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Program-for-Results (PforR)
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Environmental and Social Systems Assessment
DRAFT

WORLD BANK GROUP

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The Environmental and Social Systems Assessment (ESSA) of the Indonesia Tourism Development Program-for-Results was prepared by a Bank team composed of Thomas E. Walton (Lead Environmental Specialist), Virza Sasmitawidjaja (Environmental Specialist), Amy Chua Fang Lim (Environmental Specialist), Jeffry Anwar (Social Safeguards Specialist), and Indira Dharmapatni (Senior Social Safeguards Specialist).

ACRONYMS AND ABBREVIATIONS

AMDAL	- *Analisis Mengenai Dampak Lingkungan (the Indonesian environmental impacts assessment process)*
APBD-I	- *Anggaran Pendapatan dan Belanja Daerah Tingkat I (Regional Expenditure Budget for Provincial level)*
APBD-II	- *Anggaran Pendapatan dan Belanja Daerah Tingkat II (Regional Expenditure Budget for District level)*
APBN	- *Anggaran Pendapatan dan Belanja Negara (State Expenditure Budget)*
BAL	- Basic Agrarian Law
BAPPENAS	- *Badan Perancanaan Pembangunan Nasional (National Planning Agency)*
BHCI	- Borobudur Heritage Conservation Institution
BKPM	*Badan Koordinasi Penanaman Modal* (Indonesia's Investment Coordinating Board)
BLH/BPLHD	- *Badan Lingkungan Hidup/ Badan Pengelola Lingkungan Hidup Daerah* (provincial/district Environment Agency*)*
BPIW	- *Badan Pengembangan Infrastruktur Wilayah* (Regional Infrastructure Development Agency - RIDA)
BPN	- *Badan Pertanahan Nasional* (National Land Agency)
CBT	- Competency-based training
DAK	- *Dana Alokasi Khusus* (special allocation fund)
DED	- Detailed engineering design
DLI	- Disbursement-linked Indicators
ESIA	- Environmental and Social Impact Assessment
ESMP	- Environmental and Social Management Plan
ESSA	- Environmental and Social Systems Assessment
FPIC	- Free, prior, and informed consultation
GOI	- Government of Indonesia
IBRD	- International Bank for Reconstruction and Development
IP	- Indigenous People
IPF	- Investment Project Financing
ITDC	- Indonesia Tourism Development Corporation
KEK	- *Kawasan ekonomi khusus* (special economic zone)
KEPRES	- *Keputusan Presiden* (President Decree)
KPPN	- *Kantor Pelayanan Perbendaharaan Negara* (State Treasury Services Office)
KSN	- *Kawasan Strategis Nasional* (National Strategic Areas)
KSPN	- *Kawasan Strategis Pariwisata National (*National Tourism Strategic Areas)
LARAP	- Land Acquisition and Resettlement Action Plan
MA/MHA	- *Masyarakat Adat/Masyarakat Hukum Adat/ Masyarakat Traditional* (Indigenous People)
MEC	- Ministry of Education and Culture
MOEF	- Ministry of Environment and Forestry
MOM	- Ministry of Manpower
MOT	- Ministry of Tourism
MoSA	- Ministry of Social Affairs
MPWH	- Ministry of Public Works and Housing
NGO	- Non-governmental organization
OP	- Operational Policy
PDDP	- Power Distribution Development Program
PDO	Program Development Objective

PERMEN	- Peraturan Menteri (Ministry Regulations)
PERPRES	- Peraturan Presiden (Presidential Regulations)
PforR	- Program-for-Results
PIU	- Program/Project Implementation Unit
PP	- *Peraturan Pemerintah* (government regulations)
PPE	- Personal Protective Equipment
PPNPPI	- *Program Prioritas Nasional Pembangunan Pariwisata Indonesia* (Indonesia Tourism Development National Priority Program)
PTSP	*Pelayanan Terpadu Satu Pintu* (One-Stop Integrated Service)
RKL-RPL	- Environmental Management Plan-Environmental Monitoring Plan
RKP	- *Rencana Kerja Pemerintah* (government work plan)
RPJMN	- National Medium-Term Development Plan
SEZ	- Special economic zone
SME	- Small and medium enterprises
SPPL	- *Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* (Commitment Letter for Environmental Management and Monitoring)
STO	- Sustainable Tourism Observatory
TA	- Technical Assistance
TDP	- Tourism Development Program
TVE	- Technical and vocational education
TVET	- Technical and vocational education and training
UKL-UPL	- *Upaya Pengelolaan Lingkungan Hidup- Upaya Pemantauan Lingkungan Hidup* (Environmental Management Plan-Environmental Monitoring Plan)
UNESCO	- United Nations Educational, Scientific and Cultural Organization
UNWTO	- UN World Tourism Organization

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EXECUTIVE SUMMARY

The proposed Operation—***Indonesia Tourism Development Program***—is designed to support the Government of Indonesia's national program to fulfill the country's tourism potential that is afforded by its rich natural and cultural resources, thereby expanding the contribution of the tourism sector to the national economy. The Operation is a "hybrid" of two instruments—the Program-for-Results (PforR) instrument will bring the needed results orientation, while the Investment Project Financing (IPF) instrument will finance a component of critical Consultants' Services for (i) integrated tourism master plans; (ii) downstream planning documents; (iii) program management capabilities, including capacity building to strengthen natural, cultural, and social asset monitoring and preservation capabilities; and (iv) additional studies and capacity building related to, amongst others, business and skill development and business and investment environment improvements, following the Bank's fiduciary rules and guidelines. This Environmental and Social Systems Assessment (ESSA) is prepared for the PforR (the "Program").

The government's program (the "program") will support development of sustainable tourism in priority tourist destinations. The Program will focus on three of the government's priority destinations—Lombok, Borobudur-Yogyakarta-Prambanan, and Lake Toba**.** The government's program includes a wider range of expenditures related to tourism development, including for international and national marketing, immigration and visas, and safety and security in the destinations. Instead, the Tourism Development Program (TDP) will focus on a critical subset of expenditures that: improve the sustainability and tourism carrying capacity of selected destinations, focusing on addressing existing gaps and reversing environmental degradation; promote local participation in tourism economy; enhance the enabling environment for private investment and business entry in tourism; and increase institutional capacity to facilitate integrated and sustainable tourism development.

The PforR approach innovatively links the disbursement of funds directly to the delivery of defined results and builds on borrower safeguard and oversight systems. The Program Development Objective of the Operation is to promote private investment and jobs in the tourism sector in selected tourist destinations in Indonesia. The Program focuses on three of the government's priority destinations—Lombok, Borobudur-Yogyakarta-Prambanan and Lake Toba—but the ESSA was prepared under the assumption that any of the priority tourism destinations might be included. The Program will be implemented by the Ministry of Public Works and Housing (MPWH), the Ministry of Tourism, the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*, BKPM), and possibly several other Ministries/Agencies (e.g. Manpower and Transmigration), including at the subnational level (e.g. provincial/local Public Works Agencies, Environmental Boards, technical and vocational education and training (TVET) tertiary institutions, local one-stop integrated services (*Pelayanan Terpadu Satu Pintu*, PTSP-local)). Specifically, the Program will support activities in the following results areas:

Results Area 1: Improve sustainability and tourism carrying capacity of selected destinations. The scope of activities under this results area aims to enhance the motorized and non-motorized physical accessibility of the three priority destinations and their tourism attractions, as well as the availability and quality of services essential for a satisfactory tourist experience and for preserving natural and cultural assets. To this end, and considering the needs identified in the three destinations, sub-Program 1 will support:

(i) Road connectivity expenditures to improve the quality and maintenance of the existing road network in the destinations. This will include improving the quality and maintenance of the tourism-relevant network of national, provincial and *Kabupaten*[1] roads in the destinations in accordance with national standards and targets for stable maintenance condition (i.e. International Roughness Index (IRI) < 6).

(ii) Basic services and infrastructure expenditures, which include water supply, drainage, and flood control, sanitation, waste water and solid waste management and cleanliness, and traffic management and parking.

(iii) Tourism services and infrastructure expenditures, including pedestrian and non-motorized traffic facilities, visitor centers, and signage.

Results Area 2: Promote local participation in tourism economy. This results area aims to facilitate the participation of local firms and individuals in the economic opportunities arising from the growth of tourism. The key outcomes under this results area relate to developing the relevant workforce skills for jobs in the tourism economy, and supporting domestic firms to capture opportunities in the increasingly digitalized tourism economy. To achieve increased numbers of trainees and professionals completing competency-based certification, the sub-Program aims to (i) improve competency-based standards and related training packages; (ii) enhance the capacity of TVET providers to deliver tourism CBT in line with the needs of the tourism industry; (iii) enhance the capacity of tourism assessors to certify trainees and professional in these competencies. It will also build on the partnership between the Ministry of Tourism and a travel website company[2] and provide support to firms to increase their online presence and deliver targeted capacity building to firms on service and quality standard areas identified as needing improvement. Furthermore, this sub-Program will equip the Ministry of Tourism with the necessary structures and mechanisms for collection and management of big data sources from digital tourism.

Results Area 3: Enhance the enabling environment for private investment and business entry in tourism. To achieve this result, sub-Program 3 will support the simplification of business entry and licensing requirements for the tourism sector and strengthen systems to monitor and facilitate private investments. Despite recent improvements in Indonesia's ease of doing business, further improvements in the business and investment environment will be needed to enable business entry and private investment in the tourism sector and—specifically—in the three destinations. Sub-Program 3 will support expenditures for licensing mapping, simplification, automation, inventories, and related coordination capabilities to sustain a

[1] In Indonesia, subnational governance includes four levels: (1) province/*Provinci*, (2) city/*kota* and regency/*kabupaten*, (3) sub-district/*kecamatan* or district/*distrik*, and (4) urban community/*kelurahan* or village/*desa*.
[2] TripAdvisor

licensing simplification effort at the national and subnational level.[3] Sub-Program 3 will also support the development of destination-specific investment promotion strategies and the institutional capabilities to attract, facilitate, retain, and expand investment proactively.

Results Area 4: Increase institutional capacity to facilitate integrated and sustainable tourism development. This results area will support the strengthening of institutional capacities at the national and subnational level to facilitate integrated and sustainable tourism development. Key outcomes under this results area include the improvement of coordination and implementation mechanisms of the tourism development agenda, reduced degradation of natural and cultural assets, and increased stakeholder engagement in, and local community satisfaction with, tourism development. Program activities towards this result include the operationalization of national-level inter-Ministry/Agency coordination[4] under the Ministerial-level tourism coordination team, chaired by Indonesia's Vice President, as well as the establishment and operationalization of destination-specific coordination and delivery mechanisms; the establishment or strengthening of institutions (such as Sustainable Tourism Observatories (STOs) as part of UNWTO International Network of Sustainable Tourism Observatories (INSTO)) for the monitoring of cultural and natural assets in key tourism areas; enhanced stakeholder involvement and community awareness of tourism development; and annual community satisfaction surveys. Sub-Program 4 will ensure that the new or improved institutional arrangements are backed with clear roles and responsibilities, sufficient budget, and are adequately staffed. To this end, the Program will support expenditures for institutional development of and capabilities for integrated destination planning; natural, cultural, and social asset monitoring and preservation; local community awareness and engagement in tourism development; and community satisfaction surveys.[5]

In terms of environmental and social management, PforR employs a risk management approach in which process requirements are adapted to the Program context. For each proposed PforR, the Bank assesses—at the Program level—the borrower's authority and organizational capacity to achieve environmental and social objectives against the range of environmental and social impacts that may be associated with the Program. This ESSA examines Indonesia's existing legal, regulatory, and institutional framework for environmental and social management systems and their implementation, defines measures to strengthen the system, and integrates those

[3] The licensing simplification efforts are not seeking substantive changes in the environmental requirements and review process. The World Bank Group has a longstanding engagement with the Investment Coordinating Board (BKPM), and ongoing support will help BKPM prepare the methods for conducting this effort. Past experience shows that significant licensing simplification opportunities are possible simply by reducing/making more efficient the administrative processing (e.g. parallel processing, online submission), and without the removal of any of the requirements that safeguard environmental and social risks. BKPM has no authority over the Ministry of Environment and Forestry to make substantive changes in the environmental requirements and review process.

[4] Including the proposed *Echelon 1* Steering Committee, the proposed *Echelon 2* Technical Committee, and the proposed increased Program management support through additional staff in the Regional Infrastructure Development Agency (RIDA) of the Ministry of Public Works and Housing (MPWH, the Program's Executing Agency), or the Program Management Support Consultants' Services (financed under the IPF).

