

Validation Report
December 2019

Indonesia: Integrated Citarum Water Resources Management Investment Program

Reference Number: PVR-630
Project Numbers: 37049-013 and 37049-023
MFF Number: 0027
Loan Numbers: 2500 and 2501
Grant Number: 0216

Independent
Evaluation  ADB

Raising development impact through evaluation

ABBREVIATIONS

ADB	–	Asian Development Bank
BAPPENAS	–	Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
CRB	–	Citarum River Basin
DED	–	detailed engineering design
ICWRMIP	–	Integrated Citarum Water Resources Management Investment Program
IWRM	–	integrated water resources management
K-Water	–	Korea Water Resources Corporation
MFF	–	multitranche financing facility
NGO	–	nongovernment organization
PCR	–	project completion report
PFR	–	periodic financing request
PIU	–	project implementation unit
PMU	–	program management unit
TA	–	technical assistance
WTC	–	West Tarum Canal

NOTE

In this report, “\$” refers to United States dollars.

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PROJECT BASIC DATA

Project Numbers	37049-013 and 37049-023	PCR Circulation Date	24 September 2018	
Loan/Grant Numbers	2500, 2501, and 0216	PCR Validation Date	Dec 2019	
Project Name	Integrated Citarum Water Resources Management Investment Program – Project 1			
Sector and Subsector	Agriculture and Natural Resources	Water-based natural resources management		
Strategic Agenda	Inclusive Economic Growth			
Safeguard Categories	Environment	B		
	Involuntary Resettlement	A		
	Indigenous Peoples	C		
Country	Republic of Indonesia	Approved (\$ million)	Actual (\$ million)	
ADB Financing (\$ million)	ADF: 30.00 (L2501)	Total Project Costs	103.37	63.83
	OCR: 20.00 (L2500)	Loans	50.00	41.81
		2500	30.00	17.20
		2501	20.00	24.60
		Grant (GEF) 0216	3.75	3.62
		Borrower	34.40	7.57
Beneficiaries	3.14	0.00		
	Others^a	12.08	10.84	
Cofinancier	–	Total Cofinancing	0.00	0.00
Approval Dates MFF 0027 L2500/2501 G0216	4 Dec 2008 22 Dec 2008 4 Aug 2010	Effectiveness Date L2500/2501 G0216	3 Jun 2009 12 Nov 2010	3 Jun 2009 12 Nov 2010
Signing Dates L2500/2501 G0216	22 Apr 2009 4 Oct 2010	Closing Date L2500/2501 G0216	30 Jun 2014 30 Jun 2014	7 Sep 2017 30 May 2017
Project Officers	I. Morris T. Panella R. Budiman S. Hasanah	Location ADB headquarters IRM IRM IRM	From Dec 2008 Jul 2010 Apr 2014 Oct 2016	To Jul 2010 Apr 2014 Oct 2016 Nov 2016
IED Review Director Team Leader	N. Subramaniam, IESP F. de Guzman, Senior Evaluation Officer, IESP*			

ADB = Asian Development Bank; ADF = Asian Development Fund; GEF= Global Environment Facility; IED = Independent Evaluation Department; IRM = Indonesia Resident Mission; IESP = IED, Sector and Project Division; MFF = multitranches financing facility; OCR = ordinary capital resources; PCR = project completion report.

^a \$8 million from the attached technical assistance and \$4 million parallel financing from Korea Water Resources Corporation.

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I. PROJECT DESCRIPTION

A. Rationale

1. The Government of Indonesia considers the Citarum River basin (CRB) in West Java as the most strategic river basin because it provides 80% of Jakarta's surface water through the West Tarum Canal (WTC). This canal, constructed in 1966, required urgent rehabilitation and

upgrading. The river basin also needed vital land and water management scheme as pressure from urbanization and industrialization increased during the past 2 decades, resulting in severe water pollution and groundwater depletion in several locations. These could compromise public health as well as the capacity to deliver clean water supply.

