



Integrated Safeguards Data Sheet Restructuring Stage

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I. BASIC INFORMATION

1. BASIC PROJECT DATA

Project ID P154947	Project Name Regional Infrastructure Development Fund
Task Team Leader(s) Marcus John Jin Sarn Lee, Adri Asmoro Laksono Poesoro	Country Indonesia
Approval Date 10-Mar-2017	Environmental Category Financial Intermediary Assessment (F)
Managing Unit SEAU1	

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	406.00
Total Financing	406.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	100.00
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Non-World Bank Group Financing

Counterpart Funding	203.00
Borrower/Recipient	203.00
Trust Funds	3.00
Indonesia Sustainable Urbanization	3.00
Other Sources	100.00



Asian Infrastructure Investment Bank

100.00

2. PROJECT INFORMATION

Current Program Development Objective

To increase access to infrastructure finance at the subnational level through a financially sustainable financial intermediary.

Note to Task Teams: End of system generated content, document is editable from here.

3. PROJECT DESCRIPTION

Approved on March 10, 2017 and effective on September 28, 2017, the Regional Infrastructure Development Fund (RIDF) Project is part of the Bank's portfolio supporting the Government of Indonesia's (GoI) ambitious decentralization agenda, where addressing the 'missing middle' for medium- to long-term infrastructure finance is a critical priority to meet the local infrastructure gap. The Project Development Objective (PDO) is to increase access to infrastructure finance at the subnational level through a financially sustainable financial intermediary. This is to be achieved through two components: (i) capital support for RIDF, which provides loans to participating subnational governments (SNGs) in Indonesia for selected infrastructure projects; and (ii) RIDF Project Development Facility (PDF), which provides support for SNGs carrying out subproject identification and preparation. Capital support for the RIDF is provided by a US\$100 million IBRD Loan, co-financed by a US\$100 million loan from AIIB, both financing Component 1 activities. A US\$3 million Recipient Executed Trust Fund (RETF) grant from the Indonesia Sustainable Urbanization Multi-Donor Trust Fund (IDSUN MDTF) finances Component 2 activities. The Project is implemented by PT.SMI, established in 2009 as a state-owned enterprise (SOE) owned by Indonesia's MoF, with a mandate to be a catalyst for the acceleration of infrastructure development in the country, through various financing modalities and technical support.

The Level II Restructuring includes: i) extension of the International Bank of Reconstruction and Development (IBRD) Loan 8714-ID closing date for 23 months, from December 31, 2020 to November 30, 2022, to allow for full implementation of planned activities under the RIDF subproject loan portfolio and pipeline, ii) amendment to the Loan Agreement to provide the flexibility needed for the Ministry of Finance (MoF) and the implementing agency, PT. Sarana Multi Infrastruktur (PT.SMI) to respond to evolving interest rate regimes and loan pricing regulations issued, as needed, iii) addition of a new component, Component 3: Early Response and Recovery Component (ERRC) to enable rapid response to emergencies, including COVID-19, iv) amendment to the Loan Agreement, Project Agreement, and Project Co-Financing Agreement to accommodate ERRC, and v) revision of the results framework (RF) to accommodate the measurement of the above-mentioned changes. There will be no change to the PDO under the restructuring. The Bank restructuring will be processed in parallel to the Asian Infrastructure Investment Bank (AIIB) restructuring.

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4. PROJECT LOCATION AND SALIENT PHYSICAL CHARACTERISTICS RELEVANT TO THE SAFEGUARD ANALYSIS (IF KNOWN)

The Project offers loans for infrastructure financing to subnational governments (SNGs) across Indonesia. As of June 2020, five SNGs with 7 subprojects worth IDR 883.62 billion (approximately US\$63.11 million) have received RIDF loans under Component 1 – i.e., North Sulawesi (general hospital and eye hospital), Central Lombok (public market), South Halmahera (roads and public market), Banjarbaru (public market) and Tapin (district hospital). All subprojects are located in urban areas. The size of investments ranges from US\$7 million to US\$21.4 million. Subproject loans for a further eight SNGs, worth around US\$105 million altogether, are in the pipeline – Musi Banyuasin (general hospital), Kapuas (road and bridge), Manado (public market), East Nusa Tenggara (roads improvement), Palopo (tourism market), Southeast Sulawesi (roads and hospital), North Maluku (hospital), and Tabalong (general hospital). Most of these subprojects are located in urban areas, except for the Kapuas road and bridge and East Nusa Tenggara which are located in peri-urban and rural areas. For the ERRC (Component 3), an initial list of potential subprojects (improvement of provincial, district/city roads, rehabilitation of secondary irrigation channels, and drinking water supply) has been identified. SNGs that have indicated their intention to apply for ERRC financing are mostly location on Java island, specifically in East Java (Probolinggo, Blitar, Sidoarjo, Surabaya, and East Java), Central Java (Semarang) and the province of D.I. Yogyakarta. Most of the proposed ERRC subprojects are located in urban and peri-urban areas, except for the secondary irrigation channels which are mostly located in rural areas. The indicative size of investments ranges from IDR 300 million to IDR 27.5 billion (approximately US\$21,000 to US\$1.9 million).

