



**FOR OFFICIAL USE ONLY**

(For consideration by the Board on or about 26 June 2019)

R34-19  
5 June 2019

## Proposed Loans Emergency Assistance for Rehabilitation and Reconstruction (Indonesia)

1. The Report and Recommendation of the President (RRP: INO 52316-001) on the proposed loans to Indonesia for Emergency Assistance for Rehabilitation and Reconstruction is circulated herewith.
2. The proposed loans will be included in the agenda of a Board meeting on or about 26 June 2019 under the special procedure provisions of the *Disaster and Emergency Assistance Policy* (DOC.R71-04).

For Inquiries: Vijay Padmanabhan, Southeast Asia Department  
(Ext. 5417)  
Baurzhan Konysbayev, Office of the General Counsel  
(Ext. 4882)



# Report and Recommendation of the President to the Board of Directors

---

Project Number: 52316-001  
June 2019

## Proposed Loans Republic of Indonesia: Emergency Assistance for Rehabilitation and Reconstruction

Distribution of this document is restricted until it has been approved by the Board of Directors. Following such approval, ADB will disclose the document to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 6 May 2019)

Currency unit	–	rupiah (Rp)
Rp1.00	=	\$0.00007143
\$1.00	=	Rp14,000

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
BAPPENAS	–	Badan Perencanaan Pembangunan Nasional (National Development Planning Ministry)
BNPB	–	Badan Nasional Penanggulangan Bencana (National Disaster Mitigation Agency)
DED	–	detailed engineering design
EAL	–	emergency assistance loan
EARF	–	environmental assessment and review framework
GAP	–	gender action plan
JICA	–	Japan International Cooperation Agency
km	–	kilometer
MPWH	–	Ministry of Public Works and Housing
MOT	–	Ministry of Transportation
O&M	–	operation and maintenance
PAM	–	project administration manual
PASIGALA	–	Palu–Sigi–Donggala
PIU	–	project implementation unit
RCCDF	–	Resettlement and Customary Communities Development Framework
TA	–	technical assistance

## **NOTE**

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

<b>Vice-President</b>	Ahmed M. Saeed, Operations 2
<b>Director General</b>	Ramesh Subramaniam, Southeast Asia Department (SERD)
<b>Directors</b>	Ayako Inagaki, Human and Social Development Division, SERD Vijay Padmanabhan, Urban Development and Water Division, SERD Winfried Wicklein, Country Director, Indonesia Resident Mission, SERD Hiroaki Yamaguchi, Transport and Communication Division, SERD Jiangfeng Zhang, Environment, Natural Resources, and Agriculture Division, SERD
<b>Team leaders</b>	Amr Qari, Principal Infrastructure Specialist, SERD Eric Quincieu, Senior Water Resources Specialist, SERD Joris G. van Etten, Senior Urban Development Specialist, SERD
<b>Team members</b>	Priasto Aji, Senior Economics Officer, SERD Emma Allen, Country Economist, SERD Syarifah Aman-Wooster, Principal Social Development Specialist (Safeguards), SERD Yarendra Basnett, Country Economist, SERD Siti Hasanah, Senior Project Officer (Urban Development), SERD Nao Ikemoto, Principal Portfolio Management Specialist, SERD Keiko Koiso, Procurement Specialist, Procurement, Portfolio, and Financial Management Department (PPFD) Baurzhan Konysbayev, Principal Counsel, Office of the General Counsel Laurence Levaque, Senior Social Development Specialist (Gender and Development), SERD Sevil Maharramova, Financial Management Specialist, PPF Naning Mardinah, Senior Safeguards Officer, SERD Vergel Medina, Social Development Specialist (Safeguards), Sustainable Development and Climate Change Department (SDCC) Antoine Morel, Senior Environment Specialist, SERD Shinichiro Nagao, Transport Specialist, SERD Hyun Chol Park, Senior Financial Control Specialist, Controllers Department Francesco Ricciardi, Environment Specialist, SDCC Tsuneyuki Sakai, Unit Head, Project Administration, SERD Azusa Sato, Health Specialist, SERD Deeny Uli Rosa Simanjuntak, Senior Project Officer, SERD Suharyani, Senior Procurement Officer, SERD Arghya Sinha Roy, Senior Disaster Risk Management Specialist, SDCC Rudi Louis Hendrikus Van Dael, Senior Social Sector Specialist, SERD Mary Ann Vargas, Operations Officer, SERD Sutarum Wiryono, Senior Project Officer (Education), SERD
<b>Peer reviewers</b>	Pavit Ramachandran, Principal Environment Specialist, East Asia Department (EARD) Su Chin Teoh, Senior Natural Resources Economist, EARD Hanna K. Uusimaa, Climate Change Specialist, Pacific Department