2. The government decided to improve land and water management in the CRB, thus, it requested assistance from the Asian Development Bank (ADB) to develop a long-term integrated water resources management (IWRM) investment program as part of its strategic road map.¹ In December 2008, ADB approved a multitranche financing facility (MFF) for the Integrated Citarum Water Resources Management Investment Program (ICWRMIP) to support the implementation of the IWRM road map in the basin. A periodic financing request (PFR) was formulated to implement priority activities from the road map. ADB also funded a project preparatory technical assistance (TA) in 2005 to help develop the 15-year road map or strategic investment plan for IWRM in the basin consisting of interventions to achieve an integrated river basin management, with estimated cost of \$3.5 billion.²

B. Expected Impacts, Outcomes, and Outputs

3. The design and monitoring framework defined ICWRMIP's intended impact was reduced poverty and improved health and living standards in the CRB. Its planned outcome was improved IWRM in the river basin. The investment program had about 80 interventions grouped under eight targeted outputs: (i) institutions and planning for IWRM, (ii) water resource development and management, (iii) water sharing, (iv) environmental protection, (v) disaster management, (vi) community empowerment, (vii) data and information, and (viii) project management. It was to be delivered in four tranches and the first tranche—PFR 1—is the subject of this validation.

4. The project's expected impact was improved and more IWRM in place. Its expected outcomes were (i) improved water supply reliability to Jakarta and WTC-supplied irrigation areas; (ii) improved water-use efficiency and increased yields for rice irrigation in three districts in the CRB; (iii) significant increase in the number of community- and nongovernment organization (NGO)-driven initiatives for improved water and catchment management in the river basin; and (iv) improved water quality in the basin's waterways and reservoirs. The project had nine planned output subcomponents: (i) IWRM road map management; (ii) WTC rehabilitation; (iii) improved land and water management to increase rice yield; (iv) support for community- and NGO-driven initiatives to improve water supply and sanitation; (v) detailed engineering design to upgrade Bandung water source and other uses through interbasin transfer; (vi) development and implementation of a basin river quality improvement strategy and action plans; (vii) CRB catchment and biodiversity conservation; (viii) program management through establishing a program management unit; and (ix) independent monitoring and evaluation.

C. Provision of Inputs

5. The estimated total program cost was \$921.4 million. ADB loans and an ADB-administered Global Environment Facility grant aggregately amounting to \$503.8 million,

¹ ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility and Administration of Grant and Technical Assistance Grant to the Republic of Indonesia for the Integrated Citarum Water Resources Management Investment Program*. Manila.

² ADB. 2005. *Technical Assistance to the Republic of Indonesia for Preparing the Integrated Citarum Water Resources Management Project*. Manila.

structured as a 10-year MFF and governed by a framework financing agreement (FFA), were projected to fund the program (footnote 1). For tranche 1, the total cost of the first periodic financing request (PFR 1) was estimated at \$103.4 million and to be financed by loans from ADB's Special Funds resources (\$30 million) and ordinary capital resources (\$20 million), or about 48% of the total.³ ADB loans were approved in December 2008 and became effective about 5 months later as planned. The \$8 million TA from ADB's Special Funds and ADB-administered funds were largely allocated for consulting services, accounting 7.7% of total cost.⁴ It was approved in August 2010 and became effective in November 2010.

6. The national and local government units (provincial and districts) committed to cofinance consulting services, survey and design, equipment, training and project management equal to 33.3% of the total project cost. Beneficiaries' contribution was expected for 3% and the Korea Water Resources Corporation (K-Water) pledged a parallel funding for 4%. Also, 3.7% of total cost was substantially blocked off for consulting services and community empowerment. The total project cost at completion was about 62% of the appraisal estimate. Major inputs procured were civil works (49%), consulting services (40%), and training and demonstration (4.2%). ADB disbursed about 84% of the total loan appraisal estimate. The project completion report (PCR) indicated that the lower cost incurred was due to loan, grant, and TA savings, less government counterpart funding, depreciation of the Indonesia rupiah against the US dollar since most of the contracts were in rupiah, and cancellation of the TA-attached planned parallel financing from K-Water. Instead, K-Water provided in-kind contribution to the TA (footnote 4). Beneficiary contribution did not materialize. Counterpart funding from the government reached only \$7.6 million equivalent to 12% of actual project cost and 22% of the appraisal estimate. Actual financial closing was 39 months delayed in September 2017.⁵