[5] Some of the Consultants' Services required for achieving these results will be financed through the IPF.

measures into the overall Program. The ESSA has been undertaken to ensure consistency with *Bank Policy: Program-for-Results Financing*. This report presents the findings of the ESSA exercise and its recommendations. The ESSA process includes extensive stakeholder consultations and disclosure of the draft ESSA report following the guidelines of the World Bank's Access to Information Policy. The ESSA consultation process and content are embedded in the Program's consultation process.

The ESSA assessed the risks of the Program and concludes that the overall environmental risks are moderate. In accordance with the PforR policy, no activities likely to have significant adverse impacts on the natural or human environment that are sensitive, diverse, or unprecedented will be supported. The greatest environmental risk is that infrastructure necessary both to address existing adverse trends in the condition of the natural and human environment and to support future tourism development—such as wastewater treatment, solid waste management, water supply, access roads and parking—will not be provided in tandem with the development of tourist facilities. If these are not provided, the result would be continuing or even accelerating degradation of the natural and cultural resources that are the main attractions for visitors and are important to the host communities. A related risk is that investments will not be planned and sited with sensitivity to the environmental opportunities and constraints of the destinations and their surrounding areas. The integrated tourism master planning process and the establishment of natural and cultural resource monitoring and protection arrangements that are key parts of Results Area 4 are the measures to address these risks (the integrated tourism master plans are financed through the IPF component of the Operation). As for the individual physical investments themselves, sound siting and design, routine mitigation measures, application of good practice, and supervision and enforcement of workplace health and safety rules (a responsibility of the Program proponent) will be sufficient to manage environmental impacts. Moreover, the expenditures to be financed under Results Area 1 focus on addressing existing gaps, aimed at reversing ongoing environmental and cultural degradation.

Potential adverse social impacts and risks related to the infrastructure investment activities in Results Area 1 and construction of the downstream activities that might be generated by the other three results areas of the Program (such as new tourism-related businesses) are expected to be moderate. Potential social risks impacts would occur mainly due to land acquisition and/or resettlement, including access restriction to public goods and natural resources, and disturbance (e.g., livelihoods, health, convenience) during construction. According to *Bank Policy: Program-for-Results Financing* "activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people [are] not eligible for Financing and excluded from the Program"—consequently, no investments involving large-scale relocation would be included in the Program.

Tourism development is perceived differently by different actors and stakeholders along with its development stage. In the case of Lombok, over time, local people have slowly accepted the positive effects that tourism can have in terms of job opportunities and income for local people. Over the last two decades, the opportunity for women to work in hotels has slowly opened. Today, local communities are more open to female labor participation in the tourism industry. "Halal," "green," and "sustainable" tourism is being promoted in Lombok to expand the benefits and reduce the risks of tourism development for local communities. In the case of the Borobudur-Yogyakarta-Prambanan destination, tourism development has a long history in

expanding the opportunity to scale up local amenities and to benefit locals. One of the promoted activities in this destination is homestay village (*desa wisata*). The homestay villages are part of a collaboration effort with state-owned enterprises (SOEs, or *Badan Usaha Milik Negara, BUMNs*). The initiative reportedly changed the mindset of local people towards attracting visitors to stay in their villages by keeping the village environment sustainable.

More broadly, tourism is recognized for its large employment and income multipliers, local economic benefits, and employment of a high proportion of women (worldwide, 49% of formal hospitality and restaurant industry employees).[6] Data from Indonesia's input-output tables[7] suggests that the majority of visitor spending stays in the Indonesian economy; around 20 percent of the spending goes towards imported goods and services. The share that stays in the economy (i.e. for local goods and services) has strong subsequent multiplier impacts as a result of indirect effects (the resulting increase in output and employment for other sectors supplying inputs to support the rise in tourism spending), and induced effects (i.e. the additional spending by those deriving income from growing tourism activity). Some studies suggest that the total impact of tourism spending can be 1.7 to 3 times its direct impact.[8]

However, there are also more complex potential adverse social impacts of tourism development and the tourism industry. In general, these include: greater economic and social disparity and limited access or access restrictions for the community to public natural resources (such as beaches) in case of "enclave tourist resort" development; internal conflict within communities due to inequality of opportunity to derive benefits, especially for vulnerable groups; loss of jobs due to conversion of agricultural land into tourism-related build-up areas; disturbance and commercialization of local cultures, practices and values; loss of livelihoods and assets due to land acquisition; community health and safety related to transmitted diseases, busier traffic, and sex tourism; and induced uncontrolled growth of settlements and/or small businesses surrounding the tourist attractions. Local governments in the tourist destinations are challenged to control land use and building development, protect traditional markets, and promote the inclusion of the local community in tourism-related activities. Traditional or informal tourism-related businesses, such as local boat operators, drivers, dive and snorkeling shops, may feel threatened by large-scale, capital-intensive players in these activities due to limited capacity to compete. Some local stakeholders expressed their concern, in consultations during ESSA preparation, that existing local culture, values, and practices may be degraded and replaced by a modern and "imported" model for tourism development.

[6] World Travel and Tourism Council (WTTC). 2015. "Indonesia: How does Travel and Tourism compare to other sectors?," Benchmark report; World Tourism Organization and UN Women. 2011. Global Report on Women in Tourism 2010; WTTC. 2014. Gender equality and youth employment; and WTTC. 2015. Indonesia: How does Travel and Tourism compare to other sectors?

[7] Drawn from the tourism satellite account produced by Statistics Indonesia (*Badan Pusat Statistik*, BPS) and the Ministry of Tourism, which are available at the national level and for certain provinces.

[8] Recent WTTC studies of Indonesia's tourism sector suggest spending multiplier values ranging from 1.7 to 3.

As mentioned above, potential adverse social impacts and risks related to the infrastructure investment activities in Results Area 1 and construction of the downstream activities that might be generated by the other three results areas of the Program (such as new tourism-related businesses) are expected to be moderate. The potential adverse social risks discussed above can be mitigated through provision to the public of advance information related to tourism destination development activities; inclusive and meaningful consultation and participation of all stakeholders in the preparation, implementation, and monitoring and evaluation of the integrated tourism master plans; improving consistency in application of the current laws and regulations pertaining to land acquisition and Indigenous Peoples (IPs); strengthening local government and village planning processes through development of practical guidelines; and capacity building and support for coordination of the involved agencies. More importantly, the integrated tourism master plans and their implementation, as well as capacity strengthening for the local governments and communities, should be sensitive to and built on local cultures, values, and practices to ensure sustainable tourism development.

The key findings of the ESSA with respect to environmental and social impact assessment and management are that Indonesia has the legislative and regulatory basis and the institutions to ensure consistency with the six elements[9] outlined in the Bank Policy. Implementation is not consistently effective in the areas of environmental and social impact assessment (ESIA) preparation, review, and approval; enforcement of compliance with environmental, health, and safety requirements; and field supervision, monitoring, and enforcement. The ESSA includes measures to mitigate these risks.

The most significant social findings are, first, that Indonesia has land laws and land acquisition procedures that, if judiciously followed, would result in outcomes generally in line with Policy Element 4, provided additional attention is given to squatters, livelihood restoration, the consultation process, and documentation. The Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) will provide training and assistance for the agencies implementing the investment to prepare and implement the Land Acquisition and Resettlement Plans (LARAP, as required by Law No. 2 Year 2012) that includes assistance and/or a livelihood restoration program, especially for squatters and the vulnerable, with the procedures, requirements and format of an

[9] The six policy elements are: a) promote environmental and social sustainability in the Program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the Program's environmental and social impacts; b) avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the Program; c) protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards; d) manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards; e) give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups; f) avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

abbreviated LARAP.[10] In addition, the Program Management Support Consultants' Services includes a Social Development Specialist. This specialist will help provide training and assistance to the involved agencies implementing the investment, and review and monitor the implementation of the assistance and/or livelihood restoration program as specified in the abbreviated LARAP. This will help in ensuring that the involved agencies have sufficient and qualified staff and budget to prepare and consistently implement the abbreviated LARAP. The specialist will also facilitate the collaborative work among involved agencies to effectively prepare and implement the abbreviated LARAP.

Second, the ESSA also found that Indonesia has sectoral laws and regulations specifically aimed at protecting the rights of indigenous peoples (*Masyarakat Hukum Adat*, or MHA). Existing regulations for land rights to MHA are difficult to implement in some circumstances due to overly bureaucratic arrangements, and guidelines for consultation are lacking, both resulting in differing levels of opportunity to benefit from resources and to participate in planning activities. In addition, understanding of regulations around the rights of MHA varies among government stakeholders, leading to diverse perceptions and political buy-in. The measures identified in the ESSA will fill these gaps within the Program.[11] Free, prior, informed consultations will be carried out that lead to broad community support during the preparation of the Integrated Tourism Master Plans (ITMPs)—under the IPF—and downstream plans ensuring the cultural appropriateness of, and equitable access to, Program benefits. Further, the Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) will provide training and assistance to involved agencies implementing the investments in areas where there is IPs presence, in carrying out free, prior, informed consultations that lead to broad community support to the Program during the social assessment and to empower the affected IPs in benefitting from the Program and address potential adverse impacts through the development of the Indigenous Peoples Plan. As part of the awareness and capacity building activities under Results Area 4, the Program will support the development of a practical tool/guidance to implement free, prior, informed consultations that lead to broad community support and to empower IPs so that they will benefit from the Program as operationalization of the relevant sectoral laws and regulations.

The ESSA identifies the key measures to be taken for improved environmental and social due diligence in the Program. These measures are an integral part of the Program and its results chain and linked closely with the Disbursement-linked Indicators (DLIs) and the Program Action Plan (PAP) for the PforR. The key measures are defined in the table below:

[10] For details, see Table 9, Policy Element 4 on Actions and Opportunities
[11] For detail, see Table 9, Policy Element 5 on Actions and Opportunities

Measures to Strengthen System Performance for Environmental and Social Management

Objective	Environmental and Social Actions	Implementation via	Timing	Responsible
Ensure integrated development of tourism facilities and supporting infrastructure	Prepare Integrated Tourism Master Plans (ITMPs) for each destination. Undertake free, prior, informed consultations that lead to broad community support during the preparation of the ITMPs and downstream plans ensuring the cultural appropriateness of, and equitable access to, Program benefits. Provide training and assistance to involved agencies implementing the investments in areas where there is IPs presence in carrying out a free, prior, informed consultations that lead to broad community support for the Program during the social assessment and to empower the affected IPs in benefitting from the Program and address potential impacts through the development of the Indigenous Peoples Plan (IPP).[12] Assist and facilitate the collaborative efforts of various agencies responsible for IPs empowerment.	IPF (technical assistance) component of the Operation, especially ITMP Consultants' Services, and downstream plans. Program Management Support[13] to provide training, review IPPs, monitor their implementation, and facilitate collaboration among involved agencies.	ITMP by August 2018, with interim deliverable to inform the 2018 expenditure program. During the implementation of the PforR.	MPWH
Ensure that the destination's environmental, social, and cultural opportunities and constraints are considered in development planning				
Avoid locating infrastructure in disaster-prone areas				
Provide opportunities for stakeholders, including indigenous peoples (IPs) and vulnerable groups, to participate in the planning process				

[12] This includes support for the development of a practical tool/guidance tailored for the Program to implement free, prior, informed consultations that lead to broad community support and that empower IPs so that they will benefit from the Program as operationalization of the relevant sectoral laws and regulations.
[13] Through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff.

Mitigate risk that actions of tourism development itself will not degrade the natural and cultural resources that attract the visitors. Mitigate risk that natural and cultural resources that IPs depend on for their living and customary practices become more limited or restricted.	Establish arrangements or strengthen emerging arrangements, such as Sustainable Tourism Observatories (STOs), as part of UNWTO International Network of Sustainable Tourism Observatories (INSTO), for monitoring and protection of natural and cultural assets at each destination.	ITMP to recommend the arrangement through stakeholder mapping. Establish arrangements as part of Program Action Plan and implementation throughout Program period is incentivized in Results Area 4, where its regular reporting is a DLI. Program Management Support[14] to provide training to protection agencies. Community satisfaction surveys. [15]	Arrangements established end 2017; Ongoing implementation	MPWH, Ministry of Tourism, Universities, Environmental Management Agency (BLH)
Avoid social conflict that could occur as a result of tourism development	Anticipate potential for social conflict and provide for conflict management in Integrated Tourism Master Plans. Include harmony with local social values and culture in development plans. Leverage uniqueness of the destination by being sensitive to local culture. Enhance local tourism awareness raising programs ("*Sadar Wisata*") and strengthen community feedback through annual surveys.	Integrated Tourism Master Plans (IPF); RA4 financing and results indicators for community awareness raising programs and community feedback surveys.	During the implementation of the PforR	MPWH, Ministry of Tourism

[14] Through Program Management Support Consultants' Services financed under the IPF and/or additional qualified MPWH staff.

