

Project Summary Information

Date of Document Preparation/Updated: 07/27/26	
Project Name	Indonesia Road Connectivity Improvement Program to Support Food Self Sufficiency
Project Number	P001094
AIIB member	Indonesia
Sector/Subsector	Transport
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation
Status of Financing	Under preparation
Objective	To enhance domestic connectivity through the development of a climate resilient, safe and inclusive road network and improve the capacity of Ministry of Public Works and subnational entities to manage road assets.
Project Description	Roads form the backbone of Indonesia's transport system, handling over 90% of all passenger and freight movement. Its road network spans approximately 535,270 kilometers, with subnational roads, provincial and district/city roads, making up the vast majority (91%). However, there is a stark disparity in quality across the network. While 92% of national roads are in good condition, the condition of subnational roads is significantly lower and deteriorates further at the local level. 71% of provincial roads and 59% of district/city roads are in good condition (representing an average condition of 60% at the subnational level). This creates a critical bottleneck for logistics and economic connectivity between production centers and consumption markets while also exacerbating regional disparities. Several road segments are also highly exposed to climate-related hazards such as floods, landslides, and sea-level rise, with weak maintenance systems and fragmented institutional responsibilities amplifying these vulnerabilities. For example, many roads are seasonally impassable, particularly during rainy periods, disrupting year-round access. Indonesia has implemented a broad spectrum of national and subnational road programs over the past decades. At the national level, the Ministry of Public Works manages the upkeep of its most important highways using the National Road Preservation (PJM) program. This program handles both routine and periodic maintenance to keep these vital national corridors open and in good condition. At the subnational level, road maintenance funding is primarily channeled through joint central-regional budgeting via the Special Allocation Fund (DAK) and local budgets (APBD). In parallel, community-based

	programs such as the Village Fund (Dana Desa) have supported rural connectivity using village labor for basic maintenance on low-volume roads. More recent efforts have focused on system improvements. For example, the Provincial Road Improvement and Maintenance program piloted performance-based financing tied to technical audits, planning quality, and institutional reforms. While these programs introduced important foundations, most remained fragmented and time-bound. Institutional uptake is uneven, coordination across programs is limited, and successful innovations are rarely scaled. Without a unifying results framework or performance incentives, Indonesia's road sector has continued to rely on siloed project execution, with weak linkages to actual road conditions, planning quality, or service-level outcomes, thereby contributing to persistent gaps in road quality and resilience. The programs generally lack mechanisms to incentivize climate adaptation, maintenance optimization, or institutional strengthening. Planning and budgeting cycles remain disconnected, and capacity disparities – especially in digital tools, technical oversight, and procurement – continue to limit effective delivery. To address this, the Government of Indonesia has initiated the Road Connectivity Improvement Program to Support Food Self Sufficiency (the Project). The Project builds on these efforts by incentivizing provinces to move beyond project-by-project execution toward strategic and system-wide road management. The Project will use the results-based financing (RBF) instrument to foster structural improvements in how national and subnational road programs are planned, implemented, and monitored. The Project will incentivize provinces to adopt key reforms in various critical areas including corridor-based planning, use of digital systems, road safety audits, quality assurance aligned with national standards, climate resilience, and Gender Equality, Disability, and Social Inclusion (GEDSI) in road governance through capacity building, revitalization of local road forums, and the adoption of national Gender Action Plans and Gender-Responsive Planning and Budgeting frameworks. The Project provides an alternative financing mechanism for sustainable national and subnational road management to support the enhancement of food security by strengthening access between key agricultural production areas and consumption centers across the country, connecting farmers to consumers more reliably, and building resilience against climate and logistical disruptions across the supply chain. The Project will finance two key components:(i) Road Works and Supervision: Maintenance and improvement of selected national and subnational road corridors. These road corridors will be chosen to bolster Indonesia's food security. (ii) Institutional Capacity Building: Strengthening systems for road planning, quality assurance, and asset management at the national and subnational level.
Expected Results	Four DLIs: DLI 1: Road rehabilitation to all-season access standard; DLI 2A: Road safety design standard compliance; DLI 2B: Climate-resilient road design standard compliance; DLI 3: Operational road asset management capability; and DLI 4: Subnational government institutional readiness. DLI 2 is presented as two sub-DLIs because road safety and climate resilience require different evidence and verification tests.
Environmental and Social Category	B

