

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC777

**Date ISDS Prepared/Updated:** 11-Oct-2012

## I. BASIC INFORMATION

### A. Basic Project Data

<b>Country:</b>	Indonesia	<b>Project ID:</b>	P129406
<b>Project Name:</b>	Metropolitan and Urban Development Project (P129406)		
<b>Task Team Leader:</b>	Taimur Samad		
<b>Estimated Appraisal Date:</b>	23-Jul-2013	<b>Estimated Board Date:</b>	30-Sep-2013
<b>Managing Unit:</b>	EASIS	<b>Lending Instrument:</b>	Specific Investment Loan
<b>Sector:</b>	Sub-national government administration (40%), Urban Transport (30%), General water, sanitation and flood protection sector (30%)		
<b>Theme:</b>	Municipal governance and institution building (30%), City-wide Infrastructure and Service Delivery (30%), Other urban development (20%), Pollution management and environmental health (10%), Water resource management (10%)		
<b>Financing (In USD Million)</b>			
<b>Financing Source</b>		<b>Amount</b>	
Borrower		80.00	
International Bank for Reconstruction and Development		400.00	
Total		480.00	
<b>Environmental Category:</b>	A - Full Assessment		
<b>Is this a Repeater project?</b>	No		

### B. Project Objectives

The objective of the project is to improve planning and investment in participating cities in projects that will be economically and ecologically sustainable. This will be done by applying the Eco2 Cities principles in participating cities and focusing on two components, namely:

- i) Catalyst investments that promote both economic development and ecological sustainability.
- ii) Analytical Support and Institutional Strengthening (TA) to support capacity building for each participating city to develop their Eco2 Cities framework, improve planning, budgeting, and design of investment priorities, as well as carry out analytical studies on urban expansion,

metropolitan management, and land use planning.

### C. Project Description

As a baseline of this proposed project, the Urban and Local Government team has done analytical work to support the Bappenas (Planning Ministry) on analyzing urbanization and agglomeration issues, which include case studies in the four largest metropolitan areas. The result of the reports indicates that Indonesia needs to leverage urbanization for socio-economic development to a much greater extent. Indonesia's large metropolitan areas—those with population over 5 million are not leveraging their populations as expected to produce rapid increases in economic productivity. Although Jakarta and Surabaya have relatively high levels of productivity, their rate of growth in productivity is relatively low, averaging less than 1.5 percent (in real terms) between 1993 and 2007. Metropolitan areas in the 5-10 million ranges have actually experienced a decline in real productivity. Such sluggishness appears to be at least partly due to transportation and land use challenges. These metropolitan regions are highly congested, do not have adequate systems of transit to facilitate commuting, have inefficient spatial and land use patterns, and they have problems with goods movement. These cities therefore urgently need investments in infrastructure, together with improved land use planning, including transit and traffic management, as well as urban design solutions to reduce congestion. This proposed project will address challenges faced by cities on integrated urban development by supporting their proposed investments, which promotes both economic and ecological sustainability.

The project will be designed as a Specific Investment Loan (SIL), with a proposed amount of IBRD financing of US\$ 400 million, to be implemented in a period of five years. The project will use an on-lending mechanism to each city supported by capacity building and technical assistance activities to strengthen the planned investments. The project is intended to be the first in a program that will engage a series of cities over time.

The initial set of participating cities will be Surabaya, Makassar, and Balikpapan. These cities were selected by the GOI based on their demand and commitment from each mayor to improve investment priorities, which promote Eco2 Cities principles.

#### Component 1: Investment in Catalyst Projects

Based on each local government's Medium-Term Development Plan (RPJM-D), each city has identified a set of initial investment priorities, which have been presented and discussed at both East Asia and Pacific region-wide and national workshops. These investment priorities are described below:

City: Surabaya

(Population 2,765,908)

Priorities: Urban mass transport and waterfront development are two main priorities in the city's long-term spatial plan for 2005- 2025. The city government is planning an integrated urban transportation system and transformative riverfront redevelopment.