5. ENVIRONMENTAL AND SOCIAL SAFEGUARDS SPECIALISTS ON THE TEAM

Indira Dharmapatni, Social Specialist
 Natasa Vetma, Environmental Specialist
 Krisnan Pitradjaja Isomartana, Environmental Specialist
 Jaya Perana Ketaren, Environmental Specialist
 Suryaputrianita Satyanugraha, Environmental Specialist

6. SAFEGUARD POLICIES TRIGGERED

Safeguard Policies	Triggered	Explanation
Environmental Assessment (OP) (BP 4.01)	Yes	RIDF finances infrastructure investments for which subnational governments (SNGs) are responsible. Eligible sectors under Component 1, include (i) water supply and sanitation; (ii) environmental infrastructure such as solid waste and drainage; (iii) slum upgrading; (iv) transportation and logistics infrastructure; and (v) social infrastructure such as educational and health facilities, and public markets. As of June 2020, the RIDF portfolio includes three Category A subprojects (two



hospitals and one market) and three Category B subprojects (a local road and two public markets). The Project Development Facility (PDF) under Component 2 is providing technical assistance to SNGs for preparation of planning documents. These may include feasibility studies and DEDs, safeguards instruments (e.g. EIA, EMP, LARAP, IPP) as well as providing technical capacity strengthening for the SNGs. To-date, ten SNGs have benefitted from PDF assistance in preparing environmental and/or social safeguards instruments (EIA, LARAP, Relocation Action Plan), and capacity strengthening in safeguards.

The environmental and social impacts of subprojects under Component 1 of RIDF are expected to remain medium to significant. Potential significant/large scale impacts may occur from various subprojects such as those in water supply, sanitation and sewerage system, public market, road and bridges, and hospital development. Potential social impacts include impacts due to land acquisition and relocation (temporary or permanent) of the beneficiaries/affected peoples. IPs may also be affected, as the SNGs eligible to apply for RIDF financing could be located anywhere in the country. Significant impacts that take place during construction may include debris management, morphology change, impact to air, water bodies, natural habitats, and potential induced impact such as a new access to forest areas. Further, the Project may have social impacts other than land acquisition and resettlement such as temporary influx of workers from outside the subproject site, temporary relocation for the traders of the markets, disturbance on access and livelihoods or to existing houses/businesses etc. Hazardous waste management during construction and operation of subprojects (such as hospitals) will need to be managed.

Under the current RIDF portfolio, subprojects that have social impacts other than land acquisition and resettlement include the temporary relocation for the traders of the markets, disruption of access and livelihoods. Cumulative impacts and other impacts



related to linked activities funded by government or other donors, and potential impacts of ancillary facilities such as quarry management, are found to be limited, but may arise in future subprojects.

The eligible sectors under the new Component 3 (ERRC) will be the same as those eligible under Component 1. However, the nature of ERRC subprojects are expected to be generally smaller scale and predominantly involve rehabilitation and/or improvement of existing infrastructure, and less likely to be new infrastructure. The ERRC component is expected to cover infrastructure investments that would have been financed by the Specific Purpose Grants (DAK) fiscal transfers or SNGs' own-source revenue, but where funds are no longer available as a result of budget reallocations for immediate Covid-19 pandemic response. Infrastructure financed by these two financing sources are commonly rehabilitations, improvements and small-scale, or less often, small scale new infrastructure (as the budgets are relatively small). These are basically to maintain and improve the intended service level of the infrastructure for the community. It is expected that subprojects under Component 3 (ERRC) will have less potential adverse environmental and social impacts than those of under Component 1 (see also explanation #1 above on the ERRC's list of potential subprojects). No activities under ERRC are anticipated that would require provisions and mitigation measures that are significantly different from the RIDF subprojects under Component 1 that are governed by the RIDF's ESMF. Activities that potentially have significant adverse environmental and social impacts that are diverse, sensitive, complex, large scale or classified as Category A pursuant to the World Bank OP 4.01 will not be eligible to be financed by Component 3 (ERRC).

