



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Indonesia	EAST ASIA AND PACIFIC	P175025	
Project Name	Indonesia Environmental Fund TA Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Environment, Natural Resources & the Blue Economy	Investment Project Financing		12/31/2020
Borrower(s)	Implementing Agency(ies)		
	Indonesia Environment Fund Agency (BPDLH)		

Proposed Development Objective

11. The project's development objective is to strengthen the operational systems and capacity of Indonesia's Environmental Fund Management Agency (BPDLH) to receive and manage funds.

Financing (in USD Million)	Amount
Total Project Cost	2.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The Government of Indonesia launched the Public Service Agency (Badan Layanan Umum, BLU) for Environment Fund Management, (Badan Pengelola Dana Lingkungan Hidup, BPLDH) in October 2019. Based on Presidential Regulation Number 77 of 2018, and Minister of Finance Regulation Number 137 of 2019, the BPDLH shall be able to channel funds to finance environmental pollution prevention and climate change mitigation and adaptation. A BLU is a well-established structure under Indonesian law. It has the legal flexibility and autonomous authority to manage its operations and it is not dependent on the state budget, but can source funds from it. BPDLH is a non-echelon



organizational unit which sits under and is responsible to the Minister of Finance through the Director General of Treasury.

As set out in the Presidential Regulation there are two types of funding under BPD LH: 1) environmental pollution and/or damage and recovery management (sourced from state budget and other domestic sources); and 2) conservation trust fund (sourced from national and international development partners including through climate finance for activities such as REDD+ (reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks)). There are several sources of funding pledged to BPD LH, including the Government of Norway which signed a Letter of Intent in 2010 to contribute up to US\$1 billion toward Indonesia's REDD+ efforts based on performance, and the World Bank through GHG emissions reduction operations such as Jambi Sustainable Landscape Management Project (J-SLMP, P166672, under the BioCarbon Fund Initiative for Sustainable Landscapes) and East Kalimantan Project for Emissions Reduction Results (P166244, under the Forest Carbon Partnership Facility).

In a letter sent on October 15, 2019, the Coordinating Ministry of Economic Affairs requested the World Bank to provide technical assistance (TA) to BPD LH. The Government of Norway provided additional funds to the SLMP MDTF to allow the Bank to respond to this request.

As part of the package of TA to BPD LH, provided under the Sustainable Landscape Management Program Multi-Donor Trust Fund (see Relationship to CPF in the AIS), the Bank is providing Bank-executed TA and proposes this Recipient-executed grant. With the support of Bank-executed TA, BPD LH is currently finalizing its operational handbook and clarifying its governance structure, management system (financial, safeguards, communication) and programmatic focus. This RETF grant will finance technical assistance to strengthen these systems.

The grant will specifically assist:

1. Monitoring and Evaluation (M&E) system. The grant will support the development of an M&E system for BPD LH, to enable data collection, information management and results reporting at multiple results levels and from multiple beneficiaries on funds being received and disbursed by BPD LH. As typical BLUs do not manage funds from international sources, it is critical that a robust and globally recognized M&E system that can follow the use of such funds be developed and put in place before such funds are disbursed. A theory of change, performance indicators, and an M&E reporting process and templates will be developed to enable monitoring of fund flows, project/program performance, safeguards performance, etc. The M&E system will be integrated into a broader BPD LH MIS (see below).
2. Management Information System (MIS). The grant will support the development of a modular management information system, including making information publicly available, easily accessible, timely and in a centralized location. Information to be captured will include, for example, beneficiary eligibility criteria determined by Gol, requests for proposal, terms of reference, project proposals, information on approved projects and safeguards, and agreements between funding instruments. It will also incorporate results management and M&E. In addition, it will be a platform to share experience and lessons learned from multiple projects.
3. Communications and Stakeholder Engagement Strategy. The grant will support the development of a communications and stakeholder engagement strategy, including how to engage line ministries, stakeholders, and beneficiaries of environment funds and projects/programs. This is a fundamental requirement for international



fundes to ensure that BPD LH has robust tools to ensure wide consultation on its programs and reach beneficiaries and a capacity building program in place to support stakeholders to access BPD LH funding. Activities will include:

