



# Concept Environmental and Social Review Summary

## Concept Stage

### ( **ESRS Concept Stage** )

Date Prepared/Updated: 02/21/2024 | Report No: ESRSC04116



I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P502685	Investment Project Financing (IPF)	SINERGIS TA	2024
Operation Name	Technical Assistance Grant to support SINERGIS Implementation		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Indonesia	Indonesia	EAST ASIA AND PACIFIC	Governance
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Republic of Indonesia	National Development Planning Agency (Bappenas), Directorate General of Fiscal Balance, Ministry of Finance, Ministry of Health, Ministry of Home Affairs, Ministry of Public Works and Housing		21-Mar-2024
Estimated Concept Review Date	Total Project Cost		
29-Feb-2024	1,900,000.00		

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Proposed Development Objective

The objective of this TA grant is to strengthen Government capacity in effectively implementing the intergovernmental finance reform agenda supported by the SINERGIS PforR.

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

[Description imported from the Concept Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]



The proposed Technical Assistance (TA) grant will be financed through Indonesia’s Public Financial Management Multi-Donor Trust Fund (PFM MDTF) Phase III. At the request of the Ministry of Finance, it complements the SINERGIS PforR (US\$ 400M, effective since December 2023) with TA. SINERGIS aims to improve the equity, efficiency and accountability of district spending financed by intergovernmental transfers. The TA grant supports the five SINERGIS Implementing Agencies (IAs) in effectively implementing the intergovernmental finance reform agenda supported by the SINERGIS PforR. The grant will support five cross-cutting tasks: (1) Providing Technical assistance (TA) to the SINERGIS IAs, in view of designing and implementing reforms well to achieve results; (2) Facilitating interagency coordination; (3) Supporting District Thematic Working Groups, in view of enabling peer-to-peer learning between districts and of providing feedback to central government; (4) Building district capacity for implementing Performance Improvement Plans; and (5) Communication of the reform agenda to districts and citizens. The activities supported by the grant will be well-aligned with the PFM MDTF PDO of “supporting the Government of Indonesia in improving the quality of revenue and expenditure policy and management at central and subnational levels by enhancing their performance orientation and accountability, including through digital technology in a gender responsive manner.”

## D. Environmental and Social Overview

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

*[Description of key features relevant to the operation’s environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 2,000]*

The proposed project will support the implementation of SINERGIS PforR (P176954) which aims to improve the equity, efficiency and accountability of district spending financed by intergovernmental transfers through five cross-cutting tasks: (i) Providing enhanced technical assistance (TA) and capacity building support to Ministry of Finance (MOF) and relevant Implementing Agencies (IAs) for effective SINERGIS Program implementation; (ii) Facilitating interagency coordination; (iii) Supporting District Thematic Working Groups to facilitate peer-to-peer learning and provide feedback to central government interagency reform teams; (iv) Supporting low-performing districts in implementing Performance Improvement Plans (PIP) through hands-on capacity building, provided by regional TA consultant pools; and (v) Supporting the Directorate General Fiscal Balance (DGFB) Program Secretariat and other IAs in effectively communicating the objectives of the reform agenda to district governments and citizens.

The TA activities will be implemented by the Program secretariat and IAs at national level and hence, will have a national coverage. Capacity strengthening activities related to supporting low-performing districts in implementing Performance Improvement Plans (PIP) may target select district and/or municipal government stakeholders, which are currently not pre-determined.

In line with the OESRC Advisory Note on Technical Assistance and the Environmental and Social Framework (May 21st, 2019), the project is classified as a Technical Assistance (TA), involving activities categorized as Type 3 (strengthening borrower capacity). The project is not expected to involve any civil works hence no physical footprints are envisaged as a result of project activities. Overall environmental and social impacts will likely be low to negligible.