The restructured RIDF project that includes the new Component 3 for ERRC will remain Category FI with Category A and B subprojects and will follow the existing RIDF projects' ESMF.

The ESMF refers to the Bank's environmental and social safeguards policies, the applicable



Indonesian laws and regulations, and the Bank's Interim Guidelines on the Application of Bank Safeguard Policies for TA and TFs especially for Component 2 activities (PDF).

Performance Standards for Private Sector Activities OP/BP 4.03 No

Some of the subprojects may affect natural habitats especially for those located in areas outside Java (e.g. Sumatera, Papua, Kalimantan, Sulawesi, Nusa Tenggara). Potential impacts from subprojects such as road construction, drainage, or water supply systems on Natural Habitat will be screened and addressed through the ESMF, which states that the restructured RIDF (the Project) shall not finance any development in protected areas nor with potential significant conversion or degradation to critical natural habitats or natural habitats.

Natural Habitats (OP) (BP 4.04) Yes

For a subproject that is located adjacent to a protected area or that may change the purpose and/or designation of a protected area or natural habitats, the subnational government shall be required to prepare a full environmental assessment (an ESIA or to conduct an AMDAL study acceptable to the Bank). This includes: forest protection area; river edges; marine/freshwater conservation areas; nature tourism parks; peat areas; areas surrounding lakes and reservoirs, coastal mangrove areas, water catchment areas; national parks; coastal edges; forest parks; cultural reserves; areas surrounding springs; scientific research areas; nature conservation areas; and areas susceptible to natural hazards.

Other typical subprojects such as hospitals, public markets, and urban sewerage systems, might have fewer potential impacts to natural habitats. An assessment of potential subprojects and subnational governments shows that many subprojects are infrastructure located in urban areas.

Subprojects with fewer potential environmental impacts to natural habitats will not automatically be considered to require only UKL UPL or EMP. A careful potential impact assessment shall be conducted for each subproject, guided by the ESMF



Forests (OP) (BP 4.36)	Yes	Potential subprojects will not involve commercial forest plantations, but some other investments proposal may take place in close proximity to or within forest areas. The Project, through its ESMF, shall screen out any subprojects with potential significant conversion or degradation to critical natural forest or natural forest (protection forest, conservation forest). For a subproject that is located in production forest area, the subnational government shall prepare an environmental assessment and shall fulfill forestry regulation for land use permit as per Bank related previous investment project (such was the case in the Upper Cisokan Pumped Storage project, for example).
Pest Management (OP 4.09)	Yes	The policy is triggered as there may be potential irrigation subprojects, that would be eligible for RIDF financing if proposed by subnational governments. The Project shall not finance the purchase of pesticides. A specific mitigation measure shall be elaborated in the ESIA or EMP for the construction of new irrigation systems for a large coverage area (such as more than 3,000 ha) as this would potentially promote the increase of pesticide use significantly. For irrigation projects with medium scale (less than 3,000 ha), the implementation of IPM (Integrated Pest Management) will become part of the Environmental Management Plan. The preparation of IPM will be guided by the ESMF, which uses the WBG Industry Sector Guidelines for Crop Production in terms of integrated pest management.
Physical Cultural Resources (OP) (BP 4.11)	Yes	Some of the subprojects included under RIDF may affect cultural property and trigger OP 4.11. The environmental screening procedure in the ESMF to be included under the Project will ensure it will not adversely affect sites having archeological, paleontological, historical, religious or unique natural values. Any contracts under the Project will include a provision covering procedures to be followed in the event of chance finds.
Indigenous Peoples (OP) (BP 4.10)	Yes	The Project anticipates that SNGs and subprojects eligible for restructured RIDF (including component 3, ERRC) financing will come from widely geographically distributed areas across the country. Therefore, IPs communities which includes Masyarakat Adat (MA) or Masyarakat Hukum Adat



(MHA) communities might be present and affected by subprojects. The presence and impacts (positive and adverse) on IPs including MHA communities can only be identified during the operations of RIDF through the review of subproject proposals submitted by the SNGs. PT SMI has developed and adopted an ESMF which includes an IPPF to screen for the presence of IPs. Where IPs are found to be potentially affected by a proposed subproject, the IPPF requires the assessment of potential positive and adverse impacts, and the development of measures to engage the IPs community in the subproject so that they will receive fair benefits and avoid or mitigate adverse impacts through free, prior, and informed consultations with them.

