



# Concept Environmental and Social Review Summary Concept Stage (ESRS Concept Stage)

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# **BASIC INFORMATION**

#### A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Indonesia	EAST ASIA AND PACIFIC	P179398	
Project Name	Enhancing BPK Performance Audit Capacity		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Governance	Investment Project Financing		5/5/2023
Borrower(s)	Implementing Agency(ies)		
Republic of Indonesia	Badan Pemeriksa Keuangan (The Audit Board of the Republic of Indonesia)		

#### Proposed Development Objective

The proposed development objective of this project is to enhance the capacity of BPK to conduct performance audits in accordance with the International Standards of Supreme Audit Institutions.

Financing (in USD Million)	Amoun
Total Project Cost	1.7(

# B. Is the project 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 [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The overall environmental and social risks are low. The project seeks to strengthen performance-based budgeting and improve evaluation of program performance in order to achieve its planned outcomes, using the evaluation to inform the following years program planning, in line with international standards. It seeks to promote government capacity as well as adoption of digital technology to improve efficiency and service delivery. Thus, downstream implications of the key program results are expected to be positive.



The project will support Technical Assistance (TA) type of activities for BPK and the overall environmental impact on the environment and human health is anticipated to be minimal with no adverse risk. No physical investments, nor direct community engagement, including with vulnerable groups are envisaged under the operation. The project does not finance feasibility or design of any future investments in specific footprints with potential downstream adverse impacts. The project will only support capacity building type of activities and procurement of four laptops.

The environmental impacts of carrying out the capacity building activities are minimal. The typical potential capacity building activities will be in the form of workshops and trainings, range between in-class learning as well as e-learning activities. Additionally, the project may also involve in country and international visits to enhance BPK's institutional capacity in delivering performance audit and the Sustainable Development Goals (SDGs) and gender equality related programs' audit. The outcomes of the capacity building activities will not have important environmental implications going forward for the project and no downstream implications are expected from this type of support.

The four laptops to be procured under the project will not replace existing computer/laptop that currently in use by the BPK, instead are expected to support establishment of the integrated performance audit planning system. The procurement of laptops are not expected to generate significant hazardous waste during the project lifetime. BPK is following the national regulation in managing used laptops including Government Regulation No. 22 of 2021 on Environmental Protection and Management, as well the protocol for management of state property under the Regulation of The Minister of Finance No. 83/PMK.06/2016 concerning Implementation Procedure for the Destruction and Elimination of State Property. Considering current measures in place as stipulated in national regulations, the environmental risks are deemed to be minor. Additionally, BPK's exposure to the World Bank ESF and the environmental risk management capacity of BPK, although limited, is not considered a concern given the overall low project environmental risk.

Public participation will be sought through stakeholder engagement to promote transparency, citizen feedback, and equitable access to participation for activities related to government capacity building. Relevant measures to promote public participation will be addressed as part of program implementation, guided by the stakeholder engagement principles as outlined in the Environmental and Social Commitment Plan (ESCP) and further elaborated in the Project Operation Manual (POM).

Labor management procedure will also be integrated in the POM and outlined in the ESCP to guide management of workforces who will be involved in the program, including personal safety measures and other provisions in compliance with ESS2 provisions and the national law, such as fair and equal opportunity for selection process and participation in capacity building program, and a grievance redress mechanisms for workers. The LMP will be prepared as per Indonesia regulations and adopt ESS2 and relevant international best practices standards. Risks pertaining to potential Gender Based Violence (GBV)/Sexual Exploitation and Abuse/Violence Against Children (GBV/SEA/VAC) are assessed as low and will be addressed as part of Codes of Conduct for project workers in the labor management procedure.

# D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]



The project is designed to be national in scope and expected to support Technical Assistance (TA) type of activities for BPK's Central Coordinating Team and/or auditors involving activities categorized as Type 2 and Type 3 of the OESRC Advisory Note on Technical Assistance and the Environmental and Social Framework, such as institutional capacity development, and strengthening of IT systems including procurement of limited number of IT goods which will not have direct physical footprints requiring environmental and social assessment of the intended activities. The strengthening of IT systems (Component 1) will include procurement of four laptops which will not replace existing computer/laptop that currently in use by the BPK, instead are expected to support establishment of the integrated performance audit planning system. The procurement of laptops are not expected to generate significant hazardous waste during the project lifetime. The capacity building related to Component 2 will be conducted at existing offices/training centers and may target selected auditor which are not pre-determined. No context-specific information pertaining to the salient geographic, environmental and social characteristics will be relevant to the environmental and social risks screening. Also, no infrastructure investments involving any civil work activities are being proposed at the concept stage. Overall environmental and social impacts will likely be low to negligible, with minimal risks and impacts expected from project activities. Therefore, no additional environmental and social assessment necessary after this screening.