- a. Mapping of key stakeholders;
- b. Development of a multi-level communications and stakeholder engagement strategy, including local, national, international and private sector stakeholders;
- c. Planning and execution of stakeholder engagement events;
- d. Development of a capacity building program and modules to support stakeholders (e.g., line ministries, provincial governments, civil society organizations, etc.) to access BPD LH funding;
- e. Development of a website and communications materials.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Most of the technical assistance activities will take place at BPD LH office in Ministry of Finance (MOF) Building complex in Jakarta (or virtually, subject to COVID restrictions) where the consultants/experts will work closely with BPD LH staff in strengthening the currently available Standard Operating Procedures (SOPs)/guidelines at MOF. There will be procurement of MIS equipment (hardware and software) to assist the establishment of an MIS system for BPD LH.

The systems established under the RETF activities will be used to manage future receipt and disbursement of financing for environmental programs/activities. National financing and/or other donor financing to be managed under the Fund may support implementation of other non-REDD+ operations or REDD+ funds beyond the Bank-administered activities within the lifespan of the TA including activities across Indonesia such as: Payment for environmental Services (PES), tree plantations, forest extractive enterprises, improved cooking stoves, improved charcoal kilns, ecotourism in and/ around protected areas, agriculture intensification to reduce forest impacts, or implementing Climate Smart Activities (CSA).

Future programs and investment plans developed under BPD LH as currently envisaged will primarily be part of nation-wide efforts to reduce deforestation and degradation of forests, home to significant biodiversity and under threat from increasing resource development activity. They are home to a number of protected species such as the Sumatran tiger (critically endangered), Asian tapir (endangered), Sumatran elephant (critically endangered), and Sumatran rhinoceros (critically endangered). Important ecological zones include mangrove forests, coastal forests, lowland forests, swamp and peatlands, and montane forests. Forests play an important role in supporting traditional forest-dependent communities, including several indigenous groups, who have limited land/tenurial rights recognition. Forest coverage is likely located within designated Forest Area (Kawasan Hutan), including national parks as well as areas that are designated for forestry uses (including logging concessions (HPHs), industrial timber plantation concessions (HTI), conservation areas, and several types of community forestry concessions). Economies in provincial areas are dominated by primary production of agriculture and plantation crops such as oil palm and rubber.

D. 2. Borrower's Institutional Capacity

A Steering Committee, comprising of representatives of 10 Ministries, is responsible for providing directions for a general policy on environmental fund management, technical policy on programmatic priorities (TF allocation) and evaluating implementation of projects financed by BPD LH. The Steering Committee's day to day work is supported by



a Secretariat comprising of ex officio staff from Ministry of Environment and Forestry and a transition team of 22 staff. Several BPDH staff have experience applying World Bank safeguards for operations such as J-SLMP, East Kalimantan Project for Emissions Reduction Results, Forest Investment Program (FIP) and Dedicated Grant Mechanism (DGM) projects.

BPDH is the first BLU that will receive and disburse international funds and there are capacity gaps with respect to international requirements such as on Monitoring and Evaluation (M&E) and information management including on safeguards that will need to be closed in order to ensure BPDH meets its ultimate goal of receiving international accreditation to receive funds, e.g., by the Green Climate Fund. BPDH's final organogram is expected to have ESF capacity under the Legal Director.