Environmental and Social Information	Applicable Policy and Categorization. The World Bank (WB) is expected to lead the co-financed RBP with AIIB on a pari-passu basis. Environmental and social (E&S) risks and impacts will be assessed in accordance with the WB's Policy for Program-for-Results (PforR) Financing, which will apply to the RBP in lieu of AIIB's Environment and Social Policy (ESP), enabling a harmonized approach between co-financiers. The WB has preliminarily categorized the E&S risk of the Program as "Substantial", which is broadly equivalent to Category B under AIIB's ESP, if such classification were applied. The Program scope is focused on rehabilitation, maintenance, and improvement of existing road assets and would not include investments in a new, or major expansion of, roads, and toll roads, among others. The PforR exclusion list will be applied in the Program, and E&S screening criteria to be developed to avoid high-risk activities, potential site-specific E&S risks and impacts are expected to be limited, largely reversible, and manageable through mitigation measures following good international practices. Environmental and Social Instruments. As required under WB's PforR Policy, an Environmental and Social Systems Assessment (ESSA) will be conducted to assess the potential E&S risks and impacts of the proposed RBP and review the adequacy of the Borrower's systems, including the institutional capacity of relevant agencies, for managing E&S risks and impacts relevant to the RBP. The ESSA will assess the extent to which applicable country systems are consistent with the core principles and requirements of the WB's PforR Policy and identify measures to strengthen implementation capacity and address gaps identified. The ESSA will also inform the Program RBP Action Plan, which will define time-bound actions to address identified E&S system gaps, specify gap-filling and performance-enhancement measures, and strengthen implementation capacity. Environmental and Social Aspects. Potential E&S risks associated with the Program relate mainly to: (i) capacity and systems to manage E&S risks and impacts in planning, construction, and operations and maintenance phases at national and subnational government levels to meet the applicable E&S requirements for the Program; (ii) contractor E&S management performance during construction and, as applicable, operations and maintenance; and (iii) stakeholder engagement activities and management of grievances from workers and project-affected communities. Construction-phase impacts may include noise, air emissions, surface-water and groundwater contamination, solid and hazardous waste, and stormwater risks. These impacts may arise from hauling of earth materials, concrete batching, construction vehicles and machinery, stockpiles, worker camps, construction wastewater, hazardous materials, and increased impermeable surface area from road upgrades. With an increased amount of impermeable surface area, this also increases the rate of surface water runoff, and high stormwater flow rates which can lead to stream erosion and flooding. Unmanaged runoff during operations may scour road shoulders and adjacent drainage ditches, causing localized soil erosion and sedimentation of local streams. Runoff may carry accumulated contaminants directly into adjacent natural water bodies and soil environment.
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	Smoother, rehabilitated roads encourage higher traffic volumes and speeds and may lead to increased greenhouse gases and localized exhaust emissions, particularly from heavy-duty freight and agricultural vehicles. Potential social risks and impacts are expected to be site-specific, temporary, and manageable. These risks may include limited land acquisition, temporary economic displacement, impacts on roadside livelihoods and informal users, temporary access restrictions during construction, labor and working conditions risks. Substantial land acquisition, involuntary resettlement, and activities involving significant adverse impacts on Indigenous Peoples or other vulnerable groups will be excluded from the Program consistent with the WB's PforR requirements. The ESSA will review whether the screening criteria adequately identifies potential risks and impacts to priority biodiversity values, including internationally recognized areas such as Key Biodiversity Areas. In addition, ESSA will assess the adequacy of existing government systems and institutional capacity to manage these risks and identify measures to address any gaps through the Program Action Plan. Health and Safety, and Labor and Working Conditions. During construction, potential occupational health and safety risks include collision with moving machinery and vehicles, prolonged