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



*[Description of Borrower’s capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 2,000]*

The MoF–Directorate General Fiscal Balance (DGFB) is the executing agency for the SINERGIS PforR and will serve as the SINERGIS Program Coordination Unit and Secretariat. The Ministry of Home Affairs (MoHA), MoH, MoPWH, and the Ministry of National Development Planning (Badan Perencanaan Pembangunan Nasional, Bappenas) will play key roles as implementing agencies. All those ministries have prior experience in Bank projects under the Safeguard Policies and/or ESF although E&S management systems vary and some entities need more support than others.

Institutional capacity assessment for managing environmental and social risks and impacts has been undertaken as part of the Environmental and Social System Assessment (ESSA) for the SINERGIS PforR. The assessment concludes that institutional capacity for environmental and social management at the national level is generally adequate with some sectors need to be strengthened. MoPWH and the MoH have better understanding of environmental and social risks and greater experience in managing them in previous and ongoing Bank investments and programs, such as the LGDP (P111577), NAHP (P154948), NUWSP (P156125), NUDP (P163896), I-SPHERE PforR (P164277), Indonesia COVID-19 PforR (P173843), the Fiscal Development Policy Lending (DPL) (P177726), and Strengthening TB Response PforR (P178517). MoPWH also has experience implementing PRIM, Australia’s Department of Foreign Affairs and Trade (DFAT) project for road construction that applies a set of E&S safeguards requirements.

The technical assistance supported by this RETF includes procurement of environmental and social experts who are expected to improve the E&S management capacity of the implementing agencies.

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

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

Low

#### **A.1 Environmental Risk Rating**

Low

*[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 2,000]*

The environmental risk rating is low. The project is classified as a Technical Assistance (TA) that will support the achievement of the results of SINERGIS PforR and is not expected to have any direct environmental risk. The project will not involve any physical works, nor procure any substances that may have serious adverse effects on human health and/or be harmful to the environment. The technical assistance activities will include supporting the development of subnational Performance Improvement Plans for the earmarked general equalization grant (Dana Alokasi Umum, DAU), a pilot verification methodology for the capital grant (Dana Alokasi Khusus Fisik, DAK), developing the design for the MOF’s integrated data platform to monitor Subnational governments’ spending and performance. The project will also support the SINERGIS Secretariat under the DG Fiscal Balance that will be coordinating reform across the implementing agencies and embedded experts on key reform issues. The project will also support facilitating peer-to-peer learning among districts through District Thematic Working groups and will finance provincial regional TA consultant pools to support the selected districts in formulating and implementing



Performance Improvement Plans. The typical potential capacity building activities supported by the project will include organizing seminars and public lectures to support the SINERGIS Secretariat and the IAs and production of communication materials to effectively communicate the objectives of the reform agenda to district governments and the wider public. The project will not finance feasibility study or design of any future investments therefore no potential downstream adverse impacts are anticipated. The potential environmental impacts of carrying out the capacity building activities, discussions, and writing reports are minimal. Considering the low risk, no additional measures will need to be prepared for managing environmental risk related to the project.

**A.2 Social Risk Rating**

Low

*[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 2,000]*

The overall social risk rating is low. Activities under the RETF are limited to technical assistance and capacity buildings for both IAs and select subnational governments. Examples of envisaged technical assistance activities under Component 1 include piloting the development of subnational Performance Improvement Plans for the earmarked general equalization grant (Dana Alokasi Umum, DAU), a pilot verification methodology for the capital grant (Dana Alokasi Khusus Fisik, DAK), developing the design for the MOF’s integrated data platform to monitor Subnational governments’ spending and performance. Component 2 will finance consultants to support the DGFB’s Secretariat team in coordinating reform across the implementing agencies and embedded experts on key reform issues. Component 3 will facilitate peer-to-peer learning among districts through District Thematic Working groups. Component 4 will finance regional TA consultant pools to support select districts in formulating and implementing Performance Improvement Plans. Component 5 could finance production of communication materials and the organization of seminars and public lectures to support the DGFB Program Secretariat and other IAs in effectively communicating the objectives of the reform agenda to district governments and citizens. The Project is not envisaged to finance physical investments, nor direct community engagement, including with vulnerable groups. The project does not finance feasibility or design of any future investments in specific footprints with potential downstream adverse impacts. On the basis of this assessment, social risks are low.