[15] In order to monitor their satisfaction, sufficient IPs will be included in the local community satisfaction surveys (under RA4, where increased satisfaction is aimed for over the Program period) on satisfaction with participation in destination planning and budgeting processes, as well as access to Program activities.

Ensure livelihoods are restored when people (including IPs and other vulnerable groups) affected by investments lose land, other assets, or access to assets.	Include assistance and livelihood restoration, especially to squatters and the vulnerable groups, in the Abbreviated LARAPs.[16] Provide budgets to support assistance and livelihood restoration activities. Assess capacity to implement Abbreviated LARAPs and provide training to agencies implementing the Abbreviated LARAPs as needed. Provide assistance and facilitation on the collaborative work among involved agencies to effectively prepare and implement the abbreviated LARAP.	Program Management Support[17] to provide training, review Abbreviated LARAPs and a Plan of Action (as applicable), monitor their implementation, provide training and facilitate collaboration among involved agencies.	During the implementation of the PforR	MPWH Central and local government
Minimize risk of accidents to workers and local residents	Include health and safety in all environmental management plans. Supervise adherence to safety rules.	Program Management Support. Implementing /contracting agencies to supervise contractors for compliance (RA1).	Ongoing	MPWH local government
Ensure that funds from the PforR Program are not used to support investments that are ineligible because of significant adverse, environmental or social impacts that are sensitive, diverse, or unprecedented.	Adoption of the Investment and Expenditure Menu of the Program; the mechanism for reviewing the proposed annual work plan against the Menu and the Integrated Tourism Master Plans; and the screening mechanism for year 1 investments and proposed additions to the Menu.	Program Action Plan	Before loan effectiveness	MPWH in consultation with the Bank

[16] As applicable this should include a Plan of Action in the case that an investment leads to access restriction to natural resources in designated parks and protected areas.

[17] Through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff.

Improve quality of UKL-UPLs and AMDALs that often lack analytical rigor; are weak in the areas of cumulative impacts, associated facilities, analysis of alternatives, and social impacts; and are not always well implemented.	Develop and implement a tourism-specific training program for consultants that prepare UKL-UPL and, as applicable, AMDALs and for the agencies that review, approve, and enforce them.[18]	Program Management Support and/or RA4	Developed end 2017 (Program Action Plan) and ongoing implementation	MPWH Ministry of Environment and Forestry (MOEF)

[18] Most of the investments in Results Area 1 of the Program (Table 3) will require UKL-UPL, but an SPPL will suffice for some. Few, if any, are likely to need AMDAL.

INTRODUCTION

1. The Government of Indonesia's Tourism Development Priority program (the "program") is being proposed for financing through a World Bank Operation, with two complementary components—the Program-for-Results (PforR) financing instrument and a technical assistance component using the Investment Project Financing (IPF) instrument, guided by the same Program Development Objective and results framework. Through the PforR (the "Program"), the Operation—entitled *Republic of Indonesia: Tourism Development Program (TDP)*—innovatively links the disbursement of funds directly to the delivery of defined results. The PforR instrument builds on increased reliance on borrower safeguard and oversight systems.

2. The Program Development Objective (PDO) is to promote private investments and jobs in the tourism sector in selected tourism destinations in Indonesia. This PDO is fully aligned with the Government's objective to increase the role of tourism in the Indonesian economy as articulated in the National Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional*, RPJMN) 2014-2019. The requested PforR aims to support achievement of the Government's objective in selected priority tourism destinations scattered throughout the country. Progress towards achieving the PDO will be measured through three key results indicators for the selected tourism destinations: daily average expenditure per tourist, net direct tourism-linked jobs created, and private investment in tourism generated.

3. To inform the preparation of the PforR, the World Bank has conducted an Environmental and Social Systems Assessment (ESSA) of Indonesia's existing environmental and social management system reflected in the national legal, regulatory, and institutional framework that will be used to address environmental and social effects of the activities financed by the PforR. The ESSA defines measures to strengthen the system, and proposes to integrate those measures into the overall PforR. This report presents the findings of the ESSA exercise. The ESSA was undertaken to ensure the consistency of Program systems with the six policy elements outlined in *Bank Policy: Program-for-Results Financing*, issued on July 10, 2015 (hereinafter the PforR Policy).

4. The six elements of the policy are:

i. Promote environmental and social sustainability in the Program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the Program's environmental and social impacts;

ii. Avoid, minimize, and mitigate against adverse effects on natural habitats and physical cultural resources resulting from the Program;

iii. Protect public and worker safety against the potential risks associated with (i) construction and/or operations of facilities or other operational practices under the Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards;

iv. Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards;

v. Give due consideration to cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups; and

vi. Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

5. The ESSA analyzed the environmental and social management system for the Program to assess applicability for each of the policy elements and ensure consistency with those that apply. The actions recommended to fill the gaps identified in the ESSA are expected to directly contribute to the Program's anticipated results in the tourism sector. This report presents an analysis of the existing system vis-à-vis the relevant policy elements for environmental and social management, and an Action Plan that will be incorporated into the overall Program Action Plan.

6. The Operation will include a component of technical assistance supported by Investment Project Financing (IPF). The IPF component will finance critical consultants' services for the technical assistance (program planning, management, and capacity building) component of the Operation. The specialized consultants' services are to be procured under Bank rules. Some of the gap-filling recommendations recommended in the ESSA will be implemented through the IPF component. However, because the IPF component will be subject to Bank safeguards policies, it is not considered in the ESSA. An environmental and social management framework (ESMF) is being prepared for it.

7. The ESSA was prepared by World Bank environmental and social specialists in consultation with government officials and staff at central, provincial, and district levels and with other relevant stakeholders including non-governmental organizations and private sector representatives. It is based on: (i) interviews with representatives of relevant ministries; (ii) site visits to five of the priority tourism destinations, including interviews with provincial, local, and destination management authority officials, community members, and private investors; (iii) review of Indonesia's environmental, social, cultural, and land acquisition regulations; and (iv) desk review of relevant documentation including instruments for supervision and monitoring and evaluation.

8. The assessment has nine sections. Section 1 describes the scope of the Program and its institutional context, and Section 2 explains the ESSA scope and methodology. Section 3 describes the Program's environmental and social context, benefits, and risks. Section 4 describes the Program environmental and social management systems respectively, as defined in laws, regulations, internal procedures, etc., as well as the institutional framework for implementing the systems. Section 5 is an assessment of the extent to which the environmental and social management systems are consistent in definition and implementation with the elements specified in the PforR Policy as amplified in *Bank Directive: Program-for-Results*

Financing, issued July 10, 2015. Section 6 specifies key measures to improve the performance of the environmental and social management systems (Inputs to Results Area 4, to the Program Action Plan, and to the IPF component). Section 7 provides an environmental and social risk rating and proposes risk mitigation measures. Section 8 describes the support that the Bank will provide in environmental and social areas (Inputs to the Implementation Support Plan). Finally, Section 9 summarizes the stakeholder consultations undertaken during the preparation of this assessment.

1 PROGRAM DESCRIPTION

1.1 Program Scope

9. The Tourism Development Program (TDP) is aligned with the objectives of the Indonesia Tourism Development Priority program (*Program Prioritas Nasional Pembangunan Pariwisata Indonesia*, PPNPPI), which is guided by GoI's RPJMN 2015-2019. However, the Program is more limited in geographic scope and finances only part of the PPNPPI activities (Table 1). The Program will support the wider government program, focusing on three of the priority destinations—Lombok, Borobudur-Yogyakarta-Prambanan, and Lake Toba. The objectives of the PPNPPI are to increase foreign and domestic visitors and related foreign exchange earnings, employment, and contribution to GDP as well as tourism competitiveness. It includes six program areas: (i) international marketing and promotion; (ii) destination development; (iii) human resource and institutional development; (iv) international openness and access; (v) local economy linkages; (vi) safety and security and health and hygiene. The PPNPPI includes a wider range of expenditures related to tourism development, including for international and national marketing, immigration and visas, and safety and security in the destinations. Instead, the TDP will focus on a critical subset of expenditures that: improve the sustainability and tourism carrying capacity of selected destinations, focusing on addressing existing gaps and reversing environmental degradation; promote local participation in tourism economy; enhance the enabling environment for private investment and business entry in tourism; and increase institutional capacity to facilitate integrated and sustainable tourism development. Based on a review of its Investment and Expenditures Menu, the TDP will not finance high value activities or those which would likely have significant adverse impacts that are sensitive, diverse, and unprecedented on the environment and/or affected people (Table 3). The TDP and the wider PPNPPI are complemented by separate Regional Infrastructure Development programs, which include large new infrastructure investments (airports, toll roads, ports), for which the economic rationale includes regional connectivity, trade, and industrial development, and which cannot be justified by tourism development. With the government's prioritization of tourism development, some of the government's Regional Infrastructure Development program activities which could also benefit tourism development are being prioritized within the Regional Infrastructure Development programs. As these programs are not part of the TDP (or wider PPNPPI), they are not part of this Assessment. The TDP will target four results areas that will help address the four main challenges in order to unlock tourism potential in Indonesia.

Table 1. Alignment of the PforR (TDP) with the government's program (PPNPPI)[19]

GoI Program (PPNPPI)	PforR Alignment*

[19] *Program Prioritas Nasional Pembangunan Parawisata Indonesia*, as per Presidential Decree No. 45 Year 2016 on the Government Work Plan (RKP) 2017, pp. III-70-III-80

Objective 1: Promoting Wonderful Indonesia through international and domestic marketing of tourism products, destinations and the Indonesian tourism brand, including through social media.	N
• Promotion of tourism destinations	N
• Promotion of National Tourism Brand	N
• Marketing through online, electronic, printed, and social media	N
Objective 2: Destination development of priority tourism destinations	Y
• Development of transportation infrastructure and facilities	Y
• Basic infrastructure and services	Y
• Electricity and fuel supply	N
• Preparation of tourism attractions	Y
• Institutional development	Y
• Tourism development coordination	Y
Objective 3: Human resource and institutional development	Y
• Preparation of human resource and institutional NSPK (norm, standard, procedure, criteria)	N
• Quality Improvement of Tourism Tertiary Education	Y
• Quality Improvement of Tourism Vocational School	Y
• Quality Improvement of other tourism school	N
• Training and Certification	Y
• Tourism Institutional Development	Y
Objective 4: Entry facilities for Foreign Tourist	N
• Ease of entry at Airport: Visa-free facility, visa upon arrival, flight diplomatic clearance	N
• Ease of entry at Port: visa upon arrival, CAIT (Clearance and Approval for Indonesian Territory)	N
• Ease of entry at land-border station	N
Objective 5: local economy linkages and community awareness	Y
• Community involvement and awareness of tourism development	Y
• Tourism industry and small business development	Y
• Skill development (hospitality) of tourism sector workers	Y
• School involvement and awareness of tourism development	Y
Objective 6: safety and security and health and hygiene	Y/N
• Safety and security	N
• Health and hygiene and sustainability	Y
• Disaster-risk management	Y

***** Y=yes; N=no.

10. Results Area 1: Improve sustainability and tourism carrying capacity of selected destinations. The scope of activities under this results area aims to enhance the motorized and non-motorized physical accessibility of the three priority destinations and their tourism attractions, as well as the availability and quality of services essential for a satisfactory visitor experience and for preserving natural and cultural assets. To this end, and considering the needs identified in the three destinations, TDP sub-Program 1 will support:

(i) Road connectivity expenditures to improve the quality and maintenance of the existing road network in the destinations. This will include improving the quality and maintenance of the tourism-related network of national, provincial, and *Kabupaten* roads in the destinations in accordance with national standards and targets for stable maintenance condition (i.e. International Roughness Index (IRI) < 6).

(ii) Basic services and infrastructure expenditures, which include water supply, drainage and flood control, sanitation, waste water and solid waste management and cleanliness, and traffic management and parking.

(iii) Tourism services and infrastructure expenditures, including pedestrian and non-motorized traffic facilities, visitor centers, and signage.

