

ENVIRONMENTAL AND SOCIAL SAFEGUARDS POLICY FRAMEWORKS

INDONESIA: National Program for Community Empowerment in Urban Areas for 2012 - 2014

Introduction

1. This project is an expansion of all Urban Poverty Projects (UPPs, then become the PNPM Urban as a national program) as well as series of PNPM-urban (PNPM-urban-I, II and III) series which covered *kelurahans* involved in UPPs and PNPM-urban series as well as new *kelurahans*. The project triggers the Bank's policies of Environmental Assessment (OP/BP 4.01), Indigenous Peoples (OP/BP 4.10), Physical Cultural Resources (OP/BP 4.11), and Involuntary Resettlement (OP/BP 4.12). The IPs policy has been triggered to anticipate if there are Indigenous Peoples (IPs) affected by UPPs and PNPM-urban series as they covered urban wards/villages in provinces where IPs are presence. Although as of to date there is no report on IPs involved or affected by the project in UPPs and PNPM-urban series, since PNPM-Urban for 2012-2014 will cover seven provinces outside Java where IPs communities are likely to be presence, it may affect IPs communities. The project may also support better management and/or conservation of PCR under the specialized program at the kelurahan level targeting the poorest. Involuntary resettlement may take place in the specialized program as it may involve larger area where the poorest communities are living and it is a partnership program between the local government and the community.
2. The project will adopt safeguards policies which have been adopted by the PNPM-Urban III, which had evolved and continuously been improved from policies adopted in UPPs and ongoing PNPM-urban I and II. The project will adopt the updated Environmental Guidelines, Land Acquisition and Resettlement Policy Framework and Indigenous Peoples Planning Framework that have been implemented in PNPM-urban III. The updated Environmental Guidelines, the Land Acquisition and Resettlement Policy Framework, and the Indigenous Peoples Planning Framework are attached as Annexes 1, 2 and 3, respectively. With regards to environmental issues, the project remains as a Category B. Implementation of UPPs (UPP1, UPP2, UPP2-AF, and UPP3) has been completed, while PNPM-Urban I, II and III are under implementation. Most subprojects in UPPs and ongoing PNPM-urban series are small-scale, community infrastructure (i.e. public toilets, local roads, drainage and sanitation, water facilities, housing improvements, etc.) which are proposed, planned and implemented by community groups. The safeguard measures and their implementation in UPPs and ongoing PNPM-urban series have been adequate to address any safeguards issues.
3. The safeguards frameworks of PNPM-urban III have been elaborated in the project manual and technical guidelines. The project manual and technical guidelines of PNPM-urban III, which will be adopted by PNPM-Urban for 2012-2014, will be continuously updated to accommodate lessons learned and to better implement activities pertaining safeguards. The following summarizes the experience under UPPs and PNPM-urban series with regard to safeguard policy issues:

Environmental Issues

4. The UPPs and PNPM-urban series have financed about 336,140 infrastructure subprojects, at a total cost of US\$297 million, indicating an average size of subproject of US\$880 (Rp.7.95 million). These consisted mainly of tertiary roads and bridges improvement (50%), drainage activities (18%), public toilets (8%), and water supply (5%). Table 1 provides a breakdown for subprojects in UPPs and PNPM-urban series.
5. The small size and nature of these activities suggested that there were no adverse environmental impacts, and implementation of standard operating procedures for environmental mitigation proved to be adequate.

Table 1: Subproject activities in UPPs and PNPM-urban series

No	Type of Activities	No of BKMs undertaking the activities	Volume	Unit	Cost	Community Contribution*
					IDR (million)	IDR (million)
UPP series						
1	Improvement of local roads	1,742	4,919,883	Meter	63,918	
2	Drainage	1,364	1,779,453	Meter	24,142	
3	Water Supply	1,022	37,270	Unit	16,695	
4	Public Toilets	1,216	15,113	Unit	17,542	
5	Solid Waste	420	9,991	Unit	2,194	
6	Others	844	6,818,057	-	27,097	
PNPM-urban series						
1	Improvement of local roads	4,298	19,920,319	Meter	1,832,163	442,701
2	Drainage	3,077	6,029,233	Meter	660,042	143,882
3	Water Supply	1,120	341,939	Unit	168,224	35,925
4	Public Toilets	1,962	78,044	Unit	274,660	63,348
5	Solid Waste	643	81,867	Unit	35,721	6,035
6	Others	1,339	550,073	-	627,908	196,713

Source: MIS, November 2011.

*Community contribution data for UPP series is not divided into type of infrastructure.

Physical Cultural Resources

6. Physical Cultural Resources (PCR) are defined as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. PCR may be located in urban settings and may be above or within the international community. PCR are important as sources of valuable scientific and historical information, as assets for economic and social development, and as integral parts of a people's cultural identity and practices.
7. The Bank's PCR policy applies to: i) project involving significant excavations, demolition, movement of earth, flooding, or other environmental changes; ii) projects located in, or in the vicinity of recognized cultural heritage sites, and iii) projects designed to support the management or conservation of physical cultural resources.
8. When the project is likely to have adverse impacts on physical cultural resources, the communities or Community Board of Trustee (BKM/LKM - *Badan Keswadayan Masyarakat* /

Lembaga Keswadayaan Masyarakat) as the subproject proponent identifies appropriate measures for avoiding or mitigating these impacts as part of the preparation or review of the Community Development Plan (CDP) and/or Community Settlement Plan (CSP) of the specialized program at the kelurahan level. These measures may range from full site protection to selective mitigation, including salvage and documentation, in cases where a portion or all the physical cultural resources may be lost.

9. As an integral part of the CDP/CSP process, the BKM/LKM develops a physical cultural resources management plan that includes measures for avoiding or mitigating these impacts on PCR, provisions for managing chance finds, any necessary measures for strengthening institutional capacity, and a monitoring system to track the progress of these activities. The plan will be incorporated in the CDP/CSP. As the development in the protected areas is one of the negative listed, no new settlement or expansion of settlements will be supported in protected areas, including in the cultural reserve, under the project. It is unlikely that the subproject will have significant adverse impact to the PCR.
10. The highly participatory nature of the project will ensure that communities would be able to identify if any proposed sub-project will have an impact on PCR and to ensure that these activities do not adversely affect PCR. Sub-project proposals will require the identification of any such activities and require the group proposing the sub-project to specify adequate mitigation measures. This will be done during the CDP/CSP preparation.

Voluntary Land Donation and Involuntary Resettlement

11. Most land needed by subprojects was voluntary land donation. As a community-based, highly participatory project, whereby subprojects are proposed, designed and implemented by the community groups, in addition to land, voluntary contributions from the community beneficiaries comprise of cash (towards investment costs) and labor. Furthermore, documentation of the consultation process and supporting information will be included in the subproject proposals. OCs and facilitators will ensure that voluntary land donation is decided through consultation with the land donator and beneficiaries without any pressures and well documented. The OCs and BKM/LKMs reviewed and verified the documentation. Since the average cost of subprojects is very low (US\$485), voluntary land contributions for each subproject have also been minor, mainly for alignment of roads, and water and sanitation facilities. Although vary in size, experiences from the UPPs and PNPM-urban series revealed that area of land needed for each subproject (including those under the pilot neighborhood development) is generally very small. Field observation suggested that for a public toilet for instance, the average land size is 30 m². For road or drainage channel improvement, usually land is needed for expanding and/or widening the existing alignment. Thus far, there have been no land related complaints or grievances.
12. As the project will continue to finance small scale infrastructure sub-projects, therefore no significant amount of land is foreseen for community investments. Similar to the UPPs and ongoing PNPM-urban series, most of land needed by subprojects will be voluntary contribution from the beneficiaries. Decision for land contribution was made based on active participatory consultation among the members of the community groups during the preparation of the subproject proposals. This practice will continue in the project.

Indigenous Peoples (IPs)

13. To date, there has been no report on the involvement or impacts on Indigenous Peoples in the UPPs and ongoing PNPM-urban series. Preliminary screening in reference to the IP Study (2010) prepared by the Bank showed that IPs communities are presence in 9 villages in 7 provinces outside Java (NTT, Kalimantan Selatan, Kalimantan Timur, Sulawesi Tengah, Sulawesi Selatan, Gorontalo and Irian Jaya Barat). They may or may not involve or be affected by the project. Since the study was prepared using various understanding on IPs characteristics and old information from various sources including from government agencies, the presence of IPs communities as defined under the OP 4.10 in the *kelurahans* in these 7 provinces will have to be verified and reconfirmed during the project implementation. If any, as is the case for identification for potential environmental impacts and land needs, the extent to which IPs communities would be part of the beneficiaries or, may or may not be affected by the subprojects will only be known during project implementation. The project will adopt the updated IPPF, Operation Manual and Technical Guidelines of the ongoing PNPM-urban III in conformity with the OP/BP 4.10 on Indigenous Peoples.

