

ENVIRONMENTAL AND SOCIAL SAFEGUARD FRAMEWORK (ESSF)

Additional Financing for the Community-Based Settlement Rehabilitation and Reconstruction Project for Central and West Java and Yogyakarta Special Region ('Rekompak' Yogya)

Background and Project Activities

1. In May 27, 2006, an earthquake damaged settlements in the Yogyakarta and Central Java provinces. Subsequently, in June 2006 a tsunami destroyed some settlements along the coastal areas in Pangandaran - West Java. As a response to these disasters, the Government of Indonesia and the Bank have implemented a Community-based Settlement Rehabilitation and Reconstruction Project (REKOMPAK) for Central and West Java and Yogyakarta Special Region project, called "Rekompak" (hereinafter in this ESSF will be called Rekompak Yogya). The Rekompak Yogya was designed based on the experience and lesson learned from successful community-based settlement rehabilitation and reconstruction project that helped rebuild earth-quake resistant houses and village infrastructure in post-tsunami 2004 in Aceh (called Rekompak Aceh), which had been developed based on the community-driven development (CDD) mechanisms evolved through the World Bank-financed Urban Poverty Project (UPP) particularly PNPM Urban III, and Kecamatan Development Project (KDP). The Rekompak Yogya provided block grants to rehabilitate and reconstruct about 15,000 earth-quake resistant housing units and to prepare Community Settlement Plans (CSPs) in about 265 villages.

2. During October-November 2010 eruptions of the Merapi volcano hit the surrounding sub-districts in Yogyakarta and Central Java provinces. The initial eruption was followed by seven large eruptions spewing hot gas to nearby villages mainly in four kabupatens (Magelang, Sleman, Boyolali and Klaten), and lava accompanied by hot gas along several rivers, and ash rain to cities up to 500 km from the volcano. Responding to the impacts of the Merapi eruption, the Rekompak Yogya will be expanded with additional financing (hereinafter also referred to as "the Rekompak "Additional Financing", or Rekompak AF) to provide immediate support for housing and infrastructure reconstruction and rehabilitation in villages affected by the recent eruptions of Mount Merapi. This includes about 45 villages which are already covered under the ongoing Rekompak Yogya.

3. This Environmental and Social Safeguards Framework (ESSF) is developed for the Additional Financing (AF) for Rekompak Yogya. This ESSF is an up-dated version of the previous framework applied in the first four years of Rekompak Yogya, to include lessons learned from its implementation as of to date and address potential environmental and social impacts due to the Merapi eruption. The Rekompak AF is designed to assist in meeting the needs of eligible households for housing and small-scale priority infrastructure and related facilities and priority investments identified by the beneficiaries in areas in Central and West Java and Yogyakarta Special Region affected by natural disasters.

4. The villages affected by the Merapi eruption have suffered from damages to housing as well as basic and economic infrastructure including access roads, water, sanitation, irrigation, and drainage, and community social-economic facilities. Water resources are affected by the eruption materials resulting in poor quality and quantity. Most houses and agricultural land are heavily destroyed, covered by ashes, sand, and gravel. Economic loss is high and households have suffered from loss of sources of income due to the damage to agricultural land, livestock, shops, home industries, and workshops. Until now, it is not known whether there are physical cultural resources in the project area that are affected by the eruption. Some settlement areas are no longer habitable, difficult to recover, or would take a very long time to recover from the eruption materials. Some agricultural land may not be recovered in the near future due to acidic soil conditions and sandy. Clean up, rehabilitation and reconstruction of these infrastructures will improve the social, economic and environmental living conditions of the villagers but will involve significant efforts and costs.

5. The funds of Rekompak AF would be allocated for targeted villages to:
- ☒ facilitate community planning processes in selected eligible villages affected by the Merapi eruption, including about 45 affected villages that are currently covered by the ongoing Rekompak Yogya, in particular with the preparation, or review of Community Settlements Plans (CSPs),
 - ☒ provide additional block grants for small-scale priority infrastructure and related facilities and priority investments identified in the Community Settlement Plans, and,
 - ☒ provide technical assistance to strengthen the Disaster Risk Reduction component of the project, with an emphasis on improving the involvement of local governments in mitigating the adverse impacts of natural disasters.

Objectives of the Framework

6. The Environmental and Social Safeguards Framework (ESSF) provides general policies and guidelines to serve the following objectives:

- Protect human health;
- Prevent or compensate any loss of livelihood;
- Prevent environmental degradation as a result of either individual investments or their cumulative effects;
- Enhance positive environmental outcomes;
- Avoid or minimize involuntary resettlement, and address the impacts of the unavoidable involuntary resettlement, if any;
- Avoid conflict among community members and strengthen the community's social cohesiveness;
- Prevent or compensate any loss of livelihood from the loss of land or access to natural resources including land because of the project; and
- Restore the living conditions of the affected communities.

7. The principle of "Building Back Better", as opposed to restoring the damaged housing and infrastructure to the pre-disaster conditions will have important implications on the selection of sub-projects and eventually on project financing. Furthermore, as the project will be implemented in parallel and in synergy with other programs or activities, the project team will identify elements of safeguarding that are already covered by other organizations and which are to be covered by the project itself.

