

Overall Rating **C** Poverty Reduction
A Foundation for Sustained Growth



5 Indonesia Surabaya Urban Development Project (1)

Improving the living environment through comprehensive development of urban infrastructure

Loan Amount / Disbursed Amount 11.251 billion yen / 10.893 billion yen
Loan Agreement February 1993
Terms & Conditions 2.6% interest rate, 30 year repayment period (10 year grace period), General untied
Final Disbursement Date March 2004
Executing Agency DG Cipta Karya, The Ministry of Public Works (<http://ciptakarya.pu.go.id/>) (in Indonesian)

* This project was jointly evaluated with the National Development Planning Agency (Bappenas).



Project Objectives

The objective of this project was to improve the urban environment in the city of Surabaya by comprehensively developing the city's roads, drainage, solid waste, and water supply infrastructures, and thereby contribute to the revitalization of the city's economy and the welfare of its residents.

Effectiveness and Impact

Rating **a**

Implementation of this project helped respond to the increasing traffic volume in Surabaya (population approximately 2.7 million), mitigate flood disasters, improve solid waste collection capacity (capacity to collect waste from about 500,000 people), and increase waterworks connectivity (60,000 households). In the beneficiary survey (50 drivers and business entities), about half of the beneficiaries acknowledged a "major improvement" in road traffic while about 20% acknowledged "a certain degree of improvement." As a result of the development of water supply equipment, approximately 60% of on-going subscribers responded that water supply cut-offs had improved (35 household respondents and 15 institutional respondents). A citywide decrease in waterborne diseases has been achieved in Surabaya, believed to be a result of the improved access to water. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

Relevance

Rating **a**

This project has been highly relevant with Indonesia's national policies both at the time of the appraisal and at the time of the ex-post evaluation. The project had been promoted at the time of appraisal as a comprehensive development project integrating multiple sectors based on an integrated urban infrastructure development program. At the time of the ex-post evaluation, the City of Surabaya

had been put in charge of urban development following decentralization, with an ongoing emphasis on a comprehensive approach to urban development.

Efficiency

Rating **C**

The evaluation for efficiency of this project is low. The scope of the project changed significantly due to difficulties in land acquisition, and the project period was much longer than planned. The project was concluded at the loan expiry date although some parts of the project scope remained incomplete at the time of ex-post evaluation. It is difficult to compare actual project cost with planned cost due to the significant changes in the project scope.

Sustainability

Rating **b**

Though some problems have been observed in terms of uncertainty following the transfer of operation and maintenance control to a new system, sustainability of this project is moderate. Although in case the locus of responsibility for operation and maintenance was unclear at the time of the ex-post evaluation, ad hoc operation and maintenance were being carried out and the developed infrastructure was in good condition.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be moderately satisfactory. Lessons learned include sufficient preparations for land acquisition and administrative coordination to minimize delays in project progress. It is also advisable to follow government regulations regarding land acquisition, clarify and regulate management of operation and maintenance with appropriate financial measures, and complete unfinished work as soon as possible.

Change In Water Usage by Household Income Bracket (m³/month)

Income Bracket (number of connections in 2005)	Before Project Completion (1998)	After Project Completion (2005)
Meager Household (62,533)	97,198	2,111,082
Modest Household (47,020)	131,629	1,458,722
Medium Household (23,802)	55,326	747,678
Large/Luxurious Household (14,565)	4,052	606,787
Total	288,205	4,924,269

Third-Party Opinion

This project is highly relevant not only for Surabaya but for the overall development of eastern Indonesia. The various infrastructures built through this project have contributed to balanced development.

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