



# Concept Environmental and Social Review Summary

## Concept Stage

### (ESRS Concept Stage)

Date Prepared/Updated: 05/26/2026 | Report No: ESRSC05688

**I. BASIC INFORMATION****A. Basic Operation Data**

|                               |                                                                                                      |                          |                                         |
|-------------------------------|------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------------|
| Operation ID                  | Product                                                                                              | Operation Acronym        | Approval Fiscal Year                    |
| P515864                       | Investment Project Financing (IPF)                                                                   | SQTDP                    | 2027                                    |
| Operation Name                | Sustainable and Quality Tourism Development Program                                                  |                          |                                         |
| Country/Region Code           | Beneficiary country/countries (borrower, recipient)                                                  | Region                   | Practice Area (Lead)                    |
| Indonesia                     | Indonesia                                                                                            | EAST ASIA AND PACIFIC    | Finance, Competitiveness and Innovation |
| Borrower(s)                   | Implementing Agency(ies)                                                                             | Estimated Appraisal Date | Estimated Board Date                    |
| Ministry of Finance           | Ministry of Tourism, Ministry of National Development Planning (BAPPENAS) , Ministry of Public Works | 21-Oct-2026              | 16-Dec-2026                             |
| Estimated Concept Review Date | Total Project Cost                                                                                   |                          |                                         |
| 12-Mar-2026                   | 400,000,000.00                                                                                       |                          |                                         |

**Proposed Development Objective**

To enable conditions to increase private investment and create more and better jobs in selected tourism destinations in Indonesia.

**B. Is the operation 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 Activities**

The operation aims to mobilize private investment and support quality job creation in selected tourism destinations in Indonesia by strengthening destination readiness and basic infrastructure, improving coordination, governance, and the business regulatory environment, and enhancing MSME capabilities along tourism value chains. The project will focus on destinations with evidence-based, proven potential for sustainable, high-quality tourism and will mobilize private capital through targeted public investments and de-risking instruments. It will align with ongoing WBG (including IFC and MIGA) engagements to ensure complementarity and maximize impact.



## D. Environmental and Social Overview

### D.1 Overview of Environmental and Social Project Settings

The project will be implemented in Indonesia across selected tourism (non-Bali) destinations. Specific sites are not fixed at this stage; priority locations will be identified and sequenced through Integrated Tourism Master Plans (ITMPs) and subsequent feasibility assessments to support geographic diversification of tourism across Indonesia. Based on the experience from an earlier Indonesia Tourism Development Project (ITDP, P157599), tourism destinations likely take place in ecologically sensitive coastal, marine, and small-island environments with high biodiversity value and exposure to climate and disaster risks. These areas likely face inadequate water supply, weak solid waste and wastewater management systems, and land-use pressures that can affect fragile habitats.

Socially, destinations are characterized by rural and coastal communities, significant cultural heritage assets, and limited infrastructure and public service capacity. While tourism offers opportunities for formal employment, MSME growth, and infrastructure improvement, it also presents risks related to land acquisition and livelihood disruption; the commercialization of Indigenous Peoples' cultural resources, where tourism demand may lead to commodification of sacred or community-owned expressions without FPIC or equitable benefit-sharing, eroding intangible heritage and excluding communities from revenues; SEA/SH associated with tourism development and labor influx; and broader social equity and inclusion concerns, including the risk that communities are unprepared for the pace and scale of tourism-induced change. Addressing these risks requires ITMPs aligned with spatial planning frameworks, biodiversity protection, and sustainable water and waste management standards, embedding meaningful community participation and strengthened institutional coordination to ensure long-term environmental and social sustainability.

### D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

The Ministry of Tourism (MoT) will serve as the Executing Agency for the Project, with overall responsibility for leading, coordinating, and managing implementation. MoT will also oversee the application of environmental and social (E&S) safeguards in accordance with the World Bank's Environmental and Social Framework (ESF).

While this is MoT's first engagement as an Executing Agency for a World Bank Group (WBG) project, it previously served as an Implementing Agency under the earlier ITDP. A Central Project Management Unit (CPMU) will be established under the Deputy Secretary for Destination Development and Infrastructure at MoT. Central Project Implementation Units (CPIUs) will be established in all Implementing Agencies, including the relevant directorates within the Ministry of Public Works (MPW), MoT, the Ministry of Investment (BKPM), and the National Development Planning Agency (Bappenas). The proposed Implementing Agencies are Bappenas, MPW, and BKPM, with MPW mainly responsible for Component 2 and Bappenas for Component 1.

