of Indonesia in two separate loans. The first loan will be a pilot in 1 or 2 provinces within the core provinces for intervention. A second loan will extend investment in other provinces. The project would (i) provide a continuation and deepening of the provincial policy reform agenda for business, investment and trade development; (ii) set up a BDS facility for <i>post</i>-investment services based on provincial private organizations; and (iii) a private development fund for SMEs.</p> <p><b>e. Social or environmental issues or concerns:</b> Not applicable</p> <p><b>f. Plans for disseminating results/deliverables:</b></p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Industry and Trade and/or Provincial Governments</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> Discussions with the Government have been initiated during the 2002 Country Program Mission (CPM), but the concept needs to be further developed through ongoing consultations, Economic, Thematic, Sector Work (ETSW), and Project Preparatory Technical Assistance (PPTA).</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002.</p> <p>c. Expected date of submission for approval Lending: 3th quarter 2003 (Provincial SME Development I) and 2nd quarter 2004 (Provincial SME Development II)</p> <p>c. Period and duration of assistance Lending: 3—4 years</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending</p> <p><input checked="" type="checkbox"/> Ordinary capital resources: \$20 million (Phase I) and \$80 million (Phase II)</p> <p><input type="checkbox"/> Asian Development Fund:</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget:</p> <p><input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## State-Owned Enterprise Governance and Privatization Program (SOEGPP) 2

Date: 29 April 2002

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Public Sector Subsector: State-Owned Enterprises</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other Development Intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input checked="" type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SEGF/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> K. Kriegsmann</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>ADB's country operational strategy (2002-2005) for Indonesia focuses principally on reducing poverty and regional inequity, and is anchored in good governance as the strategy recognizes its crucial importance in the Indonesian context. In view of the governance-related issues in the financial and corporate sectors that had contributed to the financial crisis, support for improving financial and corporate governance in order to build up a more stable and resilient financial and corporate structure is a major element of the governance strategy for Indonesia. In the area of corporate governance, reform of the State Owned Enterprises (SOEs), which contribute a significant share to the overall GDP, is critical. The crisis had exposed serious weaknesses in the functioning of SOEs, much of it governance related; thus, improving their functioning and privatizing them is a priority. The poor performance of SOEs is also a major factor contributing to the fiscal weakness of the public sector and impeding economic recovery in general. Improving their performance and assisting their privatization is thus also consistent with the focus in the country operational strategy on encouraging sustainable recovery. The program of SOE privatization is also a key element of the Government's macroeconomic stabilization and structural adjustment program.</p>		

<p>The predecessor State Owned Enterprises Governance Privatization Program (SOEGPP I) Program was successfully implemented in 2002 and 2003 with the following tangible results:</p> <ul style="list-style-type: none"> <li>(i) introduced the new corporate governance standards and practices in 88 SOEs,</li> <li>(ii) preparation of commercialization of PSOs in 15 SOEs,</li> <li>(iii) restructured the finances and operations of 30 SOEs,</li> <li>(iv) privatized 15 SOEs,</li> <li>(v) sold the minority shareholding in 12 companies,</li> <li>(vi) liquidated 8 unviable SOEs,</li> <li>(vii) applied fair labor retrenchment policy to all SOEs, and</li> <li>(viii) audited procurement and procurement practices in 40 randomly selected SOEs.</li> </ul> <p><b>b. Goal and purpose:</b> The proposed Program will further improve resource allocation in the public sector, increase profitability of Indonesia's SOEs, and promote private sector participation in the commercial activities of SOEs. Reform of SOEs, involving transfer of ownership and management, and confining the Government's role to policymaking and regulation, will release scarce resources for poverty reduction and social programs.</p> <p><b>c. Components and outputs:</b></p> <ul style="list-style-type: none"> <li>(i) subjecting SOEs to sound corporate governance practices;</li> <li>(ii) separating commercial activities of SOEs from their PSOs;</li> <li>(iii) restructuring and privatizing SOEs;</li> <li>(iv) establishing fair and transparent procedures for managing labor redundancies; and</li> <li>(v) strengthening and effectively enforcing guidelines for procurement in SOEs.</li> </ul> <p><b>d. Expected results and deliverables:</b> The proposed Program would continue the reforms started under SOEGPP I, and be implemented in 2004—2005, targeting reforms in selected subsets of the SOE portfolio held by Ministry State Owned Enterprises (MSOE) by</p> <ul style="list-style-type: none"> <li>(i) introducing the corporate governance standards for SOEs in the remaining 70 SOEs,</li> <li>(ii) restructuring the finances and operations of a further 10 SOEs,</li> <li>(iii) privatizing a further 12 SOEs,</li> <li>(iv) continue to apply a fair labor retrenchment policy to all SOEs, and</li> <li>(v) auditing procurement and procurement practices in a further 40 randomly selected SOEs.</li> </ul> <p><b>e. Social or environmental issues or concerns:</b> While the Program will facilitate the return to sustainable growth, it is likely to have an adverse social impact, at least in the short run, as SOE restructuring will result in redundant labor. Surplus labor exists both at the management level where firms have undergone mergers (such as in the plantation industry) and at lower levels where changes in technology have reduced the need for low skill labor and necessitate a different skill mix. Most layoffs are likely to affect workers with low level skills, who will be less likely to find equivalent employment in the formal sector. Legally mandated severance standards are adequate, but minimal. Negotiated settlements tend to be in excess of these minimum standards. Thus, SOEGPP put a strong emphasis on establishing a consultative working group on labor redundancies comprising representatives of all stakeholders to develop the labor rationalization policy for MSOE. The consultative working group developed standards of best practices in negotiating settlements, served as a conduit for information for labor representatives, and provided a forum for policy discussion regarding unresolved labor issues such as the treatment of contract labor. MSOE developed policies for a retrenchment process based on best practices evolving within the SOE sector and internationally. This helps (i) ensure that workers receive an equitable compensation package, and (ii) resolve issues regarding entitlement to employer contribution to pension funds, unfunded liabilities, payouts for SOEs with insufficient funds, potential burden on pension funds, and any issues that may arise from excessive use of contract labor.</p> <p><b>f. Plans for disseminating results/deliverables:</b> Continuation of a "socialization" program started under SOEGPP I including workshops, seminars, and conferences throughout Indonesia.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Executing Agency: MOF Implementing Agency: MSOE</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> As was the case during processing of SOEGPP I, the Mission will have extensive consultations with (i) government officials from MOF, BAPPENAS, and MSOE; (ii) management and other employees of SOEs; (iii) trade unions working in SOEs; and (iv) regional authorities where the production facilities are located.</p>

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002
- b. Expected date of submission for approval
  - Lending: 2004
  - Nonlending (project preparatory): 2003
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance{s}
  - Lending: 2005-2008
  - Nonlending: 2003, 8 months

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
  - Ordinary capital resources: \$100 million
  - Asian Development Fund:
  - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Interisland Transport

**Date:**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other: (specify, e.g., loan financed project preparatory, project implementation, or advisory activities) </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory <ul style="list-style-type: none"> <li><input type="checkbox"/> Economic, thematic, and sector work</li> <li><input type="checkbox"/> Institutional development</li> <li><input type="checkbox"/> Other:</li> </ul> </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development intervention </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other: </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development </p>		
<p><b>4. Responsible division/department:</b> SEID/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> P. Poissonon</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional/interregional strategy:</b>  Interisland transport services, which serve poor, remote areas, lack maintenance funds and have many unprofitable routes. To accommodate increasing port and airport and airport traffic, the Government must (i) reorganize transport services, (ii) rehabilitate infrastructure; (iii) develop new facilities. The project will help the Government reorganize interisland transport services and their connection to intraisland transport networks, and rehabilitate and develop small ports and airports to facilitate economic recovery and reduce poverty in selected provinces.</p> <p><b>b. Goal and purpose:</b></p> <p><b>c. Components and outputs:</b>  The project may include preparation of public-private partnerships, combining, for example, private sector provision of interisland transport services and public sector capital investment. The project should also include institutional strengthening and capacity building of port and airport authorities.</p> <p><b>d. Expected results and deliverables:</b></p>		

