

**MINISTRY OF PUBLIC WORKS AND HOUSING  
REGIONAL INFRASTRUCTURE DEVELOPMENT AGENCY  
INDONESIA TOURISM DEVELOPMENT PROGRAM**

**ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK  
FINAL**

**EXECUTIVE SUMMARY**

**January 19, 2018**

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## LIST OF ACRONYMS

AMDAL	<i>Analisis Mengenai Dampak Lingkungan</i> (Environmental Impact Assessment)
APBN	<i>Anggaran Pendapatan dan Belanja Negara</i> (State Revenue and Expenditure Budget)
APBDI	<i>Anggaran Pendapatan dan Belanja Daerah Tingkat I</i> (Provincial Revenue and Expenditure Budget)
APBDII	<i>Anggaran Pendapatan dan Belanja Daerah Tingkat II (Kota dan Kabupaten</i> Revenue and Expenditure Budget)
BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BAPPEDA	<i>Badan Perencanaan Pembangunan Daerah</i> (Development Planning Agency at Subnational Level)
BKPM	<i>Badan Koordinasi Penanaman Modal</i> (Indonesia Investment Coordinating Board)
BPN	<i>Badan Pertahanan Nasional</i> (National Land Agency)
CBT	competency based training
CMEA	Coordinating Ministry of Economic Affairs
DED	Detailed engineering design
DDP	Detailed Development Plan
EA	Environmental Assessment
ECOP	Environmental Code of Practice
EEP	Eligible Expenditures Program
ESA	Environmental and Social Assessment
EHS Guidelines	World Bank Group Environmental, Health and Safety Guidelines
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESSA	Environmental and Social Systems Assessment
FPIC	Free, prior and informed consultation
FS	Feasibility study
GDP	Gross Domestic Product
GoI	Government of Indonesia
GRM	Grievance Redress Mechanism
HHTL	<i>Horwath Hotel, Tourism and Leisure</i>
ICT	Information and communications technology
IP	Indigenous Peoples
IPF	Investment Project Financing
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
ISDS	Integrated Safeguard Data Sheet
ITMP	Integrated Tourism Master Plan
LARAP	Land Acquisition and Resettlement Action Plan
LARPF	Land Acquisition and Resettlement Policy Framework

LAT	Land Appraisal Team
LAC	Land Acquisition Committee
MAPPI	<i>Masyarakat Profesi Penilai Indonesia</i> (Indonesian Society of Appraisers)
M&E	Monitoring and evaluation
MOEF	Ministry of Environment and Forestry
MPWH	Ministry of Public Works and Housing
NGO	Non-governmental organization
PDO	Proposed development objective
OP	Operational Policy
PforR	Program-for-Results
PCR	Physical Cultural Resources
PMS	Program Management Support
PPE	Personal protective equipment
RIDA	Regional Infrastructure Development Agency ( <i>Badan Pengembangan Infrastruktur Wilayah, BPIW</i> )
RPJMN	<i>Rencana Pembangunan Jangka Menengah Nasional</i> (Medium-Term Development Plan)
RKL	<i>Rencana Pengelolaan Lingkungan</i> (Environment Management Plan)
RPL	<i>Rencana Pemantauan Lingkungan</i> (Environment Monitoring Plan)
SA	Social Assessment
SME	Small and medium-sized enterprise
SOP	Standard operating procedure
SPPL	Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup (Statement Letter for Environmental Management and Monitoring)
STO	Sustainable tourism observatory
SKPD	<i>Satuan Kerja Pemerintah Daerah</i> (Regional Working Unit)
TA	Technical assistance
TOR	Terms of reference
TVET	Technical and vocational education and training
UKL-UPL	<i>Upaya Pengelolaan Lingkungan Hidup- Upaya Pemantauan Lingkungan Hidup</i> (Environmental Management Plan-Environmental Monitoring Plan)
WBWS	willing-buyer-willing seller

# EXECUTIVE SUMMARY

## 1.0 DESCRIPTION OF THE PROJECT

The Government of Indonesia (GoI) has decided to transform Indonesia's economy using tourism as one of the main growth drivers. The government, in its National Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional*, RPJMN) 2015-2019, has set several objectives to increase the role of tourism in the Indonesian economy. In 2017, the GoI's overall program for developing tourism, the Indonesia Tourism Development Priority Program (*Program Prioritas Nasional Pembangunan Parawisata Indonesia*, PPNPPI) aimed to shift towards a more comprehensive and inclusive approach to tourism development. The government objectives are to increase foreign and domestic visitors and related foreign exchange earnings, employment, contribution to GDP as well as tourism competitiveness. The PPNPPI includes six program areas: (i) international marketing and promotion; (ii) destination development; (iii) human resource and institutional development; (iv) international openness and access; (v) local economy linkages; (vi) safety and security and health and hygiene. The GoI is refining and augmenting its tourism development program. The World Bank has been requested to support part of the government program, in a Project focusing on three of the GoI's priority tourism destinations: Lombok in West Nusa Tenggara province, Borobudur-Yogyakarta-Prambanan in Central Java province and the Special Region of Yogyakarta, and Lake Toba in North Sumatra province.

The Project Development Objective (PDO) of the Tourism Development Program (the 'Project') is to improve tourism-relevant road quality and basic services accessibility, strengthen local economy linkages to tourism, and promote private investment in three tourism destinations in Indonesia. The Project has four components that together will enable the achievement of the PDO:

- Component 1: Improve tourism-relevant road quality and basic services accessibility of selected destinations.
- Component 2: Promote local participation in the tourism economy.
- Component 3: Enhance the enabling environment for private investment and business entry in tourism.
- Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development.