Annex 1
Environmental Guidelines
INDONESIA: National Program for Community Empowerment in Urban Areas
for 2012 - 2014

Introduction

1. As a highly decentralized project, PNPM-Urban will support a large number of small subproject investments in village level urban areas. It is expected to provide revolving loan funds for income generating activities, and finance small scale infrastructure and other services, through the *kelurahan* grants. The low ceiling for individual activities, combined with the types of activities expected to be financed (village road/bridge improvements, tertiary drainage, clean water supply to individual households, solid waste collection and temporary disposal through handcarts) indicate that none of these investments is expected to have any large scale, significant or irreversible environmental impacts. Environmental impacts would come mostly from poor site planning and management during project construction activity; it is therefore, good housekeeping will be highly promoted.
2. The project has been classified as a Bank environmental safeguard category B. This guideline outlines the environmental screening procedures and guidelines to identify, to review, and “red-flag” procedures to ensure that problems are corrected. Indonesia’s environmental review procedures are generally consistent with the Bank’s and will form the framework of PNPM-Urban’s approach to environmental impacts management.

Basic Principles

3. The basic environmental principles are:
 - a. Proposals should avoid or minimize negative environmental impacts, and they should have explored viable alternative designs to minimize any negative environmental impact.
 - b. Proposals should fit into the General Spatial Plan (RUTR, *Rencana Umum Tata Ruang*) and avoid protected areas so designated by the Ministry of the Environment (see the table below).
 - c. Any proposal entailing a negative environmental impact shall be complemented by an environmental management and monitoring plans to mitigate the impact.

Environmental Screening Criteria

4. Subprojects will be checked against Government of Indonesia (GOI) screening criteria to ensure that no project would necessitate a full environmental assessment. In an initial screening, the project type, scale, location, sensitivity, and the nature and magnitude of potential impacts, will be identified to classify the proposal in one of four categories:
 - a. Those that require ANDAL (full Environmental Assessments) for which the Ministry of Environment has set criteria (see the table below). These will be eliminated from consideration for PNPM-Urban financing.

- b. Those that require environmental management and monitoring plans (UKL and UPL) based on limited but site specific studies. The Ministry of Public Works has set criteria to determine the need for UKL-UPL (see the table below). It is expected that none of the proposals submitted under either the *Kelurahan* Grants would fall under this criteria. However, this would apply for sub-projects to be financed under the specialized program at the *kelurahan* level targeting the poorest.
- c. Those for which standard operating procedures (SOP) suffice, where generic good practice would protect the environment adequately. The DG Human Settlements has SOP guidelines for some types of projects (including measures to control dust, noise and traffic at construction sites; specifications for backfilling and re-vegetating disturbed areas to prevent erosion; and procedures to control negative impacts at solid waste transfer stations; etc.). This type of project should prepare the SPPL (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantaun Lingkungan*, or Environmental Management and Monitoring Statement). It is expected that some subprojects may fall under this category.
- d. Those that require no environmental study, where no construction, disturbance of land or water or discharge of pollutants are involved. It is expected that some subprojects may fall under this category.

Table 2: Government Environmental Screening Criteria
(by Decree of the Minister of State for the Environment of the Republic of Indonesia)

SECTORS AND PROJECTS	UNITS	ANDAL	UKL/UPL
Water Supply			
Raw water intake	L/s	≥250	50 – <250
Transmission (large towns)	km	≥ 10	2 – 10
Distribution (large towns)	ha	≥ 500	100 - <500
Urban roads			
New construction:			
a. Large towns	km; or ha	≥5	1 - <5; or 2 - <5
b. Medium towns	Km; or ha	≥10	3 - <10; or 5 - <10
c. Small towns (<i>Kelurahans</i>)	km	≥30	5 - <30
Widening (large towns)	km;		≥ 10 (if land acquisition)
Bridges	m	≥500	
Bridges in large towns	m	-	≥ 20
Bridges in small towns	m	-	≥ 60
Wastewater & sanitation			
IPLT	ha	≥2	< 2
Sewerage system	ha	≥500	< 500
IPAL	ha	≥3	< 3
Solid Waste Management			
Sanitary landfill (TPA)	ha; or ton	≥10 or ≥ 10,000	< 10; or <10,000
TPA (in tidal area)	ha; or ton	≥ 5 or ≥ 5,000	< 5; or < 5,000
Transfer station	ton/day	≥ 1,000	< 1,000
Drainage & flood control			
a. In large towns	km	≥ 5	1 - <5
b. In medium towns	km	≥ 10	3 - <10

SECTORS AND PROJECTS	UNITS	ANDAL	UKL/UPL
c. In small towns (<i>Kelurahans</i>)	km		5 - <15
Kampung Improvement			
Large Towns	ha		≥ 1
Medium Towns	ha		≥ 2
Upgrading	ha		≥ 1

Sources: KEP-11/MENLH/2006 for ANDAL (Concerning Types of Businesses Activities Required to Complete an Environmental Impact Assessment); KEPMEN PU- 17/KPTS/M/2003 for UKL/UPL (Concerning Decisions on Types of Activities in the Field of Public Works that are Required to Prepare UPL and UKL); and PermenLH 13/2010 for UKL-UPL and SPPL.

5. Special screening will be applied on the following cases (“*Negative List*”):

- Fisheries: Standards from the Fishery Service Agency (*Dinas Perikanan*) will be applied to all fishery subproject proposals.
- Pesticide or herbicides: No subprojects using or producing these materials will be financed.
- Tobacco or tobacco products: production, processing, handling, storage or sale of tobacco or products containing tobacco will not be financed by the project.
- Ozone-depleting substance: No subprojects using or producing these materials will be financed.
- Asbestos. No asbestos-containing materials will be financed. Special mitigation measures to address any issues with existing asbestos in any proposed subproject (e.g. renovation of school buildings that may have used asbestos) will be applied. Linkage: no asbestos allowed in the subprojects although purchased as own/parties contributions.
- Subprojects that produce liquid or gaseous effluents or emissions. No manufacturing or processing operations will be financed that would produce pollutant-bearing effluents or emissions unless: (a) the operations are small-scale; and (b) the cognizant Bapedalda (Local Government Agency for Environment Monitoring) reviews the design and certifies that it meets applicable water and air pollution control standards.
- Hazardous materials and wastes. No subproject will be financed that uses, produces, stores or transports hazardous materials (toxic, corrosive or explosive) or generates "B3" (hazardous/*Bahan Beracun dan Berbahaya*) wastes.
- Logging. Subprojects involving logging operations or procurement of logging equipment will not be financed.
- Mining or excavation of live coral or coral reef.
- Development on protected areas. The Decree or the Minister of the State for the Environment of the Republic of Indonesia Number KEP-11/MENLH/2006, entitled Concerning the Types of Businesses Activities Required to Complete an Environmental Impact Assessment, prescribes that any business or activity that is located in a protected area or that may change the purpose and/or designation of a protected area shall be required to prepare an ANDAL (see above). This includes: forest protection area; river edges; marine/freshwater conservation areas; nature tourism park; peat areas; areas surrounding lakes and reservoirs; coastal mangrove areas; water catchment areas; national parks; coastal edges; forest parks; cultural reserves; areas surrounding springs; scientific research areas; nature conservation areas; and areas susceptible to natural hazards.
- No new settlement or expansion of settlements will be supported in protected areas under the project. Where settlements already exist, and if it is the policy of the local government to allow the settlement to remain, proposals for funding under PNPM-Urban may be used by the existing residents using standard UPP 2 and UPP 3 procedures and in compliance

with any local regulations on land management which are defined by the protected area management plan.

- No road construction or rehabilitation of any kind will be allowed inside delimited or proposed protected areas.
6. Design specifications including environment management consideration for clean water supply, public toilets, roads, tertiary solid waste facility, markets and bridges will be applied to PNPM-Urban in the form of SOP. Since these types of activities are most likely to be financed under the Specialized Program, the SOP used by the participating local government will be applied.