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

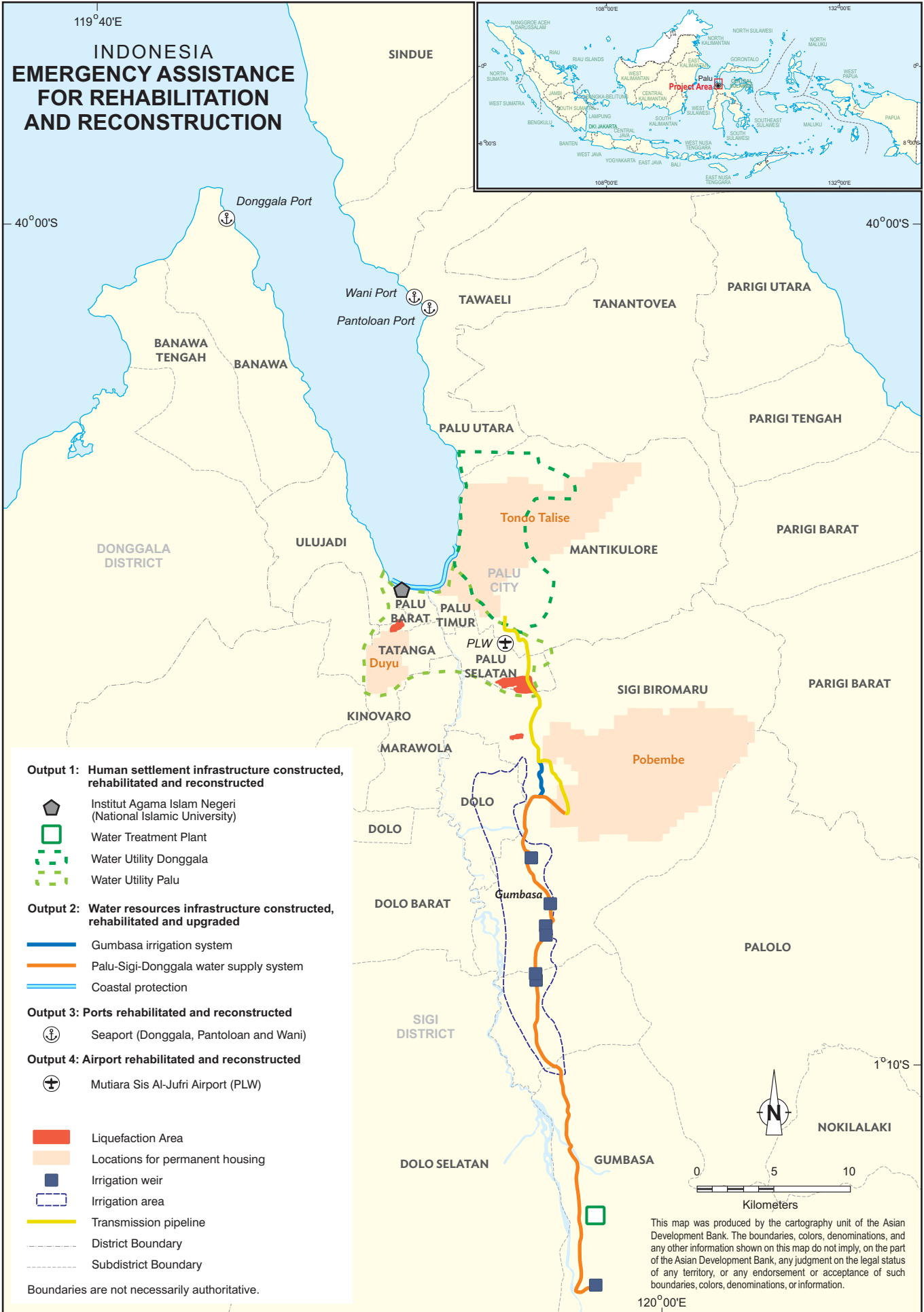
## CONTENTS

	<b>Page</b>
PROJECT AT A GLANCE	
MAP	
I. THE PROPOSAL	1
II. THE EMERGENCY ASSISTANCE	1
A. Rationale	1
B. Impact and Outcome	6
C. Outputs	6
D. Summary Cost Estimates and Financing Plans	7
E. Implementation Arrangements	8
III. DUE DILIGENCE	10
A. Technical	10
B. Economic and Financial	10
C. Governance	11
D. Poverty, Social, and Gender	11
E. Safeguards	12
F. Summary of Risk Assessment and Risk Management Plan	13
IV. ASSURANCES	13
V. RECOMMENDATION	13
APPENDIXES	
1. Design and Monitoring Framework	14
2. List of Linked Documents	17

## PROJECT AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 52316-001	
<b>Project Name</b>	Emergency Assistance for Rehabilitation and Reconstruction	<b>Department /Division</b>	SERD/SEUW
<b>Country</b>	Indonesia	<b>Executing Agency</b>	Ministry of Public Works & Housing, Ministry of Transportation
<b>Borrower</b>	Indonesia		
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ <b>Agriculture, natural resources and rural development</b>	Irrigation		80.86
	Rural water supply services		38.81
	Water-based natural resources management		26.40
<b>Education</b>	Education sector development		9.97
<b>Transport</b>	Air transport		26.85
	Water transport (non-urban)		82.90
<b>Water and other urban infrastructure and services</b>	Urban water supply		31.96
	<b>Total</b>		<b>297.75</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Medium
Environmentally sustainable growth (ESG)	Disaster risk management Global and regional transboundary environmental concerns	<b>ADB Financing</b> Adaptation (\$ million)	36.00
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional development	Effective gender mainstreaming (EGM)	✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas		
Partnerships (PAR)	International finance institutions (IFI) Official cofinancing		
<b>5. Poverty and SDG Targeting</b>		<b>Location Impact</b>	
Geographic Targeting	Yes	Rural	Medium
Household Targeting	No	Urban	Medium
General Intervention on Poverty	No		
SDG Targeting	Yes		
SDG Goals	SDG1, SDG2, SDG4, SDG5, SDG6, SDG9, SDG10, SDG12, SDG13, SDG15		
<b>6. Risk Categorization:</b>	Complex		
<b>7. Safeguard Categorization</b>	<b>Environment: B Involuntary Resettlement: B Indigenous Peoples: B</b>		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>297.75</b>	
Sovereign Sector (Regular Loan): Ordinary capital resources		188.00	
Sovereign Sector (Regular Loan): Ordinary capital resources		109.75	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>62.25</b>	
Government		62.25	
<b>Total</b>		<b>360.00</b>	
<b>Currency of ADB Financing:</b> USD			

# INDONESIA EMERGENCY ASSISTANCE FOR REHABILITATION AND RECONSTRUCTION



**Output 1: Human settlement infrastructure constructed, rehabilitated and reconstructed**

- Institut Agama Islam Negeri (National Islamic University)
- Water Treatment Plant
- Water Utility Donggala
- Water Utility Palu

**Output 2: Water resources infrastructure constructed, rehabilitated and upgraded**

- Gumbasa irrigation system
- Palu-Sigi-Donggala water supply system
- Coastal protection

**Output 3: Ports rehabilitated and reconstructed**

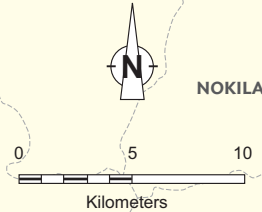
- Seaport (Donggala, Pantoloan and Wani)

**Output 4: Airport rehabilitated and reconstructed**

- Mutiara Sis Al-Jufri Airport (PLW)

- Liquefaction Area
- Locations for permanent housing
- Irrigation weir
- Irrigation area
- Transmission pipeline
- District Boundary
- Subdistrict Boundary

Boundaries are not necessarily authoritative.



This map was produced by the cartography unit of the Asian Development Bank. The boundaries, colors, denominations, and any other information shown on this map do not imply, on the part of the Asian Development Bank, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries, colors, denominations, or information.

120°00'E

## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on two proposed emergency assistance loans (EALs) to the Republic of Indonesia for the Emergency Assistance for Rehabilitation and Reconstruction (EARR). The EARR will rehabilitate and reconstruct education, water supply, and water resources infrastructure; ports and an airport.

2. In line with the Master Plan for Recovery and Reconstruction for Central Sulawesi (the Master Plan),<sup>1</sup> the EARR will support the Government of Indonesia in building back better<sup>2</sup> critical infrastructure damaged by the devastating disasters in Central Sulawesi Province in September 2018, where a 7.4-magnitude earthquake triggered a near-field tsunami, landslides, and major liquefaction. The proposed EALs respond to the government's formal request to the Asian Development Bank (ADB) made on 3 May 2019, for the rehabilitation and reconstruction of critical infrastructure in Central Sulawesi.

## II. THE EMERGENCY ASSISTANCE

### A. Rationale

#### 1. Disaster Risk, Recent Disasters, and Damage and Losses

3. **Disaster risk in Indonesia.** Indonesia is exposed to a wide range of natural hazards—earthquake, liquefaction,<sup>3</sup> tsunami, volcanic eruptions, landslides, floods, and droughts. Disasters triggered by natural hazards cause significant loss of life and destruction to physical assets. Between 2005 and 2017, these disasters affected the lives of more than 11 million people. Disaster risk modeling estimates show that, over a longer period, Indonesia experiences an average annual loss of about \$9.2 billion as a consequence of natural hazards, mostly from floods, volcanic eruptions, and earthquakes.<sup>4</sup> These numbers are expected to increase as a result of climate change and rapid uncontrolled development which will likely intensify the exposure of assets to hazards.

