

ASIAN DEVELOPMENT BANK

TAR:INO 34152

**TECHNICAL ASSISTANCE
TO THE
REPUBLIC OF INDONESIA
FOR PREPARING THE
COMMUNITY WATER SERVICES AND HEALTH PROJECT**

December 2002

CURRENCY EQUIVALENTS

(as of 12 December 2002)

| | | |
|---------------|---|-------------|
| Currency Unit | – | rupiah (Rp) |
| Rp1.00 | = | \$0.000113 |
| \$1.00 | = | Rp8,860 |

ABBREVIATIONS

| | | |
|----------|---|--|
| ADB | – | Asian Development Bank |
| BAPPENAS | – | Badan Perencanaan Pembangunan Nasional (National Development Planning Agency) |
| CTT | – | central technical team |
| CWSHP | – | Community Water Services and Health Project |
| DGDCDC | – | Directorate General of Communicable Diseases Control and Environmental Health |
| DHSP | – | Decentralized Health Services Project |
| EA | – | executing agency |
| FHNP | – | Family Health and Nutrition Project |
| ICT | – | information communication technology |
| MOH | – | Ministry of Health |
| MOHA | – | Ministry of Home Affairs |
| MPA | – | methodology for participatory assessments |
| NGO | – | nongovernment organization |
| PHAST | – | participatory hygiene and sanitation transformation |
| RWSSP | – | Rural Water Supply and Sanitation Project |
| SPAR | – | subproject appraisal report |
| TA | – | technical assistance |
| WSES | – | water supply and environmental sanitation |
| WSLIC II | – | Second Water Supply and Sanitation for Low Income Communities Project |

NOTE

In this report, "\$" refers to US dollars

This report was prepared by C. Andrews, Southeast Asia Department.

I. INTRODUCTION

1. During the March 2002 Country Programming Mission, the Government of Indonesia requested the Asian Development Bank (ADB) to continue support for decentralizing in the community water supply, sanitation, and basic health services subsectors and provide technical assistance (TA) to help local governments prepare a project proposal. The ADB country strategy and program for Indonesia for 2003-2005 recognizes decentralization and support for basic social services as priorities. The Government and a TA Fact-Finding Mission in September 2002 reached understanding on the objective, scope, budget, and implementation arrangements for the TA.¹

II. ISSUES

2. Many rural areas in Indonesia have priority disease profiles that include diarrhea, intestinal worms, skin disease, and water-related diseases including malaria and dengue. The situation results from inadequate access to clean water supply and sanitation² combined with unhygienic conditions and practices. This combination is dangerous. For instance, in low-income communities especially, diarrhea and malnutrition interact to constrain improved child health status. Local governments are now at the forefront of influencing the health status of low-income families, with access to clean water and sanitation considered as key factors.

3. The Government expects that local autonomy will result in more and better quality local public services, with local governments responding to local needs and working in partnership with communities and families. However, many local governments in Indonesia—especially rural and fiscally weak districts—require outside support to build the capacity and inclination for inclusive and participatory operations. Communities and families need outside support to develop a level of responsibility and technical capability necessary for successful development partnerships.

4. Government policies and programs to help local governments, communities, and families meet challenges are available; they highlight the essential cross-sector nature of problems and solutions, especially the water supply and health link. *Healthy Indonesia 2010*³ links water supply and health in the context of strong communities, responsible families, and responsive family-friendly health professionals working together on local health solutions. The Government's draft National Policy for the Development of Community-Managed Water Supply and Environmental Sanitation Facilities and Services⁴ explicitly links improved water supply and sanitation facilities and services with broader health outcomes and community well-being.

5. External flows support the Government's policies and programs. The Second Water Supply and Sanitation for Low Income Communities Project (WSLIC II)⁵ and the Rural Water

¹ The TA was first listed in *ADB Business Opportunities* on 20 February 2001.

² At least 100 million people in Indonesia today do not have access to convenient, reliable, and sustainable safe water supply and sanitation services. This is according to the Government's National Policy on Development of Community-Managed Water Supply and Environmental Sanitation Facilities (Third Draft), 18 April 2002.

³ Ministry of Health. 1999. *Healthy Indonesia 2010*. The document sets out the Government's national health development program that seeks to achieve health-related millennium development goals.

⁴ The draft national policy comes from the *Indonesian Water Supply and Sanitation Policy Formulation and Action Planning Project*, executed by the World Bank's Water and Sanitation Program and funded by the Australian Agency for International Development.

