

**INTEGRATED SAFEGUARDS DATA SHEET
ADDITIONAL FINANCING**

Report No.: ISDSA20049

Date ISDS Prepared/Updated: 20-Nov-2016

Date ISDS Approved/Disclosed: 22-Nov-2016

I. BASIC INFORMATION

1. Basic Project Data

Country:	Indonesia	Project ID:	P154779
		Parent Project ID:	P092218
Project Name:	Indonesia Infrastructure Finance Facility - Additional Financing (P154779)		
Parent Project Name:	Indonesia Infrastructure Finance Facility (P092218)		
Task Team Leader(s):	Christopher Juan Costain, Kalpana Seethepalli		
Estimated Appraisal Date:	07-Nov-2016	Estimated Board Date:	21-Feb-2017
Managing Unit:	GFM02	Lending Instrument:	Investment Project Financing
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	200.00	Total Bank Financing:	200.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
International Bank for Reconstruction and Development			200.00
Total			200.00
Environmental Category:	F - Financial Intermediary Assessment		
Is this a Repeater project?	Yes		

2. Project Development Objective(s)

A. Original Project Development Objectives – Parent

The objective of the Project is to strengthen and further develop the institutional framework of the financial sector to facilitate financing of commercially viable infrastructure projects and thereby

increase provision of private infrastructure in Indonesia. Key performance indicators to judge PT. IIF's success include the following outcomes: (i) increase in the number of commercially viable infrastructure projects achieving financial closure through long-term debt financing, other financial products, and advisory services from the IIFF over the life of the project; (ii) Increase in the amount of private capital (including long-term debt and equity) available for infrastructure projects over the life of the project; (iii) Increased support to government's policy making in private provision of infrastructure through advisory services from IIFF; and (iv) Increase in privately financed infrastructure in Indonesia.

B. Proposed Project Development Objectives – Additional Financing (AF)

To strengthen the financial capacity of IIF to increase the access of private sector financing for infrastructure.

3. Project Description

Background

The World Bank has supported the Government of Indonesia (GOI) together with IFC and other international development partners, in setting up IIF as a private non-bank financial institution to channel debt and equity financing into Indonesia's infrastructure development. The establishment of IIF in January 2010 was initiated by the GOI and multilateral agencies in order to encourage private sector engagement in the country's infrastructure development. Since IIF's establishment, it has become a small, yet credible player in Indonesia's infrastructure finance market, and is seen as an important vehicle to deliver privately financed infrastructure projects to help address the huge infrastructure gap. IIF is now fully operational, with well-developed institutional capacity and with an infrastructure investment portfolio of sixteen projects, with total commitments of US\$332 million.

GOI has now expressed interest for continuing financial and technical support from WB to IIF to help IIF mature into an infrastructure financing platform that mobilizes funds and channels debt and equity into infrastructure projects. IIF aspires to receive additional financing mainly to scale-up its infrastructure financing operations, thereby further strengthening its institutional capacity overall.

The parent IIFF IBRD Loan (Ln7331-ID/P092218) for US\$100 million was approved by the Bank on June 24, 2009 and became effective on April 25, 2011. The original project closing date was December 31, 2013. The project closing date was first extended to November 30, 2015 to complete the project's activities and achieve its PDO. The second extension to November 30, 2016 was done and the third extension to March 31, 2017 is currently being requested, in order to provide time to prepare for the additional finance operation.

Project Components and Financial Products

As is the case of the parent IIFF operation, the World Bank provides an investment loan to the Republic of Indonesia as the Borrower. The Borrower provides the World Bank's funds to IIF as the sole participating financial intermediary, through SMI. IIF in turn, uses these funds to provide predominantly long-term loans, equity investment and other financial products, as well as advisory services for infrastructure development. The IIFF-AF will be in the form of an investment loan by the World Bank to be made available to IIF as junior subordinated and/or perpetual debt. The Bank's lending instrument is a Financial Intermediary Loan (FIL).

The proposed IIFF-AF will continue to finance projects through the range of IIF's financial products that are already included in the Regulation of the Minister of Finance No. 100/PMK 02/2009, which are elaborated in the IIF's Operations Manual (Annex W). The IIFF-AF, which will be a US\$200 million lending operation to the Borrower for a period of 5 years, will continue to finance the same types of the current IIF's infrastructure sectors through the same aforementioned products and services.