The Regional Infrastructure Development Agency (RIDA) of the Ministry of Public Works and Housing (MPWH) will be the Executing Agency for the Project. RIDA will be guided by a Steering Committee and a Technical Committee. The Steering Committee is composed of Echelon 1 officers from each involved ministry or agency. It is proposed to be co-chaired by the Deputy Infrastructure of the Ministry of National Development Planning (*Badan Perencanaan Pembangunan Nasional*, BAPPENAS) and the Deputy Destination Development and Tourism Industry of the Ministry of Tourism. The Head of RIDA will be secretary of the Steering Committee. The Technical Committee consists of Echelon II officials of each involved ministry or agency. It is proposed to be co-chaired by the Director of Industry, Tourism and Creative Economy in BAPPENAS and the Deputy Assistant Infrastructure Development and Impacts of Tourism in the Ministry of Tourism. Head Strategic Area Development Center, RIDA, will be secretary. The day-to-day responsibility for the Environmental and Social Management Framework (ESMF) implementation, and for the environmental and social safeguard performance of the Project, is under RIDA. RIDA is the focal point for all matters relating to environment and social safeguards during the implementation of the Project.

## 2.0 OVERVIEW OF THE ESMF

This document presents the ESMF for the Project. It is meant to provide guidance to RIDA (or *Badan Pengembangan Infrastruktur Wilayah, BPIW*) for the incorporation of the requirements of the World Bank safeguards policies and Indonesian environmental and social laws and regulations in the activities that are proposed to be financed under the Project. It also provides guidance for training and other capacity-building activities to strengthen Project implementing units/agencies at the central and destination level.

The application of the ESMF varies by component and type of activity. Applicable to all components are: a description of the environmental, cultural and social characteristics of the three priority tourism destinations; a summary of the potential positive and negative impacts of the four project components, and typical mitigation measures for them; a summary of relevant World Bank Operational Policies (OPs) and Indonesian legislation and regulations, accompanied by a gap analysis; institutional arrangements for implementing the ESMF and recommendations for necessary capacity building; a grievance redress mechanism; requirements for disclosure and stakeholder consultation; and a procedure for monitoring, evaluating, and reporting on ESMF implementation and effectiveness.

For Component 1, the ESMF includes:

- A screening procedure for determining the appropriate environmental and social safeguards instrument for any proposed investment, based on scale and risk, and in accordance with World Bank safeguards policies and Indonesian environmental and social laws and regulations;
- Guidance for preparation of instruments, in the form of procedures, frameworks, and annexes containing formats and templates;
- Guidance for implementation of safeguards instruments; and
- Arrangements for monitoring and enforcing implementation.

For Component 2, the ESMF describes opportunities to enhance environmental and social outcomes of tourism development through inclusion of environmental awareness in programs to upgrade the skills of job-seekers (technical and vocational education and training, TVET), tourism workers/professionals (upskilling) and their trainers/teachers as well as business owners of tourism firms. It also identified opportunities to enhance social outcomes through ensuring sufficient IPs will be included in community satisfaction surveys, so that their satisfaction can be monitored as well. The training can include relevant aspects of World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines), including the industry sector guidelines for tourism and hospitality development.<sup>1</sup> For Component 3, the ESMF describes the need for awareness raising amongst investors on relevant aspects of EHS Guidelines, including industry sector guidelines for tourism and hospitality development. While experience in Indonesia shows that significant licensing simplification opportunities are possible by reducing/making more efficient the administrative processing (e.g. parallel processing, online submission), without the removal of any of the requirements that safeguard environmental and social risks, there is the risk that streamlining processes for establishing tourism-related industries could lead to reduced attention to impact assessment and management and possibly creating short-cuts in the permitting processes. For the activities under Component 4 (excluding the planning documents discussed below), the ESMF recognizes the contribution of the Project in strengthening environmental monitoring.

For the planning documents under Component 4 a different approach is required. Its direct impacts are limited, but the plans that will be produced under it will include recommendations for developments that could have significant adverse impacts. Some of those developments will be implemented within the Project and will thus be subject to the safeguards requirements

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<sup>1</sup> [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines).

for Component 1 described above. Others may be implemented in the future and/or with funds external to the Project. Safeguards arrangements for Component 4 must address both sets of circumstances.

- In the case of Integrated Tourism Master Plans (ITMPs), the ESMF provides for 'upstream' incorporation of the requirements of the World Bank's OPs into the planning process, so that they are considered in selection of sites for various types of investments. For example, in the identification of 'no-go zones' based on sensitivity of natural or cultural features; and in the consultations with all stakeholders, including indigenous peoples (IPs)<sup>2</sup> and vulnerable groups.
- In the case of sectoral plans financed by the Project, the ESMF requires that outputs include a preliminary assessment of environmental and social impacts based on the World Bank safeguards policies and applicable Indonesian laws and regulations.

The terms of references (TORs) for the ITMPs and sectoral master plans and other studies include the requirements specified in this ESMF. Selected TORs under Component 1 for feasibility studies (FSs) and detailed engineering designs (DEDs), all TORs for ITMPs, selected TORs for other plans, and the TOR for the Program Management Support (PMS) Consultant under Component 4 should be discussed with and approved by the Bank.

### 3.0 POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS OF THE PROJECT

Potential environmental impacts	Possible mitigation measures and environmental assessment (EA) Instruments
<b>Component 1: Improve tourism-relevant road quality and basic services accessibility of selected destinations – physical works</b>	
<p><b>Positive:</b> This component focuses on addressing existing basic services gaps for the population of the key tourism areas and reversing environmental degradation.</p> <p><b>Negative:</b></p> <p>a) Risks common to most construction activities, e.g., roads, walkways, information centers, pipelines, water and wastewater treatment works:</p> <ul style="list-style-type: none"> <li>• Loss of vegetation and topsoil from land clearing</li> <li>• Soil erosion and stream sedimentation</li> <li>• Dust</li> <li>• Noise and air emissions from heavy equipment</li> <li>• Improper disposal of construction waste</li> <li>• Spills of fuel and lubricants</li> <li>• Damage to other infrastructure or physical cultural resources</li> <li>• Visual intrusion of infrastructure into natural and cultural landscapes</li> </ul> <p>b) Additional risks from construction and operation of water supply weirs and stream channel stabilization</p> <ul style="list-style-type: none"> <li>• Water quality and aquatic habitat degradation caused mainly by suspended solids</li> <li>• Obstruction of fish movements upstream and downstream</li> <li>• Impacts on downstream water uses and users</li> </ul> <p>c) Risks from operation of public toilets</p> <ul style="list-style-type: none"> <li>• Groundwater pollution from septic tanks because of location on unsuitable soils, malfunction, or poor maintenance</li> <li>• Odors and health hazards caused by inadequate housekeeping</li> </ul>	<p>These risks can be mitigated by: a) environmental analysis of alternatives in FSs; b) preparation of good Environmental and Social Management Plans (ESMPs);<sup>3</sup> c) implementation of those ESMPs through inclusion of mitigation measures in DEDs and construction contracts incorporating EHS Guidelines; and d) providing Environmental Code of Practice (ECOP) or Standard Operation Procedures (SOPs) for other activities for which screening indicates that RKL and UKL are not required.</p>

<sup>2</sup> Indigenous Peoples (IPs), or *Masyarakat Adat* (Customary Communities) or *Masyarakat Hukum Adat* (Customary Law Communities) or "*Masyarakat Tradisional*" (or Traditional Communities), are three terms used interchangeably for IPs in Indonesia. IPs is used as the term to encompass all.