<p><b>e. Social or environmental issues or concerns:</b> There is some possible issues on resettlement and indigenous people</p> <p><b>f. Plans for disseminating results/deliverables:</b></p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Transport and Communication</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2001</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): 2002 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance (s) Lending: 2005-2010 Nonlending: 2003, 6 months</p> <p>CSP = Country Strategy and Program, SCSP = Subregional Cooperation Strategy and Program</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million.  <input type="checkbox"/> Asian Development Fund:  <input type="checkbox"/> Other (Specify):</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Public-Private Partnership for Medan Airport Development

**Date:**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other:         </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other:         </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the          Sector: Transport          Subsector: Air Transport</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development intervention         </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                              <input checked="" type="checkbox"/> Subregional                              <input type="checkbox"/> Interregional                              <input type="checkbox"/> Internal policy development       </p>		
<p><b>4. Responsible division/department:</b> SEID/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> P. Poinignon</p>		
<p><b>6. Description of assistance(s)</b></p> <p>a. <b>Background/linkage to country/regional strategy:</b>          TA 2929-INO: <i>Facilitating Limited Recourse Financing in the Civil Aviation Sector</i> was approved on 8 December 1997 and completed in September 2000. The TA prepared a pilot project for development of a new airport in Medan, North Sumatra, through public-private partnership, and provided capacity building in the development of transparent bidding and award processes for private sector participation in the transport sector.          The Project is in line with the country strategy for Indonesia, which supports increased private sector participation in infrastructure development. Medan being an international airport, it will also promote regional cooperation in the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) region.</p> <p>b. <b>Goal and purpose:</b>          The goal of the Project is to facilitate increased private sector participation in airport development in Indonesia by implementing successfully a pilot public/private financing approach for the development of the new Medan airport.</p>		

<p><b>c. Components and outputs:</b> The proposed structure for the project is for the public sector to develop the airside facilities, and for the private sector to be invited to develop the terminal and landside facilities. Operation of the airport facilities will be carried out under a public-private partnership framework. The loan will finance the public sector component, i.e. civil works, equipment, and detailed design and construction supervision for the airside facilities.</p> <p><b>d. Expected results and deliverables:</b> See b. and c. above.</p> <p><b>e. Social or environmental issues or concerns:</b> Environment category A (new airport) Resettlement at the airport site was carried out by the Government in 1997. It still needs to be carried out for the airport toll access road.</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Directorate General of Air Communications</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> During implementation of TA 2929-INO, consultations were held with the Ministry of Finance, Ministry of State-Owned Enterprises, National Development Planning Agency (BAPPENAS), Bina Marga, Ministry of Communications, DGAC, and Angkasa Pura I and II.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002.</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: 2004-2008 Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: Japan Bank for International Corporation (JBIC) expressed interest for the Project during implementation of TA 2929-INO. If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing): TA 2929-INO estimated the project cost at around \$600 million, including the airport access road. However, this cost estimate needs to be updated.</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

Local Grids Development Sector

Date: August 2002

1. Type/modality of assistance (double-click on appropriate box)

- Lending
  - Project loan
  - Program loan
  - Sector loan
  - Sector development program loan
  - Other:
- Nonlending
  - Project preparatory
  - Other than project preparatory
    - Economic, thematic, and sector work
    - Institutional development
    - Other:

2. Assistance Focus

- a. If assistance focuses on a particular sector or subsector, specify the
  - Sector: Energy
  - Subsector: Power
- b. For project preparatory and lending, classification
  - Core poverty intervention
  - Poverty intervention
- c. Key thematic area(s)
 

<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection
<input type="checkbox"/> Other:	

3. Coverage

- Country                       Subregional                       Interregional
- Internal policy development

4. Responsible division/department: SEID / SERD

5. Responsible ADB officer(s): A. Terway

6. Description of assistance(s)

- a. **Background/linkage to country/regional strategy:**  
 Supply of electricity in rural regions has a positive impact on the local economy as it introduces opportunities to mechanize activities and make them more efficient; helps to provide essential services like piped water supply and essential medicines that need refrigerated storage space; and improves the quality of life by providing households with a convenient way for lighting and entertainment. When households use electricity instead of kerosene for lighting, it's a more efficient use of energy resource and is beneficial to the health, particularly for women who spend more time indoors.
- b. **Goal and purpose:**  
 The goal will be to increase the quantity and quality of rural electricity supply, thus assuring greater economic activities in rural regions (additional electricity consumption in commercial and industrial categories); and providing better quality of life.  
 The proposed sector project will also promote the use of renewable energy sources and private sector participation in supply and demand management sides of the power sector.

<p><b>c. Components and outputs:</b> Loan proceeds will be used to promote private sector participation in off-grid and grid-based power supplies, where economically sustainable using renewable energy sources; and to strengthen and extend the electricity distribution network to connect new consumers and improve the quality of power supply.</p> <p><b>d. Expected results and deliverables:</b> At present about 16% of the villages and about 45% of the households are yet to get electricity supply from PLN. The PPTA will examine the resources needed to reduce this gap and recommend planning targets for making electricity available to all in an efficient manner. The Project proposal will then be designed considering the planning targets and available resources. The intervention will be prepared as a sector project to facilitate implementation of a large number of small components in a widely dispersed geographical area.</p> <p><b>e. Social or environmental issues or concerns:</b> The project components will be small and have only nominal social and environmental impacts during implementation and operations.</p> <p><b>f. Plans for disseminating results/deliverables:</b> During PPTA implementation, local communities will be consulted when implementation of the component would involve resettlement, and detailed information regarding the consumers in PLN's waiting list would be assimilated to understand the possible impact of the project.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Perusahaan Umum Listrik Negara (PLN, State-Owned Electricity Company)</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> The sector project was identified after discussions with PLN and the Directorate General for Electricity and Energy Utilization. The Government already has a rural electrification program that involves the Ministry of Cooperative, National Development Planning Agency (BAPPENAS), and Ministry of Environment. Beneficiary participation in conceptualizing the proposal is evident in long waiting lists of consumers seeking new and higher level of PLN connection.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): 2003 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: 2005-2008 Nonlending: 2003, 6 months</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds: \$600,000</p>

If cofinancing is required indicate sources, and amount sought:  
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Community Water Services and Health Project

Date:

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: water supply; health Subsector: rural and Community Water Service; sanitation and hygiene</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SESS/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> C. Andrews, Sr. Urban Management Specialist, SESS; J. Jeugmans, Sr. Social Sectors Specialist, SESS</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>Communicable diseases related to unclean water are among the diseases that most affect poor populations. This burden can easily be reduced through the provision of clean water supply. A project linking water supply and health will not only address the essential need for clean water for the population, but will also help promote healthy behaviors and emphasize prevention of water-borne diseases.</p> <p>With decentralization, delivery of basic public services in Indonesia, including water supply and health services, is now the responsibility of local governments. Indonesia's decentralization program is founded on the premise that devolving responsibility for local service delivery will improve service delivery performance. This will only happen if local governments receive additional specialist technical support, improve their governance and management performance, and mobilize financial resources (access to municipal credit and other mobilization mechanisms). Without external support, these essential requirements are unlikely to be met. The project will help meet these requirements in partnership with reform-minded local Governments. The Project will target low income rural and peri-urban communities. The project supports the following CSP thematic foci (i) improving governance; and (ii) supporting decentralization and meeting local needs.</p>		

<p><b>b. Goal and purpose:</b>                  The project goal is to have households in low income rural and urban communities enjoying improved health status and living conditions by having easy access to clean water supply. The project purpose is to assist local governments in rural and urban areas to ensure the delivery of clean water to the population. This will require establishing and operating an appropriate water delivery system (facilities, technology, personnel) and programs (funded plans and strategies, regulations, public-private partnership). The Project will also include a component targeting water-borne diseases with of the local health services, including prevention, healthy behavior and treatment of communicable water-borne diseases. Participation of the population in identifying the needs, finding and implementing locally appropriate solutions and monitoring sustainability of the system is a priority of the Project.</p> <p><b>c. Components and outputs:</b>                  The essential Project component will focus on water supply. Through involvement of the local health services (prevention, education, and health care services delivery), a clear link will be established with delivery and use of clean water and a better health status.</p> <p><b>d. Expected results and deliverables:</b>                  (i) physical and financial access to clean water supply for rural and peri-urban populations;                  (ii) healthy behaviors related to the prevention of water-borne diseases, and reduction of morbidity and mortality related to water-borne diseases.</p> <p><b>e. Social or environmental issues or concerns:</b> the Project specifically addresses social and environmental concerns</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> TBD/participating local governments</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b>                  Ongoing, in the context of existing projects and TAs.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2001</p> <p>b. Expected date of submission for approval                  Lending: 2004                  Nonlending (project preparatory): 2002                  Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance                  Lending: 2005-2010                  Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other: Grant-based cofinancing \$</p> <p>If cofinancing is required indicate sources, and amount sought:                  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought:                  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Sustainable Social Protection