Catalyst Projects:

- North-South tramway corridor
- East-West monorail corridor
- Non-motorized transport facilities
- Kalimas riverfront redevelopment

Estimated Cost USD350 million

City: Makassar

(Population 1,272,349)

Priorities: As the largest metropolitan area in Eastern Indonesia, Makassar has some environmental issues in its coastal area such as sedimentation, abrasion, water pollution, and sea level rise.

Catalyst Projects:

- Proposed infrastructure to support Balang Tonjong Conservation Lake's function as natural reservoir, public green open space, water sports facilities, fishery, water treatment plant, and location of informal sector activity

- Proposed slum upgrading project by building low-income flats to be financed by the project, in coordination with State Ministry of

People's Housing that will build supporting infrastructure and facilities

Estimated Cost USD35 million

City: Balikpapan

(Population 609,552)

Priorities: Balikpapan's development plan of 2011-2016 prioritizes maintaining 52 percent of the city's area as green area. The proposed projects will focus on eco-tourism development.

Catalyst Projects:

- Investment in Balikpapan Botanical Garden: Proposed main infrastructure and facilities and capacity building to be financed by the project; synergy with central and local budget.

- Mangrove center development: Proposed infrastructure, facilities and capacity building for the development of mangrove center to be financed by the project

Estimated Cost USD15 million.

Total Estimated Cost USD400 million

## Component 2: Analytical Support and Institutional Strengthening

The technical assistance component for this project will support the preparation of feasibility studies and detailed designs specific to the investments planned by the cities. However, the investments will also be supported by broader analytic work, which will ensure that the task team and government counterparts have an adequate understanding of the spatial, institutional, and infrastructural contexts in which these investments are being planned, in order to ensure successful outcomes. The analytical work will have five components:

i) The broad spatial dimensions of metropolitan growth will be analyzed using data obtained from satellite imagery. This analysis will help understand the role that infrastructure has played in shaping patterns of urban settlement, and how the proposed infrastructure can meet the demand for urbanization made evident through the spatial data.

ii) Detailed ground-level analysis of land use, urban form and the modalities of urbanization will be carried out, using indicators relating to demography, housing typologies, land use regulations, and transportation infrastructure. This detailed understanding of how the cities function will serve as an input into decisions made regarding the location, characteristics and dimensions of infrastructure investments.

iii) Land and housing market segmentation studies will be conducted, which will form a baseline against which the transformative economic impact of the projects can be measured. These studies will help local governments understand the impacts of the infrastructure investments on land and housing prices, particularly the impact on the accessibility of land and housing to the urban poor. The

cities will be encouraged to institutionalize such studies as regular practice.

iv) A local government urban planning capacity diagnostic will be conducted, in which the team will work with local planning agencies (Bappeda) to determine the strengths and areas for improvement with regard to organizational structure, relationships with other institutions, technical skills, staff recruitment and training, data systems, and use of data analysis in decision-making.

v) A study will be carried out focusing on the governance and management of metropolitan regions requiring multi-jurisdictional cooperation. As the proposed infrastructure is likely to have impacts on entire metropolitan regions, which in many cases extend beyond the cities with which the team will directly engage, it is crucial to understand the means by which cities in metropolitan region communicate and cooperate, and whether successful outcomes can be better ensured by facilitating dialogue between the cities in a metropolitan region and between cities and provinces.

This component will also focus on institutional strengthening, to enhance the ability of cities to develop urban systems that promote sustainable and equitable growth. Developing urban systems that integrate land use regulations, transportation networks, housing and services requires strong urban planning capacity at the local government level. Helping local governments develop the required capacity will be a key element in ensuring that there is an institutional environment that can support the infrastructure being built. Based on the results of the local government urban planning capacity diagnostic exercise described above, the team will work with the Bappeda to build their capacity to integrate the planning of proposed investments with a broader planning system that is able to respond to the cities' needs.

Capacity building will also be supported by South-South collaboration to facilitate knowledge exchange from cities in other developing countries which have found innovative ways to strengthen local planning capacity, e.g. Brazil and Mexico. There will also be a knowledge exchange between Bappeda within Indonesia. The exchanges will help cities learn from successes achieved and challenges faced elsewhere, relating to integrated infrastructure and service provision, land management for urban expansion, municipal fiscal strategies, and structuring planning institutions.