The IIFF-AF will continue to facilitate the provision of IIF's current products and services for the private sectors, which are categorized as follows:

⇒ § Fund based products, provide lending in the forms of:

➤ (¢ Senior debt, subordinated debt, mezzanine financing, equity investment, bridge financing, take-out financing, refinancing and securitization) which involves actual disbursement of Bank (through IIFF) funds;

➤ (¢ Financing other activities related to infrastructure projects as permitted by law; and

➤ (¢ Providing equity investment.

⇒ § Non-fund based products,

➤ (¢ Provide guarantees in the form of, among others, fulfillment of financial liabilities, credit enhancement, and/or performance bonds; and

➤ (¢ Provide standby facilities.

⇒ § Fee-based products,

➤ (¢ Provide transaction advisory services to the government in preparing, tendering and raising project finance for infrastructure projects using PPP scheme, or appointment to State-owned enterprise (SOE) scheme, or other potential development scheme;

➤ (¢ Advice government on broader policy, legal and regulatory issues related to infrastructure development bringing the perspectives of private investors and financiers;

➤ (¢ Provide fee income to IIF (for e.g.: for its public sector advisory services and private client advisory services) and do not involve any disbursement of IIF funds;

➤ (¢ Provide transaction advisory services to project sponsors in bid preparation and participation in PPP projects.

As specified in the Minister of Finance Regulation No. 100/PMK02/2009, IIF can finance the following sectors:

a. Transportation infrastructure, covering sea, river or lake harbor, airports, railways and railway station;

b. Road infrastructure, covering toll road and toll bridge;

c. Water infrastructure, comprises un-distilled water canal;

d. Drinking water infrastructure, comprises of un-distilled water facility, transmission system, distribution system, drinking water treatment facility;

e. Waste water infrastructure, covering waste water treatment facility, processing plant, collection networks and main networks and garbage facilities covering transportation and land disposal;

f. Telecommunication infrastructure, covering telecommunication networks and e-government infrastructure;

g. Electricity infrastructure, covering power generation, renewable energy power development, transmission and distribution;

h. Oil and gas infrastructure, covering oil and gas processing, storage, transportation, transmission or distribution; and/or

i. Other infrastructure projects which are not included in the items above with approval from the

Minister of Finance.

Types of sub-projects according to the Level of Preparedness

The IIFF-AF will continue to facilitate the offering of IIF's current various products and services and financing subprojects with different levels of preparedness or readiness for implementation. There will be four types of sub-projects in this regard, which will require different types of review procedures:

⇒(§ Type 1 ▷(Subprojects in the early stages of preparation (with sites that have not been selected and design options that are still open);

⇒(§ Type 2 ▷(Subprojects that have been fully prepared (where construction bids have been invited);

⇒(§ Type 3 ▷(Subprojects under construction or with facilities that have already been constructed;

⇒(§ Type 4 ▷(Fee-based advisory services.

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

It is not possible at this stage, prior to the IIFF-AF project implementation, to determine the various activities for which loan funds will be requested. The nature of the IIFF-AF operations will be similar to that of the parent IIFF operation, whereby it will finance similar sub-projects nature and types with similar potential environmental and social risks. As has been the case with the parent IIFF operation, IIFF-AF's subprojects will be located in geographically dispersed areas throughout the country. As of September 2016, IIF has 21 sub-projects in its portfolio located among others in, the provinces of Jakarta (clean and renewable energy project, telecommunication tower, improvement of port and airport facility, and Garuda Maintenance Facility), West Sumatera (mini hydro), Gorontalo (2MW solar power plant), South Sulawesi (seaport expansion), Riau Islands and South Sumatera (piping, gas fired power plant), East Java (LPG processing plant), North Sumatera (electricity from 90MW run off river power plant), Lampung and Papua (micro hydro) and West Java (Cipali toll road). Nine of these projects are category A. Nine of these relate to greenfield activities, whereas the remaining relate to operating assets. Environmental risks are derived mainly from construction activities that could cause adverse impact to air, water, natural habitats, forest area and potential impact to people (such as health and safety, labor and working conditions, community health and safety, etc.). Only two sub-projects involved involuntary land acquisition, one is large scale for a toll road (in West Java province) and the other one is small scale for a gas power plant (in Batam, Riau Islands province). No sub-projects involved or affected Indigenous People's communities.