⁵ Approved by the World Bank in 2000 for \$77.4 million equivalent from the International Development Association credit.

Supply and Sanitation Project for Nusa Tenggara Timur⁶ emphasize better hygiene and preventing waterborne diseases, improved water services, and sustainability of services through community participation. The ADB-financed Family Health and Nutrition Project (FHNP)⁷ demonstrates strong community demand for improved water supplies and sanitation and local health official willingness to provide family-friendly support. The Government is receiving broad-based support for decentralizing in the health sector, including the ADB-financed Decentralized Health Services Project (DHSP),⁸ the World Bank-financed first and second Provincial Health Projects, and support for specific districts from bilateral agencies.⁹

6. The Government envisages a new operation that brings together the successful participatory and demand-responsive aspects of WSLIC II, the community-focused and family-friendly support of FHNP, and the benefits from institutional strengthening delivered by DHSP. Despite the experience of implementing these projects, caution and flexibility are necessary in preparing the proposed Community Water Services and Health Project (CWSHP). The extent to which it will blend inputs and activities in water services and health is unique. All stakeholders—local governments, low-income communities and families, central agencies, and private and nongovernment parties—must be involved in project preparation from the beginning. The cross-sector approach will need to directly address poverty reduction, governance, and gender issues. With administrative and financial rules and regulations evolving, the project design must remain flexible and be developed with a sound understanding of the different social, political, and economic contexts in the project areas.

7. The Indonesia country strategy and program for 2002-2005 emphasizes reduction of poverty and regional imbalance in development and, in particular, providing basic services in the decentralized environment. Community water services and decentralized health are included as primary focus areas. CWSHP addresses three principal elements in ADB's water policy:¹⁰ (i) promoting a national focus on water sector reforms, (ii) improving and expanding the delivery of water services, and (iii) improving governance. Lessons learned from the completed Rural Water Supply and Sanitation Sector Project (RWSSP),¹¹ and findings contained in ADB's draft Impact Evaluation Study of Water Supply and Sanitation Projects in Selected Member Countries will provide valuable inputs to the preparation of CWSHP.¹² Low-income communities in fiscally weak districts will benefit from the project. These communities will be concentrated in ADB's core focus provinces and in provinces with a low human capital base. The ensuing Project will likely be a core poverty intervention in line with ADB's poverty reduction framework.

⁶ Financed by German Development Cooperation (GTZ) and *Kreditanstalt fuer Wiederaufbau* (KfW).

⁷ ADB. 1996. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Indonesia for the Family Health and Nutrition Project*. Manila.

⁸ ADB. 2000. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Indonesia for the Decentralized Health Services Project*. Manila.

⁹ Bilateral agencies supporting decentralization of health services include the Australian Agency for International Development, the Canadian Development Agency, the Japan Bank for International Cooperation, and German Technical Cooperation.

¹⁰ ADB. 2000. *Water for All: The Water Policy of the Asian Development Bank*. Manila.

¹¹ ADB. 1994. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Indonesia for the Rural Water Supply and Sanitation Sector Project*. Manila; and ADB. 2002. *Project Completion Report on the Rural Water Supply and Sanitation Sector Project in Indonesia*. Manila.

¹² Three lessons stand out: (i) project resources for doing "bottom-up" planning must match project design rhetoric; (ii) agencies that retain an engineering/supply-side approach to business cannot be expected to implement successful "community-based" services projects; and (iii) performance management must be a well-resourced core element of the project.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

8. The TA will help the Government identify and prepare a project proposal for low-income people in rural and peri-urban communities to improve their quality of life and health status through hygiene-related healthy behavior and supported by improved access to clean water and sanitation.

9. A minimum of three districts each¹³ in four participating provinces will use TA resources to prepare detailed subproject appraisal reports (SPARs) with the following components: (i) empowering local governments, to strengthen district and subdistrict agencies to facilitate community-based planning and implementation of projects that address hygiene-related behavior needs together with water supply and sanitation needs; (ii) mobilizing communities and families, to help low-income communities to plan, advocate, manage, and sustain water and sanitation services and related programs to improve the hygiene-related behavior of family members; and (iii) developing infrastructure and facilities, to provide communities with convenient and sustainable clean water in adequate quantities, the means for safe and convenient disposal of fecal matter, and to provide capacity to prevent waterborne diseases. A fourth component will be responsibility for project coordination and implementation.