<sup>3</sup> Such as *Upaya Pengelolaan Lingkungan* (UKL, Environmental Management Plan) and *Rencana Pengelolaan Lingkungan* (RKL, Environmental Management Plan), which both also cover social issues.

<p>d) Additional risks from construction or expansion/upgrading and operation of waste water treatment plants</p> <ul style="list-style-type: none"> <li>• Eutrophication from nutrients in effluent</li> <li>• Mortality of aquatic organisms caused by low dissolved oxygen, or toxic substances introduced into the collection system</li> <li>• Odors caused by plant upsets</li> </ul> <p>e) Additional risks from operation of water treatment systems</p> <ul style="list-style-type: none"> <li>• Improper disposal of sludge and backwash water</li> <li>• Exposure of workers and community members to water treatment chemicals during delivery and use</li> </ul> <p>f) Additional risks from construction and operation of solid waste collection and disposal facilities</p> <ul style="list-style-type: none"> <li>• Groundwater contamination by leachate because of location on unsuitable soils or ineffective lining and leachate collection</li> <li>• Surface water pollution from contaminated runoff or uncollected or inadequately treated leachate</li> <li>• Smoke and fire</li> <li>• Vermin and disease vectors</li> </ul> <p>g) Conversion of productive agricultural land to non-agricultural use</p> <p>h) Workplace and health and safety risks</p> <ul style="list-style-type: none"> <li>• Injuries and falls from not using proper personal protective equipment (PPE) protection while carrying out construction activities.</li> <li>• Risk to surrounding communities for not providing enough barricades or hazards signage to inform the boundary project area risks during on-going construction activities.</li> <li>• Improper disposal of construction wastes and waste from worker's camp as some contractors do not provide proper portable toilets and good housekeeping practices.</li> </ul>	<p>During implementation, mitigation measures can be better monitored through supervision and enforcement by EHS supervision personnel, including attention to provision and use of PPE and use of signage and barricades at locations of hazards.</p>
<p><b>Component 1: Improve tourism-relevant road quality and basic services accessibility of selected destinations – DEDs and FSs</b></p>	
<p><b>Positive:</b> The studies provided opportunities to improve environmental outcomes of investments provided.</p> <p><b>Negative:</b> The studies themselves will not have direct negative impacts.</p>	<p>TORs for FSs will require analysis of alternatives, where appropriate, and comparison of alternatives on environmental grounds. DEDs will incorporate design-related mitigation measures from UKL, RKL, ECOPs or SOP and will be consistent with EHS Guidelines.</p>
<p><b>Component 2: Promote local participation in the tourism economy</b></p>	
<p><b>Positive:</b> Opportunity to enhance impact management in tourism sector.</p> <p><b>Negative:</b> Population increase will impact on the additional land needs and potentially cause environmental damage.</p>	<p>Environmental awareness to be included in relevant training, including relevant aspects of EHS Guidelines, including the industry sector guidelines for tourism and hospitality development. Local capacity to monitor and manage social and environmental impacts including those of induced development will be enhanced under Component 4.</p>
<p><b>Component 3: Enhance the enabling environment for private investment and business entry in tourism</b></p>	
<p><b>Positive:</b> The component can provide an opportunity to strengthen the consideration given to EHS matters, particularly workplace health and safety and waste management.</p> <p><b>Negative:</b> Simplification of the business licensing process, including for environmental permits, could be misinterpreted as providing short-cuts that impede adequate review prior to approval, with the result that insufficient attention would be paid to EHS issues when new businesses are established.</p>	<p>Use relevant aspects of EHS Guidelines in formulating guidance to business license applicants and reviewers/approvers.</p>