Lessons Learned from Rekompak Yogya

8. The ongoing Rekompak Yogya has key features in environmental and social safeguards that would be useful as lessons learned in the implementation of the Rekompak AF, among others:

- There were no land issues encountered during and after the implementation of the project, where most settlements were built on the same land, or on the same plot. All land needed were voluntary contribution from the beneficiaries. At community level, the contributions of beneficiaries' land or common land for infrastructure were recorded and supported by signed agreements and documentation. It was recorded that in 2009, about a total of 7.2 hectares of land has been contributed by 1,061 families or on average 67.9 m² per family.
- No involuntary resettlement has occurred under the project that supports housing reconstruction in Yogyakarta, Central Java, and West Java provinces thus far.
- For infrastructure projects (which constitute less than 10% of total disbursements under Phase 1), there has been a high level of voluntary contributions from communities in the form cash (towards investment costs), in the form of labor, and in the form of land. In these cases, contributions have been recorded in the project proposals, which have been reviewed by the

District Management Consultant (DMC) and ratified by the Community Board of Trustee (BKM) or Implementation Team (TPK). Since the average cost of sub-projects is low, voluntary contributions have also been minor, mainly for alignment of roads. To date, there have been no land related complaints or grievances.

- Some families in the targeted villages have been living nearby or on disaster-prone sites (erosion) and would have to be relocated. Decisions to relocate to safer sites were discussed and agreed among community members and with the local government during the preparation of the CSPs by taking into account to avoid as much as possible relocation with possible measures to avoid or minimize the impacts of erosion. Some families decided to relocate voluntarily and the local government facilitated the selection of safer sites and identification of available government/village land.
- The potential environmental and social issues were identified, anticipated and addressed in the Community Settlement Plan (CSP) where the communities' involvements are high in the decision making to achieve the "build-back-better" principles. Identification of disaster causes and mitigation measures were developed and implemented through for instance, the provision of retaining walls, better drainage, and water polder. The CSP has been proven as an effective key instrument to implement the ESSF in Rekompak Yogya.

Environmental Issues

9. The expected environmental impacts of activities funded by the Rekompak AF consist mainly of debris and dust during the clean up and during construction, and temporary deterioration of water quality, sanitation and drainage facilities due to eruption materials. These impacts would be site-specific and can be locally managed or mitigated through the community-based self-help clean up and continuous environmental awareness training with the assistance of local governments, as necessary. Disposal of the debris and eruption materials would be an issue. Disposal sites for putting the construction debris and clean-up materials will be defined by community groups at the location where the environmental condition is not vulnerable. It has been long known that eruption material from Mount Merapi is suitable for construction. Sand and gravel can be utilized for construction materials for houses and other investments in infrastructure and will be abundantly available at almost no cost. Therefore, further environmental degradation due to quarrying of construction material is not expected to occur.

10. Based on previous experience with earthquakes and tsunamis and the recent post-disaster needs assessment (PDNA) on the Merapi eruption, the key environmental risks likely to be faced by the Rekompak AF will include health effects due to elongated stay in temporary shelters and activities to remove and dispose volcanic material, depletion of natural resources from increased demand for construction materials, and localized flooding. The AF may lead to temporary land conversion from agricultural to residential use.

11. Well water quality. The most common mode of water supply for households in the area around Merapi is piped water from springs; a smaller number of villages depend on rainwater reservoirs. Individual septic tanks are not common, instead most of the population use rivers as toilets. PDAM main water pipes have been severely damaged by the lava flow, and have cut off almost all connections to the surrounding villages. There are a few individual wells which need to be cleared from debris. For the villages that don't use shallow well as water source, the clean-up of water springs will have to be supported.

12. Building materials. The Rekompak Yogya has introduced earthquake-resistant construction, mainly through well-reinforced concrete. The damage by hot air/dust and lava as well as load of sand on roofs will encourage further search for alternative materials, and maybe different building designs. However, considering costs of non-combustible materials, the probabilities of recurrence of eruptions,

and availability of technologies, it will need some consideration on the resources to be put into the research. It is believed that the coverage of volcanic over the region will provide an excessive resource of sand that is very suitable for mortar and concrete. However, the threats to existing vegetation and the risks of uncontrolled quarrying and transporting of the material will still become a general environmental issue.

13. Construction activities financed by Rekompak AF will be relatively small in volume. The number of core-housing units to be rebuilt with the project's support during the coming phase will be relatively small (less than 300 units), resulting in a need for less than 400m³ of timber and less than 2,500m³ of sand, gravel and split stone. Whenever possible, alternative material to timber for housing, such as metal truss for roof, will be considered. This is a small quantity compared to the total need of over 2,100 more housing units to be rebuilt in the 5 districts, expansion of all houses by owners, and the large amount of repairs to other less damaged houses in the region. The infrastructure component of Rekompak may demand more resources: with over Rp 250 million infrastructure grants to each village, the project may need over a total of 17,000m³ of sand, gravel and split stone / aggregate. Also this will be relatively small in comparison with the large projects to be executed by the local governments and other organizations.

14. Management of debris. The clean-up of debris might not a significant issue at the household level but could be an issue at the large scale, particularly in terms of final disposal. The experience of Aceh shows how the initial urgency to clear debris in order to recover bodies lead to fairly indiscriminate dumping causing blockages to water courses and localized flooding. Much of this debris was later cleaned up via Multi Donor Fund (MDF) supported waste management program. As with the Aceh experience therefore, the management (including reuse and disposal) of debris is an important contextual issue for this project and will need to be addressed through parallel and complementary approaches. The construction will reuse as much as possible usable debris and volcanic eruption materials, while the disposal site will be carefully selected to prevent further environmental degradation to productive land.