B. Methodology and Key Activities

10. The TA will use participatory workshops to help local stakeholders identify local health and water and sanitation needs, assess experiences of other support programs, and develop locally appropriate and sustainable solutions. The TA will consolidate data and information collected during the workshops and will develop draft SPARs to improve the water services and health status of the target communities. SPARs will be finalized with the local governments through participatory workshops. Provincial governments will coordinate SPAR preparation, and provinces may include proposals to strengthen their own units responsible for community water services and related health services. TA resources will be used to finance a team of consultants, participatory workshops and seminars, and surveys.

11. The Ministry of Health (MOH) has developed a scoring system to rank provinces and districts for possible project participation. Ranking considers poverty incidence, water supply and sanitation coverage, disease prevalence due to lack of water and sanitation, and presence of other water and sanitation projects. Ranking will also consider opportunities to achieve synergies with FHNP, DHSP, and RWSSP; ADB's preferred geographic focus; potential for bilateral cofinancing; and the regional government's commitment to the WSES national policy. The scoring system will be the basis for choosing up to six participating provinces (four while implementing phase 1 of the project and two added when implementing phase 2).¹⁴

12. The TA will give priority to the needs of low-income communities and families who are in fiscally weak districts that are most constrained in delivering basic services. Participating districts will be from the selected provinces. The TA will focus on family *and* community-based solutions since preventive measures require the systematic and pervasive involvement of entire

¹³ Criteria for selecting districts will be the same as for selecting provinces (para. 11), supplemented by criteria that indicate local demand for project support such as willingness of district governments and communities to contribute cash and in-kind to the project and to follow project rules and approaches.

¹⁴ Eleven provinces rank high in project participation: Southeast Sulawesi, West Kalimantan, Central Kalimantan, South Kalimantan, Jambi, North Sumatra, Bengkulu, Lampung, Central Java, West Java, and Banten.

communities. The TA requires systematic involvement of low-income people in identifying their needs and finding appropriate solutions. The TA will feature participatory planning, but the SPARs themselves will describe participatory processes for further mobilizing the community, detailed design and implementation, and sustaining operations, based on approaches such as participatory hygiene and sanitation transformation (PHAST) and methodology for participatory assessments (MPA).¹⁵ SPARs will also draw on successful information, education, and communications programs from FHNP and DHSP. SPARs will demonstrate community, institutional, and financial readiness in line with the 2002 Joint Country Portfolio Performance Review for Indonesia.

13. The first part of the consultant's report will review and analyze lessons learned from related operations. The second part will present a complete investment project based on the district-level SPARs. The SPARs will be grouped by province. Each SPAR will be fully budgeted, and feasibility will be demonstrated in terms of technical, financial, economic, social, environmental, and institutional viability, and will include a poverty and social analysis and strategy. Analyzing poverty and social impact will require gender disaggregation and attention to the needs of disadvantaged groups. The consultants will prepare a thorough benefit distribution analysis for each SPAR. The document will provide sufficient basis for pursuing cofinancing opportunities.

C. Cost and Financing

14. The total cost of the TA is estimated at \$1,250,000 equivalent, comprising \$530,000 in foreign currency and \$720,000 equivalent in local currency. It is proposed that ADB provide a grant of \$1.0 million equivalent to meet the entire foreign currency cost and \$470,000 equivalent of the local currency cost. The TA will be financed on a grant basis by ADB's TA funding program. The Government will provide support facilities, counterpart staff, office facilities, administrative support, and other logistical support including local ground transportation, the costs of which are estimated to total \$250,000 equivalent (Appendix 1). The Government has been advised that approval of the TA does not commit ADB to financing any ensuing project. The Government assured that counterpart services, facilities, and funds will be available by the expected starting date of the TA.

D. Implementation Arrangements

15. The Executing Agency (EA) for the TA will be the Directorate General of Communicable Disease Control and Environmental Health (DGCDC) of MOH. The EA will be responsible for day-to-day decisions affecting the conduct of the TA. DGCDC will work together with the Directorate General of Community Health and the secretary general of MOH to ensure synergies with FHNP and DHSP are fully realized. A central technical team (CTT) will be established, chaired by the director of water and sanitation, with the chief of the planning bureau of MOH as deputy. Representation on the CTT and technical inputs will be required from (i) the Policy Advisory Group and the Decentralization Unit of MOH; (ii) the Directorate General of Urban and Rural Development of Ministry of Settlements and Regional Infrastructure; (iii) the Directorate General of Regional Development, Ministry of Home Affairs (MOHA); (iv) the Directorate General of Community and Rural Empowerment, MOHA; and (v) BAPPENAS through the Directorate of Human Settlements and Housing and the Directorate of Health and Nutrition. The CTT representatives should be head of subdirectorates and above. The CTT

¹⁵ PHAST and MPA are joint programs of the World Health Organization, IRC International Water and Sanitation Center (Delft), and the World Bank Water and Sanitation Program.

secretariat will function as the MOH counterpart team for the TA and will have full-time and part-time suitably qualified and experienced staff with competencies in community water supply and sanitation, hygiene and family health, project economics and finance, and sociology. The CTT will meet a minimum of four times during TA implementation.

