



<b>1. Project Data :</b>
<b>OEDID:</b> L3219
<b>Project ID:</b> P003868
<b>Project Name:</b> Second Jabotabek Urban Development Project
<b>Country:</b> Indonesia
<b>Sector:</b> Other Water Supply & Sanitation
<b>L/C Number:</b> L3219-IND
<b>Partners involved :</b> OECF (Japan), Gov. of the Netherlands
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<b>Date Posted:</b> 08/25/1998

**2. Project Objectives, Financing, Costs and Components :**

*Objectives:* The main objectives were to balance water production capacity with transmission and distribution facilities; increase piped water supply to about 50% of the population; improve service for the poor; improve waste water collection and disposal; strengthen water supply and sewerage institutions; and strengthen Jabotabek water resource planning capabilities.

*Components:* The project financed: (i) three major water supply components for the Jabotabek region (extension of distribution network, major raw water main, and a treated water transmission main ); (ii) technical assistance to PAM JAYA (Jakarta water supply company) for institutional development; (iii) completion of sewerage and sanitation works initiated under an earlier project; (iv) priority flood control and major drainage works, (v) water resource management study and preparation of future investments; and (vi) support to the Project Coordination Unit.

*Costs:* The total cost estimate at appraisal was US\$306.9 million; the actual costs were US\$265.9 million.

*Financing:* A Bank loan of US\$190.0 million was approved in FY90. The loan closed on December 31, 1997 after an extension of one year; a balance of US\$15.3 million was cancelled. Cofinancing was provided by OECF (US\$44.7 million) and the Government of the Netherlands (US\$1.1 million); both not included in the above total costs.

**3. Achievement of Relevant Objectives :**

*Water supply works* were completed, with one notable exceptions; the number of standpipes, estimated to more than double as a result of the project, fell slightly below the pre-project level. ERoR has been estimated at 11.6% (appraisal estimate was 10.5%). *Sewerage and sanitation works* were partially completed but the number of connections remained at the 1990 level. The Drainage and Flood Control component was completed on time and within budget. The *institutional development* objectives were partially met. The project failed to fully improve the performance of PAM JAYA (its responsibilities were subsequently, in 1998, transferred to the private sector), but tariffs were, however, increased as planned. It met most of the financial targets, but contributions to the investment program remained below the target level. The water resources management study was completed, but with limited coverage of important institutional aspects. The project also prepared follow-on projects for Bank funding.

**4. Significant Achievements :**

An additional 2.3 million people, including lower income groups, now have access to piped water through an additional 234,000 connections. The service ratio in DKI Jakarta is now estimated to be above 50 percent, thus exceeding the appraisal target.

**5. Significant Shortcomings :**

(i) PAM JAYA failed to reduce UfW (currently slightly above the pre-project level), mainly due to

institutional problems. This reflects negatively on its financial operations and the quality of water service .  
(ii) As the number of standpipes in operation in 1997 was less than in 1990, the poverty objectives were not fully attained.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Marginally Satisfactory	Main physical and institutional objectives were achieved, but with some exceptions; in particular, see 5 above.
<b>Institutional Dev .:</b>	Partial	Modest	
<b>Sustainability:</b>	Uncertain	Uncertain	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Exemplary	

#### 7. Lessons of Broad Applicability :

The ICR presents several important project-specific lessons, many of which have wider application . The following is particularly highlighted : "Complex institutional issues surrounding water supply should be addressed with equal priority to physical objectives and the design of respective components should be adequately specific. Institutional performance cannot simply be improved by providing technical assistance and training".

#### 8. Audit Recommended? ☒ Yes ☐ No

**Why?** The project presents a large scale and complex case of institutional strengt hening and an interesting example of a privatization process after project completion .

#### 9. Comments on Quality of ICR :

The ICR is of very high quality and it presents a comprehensive and detailed analysis of the project's achievements and thus provides a sound basis for rating of the project . The ICR contains all the necessary parts and the supporting tables are adequately detailed . It should be noted that the set of indicators for future operations is particularly good . Comments by the two cofinanciers are, however, missing.