**Date:** 24 September 2002

<b>1.</b>	<b>Type/modality of assistance</b> <input checked="" type="checkbox"/> Lending <input checked="" type="checkbox"/> Project loan <input type="checkbox"/> Program loan <input type="checkbox"/> Sector loan <input type="checkbox"/> Sector development program loan <input type="checkbox"/> Other <input type="checkbox"/> Nonlending <input type="checkbox"/> Project preparatory <input type="checkbox"/> Other than project preparatory <input type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input type="checkbox"/> Other
<b>2.</b>	<b>Assistance Focus</b> a. If assistance focuses on a particular sector or subsector, specify the Sector:           Social Sectors Subsector:       Social Protection b. For project preparatory and lending, classification <input checked="" type="checkbox"/> Core poverty intervention <input type="checkbox"/> Poverty intervention c. Key thematic area(s) <input type="checkbox"/> Economic growth <input checked="" type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other <input checked="" type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input checked="" type="checkbox"/> Social protection
<b>3.</b>	<b>Coverage</b> <input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional <input checked="" type="checkbox"/> Internal policy development
<b>4.</b>	<b>Responsible division/department:</b> SESS / SERD
<b>5.</b>	<b>Responsible ADB officer(s):</b> B. Lochmann
<b>6.</b>	<b>Description of assistance(s)</b> <b>a. Background/linkage to country/regional strategy:</b> For the poor and for those just above the poverty line, a drop in income or increase in expenses can have disastrous effects on their already low standard of living. Sickness, death or accidents may force the disposal of productive assets. The poor also have less access to basic social services. To cope with adverse circumstances the poor resort to emergency measures such as allowing children to work, reducing food purchases and health care expenditure. It is therefore important that the poor are protected from these risks. Social security coverage is confined to employees in the formal sector. It is estimated that only 25% of the population are covered by either formal or private health insurance. Improving social security has become an increasing focus of the Government in the aftermath of the economic crisis. Informal safety nets such as family and community support schemes are important but not sufficient to address vulnerability of poor households. Options to link them to formal safety nets need to be explored. Although, the impact of decentralization on the poor has yet to be seen, it is assumed that the uneven distribution of technical resources processed by local administrations will have consequences on the provision of basic social services further disadvantaging the poor. The Social Safety Net (SSN) Program developed during the economic crisis was an emergency intervention to ensure access to basic health and education and relied largely on donor resources. The social safety net interventions will need to be converted into social

<p>protection schemes which can be sustained in the decentralized context. The project will address problems of vulnerability of the poor through sustainable social protection schemes addressing, among others, social insurance, social assistance and child protection issues.</p> <p><b>b. Goal and purpose:</b> The goal of the project is to reduce poverty and vulnerability to risks of the poor through establishing comprehensive social protection mechanism sustainable in the decentralized context. The project will support the National Development Plan (PROPENAS) goal of poverty reduction and expand social security to the informal sector.</p> <p><b>c. Components and outputs:</b> The loan project will support the development of specific sustainable social protection mechanisms either through an investment project or a sector development program. Subject to the outcome of the PPTA, the proposed project will focus on (i) strengthening formal and informal safety nets; (ii) integrating basic social and welfare services using a variety of service modalities; (iii) expanding micro health insurance for the poor, (iv) social investment funds, and (v) building capacity of local governments to finance, plan and manage social and welfare services for the poor. The project will complement and reinforce projects in the health sector, urban development, micro-finance and financial sector development. Among others, the project will finance civil works, technical assistance, operational research and project management.</p> <p><b>d. Expected results and deliverables:</b> A comprehensive project proposal will be developed to assist Government in the formulation and implementation of social protection schemes addressing child protection, social insurance, social assistance and access to basic social services for the poor. Social safety net interventions will emphasize on investments in the human capital of households living in extreme poverty through the empowerment of communities, building up their skills to improve living standards. This will be done through the provision of better health, nutrition security, and access to microfinance and microinsurance. In order to maintain basic social service infrastructure for the poor social investment funds will finance viable local projects in selected target provinces. It is suggested that in the first phase, the loan will support interventions in two provinces and in a second phase will be extend coverage to other provinces. The project will also address important social protection policy issues.</p> <p><b>e. Social or environmental issues or concerns:</b> The project focus on the provision of support systems, e.g., social assistance, basic social services to the critically poor. In the project target districts, specific needs of indigenous people, internally displaced populations, and others will be carefully addressed as appropriate.</p> <p>No negative environmental impact is expected.</p> <p><b>f. Plans for disseminating results/deliverables:</b> The project will be developed in coordination with line ministries such as Ministry of Health, Ministry of Social Welfare, Ministry of Labor, BAPPENAS and various development partners in the social sectors.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Finance, ministry of labor, ministry of health, ministry of social welfare, ministry of national education, ministry of religious affairs, national family planning coordinating board (BKKBN), local governments, nongovernment organizations (NGOs)</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> The project proposal will be prepared in close consultation with line ministries and local governments concerned as well as NGOs. In the selected target districts, local government will participate in developing adequate and sustainable social protection schemes. Participatory workshops will be organized to facilitate direct involvement of the beneficiaries.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2001</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): 2002 Nonlending (other than project preparatory)</p>

## c. Period and duration of assistance

Lending: 2005-2010

Nonlending: 2003, 6 months

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

## a. For lending

- Ordinary capital resources: \$100 million
- Asian Development Fund:
- Other

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

## b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Decentralized Education**

Date:

**1. Type/modality of assistance** (double-click on appropriate box)

- Lending
  - Project loan
  - Program loan
  - Sector loan
  - Sector development program loan
  - Other: {specify, e.g., loan-financed project preparatory, project implementation, or advisory activities}
- Nonlending
  - Project preparatory
  - Other than project preparatory
    - Economic, thematic, and sector work
    - Institutional development
    - Other: {specify}

**2. Assistance Focus**

a. If assistance focuses on a particular sector or subsector, specify the  
Sector: Education  
Subsector:

b. For project preparatory and lending, classification {check one}

- Core poverty intervention
- Poverty intervention

c. Key thematic area(s) {check more than one category, if applicable}

<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection
<input type="checkbox"/> Other: {specify}	

**3. Coverage** {click on appropriate box}

Country       Subregional       Interregional       Internal policy development

**4. Responsible division/department:** SESS/SERD

**5. Responsible ADB officer(s):** TBD

**6. Description of assistance(s)**

**a. Background/linkage to country/regional strategy:**  
The Country Strategy for Indonesia focuses on support to decentralization and reduction of inequity in human development. Within this objective, the proposed project aims to address inequity in education opportunities and quality. The project will build on the general policy framework, strategies and mechanisms being supported by the Decentralized Basic Education Project (DBEP), with integration of required improvement in the strategies and mechanisms based on the implementation lessons from DBEP.

**b. Goal and purpose:**  
The goal of the project will be to support human development and universal nine-year basic education in poverty affected regions in Indonesia, through reducing inequity in provision and quality of education service in the target provinces and districts whose service fall below the national standards.