In the current portfolio of RIDF, none of the subprojects have IPs presence, nor any affected IPs. Subprojects in the pipeline, including those of the ERRC, will be screened to identify whether there are IPs present.

The IPPF was prepared in accordance with OP 4.10 and relevant GoI laws and regulations. The IPPF is part of the ESMF while also being a stand-alone document, and will be followed by the restructured RIDF (including component 3 ERRC).

The ESMF is also applicable for the PDF operations, specifically to manage impacts (positive and negative) on IPs communities due to the downstream activities of the outputs of the TA and capacity building activities provided by the PDF operations. The ESMF also includes requirements specified in the Bank's Interim Guidelines on the Application of Bank Safeguard Policies for TA and TFs for PDF operations (component 2).

Involuntary Resettlement (OP) (BP 4.12) Yes

Some RIDF subprojects will very likely involve land acquisition and/or resettlement. Locations, characteristics and scale of subprojects and hence, the nature and intensity as well as social impacts due to involuntary land acquisition and/or resettlement and/or access restriction to protected areas as per OP 4.12 policy are identified during the operations of the RIDF through the review of subproject proposals submitted by SNGs. Given the



nature of subprojects seeking RIDF financing as described in the Project Description, subprojects are expected to have medium to high social impacts.

Subprojects in the current RIDF portfolio have affected about 2,220 people. Most were affected by temporary (670) or permanent relocation (1,500) of traders to the rehabilitated or new public markets. Relocation Action Plans for traders have been prepared. Land acquisition affected about ten land owners for the local road development in Halmahera Selatan. The affected peoples for subprojects in the pipeline are being identified.

As explained in Section #1 above on the nature of subprojects and the list of potential list subprojects under ERRC, as they are likely involve rehabilitation or improvement of infrastructure, and less likely to involve the construction of small new infrastructure, it is expected that there will be no land acquisition and/or resettlement, or if any it is likely to be small-scale.

PT SMI has developed and adopted the RIDF project's ESMF which includes a Land Acquisition and Resettlement Policy Framework (LARPF) and a Process Framework (PF) to screen and assess subprojects on the intensity of the potential land acquisition and resettlement and social impacts due to these activities, to identify mitigation measures and appropriate instrument (such as LARAP, or a Plan of Action), to guide SNGs in preparing such instruments and consistently implement them. The LARPF includes Grievance Redress Mechanisms and Disclosures requirements. The LARPF and PF were developed in compliance with OP 4.12 and relevant Gol laws and regulations. The LARPF and PF are part of the ESMF while also being a stand-alone document, and will be followed by the restructured RIDF (including component 3 ERRC).

The ESMF has covered specific aspects to manage social impacts (positive and negative) of subprojects due to involuntary land taking and/or resettlement and/or restriction of access to



protected areas and designated parks that may take place in the downstream activities of the outputs of the TA and capacity building activities provided by the PDF operations. LARPF and PF are parts of the ESMF while also being a stand-alone document. The ESMF also covers requirements specified in the Bank's Interim Guidelines on the Application of Bank Safeguard Policies for TA and TFs for PDF operations (component 2).

The Project might finance the construction of a dam as part of a water supply system and water resource management infrastructure.

For small dams (<15 m in height), the policy requirement is for the dam to be designed by a qualified engineer. For larger dams (15 m and higher), the ESMF requires reviews by an independent panel of experts, preparation and implementation of detailed plans (construction, instrumentation, operation and maintenance, and emergency preparedness), prequalification of bidders and periodic safety inspections of the dam after completion.

Safety of Dams (OP) (BP 4.37) Yes

Projects on International Waterways (OP) (BP 7.50) No

Subprojects to be financed by RIDF shall not be located in any international waterways. Confirmation on this will be done during the screening stage as required by the ESMF.

Projects in Disputed Areas (OP) (BP 7.60) No

Subprojects to be financed by RIDF shall not be located in any disputed areas. Confirmation on this will be done during the screening stage as required by the ESMF.

II. KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. SUMMARY OF KEY SAFEGUARD ISSUES

1. Describe any safeguard issues and impacts associated with the Restructured project. Identify and describe any potential large scale, significant and/or irreversible impacts.