These agencies participated in the ITDP project. Recognizing coordination challenges and uneven capacity (including at the subnational level), the project will include additional institutional capacity measures to be refined during preparation—such as embedding dedicated E&S specialists in the CPMU and subnational units, engaging Program Management Support consultants, and providing safeguards training. The capacity enhancement measures will be incorporated in the project design and the project ESCP.

## II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS



## A. Environmental and Social Risk Classification (ESRC)

High

### A.1 Environmental Risk Rating

High

The environmental risk is rated High due to the magnitude, sensitivity, and complexity of impacts across multiple destinations—many in ecologically and culturally sensitive coastal, marine, and small-island environments, protected/conservation zones, and heritage settings. Potential impacts include habitat disturbance, pollution from construction and operations (e.g., air/noise, wastewater and stormwater, solid and hazardous waste, marine litter), resource-use pressures (e.g., water, energy). Cumulative and induced development risks are significant, as improved access and basic services can catalyze rapid private investment and increase destination-wide pressures that are difficult to manage across jurisdictions; uneven institutional capacity, particularly at subnational level, and multi-agency coordination challenges further elevate risks; and . downstream risks from the implementation of the ITMPs, i.e. the potential development of tourism related facilities and activities that may not be aligned with the ESF standards and may result in large scale biodiversity loss or disturbance, unsustainable resource usage, and impacts on tangible and intangible cultural heritage.

### A.2 Social Risk Rating

High

The social risk is rated High. The social risk is rated High. Comp. 2 infrastructure investments are likely to require land acquisition, and ITMPs prepared under Comp. 1 may recommend larger-scale investments involving more extensive resettlement. A distinct and significant risk arises from the downstream impacts of these ITMPs: investments recommended but implemented outside the project's direct control may not adhere to ESF standards and could result in large-scale displacement, exclusion of local communities from tourism benefits, and degradation of social and cultural assets. Gaps between Indonesian law and ESS5 on indirect impacts, host communities, livelihood restoration, and eligibility of persons without legal title were documented in the predecessor project and remain unresolved. Masyarakat Adat are present in Lombok and Lake Toba and may be present in new destinations; FPIC is required under ESS7 wherever Indigenous Peoples are affected, including their cultural heritage. However, Indonesian law lacks specific FPIC guidelines and the recognition process remains cumbersome. Large-scale civil works under Comp. 2 will generate significant labor influx, and private sector development under Comp. 3 adds further ESS2 exposure, with risks including child labor, forced labor, and inadequate OHS standards. MSMEs supported under Comp. 3 may employ informal workers vulnerable to labor rights violations, and the regulatory simplification workstream risks inadvertently weakening social protections. The change in implementing agency to the Ministry of Tourism introduces institutional uncertainty, as its ESF capacity has not yet been assessed. Moreover, risks of communities being left behind, marginalization of vulnerable groups, and social conflict are inherent to large-scale tourism development and amplified by the project's goal of attracting private investment at scale. Finally, legacy issues from the previous project (P157599) is a contributing factor.

## B. Relevance of Standards and Policies at Concept Stage

### B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant



Key impacts and risks include: (i) significant environmental impacts from construction and operation (e.g., habitat disturbance including potential critical habitats, pollution, resource use); (ii) land acquisition and physical/economic displacement; (iii) impacts on cultural heritage; (iv) potential impacts on Indigenous Peoples (Masyarakat Adat); (v) labor and OHS risks; and (vi) community health and safety, including sexual exploitation and abuse and sexual harassment related to tourism development as well as disaster/climate-related hazards. ESS1 is thus relevant and will be the primary framework for managing the project's environmental and social risks. Because the specific subproject locations and investment details under Component 2 are not yet defined, and because ITMPs under Component 1 will generate investment recommendations over time, an Environmental and Social Management Framework (ESMF) will be required prior to Appraisal. The E&S assessment approach is in Section C.1.

#### **ESS10 - Stakeholder Engagement and Information Disclosure**

Relevant

ESS10 is relevant and critical given the project's multi-stakeholder context, involving central and local governments, private sector investors, tourism enterprises, MSMEs, Indigenous and local communities, and civil society organizations. A SEP must be prepared and disclosed prior to Appraisal. The SEP should: (i) map all relevant stakeholders across selected destinations; (ii) outline a meaningful consultation process throughout the project lifecycle, including for ITMP preparation, subproject design, and implementation; (iii) include specific provisions for engagement with Indigenous Peoples, women, and other vulnerable groups; (iv) existing Grievance Mechanisms, will be tailored to ensure project coverage as well as it is accessible, culturally appropriate, and responsive; and includes a survivor-centered SEA/SH referral pathway. The predecessor project established a GM through RIDA; the new project's GM should be established through the Min. of Tourism including lessons learned.