IIF's initial pipeline in 2016 will potentially include similar as well as new types of investment, such as water supply, LNG processing plant, fiber optic telecommunication, telecommunication tower, run-off hydro power plant, seaport, gas fired-power plant, gas pipeline, telecommunication tower, and aircraft maintenance facility. Preliminary social and environmental screenings are being carried out by IIF in reference to its 2014 Social and Environmental Management System (SEMS) to identify the level of potential risks of each sub-project. It is expected that five of the 11 initial project pipeline are likely Category A and six are greenfield projects. The risk level will be reconfirmed as part of the Social and Environmental Due Diligence (SEDD) on the complete set of sub-project proposal package, including the proposed safeguards instruments. IIF may drop from its financing support those sub-projects that cannot meet its SEMS or investment requirements.

5. Environmental and Social Safeguards Specialists

Indira Dharmapatni (GSUID)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>IIF is a private non-bank financial institution that channels debt and equity financing into Indonesia's infrastructure development. The IIFF-AF will help IIF to become a more mature infrastructure financing platform in Indonesia. It will continue as a Category FI project with potential sub-projects of Category A and B. This project shall continue to promote environmentally responsible investment decisions.</p> <p>Potential environmental impacts from the indicative sub-projects pipeline of this AF are still similar in nature and scale with the previous IIF subprojects. They are mainly derived from the construction activities of the linear infrastructure such as road, gas pipeline, transmission line, the construction of airport, seaport, gas fired power plant and micro hydro power plant. Potential adverse environmental impacts, such as dust, noise, material transportation, health and safety, traffic management and induced impact, such as a new access to forest area or natural habitats, are likely. There is a possibility of cumulative impacts and other impacts related to dam safety and linked activities funded by the Government or other donors, and potential impacts of ancillary facilities, such as quarry management. Thus, the potential environmental and social impacts of sub-projects will range from medium to high, significant, diverse and irreversible.</p> <p>All sub-projects applying for IIFF-AF financing will be screened using the IIF's 2014 SEMS to determine the safeguards policies triggered, EA category, safeguards instruments and associated analyses to incorporate risk and impact minimization, mitigation measures and monitoring program.</p> <p>The 2014 SEMS specifies the following requirements based on the four sub-project development stage:</p> <ul style="list-style-type: none"> ➤ Type 1 ➤ Sub-projects in the early stages of preparation (with sites that have not been selected and design options that are still open or Greenfield) will be subject to safeguards screening; ➤ Type 2 ➤ Sub-projects that have been fully prepared (where construction bids have been invited) will be subject to due safeguards due diligence; ➤ Type 3 ➤ Sub-projects under construction or with facilities that have already been constructed will be

	<p>subject to safeguards due diligence or audit; and Type 4 Fee-based advisory services are to be consistent with IIF safeguards principles.</p> <p>IIF 2014 SEMS also requires clients to prepare CAP (Corrective Action Plan) should their sub-projects do not meet IIF standards. The World Bank has visited those high risk projects together with IIF S&E staff to ensure that they have built their capacity and have adequate comprehension of the World Bank safeguards policies and requirements.</p> <p>An assessment of the applicability of the current IIF 2014 SEMS and the capacity of IIF S&E unit in managing safeguards aspects of future projects is elaborated in section II below.</p> <p>IIF advisory service will continue to be delivered in accordance with the 2014 SEMS to ensure that safeguards aspects are incorporated and consistently applied.</p> <p>Social and Environmental Due Diligence (SEDD) on the complete set of sub-project proposal package, including safeguards instruments, will be conducted during project implementation. IIF may drop those sub-projects that cannot meet its SEMS or investment requirements from its financing support.</p>
Natural Habitats OP/BP 4.04	Yes
	<p>Potential sub-projects in road construction, energy generation and transmission line, telecommunication (fiber optic cable), seaport constructions may potentially affect natural habitats. The sub-projects will be screened in accordance with the current SEMS, so as to ensure that the project shall not finance any development with potential significant conversion or degradation to critical natural habitats or natural habitats.</p> <p>For a sub-project 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 client shall be required to prepare a full environmental assessment (an ESIA) or to conduct AMDAL study or specific biodiversity study acceptable to the SEMS. The SEMS also fully adopts PS 6 of IFC, in addition to the OP 4.04 requirements. Natural habitat includes: forest protection areas; river edges; marine/freshwater conservation areas; nature tourism park; peat areas; areas, surrounding lakes and reservoirs, coastal mangrove areas, water catchment</p>