*[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 2,000]*

**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

*[Optional Explanation - Max. character limit 1,000]*

ESS1 is applicable for the operation. The application of ESS1 is to set out relevant roles and responsibilities for environmental and social management, particularly concerning to labor management and stakeholder engagement. The SINERGIS PforR Program Operation Manual will be updated to include EnS aspects (LMP & SEP) for this RETF. The project is classified as Type 3 Technical Assistance (TA) focusing on institutional capacity building to support the implementation of SINERGIS PforR (P176954) which aims to improve the equity, efficiency, and accountability of district spending financed by intergovernmental transfers thus the potential EnS impacts of project activities are

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assessed to be negligible. No physical investments, nor activities requiring direct engagement with communities are envisaged under the operation. The project does not finance any feasibility study and design studies which may lead to future investments. Both environmental and social risk ratings are Low.

**ESS10 - Stakeholder Engagement and Information Disclosure**

Relevant

*[Optional Explanation - Max. character limit 1,000]*

Stakeholder engagement for the purpose of this operation will be in the form of inter-government coordination, relevant capacity building, and production of communication materials and the organization of seminars and public lectures, involving government policymakers, subnational government representatives and academics to stimulate public discussion on the substances of the reform. No direct engagement with communities is envisaged for the purpose of the operation and specific localities for government capacity building will be determined during project implementation. The SINERGIS PforR Program Operation Manual (POM) presents the grievance redress mechanism which will be managed by the DGFB as the program secretariat. The program secretariat is required to regularly report the received grievances related to the SINERGIS program. These channels will also be utilized to receive feedback and/or concerns from the stakeholders related to activities under the RETF.

**ESS2 - Labor and Working Conditions**

Relevant

*[Optional Explanation - Max. character limit 1,000]*

ESS2 is considered relevant. The program will involve direct workers, i.e., employees of the implementing agencies, mostly civil servants, and contracted workers such as consultants who will provide technical assistance (TA) and/or trainings. No community workers and no primary suppliers to be involved in the RETF. Potential risks related to workers may include discrimination on the basis of gender, status, disability and/or other during the participants selection process; health and safety risks during travels to the program locations (air and land travel); and other risks related to working conditions such as no mechanism for raising concerns or providing input on the program. Human resources aspect of the project will be managed in accordance with the main labor legislation in Indonesia, Law No. 13/ 2003 on Manpower. The law provisions are mostly consistent with the Banks standards. Indonesia has also ratified all ILO fundamental conventions.

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

Not Currently Relevant

*[Optional Explanation - Max. character limit 1,000]*

ESS3 is not relevant as the activities will not support any physical investments, nor feasibility study or design of any future investments. No direct and downstream impacts of the proposed TA are anticipated.

**ESS4 - Community Health and Safety**

Not Currently Relevant

*[Optional Explanation - Max. character limit 1,000]*

ESS4 is not relevant as the activities will not present health and safety risks to communities. No direct impacts of the proposed TA on community health and safety are expected to occur during program implementation.

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

Not Currently Relevant

*[Optional Explanation - Max. character limit 1,000]*

ESS5 is not relevant as the proposed activities will not involve acquiring new areas, hence risks and impacts relating to land acquisition, land use restriction, physical and/or economic displacement are not expected to occur.

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

Not Currently Relevant

*[Optional Explanation - Max. character limit 1,000]*

ESS6 is not relevant as the activities will not support any physical investments, nor feasibility study or design of any future investments. No direct and downstream impacts of the proposed TA are anticipated.

