

## **CAPACITY DEVELOPMENT FOR METROPOLITAN SANITATION MANAGEMENT AND HEALTH**

### **I. INTRODUCTION**

1. The Government of Indonesia (the Government) has emphasized the need for strengthening the capacity of institutions in Medan, Yogyakarta and Makassar to deliver quality and efficient sanitation services. The Asian Development Bank (ADB) is preparing the Metropolitan Sanitation Management and Health Project (MSMHP) loan project, which is due for approval in 2010. It will provide capital investment for the construction of sanitation facilities (wastewater and sewerage) in Medan (North Sumatra province) and Yogyakarta (Yogyakarta province).<sup>1</sup> Future support for Makassar is planned under a phase-II loan project. To ensure long-term sustainability of the investment, a capacity development technical assistance (TA) will complement the loan project. The TA responds to the need to strengthen institutions and capacity of local governments, utilities and communities in improved environmental and sanitation management, increased community awareness, and better hygiene campaigns. The design and monitoring framework is in Appendix 1.<sup>2</sup>

2. City sanitation strategies (CSS) were prepared in 2007 by city sanitation working groups (CSWG) in Medan, Yogyakarta and Makassar. Each illustrates priority areas in sanitation services and public health, and contains an investment plan listing a number of subprojects with possible budget allocations. The CSS documents revealed the following areas of need: (i) institutional and management streamlining; (ii) involvement of the private sector in sanitation investment and management; (iii) capacity and human resource development; (iv) improvement to laws and regulations, socialization to the public, and effective law enforcement; (v) community awareness, empowerment and participation; (vi) increased budget allocation for sanitation; and (vii) development of tariff structures for sewerage systems in Medan and Yogyakarta. They also revealed that more strategic sanitation planning is needed in each city, especially in the area of wastewater management, strategy and program. While Medan would like to complete the existing sewerage system and improve its wastewater treatment plant, its CSS does not include plans for extending services for the whole city. Makassar has prioritized improvement of sanitation services in poor urban areas in its CSS, but does not have experience with a centralized wastewater system.

3. The TA is based on lessons identified from previous ADB projects in the sector in Indonesia.<sup>3</sup> Key lessons include: (i) importance of early community involvement and ownership in community-based systems, (ii) improving O&M efficiency of existing and new systems, (iii) enhancing the capacity of local governments in administrative and revenue functions, fiscal planning and budgetary procedures; (iv) advanced recruitment of consultants for capacity development activities; and (v) tariff-setting to full cost recovery levels. The TA complements the work of development partners in the sector and provides support in a phased manner.<sup>4</sup>

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<sup>1</sup> Yogyakarta includes Kota Yogyakarta, Kabupaten Sleman, and Kabupaten Bantul (KARTAMANYUL).

<sup>2</sup> The TA first appeared in the business opportunities section of ADB's website on 20 April 2010.

<sup>3</sup> ADB. 2008. *Project Completion Report: Metropolitan Medan Urban Development Project*. Manila (Loan 1587-INO, approved 1997); ADB. 2000. *Project Completion Report: Central Java and D.I. Yogyakarta Urban Development (Sector) Project*. Manila (Loan No. 1198-INO, approved 1992); ADB. 1997. *Project Completion Report: Second Medan Urban Development Project*. Manila (Loan 919-INO, approved 1988); ADB. 1990. *Project Completion Report: Medan Urban Development Project*. Manila (Loan 550-INO, approved 1981).

<sup>4</sup> Partners include Australian Agency for International Development, Japan International Cooperation Agency, United States Agency for International Development, and the World Bank (including its Water Sanitation Program). MSMHP Phase II is under consideration by the Government and ADB to scale up urban sanitation improvement in 10 cities.

## II. THE TECHNICAL ASSISTANCE

### A. Impact and Outcome

4. The TA impact is reduced environmental pollution and improved health of people in Medan, Yogyakarta, and Makassar through better sanitation management. By 2015, at least 3 million people will have access to improved sanitation from existing and new facilities, with at least a 30% reduction in diarrhea among children less than 5 years old.

5. The outcome of the TA is strengthened capacity of responsible agencies in sanitation management in Medan, Yogyakarta and Makassar. It complements the proposed MSMHP, which aims to reduce environmental pollution of surface water and shallow groundwater in Medan and Yogyakarta through loan financing for improved wastewater services in these participating cities. It will support Makassar set up corresponding institutional arrangements and tariff setting for the Losari sewer system. The TA will help strengthen institutional capacity in city sanitation strategy development, management, O&M, and financial skills through 3 outputs. It will support the preparation and implementation of CSS documents, local institutional development action plans (LIDAP) for sanitation, community awareness programs and public health campaigns (CA/PH), and financial and operational performance improvement plans (FOPIP) for agencies responsible for wastewater management.

### B. Methodology and Key Activities

6. **Output 1: Improved delivery of community-based sanitation initiatives** will support Output 1 of MSMHP (community mobilization for improved health and hygiene). The local governments plan to construct 280 community sanitation facilities under MSMHP in areas that are unserved by existing or planned centralized systems. The TA will support government agencies and CWSGs (or its equivalent) prepare and annually update CA/PH in the Medan, Yogyakarta and Makassar. The CA/PH will assist in mobilizing the community in planning, operating and maintaining community-based systems, financed by MSMHP and the local government (e.g., PHBS program). The CA/PH will also include an awareness campaign aimed at connecting communities to the sewage system, as the MSMHP aims to provide about 28,000 additional house connections. Gender issues will be incorporated into the CA/PH preparation and implementation, as per the MSMHP Gender Action Plan.