7. The PCR highlighted that there were some minor changes between the budget categories and the allocations for each subcomponent during project implementation, and these were justified on technical grounds. Increases in subcomponent allocations were not due to cost overruns. An \$8 million advisory TA supported the formulation of river basin management plan for the river basins that are of national strategic importance for the future water supply of Jakarta and adjacent areas.⁶ Additional financing of \$2.6 million was approved in 2010 for the climate change subcomponent.⁷ The TA was rated satisfactory.

8. At appraisal, an estimated 301 person-months of international consultancy and 2,004 person-months of national consultancy were to be required to assist the government and communities implement the project. Consultants were to be engaged to help manage and implement investment program. The PCR did not indicate the actual number of person-months for consultancy services although it noted that seven consultant packages were recruited and three civil works packages were procured under the project.

³ ADB. 2018. *Completion Report: Integrated Citarum Water Resources Management Investment Program in Indonesia*. Manila.

⁴ ADB-administered TA included financing from ADB TA funds (\$1 million), Multi-Donor Trust Fund under the Water Financing Partnership Facility (\$2 million), and the Government of Netherlands (\$5 million).

⁵ A plan for a second loan extension in 2016 to utilize the loan savings did not materialize. The government and ADB agreed not to pursue this extension as the new completion date of the PFR1 would have exceeded the loan repayment date. Therefore, a significant portion of the PFR1 loans was not utilized.

⁶ This was TA 7189 on Strengthening for Integrated Water Resource Management in the 6 Ci's River Basin Territory. It was mentioned in Appendix 12 of the report and recommendation of the President.

⁷ Attached Technical Assistance (Technical Assistance Completion Report accessible from Appendix 7 of the project completion report).

D. Implementation Arrangements

9. Actual implementation arrangements did not deviate much from plans envisioned at appraisal. The Directorate General for Water Resources was the executing agency for the project and was responsible for the implementation of the investment program. It established a project management unit (PMU) in its Citarum River basin organization—the Balai Besar Wilayah Sungai Citarum—to coordinate with the project implementation units (PIUs). The PCR observed that the PIUs actively functioned as mandated (footnote 3). At the provincial and district levels, the PIUs dealt with local communities, civil society, and NGOs. The five concerned ministries implemented the eight loan-funded subcomponents.⁸ However, the PCR indicated that implementation arrangement for the Ministry of Agriculture and the Ministry of Health subcomponents could not be applied for the subcomponent under the Ministry of Environment as the ministry did not have direct working arrangement at the subnational level.

10. The PCR indicated that all loan covenants except three were not complied, and another three were partially complied. The covenant and undertakings not complied were (i) submission of a state of annual basin report, (ii) issuance of the first annual "State of the Citarum River Basin" report, and (iii) reforms to move from voluntary controls for polluters to a system based on legal enforcement and financial incentives. The partial compliances included (i) performance monitoring systems and reviews, (ii) the National Steering Committee for Water Resources biannual road map progress report, and (iii) establishment of a website for the project with postings on financial statements and procurement contract awards. All grant covenants were complied, except one partially complied that pertained to the submission of quarterly reports.

11. The investment program and PFR1 were categorized as B for environment, A for involuntary resettlement, and C for indigenous people. ADB approved the environmental assessment and review framework and the resettlement framework in 2008 before it approved the ICWRMIP's MFF. These frameworks described the anticipated safeguards impacts; clarified safeguard principles and requirements for screening and categorization, and social and environmental assessments; and guided the implementation of social and environment safeguard plans of subprojects prepared under the MFF (footnote 3).