At the request of the GOI through the President's Office, the World Bank will expand this institutional strengthening and knowledge exchange to Eastern Indonesia, e.g. Manado, Kupang, Ambon, Ternate, and Jayapura.

#### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The project (phase 1) will be implemented in larger-sized cities in Indonesia that are also regional centers of development, namely Surabaya, Makassar, and Balikpapan. Except for Balikpapan, all these cities involve densely populated urban areas with low-income citizens and have sprawled to neighborhood districts. Balikpapan is the largest city in Kalimantan and an important regional development center. Balikpapan has pledged to maintain 52 percent of the city's area as green area and plans to focus on eco-tourism development and city sanitation, and will therefore provide an important demonstration of balancing economic development with ecological sustainability. As highlighted in section C above, investment priorities in Balikpapan include, among others, main infrastructure and facilities in the Botanical Garden and capacity building to be as well as infrastructure, facilities and capacity building for the development of a mangrove center. The Botanical Garden was few years ago in a secondary and unproductive forest, the land for which belongs to the local government. Infrastructure such as access road, inner roads, information and office center, water reservoir has been constructed gradually. The project is expected to expedite the

development of Botanical Garden including inner roads, exhibition building, etc. so that its Master plan can be implemented as planned.

Surabaya is proposing infrastructure and cars for tramlines connecting the north-south of the city along the existing main road and monorails connecting the west and east part of the city along the existing main road. Preliminary site visits suggested that some of the shelters or stop stations would be located in densely populated areas, and in some sections of the alignments there would be a need to cut trees and need to acquire land. The potential environmental impacts and potential need to acquire land and resettle the affected population both for the tramlines and monorails will have to be identified during the FS and EIA Study.

Makassar is proposing infrastructure to support the Balang Tonjong Conservation Lake's function, public green open space, water sports facilities, fishery, water treatment plant and location for informal sector activity. It also proposed slum upgrading by building low-income flats. These infrastructures would have potential environmental impacts and need land acquisition, however, as there has been no detail plans for both activities, the intensity and the exact sites of the potential environmental impacts and need for land acquisition cannot be identified at this stage.

### **E. Borrowers Institutional Capacity for Safeguard Policies**

The Executing Agency of the proposed project, i.e. the Directorate General of Human Settlements of Ministry of Public Works, has a long-standing experience in the implementation of Bank-financed infrastructure projects involving safeguards management. The Ministry has sufficient capacity and knowledge on managing safeguards based on the Indonesian regulations and Bank safeguards policies.

The environmental and social impact management capacities of Surabaya and Balikpapan are expected to be adequate as these cities have previous experience working with the Bank on similar operations such as Surabaya Urban Development Project (SUDP) and Kalimantan Urban Development Project (KUDP), respectively, but still have room for improvement. While the capacity of Makassar City is expected to be weak and will need to be strengthened so that each city will be able to prepare the necessary safeguards instruments and carry out subsequent implementation. A project implementation unit (PIU) will be established in each city and will have either qualified staff or consultants to handle safeguards to prepare, implement and monitor Environmental Impact Assessments, Environmental Management Plans, and Resettlement Action Plans during preparation and implementation. Issues related to the capacity of local officials will be addressed through TA. The project will include a needs assessment unique for each municipality. The outcome of this assessment – which will include a discussion of safeguard capacity - will assist in the formulation of a technical assistance package tailored to each city.

### **F. Environmental and Social Safeguards Specialists on the Team**

Knut Opsal (EASER)

Thomas E. Walton (AFTG1)

Indira Dharmapatni (EASIS)