16. ADB will engage a team of international (20 person-months) and domestic (50 person-months) consultants, in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants. There will be four consultant core teams, one for each component of the proposed project: (i) the core team on empowering local governments will have expertise in local water services and prevention of water-borne diseases, human resources development, public-private-community partnerships and contracting nongovernment organizations (NGOs) for community facilitation, information communication and technology, and building local capacity for poverty and social analysis; (ii) the core team on community and family mobilization will have expertise in participatory workshops, assessing willingness to pay and affordability, community-based planning, baseline surveys and analysis, PHAST and MPA, community-based operations and maintenance, and health impact monitoring; (iii) the core team on development of infrastructure and facilities will have technical expertise in designing and constructing water supply and sanitation systems, facilities and equipment to prevent waterborne diseases, environmental assessment, community contracting, appropriate technology, project economics and financial analysis, and benefit distribution analysis; and (iv) the core team on project coordination and implementation will have expertise in project management, project financing, financial management and disbursements, procurement, and project performance management. The consultants will prepare a comprehensive poverty and social analysis, which will include detailed gender disaggregation. Facilitators and NGOs will assist in the participatory workshops. Appendix 2 gives the outline terms of reference.

17. The consultant team, in collaboration with the MOH counterpart team, will organize workshops in districts to ensure participation of all stakeholders: local communities, members of local governments, water supply and sanitation and health professionals, and local NGOs. The consulting team will engage local facilitators (for a total of 400 workshop days). Three types of workshops will be held successively: (i) advocacy and information workshops, (ii) stakeholders' consultation to identify needs and locally appropriate solutions, and (iii) workshops to discuss the draft SPARs consolidated by the consultant team.

18. The TA is expected to begin in April 2003, be implemented over 10 months, and be completed in February 2004. The consultants will produce (i) an inception report by the end of 1 month; (ii) an interim report by the end of 5 months that will, among others, include results and conclusions from the first two rounds of workshops; (iii) a draft final report by the end of 8 months, and (iv) the final report by the end of 10 months.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,000,000 on a grant basis to the Government of Indonesia for preparing the Community Water Services and Health Project, and hereby reports this action to the Board.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

| Item | Foreign Exchange | Local Currency | Total Cost |
|--|---------------------|-------------------|----------------|
| A. Asian Development Bank Financing^a | | | |
| 1. Consultants | | | |
| a. Remuneration | | | |
| i. International Consultants | 370.0 | 0.0 | 370.0 |
| ii. Domestic Consultants | 0.0 | 170.0 | 170.0 |
| b. Per Diem | | | |
| i. International Consultants | 60.0 | 0.0 | 60.0 |
| ii. Domestic Consultants | 0.0 | 35.0 | 35.0 |
| c. International and Domestic Travel | 30.0 | 70.0 | 100.0 |
| 2. Training and Participatory Workshops | | | |
| a. Facilitators | 0.0 | 35.0 | 35.0 |
| b. Workshops | 0.0 | 95.0 | 95.0 |
| 3. Reports and Communications | 10.0 | 10.0 | 20.0 |
| 4. Representatives for Contract Negotiations ^b | 8.0 | 0.0 | 8.0 |
| 5. Equipment and Software (purchase and rental) ^c | 10.0 | 8.0 | 18.0 |
| 6. Surveys | 0.0 | 20.0 | 20.0 |
| 7. Translation and Miscellaneous Administrative Support Costs ^d | 0.0 | 10.0 | 10.0 |
| 8. Contingencies | 42.0 | 17.0 | 59.0 |
| Subtotal (A) | 530.0 | 470.0 | 1,000.0 |
| B. Government Financing | | | |
| 1. Counterpart Staff Remuneration and Per Diem | 0.0 | 110.0 | 110.0 |
| 2. Project Office Costs | 0.0 | 50.0 | 50.0 |
| 3. Workshop Expenses | 0.0 | 50.0 | 50.0 |
| 4. Report Production and Dissemination | 0.0 | 5.0 | 5.0 |
| 5. Miscellaneous Administration and Support Costs | 0.0 | 5.0 | 5.0 |
| 6. Local Transportation Support | 0.0 | 20.0 | 20.0 |
| 6. Contingencies | 0.0 | 10.0 | 10.0 |
| Subtotal (B) | 0.0 | 250.0 | 250.0 |
| Total | 530.0 | 720.0 | 1,250.0 |