<b>Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development - environmental and social monitoring</b>	
<p><b>Positive:</b> The Project will be measuring the periodic Sustainable Tourism Observatory (STO), or equivalent, monitoring reports published based on pre-agreed geographic scope of tourism development areas and list of key 'sustainable tourism' indicators.</p> <p><b>Negative:</b> None anticipated.</p>	No mitigation needed.
<b>Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development – Integrated Tourism Master Plans (ITMPs)</b>	
<p><b>Positive:</b> The ITMPs are developed to avoid one of the negative impacts of unintegrated tourism development, which is that increased tourism can degrade the environmental, cultural and social resources on which tourism depends if necessary preventative infrastructure and management arrangements are not put in place. ITMPs will provide assessment by pre-screening potential activities and associated impacts that would be well identified in the planning process. ITMPs will help to inform all stakeholders and provide a vehicle for consultation to obtain stakeholder concerns and aspirations. They will minimize uncertainty and lack of transparency. The ITMP will also identify the priority programs needed to strengthen tourism activities at the local level and provide detailed recommendations for the preparation and revision of local and provincial spatial plans and sectoral master plans (if necessary). The in-depth analysis and stakeholder engagement in the ITMP will incorporate a bottom-up approach that was lacking in previous spatial analysis conducted in the priority tourism destinations. The ITMP is thus conceived as a coordination platform for the development of the tourism destination and as the instrument that will pave the way for effective and sustainable tourism development.</p> <p><b>Negative:</b> The ITMPs may not be implemented at the desired standard, which would limit their effectiveness as guides for sustainable tourism development. Facilities constructed upon the recommendation of the ITMPs may have indirect or induced adverse impacts or cumulative impacts either not foreseen, not effectively managed, or both. Unplanned development induced by the provision of tourism facilities is a common example; it can create traffic congestion, generate effluents or solid waste that are not properly managed, and affect visual amenity. Other examples of potential adverse impacts include: depletion of sensitive natural resources upon which tourism often depends; poor maintenance of the facilities after completion of construction, lack of operating budget and capable human resources to manage the facilities and monitor and manage their environmental and social impacts.</p>	<p>World Bank safeguards policies and EHS Guidelines are incorporated in the ITMP terms of reference. ITMPs will include:</p> <ul style="list-style-type: none"> <li>• Recommendations for capacity-building to enhance plan implementation</li> <li>• Articulation of environmental, social, socio-economic, and cultural heritage opportunities and constraints;</li> <li>• Preparation of growth projections and development scenarios;</li> <li>• Detailing of the preferred development scenario;</li> <li>• Formulation of the integrated tourism master plan; and</li> <li>• Ensure active stakeholder engagement.</li> </ul>
<b>Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development – Downstream sectoral plans</b>	
<p><b>Positive:</b> By minimizing the risk of poor planning, the financing of downstream sectoral master plans helps to integrate international standards for sustainability in tourism development. This also provides the necessary risk assessment on the potential environmental and social constraints and benefits and helps to advise the government on the latest techniques and methods for sustainable development, such as improved building materials or ways to incorporate climate resilience in infrastructure, especially in sensitive and vulnerable tourism destinations.</p> <p><b>Negative:</b> The sectoral master plans may not be implemented at the desired standard, which would limit their effectiveness. Facilities constructed upon the recommendation of the sectoral master plans may have indirect or induced adverse impacts or cumulative impacts either not foreseen, not effectively managed, or both. Unplanned development induced by the provision of facilities is a common example; it can create traffic congestion, generate effluents or solid waste that are not properly managed, and affect visual amenity. Other examples of potential adverse impacts include: depletion of natural resources upon which tourism often depends; poor maintenance of the facilities after completion of construction, lack of operating budget and capable human resources to manage the facilities and monitor and manage their environmental and social impacts.</p>	Capacity building and joint training program for the institutions responsible.

<p>In some regions, the capacity of the preparers of <i>Analisis Mengenai Dampak Lingkungan</i> (AMDAL, Environmental Impact Assessment) and <i>Upaya Pengelolaan Lingkungan Hidup- Upaya Pemantauan Lingkungan Hidup</i> (UKL-UPL, Environmental Management Plan-Environmental Monitoring Plan) may be inadequate, as may that of reviewers and enforcement officers in the local government environment agencies, to ensure that all necessary mitigation actions are included in the environmental management plans and are properly implemented by the contractors.</p>	
<p><b>Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development – Program Management Support</b></p>	
<p><b>Positive:</b> The PMS Consultant will provide better solutions and incorporate better efficiency in delivering the necessary key deliverables for the Program. It also will improve the risk assessment and mitigation measures for investments supported by the Program. It will eventually increase the quality and quantity of the deliverables for sustainable tourism development through central-local government coordination and public-private coordination</p> <p><b>Negative:</b> None anticipated</p>	<p>No mitigation needed.</p>

Potential social impacts	Possible mitigation measures and social safeguards instruments
<p><b>Component 1: Improve tourism-relevant road quality and basic services accessibility of selected destinations – physical works</b></p>	
<p><b>Positive:</b></p> <p>a. Local communities and visitors will have improved quality of roads and improved access to public transport facilities, parks, basic services and infrastructure that will lead to better health conditions, reduced expenditures for transport, better living conditions and environmental quality, increased convenience, increased economic and social productivity;</p> <p>b. Increased attractiveness of tourist destinations may lead to an expansion in tourism-related activities in the area, which could socially and economically benefit the local community (including IPs) and the local government.</p> <p><b>Negative:</b></p> <p>a. Temporary disturbance during construction: health impacts of dust, disruption of local economic and social activities, limited access to particular areas, temporary limited access to basic services (for instance disruption of the existing water supply availability to households during the expansion of the water supply pipes);</p> <p>b. Land acquisition for the expansion and/or newly built infrastructure and facilities and/or for the access road to the newly built infrastructure and facilities;</p> <p>c. Improved access to IPs' natural and cultural resources may lead to the unsustainable commercialization of these assets without benefitting the IPs and may degrade their quality and ultimately could lose the attractiveness for tourism;</p> <p>d. Conversion of agricultural land to non-agricultural land which may lead to unemployment for the farmers and labor farmers, which could increase social conflict;</p> <p>e. Induced impacts such as the mushrooming of informal settlements and small businesses in the surrounding of the tourist cluster destination due to the increased attractiveness of the area with better infrastructure and basic services.</p>	<ul style="list-style-type: none"> <li>• The subproject proponents should include social impact assessment in the Environmental and Social Impact Assessment (ESIA) or UKL-UPL; and develop a social management plan in the ESMP or in the UKL-UPL to address the identified potential adverse social impacts.</li> <li>• Mitigation measures to address potential adverse social impacts during construction should be included in the bidding document and contracts for physical works, so that the costs for the mitigation measures will be part of the overall contract amount.</li> <li>• For land acquisition issues, land could be obtained by the subproject proponents either through willing-buyer-willing seller (WBWS) and/or through eminent domain principles, in which both Law 2/2012 and its implementing regulations and OP 4.12 apply.</li> <li>• The RIDA (with the assistance of the PMS Consultant) as the executing agency will monitor the implementation of the WBWS; subproject proponents will document the process of WBWS.</li> <li>• Subproject proponents who will acquire the needed land with the eminent domain principle will prepare a Land Acquisition and Resettlement Action Plan (LARAP) in compliance with the Land Acquisition and Resettlement Policy Framework (LARPF) in this ESMF.</li> <li>• The proponents of subprojects affecting IPs (positively or negatively) will screen and prepare a Social Assessment and Indigenous Peoples Plan (IPP) in accordance with the Indigenous Peoples Planning Framework (IPPF) in this ESMF.</li> <li>• Potential conversion of agricultural land, especially irrigated agricultural land, into non-agricultural land will be avoided or minimized through the ITMPs; similarly, induced development such as the growing informal</li> </ul>