11. The upgrading of basic services will increasingly be devised through a demand-driven and integrated planning approach. The TDP, also through the IFP component, will support the systems leading to integrated planning to help avoid mass tourism growth that exceeds the capacity of local infrastructure and natural and cultural resource management institutions. Finalizing the integrated tourism master plans, however, is not a pre-requisite for starting sub-Program 1 in year 1 (2018); the Demand Assessments[20] and initial integrated tourism master planning findings can guide year 1 expenditures, especially those proposed to be financed under the TDP, which focuses on addressing existing gaps and reversing environmental degradation. The first year would encompass investments that would be advisable no matter what the final outputs of the master plans would be. For the first-year investments that will be implemented before the ITMPs are completed, the Program will rely on the two-level screening system described in Annex 3. The government has gained experience with such screening, when an initial screening tool in 2016 was developed and applied to the 2017 government work plan. It is gradual and cautious to minimize risks focusing on the upgrading of basic services. The 5-year TDP will not include all infrastructure investments identified in the 25-year ITMPs. First, based on the Demand Assessment and through results indicators 2-7, the TDP focuses on addressing existing gaps and reversing environmental degradation. Second, new and larger investments are expected to be needed only in later phases of development, as visitor demand increases. Third, the TDP will focus on the "key tourism areas" within the wider "tourism destination" (Table 7). The ITMPs will improve comprehensive long-term planning and phasing and provide a solid base for gradual and concerted improvement of the tourism carrying capacity of each destination. The Program's Investment and Expenditure Menu, together with the ITMPs, for the 5-year Program, provide the recommended policies and practices required for the upgrade of basic infrastructure and services in local communities to improve key indicators affecting tourism competitiveness (especially health and hygiene and environmental sustainability), as is discussed further in the section 1.2 on Typology of Expenditures.

12. Results Area 2: Promote local participation in tourism economy. This results area aims to facilitate the participation of local firms and individuals in the economic opportunities arising

[20] As part of Program preparation, upon the government's request, a report (the "Demand Assessment") was prepared that covered for each of the destinations: (i) baseline supply and demand of tourism services; (ii) investment analysis; future market demand analysis (future visitors and investors); and (iv) investment needs (destination infrastructure, tourism infrastructure, skills, firm capabilities, and legal and regulatory environment). The final reports are available at www.bpiw.go.id

from the growth of tourism. The key outcomes under this results area relate to developing the relevant workforce skills for jobs in the tourism economy, and supporting domestic firms to capture opportunities in the increasingly digitalized tourism economy. To achieve increased trainees and professionals completing competency-based certification, the sub-Program aims to (i) improve competency-based standards and related training packages, (ii) enhance the capacity of TVET providers to deliver tourism CBT in line with the needs of the tourism industry; (iii) enhance the capacity of tourism assessors to certify trainees and professional in these competencies. It will also build on the partnership between the Ministry of Tourism and a travel website company[21] and provide support to firms to increase their online presence and deliver targeted capacity building to firms on service and quality standard areas identified as needing improvement. Furthermore, this sub-Program will equip the Ministry of Tourism with the necessary structures and mechanisms for collection and management of big data sources from digital tourism.

13. The development of relevant workforce skills will include financing for the provision of relevant and good-quality competency-based training and the strengthening of the accreditation and certification system of the tourism sector in the three selected destinations. The support will align CBT with the demands of the private sector. To enable this, sub-Program 2 will include expenditures for: (i) the revision of existing and development of new occupational standards and related CBT packages; (ii) TVET institutes to become accredited CBT providers by provision of training of TVET trainers, acquisition of equipment and supplies/materials, and adaptation of existing physical spaces in the TVET institutions to better operate the acquired equipment; (iii) capacity building of accreditation bodies of CBT providers; (iv) capacity building of assessors to certify graduates of CBT programs and existing tourism professionals based on recognition of prior learning; (v) the certification costs for a targeted number of candidates; (vi) a simple monitoring system to track the employment performance of graduates. Expenditures will only be provided to TVET providers which have memorandum of understandings (MoUs), or similar arrangements, with the Ministry of Tourism for use of its curriculum and agreed partnerships with potential employers which are based on an agreed results framework (with defined occupational requirements and employment targets). While Program support will focus on strengthening TVET institutions relevant to the three destinations, several of the Program activities will directly improve the overall system for tourism-related workforce skill development.

14. The Ministry of Tourism will be equipped with the means to better prioritize and more effectively deliver capacity building to local firms as well as manage and analyze tourism data. Through a deepened partnership with a travel website company, the Ministry will be able to develop a series of digital workshops that will improve tourism firms' online presence and

[21] TripAdvisor

engagement—critical for any tourism firm to remain competitive and to maximize their access to market. Furthermore, through this partnership, the Ministry will monitor and evaluate service and quality standards of tourism firms, identify areas needing improvement in each destination, and tailor practical and competency based training to enable tourism firms to increase their overall standards. The sub-Program will also include expenditures for identifying and implementing the most appropriate organizational set up and data management system for the Ministry to take advantage of the rapid digitalization of the tourism sector, and use this data effectively for destination planning, marketing, and investment promotion.

15. Results Area 3: Enhance enabling environment for private investment and business entry in tourism. To achieve this result, sub-Program 3 will support the simplification of business entry and licensing requirements for the tourism sector and strengthen systems to monitor and facilitate private investments. Despite recent improvements in Indonesia's ease of doing business, further improvements in the business and investment environment will be needed to enable business entry and private investment in the tourism sector and—specifically—in the three destinations. Support for licensing simplification in select local governments in the three destinations will be provided by a parallel IFC Advisory Services (AS) project,[22] with the wider roll-out supported under the TDP. Sub-Program 3 will support expenditures for licensing mapping, simplification, automation, inventories, and related coordination capabilities to sustain a licensing simplification effort at the national and subnational level. Sub-Program 3 will also support the development of destination-specific investment promotion strategies and the institutional capabilities to proactively attract, facilitate, retain, and expand investment.

16. Results Area 4: Increase institutional capacity to facilitate integrated and sustainable tourism development. This results area will support the strengthening of institutional capacities at the national, provincial, and local level to facilitate integrated and sustainable tourism development. Key outcomes under this results area include the improvement of coordination and implementation mechanisms of the tourism development agenda, reduced degradation of natural and cultural assets, and increased stakeholder engagement in, and local community satisfaction with, tourism development. Program activities towards this results include the operationalization of national-level technical inter-Ministry/Agency coordination under the Ministerial-level

[22] Indonesia: Investment Climate, Competitive Sectors and Competition project (602128). The licensing simplification efforts are not seeking substantive changes in the environmental requirements and review process. The World Bank Group has a longstanding engagement with the Investment Coordinating Board (BKPM), and ongoing support will help BKPM prepare the methods for conducting this effort. Past experience shows that significant licensing simplification opportunities are possible simply by reducing/making more efficient the administrative processing (e.g. parallel processing, online submission), and without the removal of any of the requirements that safeguard environmental and social risks. BKPM has no authority over the Ministry of Environment and Forestry to make substantive changes in the environmental requirements and review process.

tourism coordination team, chaired by Indonesia's Vice President,[23] as well as the establishment and operationalization of destination-specific coordination and delivery mechanisms; the establishment or strengthening of institutions, such as Sustainable Tourism Observatories (STOs) as part of UNWTO International Network of Sustainable Tourism Observatories (INSTO), for the monitoring of cultural and natural assets in key tourism areas; enhanced stakeholder involvement and community awareness of tourism development; and annual community satisfaction surveys. Sub-Program 4 will ensure that the new or improved institutional arrangements are backed with clear roles and responsibilities, a sufficient budget and are adequately staffed. To this end, the Program will support expenditures for institutional development of and capabilities for integrated destination planning; natural, cultural and social asset monitoring and preservation; local community awareness and engagement in tourism development; and community satisfaction surveys.[24]

17. Environmental and social aspects are integral elements of the TDP and the broader PPNPPI. Cultural and natural resources are the main attraction for tourists in Indonesia, but unless well planned and executed, tourism development can degrade those same resources and ultimately be self-defeating and unsustainable. The proposed emphasis in the Program on monitoring and preservation of natural and cultural assets will be operationalized by: (i) ensuring sufficient financing for such monitoring and protection efforts is included in the expenditure framework; (ii) providing the destination with additional tools to strengthen local initiatives, for example, protection of lakes, mangroves, or community forests; (iii) providing capacity building to local authorities through the preparation of the integrated tourism master plans on risk management to minimize the impacts on the human and natural environment; and (iv) improving capacity to conduct UKLs-UPLs and, if applicable, AMDALs, and prepare Site Management Plans, and to monitor their implementation. The Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) will also support capacity strengthening of the involved agencies in preparing and implementing assistance and livelihood restoration programs for the affected peoples including the vulnerable, squatters and IPs, in identifying affected IPs as well as in preparing and implementing guidelines for conducting a free, prior, informed consultations with the affected IPs that lead to broad community support to the program ensuring the cultural appropriateness of, and equitable access to Program benefits. Sub-Program 4 will also aim to increase the local community awareness and engagement in tourism development through (improved) "*sadar wisata*" tourism awareness-raising activities and annual community

[23] Including the proposed *Echelon 1* Steering Committee, the proposed *Echelon 2* Technical Committee, and the proposed increased Program management support through additional qualified staff in the Regional Infrastructure Development Agency (RIDA) of the Ministry of Public Works and Housing (MPWH, the Program's Executing Agency), or Program Management Support Consultants' Services (the latter financed under the IPF). For more details, see Section II.c. on 'Institutional Arrangements'.

[24] Some of the Consultants' Services required for achieving these results will be financed through the IPF.

satisfaction surveys. Increased community satisfaction is one of the Program results indicators, and includes perceived benefits received from tourism (individual or community benefits, economic or social benefits, conservation of traditions, etc.), changes in socio-economic conditions (e.g. prices, access to resources, traditional values), changes in environmental conditions (improvement or degradation), interaction with tourists, etc.

18. Integrated tourism master plans (ITMPs) will be prepared for each destination, with the Consultants' Services for the plans funded by the IPF. Each integrated tourism master plan consists of an overall development plan for the entire tourism destination area (with a planning horizon of 25 years) and detailed development plans (with a planning horizon of 5 years) for existing and selected future key tourism areas within the tourism destination area. The plans will be based on the Demand Assessment and an economic analysis **of** each destination and will be prepared in close consultation with all stakeholders, including local communities and the private sector. They will provide the basis for development of tourism facilities and supporting infrastructure that (a) is consistent with the environmental, social**,** and cultural opportunities and constraints of the destinations and (b) avoids degradation of the natural and cultural resources that are the assets that attract tourists. The ITMP will identify the priority programs needed to strengthen tourism activities at the local level and will provide detailed recommendations for the preparation and revision of local and provincial spatial plans and sectoral master plans (if necessary),[25] but is not in itself a spatial planning document with statutory effect under the Indonesian Urban Planning Framework.

19. Nineteen preliminary results indicators, including nine preliminary Disbursement-linked Indicators (DLIs) have been identified across the four results areas (Table 2). The DLIs have been selected to ensure even representation of each results area, and to achieve a balance of process, output, and outcome indicators that reflect different phases of Program implementation and will enable a smooth profile of disbursements throughout the life of the PforR. The results indicators and the DLIs will be updated and refined on the basis of subsequent discussions with the GoI and ongoing assessments of measurement capacity and verification protocols.

Table 2. Results indicators and Disbursement-Linked Indicators by Results Area

No.	DLI	**Result Area 1 – Improve sustainability and tourism carrying capacity of selected destinations**
1		New hotel rooms added in tourism destination areas.
2	√	Percentage of the road network maintained in accordance to national standards and targets for stable maintenance conditions, defined as IRI ≤ 6

[25] Such as *Rencana Tata Ruang Wilayah* (RTRWP) *Provinsi*, RTRW *Kawasan Strategis Pariwisata*, RTRW *Kota/Kabupaten*, RDTR *Kawasan Strategis Pariwisata*, and sectoral master plans, including those for water supply, and wastewater management.

3		New dedicated space created for non-motorized traffic in m^2
4	√	Percentage of households (including hotels and restaurants) in the core tourism destination areas provided with access to sustainable piped water supply
5		Number of Areas in which shared distribution network (JDB) have been built to serve House Connection (SR)
6	√	Percentage of access to sustainable sanitation services in the key tourism destination areas
7	√	Percentage of access to sustainable solid waste collection services in the key tourism destination areas
		Result Area 2: Promote local participation in tourism economy
8	√	Trainees and tourism professional receiving competency-based certification
9	√	Number of tourism businesses with an online presence
10		Number of tourism businesses with an increase in service and quality ratings[26]
		Result Area 3: Enhance enabling environment for private investment and business entry in tourism
11		Reduction in average time (days) to obtain all licenses for establishing a new tourism-related business.
12		Value of new private investment realization in tourism-related businesses
13	√	Number of new private investment licenses in tourism-related businesses issued
14		Adoption of destination-specific investment promotion plans
		Result Area 4: Increase institutional capacity to facilitate integrated and sustainable tourism development
15	√	Number of spatial plans or sectoral master plans adopted or revised with the integrated tourism master plans
16	√	Number of periodic STO (Sustainable Tourism Observatory), or equivalent, monitoring reports published based on pre-agreed geographic scope of key tourism areas and list of critical indicators
17[27]		Increased performance on the indicators monitored based on pre-agreed geographic scope of key tourism areas and list of critical indicators.
18		Number of participants in "*Sadar Wisata*" tourism awareness-raising programs.
19		Local community (including IPs, if any) satisfaction with participation in destination planning and budgeting processes.