4. **Recent disasters.** On 28 September 2018, a 7.4-magnitude earthquake struck Central Sulawesi Province in Indonesia.<sup>5</sup> The earthquake triggered a series of cascading events: (i) a near-field tsunami, which struck parts of the coasts in the city of Palu and the districts of Sigi, Donggala, and Parigi Moutong; (ii) landslides; and (iii) major liquefaction, which affected 1.4 million people. A total of 2,081 people died, 1,309 were missing, 4,438 injured, and more than 200,000 people displaced.<sup>6</sup>

---

<sup>1</sup> National Development Planning Ministry (BAPPENAS). 2018. *Pemulihan dan Pembangunan Kembali Wilayah Pascabencana Provinsi Sulawesi Tengah (Recovery and Reconstruction of the Central Sulawesi Province Post-Disaster Area)*. Jakarta.

<sup>2</sup> The term “build-back-better” refers to the use of recovery, rehabilitation, and reconstruction phases after a disaster to increase the resilience of nations and communities by integrating disaster risk reduction measures into the restoration of physical infrastructure and societal systems, and into the revitalization of livelihoods, economies, and the environment. Source: United Nations Office for Disaster Risk Reduction.

<sup>3</sup> Liquefaction is a process whereby sand and silt that are saturated with water lose strength and act as a fluid when shaken by an earthquake. Source: United States Geological Survey.

<sup>4</sup> United Nations International Strategy for Disaster Reduction. 2017. *Global Risk Assessment*. Geneva.

<sup>5</sup> On 5 August 2018, a 7.0 magnitude earthquake hit Lombok in West Nusa Tenggara Province which resulted in 515 deaths, over 7,700 injuries, and displacement of over 430,000 people. As government resources are used for reconstruction of Lombok, the EARR will cover rehabilitation and reconstruction of Central Sulawesi Province only.

<sup>6</sup> ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management. 2018. *Situation Update No. 15*. Jakarta.

5. **Damages and losses.** The National Disaster Mitigation Agency (BNPB) identified severe damage to housing, infrastructure, and livelihoods. Government estimates show that the damage and losses from the Central Sulawesi disasters reached Rp24.11 trillion (\$1.70 billion equivalent); the heaviest damage was to housing, water supply, irrigation, roads, bridges, airport, and ports. Table 1 summarizes the damage, losses, and needs for public and private assets.<sup>7</sup> The damage is higher than the losses, highlighting the physical destruction of assets and the need for rehabilitation and reconstruction.

**Table 1: Damage, Losses, and Needs (Central Sulawesi, 2018)**  
(Rp million)

Sector	Damage	Losses	Total	Needs
Settlements	7,162,479	1,659,407	8,821,886	7,621,751
Infrastructure	5,399,822	1,194,287	6,594,108	18,386,649
Social	1,972,702	84,572	2,057,274	4,848,030
Economic	4,354,117	1,900,059	6,254,175	3,860,825
Crosscutting	361,845	17,840	379,685	1,514,258
<b>Total</b>	<b>19,250,965</b>	<b>4,856,165</b>	<b>24,107,128</b>	<b>36,231,513</b>

Sources: Government of Indonesia, National Disaster Mitigation Agency (BNPB), and United Nations Development Programme.

## 2. Impact on Economy, Poverty, and Gender

6. **Macroeconomic impact.** The gross regional domestic product for Central Sulawesi is expected to fall by 4.5% and the economy is not likely to recover to pre-disaster levels until 2021.<sup>8</sup> ADB estimates suggest a potential negative impact on the national growth rate as high as 0.1% of gross regional domestic product for 2019, representing losses of Rp16.2 trillion (\$1.1 billion equivalent).

7. **Impact on poverty.** In March 2018, before the disasters, the percentage of the population living below the poverty line was 14.0% in Central Sulawesi—high compared with the national average of 9.82%.<sup>9</sup> The poverty gap is also substantially higher than the national average. This suggests that the poor are likely to be pushed deeper into poverty because of the disasters. ADB estimates suggest an increase in the poverty incidence from 14.0% before to 16.6% after the disasters in Central Sulawesi.

8. **Gender impact.** The impact of the disasters is particularly acute for women and girls. The International Organization for Migration estimated that more than half of the Central Sulawesi inhabitants internally displaced because of the disasters are women. Of the 1.4 million people affected by the disasters, more than 350,000 are women of reproductive age at increased risk of sexual and gender-based violence; and 45,300 were pregnant during the time of the disasters. Following the disasters, the burden of work on women and the time spent on household and caring responsibilities are likely to have increased. If women are involved in leading the recovery and reconstruction, they can become important agents of change.

<sup>7</sup> Damage is the replacement costs of physical assets and infrastructure totally or partially destroyed in the affected areas; losses are changes in economic flows arising from the disaster which continue until the achievement of full recovery and reconstruction; and needs is the amount of finance required to reconstruct the damaged infrastructure and physical assets to higher standards of resilience. Source: European Union. 2014. *Post-Disaster Needs Assessments*. Brussels.

<sup>8</sup> ADB estimates.

<sup>9</sup> Statistics Indonesia. 2017. *Executive Summary of Consumption and Expenditure of Population of Indonesia – September 2017 SUSENAS*. Jakarta.

### 3. Impact on Sectors

9. **Human settlements and associated infrastructure.** The disasters damaged public buildings (government buildings, schools, hospitals, and health centers); private housing; and urban infrastructure facilities (water supply and sanitation system):

- (i) About 68,200 houses were partially damaged or destroyed across Palu, Donggala, Sigi, and Parigi Moutong, leading to significant displacement. Since reconstruction is impossible in the liquefaction-affected areas, new sites need to be identified for the relocation of affected households.
- (ii) About 1,500 educational institutions were damaged, of which 318 were severely damaged. The damages in educational institutions resulted in losses, including disruption in the academic calendar because of school closures and arrangements for temporary schools.
- (iii) 67 health centers and 17 hospitals were damaged in Central Sulawesi, hampering health service delivery and the response to the expected outbreak of diseases, such as dengue and malaria.
- (iv) Prior to the disasters, about 23,000 households in Palu city were connected to a piped water system. As a result of damage to water intakes, water treatment plants, and the water supply network, it is estimated that currently, only about 10,000 households are connected to a piped water system, resulting in increased dependence on groundwater sources that could be contaminated by the corpses of victims buried in liquefaction sites.

10. **Water resources and associated infrastructure.** About 42 km of the Palu–Sigi–Donggala (PASIGALA) raw water transmission was damaged, compromising water supply to all three centers. In addition, the Gumbasa irrigation system, supplying a command area of 8,180 hectares, was destroyed, leaving 5,000 farmers without access to irrigation water for the 2019 planting season. The farmers lost their 2018 harvest and harvests for the next two seasons are compromised, with an estimated yield loss of 48,000 tons per harvest. The damages to 16 km of river ways and 20 km of coastal protection exposed about 30,000 households to flood risks.

11. **Connectivity and transport infrastructure.** The disasters damaged at least 100 km of road network and 11 bridges in Central Sulawesi. The 2,500-meter runway at Mutiara Sis Al Jufri Airport, the main airport in Central Sulawesi, suffered significant damage along its entire length, leaving only a 2,250-meter section of runway available for aircraft operations. The airport's terminal building, warehouse, control tower, and other structures suffered serious damage and now pose safety risks to occupants. Damage to marine facilities, backup and storage areas, and buildings significantly reduced operations at the ports of Pantoloan, Donggala, and Wani. The damaged transportation infrastructure severely limits rehabilitation and reconstruction efforts.