This RETF itself is an opportunity to integrate capacity to address environmental and social risk management in the Fund's systems. BPDH will require robust systems in order to manage large amounts of financing received from domestic and international sources. Once effective, the grant financing will be used to hire consulting and non-consulting services (firms and individuals) and for procurement of goods. It is anticipated that technical expertise will be needed, for example, in M&E, MIS, institutional development, communications, and environment and social safeguards. To ensure ownership rests with BPDH and capacity is built within BPDH, BPDH is currently hiring permanent, dedicated Directors and experts/staff, who will be responsible for leading the agenda and managing the consultants. They will work closely with the consultants and trainings will be organized to build capacity and awareness of ESF requirements during implementation.

In addition, BPDH has just completed its draft operational handbook setting out the current status of its governance structure, fund flow, fiduciary management, monitoring and evaluation approach, safeguards aspects and communication plan, which is a prerequisite for receiving funds from the Government of Norway. The Government of Norway has commissioned an external assessment being undertaken from Aug-Oct 2020 to assess BPDH's systems, including necessary documentation and capacity to manage the potential E&S risks during project design and implementation. It is proposed that this RETF build on the results of this assessment with measures to fill the gaps identified using the ESF as benchmark. UNDP also conducted a Harmonized Approach to Cash Transfer (HACT) assessment in March 2020, which assessed the risk associated with transferring funds to BPDH to be moderate. UNDP expects to revise its HACT assessment with an anticipation that the risk could potentially be lowered. The TA inputs themselves will consist of a review and assessment of existing E&S Safeguards Management Framework (ESSMF) and procedures as outlined in BPDH Handbook and are to result in delivery of a report consisting of the review and recommendations in the form of an action plan for establishment of an Environmental and Social Management System (ESF consistent and described under ESS9). The TA inputs will involve hiring of safeguards specialists to develop the review and action plan for the ESMS and this will be outlined as a component of the overall technical ToR for the TA, rather than as separate stand-alone ToR. These inputs will hereafter be referred to as 'the ToR for the review and action plan for BPDH ESMS.' Actual development and implementation of the ESMS is to be undertaken subsequent to the TA.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial



Environmental Risk Rating

Substantial

The assistance provided through this RETF is supporting the strengthening of BPD LH operational systems. These existing systems, including environmental and social management processes will influence currently unknown downstream investments. De-linking the output fully from downstream investments is therefore not possible, and the project environmental risk is therefore substantial. Output would be a review and action plan for BPD LH ESMS that address gaps in existing ES management processes and will fulfill ESF requirements.

Based on the OESRC note on the application of ESF for TA activities dated July 2019 there are possible downstream impacts (both positive and adverse impacts) resulting from the provision of capacity building and institutional strengthening activities under BPD LH. While the capacity building activities themselves have minimal or no social or environmental impacts, they involve providing support and policy direction to institutions in carrying out or overseeing activities that do have potentially significant social and environmental implications. These implications should be taken into account in the design and implementation of this TA.

Future programs and investment plans developed under BPD LH will bring positive effects to the environment in general, especially to the forest conservation program nation-wide by reducing deforestation and degradation of forests, home to significant biodiversity and under threat from increasing human development activity. They are home to a number of protected species such as the Sumatran tiger (critically endangered), Asian tapir (endangered), Sumatran elephant (critically endangered), and Sumatran rhinoceros (critically endangered). Important ecological zones include mangrove forests, coastal forests, lowland forests, swamp and peatlands, and montane forests. Forests play an important role in supporting traditional forest-dependent communities, including several indigenous groups. Forest coverage is likely located within designated Forest Area (Kawasan Hutan), including national parks as well as areas that are designated for forestry uses (including logging concessions (HPHs), industrial timber plantation concessions (HTI), conservation areas, and several types of community forestry concessions). Economies in provincial areas are dominated by primary production of agriculture and plantation crops such as oil palm and rubber.