20. A Ministerial-level tourism coordination team, chaired by Indonesia's Vice President, provides overall guidance to the Program and has appointed the Minister of Tourism for overall coordination and entrusted the Ministry of Public Works and Housing (MPWH) with the management of the Program. For central government coordination, the MPWH has proposed to establish an Echelon 1 Steering Committee,[28] an Echelon 2 Technical Committee,[29] and

[26] on TripAdvisor.

[27] The World Bank team is discussing opportunities with the government to use this indicator as an DLI instead of #16.

[28] The Steering Committee is proposed to consist of Echelon 1 officers from each involved Ministry or Agency and a Technical Committee team. It is co-chaired by the Deputy Infrastructure in the Ministry of National Development

increased Program Management Support through additional qualified staff in the Regional Infrastructure Development Agency (RIDA) of the MPWH and the Program Management Support Consultants' Services (financed under the IPF).

21. The Program will be implemented by the MPWH, the Ministry of Tourism, the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*, BKPM), and possibly several other Ministries/Agencies (e.g. Manpower and Transmigration), including at the subnational level (e.g. provincial/local Public Works Agencies, Environmental Boards, technical and vocational education and training (TVET) tertiary institutions, local one-stop integrated services (*Pelayanan Terpadu Satu Pintu*, PTSP-local)).

Planning (Bappenas) and the Deputy Destination Development and Tourism Industry in the Ministry of Tourism. The Head of RIDA will be secretary of the Steering Committee. The Steering Committee members include (indicative list):

1. Deputy Economy, Bappenas;
2. Deputy Multilateral Funding, Bappenas;
3. Deputy Infrastructure, Coordinating Ministry for Maritime Affairs;
4. Deputy Regional Development, Coordinating for Economy;
5. Financing and Risk Management Director, Ministry of Finance
6. Plt. (*pelaksana tugas* or temporary tasks implementer) Director General Regional Development, Minister of Home Affairs
7. Director General of Pollution Control and Environmental Degradation, MOEF
8. The Secretary General, Ministry of Transportation
9. Director General of Renewable Energy, Ministry of Energy and Mineral Resources
10. The Secretary General, Micro, Small and Medium Scale Enterprises
11. Investment Climate Development Deputy, The Investment Coordinating Board
12. The Director General of Spatial Space, Ministry of Agrarian Affairs and Spatial Planning.

[29] The proposed Technical Committee consists of tourism development Echelon II officials of each involved ministry or agency. It is co-chaired by the Director of Industry, Tourism and Creative Economy in the Ministry of Planning / Bappenas and the Deputy Assistant Infrastructure Development and Impacts of Tourism in the Ministry of Tourism. Head Strategic Area Development Center, RIDA will be secretary with the composition the team as follows (indicative):

1. The Director of Multilateral Foreign Funding, Bappenas;
2. The Director of Transportation, National Development Planning Agency;
3. The Director of Water and Irrigation, National Development Planning Agency;
4. Deputy Infrastructure, Coordinating Minister for Maritime Affairs;
5. Director of Environmental Pollution, Ministry of Environment and Forestry;
6. Head Planning Bureau, Ministry of Transportation;
7. The Secretary of the Board of Special Economic Zone;
8. Director of Investment Promotion, The Investment Coordinating Board;
9. Deputy Assistant Business Sectors Energy, Logistics, Metro, and Tourism, the Ministry of State Owned Enterprises;
10. The Ministry of Cooperatives and Small-scale Enterprises (MSME).

22. Destination-level coordination mechanisms are yet to be established, except for Lake Toba, where the Lake Toba Tourism Area Management Authority Board was established.[30] Presidential Regulation No. 49, issued on June 13, 2016, creates a specific organizational structure for the planning, management, development, construction, and control of a site of approximately 500 Ha in Lake Toba (the so-called 'authority zone'). The specific geographic boundary of the broader so-called 'coordination zone', for which the Management Authority has a coordinating role, is according to Presidential Regulation No. 81 Year 2014. The Regulation created two bodies: an Advisory Board, chaired by the Coordinating Minister for Maritime Affairs, which will establish the general policy, provide overall direction and supervision of the Lake Toba intervention; and an Executive Board, a working unit under the Ministry of Tourism, which will coordinate, synchronize, and facilitate the planning, development, and construction of this tourism destination. Different ministries, agencies, and the Governor of North Sumatra are also members of the Advisory Board. The Executive Board will be responsible for the preparation of a Master Plan for the Development and Construction of Lake Toba Tourism Area (the approximately 500 Ha site) for a period of 25 years, as well as a 5-year detailed plan. The tourism coordination team agreed to keep the responsibility for the integrated tourism master plan for the tourism destination area with the Ministry of Public Works and Housing. Additionally, the Executive Board will also have authority to plan the allocation and use of land, and the right to manage the Lake Toba Tourism Area and organize licensing and non-licensing services. Destination-level coordination mechanisms for the other destinations are expected to be established as well. The Presidential Regulation for the Borobudur destination authority has been issued recently.

1.2 Typology of Expenditures

23. The Investment and Expenditure Menu of the Program is designed to achieve the Program results. It is based on the Demand Assessments, which also included transport and basic services baselines and future investment needs.[31] On an annual basis, as part of the regular government work plan cycle, all proposed Program infrastructure investments and expenditures will be reviewed against the Investment and Expenditure Menu of the Program. They will also be screened to ensure they are in line with the ITMPs. In case the Program's Steering Committee wants to add new types of investments to the Menu, they need to be screened according to the significance of their potential environmental and social impacts using the adopted screening mechanism (see Annex 3). The same applies to the year 1 work plan, when the ITMPs are not yet finalized. Adoption of the Investment and Expenditure Menu of the Program, the mechanism for

[30] Presidential Regulation No. 49 concerning "The Lake Toba Tourism Area Management Authority Board"

[31] As part of Program preparation, upon the government's request, a report (the "Demand Assessment") was prepared that covered for each of the destinations: (i) baseline supply and demand of tourism services; (ii) investment analysis; future market demand analysis (future visitors and investors); and (iv) investment needs (destination infrastructure, tourism infrastructure, skills, firm capabilities and legal and regulatory environment). The final reports are available at: www.bpiw.go.id

reviewing the proposed annual work plan against the Menu and the ITMPs, and the screening mechanism for year 1 investments and proposed additions to the Menu is part of the Program Action Plan and is required prior to loan effectiveness. The screening mechanism will be prepared by the Program manager (MPWH) based on Annex 3. Similarly, for investments proposed by subnational agencies, BAPPEDAs (the provincial and *kabupaten/kota* level system integrators) will perform such a review role, supported by the MPWH, which will deploy in-destination Program management capacities to strengthen Program preparation at the subnational level.

24. Table 3 summarizes the Investment and Expenditure Menu related to Result Area 1—improve sustainability and tourism carrying capacity of selected destinations—to be implemented through the Program. The typology of activities is based on the Demand Assessment findings which provides guidance on the expenditure planning for the three first-priority destinations—Lombok, Borobudur-Yogyakarta-Prambanan, and Lake Toba.

Table 3. Investment and Expenditure Menu the Program will support at priority destinations under RA1[32]

Expenditure category	**Type of expenditures proposed to be financed**	**EA Category**
Roads and other transport	• Routine maintenance: roadside verge clearing and grass cutting, cleaning of silted ditches and culverts, patching, pothole repair, etc.	C
	• Periodic maintenance: resealing, resurfacing, overlay, pavement reconstruction, etc.	C
	• Road safety improvements: geometric design improvement, instalment of pedestrian crossing facilities (pedestrian bridge, traffic light), etc.	C
	• Traffic management improvement: marking, intersection design improvement, etc.	C
	• Feasibility studies (FSs) and detailed engineering designs (DEDs) for physical investments to be financed under the Program.[33]	B
	• Construction or improvement of facilities for public transport, such as bus stops and terminals and ferry terminals, taxi and truck stands.	B/C
	• Replacement or improvement of small bridges.	B

[32] As explained above, in the absence of ITMPs, subject to screening to eliminate activities likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people, as per Annex 3. Once, ITMPs have been finalized, subject to alignment with ITMPs.

[33] First five bullets are based on the Demand Assessment as part of Program preparation. The last five bullets could possibly also be needed to achieve results.

	• Other road-related infrastructure (signage, street furniture, etc.).	C
	• Construction of new road sections, bridges, fords and culverts.	B
	• Rehabilitation and reconstruction of roads, including small widening, paving, changes of alignment and geometry, drainage improvements, etc.	B/C
Non-motorized traffic	• Construction and improvement of infrastructure for pedestrians, bicycles, and non-motorized transport, such as sidewalks, walkways, bicycle paths, road crossings, pedestrian bridges, etc.	B/C
	• Urban parks and greenery development projects for beautification.	B
	• FSs and DEDs for physical investments to be financed under the Program.	B
Access to sustainable piped water supply	• Expansion of existing and construction of new water supply network.	B
	• Expansion of existing or construction of new municipal water treatment facilities.	B
	• Repair or replace existing (or damaged) water storage facilities.	B
	• FSs and DEDs for physical investments to be financed under the Program.	B
Solid waste management	• Small solid waste processing facilities	B
	• Garbage collection trucks and other collection equipment	C
	• Collection bins, transfer stations, collection points	B
	• Small-scale biogas and composting facilities	B
	• Covering small canals, ponds and ditches.	C
	• Temporary Disposal Sites	B
	• Expansion/ rehabilitation/upgrading of existing Final Disposal Site (to adopt sanitary landfill method)	B
	• FSs and DEDs for physical investments to be financed under the Program	B
	• Establishment of 3R organizations or community services (e.g. waste banks program)	B
Wastewater Management & Sanitation	• Urban drainage systems and the like	B
	• Construction and upgrading of treatment plants, pump stations, and sewage connections to buildings	B
	• Sewer reticulation systems	B
	• Wastewater treatment ponds	B
	• Public toilet and sanitation facilities (e.g. community toilet facilities (MCK) in the local community areas/parks)	B
	• FSs and DEDs for physical investments to be financed under the Program	B
	• Local wastewater collection and treatment systems	B
	• Septic tank pump out trucks and small-scale septage treatment facilities	B
Negative list	The negative list of investment that contains items that the Program cannot finance include:[34] • No new landfills • Roads – construction or rehabilitation of roads that require significant resettlement of people (more than 200 people). • No large regional solid waste facilities	

[34] Based on the Demand Assessment, none of these types of investment have been identified as required to achieve the Program's results. They are mentioned here as a precaution.

	• No large regional waste water facilities/ system • No new toll roads	

25. Because water, wastewater, and solid waste management facilities can have significant impacts such that they would be ineligible for PforR, some explanation of those that appear in Table 3 is in order. The key infrastructure for wastewater and sanitation recommended in the Demand Assessment (short term planning for the first 5 years) for Lake Toba consists of communal (MCK) toilets connected to a septic tank, installation of sufficient numbers of septic tanks in residential areas in key tourism *kecamatans*, small scale wastewater treatment plants, and public toilet and sanitation facilities at tourism sites. For Lombok destination, the immediate actions needed to support the overall solid waste management system are improving the solid waste collection system and its coverage in the key tourism *kecamatans*.[35] The recommendations for the short term (first 5 years) are: allocation of sufficient numbers of Temporary Disposal Sites (i.e., transfer stations, or TPS), improvement of the solid waste collection system at all settlements along the coastline (within the key tourism *kecamatans*), and expansion of the existing Final Disposal Site. In Borobudur-Yogyakarta-Prambanan, the Demand Assessment recommends that water loss in the water supply system be addressed immediately by implementing sustainable piped water supply. This is defined as having house connections and 24-hour access to water supply. This expansion of the existing water supply network will serve residents of six cultural villages (around Borobudur, in the key tourism *kecamatans*) and improve the comfort of the visitors. Reducing water losses to 20 percent will also address water scarcity and protect water resources from depletion. The Demand Assessment recommendations for short-term infrastructure have been an important reference for the GOI and will be included as the key reference in the terms of reference of the ITMPs.[36]

26. The environmental assessment category that would apply if the Program were financed by a Bank IPF is shown in Table 3 to make clear that no Category A-type investments will be financed under the Program.[37] It is of course possible that an investment that would normally

[35] No new landfill is needed in the short term planning. Possible expansion of an existing Final Disposal Site is already in planning stage by the local government.