RIDF finances infrastructure investments for which subnational governments (SNGs) are responsible. Eligible sectors under Component 1, include (i) water supply and sanitation; (ii) environmental infrastructure such as solid waste and drainage; (iii) slum upgrading; (iv) transportation and logistics infrastructure; and (v) social infrastructure such as educational and health facilities, and public markets. As of June 2020, the RIDF portfolio includes three Category A subprojects (two hospitals and one market) and three Category B subprojects (a local road and two public markets). The Project Development Facility (PDF) under Component 2 is providing technical assistance to SNGs for preparation of planning documents. These may include feasibility studies and DEDs, safeguards instruments (e.g. EIA, EMP, LARAP,



IPP) as well as providing technical capacity strengthening for the SNGs. To-date, ten SNGs have benefitted from PDF assistance in preparing environmental and/or social safeguards instruments (EIA, LARAP, Relocation Action Plan), and capacity strengthening in safeguards.

The environmental and social impacts of subprojects under Component 1 of RIDF are expected to remain medium to significant. Potential significant/large scale impacts may occur from various subprojects such as those in water supply, sanitation and sewerage system, public market, road and bridges, and hospital development. Potential social impacts include impacts due to land acquisition and relocation (temporary or permanent) of the beneficiaries/affected peoples. IPs may also be affected, as the SNGs eligible to apply for RIDF financing could be located anywhere in the country. Significant impacts that take place during construction may include debris management, morphology change, impact to air, water bodies, natural habitats, and potential induced impact such as a new access to forest areas. Further, the Project may have social impacts other than land acquisition and resettlement such as temporary influx of workers from outside the subproject site, temporary relocation for the traders of the markets, disturbance on access and livelihoods or to existing houses/businesses etc. Hazardous waste management during construction and operation of subprojects (such as hospitals) will need to be managed.

Under the current RIDF portfolio, subprojects that have social impacts other than land acquisition and resettlement include the temporary relocation for the traders of the markets, disruption of access and livelihoods. Cumulative impacts and other impacts related to linked activities funded by government or other donors, and potential impacts of ancillary facilities such as quarry management, are found to be limited, but may arise in future subprojects.

The eligible sectors under the new Component 3 (ERRC) will be the same as those eligible under Component 1. However, the nature of ERRC subprojects are expected to be generally smaller scale and predominantly involve rehabilitation and/or improvement of existing infrastructure, and less likely to be new infrastructure. The ERRC component is expected to cover infrastructure investments that would have been financed by the Specific Purpose Grants (DAK) fiscal transfers or SNGs' own-source revenue, but where funds are no longer available as a result of budget reallocations for immediate Covid-19 pandemic response. Infrastructure financed by these two financing sources are commonly rehabilitations, improvements and small-scale, or less often, small scale new infrastructure (as the budgets are relatively small). These are basically to maintain and improve the intended service level of the infrastructure for the community. It is expected that subprojects under Component 3 (ERRC) will have less potential adverse environmental and social impacts than those of under Component 1 (see also explanation #1 above on the ERRC's list of potential subprojects). No activities under ERRC are anticipated that would require provisions and mitigation measures that are significantly different from the RIDF subprojects under Component 1 that are governed by the RIDF's ESMF. Activities that potentially have significant adverse environmental and social impacts that are diverse, sensitive, complex, large scale or classified as Category A pursuant to the World Bank OP 4.01 will not be eligible to be financed by Component 3 (ERRC).

The restructured RIDF project that includes the new Component 3 for ERRC will remain Category FI with Category A and B subprojects and will follow the existing RIDF projects's ESMF.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area.

Potential indirect impacts from future activities in the subproject area are changes in morphology of the area from the construction activities and also potential changes to natural habitats especially for the proposed subprojects located in outside Java. Potential long term or indirect social impacts due to new settlement development along the newly developed regional roads and bridges, change in livelihoods and access restrictions might also take place.



3. Describe any potential alternatives (if relevant) considered to help avoid or minimize adverse impacts.

No alternatives were assessed during project preparation as potential subprojects are only identified during project implementation. However, the ESMF regulates that the ToR for feasibility studies and ToR ESIA will include option analysis. The task team will ensure that environmental and social considerations are properly taken into account for preferred option analysis.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Measures taken by the borrower (PT SMI as the Implementing Agency of the Borrower, i.e. MOF).