#### **ESS2 - Labor and Working Conditions**

Relevant

ESS2 is relevant given the significant civil works and the private sector investment facilitation. Worker categories will include: (i) direct workers employed by the MoT and PIU; (ii) contracted workers engaged by civil works contractors and subcontractors; and (iii) primary supply workers in the construction supply chain. Furthermore, MSMEs receiving support from the project should also adopt and implement the project LMPs. Risks to these workers include OHS hazards during civil works, including work at height, excavation, traffic interface, confined spaces, dust, noise, and chemical exposure, as well as heat stress, communicable diseases, sexual exploitation and abuse and sexual harassment, and potentially unfair terms and conditions for contracted and primary supply workers. The risk of child labor in tourism supply chains and informal MSME employment is a further concern that requires explicit assessment during preparation. An LMP thus must be prepared, inc. a code of conduct.

#### **ESS3 - Resource Efficiency and Pollution Prevention and Management**

Relevant

Civil works and destination upgrades may generate air emissions (e.g. dust, equipment exhaust), noise and vibration, construction and demolition waste, hazardous materials, and wastewater/runoff affecting water quality—especially in coastal/island settings. Increased visitation can raise energy and water demand and solid waste generation, with risks of marine litter and leachate if facilities are inadequate. The ESMF will require subproject screening and site specific safeguards instruments (e.g. ESIA, Operational ESMPs, ESMPs ) that apply the WBG EHS Guidelines. The tourism infrastructure investments, by design, will incorporate green building standards and energy efficiency approaches.



#### **ESS4 - Community Health and Safety**

Relevant

Civil works under Component 2 near communities may generate road safety risks, dust, noise, vibration, temporary access disruptions, and improper waste handling. Labor influx raises risks of communicable disease transmission and SEA/SH. Coastal and island destinations are additionally exposed to flooding, storm surge, landslides, and earthquakes, and the predecessor project identified anti-social behavior, including drug and alcohol abuse and sexual exploitation in travel and tourism, as a foreseeable community health and safety risk that the new project must proactively address. The ESMF will require screening and requirements for site-specific instruments ( ESIA, ESMPs etc.) incorporating traffic management, pollution control, emergency preparedness and response, and universal access provisions. The SEP will include accessible mechanisms for communities to report safety concerns. The project will embed climate-resilient standards across all infrastructure investments and ITMPs.

#### **ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Relevant

ESS5 is relevant and is one of the primary social risk drivers for this project. Infrastructure investments under Component 2 are likely to require land acquisition, and ITMPs under Component 1 may recommend larger-scale investments involving more extensive resettlement. A Resettlement Framework (RF) must be prepared prior to Appraisal, building on the predecessor project's lessons learned, . The RF must address: (i) persons without legal title (squatters, encroachers, renters), who were identified as a gap in Indonesian law in the predecessor project; (ii) indirect impacts and impacts on host communities; (iii) livelihood restoration programs; (iv) land legacy issues that may constrain development at specific sites; and (v) restrictions on access to legally designated parks and protected areas. Site-specific LARAPs must be prepared for any subprojects with identified subprojects.

#### **ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Relevant

Destinations may be adjacent to or encompass natural/critical habitats (e.g. mangroves, reefs, protected area). Civil works and induced development can cause habitat loss or degradation, fragmentation, wildlife disturbance, invasive species, and cumulative impacts from induced development and visitation. All physical investment will be aligned with the relevant ITMPs. The ESMF will include: screen for natural/critical habitat; apply the mitigation hierarchy; set no-go criteria for significant conversion/degradation of critical habitat; and require, based on the screening, site specific safeguards instruments (e.g. ESIA/ESMPs and Biodiversity Management Plans where needed). Designs will favor nature-based solutions and ecological connectivity, coordinating with protected area authorities (including UNESCO where applicable). For activities involving Protected Areas, the WB Guidance Note will apply, and security risk assessments may be required. This will be addressed in the ESMF.