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

12. The PCR rated ICWRMIP relevant. The investment project cohered with the government's 2005–2009 medium-term development plan⁹ that aimed to halve the percentage of the population below the poverty line by improving infrastructure, water supply, and sanitation. The project was also consistent with ADB's 2006–2009 country strategy and program for Indonesia,¹⁰ especially on the need to strengthen environment and natural resources management. The PCR also indicated that the modality for financing the investment program was appropriate, given the large investment requirement and the need to have a long-term funding in place. However, the program failed to roll out as envisioned, given insufficient project

⁸ These ministries were BAPPENAS, Ministry of Agriculture, Ministry of Environment and Forestry, Ministry of Health, and Ministry of Public Works and Housing.

⁹ Government of Indonesia. 2005. *The National Medium-term Development Plan, 2004–2009*. Jakarta. This development plan was the first stage of the National Long-Term Development Plan 2005–2025 introduced in 2005 to achieve the vision of sustainable development. <https://www.bappenas.go.id/en/data-dan-informasi-utama/publikasi/rencana-pembangunan-dan-rencana-kerja-pemerintah/>

¹⁰ ADB. 2006. *Country Strategy and Program: Indonesia, 2006–2009*. Manila.

readiness to implement subsequent tranches. For instance, due to financial limitation, the government in 2010 requested ADB to prepare the second tranche with a focus on bulk water supply and watershed improvement in the upper CRB. The PCR noted that ADB considered the proposal as an exceptional circumstance and a high priority to advance the IWRM agenda in the river basin. Thus, a project preparatory TA was approved in September 2011.¹¹

13. The PCR noted, however, that the financing required for the viable bulk water supply options, combined with watershed rehabilitation activities, did not justify ADB investment due to the high transaction cost and limited scope of works. Thus, ADB and the government agreed to drop the second tranche from Indonesia's 2015–2017 country operations business plan,¹² and to close the MFF after PFR1 completion. This validation notes that the investment program provided the impetus and the basis for the government to address the increased extraction and water pollution through the formulation of a clean water management in a strategic river of Indonesia. However, it did not have the necessary readiness that would clearly dovetail with the planned tranches (para. 31). Thus, this validation views ICWRMIP as less than relevant.

14. The PCR rated the project (Tranche 1) relevant. It indicated that the project was in line with both the government's national development priorities and ADB's country strategy (footnote 3). Specifically, it supported the government's development objectives and operationalization of the water law and the IWRM agenda. The PCR also indicated that the project's design did not change much during implementation, except for a few minor changes in scope and implementation arrangements (paras. 6 and 8). This validation is of the view that these minor changes did not undermine the project's design and relevance. Even after completion, the project remained relevant, as illustrated by the government's issuance of a presidential decree in 2018 aimed at continuing the river basin restoration. Based on these, this validation assesses the project relevant.

B. Effectiveness in Achieving Project Outcomes and Outputs

15. The PCR rated the investment program ineffective as it failed to achieve its intended outcomes. The second PFR and subsequent tranches did not materialize. To process another PFR, the government would have required a high level of project readiness, including a detailed engineering design (DED), land acquisition, and environmental permits. The PCR noted that key activities for the second PFR and subsequent tranches were identified during appraisal. However, the government was not able to develop infrastructure subprojects with a high level of readiness for a second tranche. Also, the subcomponent under PFR1 to prepare the DED did not materialize because it will need a second loan extension that would exceed the grace period of loan repayment. Given that there would not be succeeding projects under the investment program, it was unlikely that the envisaged program outcome could be attained. Thus, this validation considers the investment program ineffective.