Andrew Daniel Sembel (EASIS)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
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Environmental Assessment OP/ BP 4.01	Yes	<p>The project will involve large scale infrastructure investments, including urban mass transport, neighborhood upgrading, sanitation, as well as investments in conservation areas and the improvements of river banks that can have significant impacts both positive and negative to human and the environment. In general terms, the proposed investments are expected to have positive environmental impacts in the long run, such as through better integrated urban transportation, addressing environmental issues of coastal cities related to sedimentation and water pollution, improved city sanitation, and resilient to disaster risks.</p> <p>The general extent of environmental and social impacts will be determined by the respective feasibility studies, and based on these preliminary findings, the Borrower will examine the Project's potential negative and positive environmental impacts, compares them with those of feasible alternatives (including the "without project" situation), and recommend any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance.</p> <p>Full EIAs will be required for most new investments, and EMPs will be required for other investments.</p> <p>The borrower will also prepare an EA Executive Summary and submit it to the Board prior to appraisal. The TT will share the ToR of the EIA with RSS for review and comments.</p> <p>The scope of the EIA including EMP to be prepared prior to appraisal for all physical investments is to include the following:</p> <ol style="list-style-type: none"> <li>1. All physical interventions proposed by the project, including their ancillary aspects. In addition to evaluating compliance with relevant Bank policies and Indonesian laws and regulations, the EA will take into account the WBG EHS Guidelines for traffic safety, construction, water and sanitation, and assess their applicability to the project.</li> <li>2. Disposal sites for the construction waste generated by all construction activities (especially tramway and monorail construction).</li> <li>3. Socio-economic impacts that are not covered by OP 4.12 (e.g., traffic management during construction, access restriction to business,</li> </ol>
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Natural Habitats OP/BP 4.04	Yes	A number of proposed investments will be located in areas where natural habitats exist in rivers and lakes. The Project will assess borrower capacity to implement the appropriate conservation and mitigation measures because of potential adverse impacts on natural habitat (e.g. in the case the subproject involving river).
Forests OP/BP 4.36	No	The projects may have no impacts on the health and quality of forests and does not support or influence forest management. Creating a botanical garden in degraded forest does not directly affect forest management, nor would it be considered a plantation of the sort that OP 4.36 would be concerned with.
Pest Management OP 4.09	No	The project will not involve procurement of any pesticides or herbicides.
Physical Cultural Resources OP/BP 4.11	TBD	Whether PCR is affected directly or indirectly will be determined when specific locations of investments are known.
Indigenous Peoples OP/BP 4.10	No	Initial screening of the potential sites of the proposed subprojects in Balikpapan, Surabaya and Makasar in reference to the EgiMap (2010) prepared by the Bank suggested that no IPs communities are presence or will be impacted. This Policy is not triggered.
Involuntary Resettlement OP/BP 4.12	Yes	Land acquisition and/or physical resettlement will be necessary for some investments. The general extent of resettlement will be determined by the FS, and based on these preliminary findings, subsequent RAPs will document potential resettlement- and livelihood-related impacts in detail and specify appropriate mitigation measures. Information from the EIA Study and the FS will be used as a basis for defining the intensity and area of the required land acquisition. A social assessment will be carried out in each project are and Resettlement Action Plans (RAPs) will be prepared accordingly. Other large cities may join the project at a later stage and, if such an event is anticipated, the TT will evaluate the needs for a Resettlement Policy Framework (RPF). Finally, for any potential access restriction to natural resources the project will prepare a Process Framework. All the above instruments must be prepared prior to appraisal.

Safety of Dams OP/BP 4.37	No	The project will not finance dams.
Projects on International Waterways OP/BP 7.50	No	None of the potential participating cities are located in the watershed of any international waterway.
Projects in Disputed Areas OP/BP 7.60	No	None of the potential participating cities is located in a disputed area.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS:** 28-Oct-2013

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

As a programmatic project as described above, each Local government will prepare EIAs and EMPs for each sub-projects once the sites of subprojects are more clearly defined based on the FS. Resettlement Action Plan (RAP) will be prepared by each local government for each subproject along with the preparation of the DED of a particular subproject. Draft RAP for each subproject involving involuntary resettlement will be submitted by the Executing Agency for Bank's review and approval prior to appraisal. World Bank safeguards documents work will be coordinated so that a single report, either ANDAL or UKL/UPL, will meet the requirements of both. Existing AMDAL or UKL/UPLs for a number of investments will be reviewed and updated to fulfill the GoI and Bank safeguard requirements.

### IV. APPROVALS

Task Team Leader:	Name: Taimur Samad	
<b>Approved By:</b>		
Regional Safeguards Coordinator:	Name: Panneer Selvam Lakshminarayanan (RSA)	Date: 15-Oct-2012
Sector Manager:	Name: Franz R. Drees-Gross (SM)	Date: 02-Jun-2012

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.