7. **Output 2: Improved operation and maintenance of sewerage infrastructure** will support Output 2 of MSMHP (infrastructure development for sewerage). The TA will help sustain investment for rehabilitation and expansion of existing off-site sanitation systems in Medan and Yogyakarta, including construction of two decentralized wastewater treatment systems (DEWATS) in Medan for low-cost housing blocks (*rusunawa*). It will support the regional government water supply enterprise (*Perusahaan Daerah Air Minum* or PDAM) Tirta Nadi and the provincial government of D.I. Yogyakarta prepare, implement and update an annual FOPIP.<sup>5</sup> In Makassar, the TA will work with the provincial and city offices of Public Works to prepare a FOPIP, which will include institutional arrangements and a tariff structure for the planned Losari sewer system.<sup>6</sup> The FOPIPs will include activities on leadership and management, financial management, customer relations, corporate governance, work systems, strategy and planning,

<sup>5</sup> In Yogyakarta, revenues are expected to cover full O&M expenditure by mid-2014, with sewer charges estimated below 2.0% of monthly household expenditure (following local regulation issued in April 2009). For PDAM Tirtanadi, revenues cover full O&M expenditure, with sewer charges estimated at 1.4% of medium household expenditure.

<sup>6</sup> Operating agency may include Makassar City Sanitation Company (*perusahaan daerah Kebersihan*), PDAM Makassar, technical implementation unit (*unit pelaksana teknis*) or a public service agency (*badan layanan umum*).

processes and procedures, improved relationships with suppliers, private sector and the community, information management and capacity development of agency staff. City governments will appoint a Board of Supervisors to approve FOIPs and monitor its implementation. Support will be more focused in Yogyakarta, than in Makassar and Medan as PDAM Tirta Nadi is a well-performing utility with cost recovery tariffs.

8. **Output 3: Strengthened institutions in environmental sanitation management** will complement Output 3 of MSMHP (project implementation support). A detailed institutional and organizational assessment was completed for each city during project preparation of the MSMHP, which highlights key players in sanitation management, existing conditions, and future constraints. The TA will support each city prepare and implement a local institutional and development action plan (LIDAP) based on this assessment and an initial discussion paper. Each LIDAP will be prepared in consultation with key stakeholders. It will be result-oriented and demand-driven. LIDAPs will support district governments provide environmental services in accordance with the Regulation No. 16/2005 on *the Development of Drinking Water Provision Systems* (PP 16/2005), which regulates water supply and sanitation services (i.e., protecting the raw water from solid and liquid waste). LIDAPs will outline ways of achieving full O&M cost-recovery and improved customer satisfaction during 2010-2014. It will contain verifiable performance indicators in accordance with PP16/2005 and other measurable objectives. LIDAP targets that are under the managerial control of the relevant implementing agencies will be reflected in a performance contract between the city government and the heads of these agencies.

9. The TA will also support the implementation of an indicative training action plan developed based on training options, institutional and personnel profile questionnaires and discussions with CSWGs in each city. At least 40% of all capacity development trainings are reserved for women. The TA will also assist in strengthening the CSWGs (or its equivalent) advise the city governments and implementing technical agencies in sanitation and public health matters. Each CSWG will play a significant role in the preparation of the LIDAP, CA/PH and FOIP. The indicative training action plan is in Appendix 2.

### **C. Cost and Financing**

10. The cost of the TA is estimated at \$1.65 million equivalent, of which \$0.50 million equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources) and \$1.00 million equivalent will be financed on a grant basis by the Government of Australia and administered by ADB on a front-loaded basis. The Government of Indonesia will provide \$0.15 million equivalent in-kind to cover office and support facilities, counterpart staff, administrative support, and local transportation for counterpart staff.

### **D. Implementation Arrangements**

11. The TA will be implemented over 24 months starting in October 2010 and ending in September 2012. The TA and proposed MSMHP implementation arrangements are the same. The Directorate General of Human Settlements (DGHS) in the Ministry of Public Works (MPW) is the EA. The TA will be managed by the central project management unit (CPMU) in the DGHS/MPW, and the appointed manager for MSMHP will also oversee TA implementation, supervision, monitoring, accounting and reporting. A provincial project management unit (PPMU) and a city level project management unit (LPMU) for MSMHP will be appointed in Medan and Yogyakarta, and a full-time counterpart staff in the same PPMU and LPMU will be appointed to

coordinate TA implementation activities at the provincial and city level.<sup>7</sup> The MSMHP will require that cross-sector teams will be set up at the subdistrict level to support coordination among participating communities. These teams will include the head of the subdistrict and representatives of the community health centers. In each participating community, a community implementation team will be established. These implementation sub-structures will also support TA implementation. In Makassar, a full-time counterpart staff will be appointed in the provincial and city offices of MPW to oversee and coordinate TA activities. The TA will use the same coordinating mechanism as the proposed MSMHP to provide implementation updates and share lessons.

12. Consulting services will include a total of 164 person-months (14 person-months international and 150 person-months national) for TA implementation support. The consultants will be engaged by ADB in accordance with the *Guidelines on the Use of Consultants* (2007, as amended from time to time). A firm will be recruited through quality and cost-based selection procedures (80-20), using a simplified technical proposal. One team of consultants will be formed in each city, with key persons based in the CPMU. They will work with government officials and MSMHP project implementation consultants in support teams at the central, provincial and city levels. The outline terms of reference is in Appendix 3. Procurement of goods and equipment (if any) will be in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time), and will be through shopping, as packages are expected to be less than \$100,000 equivalent. At the end of the TA, procured goods and equipment will be turned over to the EA and local governments using them. Disbursement under the TA will be done in accordance with ADB's *Technical Assistance Disbursement Handbook* (January 2008, as amended from time to time).