16. The PCR rated the project less than effective. It indicated that three out of four outcomes were achieved: (i) improved reliability of water supply to Jakarta and WTC-supplied irrigation areas supplied, (ii) improved water-use efficiency and increased yields for rice irrigation in three districts in the CRB, and (iii) a significant increase in the number of community- and NGO-driven initiatives for improved water and catchment management in the river basin. However, the targeted outcome of improved water quality in the river basin's waterways and reservoirs was

¹¹ ADB. 2011. *Technical Assistance to the Republic of Indonesia for Integrated Citarum Water Resources Management Investment Program Periodic Financing Request 2*. Manila.

¹² ADB. 2015. *Country Operations Business Plan: Indonesia, 2015–2017*. Manila.

not fully achieved. While water quality improvement action plans had been prepared at the district level, it was uncertain whether those plans would be mainstreamed into regional plans and budgeted for implementation. The investments originally planned at appraisal to implement those action plans were cancelled. Only small pilot projects were implemented instead.

17. The PCR noted that the WTC was rehabilitated to its original capacity of 31 cubic meters per second (m^3/s) and the Bekasi syphon was built as envisaged. Delivery rate of water supply to Jakarta was increased from 16 m^3/s to 21 m^3/s . However, it noted that, although the target of increased canal capacity was achieved, the average water volume in 2017 (43.6 m^3/s) was almost similar with the pre-project volume in 2007 that was 43.8 m^3/s , since the additional canal capacity had not been fully utilized at project completion. The additional water treatment plant capacity had not been constructed and the secondary irrigation canal had not been developed or rehabilitated. Eleven outputs in various subcomponents were partially achieved while about six outputs were not achieved. The most significant subcomponent that did not materialize was the DED for upgrading Bandung water source and other uses by interbasin transfer (para. 15).

18. Submissions of safeguards were appropriate for the project's requirements, with the implementation and reporting generally satisfactory in most respects.¹³ The PMU actively coordinated with the PIUs and implementing agencies to undertake the mitigation measures during pre-operations and implementation of subcomponents in their respective jurisdiction. The safeguards performance assessment established that the project's classification as category C for indigenous peoples was appropriate since no indigenous people lived in the project area. It was classified as category A for involuntary resettlement given the WTC rehabilitation affected a large number of households. The PCR indicated that the number of affected households increased from 872 to 1,320. The implementation of the updated resettlement plan was delayed due to the lengthy process to settle the compensation and assistance for non-land rights holders. The compensation payment and livelihood restoration programs were completed in 2015 and 2016, respectively. There was no complaint raised by the affected persons on the compensation payment and assistance. It also noted that the gender action plan was prepared and implemented for the PFR1 to ensure gender equality in the project benefits and actively engage women in subproject design and implementation to ensure that these respond to their needs. This validation views the project less than effective.

C. Efficiency of Resource Use

19. The PCR rated the investment program inefficient since only one tranche was delivered out of the targeted four tranches in 15 years of MFF availability. This validation notes the investment program was beset by inefficiencies. ADB provided a project preparatory TA to help in the design of the subsequent tranches. However, despite the allocation of additional resources, these did not eventuate into the intended result. Thus, it rates the program inefficient.

20. The PCR rated the project less than efficient since the intended outputs and outcome were not fully achieved within the loan budget. Loan allocation to prepare the follow-up PFR was not allocated in a timely manner, and the project was extended for 23 months. Project start-up delays along with long procurement and resettlement processes necessitated the extension. Based on the above, this validation assesses the project less than efficient.

¹³ ADB (Independent Evaluation Department). 2019. Project Safeguard Assessment in Indonesia: Integrated Citarum Water Resources Management Investment Program. 22 February (internal).

D. Preliminary Assessment of Sustainability

21. The PCR rated the investment program unlikely sustainable. It indicated that the investment program only partially delivered its intended outputs to enable the investment to be sustained. With the MFF discontinued, the government had to underwrite its implementation but could only do so at a much lower budget than required. Even with the MFF funding the program, some of the expected outputs did not materialize. This validation assesses the investment program unlikely sustainable.