### 4. Rehabilitation and Reconstruction Strategy

12. **Government's rehabilitation and reconstruction strategy.** The government finalized the Master Plan in December 2018; the National Development Planning Ministry (BAPPENAS) led the process in coordination with other line agencies, including the Ministry of Public Works and Housing (MPWH), the Ministry of Agrarian Affairs and Spatial Planning, the Ministry of Energy and Mineral Resources, BNPB, and the Geospatial Information Agency. Recognizing that the liquefaction-prone areas in Central Sulawesi are not suitable for reconstruction, the Master Plan identifies the relocation sites for planning by the MPWH.

13. **Development partner coordination.** While an early recovery cluster led by the BNPB and the United Nations Development Programme supported the provincial government in assessing the post-disaster and recovery needs, BAPPENAS took the lead in coordinating with the main development partners—including ADB, the Japan International Cooperation Agency (JICA), German development cooperation through KfW, and the World Bank—to finance the larger rehabilitation and reconstruction needs. Development partners closely coordinate efforts both in Jakarta and in Central Sulawesi. The World Bank’s proposed support covers housing and associated infrastructure and social sectors; JICA’s proposed support covers master planning, roads, bridges and water resources infrastructure.<sup>10</sup>

14. **ADB support for response and recovery.** ADB’s immediate support to the government was comprehensive and comprised:

- (i) an emergency grant from the Asia Pacific Disaster Response Fund, approved in October 2018 and utilized by BNPB for provision of support to victims of the disasters;<sup>11</sup> and
- (ii) a quick-disbursing loan for Emergency Assistance for Recovery and Rehabilitation from Recent Disasters,<sup>12</sup> approved in November 2018 and fully disbursed in January 2019 to support the immediate and near-term financing requirements for recovery in Lombok and Central Sulawesi, such as temporary schools, cash transfer for victims, livelihood assistance, and training and skills development; ADB is currently supporting the government in monitoring and evaluation including financial reporting of the above activities.

15. **ADB’s support for reconstruction.** ADB continued to support the government in preparing for the reconstruction of critical infrastructure through various resources that comprised:

- (i) technical assistance (TA) grants from various sources that supported the government in undertaking the post-disaster needs assessment, and preparing the Master Plan and a framework for monitoring the Master Plan’s implementation;<sup>13</sup>
- (ii) funds from two ongoing loans—Accelerating Infrastructure Delivery through Better Engineering Services Project<sup>14</sup> and Flood Management in Selected River Basins Sector Project<sup>15</sup>—to prepare detailed engineering designs for water resources and urban infrastructure facilities under the EARR; and
- (iii) inputs from ADB’s knowledge partners<sup>16</sup> and ADB staff to assist government agencies in planning and preparing reconstruction works.

<sup>10</sup> Emergency Assistance Coordination (accessible from the list of linked documents in Appendix 2) provides more information on coordination and division of tasks among development partners.

<sup>11</sup> ADB. 2018. [ADB Approves Initial Grant for Sulawesi Earthquake and Tsunami Affected Areas](#). Manila.

<sup>12</sup> ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the Emergency Assistance for Recovery and Rehabilitation from Recent Disasters*. Manila.

<sup>13</sup> TA grants are being provided from various sources, including (i) the ADB-administered Urban Climate Change Resilience Trust Fund, financed by the governments of the United Kingdom and Switzerland and by the Rockefeller Foundation; (ii) Southeast Asia Urban Services Facility; and (iii) the Sustainable Infrastructure Assistance Program Phase II, financed by the Government of Australia.

<sup>14</sup> ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Technical Assistance Loan to the Republic of Indonesia for the Accelerating Infrastructure Delivery through Better Engineering Services Project*. Manila. (Loan 3455-INO).

<sup>15</sup> ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the Flood Management in Selected River Basins Sector Project*. Manila. (Loan 3440-INO).

<sup>16</sup> The Government of the Netherlands provided technical expertise to review the engineering design for urgent coastal protection. The European Space Agency provided mapping services that supported the formulation of the Master Plan. The Asian Institute of Technology, Bangkok helped interpret satellite images and supported needs assessments.

16. **Extended emergency phase.** The government extended the emergency phase twice, and the transition to the reconstruction phase did not occur until 24 April 2019. The extensions were justified by the complexity of the disaster impacts including complications from liquefaction, requiring coordination between central and local government agencies on exposure to future natural disasters, damage assessments, response options, and alignment of the Master Plan for reconstruction; and coordination and consolidation of the assistance packages proposed by the development financing agencies involved.

17. **Modality.** The proposed EALs use the sector lending approach, which is considered most appropriate because it (i) will support the government in implementing the sector priorities of the Master Plan; (ii) is designed to provide assistance to ease the transition from recovery to normal development through quick support for reconstruction; and (iii) will allow a quick response and maximum flexibility in selecting multiple priority subprojects within the agreed criteria.<sup>17</sup>

## 5. Strategic Alignment and Value Addition

18. **Lessons from post-disaster reconstruction.** A review of ADB-wide experience with emergency assistance indicates the following lessons: (i) projects must be prepared in line with the government's reconstruction planning process and timeline, and should focus on priority infrastructure; (ii) as implementation places a heavy burden on executing and implementing agencies, strong consulting support and ADB supervision are needed during implementation; (iii) the criteria for subproject selection should permit simple prioritization of subprojects and demand short implementation periods; and (iv) reconstruction should feature build-back-better principles.

19. **Alignment with ADB's strategy.** The EARR contributes to the objectives of ADB's country partnership strategy for Indonesia, 2016–2019.<sup>18</sup> It is consistent with the operational priorities of ADB's Strategy 2030—poverty alleviation, gender equality, climate change adaptation, disaster resilience and environmental sustainability, and promoting rural development and food security.<sup>19</sup> The EARR also promotes a stronger, faster, and integrated response based on prior experience and knowledge of disaster response approaches, and is delivered through a One ADB team.<sup>20</sup>

20. **Value addition of ADB's engagement.** By effectively using ADB knowledge solutions and partnerships (footnote 16), the EARR will promote build-back-better principles by (i) designing disaster-resilient infrastructure in consideration of international good practices, new technology, and alternative construction materials; (ii) strengthening the capacity of national and subnational agencies for constructing disaster- and climate-resilient infrastructure; (iii) strengthening capacity

<sup>17</sup> Subprojects to be selected should meet the following criteria: (i) it should be listed in the Master Plan for Recovery and Reconstruction for Central Sulawesi; (ii) it will involve reconstructing, retrofitting, or repairing damaged infrastructure consistent with the EARR output descriptions; (iii) it will involve restoring, improving or building back better damaged facilities to pre-disaster conditions; (iv) it will not include financing deferred operation and maintenance activities; and (v) it will not be assessed as category A for safeguards.

<sup>18</sup> Government of Indonesia. 2015. *Rencana Pembangunan Jangka Menengah Nasional, 2015–2019*. Jakarta. (National Medium-Term Development Plan); and ADB. 2016. *Country Partnership Strategy: Indonesia, 2016–2019—Towards a Higher, More Inclusive, and Sustainable Growth Path*. Manila.