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<sup>7</sup> PPMU will be established in *Dinas Tata Ruang dan Permukiman Provinsi Sumatera Utara* for Medan, and *Dinas Pekerjaan Umum Perumahan dan Energi Sumber Daya Mineral Daerah Istimewa Yogyakarta* for Greater Yogyakarta. The LPMU will be established in *Dinas Kimpraswil* for Kota Yogyakarta and Kabupaten Sleman, *Dinas Permukiman* for Kota Medan, and *Dinas Pekerjaan Umum dan Perhubungan* for Kabupaten Bantul.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Reduced environment pollution and improved health in Medan, Yogyakarta and Makassar through better sanitation management	By 2015: At least 3 million people have access to improved sanitation from existing and new facilities in the 3 cities (baseline to be determined).  In urban areas benefitting from the project, at least 30% reduction of diarrhea among children less than 5 years old (baseline to be determined).	National statistics (SUSENAS)  Health centers (puskesmas) data in the 3 cities.  2010 Intercensal Population Survey (SUPAS)  PHBS data for each city  End of MSMHP survey	<b>Assumptions</b> <ul style="list-style-type: none"> <li>Governments remain committed to governance improvements in sanitation management and health</li> <li>Complementary sanitation infrastructure is improved or built in the 3 cities.</li> </ul>
<b>Outcome</b> Strengthened institutional and capacity of responsible agencies in sanitation management and health in Medan, Yogyakarta and Makassar	By 2012: The city sanitation strategy (CSS) is updated at least once in Medan, Yogyakarta and Makassar.	City performance against Community awareness program for sanitation and public health campaigns (CA/PH) plans  City performance against financial and operational performance improvement plan (FOPIP)  City performance against Local institutional and development action plan (LIDAP)	<b>Assumption</b> <ul style="list-style-type: none"> <li>Increased political will for managing wastewater and involving communities in wastewater management.</li> </ul> <b>Risks</b> <ul style="list-style-type: none"> <li>The 3 cities remain engaged and committed in TA activities.</li> </ul>
<b>Outputs</b> 1. Improved Delivery of community-based sanitation initiatives	O&M arrangements are established for at least 50% of the 280 community sanitation facilities planned by 2014.  The PHBS program indicators for each city are improved, as required.  Increased public awareness about the need for hygiene behaviour. At least 40% of participants in public consultation and socialization activities are female.	CA/PH for each city  MSMHP project surveys and progress reports  PHBS data for each city  TA training and consultation records, disaggregated by sex.	<b>Assumptions</b> <ul style="list-style-type: none"> <li>The MSMHP is approved and effective by the start of TA.</li> <li>Awareness activities under MSMHP continue in parallel with TA activities.</li> </ul> <b>Risk</b> <ul style="list-style-type: none"> <li>Without the accompanying investment, TA activities may be less effective in Makassar</li> </ul>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
	Increased public participation in managing sanitation and wastewater facilities. At least 40% of participants are women.		
2. Improved operation and maintenance of sewerage infrastructure	<p>Tariffs for PDAM Tirta Nadi are remain/adjusted to full O&amp;M expenditure.</p> <p>Tariffs for DI Yogyakarta increased from 20% to full O&amp;M expenditure by mid-2014 (2% of household disposable expenditure).</p> <p>Collection efficiency for PDAM Tirta Nadi remains at 98% and for Yogyakarta increases from 80% to 98% by end-2012.</p> <p>Plan for tariff setting is prepared in Makassar.</p>	FOPIP for each city	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>The MSMHP is approved and effective by TA start.</li> <li>PDAM Tirta Nadi and the provincial government of DI Yogyakarta and Makassar remain committed to improving their overall performance.</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Without the accompanying investment, TA activities may be less effective in Makassar</li> </ul>
3. Strengthened institutions in environmental sanitation management	<p>By 2012, CSWG in each city comprising of at least 30% of women.</p> <p>3 LIDAPs are prepared and implemented for each city.</p> <p>At least 40% of all participants are female</p>	<p>Performance contracts</p> <p>TA training and consultation records, disaggregated by sex</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>PDAM Tirta Nadi and the provincial government of DI Yogyakarta and Makassar remain committed to improving their overall performance.</li> </ul>
<p><b>Activities with Milestones</b></p> <p><b>Output 1: Improved delivery of community-based sanitation initiatives</b></p> <p>1.1. CSWG are established and in place, and CSS have been updated, Q4/2010.</p> <p>1.2. Community consultations and focus-group discussions are continuous</p> <p>1.3. Improve PHBS program indicators for the three cities, Q4/2010</p> <p>1.4. Prepare CA/PH for Medan, Yogyakarta, and Makassar, Q1/2011</p> <p>1.5. Incorporate gender issues in CA/PHs, and ensure proposed actions are gender sensitive. Provide equal opportunities for men and women to participate in the CDTA activities.</p> <p>1.6. Implement, monitor progress, and update CA/PHs annually, Q1/2011 onwards.</p> <p><b>Output 2: Improved operation and maintenance of sewerage infrastructure</b></p> <p>2.1. CSWG are established and in place, and CSS have been updated, Q4/2010</p> <p>2.2. Board of Supervisors are appointed, and in place, Q4/2010</p> <p>2.3. Community consultations and focus-group discussions are continuous</p> <p>2.4. Review financial assessments and prepare FOPIP for each city.</p> <p>2.5. Include institutional arrangements in the FOPIP for Makassar (for the planned Losari sewer system). Assist with tariff setting and conduct associated</p>			<p><b>Inputs</b></p> <p>Total: \$1.650 million</p> <p>AusAID: \$1.000 million</p> <p>ADB TASF-other sources: \$0.500 million</p> <ul style="list-style-type: none"> <li>Consulting services (167 person-months (14 person-months international and 153 person-months national) \$1.181 million</li> <li>Equipment \$0.030 million</li> <li>Training \$0.090 million</li> <li>Survey \$0.030 million</li> <li>Miscellaneous support \$0.030 million</li> <li>Contract negotiation \$0.010 million</li> <li>Contingencies \$0.129 million</li> </ul>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>community consultations and awareness raising on tariffs, Q1/2011</p> <p>2.6. Include a revenue improvement action plan in FOPIP for Yogyakarta, Q1/2011.</p> <p>2.7. Incorporate gender issues in FOPIPs, and allows for equal opportunities.</p> <p>2.8. Implement, monitor progress and update FOPIPs annually, Q1/2011 onwards.</p> <p><b>Output 3: Strengthened institutions in environmental sanitation management</b></p> <p>3.1. CSWG are established and in place, and CSS have been updated, Q4/2010</p> <p>3.2. An assessment of operational and financial performance of PDAM Tirta Nadi and the provincial government of DI Yogyakarta is completed, Q1/2011.</p> <p>3.3. Update institutional assessments that were completed during MSMHP, Q4/2010</p> <p>3.4. Draft discussion paper prepared by Q4/2010 and finalized by Q2/2011.</p> <p>3.5. Prepare performance contract between city government and heads of the responsible agencies, Q1/2011.</p> <p>3.6. Prepare a LIDAP for Medan, Yogyakarta and Makassar, Q1/2011</p> <p>3.7. Implement, monitor progress, and update LIDAPs annually, Q2/2011 onwards</p> <p>3.8. Review and update indicative training action plan (Appendix 2), Q4/2010</p> <p>3.9. Implement training action plan, with at least 40% of all trainings reserved for women, Q1/2011 onwards.</p>			<p>Government: \$0.150 million</p> <ul style="list-style-type: none"> <li>• Office Accommodation and Transport \$0.080 million</li> <li>• Remuneration and per diem of counterpart staff \$0.070 million</li> </ul>