D. 2. Borrower's Institutional Capacity

The Audit Board of the Republic of Indonesia (BPK) will be responsible for the implementation of the project, including overall coordination, results monitoring, and communication with the World Bank on the implementation of the project. BPK has prior experience in implementing Bank financed projects (TF 56263: Strengthening Forensic Audit, TF57426: Audit of disaster related aid, TF 96643: Support to BPK for Preparation of New Strategic Plan and TF and TF 12193 Supporting Strategic Plan Implementation). All projects were managed satisfactorily. However, individual team familiarity with the World Bank's safeguard policies and/or ESSs, including in dealing with environmental and social risk management aspects, is likely limited. BPK has an existing system consisted of established standard operation procedures which regulate a range of environmental and social-related issues, including those relevant with potential risk of the Bank's proposed project, such as human capital development plan, standard operation procedure for public information management, guideline for issue and crisis management, public service complaints management, as well as procedure for the use and removal of state property (which also cover electronic equipment). There is a clear organizational arrangement to implement these procedures; it is noted that public relation affairs and information are managed under the Centre of Information Management and Communication and Bureau Public Relation, human resources development program is planned under the Human Resources Bureau and implemented by the Training Institute of State Finance Audit, while the management of state property is managed by the General Affairs Bureau.

Overall, environmental and social risk management capacity of BPK is relatively moderate, considering the existing system in place in BPK for managing potential issues during project implementation. Given the nature of the project is a development of the information system, training, institutional development and capacity building, the environmental and social risk rating is low with no adverse environmental and social risks and impacts are expected from project activities; therefore the current limited capacity and experience of the implementing agency in managing environment and social risk and impact is not a major concern and highly specialized environmental and social risk management expertise during project implementation will not be required.

BPK will be the implementing agency with project implementing unit (PIU) and Project Management Office (PMO) to be established under its Secretary General division and adequate staff will be assigned. BPK's roles to ensure proper implementation of stakeholder engagement across project activities, which is embedded into the project planning,



becomes critical. BPK will do so based on the stakeholder engagement principles set out in the ESCP factoring alternative engagement approaches in the time of COVID-19. BPK will also assign an E&S Focal Point as part of the PMO to oversee E&S management implementation, in particular the stakeholder engagement, labor management, and grievance mechanism implementation, and to ensure that targeted E&S capacity building/training is provided throughout project implementation.

#### II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

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

#### **Environmental Risk Rating**

The environmental risk rating is low. The project will support Technical Assistance (TA) type of activities for BPK and the overall environmental impact on the environment and human health is anticipated to be minimal with no adverse risk. The project will not have direct physical footprint and no construction of new buildings or expansion of facilities are envisaged. The project will only support capacity building type of activities and procurement of four laptops. The environmental impacts of carrying out the capacity building activities are minimal. The typical potential capacity building activities will be in the form of workshops and trainings, range between in-class learning as well as e-learning activities. Additionally, the project may also involve in country and international visits to enhance BPK's institutional capacity in delivering performance audit and the Sustainable Development Goals (SDGs)-related programs' audit. The outcomes of the capacity building activities will not have important environmental implications going forward for the project and no downstream implications are expected from this type of support. The four laptops to be procured under the project will not replace existing computer/laptop that currently in use by the BPK, instead are expected to support establishment of the integrated performance audit planning system. The procurement of laptops are not expected to generate significant hazardous waste during the project lifetime. BPK is following the national regulation in managing used laptops including Government Regulation No. 22 of 2021 on Environmental Protection and Management, as well the protocol for management of state property under the Regulation of The Minister of Finance No. 83/PMK.06/2016 concerning Implementation Procedure for the Destruction and Elimination of State Property. Considering current measures in place as stipulated in national regulations, the environmental risks are deemed to be minor. Additionally, BPK's exposure to the World Bank ESF and the environmental risk management capacity of BPK, although limited, is not considered a concern given the overall low project environmental risk.