<sup>19</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

<sup>20</sup> The EARR processing team led by the Southeast Asia Department comprised members from the Procurement, Portfolio, and Financial Management Department; the Office of the General Counsel; and the Sustainable Development and Climate Change Department; East Asia Department and the Pacific Department supported through peer review.

and processes for better operation and maintenance (O&M) of restored infrastructure, including community-based approaches to routine maintenance, where applicable; and (iv) introducing earth-observation technology to monitor reconstruction.

21. Additionally, a separate TA being proposed for financing by the Japan Fund for Poverty Reduction, will support the executing agencies with EARR implementation, enhance monitoring and evaluation of reconstruction efforts including those under the EARRD (footnote 12), and provide training on disaster preparedness.<sup>21</sup>

## B. Impact and Outcome

22. The EARR is aligned with the following impact: socioeconomic impact of disasters reduced.<sup>22</sup> The EARR will have the following outcome: access for affected people, including women and children, to resilient and inclusive infrastructure restored.<sup>23</sup>

## C. Outputs

23. The EARR has two components covering critical infrastructure investments. The selection of outputs was determined by (i) the extent of damage suffered by different sectors, and (ii) close consultation with government and development partners to ensure minimal overlap in the overall support. In line with the sector lending approach, potential subprojects to be financed under the EARR will need to comply with the applicable selection criteria as included in the project administration manuals (PAMs).<sup>24</sup>

### 24. Component 1: Public works infrastructure:

- (i) **Output 1: Human settlement infrastructure constructed, rehabilitated, and upgraded.** The output will construct, rehabilitate, and/or upgrade (a) education facilities,<sup>25</sup> and (b) water supply (treatment and distribution facilities) infrastructure. The facilities will be built back better to higher standards of disaster resilience, which will ensure that risks from future hazards are reduced through structural design features. At the same time, nonstructural measures such as disaster preparedness plans will also be implemented. The output will ensure that sustainability plans are in place and the capacity of agencies is strengthened to better manage water supply services.
- (ii) **Output 2: Water resource infrastructure constructed, rehabilitated, and upgraded.** The output will (a) reconstruct the Gumbasa irrigation system, (b) reconstruct and upgrade the PASIGALA raw water supply system, and (c) construct coastal protection to prevent erosion and tidal flooding. Where possible, nature-based solutions will be promoted. The river basin organization will be strengthened to better design resilient infrastructure, improve the O&M of assets, and stay equipped with hydrometeorological instruments for managing water flows across the river basin.

<sup>21</sup> Japan Fund for Poverty Reduction is a possible funding source subject to the approval of the Government of Japan.

<sup>22</sup> Government of Indonesia. *National Medium-Term Development Plan 2016–2019*. Jakarta.

<sup>23</sup> The design and monitoring framework is in Appendix 1.

<sup>24</sup> An indicative list of potential subprojects is set out in the Project Administration Manual (PAM) for Component 1: Public Works Infrastructure and the PAM for Component 2: Transportation Infrastructure (accessible from the list of linked documents in Appendix 2). The PAMs also provide a summary of remedial measures being taken by the government to ensure service provision in anticipation of the EARR.

<sup>25</sup> This includes reconstruction of the National Islamic University, one of the main universities in Central Sulawesi with a student population of about 8,000 students on a campus of about 5 hectares, which was severely damaged by the tsunami.

25. **Component 2: Transportation infrastructure:**
- (i) **Output 3: Ports rehabilitated and reconstructed.** The output will (a) rehabilitate the damaged ports in Pantoloan, Donggala, and Wani; (b) restore and improve their operating capacity; and (c) establish safety and emergency response plans for the rehabilitated ports.
  - (ii) **Output 4: Airport rehabilitated and reconstructed.** The output will repair and/or reconstruct the runway, terminal building, and related infrastructure of Mutiara Sis Al Jufri Airport in Palu and will establish a safety and emergency response plan for the rehabilitated airport.
26. **Meeting EAL characteristics.** With its focus on rehabilitation and reconstruction of high-priority infrastructure, the proposed EALs complement the Asia Pacific Disaster Response Fund grant (footnote 11) and the Emergency Assistance for Recovery and Rehabilitation from Recent Disasters loan (footnote 12). The proposed EALs meet all eligibility criteria and all relevant characteristics for ADB's emergency assistance financing as:<sup>26</sup>
- (i) they help rebuild high-priority physical assets, such as the Gumbasa irrigation system and the ports, and restore economic, social and governance activities;
  - (ii) they are designed to mitigate immediate losses to priority assets such as the water supply systems and address capacity constraints and productivity;
  - (iii) they provide immediate short-term transitional assistance such as the rehabilitation of the airport in Palu;
  - (iv) they are restricted to the transition phase and exclusively for priority rehabilitation; and
  - (v) they complement efforts by other development partners to ease the transition from relief to normal development.

#### D. Summary Cost Estimates and Financing Plans

27. **Investment plan.** The EARR is estimated to cost \$360 million (Table 2). Detailed cost estimates by expenditure category and by financier are in the PAM for each component.

**Table 2: Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
<b>Component 1: Public works Infrastructure</b>	
Output 1: Human settlement infrastructure constructed, rehabilitated, and upgraded	43.97
Output 2: Water resource infrastructure constructed, rehabilitated, and upgraded	153.03
<b>Component 2: Transportation Infrastructure</b>	
Output 3: Ports rehabilitated and reconstructed	79.40
Output 4: Airport rehabilitated and reconstructed	25.72
<b>Subtotal (A)</b>	<b>302.12</b>
<b>B. Contingencies<sup>c</sup></b>	<b>41.34</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>16.54</b>
<b>Total (A+B+C)</b>	<b>360.00</b>

<sup>a</sup> Includes taxes and duties of \$27.44 million. Such amount does not represent an excessive share of the project cost. The government will finance taxes and duties through exemption and/or cash contribution.

<sup>b</sup> In May 2019 prices.

<sup>c</sup> Physical contingencies computed at 6% for civil works and mechanical works and equipment; and 7% for environmental and social mitigation, consultants, and recurrent costs. Price contingencies computed at an average

<sup>26</sup> ADB. 2004. *Disaster and Emergency Assistance Policy*. Manila (paras. 85-88, and 92).

of 3.86% on foreign exchange costs and 8.32% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for the ordinary capital resources loans have been computed at the 5-year United States dollar fixed swap rate plus an effective contractual spread of 0.5%. Commitment charges are 0.15% per year to be charged on the undisbursed loan amount.

Sources: Asian Development Bank and government estimates.

28. **Financing plan.** The government has requested two EALs in the aggregate amount of \$297.75 million, comprising a regular loan of \$188 million for component 1 and a regular loan of \$109.75 million for component 2, from ADB's ordinary capital resources, to help finance the EARR.<sup>27</sup> Both loans will have a 20.5-year term, including a grace period of 5 years; an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per year, and such other terms and conditions set forth in the draft loan agreement. Based on the straight-line repayment method, the average maturity is 13 years, and there is no maturity premium payable to ADB.

29. The proposed EALs will finance (i) civil works and equipment, (ii) consulting services, and (iii) capacity building. The government will provide \$62.25 million equivalent to cover (i) land acquisition and resettlement costs, (ii) incremental administration costs, (iii) financing charges during construction, and (iv) taxes and duties. If requested by the government, land acquisition and resettlement costs may be financed by the proposed EALs, subject to requisite due diligence, as determined during implementation. Climate adaptation is estimated to cost \$36 million. ADB will finance 100% of the adaptation costs. The summary financing plan is in Table 3.