CA/PH = Community awareness program for sanitation and public health campaigns, CSS = city sanitation strategy, CSWG = city sanitation working group, FOPIP = financial and operational performance improvement plan, LIDAP = local institutional and development action plan, MSMHP = Metropolitan Sanitation Management and Health Project, PDAM = *Perusahaan Daerah Air Minum*, PHBS = *Perilaku Hidup Bersih Sehat*, Q = quarter.

### INDICATIVE TRAINING PROGRAM

No.	Target Group	Participants/ Agencies	No. Persons <sup>a</sup> (each city)	Training Topics	Training Methodology/ Material	Length (days)	Estimated Cost <sup>b</sup>
1.	City government	<ul style="list-style-type: none"> <li>- Mayor</li> <li>- Deputy mayor</li> <li>- Sekda</li> <li>- DPRD</li> <li>- Service heads</li> <li>- Heads of technical institutions</li> <li>- Regional directors</li> </ul> <p style="text-align: right;"><b>Total</b> (At least 40% female)</p>	<p>3</p> <p>3</p> <p>3</p> <p>3</p> <p>15</p> <p>15</p> <p>9</p> <p><b>57</b> (23)</p>	<ul style="list-style-type: none"> <li>- Budget allocations for sanitation and health</li> <li>- Budget allocations for upgrading government buildings and facilities operated by government (offices, hospitals, PUSKESMAS, public markets)</li> <li>- Separation of regulators and operator</li> <li>- Application of public service boards</li> <li>- Cost recovery, tariff structure</li> <li>- Sewer connection policy</li> <li>- Revision/ preparation of regulations</li> </ul>	<ul style="list-style-type: none"> <li>- Case studies</li> <li>- Discussions</li> <li>- Comparison studies</li> </ul>	5	Rp 3 million per participant (Rp 170 million per city)
2.	Management, heads of divisions/ departments/ sections	<ul style="list-style-type: none"> <li>- DPLHK</li> <li>- BAPPEDA</li> <li>- Public Works</li> <li>- PDAM (wastewater division)</li> </ul> <p style="text-align: right;"><b>Total</b> (At least 40% female)</p>	<p>15</p> <p>10</p> <p>15</p> <p>5</p> <p><b>45</b> (18)</p>	<ul style="list-style-type: none"> <li>- CSS updating</li> <li>- Project management</li> <li>- Procurement of goods and services</li> <li>- Field supervision</li> <li>- Wastewater management</li> <li>- Sewer connection strategy</li> </ul>	<ul style="list-style-type: none"> <li>- Case studies</li> <li>- Discussions</li> <li>- Comparison studies</li> </ul>	5	Rp 3 million per participant (Rp 135 million per city)
3.	Operator group	<ul style="list-style-type: none"> <li>- Heavy equipment operators</li> <li>- Managers of FDS</li> <li>- Managers of STP/ WWTP</li> <li>- Workshop mechanics</li> <li>- Workshop electricians</li> </ul> <p style="text-align: right;"><b>Total</b> (At least 30% female)</p>	<p>3</p> <p>3</p> <p>6</p> <p>2</p> <p>2</p> <p><b>16</b> (6)</p>	<ul style="list-style-type: none"> <li>- Strengthening O&amp;M of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- Hands-on, on-the-job training</li> <li>- Semi-structured skill upgrading</li> <li>- Course for technical foremen of the sanitation operators</li> </ul>	10	Rp 6 million per participant (Rp 95 million per city)
4.	Communities	<ul style="list-style-type: none"> <li>- Camat</li> <li>- Kelurahan heads</li> <li>- RW, RT heads</li> <li>- Community-based Organizations</li> <li>- Water user groups</li> <li>- Non-formal public figures</li> <li>- Youth groups</li> </ul>	<b>Approx. 15-20 persons per kelurahan</b>	<ul style="list-style-type: none"> <li>- Local government regulations concerning sanitation</li> <li>- Creation of community implementation team</li> <li>- Preparation of community action plan</li> <li>- Building/rehabilitation of wastewater disposal lines, and O&amp;M</li> <li>- Proper hygiene behavior</li> </ul>	<ul style="list-style-type: none"> <li>- Social marketing, awareness campaigns</li> <li>- Orientation workshops</li> <li>- Focus group discussions</li> </ul>	As required	Rp 1,000 million per city