#### **Social Risk Rating**

Low

Low

Low

Social risk rating is low. The project seeks to strengthen performance-based budgeting and improve evaluation of program performance in order to achieve its planned outcomes, using the evaluation to inform the following years program planning, in line with international standards. It seeks to promote government capacity as well as adoption of digital technology to improve efficiency and service delivery. Thus, downstream implications of the key project results are expected to be positive. Of note, financing under the RETF is limited to technical assistance and capacity building. No physical investments, nor direct community engagement, including with vulnerable groups are envisaged under the project. 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 rated low. Stakeholder engagement is expected to be primarily inter-governmental coordination, while engagement with civil society will be



limited but may occur as they can participate in program oversight (as they would get better public service when the government improves the program management). Relevant stakeholder engagement measures and mechanism to promote civil society participation specifically for the project will guided by the principles provided in the ESCP and will be further detailed in the POM.

# B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

#### **B.1. General Assessment**

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

#### Overview of the relevance of the Standard for the Project:

ESS1 is applicable. The overall environmental and social impacts will likely be low to negligible, with minimal risks and impacts expected from project activities. Thus, there is no additional environmental and social assessment necessary after this screening. The scope of project activities includes technical assistance, provision of limited IT equipment, and institutional capacity development. The project does not support direct physical investments onsite nor procurement of harmful substances that otherwise require the environmental and social risks impacts assessment or management framework required under ESS1.

The procurement of the four laptops is not expected to generate significant hazardous waste during the project lifetime since these laptops will not replace existing computer/laptop that currently in use by BPK. BPK will follow national regulation on e-waste management for disposal of these laptop at end of its lifespan.

Additionally, application of ESS1 is to set out relevant roles and responsibilities for environmental and social management, particularly concerning to labor management and stakeholder engagement as further elaborated in ESS2 and ESS10 sections. During the project implementation, environmental and social management implementation will be reported covering required actions in the ESCP and relevant procedure in the Project Operation Manual (POM).

# Areas where "Use of Borrower Framework" is being considered:

Not applicable

#### ESS10 Stakeholder Engagement and Information Disclosure

Stakeholder engagement represents the backbone of the project planning and implementation since it seeks to support relevant reforms in BPK and capacity building on performance-based planning, budgeting, implementation, and evaluation, in order to enhance the convergence of program implemented by different line ministries (cross program) which contributing to similar results.

Stakeholder engagement for the purpose of this project will be in the form of inter-government coordination, relevant capacity building, production of supporting analytics, and creation of a system to solicit performance-based budgeting and improve evaluation of program performance in order to achieve its planned outcomes, using the evaluation to inform the following years program planning. No direct engagement with communities is envisaged for the purpose of the operation (public awareness raising will be limited to publication of journal and books), while specific localities for government capacity building will be determined during project implementation. Program activities will involve stakeholder engagement including with institution/organization who will provide technical



assistance and conduct a review on performance audit capacity of BPK, knowledge sharing with other countries Supreme Audit Institutions (SAIs) to enhance BPK's capacity to deliver performance audit (PA), coordination with Bappenas when the performance audit for SDG is taken place, also coordination with relevant stakeholders who will be using BPK's PA report to review resources allocation or obtaining better picture of assistance required to priority area, such as the parliament (DPR), civil society organizations, and donors' community. Civil Society can participate in program oversight and get better public service when the government improves the program management, while donors' community may have a better picture and focus on donors' assistance to priority areas that come up from the performance audit report.

It is noted that BPK existing standard operation procedure has regulated the management of information sharing with public or stakeholders, measures for handling issue and crisis, also mechanism to address public complaints. BPK also has an existing standard operation procedure for implementation of cooperation agreement with SAI counterpart which include program planning aspect, managed under the Bureau of Public Relation and Foreign Cooperation. Additional actions needed to meet the objective of the ESS10 are clarified and requirements for the BPK to implement them provided in the ESCP, and further detailed in the POM. Alternative approaches and good practices to minimize COVID-19 transmission for stakeholder engagement activities will also be considered.

# **B.2. Specific Risks and Impacts**

A brief description of the potential environmental and social risks and impacts relevant to the Project.