[36] Large and medium-scale solid waste facilities are currently in the identification and project preparation stage under a potential World Bank investment loan for cities identified as Tier 1 and Tier 2 cities for potential construction regional solid waste facilities. Some of the Tier 1 and Tier 2 cities that are possible participants are near key tourism destinations, including Magelang in Central Java Province; Padang in West Sumatera and Palembang in South Sumatera.

[37] The assessment is guided in part by the IEG's observation that PforR projects have been too risk-averse in excluding waste and wastewater infrastructure, thereby missing opportunities to make substantial environmental improvements. As far as roads are concerned, most rehabilitation and reconstruction activities do not entail significant risks and are normally in Category B when under IPF loans. Widening can sometimes (but not always)

have only moderate impacts could have significant impacts if placed in a location with sensitive environmental, social, or cultural features. One of the objectives of the ITMPs is to prevent this through systematic, sound siting of infrastructure. In the first year of the Program, before ITMPs are finalized, a screening process based on the Indonesian system will be applied. It is described in Annex 3 of the ESSA.

27. The Indonesian Ministry of Environment Regulation No. 5 Year 2012 states the requirements for activities to be required to have AMDAL (full environmental and social impact assessment). It is in itself a two-level screening process. Annex 1, which is an integral part of this regulation, is an extensive list of types of activities organized by sector. A few of them require AMDAL regardless of size, but for most, the size threshold at or above which AMDAL is required is defined. Below the threshold, the less intensive "environmental management effort" (UKL) and "environmental monitoring effort" (UPL) must be prepared, except in cases of negligible impact. UKL-UPL is comparable to the ESMP that is often used for Category B projects being implemented under Bank safeguards. When impacts are negligible, in projects that would be in Category C under Bank safeguards, the Indonesian system provides for a third instrument, a Statement of Environmental Management and Monitoring Undertaking (SPPL) to be executed by the proponent. Most of the investments in Results Area 1 of the Program (Table 3) will require UKL-UPL, but an SPPL will suffice for some. Few, if any, are likely to need AMDAL**.**

28. Table 4 summarizes the types of activities in the Program to promote local participation in the tourism economy.

Table 4. Typology of activities the Program will support at priority destinations under RA2

No.	**Indicative Activities under Program's Expenditures**
1.	Consultants' services, training, operating costs, non-consulting services, and possibly small grants for the alignment of competency-based training (CBT) to the demand of private sector employers in the priority destinations, including for developing: (a) guidance on work plans and results frameworks for TVET institutions; (b) CBT curricular training packages and material; (c) training of trainers for TVET and LSP (assessor and certifiers); (d) SOPs for LSP to assess competency standards; and (e) a graduate tracking mechanism for TVET institutes. Works, goods, and services for the upgrading of physical facilities and training equipment of TVET institutions.
2.	Expand the travel website company-Ministry of Tourism partnership to improve its benefits to local tourism businesses.

result in substantial resettlement, but the negative list would eliminate such projects from the Program. A $350million Category B roads project active in Indonesia today includes minor roads widening.

4.	Training and capacity building of businesses on how to respond to consumer feedback and improve their travel website rankings.
5.	Improving basic tourism data collection and data base management and utilization through digital method.
6.	Establishment (operating costs) and capacity building of a new data management team.

29. Table 5 summarizes the typology of supporting tourism services, marketing and investment promotion activities to be implemented through the Program.

Table 5. Typology of activities the Program will support at priority destinations under RA3

No.	Indicative Activities under Program Expenditures
1.	Consultants' services, training, operating costs, non-consulting services, and possibly small grants for the simplification of investment procedures and licensing requirements in the tourism sector through: (a) development of comprehensive mapping of licensing procedures in specific parts of the tourism sector; (b) strengthening of coordination mechanism for implementing the simplification program at the national and sub-national level; and (c) Capacity building for key agencies to undertake ongoing simplification for other business fields in the tourism sector in line with the agreed agency.
2.	Consultants' services, training, operating costs, non-consulting services, and possibly small grants for the strengthening of systems mechanism to monitor, promote and facilitate private investments through (a) the development and execution of destination-specific investment promotion plans; (b) actions to improve coordination amongst key agencies to promote investment in tourism; and (c) strengthening the targeted outreach strategies, including building investor databases and tracking processes using examples from other countries, participation in tourism investment events, booth costs, advertising and promotional materials; and (d) capacity building for key agencies, including training/workshops on effective investment promotion, investor outreach, facilitation and aftercare, and the strengthening of shared investor tracking systems for BKPM and partners.
3.	Consultants' services, training, operating costs, and non-consulting services to improve the effectiveness of investment policies and incentives to attract investments in the tourism sector, such as revision of the Negative List (DNI) and in the SEZ arrangements.

30. Table 6 summarizes the typology of institutions and mechanisms for sustainable tourism development activities to be implemented through the Program for the three first-priority destinations—Lake Toba, Borobudur, and Lombok.

Table 6. Typology of activities the Program will support at priority destinations under RA4

No.	Indicative Activities under Program Expenditures[38]
1.	Consultants' services, training, operating costs, and non-consulting services to support and strengthen the tourism coordination team, the technical level coordination team (Steering

[38] Some of these Consultants' Services will be financed under the IPF component.

	Committee and Technical Committee), the Executing Agency, and destination-level coordinating bodies.[39]
3.	Awareness and capacity building on environmental and social safeguards for the staff of MPWH, Ministry of Tourism, and other central agencies involved in the Program.
4.	Awareness and capacity building on environmental and social safeguards for the local government staff and other stakeholders involved in the Program.
5.	Establish or strengthen existing local institutions (e.g. STOs) to monitor natural and cultural assets at the tourism areas in the destination.
6.	Establish or strengthen community awareness raising programs; surveys for community feedback.

[39] Issuance of Presidential Regulation for Destination Level coordination and implementation arrangements will be part of Program Action Plan.

2 SCOPE AND METHODOLOGY

31. To prepare the ESSA, the following activities were undertaken:

- Review of the relevant laws, regulatory frameworks, and guidelines and identification of inconsistencies with the social and environmental elements of the PforR Policy
- Assessment of the potential environmental and social risks of the Program
- Review and assessment of the institutional roles, responsibilities, and coordination of relevant agencies, and analysis of current capacity and performance to carry out those roles and responsibilities
- Public participation that included a stakeholder's consultation workshop, social inclusion, and grievance redress mechanisms.

32. The process included: (i) analysis of the national system for environmental and social management for planning and implementing programs in the sector for consistency with the standards outlined in the Bank's PforR Policy and PforR Directive, and identification of gaps; (ii) determining where there were procedural and policy gaps as well as performance constraints in carrying out environmental and social management processes; and (iii) developing a set of viable actions to strengthen the system and improve performance. The ESSA team worked closely with the Ministry of Public Works (MPWH) and Ministry of Tourism to develop the ESSA, and prepare the Program Action Plan as a guide to identify and mitigate impacts and strengthen the environmental and social management system**.**

33. The ESSA has drawn on various inputs, including:

- legal and regulatory analysis;
- field visits to five tourism destinations proposed for possible support under the Program, including the three identified as first priority, and discussions with residents and businesses in communities at each location;
- meetings with government agencies, development partners, NGOs, businesses, tourist industry representatives, and other stakeholders;
- assessments of performance and carrying capacity of the government agencies in previous or current World Bank projects in Indonesia;
- the Demand Assessment for the three priority destinations; and
- Stakeholders' consultations on the draft ESSA [to be conducted in July 2017].

34. The system gaps with respect to the PforR Policy are considered on three levels: (i) the system as written in laws, regulations, and procedures; (ii) the system as applied in practice; and (iii) the capacity of Program institutions to effectively implement the system. The analysis focuses on the strengths, gaps, potential actions, and risks associated with the systems currently in use in the tourism sector to address the environmental and social effects commensurate with

the nature, scale and scope of operations. This is structured to examine arrangements for managing the environmental and social effects (i.e., benefits, impacts and risks) of the Program.

3 PROGRAM CONTEXT AND POTENTIAL ENVIRONMENTAL AND SOCIAL EFFECTS

3.1 Environmental and Social Context

35. Program location and physical characteristic of the Program area include the description of natural habitats and populations. The Government's program covers priority destinations listed below. The PforR Program will focus on the first three in the list, especially in terms of Results Area 1 and will focus on specific key tourism areas within these destinations. For the other Results Areas, the Program location is less specifically defined. For instance, the proposed Program could support TVET training in Medan (to benefit Lake Toba tourism destination specifically, but also the tourism sector in general) and enhanced capabilities for investment promotion will benefit all tourism destinations. Table 7 describes those three destinations in more detail, including the areas included in the Program and their environmental, social, and cultural characteristics.

- ***Lake Toba***
- ***Lombok***
- ***Borobodur/Yogyakarta/Prambanan***
- *Tanjung Kelayang*
- *Tanjung Lesung*
- *Mount Bromo*
- *Labuan Bajo*
- *Wakatobi National Park*
- *Pulau Seribu*
- *Morotai*

Table 7. Program location and physical and demographic characteristics of the Program area include the description of natural habitats and populations.

Program location/Description	Lake Toba tourism destination	Lombok tourism destination	Borobudur-Yogyakarta-Prambanan tourism destination
a. **Size of Program area**	The Program will focus on the key tourism areas: -Parapat in Kecamatan Girsang Sipangan Bolon in Kabupaten Simalungun and Kecamatan Simanindo and Kecamatan Pangururan in Kabupaten Samosir.	The Program will focus on the key tourism areas: -Gili Islands-Senggigi covering: Kecamatan Batu Layar in Kabupaten West Lombok; Kecamatan Pemenang and Kecamatan Tanjung in Kabupaten North	The Program will focus on the key tourism areas: -The Borobudur Cluster covering two Kecamatan: Borobudur and Mungkid. -The Prambanan-Boko Cluster covering Kecamatan Prambanan in

	-Kecamatan Balige in Kabupaten Toba Samosir. The Program will focus on these areas for basic services. For transport, the focus is on the key tourism areas and Samosir Island. For sanitation and solid waste, 31 Kecamatan have been identified around the lake.[40] For the other Results Areas, the Program location is less specifically defined. For instance, the proposed Program could support TVET training in Medan (to benefit Lake Toba tourism destination specifically, but also the tourism sector in general) and enhanced capabilities for investment promotion will benefit all tourism destinations.	Lombok. -The southern coastal area covering: Kecamatan Pujut and Kecamatan Praya Barat in Kabupaten Central Lombok; Kecamatan Sekotong in Kabupaten West Lombok; and Kecamatan Jerowaru in Kabupaten East Lombok. The Program does not include Mandalika SEZ managed by the Indonesia Tourism Development Corporation (ITDC). The Program will focus on these areas for basic services. For transport, the focus is on key connecting roads to the key tourism areas and the areas themselves. For the other Results Areas, the Program location is less specifically defined. For instance, the proposed Program could support TVET training in Mataram (to benefit Lombok tourism destination specifically, but also the tourism sector in general) and enhanced capabilities for investment promotion will benefit all tourism destinations.	Kabupaten Sleman and Kecamatan Prambanan in Kabupaten Klaten. -The Yogyakarta Cluster including the Kraton, Taman Sari and Malioboro Street covering the following kecamatan: Kraton, Gedongtengen, Danurejan, Ngampilan, Kotagede, and Gondomanan. The Program will focus on these areas for basic services. For transport, the focus is on key connecting roads to the key tourism areas (to the extend they are predominantly serving tourism) and the areas themselves. For the other Results Areas, the Program location is less specifically defined.
b. **Population/main economy activities**	The total number of population living in the Lake Toba area is estimated to be around 656,872 people. Main economic activities are fisheries, agriculture (rice fields),	The total population of Lombok island is estimated to be 3.3 million people. The key tourism areas are concentrated in the southern coastal areas and in the Gili islands off the coast of	The total population of Magelang Regency (Borobudur) and the Special Region of Yogyakarta is estimated to be 4.93 million people in 2015.*** Main economic

[40] Silahisabungan, Merek, Muara, Baktiraja, Lintongnihuta, Paranginan, Pematang Silimahuta, Silimakuta, Purba, Haranggaol Horison, Dolok Pardamean, Pematang Sidamanik, Girsang Sipangan Bolon, Ajibata, Lumban Julu, Uluan, Porsea, Siantar Narumonda, Sigumpar, Laguboti, Balige, Tampahan, Sianjur Mulamula, Harian, Sitiotio, Balige, Simanindo, Pangururan, Nainggolan, Onan Runggu, Palipi, and Ronggur Nihuta.