Land Acquisition and Involuntary Resettlement Issues

15. As to social impacts, Rekompak Yogya and AF adheres to the principle of minimizing involuntary resettlement through the adoption of a community-based approach developed through UPP and KDP. Since 2008, this approach forms part of the National Community Empowerment Program (PNPM). Rekompak avoided (or minimized) land needed for housing and tertiary investments by adjusting designs, and all housing units were built on existing plots. Communities that would be supported by the AF would, in all likelihood, prefer to rebuild their houses and basic investments in their current locations. Identification of boundaries of house plots and agricultural land plots is important as some have been covered by the eruption materials. Most families prefer to rebuild houses and start their living in their original sites. In the case that settlements are no longer habitable and agricultural land is difficult to be used in the near future, families may choose to relocate to other sites voluntarily or with the advice of local governments due to high risks. Land in the new sites may be obtained by the beneficiaries themselves or by local governments or private entities. Local governments may obtain land through direct negotiations with land owners on a willing-buyer-willing-seller basis, under which land owners have the liberty to refuse to sell their land.

16. Looking at the situation in the field in the affected areas in Yogyakarta and Central Java provinces, the sites and ownership of land plots on which houses will be reconstructed can easily be identified in the field and reconfirmed by the families and/or neighbors. Therefore, housing rehabilitation and reconstruction is unlikely to involve resettlement. In very few cases, there could be scattered areas that are no longer habitable due to ground fissures. In such cases, people have to find new land plots on their own or may receive assistance from the local governments or other parties to get new land plots. In the current situation, the project expects that such families may choose either to accept the assistance of the local governments or other parties and voluntarily resettle to the new place or to move to other sites

that they find on their own. Given this possibility and the large scale of housing rehabilitation and reconstruction, the project should anticipate that some involuntary resettlement may take place and ensure that relevant Bank's operational procedures as specified in this ESSF are applied.

Physical Cultural Resources

17. 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 or rural 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.

18. 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.

19. When the project is likely to have adverse impacts on physical cultural resources, the communities or BKM/LKM as the subproject proponent identifies appropriate measures for avoiding or mitigating these impacts as part of the preparation or review of the CSP process. 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.

20. As an integral part of the 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 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.

21. 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 CSP preparation.

Environmental and Social Safeguards Approaches, Instruments and Community Settlement Plans

22. The activities to be funded by the Rekompak AF are similar to those financed by the parent project (Rekompak Yogya) in terms of types and scale of activities. It will finance small-scale priority infrastructure and related facilities and priority investments identified in the Community Settlement Plans. The potential environmental impacts would likely be similar to those of the ongoing parent project, which will be insignificant, localized, not irreversible, and could be managed by the community themselves through community-based approaches. Land acquisition would be insignificant because most houses will be rebuilt on the same land plots and most likely infrastructure will be reconstructed using the same sites or alignments as those prior to the eruption. Resettlement (voluntary or involuntary) would take place as the last alternative should the land is no longer habitable. There would be no scale-up operations financed by the Rekompak AF. The Rekompak AF will provide immediate support for the reconstruction and rehabilitation of housing units and priority investments mainly in infrastructure in villages affected by the

eruptions, which will ultimately lead to the improvement of environmental quality and socio-economic living conditions of the beneficiaries.

23. Given the nature of the activities financed by the Rekompak AF which are similar to those of the Rekompak Yogya, and to maximize and expedite its implementation, all proposed activities would follow the implementation arrangements that are already in place (by, for example, adopting training materials and guidelines for facilitators and communities that are currently being used for villages already covered by Rekompak Yogya). The existing institutional arrangements, approaches, and instruments for financial management, disbursement, and environmental and social safeguards of the Rekompak Yogya will be adopted for the Rekompak AF including updates that reflect the Government's most recent regulations and decrees and tailored to the needs of addressing the handling of the impacts of the eruption.

24. As part of the community-based approach, the project will involve communities in each of the target villages in the assessment of environmental and social safeguards issues before decisions on investments are taken. Consensus on land use, priority infrastructure and resettlement (voluntary or involuntary), if any, will be incorporated in the Medium-term Community Settlement Plan or CSP. Agreement on the mitigation measures to address potential environmental issues, disaster impacts and involuntary land acquisition (also land donation) will be part of the CSP. The CSP is a key effective instrument to implement the ESSF in Rekompak Yogya and AF.

25. All Rekompak (Yogya and AF)-assisted villages are facilitated to prepare CSP of their villages. This involves self-surveys by community volunteers working with locally elected planning teams, including geographical mapping down to the sub-village (*dusun*) level. Thematic maps are produced for analysis of land-uses and trends, problems in infrastructure and services, and mapping of disaster risks; decisions are taken on development priorities, necessary changes in land use, infrastructure investments and other investments to improve the village resilience towards anticipated disasters. The resulting investment plans are used for determining Rekompak sub-projects as well as the village annual planning meetings (*Musrenbangdes*) and other resources or village grants. The majority of target villages already has prepared CSPs, and should regularly review them after each batch of investments. The Merapi eruption has unprecedented coverage of damage, especially its impact on agriculture and residential clusters in the path of the lava flow. Villages within the impact area of the Merapi eruption will have to do a revision of their CSPs. There is a probability of need for resettlement, on a voluntary basis. For people still living in danger zones, heavy mitigation measures should be taken. To guide this process, intensive involvement of local governments, and the national agency as well as regional agencies for disaster management (*BNPB* and *BPBDs*) is essential.

26. As is the case of the ongoing Rekompak, most families prefer to rebuild their houses and make basic investments on their original sites or land plots. In principle, the CSP is the instrument to identify negative potential environmental and social safeguards impacts, including the need to relocate and to acquire land, screen the impacts, identify potential impacts on physical cultural resources (if any), and develop and agree on measures to mitigate or handle such impacts. If it is necessary to prepare specific safeguards instruments such as an UKL/UPL or SOP/SPPL, or a Resettlement Plan, they will be part of the CSP. The CSPs, prepared by the community beneficiaries themselves, will identify the inhabitable land plots/sites and the boundaries of land plots. The CSPs will avoid, and to the extent that this is unavoidable, minimize relocation. In the case that sites are no longer habitable and/or have potential high risks, community beneficiaries would voluntarily relocate to other sites. Land at the new sites would be obtained by the beneficiaries themselves or other parties including local government and private entities who wish to assist the beneficiaries. In the case that local government acquires land for the relocation sites using eminent domain principle The project will follow procedures as specified in the updated Rekompak Yogya's Environmental Guidelines (Annex 1) and Land Acquisition and Resettlement Framework (Annex 2).

