

## Major Change in Scope and Amount

---

Project Number: 39071  
Technical Assistance Number: 4763  
March 2008

### Indonesia: Preparing the Metropolitan Sanitation Management and Health Project

1. On 16 January 2006, the Asian Development Bank approved technical assistance (TA) in the amount of \$1.2 million for preparation of the Metropolitan Sanitation Management and Health Project (MSMHP).<sup>1</sup> The TA was to be completed on 31 December 2007. The goal of the MSMHP is to improve sanitation services (including wastewater collection and treatment, and solid waste management) in large urban areas in Indonesia. Its purposes are to (i) reduce exposure of urban communities, particularly low-income groups, to health risks associated with the discharge of raw or partially treated sewage into city drains and rivers; (ii) contribute to a significant reduction of pollutants in water bodies; (iii) improve solid waste collection and treatment practices; (iv) contribute to better local urban environments and an overall reduction of environmental pollution; and (v) address serious institutional constraints affecting the sector. The MSMHP will help to improve the livelihoods and health of the urban population, and will support the Government's efforts to achieve the related Millennium Development Goal targets. The outcome of the TA will be the design of the ensuing loan project, agreed upon by the governments of participating cities, the central Government, and ADB.

2. The MSMHP has made good progress. The participating cities of Makassar, Medan, and Yogyakarta have prepared city sanitation strategies, which form the basis for developing related investment programs. On 19 December 2007, ADB received the draft final report prepared by the TA, which clearly demonstrates the need for massive investment in urban sanitation and related capacity development. Preparing the feasibility study, including subproject appraisal reports (SPARs) for the three cities, requires time-consuming and resource-intensive consultations involving central and local government officials, beneficiaries, and other stakeholders.

---

<sup>1</sup> ADB. 2006. *Technical Assistance to the Republic of Indonesia for Preparing the Metropolitan Sanitation Management and Health Project*. Manila.

3. During the Water Financing Program Conference, held in Bandung on 7–8 November 2007, the MSMHP was acknowledged as an important contribution to ADB's Water Financing Program in Indonesia and the 2008 Year of Sanitation. As a result, the Government asked ADB to consider expanding the scope of the preparations for the MSMHP from three cities (Makassar, Medan, and Yogyakarta) to 12 large cities, through a multitranche financing facility (MFF).
4. The preparation of the feasibility study for the MSMHP, including draft SPARs for the three cities, almost exhausted the existing TA budget. Additional time and TA resources are required to finalize SPAR preparation, continue consultations, and prepare documentation needed to consider an MFF approach, as requested by the Government.
5. ADB supports the Government's request to consider expanding the MSMHP through an MFF, to help improving urban livelihoods and public health, and reducing environmental pollution. To finance the expanded scope of the TA for the preparation of the MSMHP, the TA budget was increased by \$500,000. Although the increase constituted a major change in scope (\$500,000 exceeded 15% of the original TA amount), the change in scope will not fundamentally affect or alter the TA's overall purpose, objectives and implementation arrangements.
6. The Board is notified of this major change in scope and increase in the TA budget by \$500,000 to be financed on a grant basis by the Multi-Donor Trust Fund for the Water Financing Partnership Facility administered by the ADB. After this increase in TA budget, the total cost of the TA will be \$1,700,000.