Environmental Screening Process

7. Community self-help groups (KSMs) will prepare a subproject proposal on a standard format provided by the *kelurahan* facilitator, signed by the group members. The standard format will include all items identified above that are not eligible for financing as part of the negative list. The proposals will include a description of the activities proposed and compliance with any applicable guidelines on environmental impacts (as well as land/asset acquisition and impact on indigenous people). All proposals will be reviewed by project staff for their feasibility, technical soundness, and compliance with guidelines, before they are considered by the *kelurahan* organization (BKM/LKM). Project staff will specifically screen proposals for any environmental impacts based on the guidelines above which will be included in the project manuals. These will include special screening for all subprojects involving land and water use changes (i.e. reclamation, irrigation); economic projects with environmental impacts to be sure those alignments, effluent, etc. meet best practice standards. BKM/LKMs with the assistance of facilitators will ensure that adequate mitigation measures are taken. The selection of proposals by the BKM/LKM for the *kelurahan* grant shall be made in a meeting publicized in advance and open to the public.

Management of Physical Cultural Resources

8. The objective of this measure is to assist in preserving physical cultural resources and avoiding their destruction or damage. Physical Cultural Resources includes resources of archaeological, paleontological, historical, architectural, religious (including graveyards and burial sites), aesthetic, or other cultural significance.
9. The scope of management physical cultural resources includes:
 - a. Conservation: preservation, restoration, reconstruction, adaptation, maintenance, protection;
 - b. Utilization: publication/presentation, exhibition, revitalization/productive function.
10. Management program follows the conservation procedure that includes inventory, identification, and plan prior to program implementation.
 - a. Inventory to include:
 - PCR profile in the form of list on various PCRs;
 - Map of PCR distribution in the appropriate scale;

- b. Identification of cluster and trail:
 - Cluster defined based on potency strategic and utilization of the PCR. Cluster definition to consider the intensity and richness in a limited area in order to promote the heritage atmosphere. The limited area also making the management of the PCR easier.
 - Trail is the path of the PCR as internal framework of the cluster and as access to other cluster.
- c. Program strengthening:
 - Five years program of the village should include the PCR management;
 - The first year budget can be proposed to the project, based on the cluster approach.
- d. Design preparation:
 - Cluster and trail should be equipped with design guidelines on the development; hence the PCR will be kept in its original condition, as long as possible. The project should strengthen the heritage atmosphere not the other way around to erode the visual character of the PCR.
 - Design guidelines should define the *kelurahan* regulations and agreements regarding physical design development criteria and its harmony between building and the environment. These guidelines to include: the architecture, facet, height, perimeter, yards, scale, etc (that should be restored and developed according to the local condition and need).
 - The development of design guidelines should be supported by design review on the respective cluster characteristics.

Reporting

11. Facilitators and Oversight Consultant (OC) staff will aggregate and review environmental reports and flag them in their quarterly reports. The project manual will include a matrix of likely environmental impacts and steps with which to address them. An experienced environmental consultant will be hired to summarize progress and monitor and measure the impact of the project on the environment as part of the project performance evaluation.

Review of Experience to Date

12. All construction activities will have some impacts on the environment, although the significance is largely proportional to the scale. PNPM-Urban is concerned about preserving the environment and ensuring that any negative effects from PNPM-Urban activities are avoided or at least mitigated. PNPM-Urban subprojects will be planned and implemented through an intensive participatory process at the Community self-help group (KSM - Kelompok Swadaya Masyarakat/) and Community Board of Trustee (BKM/LKM - Badan Keswadayan Masyarakat / Lembaga Keswadayaan Masyarakat) levels.
13. Observations in some subprojects under previous UPPs and PNPM-urban I, II, and III suggest that environmental related-issues mainly occurred due to inadequate guidance, monitoring and supervision by facilitators and OCs during the planning and implementation stages. Furthermore, experience under previous UPPs and PNPM-urban series pointed to two groups

of activities that contribute to environmental risk: (a) tertiary roads, bridges and drainages activities; and (b) public toilets, sanitation and clean water supply:

a. Environmental risks related to tertiary roads, bridges, drainages activities:

14. The major direct environmental impact associated with roads, bridges and drainage activities is erosion, especially from disturbance of unstable soils that are sensitive to landslides and/or from changes in the flow of water. Activities in the rainy season, or improper construction methods that leave soils unnecessarily exposed, can also cause erosion. Improper drainage from roads in areas of high precipitation can ruin roads and have impacts on adjacent lands. In addition, health issues (e.g. water related vector-borne disease) can emerge when there is lack of planning for the overall drainage setting to keep the drainage system connected either with subsurface drainage or surface drainage canal outlets. There is a close link between the presence of excess water (due to lack of adequate drainage/blocked drainage) and the transmission of water related vector-borne diseases. Improper design (contributing to low and irregular flow velocities, low embankment slopes, high seepage, and uncontrolled water access) and lack of maintenance are the two main reasons why drainage structures are often associated with environmental health problems.

b. Environmental risks related to public toilets, sanitation and water supply activities:

15. Water supply and sanitation projects (public MCK – Mandi/Bath, Cuci/Wash and Kakus/Toilet) are two of the main sources of public health issues. In previous UPPs and PNPM-urban series, it was found that some communities built MCK without septic tanks or near to water sources. These types of projects carry the possibility of increasing contamination (For example, contamination of a water source by surface water entering from outside, or contamination of groundwater by a poorly designed or constructed septic tank/waste control system). Communities must consider the formation of an operations and maintenance committee for water or sanitation projects. For this type of environmental malfeasance on community projects, the proposed mitigation and prevention methods are proper training (on specific technical measures) and monitoring of the supervising field engineers, especially on site selection for water and sanitation projects, use of laboratory tested water quality from wells, and maintenance of the facilities.
16. Furthermore, although clean water supply provision is one of the main infrastructures proposed by communities, to date most provisions have been built without laboratory based water quality readings. Water quality tests should be taken once water supply provision is complete, especially for bore/well water. BKM/LKMs and Lurahs (heads of Kelurahan/urban ward) should get assistance from the *Dinas Kesehatan* (Local Health Agency) in getting water quality readings and applying recommendations from the *Dinas* (Local Government Agency), as necessary.

Approach to Controlling Environmental Impacts in PNPM-urban

17. The principle behind controlling environmental impacts in PNPM-urban is to limit possible negative effects and to enhance the positive impacts of any infrastructure construction activity. As part of the planning process, a checklist of potential environmental problems is introduced (see table below), which then is followed up during and after implementation by the village and the technical facilitator. Each type of project is checked by *kelurahan* facilitator

(infrastructure/engineering) for the various treatments that must be performed to avoid or repair environmental problems. At the midpoint of construction, the same form is brought out to the field and inspected again, at a time when it is still feasible to easily repair deficiencies. At the end of construction, the form is checked one more time against the original plan. The environmental specialist (hired at National Management Consultant / NMC level) updates the list on a regular basis to reflect environmental issues and proposed mitigation measures accordingly.