	settlements and small businesses will be address through the ITMPs.
<b>Component 1: Improve tourism-relevant road quality and basic services accessibility of selected destinations – DEDs and FSs</b>	
<p><b>Positive:</b> The Feasibility studies (FSs) and detailed engineering designs (DEDs) for physical investments under Component 1 provide opportunities to identify, avoid and/or minimize potential adverse social impacts and potential needs of land acquisition and/or resettlement that entail from the physical investments. The DEDs could provide inputs to the refinement of the social safeguards instruments (LARAP and/or IPP) as results of technical designs that optimize technical, construction methodology, costs, and risks.</p> <p><b>Negative:</b> If the social issues are not considered in the FSs and DEDs, implementation of physical investments may involve social impacts and risks.</p>	<p>Terms of Reference for FS must: cover the identification and assessment of potential social impacts and need for land acquisition and/or resettlement; provide alternatives to avoid and/or minimize such impacts and need for land acquisition and/or resettlement; and include estimated costs to address such impacts and land acquisition/ resettlement as part of the subproject costs that define the social and economic feasibility of the proposed subproject.</p> <p>Terms of Reference of DEDs should consider the ESIA or UKL-UPL, and/or LARAP, IPP’s recommendations to address social impacts and to avoid and/or mitigate land acquisition and/or affect to IPs.</p> <p>Recommendations of the DEDs to be implemented during constructions should be implemented through the bidding documents and contracts for the civil works.</p>
<b>Component 2: Promote local participation in the tourism economy</b>	
<p><b>Positive:</b> Local community members improve their workforce skills for jobs in the tourism economy and local firms improve their services and quality standards, which ultimately could lead to the increased opportunities or access to gaining better employment and/or better income.</p> <p>Community empowerment and awareness programs and participation in these in the three destinations.</p> <p><b>Negative:</b></p> <p>a. There could be bias in those who will be able to take the training (no equal opportunities for men and women, for small-scale informal tourist-related operators and large-scale formal operators, for members of local community and for outsiders; for vulnerable peoples and for IPs; etc.)</p> <p>b. Training materials may not consider the local context and values while offering international standards and quality.</p>	<p>The program should prioritize strengthening local training providers, monitoring community satisfaction with access to training programs, and—based on that feedback—explore ways to ensure equal opportunities to participate in the training.</p> <p>In preparing training materials, the government will incorporate local context and values into them, where relevant.</p> <p>Social outcomes can be strengthened through ensuring sufficient IPs will be included in community satisfaction surveys, so that their satisfaction with community empowerment programs can be monitored as well.</p>
<b>Component 3: Enhance the enabling environment for private investment and business entry in tourism</b>	
<p><b>Positive:</b> Enhancing the enabling environment for private investment and business entry will provide reduce costs and increase opportunities for new firms and the expansion of existing firms.</p> <p><b>Negative:</b> Small, local firms might have less access to government officials and be less aware of reforms, and therefore may not consider the possible benefits of the reforms for them.</p>	<p>When advising and assisting local governments in simplifying the requirements and procedures for business entry and licensing, this will include recommendations on:</p> <ul style="list-style-type: none"> <li>• Transparent procedures, requirements and costs for business licensing in the tourism sector;</li> <li>• Communication to the public on the simplification of procedures, requirements and related costs through appropriate media (websites, media, brochures, etc.);</li> <li>• Easy access to process the licensing; and</li> <li>• Complaint handling systems at the subnational levels.</li> </ul>
<b>Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development - environmental and social monitoring</b>	
<p><b>Positive:</b> The Project will be measuring the periodic Sustainable Tourism Observatory (STO), or equivalent, monitoring reports published based on pre-agreed geographic scope of tourism development areas and list of key ‘sustainable tourism’ indicators.</p> <p><b>Negative:</b> None anticipated.</p>	No mitigation needed.

**Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development – *Integrated Tourism Master Plans (ITMPs)***

**Positive:** The ITMP is a planning tool that will include consideration of social issues, land acquisition and IPs while it integrates multi-sector activities in each of the tourist destinations. The ITMP will promote tourism development that can avoid and/or minimize potential adverse impacts on social assets, values and cultural resources on which tourism depends. It will carry out assessment by pre-screening potential activities and associated social impacts and provide scenarios for spatial development for avoiding and/or minimizing impacts and risks. It will also provide guidance to stakeholders who will implement the recommended physical investments on the scope and how to prepare safeguards instruments to address potential social issues, to carry out land acquisition and/or resettlement and manage the affected IPs. ITMPs will help inform all stakeholders and provide a vehicle for consultation to understand their concerns, obtain insight on their aspirations and seek their advice to avoid and/or minimize potential adverse social impacts and risks. The ITMPs will also identify the priority programs needed to strengthen tourism activities at the local level and provide detailed recommendations for the preparation and revision of local and provincial spatial plans and sectoral master plans (if necessary). The in-depth analysis and stakeholder engagement in the ITMPs preparation and implementation will incorporate a bottom-up approach that was lacking in previous spatial analysis conducted in the priority tourism destinations. The ITMPs are thus conceived as a coordination platform for the development of the tourism destination and as the instrument that will pave the way for effective and sustainable tourism development.

**Negative:** The ITMPs may not be implemented at the desired standard, which would limit their effectiveness as guides for sustainable tourism development. Facilities constructed upon the recommendation of the ITMPs may have indirect or induced adverse impacts or cumulative impacts either not foreseen, not effectively managed, or both. Unplanned development induced by the provision of tourism facilities is a common example. Local communities can be 'left behind' when it comes to the benefits of tourism and their ability to participate effectively in its development. Tourism development may affect their traditions and cultures. Loss of land, loss of access to customary resources or sources of livelihood, and impacts on the integrity of local culture are also potential negative effects. Some visitors will engage in anti-social behavior, such as drug and alcohol abuse and sex tourism.