Note: Items A2, A5, and A6 are provisional sums and should remain unchanged in the submitted financial proposals.

^a The TA will be financed on a grant basis from the current income generated from ADB's ordinary capital resources.

^b Includes cost of travel and per diem for Government observers for contract negotiations at Asian Development Bank Headquarters.

^c Purchase of one computer, one printer, one photocopier, and one fax machine, and rental of all other office equipment.

^d Translation of technical assistance reports and workshop papers and proceedings.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. A team of consultants will be engaged to help the Government analyze lessons learned (part of inception report, and part A of final report) and prepare a project proposal (part B of final report). An international consulting firm, selected in accordance with the *Guidelines on the Use of Consultants of the Asian Development Bank* (ADB) and using quality and cost-based selection, will provide consulting services. The consulting firm will provide 20 person-months of international and 50 person-months of domestic consulting services. The international consulting firm will select the domestic consultants as individuals, or in collaboration with an Indonesian consulting firm. The international consulting firm will also engage Indonesian workshop facilitators for about 400 workshop days. Most of the workshops will take place in the districts and provinces concerned. The consultants will work in four overlapping core teams for (i) empowering local governments, (ii) mobilizing communities and families, (iii) developing infrastructure and facilities, and (iv) coordinating and implementing the project. All teams will contribute to parts A and B of the final report.

2. Part B of the final report, the project proposal, will be based on a minimum of 12 complete district-level proposals to implement the Community Water Services and Health Project (three districts in each of the four provinces participating in phase 1 of the project). The district proposals (hereinafter referred to as subproject appraisal reports [SPARs]) should be ready to start in the first year of the project. Using TA inputs and their own resources, the participating districts should prepare and own the SPARs. Project support will focus on low-income communities and families in fiscally weak districts. The consultant will ensure the project is designed as a core poverty intervention in line with ADB's poverty reduction framework.

A. Consulting Services

1. Team Leadership

3. The team leader will be engaged for 7-10 months, on an intermittent or a continuous basis. The team leader will be a specialist in community-based water supply and sanitation and hygiene, with a minimum of 4 years related project experience in Indonesia. The team leader may also lead one of the four core teams. As team leader, the specialist will

- (i) coordinate team activities and ensure efficient implementation of tasks;
- (ii) coordinate with the Government, particularly the Ministry of Health (MOH), Ministry of Finance, Ministry of Home Affairs, Ministry of Settlements and Regional Infrastructure, and the National Development Planning Agency, and local government counterparts at district and provincial levels; ensure that teams coordinate with other external agencies supporting community water services and water-related basic health operations;
- (iii) regularly brief the ADB project officers and the relevant sector officer at ADB's Indonesia Resident Mission; and
- (iv) take overall responsibility for timely preparation and submission of required reports, and ensure their quality and completeness.

2. Core Team for Empowering Local Governments

4. The core team for empowering local governments will be led by an institutional development specialist with a minimum of 3 years experience in Indonesia in preparing systems and programs for decentralized delivery of social services, including basic health services. The

team will fully design and prepare a project component for empowering local governments. The objective of the component in the investment project is to strengthen district and subdistrict agencies so as to facilitate community-based planning and implementation of projects that address hygiene-related behavior together with water supply and sanitation needs. The team will be involved in these areas:

