



1. Project Data :		Date Posted : 08/02/2000	
PROJ ID: P003990 OEDID: L3629		Appraisal	Actual
Project Name : Water Supply and Sanitation for Low Income Communities	Project Costs (US\$M)	123.3	69.5
Country: Indonesia	Loan/Credit (US\$M)	80.0	45.1
Sector, Major Sect .: Rural Water Supply & Sanitation, Water Supply & Sanitation	Cofinancing (US\$M)	0	0
L/C Number: L3629			
	Board Approval (FY)		93
Partners involved :	Closing Date	09/30/1998	11/30/1999
Prepared by :	Reviewed by :	Group Manager :	Group:
Klas B. Ringskog	Andres Liebenthal	Alain A. Barbu	OEDST

2. Project Objectives and Components

a. Objectives

To provide safe, adequate and easily accessible water supply and sanitation services and support hygiene /health education for poor communities through sustainable and community-based arrangements in under-served and unserved rural villages outside Java and in communities in a few densely populated districts in Java .

b. Components

Physical works (1) to provide safe water to about 2.0 million people in about 1,400 communities in six provinces. Most of this component would be for new works but about 10 percent would provide for rehabilitation of existing facilities (cost US\$ 60.6 million), and (2) to provide appropriate sanitation facilities to around 1.7 million people (cost US\$ 16.0 million);

Institutional Development and Capacity building Support (3) to provide hygiene and sanitation education activities to approximately 2.0 million people (cost US\$ 7.0 million); (4) to support the water supply and sanitation program through training, primarily at the community level and to strengthen the institutions, mainly at the district level and below (cost US\$ 20.4 million); (5) technical assistance to support project planning and implementation and to prepare studies(cost US\$ 10.2 million); and (6) to support incremental project management costs (US\$ 9.1 million).

c. Comments on Project Cost, Financing and Dates

The loan was approved by the Board on June 24, 1993 and closed on November 30, 1999 with a delay of 10 months. The appraised total project cost was US\$ 123.3 million but was reduced to about US\$ 69.5 million in the wake of the sharp devaluation of the Indonesian rupiah and to contributions by the communities and households . The latter had the effect of stretching the purchasing power of planned financing which made it possible to cancel US\$ 31.0 million of the credit *and* reach a larger number of project beneficiaries .

3. Achievement of Relevant Objectives :

Rather than providing 2.0 million with water supply and 1.7 million with sanitation services, in about 1400 villages, the project provided 3.1 million in some 2,030 villages with water supply and sanitation services . Similarly, the number of local training participants is reported to have been some 250,000 rather than the some 100,000 estimated at appraisal.

4. Significant Outcomes /Impacts:

The strong community participation which obliged the beneficiaries to contribute at least 20 % of the project cost in cash and in kind and the sharp devaluation of the Indonesian rupiah in 1997 stretched total financing so that the original project water service objectives were surpassed by a wide margin although the final project cost turned out to be only 55 percent of appraisal estimates.

5. Significant Shortcomings (including non -compliance with safeguard policies):

The ICR reports that the evidence regarding access to adequate sanitation and changes in health behavior is "less convincing". Some 23,000 demonstration latrines were provided by the project but the inadequate monitoring does

not permit a quantification of the total number of latrines that were subsequently built at the expense of individual households and communities.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Marginally Unsatisfactory	Two out of three major objectives, those for sanitation and for hygiene and sanitation education, met with shortcomings, and as a consequence, the OED outcome rating is marginally unsatisfactory. It is acknowledged that the project represented a novel and more demanding approach to water supply and sanitation works in Indonesia and the longer term success of the systems needs to be confirmed after some time of operations.
Institutional Dev .:	Partial	Modest	
Sustainability:	Likely	Uncertain	The project was successful in transferring ownership and the responsibility for operations and maintenance to the community level which should guarantee satisfactory routine maintenance. The prospects for sustainability are further enhanced by the fact that the major share of the systems supply water by gravity. However, replacement of major system components will depend on Government financial assistance which is judged as uncertain given the weakness of Indonesia's public finances and the lack of compliance with financial covenants displayed by the Ministry of Finance under the project.
Bank Performance:	Satisfactory	Satisfactory	The project design was excellent since it focused on the tested three-prong approach of safe water, sanitary excreta disposal, and hygiene and sanitation education to improve the population's environmental health.
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

7. Lessons of Broad Applicability :

- (1) Rather than rely on line ministries projects of this nature should try to maximize the community development in order to make the investments more relevant, stretch available project funding and increase the chances for sustainability;
- (2) Project selection criteria need to provide for some flexibility to move the program forward and capitalize on strong community support of the program;
- (3) The communities readily see the benefits of water supply investments. In contrast, sanitation programs need additional support, both of private latrine construction and of sanitation education in order to change the population's sanitation habits.

8. Audit Recommended? Yes No

Why? The long-term efficacy and sustainability of the novel project focus on the community as responsible for operations and maintenance need to be confirmed. A field review of the actual project efficacy and sustainability is therefore recommended. The audit would form part of a cluster audit of two, or possibly three water supply and sanitation projects in Indonesia that have recently closed or that are close to closing. The cluster audit would permit conclusions across the entire Indonesian water supply and sanitation sector concerning sector development constraints.

9. Comments on Quality of ICR :

Further discussions with the ICR team revealed that a substantial body of background studies and data are available on the efficiency, institutional development and sustainability, and they are presented briefly in the ICR . The ICR team was reticent to draw on some of the data on effectiveness and health impact given that it felt that the validity of the data was inadequate to draw major conclusions . In addition, the log-frame format of the ICR makes it almost impossible to analyze and include all the data . Finally, the limited budget for the preparation of the ICR did not allow for a beneficiary's survey to document project achievements once the project was completed .

ICRs discussion of the compliance with the Bank's environmental safeguard policy is limited to reporting on the environmental risks and benefits of the SAR as the latter did not include a formal categorization for environmental assessment such as Category B which rural water supply and sanitation projects are normally classified .