**c. Components and outputs:**

- (i) School development - Improved school effectiveness
- (ii) District education development – Improved planning, management and governance of district education programs
- (iii) Monitoring and evaluation -

<p><b>d. Expected results and deliverables:</b> The target districts have achieved provision of quality nine year basic education program.</p> <p><b>e. Social or environmental issues or concerns:</b> To be assessed</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of National Education, ministry of religious affairs as executing agencies; local governments as implementing agencies</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> Full involvement of government and beneficiary is anticipated. The project preparation will largely focus on assessment of causes of and measures for removing constraints to poor children's enrollment and completion of basic education. Assessment of potential measures will cover advantages/disadvantages of different modality of program delivery (formal/non-formal), integrating assessment involving the beneficiary communities.</p> <p>The project preparation will also include assessment of roles of nongovernment organizations (NGOs) in education program delivery.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2001, but approval year was shifted from 2003 to 2004</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): 2003 Nonlending (other than project preparatory): 2004</p> <p>c. Period and duration of assistance{s} Lending:2004-2009 Nonlending:2004-2007</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million  <input type="checkbox"/> Asian Development Fund:  <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \${amount}  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Water Resources Management Sector

**Date: 7 Aug 2002**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other: {specify, e.g., loan-financed project preparatory, project implementation, or advisory activities} </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other: {specify} </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the  Sector: {insert sector name}  Subsector: {insert subsector name}</p> <p>b. For project preparatory and lending, classification {check one}</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development Intervention </p> <p>c. Key thematic area(s) {check more than one category, if applicable}</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other: {specify} </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: {specify}	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: {specify}	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b> {click on appropriate box}</p> <p><input checked="" type="checkbox"/> Country      <input type="checkbox"/> Subregional      <input type="checkbox"/> Interregional      <input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SEAE/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> M.J. Rahman</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>The increasing competition for water for agriculture, urban and industrial uses, degradation of watersheds, and recurring incidence of river floods in Java and Sumatra and deteriorating water quality are the major issues confronting water resources. In recent years, the Government has initiated major steps for rationalizations of sectoral policies and institutional frameworks. The successful implementation will require strengthening of sectoral institutions, particularly at regional level, complemented by investment supports for management of water resources for multisectoral uses following a holistic approach within a basin context.</p> <p>Development of water resources for agricultural and urban uses and flood control have been the subject of major studies by the Government and a number of bilateral and multilateral development financing institutions, including ADB. A comprehensive study for irrigation subsector was conducted in 1998-1999 under ADB-financed TA for Irrigation Development Options.</p> <p>ADB has been closely involved in water resources development through its loans and TAs, totaling about \$1.4 billion. ADB has provided important support to the Government through Loan 1339-INO: Capacity Building Project for Water Resources, which initiated major reforms in sectoral policies and institutional frameworks.</p>		

<p><b>b. Goal and purpose:</b> The proposed project will build on the experience gained in the policy reforms and performance improvement (e.g., ADB-assisted Participatory Irrigation Management Sector Project to be approved in 2003 and WB-assisted Water Sector Management Program to be approved in 2003) and provide institutional and investment support for sustainable management of water resources.</p> <p><b>c. Components and outputs:</b> TBD</p> <p><b>d. Expected results and deliverables:</b></p> <p><b>e. Social or environmental issues or concerns:</b> TBD Poverty, ethnic conflicts, and access to rural credit</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<b>7. Proposed executing/implementing agencies:</b>
<b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: 2005 Nonlending (project preparatory): Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance{s} Lending: 2006-2009 Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$100 million  <input type="checkbox"/> Asian Development Fund: \$  <input checked="" type="checkbox"/> Other: {specify} \$20 million</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Infrastructure for Productivity Enhancement in Tree and Other Crops

**Date: May 2002**

<p><b>1. Type/modality of assistance (check)</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other (specify e.g., loan-financed project preparatory, project implementation or advisory activities)         </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other (specify)         </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Rural Development</p> <p>b. For project preparatory and lending, classification (check one)</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention         </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input checked="" type="checkbox"/> Gender and development  <input checked="" type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input checked="" type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input checked="" type="checkbox"/> Gender and development <input checked="" type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development         </p>		
<p><b>4. Responsible division/department:</b> SERD/SESS</p>		
<p><b>5. Responsible ADB officer(s):</b> M. Jayawant</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The project mirrors the central objective of ADB's country strategy for Indonesia of reducing poverty. ADB has supported tree-crop development through land development, production improvements, technology development, and input supply. The project will enhance benefits of these investments by increasing the value added to tree-crop agriculture by improving post-harvest operations.</p> <p><b>b. Goal and purpose</b> The long term goal is to increase incomes of poor smallholder tree-crop cultivators. The immediate purpose is to improve post-harvest tree-crop operations.</p> <p><b>c. Components and outputs:</b> Specific components will be identified during the feasibility study but are likely to include infrastructure development, farmer capacity-building, and institutional development (e.g. development of marketing associations and cooperatives).</p>		

<p><b>d. Expected results and deliverables:</b> The project will improve infrastructure, increase the efficiency of post-harvest operations, and empower farmers to establish better links to points of sale.</p> <p><b>e. Social or environmental issues or concerns (if any):</b> To be determined during feasibility study.</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD To be determined during feasibility study.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Agriculture</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> Beneficiaries of ADB's earlier assistance will be closely involved in conceptualizing the project. District government agencies will play a central role in project design.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in: 2002</p> <p>b. Expected date of submission for approval Lending: 2005 Nonlending (project preparatory): Nonlending (other than project preparatory)</p> <p>c. Period and duration of assistance Lending: TBD Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$50 million  <input type="checkbox"/> Asian Development Fund: \$ -  <input type="checkbox"/> Other: Grant-based cofinancing \$ -</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Rural Poverty Reduction

**Date: 7 Aug 2002**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other: {specify, e.g., loan-financed project preparatory, project implementation, or advisory activities} </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other: {specify} </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Subsector: {insert subsector name}</p> <p>b. For project preparatory and lending, classification {check one}</p> <p><input checked="" type="checkbox"/> Core poverty intervention <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s) {check more than one category, if applicable}</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other: {specify} </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: {specify}	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: {specify}	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b> {click on appropriate box}</p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional                      <input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SEAE/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> M.J. Rahman</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p><b>b. Goal and purpose:</b> The proposed investment project will form the second phase of the Poor Farmer Income Improvement Project, which aims to help poor farmers increase sustainable agricultural productivity, improve their access to competitive markets, and reduce risks. The project will focus on poor farmers in selected target rural areas having a high poverty incidence.</p> <p style="margin-left: 40px;">ADB is implementing the first phase project, Poor Farmer Income Improvement Project, for 2002. It will cover Central Java, Central Kalimantan, Central Sulawesi, and East Nusa Tenggara</p> <p><b>c. Components and outputs:</b> TBD</p> <p><b>d. Expected results and deliverables:</b> TBD</p> <p><b>e. Social or environmental issues or concerns:</b> TBD</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>		

<b>7. Proposed executing/implementing agencies:</b> Ministry of Agriculture
<b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2001</p> <p>b. Expected date of submission for approval  Lending: 2005  Nonlending (project preparatory):  Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance{s}  Lending: 2006-2010  Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$ 100 million  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other: {specify} \$</p> <p>If cofinancing is required indicate sources, and amount sought:  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought:  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Regional Development Authority

**Date: May 2002**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Industry Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other Development intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional                      <input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SEGF/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b></p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p><b>Linkage to COS:</b></p> <ul style="list-style-type: none"> <li>• The project supports the Country Operational Strategy (COS) focus on (i) private sector development, (ii) decentralization, and (iii) competitive economy.</li> </ul> <p><b>Background/Rationale:</b></p> <ul style="list-style-type: none"> <li>• creating a conducive climate for private sector investment is crucial to Indonesia's economic recovery and employment generation in particular;</li> <li>• regulatory uncertainty is one of the main barriers to private sector investment in Indonesia;</li> <li>• decentralization has heightened this uncertainty, with control over the many of the regulations that affect the investment climate in a particular region being devolved to (and scattered over) a wide range of local authorities;</li> </ul>		