The Project triggers eight safeguards policies including: Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Forests (OP 4.36), Pest Management (OP 4.09), Physical Cultural Resources (OP 4.11), Indigenous Peoples (OP 4.10), Involuntary Resettlement (OP 4.12) and Safety of Dams (OP 4.37). With the restructured RIDF that includes a new Component 3 of ERRC, the same policies are triggered, as the nature of sectors and subprojects remain the same with those of Component 1 of the RIDF.

PT. SMI has developed and adopted a single ESMF both for RIDF and PDF operations that specify the principles, procedures, requirements and institutional arrangements for screening, identifying impacts, defining the appropriate safeguards instruments, implementing them and monitoring the applications. PT. SMI will continue applying the ESMF for all of RIDF clients both for the restructured RIDF and PDF operations regardless of financing/capital source (RIDF, government budget, and/or other donors, etc.) for a particular subproject receiving support from RIDF and/or PDF. The ESMF also applies for ERRC operation.

PT. SMI has adopted ten principles of Environmental and Social Safeguards (ESS) similar to IFC Performance Standards for projects to be financed by multilateral financial resources. The ESMF was developed in reference to PT. SMI's ESS along with relevant Indonesian regulations and World Bank safeguards policies. The ESMF also takes into account the Bank's Interim Guidelines on the Application of Bank Safeguards Policies for TA and TFs, as well as Guidelines on Advisory Services, as relevant. The ESMF has been elaborated in the Operations Manual as a practical tool for PT. SMI and its LG clients. An additional volume of the project's Operations Manual is being prepared to include ERRC and protocols for COVID-19 during construction and operation of subprojects financed by RIDF.

The current RIDF's ESMF also applies for ERRC operation under the new Component 3, to ensure that environmental and social safeguards are covered in preparing subproject documents and during the subproject implementation. For instance, the TOR of a Feasibility Study (FS) will include the need for the consultant to prepare terms of reference for safeguards instruments in case that infrastructure investment takes place. The monitoring schemes of the mitigation measures as recommended by the approved environmental and social safeguards documents for each subproject financed by the restructured RIDF will remain the same.

The approved ESMF is available in the PT. SMI's website (www.ptsmi.co.id). The draft final ESMF was disclosed through the InfoShop on 18 July 2016.

The following main aspects are covered by the ESMF:



- a. Objectives, project components to be financed by the RIDF and PDF, organizational structure of SMI that shows the position of RIDF and PDF and operational linkage of the two, types of eligible sectors, type of subprojects in terms of level of preparedness, list of ineligible activities;
- b. Safeguards policies triggered; WBG Environmental Health and Safety Guidelines;
- c. GOI Laws and regulations and gap assessment between the GOI laws and regulations and the triggered OPs; actions to address such gaps that are mainstreamed in the ESMF
- d. Generic potential environmental and social impacts for eligible sectors
- e. Process, procedures and requirements:
 - i. Screening of potential environment and social impacts;
 - ii. Subproject category
 - iii. Determination of specific safeguard plans/instruments to be prepared for subproject (ESIA/AMDAL, EMP/UKL-UPL, ECOPs, SOP),
 - iv. Screening and assessment and how to address ancillary facilities and potentially linked activities;
 - v. Screening and assessment of cumulative impacts following established methodology such as the IFC Good Practice Hand Book on Cumulative Impact Assessment;
 - vi. Preparation of safeguards instruments
- f. Identifying whether the proposed subproject already has the required safeguards instruments; identify the necessary safeguards instruments needed versus those that have been available; review the gaps between the available instruments with the requirements specified in the ESMF; defining the scope and activities in the Corrective Action Plan; In the case a proposed subproject does not have any safeguards instruments, require the LGs to prepare the instruments in accordance with requirements specified in the ESMF;
- g. Environmental Management Frameworks including guidance to prepare ESIA/AMDAL and UKL-UPL, Generic ECOPs, Pest Management, PCR Management Plan and Pest Management
- h. LARPF (including PF) and IPPF;
- i. Stakeholders Analysis, Consultations;
- j. Institutional arrangements for environmental and social safeguards management for screening, review/assess, approval, preparation and implementation of safeguards instruments, monitoring and reporting
- k. Grievance Redress Mechanisms
- l. Disclosures
- m. Capacity Building Assessment Plan, developed based on a safeguards institutional assessment for PT SMI and capacity of LGs. The institutional assessment of PT SMI and LGs will lead to the identification on the scope of capacity building program, resources and budget estimates for the RIDF and PDF operations.
- n. Supervision and Monitoring of the implementation of safeguards instruments implemented by the local governments

Assessment of borrower capacity to plan and implement the measures described.