22. The PCR rated the project likely sustainable. It recognized the need for adjusting tariffs periodically to allow cost recovery. Although tariffs had been increased in recent years, Perum Jasa Tirta II, the state-owned enterprise operating the WTC, would have to continue to rely on budgetary support from the government to cover operation and maintenance shortfalls.

23. The PCR noted that the project introduced good practices in IWRM planning. The road map and the basin planning documents prepared under the project were also handed over to the river basin council. These documents have provided a strong legal basis for implementation and budget allocation. The PCR also noted additional initiatives in support of the project's sustainability. For instance, the provincial government launched the Citarum restoration program in 2014. Perum Jasa Tirta II also committed to allocate funding for WTC's operations and maintenance given its annual budget has been increasing over the past 3 years. A few activities implemented under the project had been replicated. In 2014, the Ministry of Agriculture expanded the application of the system rice intensification approach fourfold to cover an additional 12,700 ha in the three districts covered by the project. The Ministry of Health, through its national programs, has been implementing community-based initiatives for improved water supply and sanitation. On the whole, this validation views the project likely sustainable.

III. OTHER PERFORMANCE ASSESSMENTS

A. Preliminary Assessment of Development Impact

24. The PCR rated the investment program's development impact less than satisfactory. Since the program's envisaged impact will not be fully achieved, this validation rates impact less than satisfactory. The PCR also rated the project's development impact less than satisfactory. Of the three impact indicators, one was achieved while the other two were partially achieved. The target that was achieved pertained to the setting up of an appropriate and effective institutional arrangement for IWRM in the CRB. The indicator on partnerships between government agencies at the national, provincial, and district levels was partially achieved. Although there had been an initiative to incorporate IWRM into regional plans through the Citarum Bestari, the allocated budget was far less than the required financing. The third impact indicator was partly achieved. A centralized database for water quantity and water quality had been created. However, institutionalizing this database would entail further support in terms of funding and staffing. This validation assesses the program's development impact less than satisfactory.

B. Performance of the Borrower and Executing Agency

25. The PCR rated the performance of the borrower, the executing agency, and agencies satisfactory. It noted that the executing agency, PMU, and other concerned agencies managed to resolve the resettlement issue that allowed the project's main component of WTC rehabilitation to be completed. The road map coordination and management unit of BAPPENAS

(National Development Planning Agency) performed its role in updating and monitoring the road map. As the borrower representative, the Ministry of Finance also provided timely and sound support for the project's extension in 2014 and was actively involved in quarterly project monitoring conducted by BAPPENAS' multilateral directorate.

26. This validation notes the complexity of the intervention that involved multiple government entities that required strong project management and coordination. The PMU and PIUs were able to hurdle the difficulties and allowed the project to remain focused. Thus, this validation assesses the performance of the borrower and the executing agency satisfactory.

C. Performance of the Asian Development Bank

27. The PCR rated the performance of ADB satisfactory. It indicated that ADB conducted nine review missions to amply guide and provide inputs during project implementation. The Indonesia Resident Mission staff ably supported the government in terms of expediting the recruitment of consultants, addressing implementation issues, among other things. This validation also assesses the performance of ADB satisfactory.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

28. The PCR rated the investment program unsuccessful since it did not progress beyond the first tranche. It rated the project less than successful. This validation rates the investment program unsuccessful because the subsequent tranches failed to materialize. This resulted in the non-attainment of the investment program's envisaged outcome.

29. This validation views the project less than successful, the same rating as the PCR's. The project is rated relevant since it was in line with both the government's and ADB's development thrusts in Indonesia. Design changes were minor and did not diminish the project's relevance. However, the project did not meet its envisaged outcome. Thus, is rated less than effective. The project was saddled with deficiencies process-wise; thus, this validation rates it less than efficient. Some project's initiatives and activities have been continued by the government. Thus, this validation assesses the project likely sustainable.