		<p>areas; national parks; coastal edges, forest parks; cultural reserves; areas surrounding springs; scientific research areas; nature conservation areas; and areas susceptible to natural hazards.</p> <p>Other typical sub-projects such as aircraft maintenance facility, mini hydro, telecom towers might have less potential impacts to natural habitats and some of them are located in urban areas. Nonetheless, the SEMS still requires that thorough assessment of potential impacts be conducted as previously implemented.</p>
Forests OP/BP 4.36	Yes	<p>Potential sub-projects will not involve commercial forest plantation, as per IIF's mandate determined by the GOI, although other investments proposal may take place in close proximity to or within forest areas. IIF, in accordance with its SEMS, shall screen out any sub-projects having potential significant conversion or degradation to critical natural forest or natural forest (protection forest, conservation forest). For a sub-project that is located in production forest area, the client shall prepare an environmental assessment and shall fulfill forestry regulation for land use permit, as per Bank's related previous investment project in Indonesia (e.g. Upper Cisokan Pumped Storage, etc.).</p>
Pest Management OP 4.09	No	<p>Similar to the parent IIFF operation, the IIFF-AF does not trigger OP 4.09, as there will be no irrigation sub-projects financed by IIF (In Indonesia, the irrigation sector is not financed by the private sector, but rather through the Government's DAK, Local Governments or Ministry of Public Works budget).</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>As some sub-projects involve construction activities such as excavation of the linear infrastructure, which may affect cultural property, the IIFF-AF triggers OP 4.11. The environmental screening procedure laid out in the SEMS ensures that such 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.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>As the nature of financing products and potential sub-projects eligible for IIFF-AF are similar to those of the parent IIFF, and sub-projects may be located anywhere in the country where IPs communities might potentially be present and affected, subprojects may affect (positively or adversely) IPs communities. Thus the project continues to trigger OP 4.10. The SEMS, which is part of the OM, includes Principles of Indigenous Peoples (similar to the</p>

		Bank (s IPPF) and Guidance to Implement the Principles of Indigenous Peoples Development Plan (the term used in the OP 4.10 is Indigenous Peoples Plan).
Involuntary Resettlement OP/BP 4.12	Yes	As the nature of financing products and potential sub-projects eligible for IIFF-AF are similar to those of the parent IIFF, some sub-projects may involve involuntary resettlement including land acquisition. Thus the project continues to trigger OP 4.12. As sub-project footprint and area of influence are unknown at this stage, the IIFF-AF will adopt the 2014 SEMS that has been used by IIF. The SEMS, which is part of the OM, includes Principles of Land Acquisition and Involuntary Resettlement (similar to the Bank (s RPF) and Guidance of the Application of the Principles for Land Acquisition and Involuntary Resettlement.
Safety of Dams OP/BP 4.37	Yes	The project might finance the construction of a dam as part of energy generation project or 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 large dams (15 m and higher), the SEMS requires reviews by an independent panel of experts, preparation and implementation of detail plans (construction, instrumentation, operation and maintenance, and emergency preparedness), prequalification of bidders and periodic safety inspections of the dam after completion.
Projects on International Waterways OP/BP 7.50	No	The project will not be located in the watersheds of any international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in any known disputed areas as defined under the policy.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p>
<p>This IIFF-AF project shall continue to promote environmentally responsible investment decisions. Potential large scale, significant/irreversible impacts from the indicative sub-projects are still similar in nature and scale to the parent IIFF project. These are mainly derived from the construction activities of water supply facility, LNG processing plant, fiber optic telecommunication, telecommunication tower, run-off hydro power plant, seaport, gas fired-power plant, gas pipeline, telecommunication tower, and aircraft maintenance facility. The impacts to natural habitats, forest, people (from land acquisition) and to Indigenous Peoples are likely. There are also possibilities of induced impact such as a new access to forest area or natural habitats or access restriction. In addition, there are likely cumulative impacts and other impacts related to dam safety, and linked activities funded by Government or other donors, and potential impacts of ancillary facilities such as quarry management . Please refer to Section I.4 for a summary of</p>