27. Furthermore, the detailed design of the investments will be adjusted so that the need for land acquisition is avoided or minimized. Most community beneficiaries prefer to rebuild the existing investments on site. In the case that land acquisition is unavoidable, the community will decide on the approach for getting the needed land. As has been the case of Rekompak Yogya, it is a common practice that community beneficiaries voluntarily contribute land for investments.

28. The CSP will also include measures to mitigate the impact of dust during the construction and clean up of ash, sand, gravel and debris, and identify suitable sites for disposal of excess materials, if reuse is not possible. Some materials will be used for housing and infrastructure, as the quality is good and suitable for civil works. Local governments will assist the community beneficiaries in the operations of the cleaning up.

29. The Rekompak Yogya's experiences in using the CSP as an instrument to screen, identify and manage potential negative impacts has been very effective. Measures to address the potential environmental and social impacts including land acquisition and the need for relocation are streamlined into the spatial arrangements and activities in the CSP. As part of Rekompak Yogya, the AF will remain a highly participatory and community-based rehabilitation and reconstruction activity. Plans to avoid or minimize the need for land and negative environmental impacts, including measures to address social and environmental impacts will be decided by the community itself at all levels of activities, such as planning, sitting, procurement, and construction as reflected in the CSP, with the facilitation of field facilitators and local governments. The assessment of potential affected physical cultural resources along with mitigation measures will be carried out during the preparation or review of the existing CSPs. All of these aspects will be reflected in the CSPs.

30. Community beneficiaries will prepare and decide on the CSP and implementation of the plan, with facilitation by the field facilitators guided by the DMC and NMC. Local Governments will also assist them as necessary. Consultations will take place among the community beneficiaries at the planning and implementation stages of the project. Community beneficiaries will also monitor construction process.

31. The project guidelines, which also include the environmental and social safeguards aspects have been disseminated and socialized to the community beneficiaries for the Rekompak through training. As 45 villages to be covered by AF are Rekompak villages, community beneficiaries especially the BKM/TPK have been aware and understand the guidelines. Coaching for the updated guidelines will be carried for BKMs (Board of Trustees) or TPKs (Implementation Teams) as part of the review of the existing CSPs. The CSP is available for public as well as community beneficiaries in the BKM/TPK and kelurahan (village) office.

32. This updated ESSF will be disclosed in the Ministry of Public Works' (Executing Agency) website and in Infoshop. It will be translated into Bahasa Indonesia and is part of the "Petunjuk Operasional Umum" (General Operational Guidelines). The Rekompak Yogya Guidelines has been uploaded to the Yogyakarta and Central Java Rekompak's website (www.rekompakjrf.org). The updated Guidelines will also be re-uploaded in the website. The updated Guidelines will be distributed to facilitators and each beneficiary BKM/TPK.

ANNEX – 1 Environmental Guidelines

I. Introduction

Environmental impacts would occur mostly from poor site management during the project construction activity.

The project has been classified as a Bank environmental category B. This annex outlines the environmental screening procedures and guidelines to ensure to identify, review, and “red-flag” procedures to ensure that problems are prevented and corrected. Indonesia’s environmental review procedures are generally consistent with the Bank’s and will form the framework from the Rekompak approach to environmental management.

II. Basic Principles

The basic environmental principles are:

1. Proposals should avoid or minimize negative environmental impacts, and they should have explored viable alternative designs and materials to minimize any negative environmental impact.
2. Proposals should fit into the General Spatial Plan (RTRW) and avoid protected areas so designated by the Ministry of the Environment (see below).
3. Any proposal entailing a negative environmental impact shall be complemented by an environmental plan to mitigate the impact.

III. Environmental Screening Criteria

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 4 categories:

1. Those that require ANDAL (full Environmental Assessments) for which the Ministry of Environment has set criteria (see below). *These will be eliminated from consideration for financing.*
2. 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 below). *It is expected that none of the proposals submitted under kelurahan grants would fall under this criteria.*
3. Those for which standard operating procedures (SOP) suffice, where generic good practice would protect the environment adequately. The DG Human Settlements and Urban and Rural Development have 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.). *It is expected that some sub-projects may fall under this category.*
4. Those that require no environmental study, where no construction, disturbance of land or water or discharge of pollutants are involved, this criteria will require an environmental management statement as stipulated in PERMENLH 13/2010. *It is expected some sub-projects may fall under this category.*

Government Environmental Screening Criteria

(by Decree of the Minister of State for the Environment of the Republic of Indonesia)