No.	Target Group	Participants/ Agencies	No. Persons <sup>a</sup> (each city)	Training Topics	Training Methodology/ Material	Length (days)	Estimated Cost <sup>b</sup>
		- Women's groups - NGOs (At least 50% female)	(7 to 10)	- Review of communicable diseases related to poor sanitation and drainage	- On-the-job training - Competitions		
5.	Puskesmas	Puskesmas Sanitarians (within project sewerage service area)  (At least 50% female)	<b>25</b>  (12)	- Techniques of household sewer connection - Communal septic tanks: construction, household connection, O&M	- Classroom - Hands-on during construction	5	Rp 1.5 million per participant (Rp 37.5 million per city)
6.	Traditional public market management	- Deputy mayor - DPRD - Dinas - Trader representatives - Dinkes - Camat  <b>Total</b> (At least 40% female)	5 3 10 10 3 5  <b>36</b> (14)	- Review current conditions - Budget allocations for toilets, water, sewerage and drains - Review of health risks - Review of environmental risks - Review of existing regulations - Plan of Action to upgrade market conditions—and budget	- Field trips to markets - Review of standards and regulations - Discussions - Plan of Action	5	Rp 2 million per participant (Rp 72 million per city)

BAPPEDA = *Badan Perencanaan Pembangunan Daerah* (city/district development planning agency), DPRD = *Dewan Perwakilan Rakyat Daerah* (city/district legislative assembly), CSS = city sanitation strategy, IDR = Indonesia rupiah, NGO = nongovernment organization, O&M = operation and maintenance, PDAM = *Perusahaan Daerah Air Minum* (regional government water supply enterprise), RP/RT = *rukun tetangga* (neighborhood grouping [under RW]), STP = sludge treatment plant, WWTP = wastewater treatment plant.

<sup>a</sup> At least 40% of total number of persons trained in each city is female, as per the Gender Action Plan for the proposed MSMHP.

<sup>b</sup> Based on 2008-2009 estimates and excludes consulting services costs

Source: TA 4763-INO: Metropolitan Sanitation Management and Health Consultant Final Report, 2009.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Total Cost</b>
<b>A. Asian Development Bank Financing<sup>a</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	308.00
ii. National Consultants	750.00
b. International and Local Travel	84.00
c. Reports and Communications	30.00
2. Equipment <sup>b</sup>	30.00
3. Training, Seminars, and Conferences	
a. Facilitators	30.00
b. Training Program	60.00
4. Surveys	30.00
5. Miscellaneous Administration and Support Costs	30.00
6. Representative for Contract Negotiations	10.00
7. Contingencies	138.00
<b>Subtotal (A)</b>	<b>1,500.00</b>
<b>B. Government of Indonesia Financing<sup>c</sup></b>	
1. Office Accommodation and Transport	80.00
2. Remuneration and Per Diem of Counterpart Staff	70.00
<b>Subtotal (B)</b>	<b>150.00</b>
<b>Total</b>	<b>1,650.00</b>

<sup>a</sup> \$0.500 million financed by the Asian Development Bank's Technical Assistance Special Fund (TASF—other sources), and \$1.00 million financed by the Government of Australia Financing, to be administered by the Asian Development Bank. Funds from the Government of Australia are to be front-loaded. This amount also includes ADB's administration fee, audit costs, bank charges, and a provision for foreign exchange fluctuations (if any), to the extent that these items are not covered by the interest and investment income earned on this grant, or any additional grant from the Government of Indonesia.

<sup>b</sup> Office equipment includes computers, printers, scanner, facsimile machine, photocopier, camera, projector, and other office equipment)

<sup>c</sup> Including office space, office furniture (e.g., sufficient number of standard desks, chairs, shelves and closets), lighting, electricity, air conditioning, access to phone lines), counterpart staff, administrative support, and local transportation for counterpart staff.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. Objectives and Scope of Work

1. The ADB and Government of Indonesia (GOI) intends to procure the services of a consultant firm to provide technical advisory services to government institutions in Medan, Yogyakarta, and Makassar to support the implementation of the proposed ADB-funded capacity development technical assistance (TA) on Capacity Development for Metropolitan Sanitation Management and Health. A total of 164 person-months (14 person-months international and 150 person-months national) will be recruited for TA implementation support over two years. Consultants will be selected in accordance with ADB's *Guidelines on the Use of Consultants by ADB and its Borrowers (2007, as amended from time to time)*. ADB will recruit the consultants, in close consultation with AusAID and the Directorate General of Human Settlements (DGHS) in the Ministry of Public Works through quality and cost-based selection procedures (80-20), using a simplified technical proposal. The consulting firm will also be responsible for procuring equipment, and administering the costs associated with training, seminars, conferences and surveys.