exposure to dust, noise and vibration, work at heights, drowning risks during bridge works, electrical safety risks, and worker-camp issues such as inadequate drinking water, poorly maintained latrines, or non-sanitary living quarters. Community health and safety risks may include traffic safety, unauthorized access to work areas, injuries and accidents from contact with machinery and heavy equipment, and risks associated with worker influx. During operations, rehabilitated roads with Double Bituminous Surface Treatment or Reinforced Concrete surfacing are generally safer, but inadequate maintenance, potholes or insufficient signage may contribute to accidents. During preparation, the ESSA will further evaluate labor and working conditions, including local employment, equal opportunity and non-discrimination, prevention of sexual harassment and gender-based violence, adherence to applicable labor and working conditions standards, and contractor Codes of Conduct. The RBP Action Plan will include mitigation measures where existing systems do not sufficiently address identified gaps. Stakeholder Engagement and Information Disclosure. Stakeholder consultations will be undertaken as part of ESSA preparation and Program design. Key stakeholders are expected to include the Ministry of Public Works, Bappenas, Ministry of Finance, provincial and district governments, local communities, road users, civil society organizations, and other affected or interested parties. The ESSA will assess existing stakeholder engagement arrangements and identify opportunities to strengthen consultation processes, information disclosure, and inclusion of vulnerable groups. The draft ESSA will be disclosed and consulted upon in accordance with the WB's PforR requirements prior to appraisal, including a summary in an appropriate local language. Following incorporation of stakeholder feedback, the final ESSA will be disclosed on the WB website. AIIB's website will provide a link to the disclosed ESSA documentation.
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	Project Grievance Redress Mechanism. The Program will rely primarily on existing government grievance management systems, which will be assessed under the ESSA. Preliminary assessments indicate opportunities to strengthen grievance procedures, documentation, tracking, response timelines, and accessibility at local level. Measures to strengthen grievance management arrangements, including availability of accessible channels for affected communities and workers, will be incorporated into the PAP as appropriate. The information of available grievance mechanisms will be disclosed timely in an appropriate manner. Monitoring and Reporting Arrangements. Results monitoring and evaluation will be based on the RBP Results Framework and the DLIs to be agreed during preparation. AIIB will coordinate closely with the WB throughout preparation and implementation. The Bank will review implementation progress through regular supervision missions, consultations with the implementing agencies, review of ESSA and PAP implementation progress, and assessment of Program compliance with agreed E&S requirements and exclusion criteria. AIIB will work closely with the WB and monitor implementation of agreed E&S actions throughout the Project lifecycle.		
Cost and Financing Plan	Total program cost: USD1000 million, World Bank: USD 550 million, AIIB: USD 450 million. The above financing plan is the updated plan for Phase 1 proposed in the Green Book May 2026.		
Borrower/Investee Company/Counter party/Guaranteed entity	Republic of Indonesia		
Guarantor	Not Applicable		
Implementing Entity/Sponsor	Ministry of Public Works, Indonesia		
Estimated date of loan closing (SBF)	December 2031		
Contact Points:	AIIB	Borrower	Implementation Organization
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Date of Concept Decision	July 27, 2026
Estimated Date of Appraisal Decision	Q1 2027
Estimated Date of Financing Approval	Q2 2027

Independent Accountability Mechanism	The WB's PforR Policy will apply to this Project instead of AIIB's ESP. Pursuant to the Co-financing Framework Agreement between AIIB and the WB, the WB's ESF policy will govern all aspects relating to E&S of the operation. WB's independent accountability mechanism, the Inspection Panel, which reviews WB's compliance with its policies and procedures, will handle complaints relating to WB's compliance with its ESF under the Project. In accordance with AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions made to the PPM regarding complaints under the Project will not be eligible for consideration by the PPM. Information on the WB's Inspection Panel is available at http://www.inspectionpanel.org.
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