# **ESS2** Labor and Working Conditions

ESS2 is considered relevant. The project will involve consultants who will provide technical assistance (TA) and thirdparty trainers, also auditors who will receive the trainings, all of whom are considered as project workers. Potential risks related to project workers may include discrimination on the basis of gender, status, disability and/or other during the selection process; health and safety risks during travels to the project locations (air and land travel); and other risks related to working conditions such as no mechanism for raising concerns or providing input on the project. Risks pertaining to potential Gender Based Violence (GBV)/Sexual Exploitation and Abuse/Violence Against Children (GBV/SEA/VAC) are assessed as low and will be addressed as part of Codes of Conduct for project workers in the labor management procedure as part of the Project Operation Manual (POM).

It is noted that human resources aspects in BPK would be managed in accordance to the existing Indonesia law which is mostly consistent with the Bank's standards. Annually, BPK undertakes a Learning Need Assessment (LNA) as the basis for regularly updating the Human Capital Development Calendar Plan which is prepared under the Human Resources Bureau and Implemented by the Training Institute of State Finance Audit.

Given the Project's focus on capacity building and TA activities involving a small number of workers and consultants, a stand-alone LMP is not required. Relevant labor management procedures will be integrated in the Project's POM and outlined in the ESCP to guide management of workforces who will be involved in the program, including personal safety measures and other provisions in compliance with ESS2 provisions and the national law, such as fair and equal opportunity for selection process and participation in capacity building program, and a grievance redress mechanisms for workers.



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

ESS3 is not relevant. The procurement of the four laptops is not expected to generate significant hazardous waste during the project lifetime since these laptops will not replace existing computer/laptop that currently in use by BPK. BPK will follow national regulation on e-waste management for disposal of these laptop at end of its lifespan.

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

ESS4 is not applicable as the project activities will not present health and safety risks to communities. No direct community engagement is envisaged for the purpose of project implementation.

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

ESS5 is not applicable as the project will not involve acquiring new area, hence issues relating land acquisition, land use restriction, physical and/or economic displacement are not envisaged.

# ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is not relevant as the project activities are intended to take place in existing premises or established training centers and offices. The project will not have direct physical footprint, as no acquiring of new areas are envisaged. There is no risks and impacts expected on natural habitats of biodiversity importance or depend on biodiversity to achieve the project objectives. The project will be undertaken in modified habitats.

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

ESS7 is not relevant as the project activities will not involve any activities, nor engagement with communities, including Indigenous Peoples. Public participation will be sought through implementation of stakeholder engagement principles in line with ESS10.

#### **ESS8 Cultural Heritage**

ESS8 is not relevant as the project will not finance any civil works and will not directly impact any cultural sites tangible nor intangible cultural heritage.

#### ESS9 Financial Intermediaries

ESS9 is not relevant for this project. The project does not finance and/or involve financial intermediaries activities.



C. Legal Operational Policies that Apply	
OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No
III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE	

A. Is a common approach being considered?

**Financing Partners** 

N/A

# B. Proposed Measures, Actions and Timing (Borrower's commitments)

#### Actions to be completed prior to Bank Board Approval:

- a) Preparation of an Environmental and Social Commitment Plan (ESCP) for the proposed operation; and
- b) Stakeholder engagement principles as outlined in the Environmental and Social Commitment Plan (ESCP).

#### Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

a) Labor management procedure include Code of Conduct for all project's workers will be prepared and intergrated as part of the Project Operations Manual (POM); and

b) Environmental and social management implementation report, covering actions in the ESCP, stakeholder engagement principles, and labor management procedure in the POM.

# **IV. CONTACT POINTS**

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# Borrower/Client/Recipient

#### Borrower: Republic of Indonesia

Implementing Agency(ies)

No



Implementing Agency: Badan Pemeriksa Keuangan (The Audit Board of the Republic of Indonesia)

#### **V. FOR MORE INFORMATION CONTACT**

The World Bank 1818 H Street, NW Washington, D.C. 20433 Telephone: (202) 473-1000 Web: http://www.worldbank.org/projects

# VI. APPROVAL

Task Team Leader(s):	Daniel Ortega Nieto, Christina I. Donna
Practice Manager (ENR/Social)	Janamejay Singh Recommended on 02-May-2023 at 20:40:0 EDT