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

Not Currently Relevant

*[Optional Explanation - Max. character limit 1,000]*

ESS 7 is not relevant. The proposed activities supported by the project will not have implications, nor engagement with communities, including Indigenous Peoples. Public participation measures will be sought through implementation of stakeholder engagement activities in line with ESS10.

**ESS8 - Cultural Heritage**

Not Currently Relevant

*[Optional Explanation - Max. character limit 1,000]*

ESS8 is not relevant as the program will not directly impact any cultural sites tangible nor intangible cultural heritage.

**ESS9 - Financial Intermediaries**

Not Currently Relevant

*[Optional Explanation - Max. character limit 1,000]*

ESS9 is not relevant for this program. The program does not involve any financial intermediaries.

**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**

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**Use of Borrower Framework**

In Part

*[Optional explanation – Max. character limit 1,000]*

The project will not involve any physical works, nor procure any substances that may have serious adverse effects on human health and/or be harmful to the environment. The project will also not have direct community engagement, including with vulnerable groups. Considering the low risk, no additional measures will need to be prepared for managing environmental risk related to the project. The grievance redress mechanism of the project will be managed by DGFB as per the SINERGIS PforR Program Operation Manual (POM). The human resources aspect of the project will be managed in accordance with the main labor legislation in Indonesia, Law No. 13/ 2003 on Manpower which is consistent with the Bank standards.

**Use of Common Approach**

No

*[Optional Explanation including list of possible financing partners – Max. character limit 1,000]*

**B.4 Summary of Assessment of Environmental and Social Risks and Impacts**

*[Description provided will not be disclosed but will flow as a one time flow to the Concept Stage PID – Max. character limit 5,000]*

The environmental and social risk rating is Low. The project is classified as a Technical Assistance (TA) that will support to achievement of the results of SINERGIS PforR, and is not expected to have any direct environmental and social risk. The project will not involve any physical works, nor procure any substances that may have serious adverse effects on human health and/or be harmful to the environment. The project will also not have direct community engagement, including with vulnerable groups.

The technical assistance activities executed by the SINERGIS Implementing Agencies will include supporting the development of subnational Performance Improvement Plans for the earmarked general equalization grant (Dana Alokasi Umum, DAU), a pilot verification methodology for the capital grant (Dana Alokasi Khusus Fisik, DAK), developing the design for the MOF’s integrated data platform to monitor Subnational governments’ spending and performance. The project will also support the SINERGIS Secretariat under the DG Fiscal Balance which will be coordinating reform across the implementing agencies and embedded experts on key reform issues. The project will also support facilitating peer-to-peer learning among districts through District Thematic Working groups and will finance provincial regional TA consultant pools to support the selected districts in formulating and implementing Performance Improvement Plans. The typical potential capacity building activities supported by the project will include organizing seminars and public lectures to support the SINERGIS Secretariat and the IAs and the production of communication materials to effectively communicate the objectives of the reform agenda to district governments and the wider public. The project will not finance feasibility study or design of any future investments therefore no potential downstream adverse impacts are anticipated. The potential EnS impacts of carrying out the capacity building activities, discussions, and writing reports are minimal. Considering the low risk, no additional measures will need to be prepared for managing environmental risk related to the project. While the SINERGIS PforR Program Operation Manual (POM) presents the grievance redress mechanism which will be managed by the GDFB DGFB as the SINERGIS secretariat. The SINERGIS PforR Program Operation Manual will be updated to include EnS aspects (LMP & SEP) for this RETF.

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**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?**

*[Description of expectations in terms of documents to be prepared to assess and manage the project’s environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 3,000]*

The Environmental and Social Commitment Plan (ESCP) will be prepared by appraisal. No other additional instruments/assessments are expected to be prepared by appraisal considering that overall E&S risk is low. Appraisal stage ESRS is not required.

**III. CONTACT POINT**

**Contact Point**

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**IV. FOR MORE INFORMATION CONTACT**

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**V. APPROVAL**

Task Team Leader(s): Noriko Toyoda, Jurgen Rene Blum

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