**Table 3: Summary Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (regular loan) – component 1	188.00	52.2
Ordinary capital resources (regular loan) – component 2	109.75	30.5
Government of Indonesia	62.25	17.3
<b>Total</b>	<b>360.00</b>	<b>100.0</b>

Sources: Asian Development Bank and the Government of Indonesia.

## E. Implementation Arrangements

30. **Steering committees.** A national steering committee comprising the Ministry of Finance, BAPPENAS, the MPWH, the Ministry of Transportation (MOT), and the Ministry of Religious Affairs will guide the EARR implementation. A provincial coordinating committee comprising the governor, district and city heads, and related sector agencies will support EARR implementation. Both committees will also ensure coordination with other ministries and development partners, and communication with stakeholders.

31. **Executing agencies and implementing agencies.** The MPWH will be the executing agency for component 1, and MOT for component 2. The MPWH's Directorate General of Human Settlements will be the implementing agency for output 1. The Directorate General of Water Resources, MPWH, will be the implementing agency for output 2. Two project implementation units (PIUs) will be established in Palu: the Central Sulawesi Settlement Infrastructure Agency of the Directorate General of Human Settlements, and the River Basin Organization (*Balai Wilayah Sungai*) Sulawesi III of the Directorate General of Water Resources. MOT's Directorate General of Sea Transportation will be the implementing agency for output 3 and its Directorate General of

<sup>27</sup> At the government's request, the EARR is structured as two EALs to streamline project execution and loan utilization oversight by the respective executing agencies.

Civil Aviation will be the implementing agency for output 4. Central project management units will be established in the MPWH and MOT.

32. **Consultant support.** The MPWH will recruit a project management consultant using the proposed EAL proceeds for EARR management. MOT's project management capability will be supplemented by consultants funded by EARR and ADB's technical assistance resources.<sup>28</sup> Engineering and management consultants at MPWH implementing agencies and consulting firms at MOT implementing agencies will support the implementation of safeguard measures and the gender action plan (GAP), support financial management, and undertake construction supervision.

33. **EARR readiness.** The MPWH has initiated advance actions to recruit consultants to prepare detailed engineering designs (DEDs), environmental and social safeguard plans, financial and economic analyses, and bidding documents for the Gumbasa irrigation system, the PASIGALA raw water supply system, and the water distribution system under the Better Engineering Services Project (footnote 14). The DED for coastal protection works was completed through the River Basins Sector Project (footnote 15). MOT will recruit consulting firms to undertake surveys, prepare conceptual designs, and prepare DEDs. The implementation arrangements are summarized in Table 4 and described in detail in the PAMs.<sup>29</sup>

**Table 4: Implementation Arrangements**

Aspects	Arrangements		
Implementation period	July 2019–March 2023 The extended implementation period is justified given the complex nature of the disaster events, extreme destruction and dislocation, multiple sectors to be covered, and low provincial capacity.		
Estimated completion date	31 March 2023		
Estimated loan closing date	30 September 2023		
<b>Management</b>			
(i) Executing agency	Ministry of Public Works and Housing for component 1 Ministry of Transportation for component 2		
(iii) Key implementing agencies	Output 1: Directorate General of Human Settlements Output 2: Directorate General of Water Resources Output 3: Directorate General of Sea Transportation Output 4: Directorate General of Civil Aviation		
(iv) Implementation units	Output 1: Central Sulawesi Settlement Infrastructure Agency Output 2: Central Sulawesi River Basin Organization Output 3: Directorate for Port Affairs Output 4: Directorate for Airports		
Procurement	OCB (international and national advertisement)	multiple contracts	\$255.0 million
	RFQ	1 goods contract	\$0.4 million
Consulting services	QCBS	4 contracts	\$13.0 million
	ICS	multiple person-months	\$0.9 million
	CQS	2 contracts	\$1.8 million
	Resource person	multiple person-months	\$0.2 million
Retroactive financing and/or advance contracting	Advance contracting and retroactive financing may be used for up to 30% of each loan amount and may finance costs incurred after 28 September 2018 for works, goods, and services		

<sup>28</sup> ADB. 2018. *Transaction Technical Assistance Cluster to the Republic of Indonesia: Sustainable Infrastructure Assistance Program Phase II*. Manila.

<sup>29</sup> Project Administration Manuals (accessible from the list of linked documents in Appendix 2).

Aspects	Arrangements
Disbursement	The loan proceeds will be disbursed following ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.

ADB = Asian Development Bank, CQS = consultants' qualification selection, ICS = individual consultant selection, OCB = open competitive bidding, QCBS = quality- and cost-based selection, RFQ = request for quotation.  
Sources: Asian Development Bank and Government of Indonesia.

34. Procurement of goods, works, and consulting services will be carried out in a manner consistent with the simplified and expedient procedures of ADB's Disaster and Emergency Assistance Policy (2004), ADB Procurement Policy (2017, as amended from time to time), and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

35. Civil works and goods contracts will be awarded through open competitive bidding using the national or international advertisement method as applicable. The national electronic public procurement system may be used, provided the system accommodates necessary modifications to comply with ADB requirements. Post review (sampling) will be applied for most procurement packages. All procurement packages under MOT and all contract packages above \$40 million and all first packages under the MPWH will follow ADB prior review.

**III. DUE DILIGENCE**

**A. Technical**

36. EARR will consider disaster risk, climate hazards, build-back-better principles, and gender-sensitive and inclusive features. Development control regulations and building codes will consider flooding, tsunami, and seismic hazards. Disaster preparedness plans will be developed in consultation with the respective stakeholders. Subproject selection will follow the agreed selection criteria (footnote 17), and the design will (i) consider technical alternatives and select options based on least lifecycle cost and economic viability; (ii) maximize support to communities and minimize adverse environmental and social impacts; and (iii) optimize implementation period.

**B. Economic and Financial**

37. The EARR is likely to generate significant social and economic benefits to the affected population by restoring access to education facilities, water supply services, irrigation, ports, and the airport. However, because of the short time between receiving the financing request from the government and processing the EARR, it was not possible to collect data and undertake full economic due diligence prior to seeking the ADB Board of Directors approval. Therefore, economic due diligence will be conducted on all subprojects during EARR implementation in line with ADB guidelines on economic analysis to ensure that the subprojects are economically viable.

38. EARR-restored infrastructure will be maintained using the respective ministries' recurrent budget. The EARR will ensure that O&M processes and capacity are in place to optimize investment sustainability. Financial due diligence, including detailed cost estimates, financing plan, and financial analysis (recurrent cost analysis for nonrevenue-generating subprojects), will be conducted for each subproject as per the requirements listed in the PAMs.

## C. Governance

39. The EARR implementation and financial management will be aligned with the government's standard operating procedures. The overall procurement classification for the EARR is medium risk (category medium). The premitigated financial management risk level for the EARR is high because of the complex implementation arrangements and the limited experience of some implementing agencies with management of ADB projects.