<ul style="list-style-type: none"> <li>• decentralization, however, has also meant that regions are now able to retain a greater share of the revenues generated by local investments; in theory, this should mean that local authorities have a greater incentive to ensure an attractive investment climate;</li> <li>• to date, however, many of the actions carried out by local authorities have been counterproductive to the goal of attracting investment: notably, opposition to the privatization of Semen Gresik, and the proliferation of interregional tariff barriers;</li> <li>• regional development authorities (RDAs) would address uncertainty and reduce transaction costs by establishing a clear focal point with responsibility for and consolidated (ie delegated) regulatory authority over the investment climate in a particular region;</li> </ul> <p><b>b. Goal and purpose:</b> To improve the climate for private sector investment by addressing the regulatory complexity and uncertainty generated by decentralization.</p> <p><b>c. Components and outputs:</b> (i) institutional establishment, (ii) capacity building, (iii) regulatory reform and rationalization</p> <p><b>d. Expected results and deliverables:</b> The loan would support the establishment and development of RDAs. RDAs would work to improve the climate for private sector investment by addressing the regulatory complexity and uncertainty generated by decentralization.</p> <p><b>e. Social or environmental issues or concerns:</b> n/a</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Industry and Trade, Ministry of Home Affairs</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> Discussions with the Government have been initiated during the 2002 Country Program Mission (CPM), but the concept needs to be further developed through ongoing consultations, ESTW, and PPTA.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002.</p> <p>b. Expected date of submission for approval Lending: 3rd quarter 2005</p> <p>c. Period and duration of assistance Lending: 1—2 years</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending</p> <p><input checked="" type="checkbox"/> Ordinary capital resources: \$30 million</p> <p><input type="checkbox"/> Asian Development Fund:</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget:</p> <p><input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Commercialization of Public Service Obligations

**Date:** 30 April 2002

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="padding-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="padding-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="padding-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="padding-left: 40px;"><input type="checkbox"/> Other</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Public Sector Subsector: State-Owned Enterprises</p> <p>b. For project preparatory and lending, classification</p> <p style="padding-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="padding-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Other Development intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;"><input checked="" type="checkbox"/> Economic growth</td> <td style="padding-left: 20px;"><input type="checkbox"/> Human development</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Gender and development</td> <td style="padding-left: 20px;"><input type="checkbox"/> Good governance</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Environmental protection</td> <td style="padding-left: 20px;"><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Regional cooperation</td> <td style="padding-left: 20px;"><input type="checkbox"/> Social protection</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional                      <input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> SEGF/SERD</p>										
<p><b>5. Responsible ADB officer(s):</b> K. Kriegsmann</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>ADB's country operational strategy (2002—2005) for Indonesia focuses principally on reducing poverty and regional inequity, and is anchored in good governance as the strategy recognizes its crucial importance in the Indonesian context. In view of the governance-related issues in the financial and corporate sectors that had contributed to the financial crisis, support for improving financial and corporate governance in order to build up a more stable and resilient financial and corporate structure is a major element of the governance strategy for Indonesia. In this context, reforming the public service obligations (PSOs) of SOEs, which contribute significantly to regional development and the fight against poverty, is critical. The crisis had exposed serious weaknesses in the functioning of SOEs, much of it related to inefficient provisioning of PSOs; thus, improving their functioning and commercializing them is a priority. The poor performance of SOEs is also a major factor contributing to the fiscal weakness of the public sector and impeding economic recovery in general. Improving their performance and assisting in the commercialization of their PSOs is thus also consistent with the focus in the country operational strategy on encouraging sustainable recovery.</p> <p>The Government has in many cases used SOEs to provide public goods and services to the population. These range from transportation services in remote areas to vocational education and health care services. Political interference in the pricing of such services and inadequate accountability in SOEs have resulted in</p>										

inefficient delivery mechanisms. The services are either cross-subsidized by profitable business units in the SOE or subsidized by the Government. This practice diverts resources from profitable activities, lowers overall returns, and impairs the growth potential of SOEs, while eliminating incentives for efficiency in the provision of PSOs. Currently a large segment of SOEs are entrusted with PSOs, such as obligations to provide for reforestation services in Sumatra and Kalimantan, supply vaccines at below cost prices to the public health system, maintain unprofitable air and shipping services, and operate remote air and sea ports. PSOs should be contracted out separately and transparently to ensure full cost recovery by their provider. The Government has corrected some tariff and other fiscal distortions as part of its structural adjustment program, but subsidies, cross-subsidies within SOEs, and directed price fixing continue. To increase transparency and achieve full management accountability for commercial success, the Government needs to separate PSOs from commercial activities in SOEs in preparation for their eventual privatization. Without such separation, SOEs cannot achieve a return on capital sufficient to attract private investors.

During 2002 and 2003 ADB assisted the Government in implementing its State-Owned Enterprise Governance and Privatization Program (SOEGPP) with a program loan of \$ 400 million and related Technical Assistance. Between June 2002 and March 2003, ADB is implementing a Technical Assistance that supports the separation of PSOs from the purely commercial activities of SOEs. To this end, MSOE will (i) identify PSOs in all SOEs; (ii) quantify the monetary value of performing PSOs in 15 SOEs; (iii) develop rules and regulations for contracting such services on a competitive bidding basis, allowing participation by private companies; and (iv) initiate commercialization of PSOs in 4 SOEs. The objective is to establish a transparent process for the separation of PSOs with due consultation of all stakeholders. A precondition for carrying out (ii) is the introduction of cost accounting in the concerned SOEs. This helps to quantify the costs of providing PSOs, and will allow to estimate the value of the commercial operations of SOEs, thus facilitating the privatization process. Another output is the classification of PSOs in three types.

**b. Goal and purpose:**

The proposed Project will further improve resource allocation in the public sector, increase profitability of Indonesia's SOEs, and promote private sector participation in the commercial activities of SOEs. Reform of PSOs by increasing the efficiency, transparency, and accountability of their delivery will make a significant contribution to the Government's effort in reducing regional inequalities, poverty, and environmental degradation.

**c. Components and outputs:**

- (i) Class I PSOs are those which relate to provision of public goods and services that have to be provided by a government agency. The project will finance organizational changes within SOEs and government agencies to achieve greater transparency and increased accountability in PSO provision.
- (ii) Class II PSOs are those which can be outsourced to the private sector in the long-term, but the particular SOE is the only potential supplier in the near-term. For these PSOs the project will finance the reorganization and capital expenditure for continuing supply of the PSO by the SOE until eventual commercialization or privatization. This will most likely take the form of a transparent purchasing agreement with the Government.
- (iii) Class III PSOs are those that can be outsourced to the private sector is an efficient subsidy system can be developed. For these PSOs the Government has established an efficient tendering system under SOEGPP which addressed the issues of "barriers to entry" and "advantages of incumbency". The project will finance the transition to private provision of the PSOs depending on length of contract, required investment, and capital amortization.

**d. Expected results and deliverables:**

- The proposed Program would continue the reforms started under SOEGPP I, and be implemented in 2004—2005, targeting reforms in selected subsets of the SOE portfolio held by MSOE by
- (i) Restructuring the provision of Class I PSOs into transparent and accountable operations;
  - (ii) Financing the continuing supply of Class II PSOs until eventual commercialization or privatization;
  - (iii) Financing the supply of Class III PSOs by the private sector.

**e. Social or environmental issues or concerns:**

As many of the PSOs covered under this project are in the social and environmental sector, ensuring their continuing provision under a more efficient delivery system will have strongly positive social and environmental impacts.

**f. Plans for disseminating results/deliverables:**

Continuation of a "socialization" program started under SOEGPP including workshops, seminars, and conferences throughout Indonesia.