18. For each type of subproject, a technical standard is included in project manuals. For example: drainage for roads must be installed together with culverts to discharge water safely; leeching fields from latrines have to be located at least ten meters away from any water supply, and located downstream as groundwater flows; and water supplies cannot be located near any potential source of contamination.
19. Based on experiences under previous UPPs, below is the checklist of environmental issues and mitigation measures to be applied in PNPM-urban:

Table 3: Checklist of environmental issues and mitigation measures

POTENTIAL NEGATIVE IMPACTS	MITIGATION MEASURES
Roads, Bridge and Drainage subprojects	
Erosion from fresh road cuts and fills and temporary sedimentation of natural drainage ways	<ul style="list-style-type: none"> - Limit earth moving to dry periods - Protection of most susceptible soil surfaces with mulch - Protection of drainage channels with berms, or fabric barriers - Installation of sedimentation basins, seeding or planting of erodible surfaces as soon as possible - Selecting an alignment that reduces environmental disturbances - Undertaking maintenance and repairs in a timely fashion
Creation of stagnant water bodies in borrow pits, quarries, etc. suited to mosquito breeding and other disease vectors	Employ measures to avoid creating habitats (e.g. improved landscaping, filing or drainage)
Roads/bridges located in critical lands that are sensitive to erosion and landslides	<ul style="list-style-type: none"> - Changing the alignment to reduce steep grades - Building civil works to stabilize side slopes - Using vegetative treatments to stabilize side slopes or prevent erosion - Using special treatments to overcome ground water problems, such as drains
Blocked drains (due to design and maintenance) stop the flow of water and impact public health	<ul style="list-style-type: none"> - O&M work must clean the block drains periodically - Stone masonry or concrete ditch are preferred as water is quickly transported away (earth ditches drain but they need much more space and are less stable, earth ditches also need a lot more maintenance) - Use of natural slope as it holds up well against erosion
Public Toilets, Sanitation, and Water Supply – Health Risks on the following activities:	
Water level of the well almost the same as the soak away, well too close to the toilets and septic tank	<ul style="list-style-type: none"> - Check the direction of groundwater flow; the well should be placed upstream - Build the soak away as far as possible away from the well (minimum 10 m)
A well in the toilet: this is not acceptable due to high risk of contamination	<ul style="list-style-type: none"> - Build a basin in each toilet room and fill them from the well by pipe channel or container - Keep the toilets clean and separate from the well
The sewer pipe laid on the ground surface may become	<ul style="list-style-type: none"> - Bury the sewer pipe all the way to the septic tank

POTENTIAL NEGATIVE IMPACTS	MITIGATION MEASURES
brittle from the sun's UV rays and could also be damaged by people stepping on it or other impact	- Install a ventilation pipe and a manhole access in the septic tank.
Incomplete septic tank structures	Minimum equipment for a septic tank consists of: <ol style="list-style-type: none"> 1. Access manhole with a lockable cover 2. Inlet pipe 3. Dividing wall of baffle 4. Overflow pipe 5. Ventilation pipe
Incomplete public MCK structures (Mandi/bath, Cuci/wash, Kakus/toilets)	All essential elements of an MCK need to be included: <ol style="list-style-type: none"> 1. Toilet (s) 2. Toilet ventilation 3. Water basin with faucet and bottom outlet 4. Slab with raised edge for public washing area 5. Faucets to fill buckets 6. Notch to ditch for surplus water and flow directly to the existing ditch/drains
Sewage which contains human waste carries pathogens and must be treated before discharge into the ground or an open water course	<ul style="list-style-type: none"> - A sewer carrying human waste should discharge to a treatment plant or a septic tank - A septic tank or other type of settling tank will also partially treat sewage

Annex 2
Land Acquisition and Resettlement Policy Framework
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I. Project Characteristics

1. As a highly decentralized project, PNPM-Urban will support a large number of small subproject investments, mainly in urban areas. Through the *kelurahan* grants component, the project is expected to provide microloans for income generating activities, and to finance small scale infrastructure and other services. None of the subprojects is expected have a significant impact due to land acquisition and/or resettlement.
2. PNPM-Urban is also a community-based demand-driven project. Subprojects will not be identified in advance. The identification of the number of people affected by a subproject can thus only be defined once subproject proposals are evaluated by the community organization (BKM/LKM) for the *Kelurahan* Grants.
3. Since participatory planning and decision making form the basis for the project, the entire project approach should guarantee that people affected by the project will be involved in the decision making process.

II. Lessons Learned and Land Acquisition Process in UPs and PNPM-urban series

4. As all subprojects are small scale, they are expected to have an insignificant amount of land acquisition. The screening will drop any sub project if significant involuntary resettlement takes place. Based on MIS data, there is 93% of the subprojects involved land acquisition or needed land. The average size of land acquired was about 31 m², involving 1-5 landowners. The largest land acquisition was 5,000 m². Subprojects requiring land are mostly public toilets, water supply reservoirs and related distribution, wells, drainage, and footpaths. The two tables below present the situation of land acquisition. For subprojects requiring land, there are three land acquisition schemes.

Table 4: Summary of extent of land acquisition

SCHEME OF LAND ACQUISITION	ROAD & BRIDGE	HOUSING	SANITATION & DRAINAGE	PUBLIC FACILITY	OTHERS	TOTAL
Community Contribution	2,142,478	162,063	498,446	11,247	179,657	2,993,891
(%)	65.1%	58.8%	69.8%	62.5%	73.2%	65.9%
Village Land (Government)	1,022,666	7,114	179,117	5,190	52,404	1,266,491
(%)	31.1%	2.6%	25.1%	28.8%	21.3%	27.9%
Others	124,734	106,495	36,978	1,565	13,472	283,244
(%)	3.8%	38.6%	5.2%	8.7%	5.5%	6.2%
Total	3,289,878	275,672	714,541	18,002	245,533	4,543,626
(%)	100%	100%	100%	100%	100%	100%

Source: MIS, November 2011

Table 5: Land acquisition in community infrastructure

No	Type of Sub Projects	Number of Sub Projects	Number that has Land Acquisition	Nature and intensity of Land Acquisition (average volume of land - m2)	Scheme of Land Acquisition
1	Drainage	6061	5454	34	Community, Village land, others
2	Community Toilets	3882	3759	7	Community, Village land, others
3	Footpaths	3168	2843	89	Community, Village land, others
4	Local Roads	9257	8510	78	Community, Village land, others
5	Water Supply	2097	1994	21	Community, Village land, others
6	Temporary Garbage Site	38	36	12	Community, Village land, others
7	Bridge	1584	1410	8	Community, Village land, others
8	Public Lighting	179	154	17	Community, Village land, others
9	Community Health Facility	323	314	10	Community, Village land, others
10	Others	5910	5696	29	Community, Village land, others

Source: MIS, November 2011

5. The most common land acquisition scheme is voluntary land donation from subproject beneficiaries. This constitutes about 66% of subprojects that need land. About 28% of subprojects that need land used village or government land. About 6% of land needed by subprojects came from “others”, including corporate/private land, NGO/foundation land, etc. Field visits to selected *kelurahans* and reports from visited OCs confirm that, for this category, land is obtained through community contribution.
6. The second scheme for land acquisition is through compensation. In a very few cases, land is obtained through cash compensation with full consultation with landowners and funded by cash contribution from beneficiaries of the subprojects. Field visits to selected sites of UPPs and PNPM-urban series suggest that only one subproject acquired land through compensation, involving one landowner and about 100 m² of land. The funds for compensation were contributions from the beneficiaries. This land was obtained through full consultation/negotiation between the landowner and the beneficiaries. Most subprojects in UPPs and PNPM-urban series obtain land through voluntary contribution from beneficiaries.
7. The third scheme for land acquisition is land provided by the local government, which has taken place in some cases in the project. In one case encountered during supervision, the local government provided land for the development of a facility that was co-financed by them and by the community grants.

A. Voluntary land donation from the community beneficiaries

8. As mentioned above, the UPPs and PNPM-urban series have three schemes for obtaining land needed for subprojects: contribution from the community members, cash compensation, and contribution from the local government. Field visits to selected sites show that there have been no negative social impacts to the community members as a result of voluntary land contribution. This is because decisions on land contribution were made voluntarily on landowners' initiatives with good consultation among community members and a relatively small-amount of land area involved in each subproject. In fact, voluntary land contribution has provided positive impacts on beneficiaries. Facilities are located closer to the beneficiaries and construction after subproject proposal approval is implemented relatively fast as land is easily available. These practices will likely continue in the PNPM-Urban for 2012-2014.
9. Voluntary land donation for a subproject is acceptable with the following conditions:
 - (a) Land donor receives direct benefit from the subproject and will not becoming worse-off after the land taking;
 - (b) Land donor has been informed clearly of their right to refuse to donate at the public meeting prior to the decision on contributing the land voluntarily, but nevertheless he or she is still willing to donate without any pressure;
 - (c) The land is identified by beneficiary communities and confirmed by technical staff to be suitable for the subproject and free from any environmental or health risks;
 - (d) The impacts of the donation on the land owners are insignificant and do not result in displacement of households, or cause loss of households' incomes and livelihoods;
 - (e) The donated land is free from any dispute on ownership or any other encumbrances;
 - (f) Consultations with land donors or beneficiaries are conducted in a free and transparent manner;
 - (g) Processes and results of consultation meetings, grievances and actions taken to address complaints are properly documented.
10. The process of obtaining land through land contribution is as follows: (a) the KSM submits a proposal to the BKM/LKM for review and approval. One item included in the proposal, in some cases, is identification of land needed and how the land will be obtained. In the case that the proposed subproject requires land, the proposal already identifies that land is available through contribution from member(s) of the community. (b) the BKM/LKM and the project staff (facilitators) verify in the field and ensure that the land contributors have voluntarily agreed to donate his/her/their land for the proposed subproject. They also ensure that land contribution is made through participatory mechanisms. In many cases, the BKM/LKM and facilitators participate in the community meetings discussing the land contribution for a particular subproject. The BKM/LKM and project staff obtain a statement letter (attached to the proposal) signed by the community member(s) who donate the land and witnessed by the chairperson of the community ("kepala dusun") or head of village, and by other witnesses. The letter contains, among others, name and address of land contributor(s); location and land area donated; the purpose of land donation. (c) once a subproject proposal is approved by the BKM/LKM, the land owner who contributes the land points out the site on the ground where to build the facility.