<u>Sectors and Projects</u>	<u>Units</u>	<u>ANDAL</u>	<u>UKL/UPL</u>
Water Supply			
Raw water intake	L/s	250	– 250 – 50
Transmission (large towns)	km	10	10- 2
Distribution (large towns)	ha	500	– 500 – 100
Urban roads			
New construction:			
a. Large towns	km; or ha	5	5 - 1; or 5 – 2
b. Medium towns	Km; or ha	10	10 – 3; or 10 – 5
c. Small towns (villages)	km	30	30 – 5
Widening (large towns)	km;	5	more than or equal to 10 (if land acquisition)
Bridges in large towns	m	-	more than or equal to 20
Bridges in small towns	m	-	more than or equal to 60
Wastewater & sanitation			
IPLT	ha	2	less than 2 ha
Sewerage system	ha	500	less than 500
IPAL	ha	3	less than 3
Solid Waste Management			
Sanitary landfill (TPA)	ha; or ton	10000	less than 10; or less than 10.000
TPA (in tidal area)	ha; or ton	5000	less than 5; or less than 5000
Transfer station		1000	less than 1000
Drainage & flood control			
a. In large towns	km	5	less than 5; 5-1
b. In medium towns	km	10	less than 10; 2 – 10
c. In small towns (villages)	km	25	more than 5
Kampung Improvement			
Large Towns	ha	200	more than or equal to 1
Medium Towns	ha		more than or equal to 2
Upgrading	ha	5	more than or equal to 1

Sources: PERMENLH-11/2006 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 concerning UKL-UPL and SPKPPL.

Special screening will be applied on the following cases:

- *Fisheries*: Standards from the Fishery Service Agency (Dinas Perikanan) will be applied to all fishery subproject proposals.
- *Pesticide, ozone-depleting substances, tobacco or tobacco products*: No sub-projects 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 sub-project (e.g. renovation of school buildings that may have used asbestos) will be applied.
- *Sub-projects 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 reviews the design and certifies that it meets applicable water and air pollution control standards.
- *Hazardous materials and wastes*. No sub-project will be financed that uses, produces, stores or transports hazardous materials (toxic, corrosive or explosive) or generates "B3" (hazardous) wastes.
- *Logging*. Sub-projects involving logging operations or procurement of logging equipment will not be financed.

- *Development on protected areas.* The Decree or the Minister of the State for the Environment of the Republic of Indonesia Number PERMENLH-11/2006, 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 Rekompak may be used by the existing residents using standard Rekompak 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.*

Design specifications including environment management consideration for water supply, public toilets, urban roads, TPS, markets and bridges will be applied to Rekompak in the form of Standard Operating Procedures.

Environmental Screening Process

Kelurahan Grants. Community groups will prepare a sub-project 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. All proposals will be reviewed by project staff for their feasibility, technical soundness, and compliance with guidelines, before they are considered by the BKM/TPK. Project staffs 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 sub-projects 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. BKMs/TPKs with the assistance of facilitators will ensure that adequate mitigation measures are taken. The selection of proposals by the BKM/TPK for the kelurahan grant shall be made in a meeting publicized in advance and open to the public.

IV. Environmental Mitigation

The project is small in scale, uses community-based approaches and is highly participatory. Likely environmental impacts are well known, based on the Aceh and Yogyakarta, Central Java, and West Java experiences, and are mainly localized. Local environmental management capacity within the GoI is also relatively high compared to the Aceh experience. Yogyakarta, Central Java, and West Java benefiting from relatively well resourced provincial environmental authorities. Likely environmental impacts are therefore considered manageable and the existing Rekompak Environmental Guidelines considered broadly adequate, with the following caveats:

- Environmental screening of community proposals for housing construction and small scale infrastructure will follow the procedures laid out in the existing safeguards framework, taking into account environmental screening criteria set out in PERMENLH-11/2006 for AMDAL and PERMENLH-13/2010 for UKL-UPL and SPKPPL relating to the reconstruction and renovation of housing and settlement.

- The project will (i) undertake to make an initial assessment of damage to household septic tanks and (ii) question local communities on any noticeable changes in well water quality. The environmental specialist located in the National Management Consultant (NMC), as seen below, will compile studies being done on this issue by other agencies and will determine whether more systematic water quality sampling is necessary, potentially to be carried out under the proposed follow up JRF reconstruction project. Sampling will need to be carried out via a competent technical agency, such as a local university, with support from province environmental authorities. In the case ground water quality is found to be unacceptable, and in the event that no other agency funding has been allocated to address water quality, the project will advise BKMs/TPKs to use community grants to undertake follow up measures including rehabilitation/reconstruction of household septic tanks, repairs to well linings, and construction of new household and community wells. The environmental specialist of the NMC will coordinate the activities to ensure that communities will have access to clean water, with assistance from the DMCs and facilitator teams.
- The project will minimize the use of timber in housing reconstruction. Where procurement of timber is absolutely necessary the project will: (a) carry out an awareness raising program for the communities on the requirement to use good quality and legal timber, including the requirement of FAKO (equivalent to formerly SKSHH); (b) assist the communities to get information on the places where to get good quality, legal timber; (c) monitor the purchase of timber with FAKO; (d) enforce the use of legal timber and tie it to the community group disbursement mechanism; (e) establish MIS based tracking of timber procurement and report back on performance on a quarterly basis.
- Training and awareness in applying safeguards procedures will be provided to all project staff within 3 months of commencement of works including: facilitators, housing/infrastructure task teams and Project Implementation Unit (PIU) and/or DMCs, Project Management Unit (PMU) and/or National Management Consultant (3 x 1 day training events). The training and awareness raising will feature the timber legality issue so that housing facilitators are competent in assisting communities with procuring good quality, legal timber.
- Community awareness, in particular to the issue of ensuring that legal timber is sourced for all housing reconstruction needs, will be a feature of early discussions between project facilitators and BKMs/TPKs and community groups, together with provision of printed media in all key centers.

The project will assign an Environmental Specialist in the NMC, positioned to assist the PMU staff in Yogyakarta as well as one person each in the DMC. These specialists will ensure that the existing Rekompak Environmental Guidelines is followed as well as the 5 key additional task areas listed in the preceding bullets. These experts will cover safeguards requirements both for the ongoing Rekompak which finances reconstruction in Yogyakarta, Central Java, and West Java provinces and this JRF-supported reconstruction project.