40. Following a financial management assessment, risks were identified and are addressed through mitigation measures in the Financial Management, Internal Control, Risk Assessment and Mitigating Action Plan,<sup>30</sup> which will be closely monitored during EARR implementation. Overall, EARR has a high risk of not applying adequate financial management systems and controls because of its focus on quick implementation. The executing agencies will assign a financial management specialist to provide support and oversight during implementation and to ensure that risks and mitigation activities are identified and executed in a timely fashion.

41. ADB's Anticorruption Policy (1998, as amended to date) and ADB's Integrity Principles and Guidelines were explained to and discussed with the government.<sup>31</sup> The specific policy requirements and supplementary measures are described in the PAMs (footnote 29).

## D. Poverty, Social, and Gender

42. By restoring access to critical infrastructure, the EARR is expected to help mitigate the adverse poverty, social and gender impacts of the disasters on the affected population. While outputs under component 1 will help restore livelihoods and address food security and health, outputs under component 2 will help rehabilitate key infrastructure to support access to markets and facilitate trade.

43. The EARR is categorized as effective gender mainstreaming at entry, and its GAP<sup>32</sup> will:

- (i) promote local consultations with women (45% women's participation) in the rehabilitation and reconstruction process;
- (ii) integrate gender-responsive and inclusive physical design features and/or safety measures for women, children, the elderly, and people with disabilities in the rehabilitated or reconstructed infrastructure; and
- (iii) develop safety standards for disaster-resilient infrastructure and/or disaster preparedness and response plans.

44. The GAP was prepared to support BNPB Regulation No. 13 Year 2014 on Gender Mainstreaming in Disaster Management, which mandates gender-responsive planning and budgeting during rehabilitation and reconstruction.

---

<sup>30</sup> Included in the Financial Management Assessment (accessible from the list of linked documents in Appendix 2).

<sup>31</sup> ADB. 2015. *Integrity Principles and Guidelines (2015)*. Manila.

<sup>32</sup> Gender Action Plan (accessible from the list of linked documents in Appendix 2).

## E. Safeguards

45. In compliance with ADB's Safeguard Policy Statement (2009), the EARR's safeguard categories are detailed below.<sup>33</sup> The EARR follows a sector lending approach, and safeguards planning documents will be prepared in accordance with agreed frameworks. Subprojects classified as category A for environment, involuntary resettlement, or indigenous people are not eligible for financing by the proposed EALs.<sup>34</sup>

46. **Environment (category B).** An environmental assessment and review framework (EARF)<sup>35</sup> was prepared and disclosed on 29 May 2019, following ADB's Safeguard Policy Statement as well as government laws and regulations. Subprojects in protected areas, including those either legally protected or officially proposed for protection, will not be considered.<sup>36</sup> Initial environmental examinations and environmental management plans will be prepared consistent with the EARF, and will be incorporated in contract documents to be implemented by contractors and monitored by the implementing agencies.

47. **Involuntary resettlement (category B).** A Resettlement and Customary Communities Development Framework (RCCDF)<sup>37</sup> that combines the involuntary resettlement framework with the indigenous people's development framework was prepared and disclosed on 29 May 2019 following ADB's Safeguard Policy Statement as well as government laws and regulations. Resettlement plans and indigenous people's development plans will be prepared consistent with the RCCDF. The start of civil works and/or restrictions to the use of land resources will not be allowed unless customary communities are fully compensated, and all entitlements provided.<sup>38</sup>

48. **Indigenous people (category B).** The EARR will ensure that indigenous people affected by the disasters will receive culturally appropriate social and economic benefits, participate actively in the EARR, and not suffer adverse impacts as a result of the EARR.<sup>39</sup>

49. The EARR consultants will include environment and resettlement specialists to support safeguard screening, preparation, and implementation of safeguard plans consistent with the EARF and the RCCDF. Consultants supporting the PIUs will collate and submit semiannual monitoring reports (one for the environment and one for involuntary resettlement) that describe progress of safeguard implementation, compliance issues, and corrective actions. Reports will be posted on the executing agencies' websites and made accessible to affected people. The executing agencies will establish a grievance redress mechanism to facilitate the resolution of complaints relating to safeguards.

---

<sup>33</sup> ADB. Safeguard Categories. <https://www.adb.org/site/safeguards/safeguard-categories>.

<sup>34</sup> Subprojects classified as category A are those likely to have significant impacts that are irreversible, diverse, or unprecedented as per ADB's Safeguard Policy Statement.

<sup>35</sup> Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

<sup>36</sup> Including (i) protected areas as defined in Annex III of Minister of Environment Regulation No. 5/2012 on Types of Business Plans and/or Activities Requiring AMDAL and (ii) key biodiversity areas as defined in the World Database of Key Biodiversity Areas.

<sup>37</sup> Resettlement and Customary Communities Development Framework (accessible from the list of linked documents in Appendix 2).

<sup>38</sup> Following screening through the subproject selection criteria, the implementing agency will classify subprojects at the earliest stage of preparation, i.e., as soon as sufficient information is available for this purpose.

<sup>39</sup> The RCCDF will ensure that the EARR activities are implemented to foster full respect for the identity, dignity, human rights, livelihood systems, and cultural uniqueness of indigenous people in the area.

## F. Summary of Risk Assessment and Risk Management Plan

50. Significant risks and mitigating measures are summarized in Table 5 and described in detail in the risk assessment and risk management plan.<sup>40</sup>

**Table 5: Summary of Risks and Mitigating Measures**

<b>Risks</b>	<b>Mitigation Measures</b>
Limited implementing capacity of local contractors and limited number of skilled laborers in the affected area may delay the completion of works within the target period.	ADB will closely review bidder's qualification criteria in light of contractor and supplier capacity. Consulting services for construction supervision will ensure support to executing agencies and implementing agencies on contract management.
Delayed allocation for the EARR in the <i>Daftar Isian Pelaksanaan Anggaran</i> (annual budget), resulting in implementation delays.	ADB and the EARR implementing teams will have regular dialogue with planning subdirectorates from different implementing agencies, including local governments, to ensure timely budget allocation and reallocation.
MOT does not have recent experience in ADB procurement and consultant selection procedures, and with safeguard planning and implementation.	MOT has gained significant experience in implementing projects financed by development partners, including in the procurement of large contracts. ADB will continuously support procurement and safeguard training to MOT staff. ADB will provide complementary technical assistance during EARR implementation.
Financial management systems and controls are not adequately applied given the focus on expediting implementation, complex implementation arrangements, and limited capacity of executing agency and implementing agencies.	The financial management action plan prepared to mitigate the risks will be closely monitored during implementation. Executing agencies will assign financial management specialists to provide support and oversight during implementation and ensure that the financial management action plan is soundly implemented.

ADB = Asian Development Bank, MOT = Ministry of Transportation.

Source: Asian Development Bank.

## IV. ASSURANCES

51. The government has assured ADB that implementation of the EARR shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAMs and loan agreement. The government has agreed with ADB on certain covenants for the EARR, which are set forth in the draft loan agreement.