B. Land acquired through compensation

11. In the case that land is obtained through compensation, the process is as follows: (a) the KSM submits a proposal to the BKM/LKM for review and approval. The proposal already mentions that the land will be obtained through cash compensation. Usually land obtained through this scheme is an area that is irreplaceable by another area because of specific needs and the landowner most likely does not get a direct benefit from the facility. The Bank observed this as the case for a water reservoir facility that located close to a water spring. Beneficiaries discussed and negotiated with the landowner, and agreed with the compensation level. (b) community members then discuss and agree upon how the compensation will be shared among them. (c) community pays the compensation to the land owners; (d) the BKM/LKM and the facilitators verify the process and land availability prior to approval of the proposal; (e) the BKM/LKM obtains the transaction letter for the land from the community and it is attached to the proposal.

C. Land provided by the local government

12. In a few cases land is provided by the local government. The Bank noted that the local government provided state land for a public facility financed jointly between the local government and the project grants. The subproject proposal was prepared together between the BKM/LKM and the local government and submitted to a selection committee at the local government level. The OC and the selection committee (consisting of representatives of relevant local agencies and of BKM/LKMs) verify the availability of land.

Documentation of land acquisition (including voluntary land donation) process at subproject proposal stage

13. Despite the small amount of land acquired and good consultation/negotiation during most of the land acquisition process, documentation needs to be improved. At the KSM and BKM/LKM levels: (a) subproject proposals that need land should include a more detailed plan to acquire land; (b) documentation of the consultation/negotiation process and of the agreement on land contribution/transaction needs to be improved. At the BKM/LKM and City Coordinator (“korkot”) and OC levels, a more systematic consolidated report on land acquisition including land donation needs to be prepared quarterly.
14. Learning from the UPPs and ongoing PNPM-urban series’ experiences, as a repeater project, it is expected that PNPM-Urban for 2012-2014 will have similar situation whereby most subprojects that need land will obtain it through voluntary contribution. In the case that community and local government voluntarily contribute land, OP 4.12 is not triggered. However, documentation of the process will have to be prepared.
15. This documentation will be prepared with reference to the checklist attached to the subproject proposal, which includes information on (a) type and size of investment; (b) site/location; (c) area of land required/acquired; (d) number of land owners affected; (e) scheme of land acquisition; (f) use of the donated/acquired land; (g) process of land acquisition; (h) financing/source of funds if cash compensation; (i) availability of sufficient agreement on land contribution; (j) certification, if cash compensation; (j) availability of supporting documents (minutes of meeting, attendance sheet, photographs, etc.).

16. In the case involuntary land acquisition takes place, the project will use this land acquisition and resettlement policy framework. This policy framework provides procedures and guidelines for agreeing on compensation for those persons who are affected by the subproject in order to ensure that they are not unfairly treated by being given low compensation, or benefit unfairly by being given compensation that is significantly higher per square meter than other owners who sell similar nearby land on the free market.

II. Definitions

17. The definitions used in this Policy Framework are:
 - a. "Census" means the head count of those persons under a proposed Subproject that qualify as Displaced Persons. The date of the Census is the latest cut-off point to record the persons in the Subproject area that will receive compensation, resettlement and/or removal and rehabilitation assistance.
 - b. "Compensation" means the compensation at replacement cost as determined in Section V of this Framework given in exchange for the taking of land and building, in whole or in part, and all fixed assets on the land and buildings and crops and trees.
 - c. "Land acquisition" means an activity that requires obtaining land, buildings or other assets from Displaced Persons for purposes of the subproject against provision of compensation and assistance.
 - d. "Displaced Person" means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and "Displaced Persons" means, collectively, all such Displaced Persons.
 - e. "Physically Displaced Persons" means persons who are forced to move from their previous location because (i) all or a significant portion (50% or more) of their land or buildings are affected by the subproject; or (ii) less than 50% of their land or buildings are affected by the subproject if the remaining portion is not economically viable or habitable.
 - f. "Rehabilitation Assistance" means the provision of cash or assets or other forms of support to enable Displaced Persons without legal rights to the assets taken by the Project to at least equal or improve their standard of living, income levels and production capacity to the level prior to the project.
 - g. "Resettlement" means an effort /activity to relocate the Displaced Persons into a good new settlement as mentioned in section V b so that they can develop a better life.
 - h. "Involuntary Displacement" means any of the following actions, when they occur without the Displaced Person's informed consent or power of choice; (a) the taking of land resulting in: (i) relocation or loss of shelter; (ii) lost assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the Displaced Person must move to another

location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced.

- i. “Subproject” means a specific infrastructure investment project carried out with funds from the *Kelurahan* Grant component of the project.

III. Basic Principles

18. Involuntary resettlement may cause severe long-term hardship, impoverishment, and environmental damage unless appropriate measures are carefully planned and carried out. For these reasons, the overall principles for this Framework are the following:
 - a. Subproject proposals should minimize land and asset acquisition and involuntary displacement. Groups proposing subprojects should have explored viable alternative designs to minimize displacement.
 - b. The group proposing the subproject will use a transparent and participatory process to ensure that all Displaced Persons agree on any proposed subproject that involves land acquisition or resettlement
 - c. The group proposing the subproject will have to agree to incorporate the costs for land acquisition and/or any involuntary resettlement in their subproject proposals as part of subproject costs. The compensation costs will be covered through the communities’ own funds or government funds (World Bank Loan proceeds shall not be used to finance compensation).
 - d. In accordance with traditional practice, community members may elect to voluntarily contribute land or assets and/or relocate temporarily or permanently from their land without compensation. Voluntary in this context will mean the donation or granting of land and other assets with the full knowledge of the purposes for which the asset is being made available and the economic, social and legal consequences that such an act would have on the person providing the asset and which act is exercised freely and voluntarily, without any type of coercion.
 - e. Displaced Persons should be assisted in their efforts to improve their livelihoods and standards of the living or at least to restore them, in real terms, to pre-displacement levels or to the levels prevailing prior to the beginning of the project implementation, whichever is higher.

IV. Framework

19. In the event that a subproject proposal requires any land acquisition, buildings, crops, trees, and/or resettlement, the subproject proposals have to indicate the need for land acquisition, the number and names of persons affected, and the estimated budget required for compensation.
20. Proposals that would affect 200 persons or more would normally entail long lead times, and are expected to be beyond the scope of the project. In the highly unlikely event that more than 200 persons will be affected and require compensation, the Oversight Consultant will ensure that the proposal is complemented with a full Land Acquisition and Resettlement Action Plan

(LARAP). The LARAP will include (a) a survey to identify the socio-economic characteristics of the Displaced Persons including a census; (b) a comprehensive plan for the acquisition of land and/or resettlement; and (c) a compensation package in accordance with the compensation guidelines set out in Section V and acceptable to the Displaced Persons and the groups proposing the subproject. The subproject proposal will also indicate the budget source for the required compensation (Bank funds cannot be used for compensation). The OC/NMC shall seek the Bank's approval of the LARAP and budget, and seek modifications in case the Bank finds they are needed. Further details on the LARAP are provided in the attachment to this annex.