2. The firm will have a coordinating office in DGHS in Jakarta, but the consultants will work mainly in the 3 cities with an office based in each city agency. They will work with government officials and the MSMHP consultant team, and will provide coordinated support to consultant teams in Medan, Yogyakarta and Makassar. Each team will work in close consultation with the City Coordinating Committee and TKPP (*tim koordinasi perencanaan dan pengawasan* or coordination team for project planning and monitoring). In Makassar, the TA consultants will work with the appointed counterpart staff in the provincial and city offices of Public Works, and will coordinate closely with TA implementation consultants in Medan and Yogyakarta.

3. Each city consultant team will consist of the following experts. The person-months required for individual experts on each city team may be adjusted with level of need. One expert may be required to assist another city team:

- (i) Sanitation Engineer/Deputy Team Leader (15 person-months);
- (ii) Hygiene and Sanitation Expert (6 person-months);
- (iii) Legal Expert (3 person-months);
- (iv) Community Mobilization and Gender Expert (6 person-months);
- (v) Management Information Systems Expert (1 person-month); and
- (vi) Financial Management Expert (8 person-month).

4. Consulting services for the TA will provide technical expertise and support to the three city governments and agencies in the preparing, updating and implementing the following:

- (i) Assist in updating, on a rolling basis, the city sanitation strategy (CSS) documents. Initial CSS were prepared during project preparation of the MSMHP;
- (ii) Assist in preparing, implementing and updating a local institutional development action plan (LIDAP) for sanitation. An initial discussion paper will include an assessment of the existing performance of sanitation service providers; objectives of key stakeholders; and gap between current performance and expected performance by these groups. Each LIDAP will describe actions aimed at creating a more conducive environment for sanitation service providers, such as to: (a) restructure the sanitation sector at the city government level (including revisions to any laws and regulations); (b) set sewerage tariffs at full O&M cost-recovery tariffs; (c) execute performance agreements between the city government and implementing agencies; (d) improve governance through the separation of policy-making, regulation, and delivery of

sanitation services; and (e) develop human resources for the new institutional set-up.

- (iii) Assist in preparing, implementing and updating community awareness programs for improved sanitation and public health campaigns (CA/PH), including improvements to the PHBS (*Perilaku Hidup Bersih Sehat*) program indicators. Each CA/PH will be based on sanitation maps, highlighting the current state of sanitation in different areas; site visits; an update of the situational assessment included in the MSMHP subproject appraisal reports, including the proposed recommendations, performance indicators and targets. It may include activities such as a plan to develop community-based sanitation systems (e.g., community sanitation centers, simplified community sewerage systems and school sanitation centers), a plan to develop and implement community and schools health education programs, and support for water quality testing for wastewater and drinking water. Each CA/PH will assist in mobilizing the community in planning and O&M of community-based systems financed by the local government and proposed MSMHP.
- (iv) Assist in preparing, implementing and updating a financial and operational performance improvement plan (FOPIP) for agencies responsible for wastewater management. A mandatory program consists of the following: (a) establishment and maintenance of an internal performance improvement team; (b) a revenue enhancement program for the provincial government of DI Yogyakarta; (c) implementation and analysis of an annual customer satisfaction survey before each annual review; (d) establishment and maintenance of a complaints receipt and processing function in the first year of Project implementation; (e) provision to conduct an annual review of the FOPIP, its indicators and targets, (f) implementation and analysis of an annual employee perception survey before each annual review; (g) annual collection and submission of performance indicators, and (h) development of associated information system improvements.

5. Participating city governments may suggest different processes and actions for completing the above plans; however, a uniform schedule shall be followed to ensure deliverables are aligned and ready prior to investments under the MSMHP (Table A4.1).

**Table 4.1: Proposed Schedule for Implementation**

Stage	Period (Month)	Actions
Stage 1	1-3	Update CSS, and develop and approve an overall work program for the development of a LIDAP, CA/PH and FOPIP. The consultants will need to clarify the role and functions of the city sanitation working teams (CSWGs or types of city coordinating committees). The consultants will need to determine these working teams are still functional, or whether a new mayor decree is needed to re-establish them. This will take place in consultation with an Inter-Sectoral Committee for Coordination and Planning (i.e. the <i>Tim Koordinasi Perencanaan dan Pemantuan</i> or TKPP), consisting of representatives from city government departments involved in the water and sanitation sector.
Stage 2	1-6	Strengthen the city sanitation working teams (a form of the city coordinating committee)
Stage 3	1-6	Prepare LIDAP, prepare CA/PH and update FOPIP for approval by the end of the first year of Project implementation (2010).
Stage 4	7, onwards	Implement plans, monitor performance against objectively verifiable targets and update the plans by the end of every subsequent year.
Stage 5	Continuous	Implement, monitor, evaluate and update plans

## **B. International Consulting Services (14 person-months)**

### **1. Community Mobilization and Social Development Specialist (6 person-months intermittently)**

6. The specialist shall have (i) a range of skills covering community participation and mobilization, and social development issues, with demonstrated ability to work with communities and with others on a team; (ii) previous experience working in sanitation and urban infrastructure and in promoting environmental awareness, public health, and hygiene behavioral change in urban contexts; (iii) familiar with initiating widespread programs at multiple levels of project implementation; (iv) at least 10 years experience in planning and implementing multilateral or bilateral funded development projects; (v) good leadership and communication skills (e.g., capacity to rapidly draw up plans, and guide team members on the preparation of behavioral change communication materials, presentations and teaching materials); and (vi) excellent skills in both writing and speaking English and Bahasa Indonesia. The specialist will be responsible for (i) providing oversight to the community mobilization and social development aspects, including preparation of an implementation plan for related activities; (ii) working with the national community mobilization and gender specialists in preparing, implementing and updating CA/PH; and (iii) preparing an implementation plan for the MSMHP gender action plan.