<p>safeguards issues surrounding the ongoing parent IIF operation and 2016 indicative pipeline.</p> <p>Given that potential downstream impacts from IIF’s advisory services are also possible, the current 2014 SEMS also ensures that IIF’s advisory services are also consistent with the safeguards requirements.</p> <p>The list of potential sub-projects pipeline is dynamic, and preliminary social and environmental screening are carried out by IIF in accordance with its 2014 SEMS to identify the level of potential risks of each sub-project. The risk level will be reconfirmed during the Social and Environmental Due Diligence (SEDD) on the complete set of subproject proposal package.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p>
<p>Potential indirect/long term impacts of future activities in the sub-project area are changes in morphology of the area and impacts to natural habitats, mostly from the construction activities. Illegal logging from new access road to forest area as an induced impact is also likely. Potential long term social impacts would be in terms of change in livelihoods from land acquisition and access restrictions that could also affect Indigenous Peoples.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p>
<p>No alternatives were assessed during project preparation as potential sub-projects will not be confirmed until project implementation. However, the SEMS has regulated that the ToR for ESIA will include options analysis. The IIF S&E team will ensure that environmental and social considerations are properly taken into account for preferred-option analysis by the borrower.</p>
<p>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.</p>
<p>Measures to address safeguards policy issues. Since its establishment, IIF has adopted a Social and Environmental Management System (SEMS) in reference to the approved Environmental and Social Safeguards Framework (ESSF) in 2011, to manage E&S safeguards for sub-projects in its portfolio and pipeline. The SEMS was updated in end of 2014 to include the IFC’s 2012 Performance Standards, and approved for IIF by all of the its stakeholders (IIF, SMI, ADB, and DEG). The SEMS, which is part of IIF’s Operations Manuals follows:</p> <ul style="list-style-type: none"> ➤(ç Prevailing Indonesian Laws and Regulations; ➤(ç All of IFC 2012 Performance Standards, i.e., PS on Environmental and Social Sustainability; PS1 on Assessment and Management of Environmental and Social Risks and Impacts; PS2 on Labor and Working Conditions; PS3 on Resource Efficiency and Pollution Prevention; PS4 on Community Health, Safety and Security; PS5 on Land Acquisition and Involuntary Resettlement; PS6 on Biodiversity Conservation and Conservation and Sustainable Management of Living Natural Resources; PS7 on Indigenous Peoples; and PS 8 on Cultural Heritage; ➤(ç Seven triggered World Bank Safeguards Policies, i.e., OP/BP 4.01 on Environmental Assessment; OP/BP 4.04 on Natural Habitats; OP/BP 4.11 on Cultural Property; OP/BP 4.10 on Indigenous Peoples; OP/BP 4.12 on Involuntary Resettlement; OP/BP 4.36 on Forest; and OP/BP 4.37 on Safety of Dams; and ➤(ç Environment and Social Policy and Procedural Guidelines for Projects Financed Jointly by Bank, IFC and/or MIGA (2009). <p>The SEMS specifies the S&E requirements, principles, operating procedures (review/screening,</p>

appraisal, post loan, and project completion), S&E organizational arrangements and responsibilities, capacity building plan and approach to S&E risk management. The SEMS basically contains procedures and requirements to ensure that the environmental and social impacts of those sub-projects financed by IIF are assessed, managed and monitored in accordance with the abovementioned laws, regulations, IFC's PSs and World Bank Policies. Grievance Redress Mechanisms and Disclosures are part of each S&E Principle. Based on the Social and Environmental Due Diligence (SEDD), should there be any gap, IIF requires the potential clients to prepare a plan to fully meet the S&E requirements as specified in the SEMS. A specific form of legal agreement is made between IIF and the clients which is part of the eligibility to receive financing. Monitoring of the implementation of the agreed S&E instruments and corrective action plan is carried out regularly by IIF's S&E Management Unit in accordance with requirements specified in the SEMS, and the performance of the S&E safeguards management is consolidated in the IIF Annual Report and the Annual S&E Performance Report.

IIF has developed and adopted a Standard Operating Procedure (SOP) on Social and Environmental (S&E) safeguards as a practical tool for the staff of the S&E Management Unit and other relevant units to implement the SEMS within the overall IIF business processes. The SOP covers: (i) the procedures, screening and review criteria, reporting and working arrangements of the S&E Management Unit in defining subproject eligibility/ineligibility for IIF financing; and (ii) the flows of decision making and working arrangements between the S&E Management Unit and other departments/units in IIF. The SOP shows the flows of working arrangements of the S&E Management Unit, which include: (i) pre-approval procedures of subprojects, for Type 1 Greenfield and Types 2 & 3 Brownfield sub-projects; (ii) approval process; (iii) post approval process (client/developer duties and S&E staff's duties); and (iv) completion phase SOP (the production of ICR and other documentation).