V. Reporting

Facilitators and DMC 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. Environmental Specialists in NMC and DMCs should summarize progress, monitor and measure the impact of the project on the environment as part of the performance evaluation of the project.

ANNEX - 2
Land Acquisition and Resettlement Policy Framework

I. Project Characteristics

1. Rekompak is a community-based demand-driven project. Sub-projects will not be identified in advance. The identification of the number of people affected by a sub-project can thus only be defined once sub-project proposals are evaluated by the BKM/TPK for the Kelurahan Grants.
2. 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.
3. This Policy Framework provides principles, procedures and organizational arrangements for land acquisition and resettlement. The project anticipates that there would be three types of land acquisition: (a) voluntary contribution/donation from the beneficiaries; (b) direct purchase either by the community beneficiaries and/or by the local government; (c) involuntary land acquisition and resettlement, whereby the land owners have to involuntarily release their land for the project. Should any sub-project involve any involuntary land acquisition or resettlement, this Policy Framework provides procedures and guidelines for agreeing on compensation for those persons who are affected by the sub-project 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.
4. Process and results of land acquisition and resettlement regardless of the scheme for acquiring the needed land, will have to be properly recorded and documented.

II. Schemes for Land Acquisition

A. Voluntary Contribution/Land Donation

5. Voluntary contribution of land and/or other assets is quite common in Indonesian villages, assuming that an individual loses insignificant amounts of land and there will be no relocation. Voluntary donation of a land for a subproject means there is a transfer of ownership rights from the land donor(s) to subproject beneficiaries. Land acquired by voluntary donation shall be supported by “*akta hibah*” endorsed by a notary or a PPAT. Voluntary land donation for a subproject will be an acceptable option if:
 - the land donor receives direct benefit from the subproject and they are not poor people (should be confirmed by the region-based PMU/DMC), or will not becoming worse-off after the land taking;
 - land donor has been informed clearly of their right on compensation at a public meeting prior to the decision on contributing the land voluntarily, but nevertheless he or she is still willing to donate without any pressure;
 - 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;
 - the impacts on the land owners are insignificant and do not result in displacement of households, or cause loss of households’ incomes and livelihoods;
 - the donated land is free from any dispute on ownership or any other encumbrances;
 - consultations with the land donors or beneficiaries are conducted in a free and transparent manner in the presence of BKM and consultant/facilitator, and they are willing to donate land without pressure;

- processes and results of consultation meetings, grievances and actions taken to address such grievances are properly documented.

A format for documenting voluntary donation is presented in Attachment 1.

B. Direct Purchase

6. Land needed for a subproject could be acquired through direct purchase by the community group based on ‘willing-buyer willing-seller’ principle. Negotiations for direct purchase between the community group who needs the land and land owners should be carried-out in a public place and in transparent manner. All proceedings will be documented and final agreement will be signed by the negotiating parties in the presence of BKM, consultant/facilitator, and countersigned by the village head. Documents for land transaction and changes of ownership shall be supported by “*akta jual beli*” endorsed by a notary or a “*Pejabat Pembuat Akta Tanah*” (PPAT). Timing for the payment of the agreed amount should be agreed by the negotiating parties during the negotiation.

7. In the case that local government is planning to acquire private land or community land for the purpose that is related to the project, it can be done through willing-buyer willing-seller approach through direct negotiation if it involves land less than 1 Ha, or if more than 1 Ha, through willing-buyer willing-seller approach in accordance with Presidential Regulation 36/2005 and Presidential Regulation 65/2006 and BPN Ministerial Decree No. 3/2007. Affected livelihoods or source of income by a subproject and/or reduced access to natural resources due to land taking should be compensated by the Local Government. Forms and level of compensation will have to be defined based on the agreement between the Local Government and the land owners.

Attachment 2 provides a sample format for documenting the direct purchase.

C. Involuntary Land Acquisition and Resettlement

Definitions

8. The definitions used in this Policy Framework are:
- a) "Census" means the head count of those persons under a proposed Sub-project that qualify as Displaced Persons. The date of the Census is the latest cut-off point to record the persons in the Sub-project area that will receive compensation, resettlement and/or removal and rehabilitation assistance.
 - b) “Compensation” means the compensation at replacement cost as determined in paragraph 14-21 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 sub-project against provision of compensation and assistance.
 - d) “Displaced Persons” means persons who, on account of the involuntary taking of land and other assets as part of the execution of the sub-project resulting in a direct economic and social adverse impact, whether or not said Displaced Persons must physically relocate, had or would have their: (i) standard of living adversely affected; (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other physical asset acquired or possessed, temporarily or permanently, adversely affected; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and “Displaced Person” means any of the 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

sub-project; or (ii) less than 50% of their land or buildings are affected by the sub-project 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 paragraph 18-20, 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) “Sub-project” means a specific infrastructure investment project carried out with funds from Kelurahan Grant components of the project.

Basic Principles

9. 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) Sub-project proposals should minimize land and asset acquisition and involuntary displacement. Groups proposing sub-projects should have explored viable alternative designs to minimize displacement.
- b) The group proposing the sub-project will use a transparent and participatory process to ensure that all Displaced Persons agree on any proposed sub-project that involves land acquisition or resettlement
- c) The group proposing the sub-project will have to agree to incorporate the costs for land acquisition and/or any involuntary resettlement in their sub-project proposals as part of sub-project 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.

Framework

10. In the event that a sub-project proposal requires any land acquisition, buildings, crops, trees, and/or resettlement, the sub-project proposals have to indicate the need for land acquisition, the number and names of persons affected, the scheme for acquiring the land, and the estimated budget required for compensation.