21. For any subproject that requires resettlement of less than 200 persons, the BKM/LKM, supported by the OC staff assisting with proposal preparation, will ensure that the following steps are followed:
 - a. The group proposing the subproject carries out a Census of the persons that would be affected by the proposed subproject and that would qualify as Displaced Persons
 - b. The Displaced Persons agree on the subproject proposal, and have negotiated agreement on either voluntary or compensated contribution with the group proposing the subproject
 - c. The agreement is made through a participatory and transparent process
 - d. Displaced Persons are made aware that they have the right to compensation and/or other assistance according to the compensation guidelines provided in Section V
 - e. In cases where voluntary contributions of land or assets are indicated, these are clearly agreed with all Displaced Persons; the name(s) of the contributor(s) and details of the contribution(s) are included in the agreement; and these are verified by the Oversight Consultants.
 - f. A simple format on the agreement is incorporated in the subproject proposal. This agreement should clearly indicate individual land plots needed for land acquisition and/or resettlement, the number and names of the affected persons, scheme of compensation and/or resettlement, and estimated cost for land acquisition and/or resettlement compensation. In the case of voluntary contribution, the agreement should state the rationale for it and the fact that the person had the choice of not providing the asset, and in the case of involuntary contribution, the manner followed for valuation of the assets which must be in compliance with Section V below.
 - g. The agreement should indicate that any compensation will come from the community's or government's contribution to the subproject. It would be possible to use World Bank Loan proceeds to construct small works and initiate employment opportunities for the group members who are to be resettled. This has to be agreed by the group proposing the subproject and put in the agreement (see assistance guidelines in Section V). However World Bank Loan proceeds cannot be used to finance payment of cash compensation or land acquisition.
 - h. The details of the agreement will be verified by the OC/facilitator in charge of the affected communities prior to consideration by the BKM/LKM for financing. In the event that no

consensus has been reached on the form and amount of compensation, the subproject will not be considered for financing.

- i. No Displaced Persons shall have their land or other assets taken before they have received the compensation and provided the resettlement site, if that is the case, as agreed upon and detailed in the subproject proposal.
- j. Payment of compensation, displacement of people, or preparation of a resettlement site as agreed upon should be completed before the construction of the respective subproject is started.
- k. A monitoring and evaluation system for compensation will be introduced to ensure that Displaced Persons have received their compensation as agreed upon. The monitoring will be undertaken by the Oversight Consultant and will be a full survey or sample survey depending on the number of households affected. A report on the results and recommendations will be published by the OC and disseminated to the community and the NMC.

V. Guidelines for Compensation, Resettlement and Other Assistance

22. Based on agreements reached during the negotiation, Displaced Persons can choose to receive cash compensation, resettlement, or other options. Other options include serviced sites, land [swap] of equal size or equal productive capacity, low cost housing, apartments, real-estate housing with credit facilities, or other schemes. Among those options, Displaced Persons will be provided the opportunity of having a resettlement site where they do not have to pay more than their present routine expenditure. In all cases, the amount of compensation, resettlement or other options must be sufficient to achieve the objectives of improving or at least maintaining the pre-project level of standard of living, income generation and production capacity of the Displaced Person.

A. Compensation

23. Displaced Persons have the right to receive real replacement cost compensation. Real replacement cost means:
 - a. For land in urban areas, the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes;
 - b. For agricultural land, the pre-subproject or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of land preparation to levels similar to those of affected land, plus the cost of any registration and transfer taxes;
 - c. For houses and other structures, the market cost of the materials to build a replacement structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labor and contractors' fees, plus the cost of any registration and transfer taxes. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor

the value of benefits to be derived from the subproject deducted from the valuation of an affected asset. Compensation for trees, crops and other assets will be based on the replacement value using existing market prices per tree prepared by relevant agencies.

24. The extent of the compensation will depend on the tenure situation of the Displaced Person as set out in Section VI.
25. Displaced Persons whose: (a) remaining land and building cannot be used for housing or workplace; or (b) whose remaining land is less than 60 sq meters; or (c) whose remaining agricultural land is less than 50% of its initial size or is not economically viable; or (d) whose remaining building is less than 21 sq meters; have the option of being included as Physically Displaced Persons and compensated for the taking of the affected asset. Displaced Persons whose remaining land is less than 60 sq meters and remaining building is less than 21 sq meters, will have an option to move to a new lot of 60 sq meters and building of 21 sq meters. They will be provided with compensation for the difference in area between what they lost and what is being provided to them.

B. Resettlement Sites

26. The resettlement site provided for the Displaced Persons will include infrastructure and public facilities so that it is good for living and enables the development of a good social and economic life, including: (a) road or footpath as necessary; (b) drainage system; (c) water supply (if a piped water distribution network is not available, there should be shallow wells that comply with health standards); (d) electricity; (e) health facility, education facility, work places, religious services, and sport facilities, in accordance with the size of the new community; and (f) public transport facility to perform a good life.
27. The Displaced Persons will move to the new site after the infrastructure and facilities at the resettlement site are completed and feasible to live in as confirmed by the OC and the BKM/LKM. The Displaced Persons will be informed of the completion of the resettlement site at least one month before displacement, and they will be invited to survey the new site. The resettlement site would be available prior to the start-up of works under the relevant subproject.
28. The location reserved for resettlement will be widely publicized so that the general public will be informed.

C. Other Assistance

29. Displaced Persons who lose their income sources or means of livelihood as a result of the subproject will receive assistance to restore it. The types of assistance will be defined by the BKM/LKM and confirmed by the OC. Training and assistance that can be provided include: motivation development; skill and vocational training; assistance to start and develop small businesses; small scale credit; marketing development; assistance during transition period; and strengthening of community based organization and services. In implementing the assistance, care should be taken to harmonize the newly resettled people and the host community in the resettlement area through assistance and integration efforts. The assistance can be linked to existing programs and resources.

VI. Eligibility Criteria of Displaced Persons

30. Displaced Persons can be grouped into the following categories: (a) those who have legal land certificate, girik, or adat title; (b) those who, under domestic law, have a right to occupy land in a residential, commercial, or industrial zone in the Project area, or occupy land on infrastructure or public facility sites such as rivers, roads, parks or other public facilities in the Project area, but do not hold a certificate or legal title; (c) those who have no right to occupy land in a residential, commercial or industrial zone in the project area or publicly owned land and publicly owned facility sites but who were occupying such land at the time of the Census undertaken or at the time of the pre-feasibility study of the subproject; (d) those who are renters; (e) those whose jobs are lost because of the taking of land; and (f) those who have no right to occupy land in a residential, commercial or industrial zone in the project area, or publicly owned land and publicly owned facility sites and whose occupancy of such land begins after the Census. Compensation will differ according to these groupings.

a. Persons with Land Certificate, Girik or Adat Title

- Displaced Persons who have land certificate, girik, or adat title will receive compensation for the land, building, and fixed assets.
- Displaced Persons who are displaced by the Project can choose to receive cash compensation or the other options as described in paragraph 22.
- The lots at the resettlement site will have land title of the same level or higher than they previously had, and the certificate will be issued within 1 year after displacement of the Displaced Persons.
- Displaced Persons will receive transport allowance to move their belongings.
- Displaced Persons will also receive assistance and training as provided in paragraph 28.

b. Persons who under domestic law have recognized rights to occupy land in a residential, commercial or industrial zone in the Project area but who do not hold a Land Certificate or legal documents, as well as those who occupy publicly owned land and publicly owned facility sites under customary rights at the time of the Census:

- Displaced Persons will receive compensation for their land, building and fixed assets, as well as for crops and trees at market value
- Displaced Persons can choose to receive cash compensation or the other options as described in paragraph 22.
- The lots at the new site will have *Hak Pakai* or a higher land title, and the certificate will be issued within 1 year after the displacement.
- Displaced Persons will receive transport allowance to move their belongings.
- Displaced Persons will also receive assistance and training as provided in paragraph 29.

c. Persons who have no right to occupy land in a residential, commercial or industrial zone in the project area or publicly owned land and publicly owned facility sites in the project area, but who were occupying such land at the time of the Census undertaken or at the time of the pre-feasibility study of the subproject:

- Displaced Persons will receive rehabilitation assistance in any of the forms provided for in paragraph 29 instead of compensation for the land occupied in an amount sufficient

to achieve the objectives of this Framework, and compensation at real replacement cost for the building, and fixed assets as well as for crops and trees at market value

- Displaced Persons can choose to receive cash compensation or the other options as described in paragraph 22.
- The lots at the new site will have Hak Pakai or a higher land title, and the certificate will be issued within 1 year after the displacement.
- Displaced Persons will receive transport allowance to move their belongings.
- Displaced Persons will also receive assistance and training as provided in paragraph 28.

d. Persons who are renters:

- Displaced Persons who are renters will be assisted with an allowance of six months' rent calculated on the basis of average rent levels for similar houses or agricultural land within the same area.
- Displaced Persons who are renters will also receive assistance and training and transport allowance to move their belongings.

e. Persons whose jobs are lost because of the taking of land where they work and gained their income will be assisted with the forms of assistance described in paragraph 29.

f. Persons who have no right to occupy land in a residential, commercial or industrial zone in the project area or publicly owned land and publicly owned facility sites and whose occupancy of such land begins after the Census will receive no compensation or rehabilitation assistance for the land or for the structures built and crops planted therein.