<p><b>7. Proposed executing/implementing agencies:</b>          Executing Agency: MOF          Implementing Agency: MSOE</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p> <p>As was the case during processing of SOEGPP, the Mission will have extensive consultations with (i) government officials from MOF, BAPPENAS, relevant technical ministries, and MSOE; (ii) management and other employees of SOEs; (iii) trade unions working in SOEs; and (iv) regional authorities where the production facilities are located, or the PSOs are delivered.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval          Lending: 2005          Nonlending (project preparatory): 2001          Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance{s}          Lending: 2006-2009          Nonlending: 2001, 9 months</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$150 million  <input type="checkbox"/> Asian Development Fund:  <input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: TBD          If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget:  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought:          If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Local Roads Development (Sector)

Date: 2 August 2002

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input checked="" type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other:         </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other:         </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the          Sector: Transport and Communications          Subsector: Roads</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input checked="" type="checkbox"/> Poverty intervention         </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development         </p>		
<p><b>4. Responsible division/department:</b> SEID/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> TBD</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b>          The long-term goal of ADB country strategy in the transport sector is to support economic growth and balanced regional development through maintenance, rehabilitation and selective development of the strategic transport systems. In the road sector, ADB assistance will focus on (i) improving the quality of the road network through periodic maintenance, rehabilitation and upgrading of existing road infrastructure, and (ii) facilitate successful decentralization in the road sector by strengthening the capacity of central and local Government agencies.</p> <p><b>b. Goal and purpose:</b>          The Project will aim at enhancing economic development and therefore reducing poverty in selected provinces by (i) improving critical local road links; (ii) improving the management of the local road network in rural areas through policy initiatives and institutional strengthening of national government agencies and local governments; and (iii) exploring new modalities and alternative funding sources for public-private partnership in road rehabilitation, operation, and maintenance.</p> <p><b>c. Components and outputs:</b>          The Project will include rehabilitation and upgrading of local roads in selected provinces, as well as local government institutional strengthening and capacity building in local road financing, planning and programming, management and maintenance.</p>		

<p><b>d. Expected results and deliverables:</b> TBD</p> <p><b>e. Social or environmental issues or concerns:</b> Resettlement and indigenous people Environment category: TBD</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Settlement and Regional Infrastructure – directorate general of regional infrastructure (DGRI) / local governments (provinces and districts).</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> tdb</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: 2005 Nonlending (project preparatory): 2003 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistances Lending: 2005-2008 Nonlending: 2003-2004</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$150 million  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds</p> <p>If cofinancing is required indicate sources, and amount sought: TBD If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Power Sector Development Program (SDP)

**Date: August 2002**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Power</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other Development intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development  <input checked="" type="checkbox"/> Good governance  <input checked="" type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional                      <input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SEID/SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> A. Terway</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>Based on the Government's Power Sector Restructuring Policy (August 1998), ADB approved two loans for Power Sector Restructuring Program (the Program) and associated capacity building.<sup>1</sup> The Japan Bank for International Cooperation (JBIC) also approved a loan of \$400 million, disbursement of which is in two equal tranches of \$200 million, and linked to the release of the two Program loan tranches. The first Program loan tranche of \$200 million was disbursed in March 1999, and upon the enactment of the new electricity law (EL), it is expected that the second tranche will be released in 2002.</p> <p>The Program seeks to increase power sector efficiency and make it financially viable by establishing a competitive electricity market in Java-Bali. This will be achieved by the new EL, unbundling PLN, raising electricity tariffs to reflect the cost of supply, promoting private sector participation, and strengthening regulation. Although at the time of approval, the introduction of bulk electricity market was planned by December 2003, now a revised schedule has been proposed by the Government that envisages that the electricity market will commence operation in Java-Bali by December 2006 (it is also in line with the provision of the new EL). The PSDP will be timed to defray the cost associated with the commencement of the electricity market.</p>		

<sup>1</sup> Loan 1673-INO: Power Sector Restructuring Program for \$380 million, and Loan 1674-INO: Capacity Building for Establishment of a Competitive Electricity Market for \$20 million, both approved on 23 March 1999.

**b. Goal and purpose:**

The goal will be to improve power sector efficiency, promote greater private sector participation by providing the clear legislative and regulatory framework, and a level-playing field; and strengthen regulatory capacity and governance of the electricity market.

**c. Components and outputs:**

The policy-based program loan will be linked to implementation of the electricity market and the start of competition in the power sector. The investment project will include components that strengthen the electricity market, e.g., new transmission lines and substations to connect load centers with different power generation companies; and to complement private sector investments to expand the supply and demand sides of the market, e.g., energy conservation and efficiency improvement.

**d. Expected results and deliverables:**

The restructuring of the power sector in Java-Bali will help the Government to avoid risks associated with new investments in expanding the power sector, and the increased efficiency will help lower the cost of supply. The project components will help meet future growth in power demand.

**e. Social or environmental issues or concerns:**

The policy-based loan will have a positive impact on the economy, with little long-term social or environmental impacts. Further, measures will be introduced to mitigate the short-term impact of the structural change on the poor. The project components that include the implementation transmission lines will have some social and environmental impacts during implementation and operations, which will be examined during the implementation of the PPTA.

**f. Plans for disseminating results/deliverables:**

Public debate and legislative scrutiny is ongoing under the Program for the enactment of the new EL. The Government has also operationalized the consultative framework and social protection, which include the civil society and labor representatives. It is envisaged that the regulatory body, once established under the new EL, will also hold stakeholder consultations. During the PPTA implementation, further discussions will be held with the Government and stakeholders.

**7. Proposed executing/implementing agencies:** Ministry of Finance and Directorate General for Electricity and Energy Utilization for the policy-based program loan; and state-owned electricity company (PLN), or the new transmission company that will be established after the enactment of the new EL for the investment project loan.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
The PSDP was identified after discussions with the Directorate General for Electricity and Energy Utilization and PLN. The Ministry of Finance, Ministry of State-owned Enterprises, and the National Development Planning Agency (BAPPENAS) are also associated with the ongoing restructuring program. The proposed PSDP was also identified in the Report and Recommendation of the President (RRP) of the 1999 Program to realize a complete shift to the market-based structure, which was initiated by the Program.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002
- b. Expected date of submission for approval
  - Lending: 2005
  - Nonlending (project preparatory): 2004
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: 2006-2010
  - Nonlending: 2004

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending

- Ordinary capital resources: \$150 million
- Asian Development Fund:
- Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Education Development Including ICT

**Date: August 2002**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other:         </p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory  <input type="checkbox"/> Economic, thematic, and sector work  <input type="checkbox"/> Institutional development  <input type="checkbox"/> Other:         </p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input checked="" type="checkbox"/> Poverty intervention         </p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p><b>3. Coverage</b></p> <p> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development         </p>		
<p><b>4. Responsible division/department:</b> SESS/IRM /SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> SESS: TBD, IRM: S.A. Chowdhury, Principal Project Officer</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Decentralization of education services under Government Regulations (PP) 22 and 25 has offered new opportunities and challenges for improving the quality, efficiency and relevance of education including new management and funding roles for the districts and provinces. Government's education reform program is strongly underpinned by new information and communication technology. The revised CSP supports this strategy for human and social development.</p> <p><b>b. Goal and purpose:</b> Establishing an efficient, demand driven, high quality and equitable education system is the long-term goal of the Government. The purpose of the project is to contribute toward this goal by focusing on district and province based education systems underpinned by a strong ICT that will reduce the so called "digital divide" and enhance Indonesia's competitiveness in an increasingly globalized economy.</p> <p><b>c. Components and outputs:</b> The Project will include (i) institutional development and capacity building for basic, secondary and technical education, (ii) upgrading educational quality and efficiency through improved management and access, and (iii) establishing ICT capacity for the sector.</p>		

<p><b>d. Expected results and deliverables:</b></p> <ul style="list-style-type: none"> <li>(i) better managed and high quality educational institutions at district and province levels allowing for equity and regional consideration.</li> <li>(ii) ICT capacity established throughout the sector.</li> </ul> <p><b>e. Social or environmental issues or concerns:</b> TBD.</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Directorate General of Primary and Secondary Education (DGPSE) and Directorate General of Higher Education (DGHE).</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> The Ministry of National Education and its principal agencies viz DGPSE and DGHE have been engaged in policy dialogue in identifying and conceptualizing the assistance plan. Further detailed consultation will be undertaken with these agencies and key stake holders including civil societies during the preparation of project design.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <ul style="list-style-type: none"> <li>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</li> <li>b. Expected date of submission for approval <ul style="list-style-type: none"> <li>Lending: 2005</li> <li>Nonlending (project preparatory): 2004</li> <li>Nonlending (other than project preparatory):</li> </ul> </li> <li>c. Period and duration of assistance <ul style="list-style-type: none"> <li>Lending: 2005-2009</li> <li>Nonlending:</li> </ul> </li> </ul>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <ul style="list-style-type: none"> <li>a. For lending <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Ordinary capital resources: \$150 million</li> <li><input type="checkbox"/> Asian Development Fund: \$ -</li> <li><input type="checkbox"/> Other: Grant-based cofinancing \$ -</li> </ul> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> </li> <li>b. For nonlending <ul style="list-style-type: none"> <li><input type="checkbox"/> No resources required, other than ADB staff</li> <li><input type="checkbox"/> ADB's administrative budget:</li> <li><input type="checkbox"/> Grant TA funds</li> </ul> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> </li> </ul>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Urban Water Supply and Sanitation Sector 2