PT SMI's capacity in managing environmental and social risks and impacts taking place in subprojects at the SNG level has improved since the start of RIDF implementation in 2017. As of mid-2020, PT SMI has a strong environmental and social team but capacity strengthening needs to be continued. More importantly, the environmental and social safeguards requirements specified in the ESMF have been mainstreamed into the subproject processing cycle, from identification up to approval and implementation. Environmental and social safeguards risks and impacts management are under the responsibility of the Head of the Division of Environmental and Social and Advisory/Consultancy Division (DELJ) which is one of the divisions under the Director of Risk Management. The Head of DELJ division is a well-experienced senior expert in environmental and social risk management, with staff comprising of two senior social specialists, two senior environmental specialists and another two junior environmental specialists. In addition, there is a senior environmental specialist who is in charge of Green Bonds. All



staff receive regular capacity building training each year according to the company's capacity building plan. In addition, PT SMI hires reputable consulting firms to assist it in carrying due diligence and other tasks. Under the PDF (Component 2 of RIDF), external consultants are hired by PT SMI to assist the SNGs to prepare planning documents, such as AMDAL, ESIA, UKL-UPL, Relocation Action Plan. Technical capacity strengthening for the SNGs needs to be continued as their awareness and capacity to prepare and implement safeguards instruments are limited, especially those outside Java. Simultaneously, the World Bank continues to hand-hold PT SMI to strengthen the SNGs' capacity, review and appraise potential subprojects, as well as supervise ongoing subprojects. This is part of the Bank's capacity building support for PT SMI and will continue throughout project implementation, as needed.

Environmental and Social Safeguards (ESS) performance during project implementation to-date is described below.

The overall safeguards rating is moderately satisfactory and the risk is substantial. Strong commitment and progress on safeguards issues by PT SMI and the SNGs is been acknowledged. However, safeguards capacity strengthening remains a high priority and the Bank and PT SMI continue to support SNGs through (i) safeguards document reviews, (ii) supervision meetings and field visits, (iii) coaching clinics and technical trainings; and (iv) direct assistance provided by ESS experts hired under the PDF component to help SNGs in preparing the environmental and social safeguards instruments for subprojects. Under the PDF, fourteen consulting contracts for DED and ESIA have been awarded by PT SMI, which have been useful in providing timely and higher quality safeguards instruments in meeting Environmental and Social Management Framework (ESMF) requirements.

Based on the experience of project implementation to date, a key lesson learned is that the PDF component (Project Development Facility - USD 3 million RETF grant) is crucial to ensure all subprojects are equipped with adequate environmental and social safeguards instruments. It is important for subproject preparation to be carried out with sufficient time to ensure the quality of the safeguards documents. PT SMI also needs to provide assistance to the SNGs so that the safeguards instruments that have been prepared can be implemented properly, especially during construction stage. This can be achieved by increasing the frequency of field visits and/or by assigning reputable independent consultants or supervision engineers for each subproject. Joint appraisal by Bank and PT SMI is beneficial and advised to be continued throughout project implementation as outlined in the ESMF.

To-date, the following ESS-related actions have been implemented and continue to be improved: i) Grievance Redress Mechanism (GRM) on the PT.SMI website; ii) public disclosure of information on RIDF subprojects on the PT.SMI website; iii) practical ESS guidelines for the three sectors of hospitals, public markets, and roads and bridges; iv) revision of the harmonized NCB model bidding document incorporating the Bank's mandatory provisions on Environment, Social, Health and Safety (ESHS), Gender Based Violence (GBV), and Sexual Exploitation and Abuse (SEA); and v) revision of the Project Operations Manual (OM) to strengthen the components of ESS. Furthermore, the project is currently preparing a technical note to guide remote implementation support activities under COVID-19 constraints on mobility.

5. Identify the key stakeholders and describe the mechanism for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders:

The Ministry of Finance (MoF) is the Borrower while PT. SMI is the Implementing Agency (IA) for this project. The restructured RIDF will be continue to be housed at PT. SMI, within separate divisions, for RIDF (component 1 and 3) and for the PDF (component 2).