Borrower capacity. For the past two years, IIF has demonstrated a stronger and better capacity in managing S&E safeguards, as governed by its SEMS. IIF has an S&E Management Unit established under the Credit Risk and Operations Department, which is mainly responsible for ensuring that the SEMS in the Operations Manual is consistently followed by all sub-projects financed by IIF through the integration of the S&E requirements into the IIF's business operations overall. IIF's capacity in managing. Since the past two years in particular, IIF has built a stronger capacity in managing S&E safeguards. This is mainly due to the adequate number and qualification of staff for the current portfolio and pipeline, consistent application of SEMS and SOP, and continued undertaking of practices for mainstreaming S&E in the overall IIF's business cycle. It is important to note that the IIF's top management has demonstrated a very strong commitment to implement and ensure strict adherence to the SEMS through regular monitoring and proper support to the unit. The Managing Director and Head of the CRO Department has been in charge as the S&E Manager as well, and under him the unit has four full-time S&E specialists, all of whom hold Master Degrees and had experiences in S&E management in public institutions, as well in international multi-lateral supported projects, prior to joining PT IIF. A Manager for Social and Environmental Unit will be hired in early December 2016.

The S&E Management Unit has also hired international as well as national S&E consulting firms as partners to help carry out Social and Environmental Due Diligence (SEDD) and reviews of potential projects seeking for IIF support. Partnership with the teams from PT ERM Indonesia, PT Enviro Solutions and Consulting, PT Delta Prima Mitra Manajemen, PT AECOM Indonesia, PT BERI, PT Hatfield Indonesia, PT Lorax Indonesia and PT Hatch Indonesia, has provided the IIF

S&E staff significant learning opportunities and knowledge improvements. Since 2015, IIF has carried out the SEDD in-house for projects having moderate risks, including telecommunication, solar power, and renewable energy projects. The Bank has reviewed a sample of IIF's in-house SEDD for the Gas-fired power plant in Batam and Gorontalo Solar Power Energy, and noted that these have been satisfactorily done in accordance with the revised SEMS, with minor potential area for future improvement. In addition, as part of its capacity strengthening program, the S&E Management Unit staff have participated in various workshops and seminars, and received in-house and external trainings relevant to their specific needs each year since 2013 (the list is available in a separate document). For example, in 2014 IIF S&E staff participated in an IFC training session on 'PS6 Quest for Zero Biodiversity Loss and What It Means for Project Developers'; the Indonesia Green Infrastructure Summit jointly organized by the World Bank, JICA, ICLEI and GOI; and training on S&E and HSE, OHSAS and Risk Assessment. In 2015, the S&E Management Unit received external training on IFC PS7; GHG Management; IFC PS4; IFC PSs of 2012; Stakeholders Engagement Training; and Environmental Analysis. Further, the S&E Management Unit delivered the S&E principles as specified in the SEMS for all IIF employees during the Internal Knowledge Sharing Session. Furthermore, in 2015 IIF participated in seminars related to Sustainable Financing such as: (i) Green Planning and Budgeting Strategy for Indonesia Sustainable Development; and (ii) OJK Green/Sustainable Financing.

Going forward, with the steadily growing pipeline and business volume, IIF plans to continue to strengthen its S&E Management Unit's capacity. The short-term plan is to recruit another S&E specialist in 2016 (now already hired). Also, S & E safeguards staff is expected to take four training sessions in 2016, namely training on Land Acquisition and Resettlement, Renewable Energy or Mini Hydro Project, GHG Inventory and on Risk Assessment. In addition, IIF also continues to socialize the 2014 SEMS to its clients and lenders counterparts as the company's branding for adopting the international standard for social and environmental management. IIF also plans to increase public awareness of its S&E requirements and good practices in S&E safeguards management, particularly by stakeholders within the infrastructure financing industry and other financial institutions and commercial Banks in implementing S&E safeguards requirements in the infrastructure development. The first of this initiative was implemented in November 2015, whereby IIF itself conducted training for its clients and potential clients regarding IIF's S&E Principles, and was well attended and appreciated by clients and potential clients. Similar activities will be continued in 2016 onwards every year. In addition, in April 2016 IIF was invited by one of the largest commercial banks in the country, i.e., BCA, to present the 'Implementation of IIF's Social and Environmental Principles' and by the Indonesia Association of Regional Banks (ASBANDA) in a Workshop of Knowledge Sharing, wherein it presented 'Social and Environmental Risks in Infrastructure Development Projects'. The long-term capacity strengthening will be continuously planned and implemented in accordance with the volume and nature of the sub-projects in the IIF's portfolio and pipeline.