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

Relevant

Similar to the predecessor project, Indigenous Peoples/Masyarakat Adat with collective attachment to land, resources, and cultural heritage are likely to be present in priority tourism destinations. During preparation, screening will confirm their presence and determine ESS7 applicability. Given the gap between IP definitions in Indonesian regulations and ESS7, the Project will follow the ESS7 definition. Where IPs are identified, the Project will assess impacts or benefits, including potential FPIC requirements. A key anticipated risk is the commercialization of IP cultural resources, where tourism demand may lead to commodification of sacred or community-owned cultural



expressions without FPIC or equitable benefit-sharing, eroding intangible heritage and excluding communities from tourism revenues. The Project will ensure culturally appropriate engagement, guided by the IPPF, with site-specific IPPs prepared where relevant, and a SEP consistent with ESS7.

**ESS8 - Cultural Heritage**

Relevant

Tourism destinations are likely to include or be adjacent to sites of significant cultural heritage value. The previous project's destinations included UNESCO World Heritage Sites and areas of cultural significance. The present project may affect additional tangible and intangible cultural heritage sites. A key anticipated risk is the commercialization of cultural heritage, where tourism demand may lead to the commodification of sacred sites, traditional practices, and community-owned expressions without equitable benefit-sharing, eroding their intangible value. Therefore, the ESMF must include: (i) a Cultural Heritage Framework with screening procedures for physical investments; (ii) Chance Finds Procedures for all civil works; (iii) heritage impact assessments where relevant; and (iv) provisions for sustainable management and commercialization of cultural heritage that ensure communities, including IPs, retain control and benefit equitably, as will be reflected in ITMP TORs.

**ESS9 - Financial Intermediaries**

Not Currently Relevant

**B.2 Legal Operational Policies that Apply**

**OP 7.50 Operations on International Waterways**

No

**OP 7.60 Operations in Disputed Areas**

No

**B.3 Other Salient Features**

**Use of Borrower Framework**

TBD

Reliance on the borrower system will be limited to areas where laws, regulations, and procedures are substantively aligned with the ESF. Where gaps are identified, the Bank and the borrower will agree on supplemental measures to strengthen the ESMS and implementation arrangements. Substantial and High-risk subprojects will fully apply the WB ESF and be subject to Bank review and clearance. Low and Moderate risk subprojects/investments may use the national system (e.g., UKLUPL/SPPL, permitting, technical standards) where it can achieve outcomes materially consistent with the ESSs, as further assessed and defined in the ESMF.

**Use of Common Approach**

No

**C. Overview of Required Environmental and Social Risk Management Activities**

**C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?**

Given site-unknown investments across multiple destinations, the project will adopt a framework approach guided by Integrated Tourism Master Plans. Prior to Appraisal, the Borrower will prepare, consult, and disclose the following.



- \*Environmental and Social Management Framework (ESMF) setting screening and risk classification procedures, a negative list, and no-go criteria (e.g., for significant conversion/degradation of critical habitat and unmitigable impacts on critical cultural heritage), and integrating climate/disaster risk and cumulative/indirect impact considerations;
- \* Environmental and Social Commitment Plan (ESCP) with timebound actions and staffing;
- \* Stakeholder Engagement Plan (SEP) with accessible Grievance Redress Mechanism;
- \*Labor Management Procedures (LMP) covering all worker categories;
- \*Resettlement Policy Framework (RPF); and
- \*Indigenous Peoples Planning Framework (IPPF).

For subprojects (if any) with defined footprints by Appraisal:

- \* Site-specific ESIA/ESMPs, operational ESMPs etc.
- \* Resettlement Action Plans (RAPs) where land acquisition is identified
- \* Indigenous Peoples Plans (IPPs) where Indigenous Peoples are present and affected

The project will include adoption of ITMPs, referring to the formal legal and governmental endorsement of completed ITMPs. Given that the ITMPs have already been prepared — rather than being developed — the nature of the World Bank's due diligence will shift from upstream control to retrospective assessment of the ITMPs and gap-filling.

Site-specific documents (e.g., ESIA/ESMPs, RAPs, IPPs, Biodiversity Management Plans, Cultural Heritage Management Plans, Traffic Management Plans, and Emergency Preparedness and Response Plans; contractor CESMPs) will be prepared, consulted, disclosed, and approved during project implementation but prior to relevant bidding/works.

### III. CONTACT POINT

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#### IV. FOR MORE INFORMATION CONTACT

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#### V. APPROVAL

|                               |                         |
|-------------------------------|-------------------------|
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