PT. SMI is an infrastructure financing company which was established on 26 February 2009 as a state owned enterprise (SOE) with 100 percent shares owned by the Government of Indonesia through the MoF. PT. SMI plays an active role in facilitating infrastructure financing as well as preparing projects and serving advisory for infrastructure projects in Indonesia. Based on its original mandate, PT. SMI aims to finance commercially-viable projects including investments in toll road & bridges, transportation, oil and gas, telecommunication, waste management, electricity, irrigation and waterway, and water supply sectors as well as social infrastructure. By mandate, PT. SMI provides financing for public-private partnership (PPPs) and private sector projects as well as to subnational governments (SNGs: provincial and district/city).

PT. SMI is one of the key shareholders (with shares about 30 percent) in the Indonesia Infrastructure Financing Facility (IIFF), an independent business entity, which has been in full operation since 2011 and since then continued to have a growing portfolio. PT. IIFF has an Operations Manual that includes an ESSF and SEMS which was developed in reference to IFC, World Bank and ADB Environmental and Social Safeguards Standards and Policies.

Other key stakeholders are the subnational governments (SNGs) that are borrowers from RIDF, as well as the main beneficiaries of the subprojects i.e. the residents of those areas that will be served by the infrastructure subprojects.

Mechanisms for consultation and disclosure on safeguards policies, especially on potentially affected people:

Stakeholder consultations on the draft of ESMF were held on June 21-22, 2016 in Jakarta and relevant inputs were incorporated in the final drafts of ESMF. The ESMF was disclosed (and remains available) at the PT. SMI website (www.ptsmi.co.id) and the Infoshop on 15 June and 18 July 2016 respectively. During the RIDF and PDF operations, mechanisms of public consultations and disclosures for subprojects are specified in the ESMF. In principle, subnational governments receiving support from the RIDF lending facility and TA of the PDF will have to carry out public consultations in relation to subproject preparation (including preparation of safeguards instruments), construction, and operations.

Subprojects that have received financing from RIDF, such as public hospitals in North Sulawesi, market developments in Central Lombok, South Kalimantan and South Halmahera have carried out consultations during the preparation of UKL-UPL as well as during preparation and implementation of the Relocation Plan (for market traders). PT SMI has also established a complaint handling mechanism in its website and facilitated SNGs receiving loans to also establish or improve their complaint handling systems. As of June 2020, complaints received at the subproject site level are followed up directly by the concerned SNGs, and are recorded by PT SMI. Most complaints are satisfactorily followed up (about 80%), and some are still in the process of being followed up. PT SMI has also disclosed some environmental and social safeguards instruments such as the UKL-UPL of the South Halmahera market and road, RKL-RPL of the North Sulawesi hospital, and UKL-UPL and Relocation Action Plan for the Central Lombok, including the bi-annual report of the UKL-UPL implementation. PT SMI has also prepared an Annual Sustainability Report.

B. DISCLOSURE REQUIREMENTS

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank

15-Jun-2016

Date of submission for disclosure

17-Jun-2016



For Category 'A' projects, date of distributing the Executive Summary of the EA to the Executive Directors

"In country" Disclosure

Country	Date of Disclosure
Indonesia	15-Jun-2016

Comments

Resettlement Action Plan/Framework Policy Process

Date of receipt by the Bank	Date of submission for disclosure
15-Jun-2016	17-Jun-2016

"In country" Disclosure

Country	Date of Disclosure
Indonesia	15-Jun-2016

Comments

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission for disclosure
15-Jun-2016	17-Jun-2016

"In country" Disclosure

Country	Date of Disclosure
Indonesia	15-Jun-2016

Comments



Pest Management Plan

Was the document disclosed prior to appraisal?

Yes

Date of receipt by the Bank

15-Jun-2016

Date of submission for disclosure

17-Jun-2016

“In country” Disclosure

Country

Indonesia

Date of Disclosure

15-Jun-2016

Comments

C. COMPLIANCE MONITORING INDICATORS AT THE CORPORATE LEVEL

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

OP/BP 4.04 - Natural Habitats

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?	Yes
Is a separate PMP required?	No
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	NA

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?	Yes
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Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes
OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	NA
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes
OP/BP 4.36 - Forests	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	No
Does the project design include satisfactory measures to overcome these constraints?	Yes
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	NA
OP/BP 4.37 - Safety of Dams	
Have dam safety plans been prepared?	NA
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	NA
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	NA



The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

III. APPROVALS

Task Team Leader(s)	Marcus John Jin Sarn Lee Adri Asmoro Laksono Poesoro	
Approved By		
Safeguards Advisor	Peter Leonard	29-Jun-2020
Practice Manager/Manager	Abhas Kumar Jha	29-Jun-2020

Note to Task Teams: End of system generated content