Overall Ratings

Validation Criteria	PCR		IED Review		Reason for Disagreement and/or Comments
	Tranche 1	MFF	Tranche 1	MFF	
Relevance	Relevant	Relevant	Relevant	Less than Relevant	Investment program readiness was inadequate.
Effectiveness	Less than effective	Ineffective	Less than effective	Ineffective	
Efficiency	Less than efficient	Inefficient	Less than efficient	Inefficient	
Sustainability	Likely sustainable	Unlikely sustainable	Likely sustainable	Unlikely sustainable	
Overall Assessment	Less than successful	Unsuccessful	Less than successful	Unsuccessful	
Preliminary assessment of impact	Less than satisfactory	Less than satisfactory	Less than satisfactory	Less than satisfactory	
Borrower and executing/ implementing agencies	Satisfactory	Satisfactory	Satisfactory	Satisfactory	
Performance of ADB	Satisfactory	Satisfactory	Satisfactory	Satisfactory	
Quality of PCR			Satisfactory		Para. 34.

ADB = Asian Development Bank, IED = Independent Evaluation Department, MFF = multitranches financing facility, PCR = project completion report.

Source: ADB Independent Evaluation Department.

B. Lessons

30. The PCR noted five key **project-level lessons** from the project. It cited the propriety of delimiting the design to simpler and focused interventions and only to key implementing agencies to enhance success. The PCR acknowledged further the need to (i) rationalize IWRM investment design to have a focused project scope and avoid unwieldy implementation arrangement, (ii) ensure that the mandate of concerned implementing agencies correspond to what is stipulated in the design, (iii) design resettlement plan with carefully crafted livelihood restoration program and payment scheme, (iv) sustain the participation of local government and communities in community-based interventions, and (v) be open to adopt emerging technologies for improved planning.

31. This validation offers two additional **project-level lessons**. First, there is a need to ensure project readiness that would clearly dovetail with the planned tranches. A list of complementary projects should be prepared beforehand, especially if multiple financing tranches are being envisioned. Second, details in loan and grant covenants should be minimized, especially those that pertain to operational aspects.

C. Recommendations for Follow-Up

32. This validation supports the PCR's recommendations for a continuing implementation of the river basin plan with the river basin council as the lead entity and BAPPENAS as the insurer of fund availability. For the WTC to properly function at its desired capacity, the state-owned

operator of the WTC needs to enforce legal, technical, and social measures embodied in the right-of-way management plan in coordination with the local government and the implementing agencies involved.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Reporting

33. The road map coordination and management unit of BAPPENAS established a road map performance management system, while the Directorate General for Water Resources established within the PMU an investment program performance management system. The road map performance management system developed monitoring and evaluation tools that included a scorecard system and web-based monitoring system; the results of which were delivered to local governments with the expectation that they would be prompted to provide budgets for IWRM activities. The PMU prepared four quarterly accomplishment reports that were promptly disseminated to the implementing agencies and ADB. The fourth quarter report was seen as the government's compliance with ADB's annual reporting requirement.

B. Comments on Project Completion Report Quality

34. This validation finds the quality of the PCR satisfactory. Consistent with ADB's Project Administration Instruction 6.07, it assessed the impact, outcomes, relevance, effectiveness, and efficiency of the investment program and PFR1 based on review and/or supervision missions as well as its own interactions with key stakeholders. These allowed the PCR to give candid presentations and detailed analyses of the issues and results, and conduct with more rigor the required financial and efficiency analyses. The lessons and recommendations were clearly drawn from its findings.

C. Data Sources for Validation

35. The validation used the following data sources: the report and recommendation of the President, PCRs of ADB and Ministry of Public Works and Housing, TA completion report, review mission reports, national and country policies and strategies, and the Independent Evaluation Department's project safeguard assessment.

D. Recommendation for Independent Evaluation Department Follow-Up

36. This validation subscribes to the PCR's recommendation of conducting a project performance evaluation review only after the government has constructed the water treatment plant. By then, the full benefits from the investment in the rehabilitation of the WTC would have been realized.