### **2. Media and Social Marketing Specialist (2 person-months intermittently)**

7. The specialist shall have (i) a range of experience in public relations, public campaigns, media (radio, television, videos), and IEC/BCC production skills (leaflets, training materials, posters); (ii) at least 10 years experience in planning and producing IEC/BCC materials suitable for national and local use at multiple levels of project implementation; (iii) at least 5 years experience on multilateral or bilateral funded development projects; and (iv) excellent skills in both writing and speaking English and in Bahasa Indonesia. The specialist will work with the international community mobilization and social development specialist and national community mobilization and gender experts in developing a social marketing strategy, which will be incorporated into individual city CA/PH.

### **3. Economist and Financial Specialist (6 person-months intermittently)**

8. The specialist shall have (i) at least 10 years experience since acquiring a degree in economics or commerce; (ii) experience in financial modeling and project economics, with preferable experience in microeconomic and market structure analysis, economic regulation or international finance; (iii) ability to conceive a range of options for ensuring financial arrangements provide the correct incentives for improved performance of implementing agencies; and (iv) good communication skills and have the ability to work on a team. The specialist will be responsible for working with the financial management specialists and the economic and financial experts in preparing, implementing and updating FIPOPs and LIDAPs for each city.

## **C. National Consulting Services (150 person-months)**

### **1. Organizational Development Expert/Team Leader (20 person-months intermittently).**

9. The organizational development expert/team leader shall have: (i) at least 20 years work experience and preferably a postgraduate degree in public administration, business studies, marketing, organizational/institutional development or human resources management; (ii) at least 5 years graduate experience in either design and analysis of public enterprises, human resources management and industrial relations, marketing or public relations or 10 years in senior positions in

government; (iii) ability to facilitate discussion and reach consensus within local government for institutional improvements in sanitation management; and (iv) excellent skills in both writing and speaking English and Bahasa Indonesia. The expert will be responsible for (i) overall TA implementation, including the management of TA consultants, monitoring TA progress and preparing required progress reports; (ii) coordinating with sanitation engineers/deputy team leaders in effective TA implementation in each city; (iii) working with the institutional experts in preparing, implementing and updating the discussion paper and individual LIDAP for Yogyakarta and Makassar; (iv) working with the sanitation engineer/deputy team leader in updating the CSS for each city; and (v) coordinating with ADB and the Government.

**2. Institutional Expert (2 persons each for 6 person-months intermittently, total of 12 person-months)**

9. Two (2) institutional experts will be recruited. One will be posted in Yogyakarta and Makassar. The institutional expert shall have: (i) at least 5 years work experience in design and analysis of public enterprises, human resources management and industrial relations; (ii) at least a bachelor's degree in water and sanitation management or associated field; and (iii) excellent skills in both writing and speaking English and Bahasa Indonesia. The expert shall be responsible for working closely with the organizational development expert/team leader in reviewing institutional assessments, preparing the discussion paper and preparing, implementing and updating each LIDAP in Yogyakarta and Makassar, with some support in Medan.

**3. Sanitation Engineer/Deputy Team Leaders (3 persons each for 15 person-months intermittently, total of 45 person-months)**

10. Three (3) sanitation engineer/deputy team leaders will be recruited. One will be posted in each city. The sanitation engineer/deputy team leader shall have: (i) at least 15 years experience in the sanitation and/or urban infrastructure sector, with knowledge of urban planning; (ii) at least 10 years of experience preparing investment plans and local institutional development action plans; (iii) strong leadership and communication skills, with the ability to facilitate discussions and reach consensus among different stakeholder; (iv) ability to conduct policy analysis and capacity assessments, and be able to support the development, implementation and monitoring of plans; and (v) excellent skills in both writing and speaking English and Bahasa Indonesia. The expert will be responsible for (i) coordinating with the organizational development expert/team leader in effective TA implementation, including submission of timely progress reports; (ii) updating CSS for each city; and (iii) providing technical input into plans—CA/PH, LIDAP, FOPIP.

**4. Hygiene and Sanitation Experts (3 persons each for 6 person-months intermittently, total of 18 person-months)**

11. Three (3) hygiene and sanitation experts will be recruited. One will be posted in each city. The hygiene and sanitation expert shall have (i) at least a bachelor's degree in urban planning, public health management, sanitation or civil engineering, with minimum 10 years experience in participatory approaches for planning, design and implementation of sanitation programs (e.g., physical works, institutional and organizational development, and awareness and behavior change components in urban areas); and (ii) demonstrated experience in developing and monitoring the effectiveness of behavioral change communication strategies in sanitation for men and women. The expert will be responsible for working with (i) the international community mobilization and social development specialist and media and social marketing specialist in designing and implementing CA/PH and social marketing strategy; and (ii) the national community mobilization and gender experts in establishing the required structures at the community level for improved sanitation and hygiene awareness and operation and maintenance.

**5. Legal Experts (3 persons each for 3 person-months intermittently, total of 9 person-months)**

12. Three (3) legal experts will be recruited. One will be posted in each city. The expert shall have (i) minimum of 10 years of legal experience, especially in outlining and drafting legal and regulatory frameworks, preferably for infrastructure and reform of state-owned enterprises; (ii) experience or knowledge about commercial and company law, and about developing performance contracts within the public sector; (iii) preferable experience in regulation of utilities and the interpretation or drafting of statutory law, particularly at the local government level; and (iv) at least 5 years experience working on projects in developing countries, especially in Southeast Asia region and preferably Indonesia. The expert will be responsible for coordinating with the organizational development expert/team leader and other consultant team members in reviewing, recommending and amending necessary sanitation legislation, especially the institutional framework in Yogyakarta and Makassar.