11. 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 DMC will ensure that the proposal is complemented with a

full Land Acquisition and Resettlement Action Plan (LARAP). The LARAP will include i) a survey to identify the socio-economic characteristics of the Displaced Persons including a census; ii) a comprehensive plan for the acquisition of land and/or resettlement; and iii) a compensation package in accordance with the compensation guidelines set out in paragraph 14-21 and acceptable to the Displaced Persons and the groups proposing the sub-project. The sub-project proposal will also indicate the budget source for the required compensation (Bank funds cannot be used for compensation or buy land). The DMC/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 format of a full LARAP are provided in the Attachment 3 to this Annex.

12. For any sub-project that requires resettlement of less than 200 persons, the BKM/TPK, supported by the DMC staff assisting with proposal preparation, will ensure that the following steps are followed:

- a) The group proposing the sub-project carries out a Census of the persons that would be affected by the proposed sub-project and that would qualify as Displaced Persons.
- b) The Displaced Persons agree on the sub-project proposal, and have negotiated agreement on either voluntary or compensated contribution with the group proposing the sub-project.
- 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 paragraph 14-21.
- 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 DMCs.
- f) A simple format on the agreement is incorporated in the sub-project 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 paragraph 14-21 below.
- g) The agreement should indicate that any compensation will come from the community's or government's contribution to the sub-project. 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 sub-project and put in the agreement (see assistance guidelines in paragraph 21). 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 DMC/facilitator in charge of the affected communities prior to consideration by the BKM/TPK for financing. In the event that no consensus has been reached on the form and amount of compensation, the sub-project 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 the resettlement site, if that is the case, as agreed upon and detailed in the sub-project 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 sub-project 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 DMC 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 DMC and disseminated to the community and the NMC.

- 1) In the case for the housing rehabilitation and reconstruction component, the following additional requirements will apply:
 - o Prior to the approval of eligible beneficiaries, the resettlement expert will ensure that the sites, boundaries and ownerships of the land plots are clearly identified, reconfirmed by their neighbors and verified by the housing facilitators;
 - o Dispute on the boundaries and ownerships of land plots will be solved prior to the approval of the eligible beneficiaries, and the dispute resolution will be facilitated by the BKM/TPK and housing facilitators;
 - o In the case there is land acquisition and resettlement, agreement on the compensation scheme and its payment or realization will be settled prior to the commencement of the housing rehabilitation and reconstruction. The resettlement expert of the NMC and in the DMC will monitor this process and prepare the land acquisition and resettlement. The Land Acquisition and Resettlement Action Plan and its implementation report have to be submitted to the PMU for the World Bank's approval.

The contents of a simple LARAP for a subproject affected less than 200 persons is presented in Attachment 4 to this Annex.

13. The project will hire a Resettlement Specialist in the NMC and one in each DMC responsible for ensuring that the existing Land Acquisition and Resettlement Policy Framework and its amendments are applied in relation to land acquisition and resettlement. These specialists will cover both the ongoing reconstruction and this JRF-supported rehabilitation and reconstruction projects.

Guidelines for Compensation, Resettlement and Other Assistance

14. Based on agreements reached during negotiations, 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

15. 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-sub-project 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; and
- 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 sub-project 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.

16. The extent of the compensation will depend on the tenure situation of the Displaced Person as set out in paragraph 22.

17. Displaced Persons whose: (i) remaining land and building cannot be used for housing or workplace; or (ii) whose remaining land is less than 60 sq meters; or (iii) whose remaining agricultural land is less than 50% of its initial size or is not economically viable; or (iv) 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

18. 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.

19. 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 DMC and the BKM/TPK. 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 sub-project.

20. The location reserved for resettlement will be widely publicized so that the general public will be informed.

c. Other Assistance

21. Displaced Persons who lose their income sources or means of livelihood as a result of the sub-project will receive assistance to restore it. The types of assistance will be defined by the BKM/TPK and local government and confirmed by the DMC. 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.

Eligibility Criteria of Displaced Persons

22. Displaced Persons can be grouped into the following categories: i) those who have legal land certificate, girik, or adat title; ii) 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; iii) 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 sub-project; iv) those who are renters; v) those whose jobs are lost because of the taking of land; and vi) 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 15
- § 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 22

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 15.
- § 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 21.

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 sub-project:

- § Displaced Persons will receive rehabilitation assistance in any of the forms provided for in paragraph 15 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 15.
- § 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 21.

d) Persons who are renters

- § Displaced Persons who are renters will be assisted with an allowance of six-month 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 21.

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.

Consultation and Complaint Resolution

23. This general framework will be included in the Project manuals and guidelines, and DMC 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/TPK complaint system will be referred to the DMC, and, if necessary to the NMC and the PMU. However, in the event that the deliberations have been repeatedly conducted over 120 days to reach a consensus but no consensus has been reached on the form and amount of compensation, dispute resolution will follow Presidential Regulation No. 36/2005 and No. 65/2006.

Reporting and Monitoring

24. The progress of implementation of any required land acquisition, resettlement, and assistance will be reported to the World Bank regularly by the DMC/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 World Bank.

Disclosures

25. The LARAPs as part of and along with the CSPs will be disclosed locally in the subproject sites requiring land. Documentation of the land donation and direct purchase will be available for public in the BKM and/or Kelurahan office, as part of the CSPs. The land owners who donate and sell their land for the subprojects will have a copy of the documentation of land transfers or transactions.