Date:

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Sectors Subsector: Water Supply and Sanitation</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Economic growth  <input type="checkbox"/> Gender and development  <input type="checkbox"/> Environmental protection  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Other:         </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development  <input type="checkbox"/> Good governance  <input type="checkbox"/> Private sector development  <input type="checkbox"/> Social protection         </td> </tr> </table>	<input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
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<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> SESS / SERD</p>		
<p><b>5. Responsible ADB officer(s):</b> [TBD]</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>The introduction of regional autonomy in Indonesia on 1 January 2001 has resulted in the devolution of substantial authority from the central government to the local government units (LGUs) at the district level (kota and kabupaten) for all aspects of local infrastructure and service delivery including planning, provision, financing, and management for water supply and sanitation. However, many of the more than 300 water utilities (PDAMs) throughout Indonesia are barely able to provide minimum service to consumers, connecting less than 20 percent of the population to piped water supply. In addition, coverage with sanitation services requires urgent attention, including rehabilitation and extension of wastewater collection and treatment systems, and priority drainage and/or urban flood control leading to improved urban environments, especially in the low-income areas. In order to improve service delivery for water supply and sanitation an urban water supply and sanitation sector project II has been included in the CSP for 2005. The Project will build up on the water supply and sanitation sector project included in the CSP for 2002, and will extend financing of WSS infrastructure to additional urban areas.</p>		

**b. Goal and purpose:**

The long-term strategic objective of the proposed urban water supply and sanitation sector Project II is to deliver good quality, adequate and reliable water supply and sanitation services to urban residents throughout Indonesia on a sustainable basis, with particular emphasis on delivering services to the poor. The immediate objective is for a number of LGUs and water supply enterprises (PDAMs) to improve operational capacity, enhance urban management, reduce water losses, expand water service delivery, provide and expand effective wastewater management and sanitation services.

Subprojects financed under the Project will be developed through a demand driven approach allowing the end-beneficiaries to decide about the level of services required, and to agree on necessary tariff adjustments for cost recovery. Capacity building including training for PDAMs, LGUs, city councils House of Representatives (DPRDs), and consumer groups will support the investment program.

**c. Components and outputs:**

The Project is aimed at improving the water supply and sanitation systems for LGUs (kota and kabupaten) and PDAMs. Each kota, kabupaten, and PDAM will be considered as a subproject. Depending on the local needs, each subproject may include any or all components of water supply, and wastewater collection and treatment. In addition, the program will be supported through capacity building, and project management and implementation consultants.

The water supply component will include, (i) rehabilitation of existing water resources, treatment and distribution systems to reduce losses and improve service delivery to consumers, and (ii) extension of distribution systems and water resource, treatment, storage and transmission capacity.

The sanitation component will cover wastewater collection and treatment, and drainage and/or urban flood control. Subprojects will include (i) rehabilitation of public sewers, drainage systems and septic tanks, (ii) procurement of equipment for routine maintenance of facilities, and (iii) expansion of sewer and drainage systems.

Capacity building will be provided for water supply and sanitation service providers to contribute towards a more customer oriented culture. It will cover measures for financial and operational performance improvement including tariff setting, cost recovery, revenue collection, financial management, operational procedures, and personnel management. Advice and assistance provided to LGUs will include financial management, investment planning, budgeting, and public consultations. The program will be implemented with assistance from consultants for project management, implementation supervision, and the above capacity building component.

**d. Expected results and deliverables:**

- (i) Water supply and sanitation facilities in a number of urban areas improved and extended;
- (ii) Enhanced service quality including provision of good quality water and reduced health hazards; and
- (iii) Financial and operational performance of water utilities improved.

**e. Social or environmental issues or concerns:** [TBD]**f. Plans for disseminating results/deliverables:** [TBD]**7. Proposed executing/implementing agencies:**

[TBD]

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

[TBD]

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSP 2002
- b. Expected date of submission for approval
  - Lending: December 2005
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory):

## c. Period and duration of assistance

Lending: [TBD]

Nonlending:

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

## a. For lending

- Ordinary capital resources: \$100 million
- Asian Development Fund: \$
- Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

## b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Integrated Urban Development and Poverty Reduction 2

**Date:**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Lending           <ul style="list-style-type: none"> <li><input type="checkbox"/> Project loan</li> <li><input type="checkbox"/> Program loan</li> <li><input checked="" type="checkbox"/> Sector loan</li> <li><input type="checkbox"/> Sector development program loan</li> <li><input checked="" type="checkbox"/> Other: Cluster</li> </ul> </li> <li><input checked="" type="checkbox"/> Nonlending           <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Project preparatory</li> <li><input type="checkbox"/> Other than project preparatory               <ul style="list-style-type: none"> <li><input type="checkbox"/> Economic, thematic, and sector work</li> <li><input type="checkbox"/> Institutional development</li> <li><input type="checkbox"/> Other:</li> </ul> </li> </ul> </li> </ul>						
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Urban Development</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Core poverty intervention</li> <li><input type="checkbox"/> Poverty intervention</li> </ul> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Economic growth</li> <li><input type="checkbox"/> Gender and development</li> <li><input type="checkbox"/> Environmental protection</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input type="checkbox"/> Other:</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Human development</li> <li><input checked="" type="checkbox"/> Good governance</li> <li><input type="checkbox"/> Private sector development</li> <li><input type="checkbox"/> Social protection</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Economic growth</li> <li><input type="checkbox"/> Gender and development</li> <li><input type="checkbox"/> Environmental protection</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input type="checkbox"/> Other:</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Human development</li> <li><input checked="" type="checkbox"/> Good governance</li> <li><input type="checkbox"/> Private sector development</li> <li><input type="checkbox"/> Social protection</li> </ul>				
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<p><b>3. Coverage</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;"><input checked="" type="checkbox"/> Country</td> <td style="width: 33%;"><input type="checkbox"/> Subregional</td> <td style="width: 33%;"><input type="checkbox"/> Interregional</td> </tr> <tr> <td colspan="3"><input type="checkbox"/> Internal policy development</td> </tr> </table>	<input checked="" type="checkbox"/> Country	<input type="checkbox"/> Subregional	<input type="checkbox"/> Interregional	<input type="checkbox"/> Internal policy development		
<input checked="" type="checkbox"/> Country	<input type="checkbox"/> Subregional	<input type="checkbox"/> Interregional				
<input type="checkbox"/> Internal policy development						
<p><b>4. Responsible division/department:</b> SESS/SERD</p>						
<p><b>5. Responsible ADB officer(s):</b> C. Andrews, Sr. Urban Management Specialist, SESS</p>						
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> In twenty years time, most Indonesians will live in cities and other urban areas. This is inevitable and good news for aggregate economic development and poverty reduction in Indonesia. But the trend carries risks, including that there will be large populations of poor and highly vulnerable households in Indonesian cities. The speed at which poverty rates rose from late 1997 to early 1999 and then fell during the subsequent six months, underscores the vulnerability of the large number of the near poor in Indonesian cities. Against a backdrop of regional autonomy, slow economic growth and rapid urbanization, municipal services delivery in Indonesian cities is worsening, urban water supply is in crisis, and there are fewer opportunities for poor families to improve their housing. Urban local governments are challenged to reverse this situation. Cities in Indonesia are typically not well governed, and municipal credit has dried up. External and central Government support must address these two dominant urban sector development constraints. Recognizing this, and wanting a sharper focus on poverty reduction in the aftermath of the 1997 crisis, the Government requested assistance from ADB to help develop urban support approaches that would be highly relevant to the changed circumstances.</p> <p>Assisted by an ADB TA, the Government is preparing the first integrated urban development and poverty reduction (IUD&amp;PR) project in 2002, designed to be an urban development support approach suitable for the decentralized situation in Indonesia. IUD&amp;PR is envisaged to be a cluster of loans, and this Concept Paper is for the second loan in the cluster. The cluster supports the following INO-CSP thematic foci: (i)</p>						