VII. Consultation and Complaint Resolution

31. This general framework will be included in the Project manuals and guidelines, and OC staff and facilitators trained in its implementation. The overall project approach in enabling transparency and consultation should allow solutions to local problems locally, quickly, and effectively. If any Displaced Persons or other community members have a complaint regarding the framework or its application in practice, the project has an established system of complaint handling at the *kelurahan* and *kota/kabupaten* as well as provincial and national levels, with dedicated staff in charge of handling and following up on complaints. Complaints which cannot be solved locally through the BKM/LKM complaint system will be referred to the OC, and, if necessary to the NMC and the PMU. However, in the event that the deliberations have been repeatedly conducted over a long period of time, but not exceeding one year, to reach a consensus but no consensus has been reached on the form and amount of compensation, dispute resolution will follow Presidential Decree No. 36/2005, No. 65/2006 as well as the BPN regulation No. 3/2007, and Law No. 2/2012.
32. The progress of implementation of any required land acquisition, resettlement, and assistance will be reported to the Bank regularly by the OC/NMC. If required, an independent reviewer may be retained to carry out external monitoring and evaluation of the implementation of specific LARAPs. Such an agency or agencies will have qualified and experienced staff and terms of reference acceptable to the Bank.

Attachment 1

INDONESIA: National Program for Community Empowerment in Urban Areas for 2012 - 2014

Requirements for a Land Acquisition and Resettlement Action Plan (LARAP) for a subproject affecting more than 200 persons

1. If a subproject proposal indicates that more than 200 persons will be affected by the subproject, the groups proposing the subproject (BKM/LKM s), assisted by the Oversight Consultant, will be required to conduct a Census and socio-economic survey to: (i) determine the number of persons involved; (ii) to collect data about the social and economic condition of the people, and the physical condition of the Project area; and (iii) to determine the potential impact of the subproject.
2. The date of this Survey/Census will be the latest cut-off point to record the persons in the subproject area that will receive compensation, resettlement and/or removal and rehabilitation assistance.
3. The detailed census and socio-economic survey (hereafter referred to as the socio-economic survey) will cover among others:
 - the size, condition, legal status of land and buildings (listed in impact groups of 0-25%, 25-50%, 50-75%, 75-100% affected);
 - the number of Displaced Persons and households;
 - relevant social characteristics of the Displaced Persons (age, gender, education, etc)
 - relevant economic characteristics of the Displaced Persons such as livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities); standards of living (including health status)
 - the magnitude of the expected loss – total or partial – of assets, and the extent of displacement, physical or economic; and
 - information on vulnerable groups or persons for whom special provisions may have to be made
4. Based on the results of this socio-economic survey, the Oversight Consultant will assist the BKM/LKM s to prepare a comprehensive plan on the taking of assets for purposes of the subproject, and the provision of compensation, resettlement, and rehabilitation assistance for the Displaced Persons in accordance with the principles of this Policy Framework. This will be described in a Land Acquisition and Resettlement Action Plan (LARAP) to be furnished to the Bank for approval.
5. The scope and level of detail of the LARAP will vary with the magnitude and complexity of the resettlement. The plan will be based on up-to-date and reliable information about: (a) the proposed resettlement and its impacts on the Displaced Persons and other adversely affected groups; and (b) the legal issues involved in resettlement. The following list defines the matters that should normally be included LARAP and it should be regarded as general guidance in the preparation of a LARAP. When any matter listed is not relevant to Project circumstances, it should be noted in the resettlement plan:

a. Description of Subproject Impact and Analyses

- Description of the subproject and identification of the subproject area.
- Identification of: (i) the subproject component or activities that give rise to resettlement; (ii) the zone of impact of such component or activities; (iii) the alternatives considered to avoid or minimize resettlement; and (iv) the mechanisms established to minimize resettlement, to the extent possible, during implementation.
- The main objectives of the resettlement program
- The findings of the socioeconomic studies
- The findings of an analysis of the legal framework
- The findings of an analysis of the institutional framework
- The definition of Displaced Persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates

b. Methodologies and Procedures

- The methodology to be used in valuing losses to determine their replacement cost; a description of the proposed types and levels of compensation under local law and such supplementary measures as are necessary to achieve the real replacement cost for lost assets
- A description of the strategy for consultation and participation of resettlers and hosts in the design and implementation of the resettlement activities including;
 - A summary of the views expressed and how these views were taken into account in preparing the resettlement plan;
 - A review of the resettlement alternatives presented and the choices made by Displaced Persons regarding options available to them, including choices related to forms of compensation and resettlement assistance, to relocating as individuals families or as parts of preexisting communities or kinship groups, to sustaining existing patterns of group organization, and to retaining access to cultural property;
 - Institutionalized arrangements by which displaced people can communicate their concerns to Project authorities throughout planning and implementation, and
 - Measures to ensure that groups such as isolated vulnerable people, the landless, and women are adequately represented.

c. Compensation Package

Describe the packages of compensation and other resettlement measures that will assist each category of eligible Displaced Persons to achieve the objectives of the Policy Framework. Compensation will be calculated based on Section V.

d. Alternative Relocation

- Institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is at least comparable to the advantages of the old sites;
- Estimated time needed to acquire and transfer land and ancillary resources;
- Any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites;

- Procedures for physical relocation under the subproject, including timetables for site preparation and transfer;
- Legal arrangements for regularizing tenure and transferring titles to resettlers;
- Plans to provide, or to finance resettlers' provision of housing, infrastructure and social services (which ensure comparable services to host populations); and any necessary site development, engineering, and architectural designs for these facilities;
- A description of the boundaries of the relocation area; and assessment of the environmental impacts of the proposed resettlement and measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement);
- Measures to mitigate the impact of resettlement on any host communities.

e. Implementation of resettlement

- The organizational framework for implementing resettlement, including identification of agencies responsible for delivery of resettlement measures and provision of services.
- An implementation schedule covering all resettlement activities from preparation through implementation, including target dates for the achievement of expected benefits to resettlers and hosts and terminating the various forms of assistance.

f. Costs

- Detailed cost of the full compensation package, resettlement costs and all associated implementation costs
- Identification of sources of financing (Bank funds cannot be used to finance cash compensation or land acquisition.)

g. Monitoring and grievance procedures

- Arrangements for monitoring of resettlement activities by the implementing agency, supplemented by independent monitors as considered appropriate by the Bank.
- Description of grievance procedures

6. There will be regular consultations with all Displaced Persons, and all other stakeholders including non-governmental organizations throughout the design and implementation of the LARAP.
7. The LARAP described above will be prepared by the BKM/LKM (s) proposing the subproject, with the assistance of the Oversight Consultants and will thereafter be provided to the Bank through the OC/NMC for approval. Once Bank approval is obtained, it will be issued as a Decree of the head of the district level local government (the Bupati or Walikota). Once the Decree has been issued, it will be disseminated by the OC and relevant government offices to the Project Affect Persons.
8. Issuance of approval for contract signing for a subproject that requires a LARAP will be considered by the Bank after receipt of a progress report from the OC/NMC that indicates substantial implementation of the LARAP, including acquisition of all land in critical locations.

9. The LARAP, including all its maps and annexes, will be publicly displayed at the NMC and relevant OC office, the office of the relevant *kelurahan*(s), and the office of the relevant BKM/LKM (s).