The TOR for the ITMP includes among others, the requirements as follows (Appendix 1):

- Preparation of the ITMP at all stages must be participatory and inclusive whereby all concerned parties are invited and participated. The Consultant should develop a stakeholders' engagement plan for the preparation of the ITMP. In areas where local/traditional community and IPs are present and affected within the boundary of ITMP areas (especially in the DDP areas), engage them in local languages. Include a wide range of community/IPs leaders. Where those communities consist of IPs, communities should have the opportunity to give or decline for the involuntary land taking, from access restriction and/or from the use of their assets, cultural heritage and values through a free, prior and informed consultations (FPIC) that lead to broad community support to tourism-related development.
- Areas that are identified as having land legacy issues will be assessed further through a rapid assessment to be carried out by the ITMP Consultant. Land legacy issues can be considered as constraints for further development of the affected area, until the issues are resolved or if there is a clear plan to resolve the issue (with monitoring milestones and clear timeline). The potential risks, opportunities and solution of this issue will be considered in the development scenarios, possibly with a later development phase to be implemented depending on the assessment of the ITMP Consultant and agreement between the RIDA and the Bank. Detail on how to address legacy issues are presented in the LARPF of this ESMF.

**Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development – *Downstream sectoral plans***

**Positive:** By minimizing the risk of poor planning, the financing of downstream sectoral master plans helps to integrate international standards for sustainability in tourism development and provides an opportunity for inclusive basic services and infrastructure. This also provides the necessary risk assessment on the potential social constraints and benefits and helps to advise the government on the latest techniques and methods for sustainable development, such as design the basic services and infrastructure for vulnerable

The TOR for the preparation of the sectoral master plans should include social issues, concerns and assess potential adverse social impacts and need for land acquisition and/or resettlement and potential impacts on IPs of the physical investments recommended by the plans if they are implemented in the future. In addition, the TORs should include the preparation of specific guidance for preparing ESIA, UKL-UPL, FS, DED, LARAP and IPP to assess social impacts, potential land acquisition

<p>peoples including the disabled, women and the poorest which tailored to local culture and practices. All community members should have the same access to basic services and infrastructure and affordable to all.</p> <p><b>Negative:</b> The sectoral master plans may not be prepared based on inclusivity for all community members including vulnerable groups and may not be implemented at the desired standard, which would limit their effectiveness. Facilities and basic service infrastructure constructed upon the recommendation of the sectoral master plans may require land acquisition and/or resettlement, and may affect the IPs. Local communities including IPs or a segment of population can be 'left behind' when it comes to the benefits of improved services.</p>	<p>and/or resettlement and impact on IPs, and develop mitigation measures. Guidance for preparing the LARAP and IPP should follow the LARPF and IPPF in this ESMF.</p>
<p><b>Component 4: Increase institutional capacity to facilitate integrated and sustainable tourism development – Program Management Support</b></p>	
<p><b>Positive:</b> One of the tasks of the Program Management Support (PMS) Consultants' Services is to ensure that the Project will implement the ESMF consistently throughout Project implementation.</p> <p><b>Negative:</b> Risks of inadequate support from the social and resettlement experts in the PMS consultant team and unclear scope of tasks, responsibilities and deliverables related to social issues and land acquisition and/or resettlement.</p>	<p>The terms of reference for the PMS should include (a) clear scope of the tasks in environmental and social safeguards management; (b) preparation of social-related practical guidelines for the subproject proponent/local governments such as stakeholders' engagement, livelihood restorations, implementation of FPIC, etc.; (c) providing assistance and training to subproject proponents/local governments; (d) assisting RIDA in reviewing social safeguards instruments; (e) monitoring and evaluating the implementation of safeguards instruments; (f) managing the grievance redress mechanism (GRM); etc. The TOR also includes the need for a social/cultural expert and resettlement specialist with specific qualifications.</p>

#### 4.0 COMPARISON OF WORLD BANK SAFEGUARDS POLICIES AND INDONESIAN LAWS AND REGULATIONS

The activities in the Project need to comply with both Indonesian laws and regulations and World Bank safeguards policies. The goal is that all safeguards documents will be compliant with Indonesian laws and regulations as well as the World Bank safeguards policies as indicated in the ESMF. The ESMF provides a comparison of Indonesian and World Bank safeguards policies focusing only on the World Bank policies that might be relevant for the types of activities the Project will support. Many of the differences are related to the implementation of Indonesian laws and regulations in the preparation of UKL-UPL and AMDAL and the limited technical and institutional capacity to prepare and implement UKL-UPL and AMDAL. Table 9 in the ESMF identifies measures to address World Bank safeguards policy requirements that are not covered by Indonesia laws or regulations and their implementation. The Project triggers several World Bank Safeguard policies including OP 4.01 on Environment Assessment, OP 4.04 on Natural Habitats, OP 4.11 on Physical Cultural Resources, OP 4.36 on Forest, OP 4.12 on Involuntary Resettlement, and OP 4.10 on Indigenous Peoples.

#### 5.0 APPLYING WORLD BANK ENVIRONMENTAL AND SOCIAL POLICIES AND GOVERNMENT REGULATIONS IN COMPONENTS 1, 2, 3 AND 4 (EXCLUDING ITMPs AND OTHER PLANS)

The ESMF implementation process for components other than the ITMPs and other plans of Component 4 consists of: screening of proposed investments, preparation of safeguards instruments, review and approval, implementation of the instruments, and monitoring and enforcement.

**Screening.** The activities financed under Components 2, 3 and 4 of the Project are unlikely to have adverse environmental or social impacts and will not require formal screening. However, training administered under Component 2, where relevant, will include basic environmental awareness, including relevant aspects of EHS Guidelines, including the industry sector guidelines for tourism and hospitality development. Businesses that emerge in the future because of Component 3 could have adverse impacts, but these cannot be foreseen and will not be directly related to the Project. To improve environmental outcomes, however, Component 3 will include awareness raising of the EHS Guidelines, including the industry sector guidelines for tourism and hospitality development.<sup>4</sup>

Investments proposed for support under Component 1 will undergo environmental and social screening in a three-stage process: (a) eliminating proposed investments that would contravene prohibitions in Indonesian law and regulations or Bank OPs; (b) screening based on physical thresholds established by Indonesian regulations; and (c) screening based on the risks and potential environmental and social impacts in accordance with World Bank OPs. The outcome of the third stage will be a determination of which environmental assessment category applies – Category A requiring a full ESIA, Category B requiring an ESMP or another less intensive study and instrument, or Category C for sub-projects with minimal impacts for which no safeguards instrument is required. The outcome of this three-stage screening process will determine eligible sub-projects and the appropriate environmental management instrument to be used for each sub-project. Screening will consider associated activities and ancillary facilities. The physical thresholds are established by Ministry of Environment and Forestry (MoEF) for activities that would require AMDAL, or full ESIA, and by the MPWH for activities below the AMDAL threshold that would require UKL-UPL, or ESMP. Below the ESMP threshold, some investments may require SOPs, and some may not require any further safeguards work. Prospective investments will also be examined to determine whether a Land Acquisition and Resettlement Plan (LARAP) or an Indigenous Peoples Plan (IPP) is needed. The ESMF contains frameworks to guide the preparation of LARAP and IPP, and a screening checklist for investments. With the assistance of the PMS Consultant, RIDA will review all screening results and indicate either that it concurs with the screening conclusion or has advised the implementing entity to reconsider the screening.