- (i) **Local water services and services to prevent waterborne diseases.** Produce project guidelines on local organization, and prepare SPAR sections covering organization structure, competencies and staff profiles, and methods of operation, including closer collaboration with nongovernment and private sector entities. SPARs will draw particularly on the Decentralized Health Services Project.
- (ii) **Human resources development.** Produce project guidelines for human resources development, and prepare SPAR sections covering local requirements for human resources development. SPARs should maximize locally available training programs and emphasize participatory strategic planning, “balanced scorecard” approach, and on-the-job training for management and staff of technical offices.
- (iii) **Contracting nongovernment organizations, and public-private partnerships.** Prepare project guidelines and SPAR sections on building capacity to facilitate (a) relevant public-private partnerships in health, (b) small-scale private operators of water supply systems and other private options such as outsourcing maintenance, (c) community and other small-scale contracting for project implementation, and (d) contracting nongovernment organizations to mobilize the community and families.
- (iv) **Information communication technology (ICT).** Assess the opportunities in and constraints on using ICT to improve water and sanitation services and prevent waterborne diseases in the proposed project areas. Prepare project guidelines and SPAR sections on developing ICT programs.
- (v) **Local poverty and social impact analysis.** Prepare project guidelines and SPAR sections on strengthening the capacity of local technical offices to analyze poverty and the social impact of local water services and related-health initiatives.
- (vi) **Cost estimates, financing, and project documents.** Prepare cost estimates and financing plan for all the project’s institutional strengthening inputs in a form compatible with cost tabulation (COSTAB) based analysis and aggregation. Prepare a detailed component description, core appendixes, and supplementary appendixes.

3. Core Team for Mobilizing Communities and Families

5. The core team for mobilizing communities and families will be led by a community development specialist with a minimum of 3 years related experience in Indonesia. The team will fully design and prepare a project component for mobilizing communities and families, based on the results of around 250 participatory workshops in the project areas. The team will be involved in

- (i) **Participatory workshops.** Consult stakeholders to ensure that communities and families understand and concur with the basic project principles, contribute to overall project design, help prepare district-level proposals, and understand and endorse the project approach and rules.

- (ii) **Willingness to pay and affordability.** Assess the willingness to pay for water supply and conduct affordability studies to help analyze the appropriate technologies and levels of service, and the appropriate mix of burden sharing in the project.
- (iii) **Planning processes.** Develop a subproject investment and planning process that ensures all social groups (women, men, poor, vulnerable, non-poor, minority social groups) have equitable access to information and participate in decision making and resource allocation. Include the process in the SPARs and project/loan documents.
- (iv) **Baseline health status and programs.** Design and execute a survey of baseline health status and knowledge, attitudes and practices in the project areas.
- (v) **PHAST and MPA.** Prepare SPAR sections on participatory hygiene and sanitation transformation (PHAST) and methodology for participatory assessments (MPA) programs for all participating communities in the project areas.
- (vi) **Community-based operation and maintenance.** Prepare operation and maintenance guidelines for the project and the individual SPARs.
- (vii) **Cost estimates, financing and project documents.** Prepare cost estimates and financing plans for all the community and family mobilization inputs in a form compatible with COSTAB-based analysis and aggregation. Prepare a detailed component description, core appendixes, and supplementary appendixes.

4. Core Team for Infrastructure and Facilities

6. The core team for developing infrastructure and facilities will be led by a water supply and sanitation engineer with a minimum of 3 years experience in Indonesia on rural water supply and sanitation projects. The team will design and prepare a project component for developing infrastructure and facilities covering the following:

- (i) **Water and sanitation technical options.** Conduct hydrological and hydrogeological assessments to determine the range of feasible water sources and technical options in the project areas. Develop a range of technical options for water supply and sanitation for SPARs.
- (ii) **Options for preventing waterborne disease.** Develop a range of technical options and guidelines for preventing waterborne diseases for SPARs.
- (iii) **Guidelines and standards.** Prepare technical design guidelines and performance standards for project documents.
- (iv) **Cost estimates.** Develop cost estimates for a range of technical options.
- (v) **Technical support needs.** Assess engineering needs for technical assistance and capacity building. Prepare project guidelines and individual SPAR sections for project areas.
- (vi) **Feasibility studies.** Prepare feasibility studies for infrastructure and facilities in all SPARs, covering technical, institutional, social, financial, economic, and environmental aspects.
- (vii) **Cost estimates, financing, and project documents.** Prepare cost estimates and financing plan for all the project's infrastructure and facilities inputs in a form compatible with COSTAB-based analysis and aggregation. Prepare a detailed component description, core appendixes, and supplementary appendixes.