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

Key stakeholders. At the national level, key stakeholders involved in the IIF-AF project includes the Directorate General for State Assets, Ministry of Finance; the shareholders (SMI, IFC, DEG, ADB and the Sumitomo Mitsui Bank Corporation); and the World Bank. These are parties who should approve the SEMS and the Operations Manual, and at the highest level the shareholders receive the Annual S&E Performance Report of the Implementation of SEMS and ensure that it is implemented consistently across all of IIF business operations. At the sub-project level, stakeholders include IIF clients who receive financing and advisory services. Ultimate

beneficiaries of sub-projects financed by the IIF (e.g. toll road, electricity, ports, etc.) are the public.

Consultation and disclosure. Initially, the Environmental and Social Safeguards Framework (ESSF), which outlines the framework of WBG policies that apply to IIF sub-projects, was consulted with relevant stakeholders, including potential clients (private sector/companies), representatives of NGOs and universities as well as the media on March 29-30, 2011, and subsequently disclosed in the Ministry of Finance's and IIF's websites. The IIF disclosed the same ESSF in its own website, www.iif.co.id in August 2013. IIF has developed a Social and Environmental Management System in 2012 as part of its Operation Manuals for its internal operating guidance, which includes the approved ESSF and adopting the 2006 IFC's Performance Standards, ADB and World Bank safeguards policies as well as GOI's laws and regulations. This 2012 SEMS was approved by its shareholders and the Bank. In 2014, IIF augmented its 2012 SEMS to adjust with the 2012 IFC's Performance Standards and subsequently was approved by its shareholders. IIF disclosed the 2014 volume 1 of the SEMS through its website on November 2nd 2016. This SEMS contains the approved ESSF and a more detailed and operational S&E policies and procedures. Feedback from various stakeholders on the SEMS is being solicited. Further, key safeguards instruments that had been prepared by IIF's clients were also disclosed in the IIF's website. The S&E Safeguards Management Unit also shares and holds internal awareness training on the SEMS and its implementation in the overall IIF's business cycle on a regular basis for other IIF's departments and units. IIF's clients also have carried out consultations with the Project Affected Persons in the sub-project footprints and surrounding areas during the planning and construction stage, for example in the Cipali toll road, the gas-fired power plant in Batam and the Solar Power Plant in Gorontalo. This practice will be continuously implemented and ensured by IIF's S&E team. Refer to section II.A.4 on the socialization and consultation activities of IIF on the SEMS to its clients and other financial institutions. The Volume 2 of the SEMS without sensitive corporate information will be disclosed in January 2017 .

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	02-Nov-2016
Date of submission to InfoShop	17-Nov-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Indonesia	02-Nov-2016
<i>Comments:</i> This is covered in the ESSF previously disclosed on March 29, 2011 and the more recent SEMS, as uploaded on IIF's website on November 2, 2016.	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	02-Nov-2016
Date of submission to InfoShop	16-Nov-2016

"In country" Disclosure	
Indonesia	02-Nov-2016
<i>Comments:</i> This is covered in the ESSF previously disclosed on March 29, 2011 and the more recent SEMS, as uploaded on IIF's website on November 2, 2016.	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	02-Nov-2016
Date of submission to InfoShop	16-Nov-2016
"In country" Disclosure	
Indonesia	02-Nov-2016
<i>Comments:</i> This is covered in the ESSF previously disclosed on March 29, 2011 and the more recent SEMS, as uploaded on IIF's website on November 2, 2016.	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

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 [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
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 [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

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?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Is physical displacement/relocation expected? 200 Provided estimated number of people to be affected	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] TBD [<input type="checkbox"/>]
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) 200 Provided estimated number of people to be affected	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] TBD [<input type="checkbox"/>]
OP/BP 4.36 - Forests	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Does the project design include satisfactory measures to overcome these constraints?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP/BP 4.37 - Safety of Dams	
Have dam safety plans been prepared?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
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 [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Christopher Juan Costain, Kalpana Seethepalli	
<i>Approved By</i>		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 22-Nov-2016
Practice Manager/ Manager:	Name: Jennifer Isern (PMGR)	Date: 22-Nov-2016