PAMSIMAS PROJECT

INDONESIA: THIRD WATER SUPPLY AND SANITATION FOR LOW INCOME COMMUNITIES PROJECT/PAMSIMAS PROJECT

Project Description

1. Lending instrument

GOI has expressed interest in the consolidation and mainstreaming of the various CDD initiatives in the WSS sector and wants a Specific Investment Loan (SIL) for PAMSIMAS as a bridging step towards an eventual sector-wide program approach to achieve the WSS MDGs. The GOI has chosen a SIL as the preferred lending instrument partly because of a well developed ability to implement this instrument, and positive past experience with the financing of WSLIC and similar CDD projects. But more importantly, a SIL is a good instrument for financing expenditures to build pre-determined capacities and activities for the delivery of specific services like water provision and sanitation – and for ensuring that the loan is used for such a purpose.

The SIL is especially appropriate, since the Project calls for “bridging activities” to prepare GOI to undertake a sector wide program to operationalize the implementation of the current CDD WSS policy framework and to establish fiduciary measures and safeguards necessary to carry out a sector wide approach (SWAp) to achieving WSS MDGs.” In this regard, GOI has agreed to allocate sufficient resources for carrying out these “bridging activities” in an integrated manner.

2. Project development objective and key indicators

The Project Development Objective is: To increase the percentage of low-income rural and peri-urban populations accessing improved water and sanitation facilities and practicing improved hygiene behaviors, through programmatic mainstreaming and scaling-up of a nationwide community-driven approach to WSS-MDGs.

It is expected that these outcomes will in turn lead to improved health status (as measured by a reduction in the incidence of water and hygiene related disease), and enhanced human and economic development brought about by time savings (as measured by increased earnings and improved school attendance and nutritional status of children). The increases in population access to and use of services and improvements in hygiene practices will be tracked over time by the Sustainability MIS data collection at four phases of the project and hygiene evaluation studies. An independent impact evaluation study will track changes in higher level human and economic development outcomes, even though it may not be possible to attribute them directly to project interventions alone.

PAMSIMAS is expected to achieve approximately 35-40% of the MDG for rural water supply and approximately 15-20% of the MDG for rural sanitation. The financing gap to achieve the MDGs beyond PAMSIMAS is estimated at approximately $1 billion.
3. Project Components

PAMSIMAS will be implemented on a programmatic basis as a central government project providing assistance directly to approximately 5000 selected villages in district governments that meet the project’s targeting and selection criteria. Under this mode of delivery, project funds will go directly to the participating villages. Participating district governments will be required to contribute 5% (IDR 15 million) of the total cost of this component, while benefiting communities will be required to contribute at least 20 percent of the total CAP costs, 4 percent in cash and 16 percent in-kind, bringing the total allocation per village to IDR 300 million. In addition each participating local government will implement a counterpart (replication) program in an additional number of communities funded through their local budgets but using the PAMSIMAS methodology and the same level of technical inputs and quality controls. A total of approximately 1000 villages are expected to be implemented under the district government counterpart program.

The Project Development Objective will be achieved through five components.

Component 1: Community Empowerment and Local Institutional Development (US$8.50 million): This component will support interventions at local community, District and Provincial levels. It will support and facilitate CDD planning and management of water, sanitation and hygiene improvement programs and it will build commitment and expand the capacity of central, provincial and district government
agencies to support existing improved systems and undertake PAMSIMAS replication beyond the immediate project target areas.

**Component 2: Improving Hygiene and Sanitation Behavior and Services (US$15.0 million):** This component will ensure that targeted community households gain access to improved sanitation facilities of their choice, are using improved WSS infrastructure effectively and are progressively adopting key hygiene practices.

**Component 3: Water Supply and Peri-Urban Sanitation Infrastructure (US$160.0 million):** Under this component the project will provide participating communities with a menu of technical options for water supply and peri-urban institutional sanitation infrastructure. The majority of financing is expected to fund the construction of new facilities but the rehabilitation of existing, non-functioning facilities is not excluded. Funding will be through block grants to beneficiary communities based on evaluation of the community action plan (CAP). The community will be fully responsible for operation and maintenance costs. In addition each participating district government will be required to implement a counterpart (replication) program, fully funded from the local government budget for a number of additional communities which will be agreed to as a condition of entry of the district governments into the project.

**Component 4: Innovation Development and Incentives Grants (US$2.0 million):** This component will provide incentives under two grant windows. Under **Sub-component 4.1(US$3.0 million)** the executing agency will finance grants to Districts. Grants will be awarded through a competitive process employing selection criteria agreed with the Bank. Districts which have demonstrated good practice in their support of CDD WSS and have exceeded implementation targets will be rewarded with incentive grants to further expand and sustain the program in their District. Under **Sub-component 4.2(US$2.0 million)** the project will finance grants to villages. Grants will be awarded through a competitive process employing selection criteria agreed with the Bank. Villages which have demonstrated good practice and exceeded the hygiene improvement, community mobilization, and WSS access targets identified in their CAP will be eligible for a grant to be used for further improvement of the community environment.

**Component 5: Implementation Support and Project Management (US$10.0 million):** Support for project implementation will cover (i) technical assistance for sectoral activities in training, capacity building, health, sanitation, and water supply at village, District, Provincial and Central levels of Government; (ii) project management and implementation oversight and quality control, in particular financial and technical monitoring and reporting of project components; and (iii) the evaluation of project outcomes.

For further information related to PAMSIMAS, please contact:

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