	paper pulp industries, and tourism.*	North Lombok, where population density is low. Main economic activities are local tourism, fishing, and agriculture.**	activities are agriculture, tourism and service industries.
c. **General description of natural habitats of the Program area and boundary (within the Program)**	The lake provides abundant freshwater and is surrounded by mountainous countryside. The lake basin areas are surrounded by steep cliffs.* There are two islands inside the lake—Samosir Island (647 km^2) and Pardapur Island (7km^2).	The North Lombok Regency includes the Gili Islands (Gili Trawangan, Gili Air, and Gili Meno), which support marine life and coral reefs. On the southern side of the Lombok Island, Kecamatan Pujut in Kabupaten South Lombok is known for the beautiful beaches such as Kuta Beach.**** Kecamatan Jerowaru is also located in Kabupaten South Lombok and known for its beautiful beaches and coastal fishing. Sepotong is located in Kabupaten West Lombok and is a coastal area.	The site of Borobudur Temple is surrounded by mountains, lakes, fertile soils, with abundant water resources. Agriculture is one of the main economic activities around the temple complex. Borobudur temple and its surrounding are also situated in an earthquake zone due to the geological setting.
d. **Additional information on sensitive areas**	Protected forest areas are not located in the key tourism areas of the Program.* The lake area surrounding the tourism destination is part of a geological formation because of mega-volcanic activity and it is the largest freshwater lake in Indonesia.	In Gili Islands and some parts of Lombok Island, there are turtle conservation activities carried out mostly by privately owned turtle sanctuaries.	The Borobudur Temple compound was named as UNESCO World Heritage Site in 1991. It has significant historical, cultural and religious value. There are no forest habitats or natural habitats that will be degraded by the Program activities.***
e. **Current state of environment condition**	The lake provides abundant freshwater and is surrounded by mountainous countryside. The lake basin areas are surrounded by steep cliffs.* There are two islands inside the lake—Samosir Island (647 km2) and Pardapur Island (7km2). Water pollution is an issue. – Threats are from untreated waste water from human settlements, aquaculture farming, spilled oil from boats and vessels around the lake, and deposition of sediments due to soil erosion from	Gili Trawangan's popularity as a tourist destination means it produces 20 tons of waste per day (peak season) or 5–8 tons per day (low season). The island currently has no proper waste management. Lack of clean water supply and water storage facilities in Gili Islands. In most attraction areas, there is lack of public toilet and sanitation facilities (especially septic tanks) to prevent untreated waste water from polluting the environment especially	Traffic congestion due to limited access roads and over-crowding of tourists during peak season have been two of the concerns that have led the management of the UNESCO site to find suitable alternatives for the current tourist management plan.

	surrounding steep hills. There are also no proper sanitation facilities to handle solid waste.	sensitive ecosystems such as corals and fishes. Inadequate solid waste collection disposal system at Lombok also poses long term environmental threat to the marine ecosystems such as turtle conservation efforts. Gili Trawangan produces 20 tons of waste per day (peak season) or 5–-8 tons per day (low season).	
f. **Type and key tourism attraction areas.**	***Nature*** – Lake scenery, mountainous countryside view, hot spring, waterfalls and mountain trekking. For example: Parbaba, a beach by the fresh water lake (Lake Toba); and the hot springs at Gunung Pusuk Buhit Mountain. ***Culture*** – The history and the cultural heritage of the Batak ethnic community are located within the key tourism area. Other attractions such as the Stone Chair of King Siallagan and King Sidabutar's Tomb; and Ambarita, a traditional village that provides glimpses of Batak culture.	***Nature*** – Long stretch of white sandy beaches and smaller nearby islands for snorkeling and dive sites. Pink Beach in Kecamatan Jerowaru is known for its unspoiled scenery and isolated long stretch of pink sandy beach. ***Culture*** –Sasak villages that house traditional Sasak farmer families are also key attractions. A Hindu temple (e.g. Pura Meru Temple) is the largest and second most important temple in Lombok.	***Culture/Heritage*** - The Borobudur cluster includes the temples of Borobudur, Pawon and Mendut; the sunrise spot of Punthuk Setumbu; Bukit Rhema, an abandoned prayer site; and surrounding cultural villages. The Prambanan-Ratu Boko cluster's main tourism attractions include the Prambanan Temple and Ratu Boko, a 16-ha site with Buddhist and Hindu structures. The Yogyakarta cluster includes the Keraton, the sultan's residence and a living museum; the Water Palace; and Malioboro Shopping Street.
g. **Indigenous people (if any)**	Batak people meet the definition of indigenous people and the Batak is the dominant ethnic groups in the key tourism area. They mostly lived in the highlands. However, customary hamlets (*kampung-kampung adat*) can be found in the surroundings of Lake Toba, particularly in Kecamatan Porsea (only a focus for the Program for sanitation and solid waste). There is a Tano Batak indigenous people	Sasak people meet the definition of indigenous people. There are some tourism attractions found in in the Sade Customary Village (not included in detailed in development plan), Bek Customary Village, Belek Customary Village, and Bayan Customary Village. Those customary have been revived and share similar movement agenda toward customary land territory recognition. In other parts of Lombok,	Javanese is the dominant ethnic group in the area. There are no indigenous people being identified in surrounding Borobudur, Magelang, and Yogyakarta.

	alliance network in the area. The organization is currently working towards recognition on customary land territory.	there are traditional settlements intertwine with modern settlements. This can be found in Khayangan District and Bayan District, North Lombok (not part of the detailed development plans). There is also indigenous people in Ende Village in Pujut district in middle of Lombok (also not part of the detailed development plans).	

Table sources and notes:
* KSPN Lake Toba Chapter 3 on the profile of the planned district.
** Lombok Baseline Supply & Demand Assessment – Horwath HTL and Surbana Jurong.
*** Borobudur (Joglosemar) Baseline & Demand Assessment – Horwath HTL and Surbana Jurong.
**** Every year in February, there is an annual tourist event which is known as "Bau Nyale".

3.2 Potential Environmental Benefits, Impacts, and Mitigation Measures

36. The Program's potential environmental benefits are substantial and long-term. They can be summarized as follows.

a) Benefits from integrated tourism master plans, downstream planning documents and studies, and Program management capabilities, supported by the IPF technical assistance component of the Operation that recognize environmental and social constraints and opportunities:

- Coordination of infrastructure development to keep pace with growth in tourism, thereby avoiding environmental degradation caused by volumes of solid and liquid waste and vehicle and pedestrian traffic that exceed the capacities of collection and treatment system, roads, parking lots, bus depots, and walkways
- Environmentally-sensitive siting of tourism facilities and infrastructure
- Visitor management plans for natural and cultural attractions sensitive to volume of tourists
- Increased probability tourism experience that is mutually satisfying, for the visitors and the host communities

b) Benefits from upgraded and expanded systems to provide clean water, wastewater treatment systems, greening, and solid waste management:

- Promotion of good health among local residents and visitors
- Prevention of pollution of natural resources (e.g. rivers, soil, groundwater) generated from poorly managed human waste and solid waste
- Promotion of clean environment that lead to an increased comfort for local people and visitors

c) Benefits from improved and better-managed roads, parking, walkways, signalization, etc.:
   - Reduced traffic congestion with potential reduction in air emissions.
   - Reduced vehicle and pedestrian accident hazards

d) Benefits from arrangements for monitoring and protection of natural and cultural resources at the destinations:
   - Increased public awareness of the importance of preserving the resources that attract tourists
   - Early warning of deterioration
   - Vehicle for coordinated response to negative trends by all relevant actors
   - Source of information (when monitoring results are positive) that can be used in advertising for the destinations

37. The environmental risks associated with activities that could be supported under the Program are summarized below.

a) Risks common to most construction activities, e.g., roads, walkways, information centers, pipelines, water and wastewater treatment works:
   - Loss of vegetation and topsoil from land clearing
   - Soil erosion and stream sedimentation
   - Dust
   - Noise and air emissions from heavy equipment
   - Improper disposal of construction waste
   - Spills of fuel and lubricants
   - Damage to other infrastructure or physical cultural resources
   - Accident hazard for vehicles and pedestrians from open trenches, traffic detours
   - Visual intrusion of infrastructure into natural and cultural landscapes

b) Additional risks from construction and operation of water supply weirs and stream channel stabilization
   - Water quality and aquatic habitat degradation caused mainly by suspended solids
   - Obstruction of fish movements upstream and downstream
   - Impacts on downstream water uses and users

c) Risks from operation of public toilets
   - Groundwater pollution from septic tanks because of location on unsuitable soils, malfunction, or poor maintenance
   - Odors and health hazards caused by inadequate housekeeping

d) Additional risks from construction or expansion/upgrading and operation of waste water treatment plants

- Eutrophication from nutrients in effluent
- Mortality of aquatic organisms caused by low dissolved oxygen, or toxic substances introduced into the collection system
- Odors caused by plant upsets

e) Additional risks from operation of water treatment systems

- Improper disposal of sludge and backwash water
- Exposure of workers and community members to water treatment chemicals during delivery and use

f) Additional risks from construction and operation of solid waste collection and disposal facilities

- Groundwater contamination by leachate because of location on unsuitable soils or ineffective lining and leachate collection
- Surface water pollution from contaminated runoff or uncollected or inadequately treated leachate
- Smoke and fire
- Vermin and disease vectors

g) Conversion of productive agricultural land to non-agricultural use

h) Workplace and health and safety risks

- Injuries and falls from not using proper personal protective equipment (PPE) protection while carrying out construction activities.
- Risk to surrounding communities for not providing enough barricades or hazards signage to inform the boundary project area risks during on-going construction activities.
- Improper disposal of construction wastes and waste from worker's camp as some contractors do not provide proper portable toilets and good housekeeping practices.

38. Most of these risks can be mitigated by inclusion of good construction practices and basic environmental, health and safety management measures in environmental management plans (RKL and UKL), construction contracts incorporating ESHS performance standards and by supervision and enforcement of their implementation by supervision ESHS personnel, including attention to provision and use of PPE and use of signage and barricades at locations of hazards. The exception is visual intrusion; this needs to be taken into account in siting and design of infrastructure in the Integrated Tourism Master Plans. Liaison with affected communities during

construction is essential. Mitigation measures for risks beyond those associated with general construction activities include the following:

- For weirs and small dams, and for stream channel stabilization, impact assessment based on study of aquatic ecology and downstream water uses, plus study of stream flow for weirs and small dams; development of mitigation and monitoring measures including environmental flow for weirs and small dams.
- For public toilets, soil tests to determine suitability for septic tanks; clear agreement on management responsibilities and procedures.
- For wastewater treatment plants, determination of receiving water's assimilative capacity for nutrients and organic matter; consider land disposal or reuse of effluents as alternative to discharge to surface water; develop operations manual and train operators; monitor plant performance.
- For water treatment systems, provide safe chemical storage, develop safe delivery and handling procedures, require use of PPE.
- For solid waste management facilities, conduct siting study including analysis of alternatives, considering soil and groundwater characteristics, proximity to surface water and communities; include leachate collection and treatment, runoff management, and buffer zones in designs; develop operations manual and train operators; provide for odor and vector control; maximize 3Rs approach (i.e., reduce, reuse, recycle).
- Consider land-use trade-offs between tourism development and loss of agricultural production as part of integrated tourism master planning.
- For workplace health and safety, enforce use of appropriate PPE in all situations; assess hazards and develop work procedures accordingly; hold regular safety training for PMU supervision personnel and contractor's ESHE personnel.

39. **Potential induced and cumulative impacts.** Overall, the Program is aimed towards protection of natural and cultural resources and the environment. Cumulative impacts are possible when construction and operation of multiple types of infrastructure and facilities occur within a common area of influence. Development of hotels and restaurants to serve visitors can lead to cumulative increases in traffic, solid and liquid waste, and incremental obstruction of community access to beaches and other areas important for recreation and cultural practices. The integrated tourism master planning process is intended to identify the potential for such impacts and provide the means to avoid them. Of more concern are potential induced impacts, because they are more difficult to predict and manage. Examples of induced impacts include:

- In-migration of job-seekers, leading to proliferation of unplanned, substandard housing not served by sanitation infrastructure;
- Disorganized development of businesses along roads, beaches, and tourist attractions;
- Petty street crime;
- Undesirable activities including drug dealing, prostitution, sex tourism;
- Disturbance of natural habitats, such as coral and mangrove areas, from tourism activities.

40. In Indonesia, the legal and institutional framework for environmental impact assessment including the aspect related to management of direct, induced and cumulative impacts is well developed and comprehensive in the legislation. Nevertheless, there is gap in capacity and intensity of enforcement in different regions of the country, in functions such as administration of land development and enforcement that hinders the proper management of induced impacts.