Potential direct environmental impacts from this TA is mainly attributed to recruitment of consultants/experts and procurement of MIS equipment (software and hardware) to strengthen BPD LH organization and systems. Potential indirect environmental impacts of future programs/plans are primarily related to risks of intensifying agricultural production, natural habitats encroachment or displacement to other regions of the country (leakage/rehearsal) because of the increased enforcement or land-based regulations that could be put in place. Other environmental impacts could be related to possible pesticide use and management, land-based investments in peat management/restoration that could include civil works with environment, health and safety issues that need to be considered in compliance with Bank policy and EH&S sector guidelines. All of those possible risks and impacts have been addressed in the SESA and ESMF of J-SLMP and the East Kalimantan Project for Emissions Reduction Results approved by the Bank in 2019. Poor capacity to manage future E&S risk under the Fund should be addressed as part of this RETF.

Social Risk Rating

Substantial

The overall social classification is substantial due to the potential links between the operational management systems of the Fund that are being strengthened by this TA and decisions on the design and implementation of existing and future provincial landscape management programs and other activities, for which there are social risks. National and other donor financing to be managed under the Fund may support implementation of non-REDD+ operations or



REDD+ funds beyond the Bank-administered activities within the lifespan of the TA including activities across Indonesia such as Payment for environmental Services (PES), tree plantations, forest extractive enterprises, improved cooking stoves, improved charcoal kilns, ecotourism in and around protected areas, agriculture intensification to reduce forest impacts, or implementing Climate Smart Activities (CSA). Such activities may involve risks associated with access restrictions and social conflicts regarding access to land/tenurial rights and limited institutional capacity for law enforcement and sustainable management of land and natural resources. In addition, specific risks to vulnerable forest dependent communities, including Indigenous Peoples, both in terms of access to their land and natural resources and impacts on their cultural heritage are also considered relevant. Typical activities to be supported by the Fund can in some cases involve significant risk. The TA support involves upstream interventions for capacity building and does not involve support to preparatory activities such as prefeasibility studies, feasibility studies or ESAs that would directly contribute to the planning and implementation of downstream programs. However the operational management processes for Fund will inevitably be used to prepare and implement such programs. It is therefore important for Bank support for capacity building to guide the development of environmental and social policy and systems to inform decision-making on future use of the Fund sufficient to manage potential downstream risks. Assessment of the existing environmental and social management measures will be undertaken as part of the TA and will result in a review and action plan for an ESMS consistent with the ESF.

Financing under the RETF for establishment of the BPD LH is limited to operational systems, and ensuring that these systems require the recipient and implementing agencies under the Fund to use grants for capital and operating expenses for their intended purpose and to manage E&S risk. Future fund disbursement arrangements are currently undecided and could be for projects to improve environmental outcomes in a diverse range of sectors. The fund may also receive and disburse funds associated with new and existing activities under World Bank financed ER programs in Jambi and East Kalimantan provinces.

Implementation of future grants that are not prepared or managed under World Bank operational arrangements and are approved after completion of this RETF is not subject to application of the ESF. However, there may be some risk associated with supporting TA where the Borrower subsequently applies, or fails to apply, the TA advice and the Borrower's follow-up activities encounter environmental or social problems. Since the capacity to manage large scale climate investments at provincial level is likely uneven, a transparent system for management and monitoring of environmental and social risks and inputs should be included in the overall Fund monitoring and evaluation system as a project activity.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The TA will review of the Terms of Reference (TORs) for the consultants/experts by the Bank's E&S specialists to ensure that relevant E&S elements are included. There is a development opportunity to promote an environmental and social management approach based on international standards by incorporating environmental and social objectives into the establishment of monitoring and evaluation systems of the Fund, an MIS system, and the promotion of stakeholder engagement and information disclosure. Where the Fund manages finances for existing



World Bank operations (in Jambi and East Kalimantan), the previously developed Strategic Environmental and Social Assessment (SESA) and resulting Environmental and Social Management Framework (ESMF), Indigenous Peoples Policy Framework (IPPF) and Process Framework (PF) requirements are in place and will apply to manage these finances.

