

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC15559

Date ISDS Prepared/Updated: 11-Dec-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Indonesia	Project ID:	P157761
Project Name:	Indonesia EITI Post-Compliance - NR4D		
Team Leader(s):	Noriko Toyoda		
Estimated Date of Approval:	01-Jan-2016		
Managing Unit:	GGO14	Lending Instrument:	Lending Instrument
Sector(s):	Public administration- Energy and mining (50%), Oil and gas (25%), Other Mining and Extractive Industries (25%)		
Theme(s):	Other public sector governance (100%)		
Financing (in USD Million)			
Total Project Cost:	0.44	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Indonesia Natural Resources for Development Program			0.44
Environment Category:	C - Not Required		

B. Project Development Objective(s)

The objective of the Project is to support the Government of Indonesia's efforts to increase transparency in the oil, gas, and mining sectors, particularly through maintenance of its EITI compliant status.

C. Project Description

Two previous grants to support EITI implementation were provided to the Coordinating Ministry for Economic Affairs (CMEA) from the Global EITI MDTF (managed by SEGOM/E&E) for a total of \$2,100,000 since 2011. The grants have been financing core requirements for EITI implementation in Indonesia, i.e. staffing and operations of the National Secretariat, production of the annual EITI Report by Reconciler/ Independent Administrator, and communication and outreach activities to publicize findings and recommendations from the Reports. Current grant (TF014993) implementation status is Moderately Satisfactory and is scheduled to be closed at the end of this year. It cannot be extended as its parent TF, the Global EITI MDTF (TF053509) is also closing.

Under the support of the MDTF grants, Indonesia successfully established EITI implementation

mechanism as defined per the 2010 Presidential Regulation and published two EITI Reports covering the fiscal years 2009-2011. While Indonesia was declared EITI compliant in October 2014, the EITI Board subsequently suspended Indonesia in February 2015, due to delays in publishing the 2012 Report by end-2014. Currently, work is underway to produce the third EITI Report covering 2012-2013 by end-2015, implementing the expanded EITI Standard for the first time. The Implementation schedule is on track to deliver the Report on time, and the temporary suspension status is expected to be lifted. Going forward, EITI Reports will be published annually.

In response to the GOI request, a third and final grant is proposed to support the transition to pure government financing, management and execution of EITI. Such a transition grant was part of the original DFATD contribution to the ID-EITI Trust Fund (TF072080), while the original proposal had been for the ID-EITI TF to finance the transition year in 2015, with full government management expected to start in 2016. Grant funds were allocated for this purpose, but this had been postponed as previous grants had not been disbursed fully and could finance EITI implementation activities through 2015, such as production of the 2012-2013 Report (third report). The government is not ready to take over the full financing of EITI in 2016, and the new grant is proposed to bridge the transition period. Continued Bank support in 2016 is also recommended, as Indonesia will be undergoing second validation in 2017, and timeliness and quality of the 2014 EITI Report (fourth report) are critical. The grant is proposed at a reduced amount than previous grants (\$440,000 for two-years) to ensure increased government financing already starts in 2016.

The grant will finance the following activities:

Activity 1) Implementation of the Extractive Industries Transparency Initiative in Indonesia -- measured by the publication of the 2014 EITI Report in 2016, and a successful re-validation of EITI-Indonesia in 2017;

Activity 2) Complete the transition to full Government of Indonesia management, financing and execution of EITI -- measured by training of key staff and MSG members to fulfill their duties, and percentage total funding from Government (currently 15%);

Activity 3) Support the outreach activities of EITI to Indonesia to increase information available to stakeholders and their capacity to understand and use the information -- measured by # of public socialization/training events around EITI and natural resources governance-related themes, and quantitative measures of media exposure.

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

The EITI secretariat is stationed in Jakarta in the Coordinating Ministry for Economic Affairs and some of the training and workshops shall be conducted in selected provinces, mostly in the capital city of the provinces. These activities only involve administrative works, training or workshop. The EITI process will not entail any physical activity, or produce plans or studies for any investment project that may cause any environmental or social impact. No advice on regulatory reform or investment climate issues will be provided through this grant.

E. Borrower's Institutional Capacity for Safeguard Policies

Indonesia has a comprehensive legal and institutional framework for forests, biodiversity protection and environmental impact assessment and licensing which is applicable to extractive industries, including aspects related to management of direct, induced and cumulative impacts. However, the

project is not expected to cause any adverse social or environmental impact (see above), hence the Borrower's Institutional Capacity for Safeguard Management will not be drawn upon for this project.

F. Environmental and Social Safeguards Specialists on the Team

Flavio Chaves (GWADR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	The EITI process will not entail any physical activity, or produce plans or studies for any investment project that may cause any environmental or social impact. No advice on regulatory reform or investment climate issues will be provided through this grant. Hence no EA and subsidiary safeguard instruments are required for the grant.
Natural Habitats OP/BP 4.04	No	The EITI process will not entail any physical activity, or produce a master plan or feasibility study of an investment project that may cause any adverse impact on Natural Habitats. No advice on regulatory reform or investment climate issues will be provided through this grant.
Forests OP/BP 4.36	No	The EITI process will not entail any physical activity, or produce plans or studies for any investment project that may cause any adverse impact on Forests. No advice on regulatory reform or investment climate issues will be provided through this grant.
Pest Management OP 4.09	No	The EITI process will not entail any physical activity, or produce plans or studies for any investment project that may require the use of pesticides.
Physical Cultural Resources OP/BP 4.11	No	The EITI process will not entail any physical activity, or produce plans or studies for any investment project that may result in adverse impacts on Physical Cultural Resources.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered given that project activities are not expected to cause any impact on Indigenous peoples.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered given that project activities are not expected to need any land acquisition or cause any physical or economic displacement, nor any restriction in access to natural resources.
Safety of Dams OP/BP 4.37	No	This policy is not triggered given the project is

		not financing any dam construction or rehabilitation nor any activities that rely on the operations of existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered given the project is not financing any activities in international waterways as defined by the policy.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered given the project is not financing any activities in disputed areas as defined by the policy.

III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

IV. APPROVALS

Team Leader(s):	Name: Noriko Toyoda	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Zia Al Jalaly (SA)	Date: 16-Nov-2015
Practice Manager/ Manager:	Name: Robert R. Taliercio (PMGR)	Date: 17-Nov-2015

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