**Preparation of Safeguards Instruments.** The entity that will implement the proposed investment will prepare the required environmental management instrument (UKL-UPL or AMDAL) based on the result of the screening process and on the DED of the subproject. If the screening process concludes that a SOP is sufficient, the implementing entity will obtain the appropriate SOP from RIDA, which will prepare and issue all SOPs with the assistance of the Project Management Support Consultant. The implementing entity will prepare and submit an Statement Letter for Environmental Management and Monitoring (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup*, SPPL) containing its commitment to monitor and manage environmental and social impacts of the investments that are subject to SOP. The preparation of UKL-UPL and AMDAL documents must be in accordance to the Regulation of the Minister of Environment No.16 of 2012 concerning the Guidelines for Preparation of Environmental Document and World Bank OP 4.01. Templates for all of the environmental and social impact management instruments are provided in appendices. It is the intent of the ESMF that a single instrument will meet both Bank and Indonesian requirements, and that whichever requirement is more stringent will apply.

**Implementation and Monitoring of Safeguards Instruments.** Measures in the ESMPs become part of the contract agreement to be signed by the implementing entity and the contractor, and must be supervised by a supervision consultant. A sample of general clauses

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<sup>4</sup> [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines).

for the agreement with the contractor is presented in the ESMF. If subprojects are screened as Category A, independent supervision will be required as part of the ESMP.

During its supervision activities, RIDA will review plans, studies, designs, and any UKL-UPL (or AMDALs) prepared under the Project to confirm that the requirements of the ESMF are being adequately incorporated. In the case of physical investments for which DEDs were prepared under the Project, RIDA supervision will include confirmation that the required UKL-UPL (or AMDAL), LARAP, and IPP have been prepared and approved and are of adequate quality. Preparation of safeguards instruments and direct supervision of construction and operation of the physical investments financed by the Project, including compliance with the safeguards instruments, will be the responsibility of the implementing entity but will be monitored by RIDA. Every six months, RIDA will prepare reports for the Steering Committee and the World Bank on ESMF implementation. The World Bank will review and provide comments and technical advice on the issues included in the reports. RIDA will immediately inform the Steering Committee and the World Bank Task Team of any circumstance or occurrence that could have a materially adverse impact on the environmental and social performance of the Project. In addition, Component 4 will finance activities for stronger environmental and social monitoring capacity in the destinations.

## **6.0 INCORPORATING ENVIRONMENTAL AND SOCIAL CONSIDERATIONS BASED ON BANK OPS INTO THE ITMPs AND OTHER PLANS OF COMPONENT 4**

Because ITMPs, consisting of an overall development plan for the entire tourism destination area and detailed development plans (DDPs) for existing and selected future key tourism areas within the tourism destination area (Appendix 1), will include recommendations for infrastructure investments with the potential for adverse impacts, impact avoidance and mitigation should be part of the planning processes. This will be accomplished by incorporating the requirements of Bank safeguards policies requirements upstream, where they have maximum potential to prevent adverse impacts, in contrast to downstream when plans are fixed and designs are proceeding, and the focus of safeguards shifts to mitigation.

The ITMP's DDPs will provide dedicated planning guidelines to manage and control development. Planners will use the relevant sections of the EHS Guidelines. Elements of DDPs based on the application of the safeguards policies as identified in ESMF will include:

- Environmental protection guidelines to protect and restore natural areas;
- Cultural, religious, historic and archeological guidelines to protect valued features;
- Visitor Management/Crowd Control Plans for tourism sites with limited carrying capacity such as temples, heritage sites and cultural villages;
- Proposed institutional arrangements to monitor the condition of natural, social and cultural assets and to implement the plans for their protection;
- Assessment of environmental, social (including IPs) and cultural heritage impacts related to the preferred development scenario at an appropriate scale and level of detail, taking into account cumulative, indirect and induced impacts and impacts of associated facilities, and prepare a high-level mitigation and monitoring plans;
- Social Management Guidelines to avoid, or minimize potential social conflicts or adverse impacts due to the implementation of the development plan;
- Identify and discuss land acquisition and tenure issues related to the preferred development scenario; and provide guidance (in compliance with the LARPF) for the implementing stakeholders to prepare LARAP in case there is a potential involuntary land acquisition and resettlement;
- Indigenous Peoples Planning Framework to guide stakeholders in implementing the development plan in case that activities potentially affect IPs.

## 7.0 INSTITUTIONAL CAPACITY REQUIREMENTS

The outputs/outcomes from the Project activities, if and when implemented, may have a wide range of potential environmental and social impacts. MPWH as the Executing Agency is a well-established government agency with a growing and substantial workforce from different areas of expertise. Among these areas of expertise are Architecture, Engineering, Regional and Urban Planning, Environmental Engineering, Anthropology, Law, and Economics. However, the RIDA as the Project Executing Agency requires the capacity of experts from other fields not currently employed by RIDA. To support such activities, RIDA's core team will be strengthened by additional civil servants or individual consultants and supported by the PMS Consultant. In addition, RIDA is considering to establish, through the Work Unit of the Strategic Area Development Center, a Technical Expert Team consisting of experts from several areas of expertise stipulated through Decree (SK), especially related to environmental and social aspects.