Environmental and social risks will need to be taken into account in the provision of inputs to the management system for the Fund for due diligence on the disbursement of financing received by the Fund. Since the modality of how the Fund will make finances available to recipient ministries and provinces is yet to be determined, and might use financial products (e.g., grants, loans) other than traditional budget allocation; the existing safeguards frameworks (ESSMF, as described in the handbook) will be reviewed for consistency with requirements for an Environmental and Social Management System (ESMS) as described under ESS9. TORs will be reviewed to ensure that environmental and social elements are incorporated into the systems that are developed, and to propose improvements to existing frameworks where gaps are identified. The RETF is not going to finance direct preparation of new provincial landscape or forestry programs, but its support for operational systems will include environmental and social preparation and management guidance measures. It is therefore important to ensure that these are consistent with ESF requirements and with existing good international practice on environmental and social assessment for FCPF / BioCF REDD+ trust funded projects. These inputs also provide the guidance to disburse funds to support positive benefits to the environment and people's livelihoods.

The TOR for the consultants to undertake each of the activities will be reviewed by the Bank's specialists to add important E&S aspects including opportunities to strengthen M&E system, MIS and stakeholder engagement strategy. This will include incorporation of electronic waste (E-waste) management procedures for IT hardware replacement conducted under the project. Detail will be provided in the overall technical ToR for the TA for preparation of the review and action plan for BPDH ESMS (actual development and implementation of the ESMS is to be undertaken subsequent to the TA). The ToR for the review and action plan for BPDH ESMS will be submitted to the Bank for clearance prior to the beginning of project activities. The proposed review and action plan for the ESMS will also include an assessment of the potential E&S risks associated with the potential typology of investments to be supported in order to inform the type of ESMS required. Preparation of the ToR will be informed by the results of the UNDP HACT Assessment, and a review of existing modalities of E&S considerations in ER programs for gaps in order to inform the development of the systems.

The project's Environmental and Social Commitment Plan (ESCP) is to be prepared and agreed with BPDH, and disclosed prior to approval of the project. It will include description of timing, resources and responsibilities required for the development of the review and action plan for BPDH ESMS. The ESMP will also include principles for stakeholder engagement and information on a grievance redress mechanism for receipt of concerns and feedback associated with the RETF capacity building activities.

Areas where “Use of Borrower Framework” is being considered:

The project is not considering use of the Borrower's framework for application of measures consistent with the ESF requirements.

ESS10 Stakeholder Engagement and Information Disclosure



Requirements of ESS10 will inform the development of a Communications and Stakeholder Engagement Strategy and the M&E system during the implementation of the RETF. The ToR for the review and action plan for BPD LH ESMS will provide for stakeholder consultations to be undertaken as part of future pre-investment preparation and will involve central and sub-national government agencies, civil society organizations and community representatives, including Indigenous Peoples and forest dependent communities.

Since there is no clear need for a stakeholder engagement plan prior to implementation of RETF activities and establishment of the ESMS inputs, the principles for Stakeholder Engagement and Grievance Redress Mechanism (GRM) for the RETF activities themselves will be described in the ESCP and disclosed prior to project approval. These principles should emphasize access to information on the design of the management system, and on how to provide feedback or concerns during implementation of the RETF.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

Workers directly involved in activities financed under the RETF will consist of government staff seconded by the BPD LH and of consulting and non-consulting services (firms and individuals) hired under the grant financing arrangements. It is anticipated that individual technical expertise will be needed, for example, in M&E, MIS, institutional development, communications, and environment and social safeguards. To ensure ownership rests with BPD LH and capacity is built within BPD LH, BPD LH is currently hiring permanent, dedicated Directors and experts/staff, who will be responsible for leading the agenda and managing the consultants. Labor risks associated with involvement of government workers and consultants in the RETF activities are minimal and requirements consistent with the objectives of ESS2, including provision of a worker grievance mechanism, will be described in the ESCP. ToR for review and action plan for BPD LH ESMS will ensure that labor related risks associated with preparation of provincial landscape management programs and other downstream investments are addressed in a manner consistent with the objectives of ESS2 and this measure will also be included in the ESCP.