5. Core Team for Project Coordination and Implementation

7. The core team for project coordination and implementation will be led by a project management specialist who should also be qualified and experienced in financial management, including a minimum of 3 years in Indonesia. The team will design and prepare a project component for project coordination and implementation, and will be included in the following:

- (i) **Institutional roles and responsibilities.** Prepare detailed project coordination and implementation guidelines disaggregated to subdirector level for the central Government and to suboffice level for districts.
- (ii) **National coordination and inputs.** Related to (i), design a national steering committee and technical committee structure.
- (iii) **Province and district selection.** Advise and assist the Executing Agency and the TA central technical team in selecting participating provinces and districts.
- (iv) **Funds flow and burden sharing.** Design detailed arrangements for funds flow and make guidelines for burden sharing for all project inputs and activities.
- (v) **Financial management and disbursement.** Design guidelines and arrangements for financial management, covering internal control, auditing and financial reporting. Design activities to build local financial management capacity and propose support inputs. Design project guidelines and arrangements for disbursing ADB loan funds.
- (vi) **Procurement.** Design detailed procurement procedures and mechanisms for central and local procurement of goods and services, and consulting services.
- (vii) **Project performance management.** Design a detailed system for assessing project performance. The system will include a health impact monitoring strategy that will also compare health status indicators between project and nonproject communities.
- (viii) **Cost estimates, financing, and project documents.** Prepare cost estimates and financing plans for all the project's coordination and implementation inputs in a form compatible with COSTAB-based analysis and aggregation. Prepare a detailed component description, core appendixes, and supplementary appendixes.

B. Reporting on Project Preparation

8. To ensure that the project is prepared to a stage ready for ADB and Government appraisal, the consultant will

- (i) prepare a minimum of 12 district SPARs for detailed feasibility and estimating purposes.
- (ii) prepare a detailed project cost estimate using COSTAB, applying a 6-year project period. Include physical and price contingencies, and interest during construction, break each cost component into foreign exchange and local currency requirements, and indicate the associated taxes and duties. Determine the ratio of cost sharing, both cash and in-kind (community; private sector and civil society; ADB; and central, provincial, and district governments) for each component and implementation stage, including operation and maintenance.
- (iii) Prepare a financing plan for the project using COSTAB, and describe the channeling of funds as well as cost recovery measures and means where applicable.
- (iv) Define all arrangements for project implementation. Demonstrate the relationship between relevant institutions and organizations, and indicate the chain of command and responsibilities for project implementation on a flow chart. Estimate the numbers and specify the expertise of consulting staff, central and

- local government staff, staff from civil society organizations, and community/private sector participants in relation to a phased implementation schedule and identify training needs for the project. Particularly comment on and recommend the absorptive capacity of district governments to implement the project. Describe procurement methods and packages. Prepare draft terms of reference for project implementation and management consulting services, identify international and domestic consultants' tasks, and cost these proposals.
- (v) Undertake financial and economic analyses of the project components in accordance with ADB guidelines¹ and models developed by ADB's Economics Research Department.
 - (vi) Prepare a poverty and social analysis and strategy for the project following the guidelines in ADB's *Handbook on Poverty and Social Analysis* and ADB's *Guidelines for Incorporation of Social Dimensions in Bank Operations* as supplemented by guidelines from the ADB specialist staff.
 - (vii) Conduct a gender analysis as part of the poverty and social analysis and strategy, and prepare a project-specific gender plan with specific targets and design features.
 - (viii) Note impacts on indigenous peoples and, where necessary, include in SPARs an indigenous people's plan according to ADB guidelines². Note any requirements for compensation and resettlement and, where necessary include in SPARs a resettlement plan according to ADB's *Handbook on Resettlement: A Guide to Good Practice*.
 - (ix) Include in SPARs comprehensive appraisal of environmental impacts in line with ADB's *Environmental Assessment Requirements and Environmental Review Procedures*.
 - (x) Develop a monitoring and evaluation system for estimating benefits and results in accordance with ADB's new operational procedure for project performance management system, and with reference to ADB's *Handbook on Benefit Monitoring and Evaluation*.
 - (xi) As essential input to project performance management, prepare a detailed logical framework for the project, including detailed measurable time-bound monitoring indicators and reference to relevant baseline data.

C. Schedule and Reporting

9. The TA will last for 10 months, and activities will overlap. The consultants will produce (i) an inception report by the end of 1 month, (ii) an interim report by the end of 5 months, (iii) a draft final report by the end of 8 months, and (iv) the final report by the end of 10 months. The interim report will, among others, include results of workshops and conclusions of the first two rounds of participatory workshops, socioeconomic profiles of the target populations, and specific analysis of needs and constraints in the project areas. Part B of the draft final report will comprise a fully developed feasibility study and description of the project proposal, including all SPARs. The final report will incorporate comments of ADB and MOH on the draft final report.