## 8.0 CAPACITY BUILDING PROGRAM

The Project will finance the PMS Consultant for RIDA, for which the TOR includes Tourism Development Program planning, budgeting, quality control, monitoring, reporting, and coordination to ensure that the Project is in line with its objectives and in accordance with the loan agreement. The duties for the PMS Consultant include:

- a) Providing overall Program management assistance;
- b) Coordinating Program activities;
- c) Creating synergies among all stakeholders;
- d) Ensuring accountability in the management, monitoring and financial reporting of the program;
- e) Assisting in the preparation of the program's consolidated annual spending proposal;
- f) Building a Transparent Information Management System for Tourism Development;
- g) Ensuring the application of the ESMF;
- h) Ensuring the active participation of local communities;
- i) Encouraging appropriate spatial planning practices in accordance with the ITMP;
- j) Capacity building at the tourism destination level for monitoring and conservation of natural and cultural assets essential to tourism;
- k) Ensuring proper handling and resolution of complaints;
- l) Ensuring adequate capacity of all Program stakeholders;
- m) Ensuring timely delivery of reports and ensuring the presentation of relevant documents.

## 9.0 BUDGET FOR IMPLEMENTING THE ESMF

The activities and capacities needed to address the safeguards aspects of the Project as described in the ESMF, including the capability building and staffing for safeguards are incorporated into the Project activities and TORs of the activities financed under the Project themselves and therefore there is no need for a separate ESMF implementation budget. For instance, the RIDA will allocate sufficient budget (through government co-financing) for training costs. The costs related to the preparation and implementation of sub-project safeguards instruments are financed separately, through APBN, APBDI, APBDII and the IBRD loan.<sup>5</sup> Eligible expenditures under Component 1 of the Project include DEDs and FSs and includes related safeguards instruments. The costs related to STOs, or equivalent bodies, for environmental, social and cultural monitoring are covered under the Ministry of Tourism budget and enhanced through Project financing (Component 4). The scope of the ITMP and sectoral

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<sup>5</sup> APBN - *Anggaran Pendapatan dan Belanja* Negara Indonesia (State Expenditure Budget); APBDI - *Anggaran Pendapatan dan Belanja Provinsi* (Regional Expenditure Budget for Provincial level); APBDII - *Anggaran Pendapatan dan Belanja Daerah* (Regional Expenditure Budget for District level).

master plans and other studies include the requirements specified in this ESMF. A significant amount of the PMS Consultants' Services (total budget of \$8,400,000 for 5 years) will specifically focus on facilitating ESMF implementation. The PMS Consultant will also cover an environmental specialist and a social specialist, both with international experience, in RIDA to provide additional capacity to provide time for RIDA to build its capacity.

## **10.0 MONITORING AND EVALUATION ARRANGEMENTS OF THE IMPLEMENTATION OF ESMF**

Monitoring and evaluation (M&E) will be conducted to ensure that tourism development proceeds in a manner that adheres to the concepts of sustainability, and in accordance with the principles of capacity management.

During its supervision activities, the RIDA as the Executing Agency will review plans, studies, designs, and any UKL-UPLs (or AMDALs) prepared under the Project to confirm that the requirements of the ESMF are being adequately incorporated. In the case of physical investments for which DEDs were prepared under the Project, RIDA supervision will include confirmation that the required UKL-UPL (or AMDAL), LARAP, and IPP have been prepared and approved and are of adequate quality. Supervision of construction and operation of physical investments to ensure that the safeguards instruments are being effectively implemented. Every six months, RIDA will prepare reports for the Steering Committee and World Bank on ESMF implementation, including an assessment of ESMF effectiveness and recommendations for any necessary amendments to the ESMF. The World Bank will review and provide comments and technical advice on the issues included in the reports. RIDA will immediately inform the Steering Committee and World Bank Task Team of any circumstance or occurrence that could have a materially adverse impact on the environmental and social performance of the Project.

## **11.0 GRIEVANCE REDRESS MECHANISM (GRM)**

MPWH will establish a GRM team to receive and facilitate resolution of specific concerns of affected communities and Project participants regarding environmental and social performance. The GRM will aim to resolve concerns promptly, in an impartial, understandable and transparent process tailored to the specific community, and at no cost or without retribution to the complainant(s). GRM composition, systematic procedures, and functions are outlined in the ESMF.

## **12.0 PUBLIC CONSULTATION**

RIDA has carried out two rounds of public consultations on, first, the TOR for the ESMF (including the TOR for the ITMP Consultant) and, second, the Draft ESMF and Draft Environmental and Social Systems Assessment (ESSA) in three destinations and in Jakarta. The consultations on the TOR were carried out in Jakarta, Parapat (Lake Toba destination), Magelang (Borobudur-Yogyakarta-Prambanan destination), and in Senggigi (Lombok destination) during April 3-12, 2017. The public consultations on the Draft ESMF and Draft ESSA took place in Medan (Lake Toba destination), Mataram (Lombok destination) and Yogyakarta (Borobudur-Yogyakarta-Prambanan destination), as well as in Jakarta, during July 10-19, 2017. The same invitees of the first round of public consultations were invited for the second round with additional invitees added to the list as recommended by stakeholders who had attended the first round of consultations. In particular, RIDA invited more NGOs, including representatives from *Aliansi Masyarakat Adat Nusantara* (AMAN, Indigenous Peoples Alliance of the Archipelago), an NGO concerned with IPs in Indonesia.

At the time of these consultations, what is now the Project was being prepared as a combination of two financing instruments: Program-for-Results Financing and Investment

Project Financing. The ESSA that was prepared for the Program-for-Results covered the activities that are now Components 1, 2, 3 and (part of) Component 4 of the Project, and the Draft ESMF disclosed on 22 June 2017 (and following consultations disclosed in English and Bahasa Indonesia, on RIDA's website [www.bpiw.pu.go.id](http://www.bpiw.pu.go.id) on October 30, 2017) covered the technical assistance packages under Component 4, the content of which has become part of Component 4. Much of the content of the ESSA has been added to the initial ESMF that was consulted on in July 2017, and the new ESMF thus covers all four components. Since the ESSA and the initial ESMF were consulted on together, the public consultations covered the same material that is now in this ESMF, and all the issues, concerns and recommendations expressed by stakeholders have been incorporated in it.