ESS3 Resource Efficiency and Pollution Prevention and Management

The activities associated with the RETF itself, of providing technical assistance to strengthen operational systems for BPD LH, including the preparation of the review and action plan for ESMS, will have low impacts in terms of resource efficiency and causing immediate pollution. This TA will finance MIS systems including provision of hardware. Measures to manage the storage and disposal of old equipment will be described in the ESCP, including application of currently available procedures on E-waste management and recycling that have been developed under other recently prepared World Bank projects. ESS3 objectives will be directly embedded in the technical assistance through preparation of the review and action plan for an ESMS, where downstream implications of ESMS application for fund disbursements are expected to be positive support for resource efficiency and pollution prevention. ToR for the review and action plan for BPD LH ESMS will ensure that inputs are consistent with the objectives of ESS3.

ESS4 Community Health and Safety



The activities associated with the RETF will not have any immediate impacts on community health and safety. Downstream implementation of provincial landscape management programs and other future activities financed by the Fund may involve induced impacts on community health and safety including those resulting from restrictions in access to forest-dependent livelihoods and conflict over resource use. Community health and safety related risks associated with these programs will be addressed under the review and action plan for the BPD LH ESMS and the ToR for the review and action plan will ensure that this is done in a manner consistent with the objectives of ESS4.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Land acquisition and resettlement-related risks associated with future downstream investments will be addressed in the ToR for the review and action plan for BPD LH ESMS with recommendations provided that are consistent with the objectives of ESS5. Access and land use restriction risks may be associated with the implementation of activities financed by the Fund. Some aspects of the REDD+ program may limit access to resources due to establishment of protected areas, enforcement of existing ones, or other types of restrictions to land-use, but they are not directly supported by this RETF grant. Resettlement risks are considered very remote in these programs as the GOI commits to ensuring amicable conflict resolution for tenure settlements and at the same time, seeks to facilitate social forestry schemes to enable forest dependent communities to obtain tenure security. These would be addressed as part of the ESA process for future downstream investments but are outside of the scope of this RETF.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The activities associated with the RETF itself, of preparing the ESMS elements for the fund, will not have immediate impacts on biodiversity and management of living natural resources. ESS6 objectives will be directly embedded in the technical assistance through preparation of the review and action plan for ESMS, where downstream implications of ESMS application for fund disbursements are expected to be positive that supports biodiversity conservation and sustainable management of living natural resources.

Future programs prepared under the Fund will bring benefits for biodiversity conservation from the emission reduction program fostering an enhanced forest conservation program, environmental pollution prevention and other environmental protection activities. Downstream implications include support for livelihood programs for forest community that may involve the introduction of specific invasive species and support for agricultural, ecotourism or forest plantation that has limited consideration for natural habitat and biodiversity protection. The review and action plan for the ESMS will recommend a mechanism to screen potential activities that could cause significant conversion or degradation to natural habitats or biodiversity that can be avoided and a system to identify and manage mitigation measures if the activities can continue. ToR for the review and action plan for BPD LH ESMS will ensure that that this is described in a manner consistent with the objectives of ESS6.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Indonesia is home to diverse groups of communities that could be categorized as Indigenous Peoples by both the screening criteria for ESS7 and under national law. Forests play an important role in supporting traditional forest dependent communities, including the Talang Mamak, Orang Rimba (People of the Forests), and several other forest-



dependent communities. Communities in provinces have strong alliance with AMAN (Aliansi Masyarakat Adat Nusantara/ the Indigenous Peoples' Alliance of the Archipelago), the largest network of Adat communities in Indonesia (Adat are traditional communities considered to meet criteria for indigenous peoples status under ESS7). Projects financed through the Fund will include facilitation and policy development to promote tenure recognition of forest dependent communities, notably through the Social Forestry schemes. Provisions for recognition and support for tenure security will be considered in the ToR for review and action plan for BPD LH ESMS with recommendations provided that are consistent with ESS7. Tenure recognition is one of the key pre-conditions to promote participation of these communities in sustainable land and resource management activities and to benefit from the future Emissions Reduction Programs. Indigenous peoples-related risks associated with preparation of future downstream investments will be addressed as part of the ESA process for future downstream investments but are outside the scope of the RETF.