ANNEX 3
Indigenous Peoples Planning Framework
INDONESIA: National Program for Community Empowerment in Urban Areas
for 2012 - 2014

IPs communities in UPPs and PNPM-urban series

- To date, there has been no report on the involvement or impacts on IPs in the UPPs and ongoing PNPM-Urban series. Preliminary screening in reference to the IP Study (2010) prepared by the Bank showed that 9 villages in 7 provinces outside Java (NTT, Kalimantan Selatan, Kalimantan Timur, Sulawesi Tengah, Sulawesi Selatan, Gorontalo and Irian Jaya Barat) covered under the project may have IPs communities which may or may not involve or be affected by the project as shown in Table 6. Since the study was prepared using various understanding on IPs characteristics and old information from various sources including from government agencies, the presence of IPs communities as defined under the OP 4.10 in the *kelurahans* in these 7 provinces will have to be verified and reconfirmed during the project implementation. An Indigenous Peoples Plan (IPP) will be prepared during project implementation (after the screening, verification and confirmation stage) in the case IPs will be affected by a subproject. In the case that IPs communities are the beneficiaries of the subproject, it will be adopt the planning and implementation process and procedures as currently adopted by the ongoing PNPM-urban series, whereby full consultation and participatory in decision making are made by the beneficiaries themselves.

Table 6 : Potential IPs communities in the provinces covered by the project

PROVINCE	KELURAHAN	IP CODE	LOCATION INSIDE KELURAHAN	INDIGENOUS	NO. OF HOUSEHOLD	NO. OF POPULATION	GEO-POSITION
Nusa Tenggara Timur	Kel. Tebara, Kec. Kota Waikabubak, Kab. Sumba Barat		Ngadu Bona	Loli	52	204	High Land
			Ngadu Bona	Ana Paso Ka	75	275	High Land
South Kalimantan	Kel.Ketapang, Kec.Pelaihari, Kab.Tanah Laut,	92359	Kelakay	Dayak Deah	75	350	High Land
East Kalimantan	Kel.Malinau Kota, Kec. Malinau Kota, Kab.Malinau	32452	Lubuk Manis	Dayak Iban	75	265	Inland
		60381	Lubuk Manis	Dayak Tidung	87	200	Inland
Sulawesi Tengah	Kel.Dadakitan, Kec.Baolan, Kab.Toli-toli	23032	Batu Botak	Dondo	241	855	Low Land
South Sulawesi	Kel.Salubattang, Kec.Telluwanua, Kota Palopo		Maroangin	Ip No Name	230	690	
Gorontalo	Kel.Hulawa, Kec.Telaga, Kab.Gorontalo	90092	Puodaa	Gorontalo	62	315	Coastal
Irian Jaya Barat	Kel.Wosi, Kec.Manokwari Barat, Kab.Manokwari, Prov.Irian Jaya Barat	41009	Wosi	Baham	7	28	Inland

2. As in the case of environmental and land acquisition/resettlement impacts, potential adverse impacts and positive effects of the project on IPs, or involvement of IPs as beneficiaries will be identified once the villages are defined and subproject proposal is submitted by the community groups (KSM). Screening, verification and confirmation will be carried out at the subproject proposal stage by the BKM/LKM and facilitators.

Objectives

3. The design of this project is structured to ensure the participation and inclusion of various groups within communities in local level decision making over resource allocation. However, the project recognizes that IPs form a particular group that merits a different approach and specific support. Therefore, in accordance with OP/BP 4.10, the following planning framework for addressing IPs will be adopted for the project.
4. The objectives of this framework are to:
 - Ensure that IPs participate in and benefit from the project;
 - Avoid or minimize potentially adverse effects of the project on indigenous people, and if it is unavoidable, develop and implement mitigation measures based on free, prior, and informed consultation resulting in broad supports from the impacted IPs communities
 - Maximize the potential positive effects of the project on the IPs, based on free, prior, and informed consultations with the IPs ensuring that the design and implementation of the project incorporate aspirations and needs of the IPs.

Definition

5. "Isolated vulnerable peoples" is the term used officially by the Indonesian Government to describe groups that have the characteristics of "indigenous peoples" as used in OP/BP 4.10. This document will hereafter use the term "indigenous peoples" or IPs.
6. For the purposes of this project, IPs are defined as those that present varying degrees of the following characteristics:
 - A close attachment to ancestral territories and to the natural resources in these areas;
 - Self-identification and identification by others as members of a distinct cultural group;
 - An indigenous language, different from the common regional language (e.g. Javanese);
 - The presence of customary social and political institutions; and
 - Primarily subsistence-oriented production

Procedures and institutional arrangements

7. IPs communities are not prevalent in all the project sites—they are likely to be found in particular kota/kabupaten of particular provinces. The following steps will be taken to ensure that, where IPs communities are presence and affected by the project, it caters to their specific needs.
 - a. Once the target villages are defined, the OC and facilitators will screen, verify and confirm on the presence of the IPs in reference to the above characteristics (point 6). In

doing this, OC and facilitators will consult experts, local universities or NGOs who have good knowledge or have worked on IPs in the area. Further, OC and facilitators with the BKM will consult the local communities and potential IPs communities to confirm that they are IPs.

- b. In the case that the presence of IPs is confirmed and they will be part of or affected by the project, facilitators together with the BKM, with the guidance of the OC, will carry out a social assessment (SA) at the village level, based on free, prior and informed consultations, with the affected IPs communities. The format and contents of the SA will be provided in the project's technical guidelines. Potential adverse and positive effects of the project will be identified during the SA preparation.
 - c. IPP will be prepared along with the CDP in the case that the project affects (positive and adverse) IPs. In the case that IPs will be mostly the beneficiaries of the project, the design and implementation of the subproject will accommodate the aspirations and needs of the IPs. In this case, the project regular procedures as community-based with full participation of the beneficiaries will apply. The format and content of IPP is provided in the Project's Technical Guidelines.
 - d. Facilitators will work closely with the BKMs or KSMs during the preparation of the SA, the IPP and subproject proposals. The IPP will be prepared along with the CDP by the community under the coordination of BKM.
 - e. During the facilitator training, facilitators will be trained in the identification of IPs. Through the Community Self Survey exercise and poverty reflections, facilitators will identify the presence and numbers of IPs in the community and report this to the OCs.
 - f. For the areas where IPs communities are identified, OCs will organize training for relevant facilitators in how to work with IPs communities in a useful way to identify mechanisms for effective participation through free, prior and informed consultations, and address specific challenges in working with such groups, for example, how to deal with groups that may be in conflict with the larger community, etc.
 - g. Since facilitators will be hired locally to the extent possible, they are expected to be familiar with such groups. They will also be rotated as necessary to ensure that those that have been trained in working with IPs, or have specific skills that would be beneficial in working with such groups, are made available in the right places. Management of facilitators will be handled by the OCs.
 - h. Where IPs communities are identified, efforts will be made to ensure that at least one Community Cadre is from the group and able to communicate easily with the group.
 - i. Where the IPs communities speak a language different from Bahasa Indonesia, relevant brochures and documents will be translated in the appropriate language. Provision has been made in the project budget to allow for additional translations of relevant project documents.
8. The above aims at ensuring that IPs communities participate fully in the project with free, prior and informed consultations, are aware of their rights and responsibilities, and are able to voice their needs during the Community Self Survey exercise and in the formulation of the CDP and CSP as well as subproject proposals. The Project Management Unit will ensure that the above point 7 will be implemented and well documented during project implementation.

Monitoring and Grievance Procedures

9. The Terms of References for the OC and NMC include the responsibility for monitoring the treatment of isolated vulnerable people in the project. Where IPs communities are identified,

the OCs will be required to report on their participation in the project. Provisions will be made in the Management Information System (MIS) to monitor the involvement of IPs communities. This will be followed by the NMC as well as monitored during supervision missions.

10. The project has a complaint system that allows community members to raise issues or complaints at various levels—at the *kelurahan* level, at the OC level (either at kota/kabupaten or province level), and at the national level. The project has designated contact numbers for complaints through calls and short text message (SMS). There is designated staff members at the OC and NMC responsible for following up on complaints and ensuring that they are handled adequately. Where IPs communities are concerned, the facilitator/OC will ensure that grievance redress mechanisms are developed in culturally appropriate ways in close collaboration with the relevant group.

Disclosures

11. As is the case with other community documents, the IPP will be disclosed in the respective villages, and if necessary, it will be prepared in the language of the IPs. The IPP will be part of the CDP and/or CSP, as relevant.
12. In the case of IPs is the most beneficiaries or all beneficiaries of the project, all of the project planning documents (CDP, CSP, subproject proposal and its implementation report) will be disclosed at the village level as is the case for the regular procedures in the project.
13. IPPs will also be disclosed in the Project's website.