¹ The following ADB guidelines will be used: *Guidelines for Water Supply Projects*, *Handbook for Integrating Poverty Impact in Economic Analysis of Project*, and the *New Guidelines for Economic Analysis of Projects*.

² ADB defines indigenous peoples as "those with a social and cultural identity distinct from the dominant or mainstream society, which makes them vulnerable to being disadvantaged in the process of development" (ADB. 2001. Handbook on Poverty and Social Analysis: A Working Document, Appendix 7.1).

SUMMARY INITIAL POVERTY REDUCTION AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

| | |
|--|---|
| Sector identified as a national priority in country poverty analysis? Yes | Sector identified as a national priority in country poverty partnership agreement? Yes |
| Contribution of the sector/subsector to reduce poverty in Indonesia: | |
| <p>Access to water supply and sanitation services are important to save women's time and to reduce the frequency of water-related disease. Furthermore, realization of the benefits from water such as improved hygiene practices and avoided fecal contamination is only realized when water is brought into the yard. Secure access to ample water supply is low, especially in rural areas where only 43% of households have their own drinking water supply or own toilet. Diarrhea is the second leading cause of infant morbidity and is intimately related to nutritional uptake. Only 69% of all children are well-nourished and diarrhea is a leading cause of undernutrition. Indonesia is falling behind its own targets for achieving improved access to water sanitation, reduction in diarrheal disease, and improvement in infant nutrition. Furthermore, Indonesia is unlikely to achieve the millennium development goals without significantly improved access to water, change in attitudes and practices related to the use of water, and family health.</p> | |

B. Poverty Analysis

Proposed Classification: PI/GD

Analysis: Technical assistance (TA) will examine the variation in access, attitudes, and practices in relation to water, sanitation, hygiene, and related family health in the diverse areas covered by the project province. It will recommend locally relevant approaches for targeting mothers, schoolchildren, youth, and community leaders.

C. Participation Process

Stakeholder analysis: The proposed TA will build on lessons learned from the ADB-financed Family Health and Nutrition Project (FHNP), the Decentralized Health Services Project, the Rural Water Supply and Sanitation Project, and the World Bank-financed first and second Water Supply and Sanitation for Low Income Communities Project (WSLIC I and II). These operations have identified important key stakeholders, their needs, and contributions.

Participation strategy: FHNP has demonstrated the importance of involving nongovernment organizations in implementing overall plans while WSLIC I and II have demonstrated the need to involve local government for integration into general practice outside of the project area, to ensure sustainability, and to avoid generating unemployment when community facilitators and trainers are no longer required. As with the stakeholders analysis, the proposed TA is expected to build on the experiences of FHNP and WSLIC I and II to ensure a gender-based and inclusive approach.

D. Social Issues

| Subject | Significant, Not Significant, None | Strategy to Address Issues | Output Prepared ^a |
|---------------------------|------------------------------------|--|------------------------------|
| Resettlement ^b | None | No negative impacts to be mitigated. The proposed project will call for construction of small facilities such as wells and toilets, or renovation of village health clinics. These works may require some minor compensation, which can be agreed upon among neighbors. | None |
| Gender | Significant | The participation strategy will be key to ensuring that the proposed project benefits are delivered. In the proposed project areas, the mother is generally responsible for managing water supply, for household hygiene, and for carrying out decisions related to family health. Men and community leaders are often the primary decision makers regarding health seeking behavior. The strategy therefore must consider the prevailing norms and practices of the community and the roles of men and women within the household, the role of the community leaders and government | yes |

| Subject | Significant, Not Significant, None | Strategy to Address Issues | Output Prepared ^a |
|---------------------------------|--|---|------------------------------|
| | | agents such as public health personnel in project design. | |
| Affordability | Significant | The purpose of the project is to increase access to water, hygiene, and family health services. Affordability, willingness to pay, ability of low-income and poor households to pay, type of payment, and government policy are design issues to be addressed by the consultants. | No |
| Labor | Not significant | The proposed project should increase labor productivity by improving health. There may be minor employment impacts related to construction of small facilities; however, this is likely to be temporary and limited. | No |
| Indigenous People | None | To be addressed as part of TA design. Consultants will address the need for plan. | As needed. |
| Other Risks/ Vulnerabilities | None | No negative impacts to be mitigated | No |

^a A plan will be required if any of the potential issues are found to be significant.

^b Significant involuntary resettlement requires a full resettlement plan; nonsignificant resettlement requires a short resettlement plan.