## V. RECOMMENDATION

52. I am satisfied that the proposed loans would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve (i) the loan of \$188,000,000 for component 1; and (ii) the loan of \$109,750,000 for component 2, both to the Republic of Indonesia for the Emergency Assistance for Rehabilitation and Reconstruction, from ADB's ordinary capital resources, on regular terms, with interest to be determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a term of 20.5 years, including a grace period of 5 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Takehiko Nakao  
President

4 June 2019

<sup>40</sup> Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the EARR is Aligned with</b>			
Socioeconomic impact of disasters reduced (National Medium-Term Development Plan [RPJMN] 2016–2019) <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<p><b>Outcome</b></p> <p>Access for affected people, including women and children, to resilient and inclusive infrastructure restored</p>	<p>By end of 2023:</p> <p>At least 200,000 individuals have access to infrastructure that is resilient, inclusive, and operational (2019 baseline: 0)</p>	<p>Periodic progress reports prepared by the executing agencies</p>	<p>Disaster events occur during the implementation period.</p>
<p><b>Outputs</b></p> <p>1. Human settlement infrastructure constructed, rehabilitated, and upgraded</p> <p>2. Water resource infrastructure constructed, rehabilitated, and upgraded</p>	<p>By 2023:</p> <p>1a. At least one educational institution reconstructed to disaster-resilient standards and with gender-responsive<sup>b</sup> and inclusive<sup>c</sup> features (2019 baseline: 0)</p> <p>1b. At least 35,000 household service connections (benefiting at least 66,000 women and girls)<sup>d</sup> for potable water supply established with prior consultation (45% participation of women in consultations) (2019 baseline: 10,000 household service connections)</p> <p>2a. Gumbasa irrigation system reconstructed to disaster-resilient standards and with safety measures,<sup>e</sup> to serve an area of 6,968 hectares (2019 baseline: 0)</p> <p>2b. 42 kilometers of Palu–Sigi–Donggala raw water transmission system reconstructed and upgraded (2019 baseline: 0)</p> <p>2c. Seven kilometers of coastal protection constructed (2019 baseline: 0)</p>	<p>1a.–b. Periodic progress report prepared by the Ministry of Public Works and Housing and local governments</p> <p>2a.–c. Periodic progress report prepared by the Ministry of Public Works and Housing and local governments</p>	<p>Delay in implementation because of labor and material shortages</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
3. Ports rehabilitated and reconstructed	3a. Three ports rehabilitated to disaster-resilient standards and with gender-responsive and inclusive features <sup>f</sup> (2019 baseline: 0)	3a. Periodic progress report prepared by the Ministry of Transportation	
4. Airport rehabilitated and reconstructed	4a. One airport rehabilitated and/or reconstructed to disaster-resilient standards and with gender-responsive and inclusive features <sup>f</sup> (2019 baseline: 0)	4a. Periodic progress report prepared by the Ministry of Transportation	
<b>Key Activity with Milestone</b>			
<p><b>1. Human settlement infrastructure constructed, rehabilitated, and upgraded</b></p> <p>1.1 Recruit consultants under the Accelerating Infrastructure Delivery through Better Engineering Services Project<sup>9</sup> (by Q4 2019).</p> <p>1.2 Identify and appraise subprojects, as required (by Q2 2020).</p> <p>1.3 Prepare engineering designs and bidding documents, and undertake social and environmental safeguards activities (by Q3 2020).</p> <p>1.4 Procure works (by Q1 2021).</p> <p>1.5 Construct assets (by Q4 2022).</p> <p>1.6 Assets operational (by Q1 2023).</p> <p><b>2. Water resource infrastructure constructed, rehabilitated, and upgraded</b></p> <p>2.1 Recruit consultants under the Accelerating Infrastructure Delivery through Better Engineering Services Project<sup>9</sup> (by Q4 2019).</p> <p>2.2 Identify and appraise subprojects, as required (by Q1 2020).</p> <p>2.3 Prepare engineering designs and bidding documents, and undertake social and environmental safeguards activities (by Q1 2021).</p> <p>2.4 Procure works (by Q2 2021).</p> <p>2.5 Construct assets (by Q3 2022).</p> <p>2.6 Assets operational (by Q3 2022).</p> <p><b>3. Ports rehabilitated and reconstructed</b></p> <p>3.1 Recruit consultants (by Q4 2019).</p> <p>3.2 Identify and appraise subprojects, as required (by Q1 2020).</p> <p>3.3 Prepare engineering designs and bidding documents, and undertake social and environmental safeguards activities (by Q2 2020).</p> <p>3.4 Procure works (by Q4 2020).</p> <p>3.5 Construct assets (by Q2 2022).</p> <p>3.6 Assets operational (by Q3 2022).</p> <p><b>4. Airport rehabilitated and reconstructed</b></p> <p>4.1 Recruit consultants (by Q3 2019).</p> <p>4.2 Identify and appraise subprojects, as required (by Q3 2019).</p> <p>4.3 Prepare engineering designs and bidding documents, and undertake social and environmental safeguards activities (by Q4 2019).</p> <p>4.4 Procure works (by Q2 2020).</p> <p>4.5 Construct assets (by Q3 2021).</p> <p>4.6 Assets operational (by Q4 2021).</p>			

<b>Inputs</b> Asian Development Bank: \$188 million (loan) and \$109.75 million (loan) Government of Indonesia: \$62.25 million
<b>Assumptions for Partner Financing</b> Not applicable

Q = quarter.

<sup>a</sup> Government of Indonesia. *National Medium-Term Development Plan 2016–2019*. Jakarta.

<sup>b</sup> The term “gender-responsive features” refers to the different needs of women and men. In the context of infrastructure, this may include lactation rooms, separate toilets for men and women (the ratio depending on the expected number of respective users), and doors and features that ensure privacy.

<sup>c</sup> The term “inclusive features” refers to features in a building that improve the accessibility of people with disabilities, e.g., accessible routes, ramp, accessible toilets, dedicated parking, and signage. Also refer to Regulation of Minister of Public Works and Housing No. 45/PRT/M/2007 on State Buildings, Regulation of Minister of Public Works and Housing No. 14/PRT/M/2017 on Ease-of-Access Requirements to Building, and Law No. 8/2016 on Persons with Disabilities.

<sup>d</sup> The population in Palu, Sigi, and Donggala is about 51% male and 49% female, and the average household size for Indonesia is 3.9 (*Badan Pusat Statistik*, Central Statistics Agency 2017).

<sup>e</sup> For example, irrigation fences installed in strategic points to ensure safety.

<sup>f</sup> These include (i) a well-lit waiting room with priority seating for pregnant women, children, the elderly, and persons with disabilities; and (ii) separate restrooms for men, women, and persons with disabilities (with an adequate ratio of women’s to men’s toilets). For more details, refer to the Gender Action Plan (accessible from the list of linked documents in Appendix 2).

<sup>g</sup> ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Technical Assistance Loan to the Republic of Indonesia for the Accelerating Infrastructure Delivery through Better Engineering Services Project*. Manila (Loan 3455-INO).

Source: Asian Development Bank.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/RRPs/?id=52316-001-3>

1. Loan Agreement
2. Summary Assessment of Damage and Needs
3. Project Administration Manual for Component 1: Public Works Infrastructure
4. Project Administration Manual for Component 2: Transportation Infrastructure
5. Contribution to the ADB Results Framework
6. Emergency Assistance Coordination
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy
9. Gender Action Plan
10. Environmental Assessment and Review Framework
11. Resettlement and Customary Communities Development Framework
12. Risk Assessment and Risk Management Plan

**Supplementary Document**

13. Financial Management Assessment