ESS8 Cultural Heritage

Forested areas and ecosystems that are a focus of provincial programs and other activities financed by the Fund may have cultural importance or hold physical cultural resources that need to be considered as part of project design and implementation. ToR for the review and action plan for the ESMS will ensure recommendations that are consistent with the objectives of ESS8 and include measures to evaluate resources, consult with pertinent cultural resources authorities in compliance with national laws and regulations, and involve stakeholders at the ground-level where activities are implemented. Any construction or other physical activities that could be part of provincial programs would also need to follow ESMS provisions. Chance find procedures and heritage management plans may be required for preparation of downstream investments but preparation of such instruments is outside of the scope of the RETF.

ESS9 Financial Intermediaries

Funds eventually received from partners to be managed by the systems established under this RETF will flow through BPD LH. While the Fund is not involved in commercial financial intermediation, it will manage receipt and disbursement of financing from a range of domestic and international sources. Since the modality of how the Fund will make financing available to recipient ministries and provinces is yet to be determined, and might use financial products (e.g., grants, loans) other than traditional budget allocation, an ESMS is best suited to manage risks associated with overall Fund implementation.

Deliverables in the ToR will consist of a review of the existing environmental and social management process and produce a review and action plan for BPD LH ESMS in the form of a report with recommendations for strengthening this process to be consistent with the requirement of ESS9. These would include description of the nature of predicted future activities. While these are not expected to be known during the RETF implementation, some analysis should be provided for likely types of programmatic activities to be financed, common sectoral risks associated with downstream programs (preparation studies, landscape management activities and resources relevant in land use and forestry), track record and description of organizational resources and capacity to manage these E&S risks and impacts; an E&S policy endorsed by Fund management (the FCPF documentation will be reviewed to inform this); procedures for screening, classifying E&S risk, reviewing, categorizing and monitoring future grant activities against the policy and legal exclusions, engaging stakeholders, recording performance of subprojects; measures for assessing and managing grant activities screened as involving potential for land acquisition and resettlement; or adverse risks



or impacts on Indigenous Peoples; or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage; process for stakeholder analysis, planning, consultation, grievance redress, and disclosure of grant E&S documentation; monitoring and reporting on E&S performance of grants to the Fund; and a report on the implementation of these ESMS inputs into the RETF activities resulting from a review of the consistency of this overall system for managing E&S risk under the fund with the ESF.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

No other financing partners for this RETF

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Environmental and Social Commitment Plan (including Stakeholder Engagement principles and project GRM)

TOR for environmental and social consultants for the overall technical activities of the TA are to include the preparation of a review and action plan for the BPD LH ESMS (these ToR are to be reviewed by Bank’s E&S specialists).

Actual development and implementation of the ESMS is to be undertaken subsequent to the TA

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Prior to beginning of project activities:

Finalized TORs for consultants to provide review and action plan for BPD LH ESMS

Measures to manage the storage and disposal (or recycling) of old IT equipment

As part of project activities during implementation:

Report consisting of a review and action plan for BPD LH ESMS

IV. CONTACT POINTS

World Bank

Public Disclosure



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Borrower/Client/Recipient

Implementing Agency(ies)

Implementing Agency: Indonesia Environment Fund Agency (BPD LH)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Stephanie H. Tam, Andre Rodrigues de Aquino

Practice Manager (ENR/Social) Janamejay Singh Recommended on 23-Oct-2020 at 00:12:5 GMT-04:00