**6. Community Mobilization and Gender Experts (3 persons each for 6 person-months intermittently, total of 18 person-months)**

13. Three (3) community mobilization and gender experts will be recruited. One will be posted in each city. The expert shall have (i) a graduate degree in communication, with postgraduate qualification in public relation, advocacy or planning; (ii) at least 10 years work experience, and skills in mobilizing communities, conducting focus-group discussions, and assessing stakeholder needs and expectations, particularly of women; and (iii) the ability to prepare strategic communications plans and monitoring reports, and have some background in effective behavioral change communication strategies. The expert will be responsible for (i) working with the hygiene and sanitation expert, to ensure CA/PH plans are developed and updated, taking gender issues into account; and (ii) assisting to mobile communities for better CA/PH implementation; (ii) developing a city-level gender action plan, based on the overall MSMHP gender action plan.

**7. Management Information Systems Expert (3 persons each for 1 person-months intermittently, total of 3 person-months)**

14. Three (3) management information systems (MIS) experts will be recruited. One will be posted in each city. The expert shall have a graduate degree in information systems with experience in developing MIS for both the private and public sector, preferably related to benchmarking performance or strategic human resources development. The expert will be responsible for reviewing and revising (or establishing) the MIS system in each operating agency for improved sanitation management.

**8. Financial Management Expert (3 persons each for 8 person-months intermittently, total of 24 person-months)**

15. Three (3) financial management experts will be recruited. One will be posted in each city. The expert shall have (i) a business or accounting degree; (ii) at least 5 years of experience in economic and financial management and modeling of revenue improvement action plans; and (iii) experience as financial modeler. The expert will be responsible for (i) assessing the financial management capacity, design training programs and assist implementing agencies to comply with O&M cost-recovery targets; and (ii) working with the international and national consultants in delivering the outlined tasks.

## 9. Economic and Financial Expert (10 person-months intermittently)

16. The expert shall have (i) at least 10 years experience, with a degree in economics or commerce; (ii) experience in financial modeling and project economics; (iii) preferable experience in microeconomic and market structure analysis, economic regulation or international finance; (iv) ability to conceive a range of options for ensuring financial arrangements provide the correct incentives for improved performance of implementing agencies. The expert shall be responsible for working closely with the international economic and financial specialist in preparing, implementing and updating individual FIPOPs.

### D. Required Deliverables

**Table 4.2: Institutional Development Advisory Services - Required Deliverables**

Deliverable	Month Due	Number of Copies	Summary of Contents
Inception Report	1	20 in English, 20 in Bahasa Indonesia (including Executive Summary).	Initial findings, detailed approach and methodology, detailed work plan.
Monthly Report	2, 3,..., 23	10 in English, 10 in Bahasa Indonesia (max. 5 pages highlighting specific implementation issues).	Monthly progress and records of workshops disaggregated by sex, detailed by RG.
Quarterly Report <sup>a</sup>	3, 6, ..., 22	20 in Bahasa Indonesia (with an Executive Summary in English).	Quarterly progress, with a section monitoring social and gender issues.
Midterm Report <sup>a</sup>	12	20 in English, 20 in Bahasa Indonesia (including Executive Summary).	Midterm progress, with a section monitoring social and gender issues.
Updated CSS	1-3	20 in English, 20 in Bahasa Indonesia (including Executive Summary).	Include recent changes in urban sanitation development policies and strategies
LIDAP <sup>b</sup>	3 (first draft), 6 (final draft), annual update	First and final drafts: 20 per RG, in Bahasa Indonesia (with an Executive Summary in English). Updates: 3 per RG, in Bahasa Indonesia.	Discussion of policy for sanitation.
CA/PH <sup>b</sup>	3 (first draft), 6 (final draft), annual update	First and final drafts: 20 per RG, in Bahasa Indonesia (with an Executive Summary in English). Updates: 3 per RG, in Bahasa Indonesia.	Rationale and detailed presentation of proposed performance improvement actions for city government.
FOPIP <sup>b</sup>	3 (first draft), 6 (final draft), annual update	First and final drafts: 20 per RG, in Bahasa Indonesia (with an Executive Summary in English). Updates: 3 per RG, in Bahasa Indonesia.	Rationale and a detailed presentation of proposed performance improvement actions for agencies responsible for implementing sewerage subprojects.
Special reports (as requested by CPMU)	TBD	Per special report: 20 in English, 20 in Bahasa Indonesia (incl. Executive Summary).	Examples: regulation, incorporation of implementing agencies, performance contracts, monitoring and evaluation system under the PPMS.
Draft Final Report and Final Report	#24	20 in English, 20 in Bahasa Indonesia (including Executive Summary).	Inputs provided, outputs produced, evaluation of achievements, strengths and weaknesses of the approach, used suggested follow-up actions, assessment of impacts of the services from the Consultant's perspective.

CA/PH = community awareness programs and public health campaigns, CPMU = Central Project Management Unit, CSS = community sanitation strategy, FOPIP = financial and operational performance improvement plan, LIDAP = local institutional development action plan, RG = city government, TBD=to be determined.

<sup>a</sup> In accordance with ADB guidelines on progress reports.

<sup>b</sup> To be prepared with city government staff, and updated annually.