Attachment 1

Sample of Format for Documentation for Land Donation

1. Name of subproject proponent: (Local Government, community group, or other, please specify)
2. Brief description of subproject acquiring land:
3. Size, existing use, and location (with map or sketch) of donated land:
4. Name and identity of land donor(s):
5. Date of the donation:
6. Type of use (for the subproject) of the donated land:
7. Date and signing of the Form: by the subproject proponent (or authorized representatives in the case of community group) who receive the donated land; land donor; head of village, representative(s) of BKM, inherits of the land donor, and witnesses (at least three people). The land donor should put his/her signature on a legal stamp (*meterai*).
8. Attachment of (a) minutes of consultations, signed by subproject proponent or authorized representatives in the case of community group, witnesses (NGOs, civil society and/or community leaders), land owners, and consultant/facilitator; (b) attendance list; (c) a copy of *akta hibah* issued by a notary or PPAT. Format of *akta hibah* follows the regulation.

Attachment 2

Sample Format for Obtaining Land through Direct Purchase

1. Name of subproject proponent: (Local Government, or community group, or other, please specify)
2. Brief description of subproject acquiring land:
3. Size, existing use, and location (with map or sketch) of land acquired:
4. Name and identity of land owner(s)/seller(s):
5. Name and identity of land buyer(s):
6. Type of use (subproject) of the acquired land:
7. Date of land purchase:
8. Land price:
9. Date of payment:
10. Scheme of payment: (cash, and/or cash transfers, installment, etc. as applicable)
11. Recipient of payment:
12. Date and signing of the Form: by the subproject proponent (or representatives in the case of community groups); head of village, representative(s) of BKM, and region-based PMU/DMC representative.
13. Attachment of (a) minutes of negotiation, signed by subproject proponent or authorized representatives in the case of community groups, and witnesses (NGOs, civil society and/or community leaders), land owner(s), and consultant/facilitator; (b) attendance list; (c) receipts of payment; and, (d) a copy of *akta jual beli* issued by a notary or PPAT. Format of *akta jual beli* follows the regulation.

Attachment 3

Contents for Land Acquisition and Resettlement Action Plan (LARAP) for a Sub-project Affecting more than 200 persons

1. If a sub-project proposal indicates that more than 200 persons will be affected by the sub-project, the groups proposing the sub-project (BKMs/TPKs and district level local government agency), assisted by the DMC, 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 sub-project.
2. The date of this Survey/Census will be the latest cut-off point to record the persons in the sub-project 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:
 - i. The size, condition, legal status of land and buildings (listed in impact groups of 0-25%, 25-50%, 50-75%, 75-100% affected);
 - ii. The number of Displaced Persons and households;
 - iii. Relevant social characteristics of the Displaced Persons (age, gender, education, etc);
 - iv. 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);
 - v. The magnitude of the expected loss – total or partial – of assets, and the extent of displacement, physical or economic; and
 - vi. 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 DMC will assist the groups proposing the sub-project to prepare a comprehensive plan on the taking of assets for purposes of the sub-project, 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:
 - i. Description of Sub-Project Impact and Analyses
 - § Description of the sub-project and identification of the sub-project area.
 - § Identification of: (i) the sub-project 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.
- ii. 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;
 - ③ a summary of the views expressed and how these views were taken into account in preparing the resettlement plan;
 - ③ 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;
 - ③ institutionalized arrangements by which displaced people can communicate their concerns to Project authorities throughout planning and implementation; and
 - ③ measures to ensure that groups such as isolated vulnerable people, the landless, and women are adequately represented.
- iii. Compensation Package
- § Description of 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 paragraph 14-21 of the Policy Framework.
- iv. 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 sub-project, 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.
- v. 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.
- vi. 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.)
- vii. 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 jointly by the BKM(s)/TPK(s) and local government agency(ies) proposing the sub-project, with the assistance of the DMCs and will thereafter be provided to the Bank through the DMC/NMC for approval. Once Bank approval is obtained, it will be issued as a Decree of the head of the district level of local government (the Bupati or Walikota). Once the Decree has been issued, it will be disseminated by the DMC and relevant government offices to the Project Affect Persons.
8. Issuance of approval for contract signing for a sub-project that requires a LARAP will be considered by the Bank after receipt of a progress report from the DMC/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 DMC office, the office of the relevant village/kelurahan(s), and the office of the relevant BKM(s)/TPK(s).

Attachment 4

Contents of a Simple Land Acquisition and Resettlement (Simple LARAP) for a Subproject Affecting less than 200 Persons

1. Name of subproject proponent:
2. Description of proposed subproject:
3. Location of proposed subproject (include a map indicating the site of the proposed subproject):
4. Size of land (including assets and plants attached to land) needed by the proposed subproject and size of original land plot:
5. Ownership status of the needed land:
6. Name of land owner(s) and identity:
7. Scheme for acquiring land (including assets and plants attached to land) with proven agreement from the land owners if the proposed subproject is approved. Scheme could be direct purchase, voluntary land donation, or involuntary resettlement.
8. Plan for land acquisition (such as consultations, negotiation, payment, preparation of legal document for land transfers, etc.) with clear schedule;
9. Agencies involved in the process of land acquisition;

10. Amount and sources of funding (if from APBD, indicate the funding availability in the budget document).

11. Dates and signing of the LARAP (sign by subproject proponent or its representatives as selected by farmer groups/women groups; endorsed by the head of village, BKM, and region-based PMU/DMC. In the case of land is to be acquired by the local government, in addition to heads of village and kecamatan, it has to be signed by the Bupati.

12. Attachment to the Simple LARAP: (a) documentation of consultations/negotiations, including minutes of meetings, and attendance list; (b) copy of identity cards of land owners; (c) agreement of land owners on the scheme; and, (d) copy of budget document stating that the budget is available (as applicable).