<p>improving governance; (ii) supporting decentralization and meeting local needs; and (iii) raising long-term growth prospects, increasing economic potential.</p> <p><b>b. Goal and purpose:</b> The <b>goal</b> of the project is to have urban households, including the poor and vulnerable, enjoying improved living conditions through inclusion in planning and decision making processes, more fulfilling and secure livelihoods, reduced vulnerability, better access to local urban services, and improved local environments and shelter. The <b>purpose</b> of the project is for urban local governments to have established good quality urban management and poverty reduction systems and to be responsively and transparently facilitating services delivery programs founded on sound technical bases and on constituent preferences.</p> <p><b>c. Components and outputs:</b></p> <ul style="list-style-type: none"> <li>(i) <b>Component 1: Urban Strategic Planning and Economic Development Support Systems:</b> Will establish and operate participatory, transparent and responsive urban management and operational <b>systems</b> for (i) urban strategic planning for local economic development (LED), services provision, shelter and other poverty reduction aspects; (ii) investment programming in line with agreed development strategies; (iii) supporting LED; and (iv) budgeting and public expenditure management</li> <li>(ii) <b>Component 2: Urban Infrastructure:</b> Will facilitate local and city wide urban infrastructure to support (i) LED; (ii) improved living conditions and security in poor neighborhoods; and (iii) shelter upgrading for poor households</li> <li>(iii) <b>Component 3: Shelter:</b> Will establish local shelter systems and programs for (i) preparing shelter support strategies and plans; (ii) neighborhood upgrading; (iii) greenfield site preparation.</li> </ul> <p>Policy aspects will relate to local government investment finance and local urban governance rating.</p> <p><b>d. Expected results and deliverables:</b> Physical deliverables will be urban infrastructure on city-wide, area-wide, and neighborhood scales. Non-physical deliverables will be urban management and development systems (technology, facilities and personnel) and programs (funded plans and strategies).</p> <p><b>e. Social or environmental issues or concerns:</b> Involuntary resettlement may result from infrastructure construction. Environmental issues will be limited to (i) impact during construction; (ii) impact of major infrastructure especially roads and flood control canals; and (iii) solid waste disposal.</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Executing Agency—to be determined. Implementing agencies—local governments</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p> <p>There have been extensive stakeholder consultations for the Urban Poverty Reduction Project Preparatory Technical Assistance (TA 3646-INO), which is the first loan in the cluster, including consultations with poor and vulnerable households and with local governments and local organizations.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <ul style="list-style-type: none"> <li>a. Year included in CSP: 2002</li> <li>b. Expected date of submission for approval             <ul style="list-style-type: none"> <li>Lending: 2005</li> <li>Nonlending (project preparatory): 2004</li> <li>Nonlending (other than project preparatory):</li> </ul> </li> <li>c. Period and duration of assistance             <ul style="list-style-type: none"> <li>Lending: 2006-2010</li> <li>Nonlending: 2004, 6 months</li> </ul> </li> </ul>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <ul style="list-style-type: none"> <li>a. For lending             <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Ordinary capital resources: \$ 150 million</li> <li><input type="checkbox"/> Asian Development Fund: \$ -</li> <li><input type="checkbox"/> Other: Grant-based cofinancing \$ -</li> </ul> </li> </ul> <p>If cofinancing is required indicate sources, and amount sought:          If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## Local Government Financing

**Date:**

<p><b>1. Type/modality of assistance</b> (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project loan  <input type="checkbox"/> Program loan  <input type="checkbox"/> Sector loan  <input type="checkbox"/> Sector development program loan  <input type="checkbox"/> Other:         </p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Project preparatory  <input type="checkbox"/> Other than project preparatory           <table style="margin-left: 40px; border: none;"> <tr> <td><input type="checkbox"/> Economic, thematic, and sector work</td> <td><input type="checkbox"/> Institutional development</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table> </p>	<input type="checkbox"/> Economic, thematic, and sector work	<input type="checkbox"/> Institutional development	<input type="checkbox"/> Other:							
<input type="checkbox"/> Economic, thematic, and sector work	<input type="checkbox"/> Institutional development									
<input type="checkbox"/> Other:										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Municipal Finance Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"> <input type="checkbox"/> Core poverty intervention  <input type="checkbox"/> Poverty intervention  <input checked="" type="checkbox"/> Other Development intervention         </p> <p>c. Key thematic area(s)</p> <table style="margin-left: 20px; border: none;"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
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<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p style="margin-left: 20px;"> <input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional  <input type="checkbox"/> Internal policy development         </p>										
<p><b>4. Responsible division/department:</b> SESS/SEGF/SERD</p>										
<p><b>5. Responsible ADB officer(s):</b> A. Weitz, Urban Economist, SESS; K. Kriegsmann, Senior Corp. Gov. Specialist, SEGF</p>										
<p><b>6. Description of assistance(s)</b></p> <p>a. <b>Background/linkage to country/regional strategy:</b> With the introduction of regional autonomy, existing mechanisms for local and international lending to local governments are inadequate. Reforming the municipal finance system is a long-term process involving a number of inter-related components, including the development of local government capacity, private sector participation in service delivery and infrastructure financing, and institutional strengthening of the banking system. The CSP includes a range of loan and technical assistance projects that will assist in developing a new, functioning municipal finance system.</p> <p>b. <b>Goal and purpose:</b> This loan is the second phase of assistance in the development of a functioning municipal credit market in Indonesia in which local governments can finance their infrastructure through public and private borrowing, as well as through the issuance of bonds. Building on lessons learned from the pilot phase, the purpose of the loan is to expand the development of the municipal finance system, including the development of a</p>										

<p>municipal bond market. The loan will cover the further development and expansion of options under the pilot phase, including (i) local government borrowing from regional or national banks, (ii) borrowing through syndication of loans, (iii) securitization of a portfolio of municipal loans, (iv) development of a municipal development fund for poorer local governments, or (v) issuance of bonds.</p> <p><b>c. Components and outputs:</b> The loan will cover (i) institutional development and capacity building for additional lending institutions, (ii) expansion of capacity building in financial management to other municipalities, (iii) institutional development and capacity building for a credit rating agency, and (iv) start-up finance for selected local infrastructure investments</p> <p><b>d. Expected results and deliverables:</b></p> <ul style="list-style-type: none"> <li>(i) Strengthening of municipal finance institutions;</li> <li>(ii) fully functioning debt and financial management units at provincial and local governments;</li> <li>(iii) credit rating system for local governments;</li> <li>(iv) additional investment projects including private sector participation; and</li> <li>(v) emerging municipal bond market.</li> </ul> <p><b>e. Social or environmental issues or concerns:</b> TBD</p> <p><b>f. Plans for disseminating results/deliverables:</b> TBD</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of finance (MOF), Directorate general for central and regional finance balance</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p> <p>This loan will build on previous assistance, in particular incorporating lessons learned from the Local Government Financing (pilot) loan, and a number of TAs during 2002-2004.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <ul style="list-style-type: none"> <li>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</li> <li>b. Expected date of submission for approval <ul style="list-style-type: none"> <li>Lending: 2005</li> <li>Nonlending (project preparatory): 2004</li> <li>Nonlending (other than project preparatory):</li> </ul> </li> <li>c. Period and duration of assistance <ul style="list-style-type: none"> <li>Lending: 2006-2009</li> <li>Nonlending: 2004, 6 months</li> </ul> </li> </ul>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <ul style="list-style-type: none"> <li>a. For lending <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Ordinary capital resources: \$70 million</li> <li><input type="checkbox"/> Asian Development Fund: \$ -</li> <li><input type="checkbox"/> Other: Grant-based cofinancing \$ -</li> </ul> </li> </ul> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <ul style="list-style-type: none"> <li>b. For nonlending <ul style="list-style-type: none"> <li><input type="checkbox"/> No resources required, other than ADB staff</li> <li><input type="checkbox"/> ADB's administrative budget: \$</li> <li><input type="checkbox"/> Grant TA funds</li> </ul> </li> </ul> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.