3.3 Potential Social Benefits, Impacts, and Mitigation Measures

41. Overall, activities to achieve the four results areas in the Program should generate positive social impacts. The Tourism Development Program (TDP) and the broader PPNPPI government program are expected to contribute to higher-level impacts on foreign and domestic visitors and related foreign exchange earnings, employment, and contribution to GDP, as well as to tourism competitiveness. The Program is expected to increase jobs, promote local participation in the tourism economy, and maintain and/or improve the natural resources, local culture, traditions, and assets that constitute the attractions of the destinations. Construction activities in Results Area 1 are expected to improve and expand infrastructure and services that will ultimately improve the sustainability and carrying capacity of tourism destinations. Local communities will benefit from the development of improved infrastructure and services, as they will have opportunities to establish or expand their current economic activities or tourism-related businesses, and to create new jobs. Potential adverse social impacts and risks related to construction activities (such as maintenance, rehabilitation or reconstruction of roads and sidewalks; water supply; waste management, sanitation facilities, tourist facilities and amenities) in Results Area 1 and construction of the downstream activities that might be generated by the other three results areas of the Program (such as new tourism-related businesses) are expected to be moderate. Potential social risks impacts would occur mainly due to land acquisition and/or resettlement, including access restriction to public goods and natural resources, and disturbance (e.g. livelihoods, health, convenience etc.) during the construction. Because of the PforR Policy prohibition on "activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people," the scale of land acquisition for each activity will be small to medium in size, and there will not be large-scale relocation of households or businesses. Activities involving large-scale and/or significant social impacts, including induced social impacts, will not be financed under this Program.

42. Other typical potential adverse social impacts of tourism development (beyond the impacts of land acquisition and/or resettlement) may include: greater economic and social disparity and limited access for the community to public natural resources (such as beaches) due to "enclave tourist resort" development; internal conflict within communities due to inequality of capacity to harness new opportunities, especially for the less-educated, poorest, elderly, and disabled; loss of jobs due to conversion of agricultural activities into tourism-related build-up areas; disturbance and unsustainable commercialization of local cultures, practices, and values; loss of livelihoods and assets due to land acquisition. Community health and safety may also be issues, particularly transmitted diseases and the dangers of busier traffic. Also, if not managed properly, there may be induced uncontrolled growth of settlements and/or small businesses surrounding the tourist attractions.

43. Local governments in the tourist destinations (such as Kabupaten Magelang and Kabupaten Lombok Tengah) are being challenged to: control land use and building development, including the encroachment or conversion of irrigated rice fields to tourist-related activities; protect traditional markets; and promote the inclusion of local community to the tourism-related activities. Further, current traditional or informal tourism-related businesses that have been in operation for some time such as local boat and car renting and their operators, snorkeling and divers, local guides, etc., might also feel threatened by large-scale, capital-intensive players in these activities due to limited capacity to compete. There is also a concern expressed by local stakeholders at some destinations that existing local culture, values, and practices which have potential for tourist development will be degraded and replaced by modern and "imported" models for tourism development. These stakeholders advocate tourism development that is sensitive to and within current social values, traditions, and community practices so that the region can develop as a unique tourism destination without extensive (adverse) social costs and large investments, in a way that is sustainable in the long-term.

44. According to the Kabupaten Lombok Barat Land Agency (BPN), there is potential for social conflict related to land issues: decades ago, several investors acquired significant amounts of land for the purpose of building tourism-related investments and then left the land undeveloped for a number of years. During that interval, some of the land has been encroached upon, occupied, and utilized by local people. This situation created land conflicts at the time the owners planned to develop the land.

45. The Program may benefit and/or generate adverse impacts on Indigenous Peoples (IPs). In many cases, the sites, cultural life, assets, and natural resources that local IP communities depend on are also the main tourist attractions. IP communities would benefit from tourism development through job creation and quality product expansion, getting revenue from the services provided by their assets' uniqueness and values, while also obtaining support from the government to protect their physical and cultural assets. However, if the process of harnessing tourism services from these attractions is not well-managed, the Program may lead to unsustainable commercialization of the IP communities' physical and natural resources and cultural assets, in which their quality will be degraded and no longer attractive for tourists, and in the end leaving both the IP communities and their assets negatively impacted.

46. The potential social issues and risks discussed above could be mitigated through greater inclusion of stakeholders, including local communities and IPs; provision of information related to tourism development activities in advance to the public; inclusive and meaningful consultation and participation in preparation, implementation, and monitoring and evaluation of the Integrated Tourism Master Plans; improving consistency in implementation of the current laws and regulations pertaining to land acquisition, IPs, and local government and village planning processes through development of practical guidelines; and the provision of capacity building and awareness-raising programs and community satisfaction surveys in Results Area 4. More importantly, the Integrated Tourism Master Plans and their implementation, as well as capacity strengthening for local government and communities should be sensitive to and built upon local cultures, values, and practices to ensure sustainable tourism development.

4 NATIONAL ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

4.1 Policy, Legislative, and Regulatory Framework

47. **Environmental and Social Assessment**. Environmental Impact Analysis (EIA) became a legal requirement in Indonesia with the passage of Law No. 4 Year 1982 Concerning the Principles on Environmental Protection. Since then environmental legislation has evolved, and nowadays, there are more than 50 laws and regulations applicable to the environmental management of the Program, and, together, they define an environmental management system that generally conforms to international standards. For instance, the country has legislation that requires: environmental impact assessment, protection of forest and endangered species, control of water pollution, protection of health and safety at work sites, and management of hazardous wastes. EIA in Indonesia is known as AMDAL (*Analisis Mengenai Dampak Lingkungan*). Law No. 32 Year 2009 Regarding Environmental Protection and Management is the current "umbrella" legislation that, among other things, mandates EIA. Government Regulation (PP) No. 27 Year 2012 on Environmental Permits outlines the environmental assessment process (and instruments) required for activities having potential negative environmental and social impact. Ministry of Environment (MOE) Regulations (PermenLH) No. 05 Year 2012 on Type of Activities Requiring AMDAL, Permen No.16 Year 2012 on Guidelines for Preparation of Environmental Documents, and PermenLH No. 17 Year 2012 on Guidelines for Public Participation in the AMDAL Process and Environmental Permits are important regulations. The laws and regulations most relevant to the Program are summarized in Table 8. The environmental impact assessment which includes social assessment is prepared by the project proponent and must obtain clearance from the office of the cognizant environmental agency (BLH/BPHD) at the district or in some cases the provincial or ministerial level.

48. **Land Acquisition and Resettlement**. The Government of Indonesia has Law No. 2 Year 2012 on Land Acquisition for the Public Purpose Development. Implementing regulations for this Law include the Presidential Regulations (Perpres) No. 71 Year 2012 on Implementation of Land Acquisition for the Public Purpose Development and its four amendments (Perpres No. 40 Year 2014, Perpres No. 99 Year 2014, Perpres No. 30 Year 2015, and Perpres No. 148 Year 2015) and the Regulation of the Head of Land Agency (BPN) No. 5 Year 2012 on Technical Guidelines on the Implementation of Land Acquisition. Law No. 2 Year 2012 specifies principles for land acquisition, types of public purpose development, implementation stages and arrangements for land acquisition, requirements, process and institutional arrangements during the planning, preparation, implementation and handover of the results of land acquisition, eligible affected persons, affected assets, land/asset valuation, compensation options, consultation, disclosure, complaints, financing, and release of the compensated land/assets. Details of the Presidential Regulation No. 71 Year 2012 and its amendments are presented in Table 8.

49. **Indigenous Peoples.** Provisions related to Indigenous Peoples (IPs) or "Masyarakat Hukum Adat" (MHA) are available in various GoI laws and regulations, which all to some extent provide recognition to and respect the IPs presence, and delegate to them rights to participate in, to be empowered by, and to have access to development and natural resources management.

However, implementation of these intentions remains to be strengthened including those of the agencies involved (as specified in the laws and regulations) and the establishment of operational regulations and guidelines, as well as coordination between sectorial ministries and local governments where IPs are located. To name a few, the following are some important laws (further details in Table 8) that provides provisions on IPs:

- Law No. 41 Year 1999 on Forestry, which has been amended by Law No. 19 Year 2004. The Constitutional Court has reviewed the Law No. 41 Year 1999 on the forest rights of MHA through the Constitutional Court Decree No. 35 Year 2012 which confirms that *adat* forests are no longer state forests.

- Basic Agrarian Law of 1960 determines the applicability of *adat* law over land and customary rights (*hak ulayat*). This is the first law that introduced the concept of conditionality in the recognition of Indigenous Peoples which was further adapted through various laws governing land and natural resources.

- Village Law No. 6 Year 2014: acknowledges the existence and rights of MHA, provided that they are recognized and MHA could opt to established *adat* villages with their own institutional structures and authority. However, this law suffers from a lack of guiding regulations and institutional mandates to make such provisions operational. The Law grants a *desa adat* an authority to conduct *adat*-based public administration. Compared to other laws, the law adopts optional, non-cumulative criteria for recognition of MHAs with the existence of adat territory being mandatory.

- Law No. 27 Year 2007 on Coastal Zone and Small Island Management acknowledges the existence of MHA provided they are recognized and requires consultations with MHA for any development in coastal areas. This is the only Indonesian law that explicitly requires free, prior, and informed consultations for affected MHAs

- Law No. 23 Year 2014 on Local Government recognizes the existence of *adat* institutions (*lembaga adat*) by giving them rights to "empowerment". Secondly, the Law determines that *adat* law is an additional rule for use in particular purposes, such as village elections. Thirdly, the Law places *adat* or *adat* law as the basis upon which to conduct local development, or as a parameter to measure social cohesiveness.

- Law No. 11 Year 2010 on Cultural Heritage recognizes MHA as the owners of their cultural heritage and grants them authority to manage it.

50. Due to the sectoral nature of institutional arrangements governing recognition and development of MHA, each ministry and agency has their own agendas with regards to MHA. As such, historically there has been lack of synchronized efforts amongst related ministries with regards to resolution of on-going conflicts which mainly arise from unclear tenure rights and lack

of recognition and protection of the rights of MHA. After the Constitutional Court Ruling MK 35 Year 2012, efforts to improve inter-ministerial coordination, spearheaded by the Office of Presidential Staff and civil society groups, notably the Indigenous Peoples Alliance of the Archipelago (AMAN), have been mobilized. This has resulted in the issuance of a joint-regulation of four ministries (Home Affairs, Environment and Forestry, Public Works, and the Agrarian and Land Agency) No. 79 Year 2014 on land conflict resolution in forest areas. It proposes to establish a dedicated working group (*Satgas or satuan tugas or task force*) on MHA under the President, based on a national inquiry led by National Human Rights Commission (KOMNAS HAM) concerning violations of the human rights against MHA. However, enforcement remains an issue due to the bureaucratic and political nature of MHA recognition; thus, there has been a delay in the establishment of the MHA working group. Consequently, conflicts involving MHAs are still handled in an ad-hoc manner and recognition of MHA's existence and land rights is contingent upon the political will of each district/province in which MHA reside.

51. **Grievance Mechanisms.** Provisions on GoI's complaints handling system are specified in:

- Presidential Regulation No. 76 Year 2013 on the Complaint Handling Management for Public Services, which specifies the complaint handling management for public services including: the rights of the complainants and responsibility of the complaint handling unit/agency; methods/venues for filing complaints; status and responsibility of the complaint handling unit/agency; mechanisms for complaint handling management; monitoring, evaluation, and reporting of complaints; complaint resolution; protection for complainants; performance assessment for complaint handling; national complaint handling system; and supervision and controlling of the implementation of the complaint handling system. Implementation of this Presidential Regulation is specified in the following two regulations:
    - Regulation of the Ministry of Empowerment of State Apparatus and Bureaucracy Reform No. 24 Year 2014 on the Guideline for the Implementation of the National Complaint Handling System for Public Services, which outlines the requirements of all agencies providing public services to establish and implement complaint handling system including institutional arrangement; infrastructure, methods/venues for filing complaints; complaint handling mechanisms and procedures; complaint handling monitoring, evaluation and reporting; accountability, transparency, and participation in complaint handling management; supervision and control on the implementation of complaint handling; and integrate the complaint handling system into the national complaint handling system. In addition, this regulation also requires the unit/agency responsible for complaint handling assign competent staff to implement the complaint handling system and technical guidelines for implementing the national complaint handling system should be developed by the supervisor of each responsible unit/agency in accordance with the needs.

- Regulation of the Ministry of Empowerment of State Apparatus and Bureaucracy Reform No. 3 Year 2015 on the Road Map for the National Complaint Handling System for Public Services (SP4N – *Sistem Pengelolaan Pengaduan Pelayanan Publik Nasional*), specifies the road map for the establishment of the national complaint handling system at all government levels and requires that each ministry and local government should develop an action plan for complaint handling system that is integrated to the SP4N in 2017.

52. **Disclosures**. Provisions on the disclosures of information are covered in the said laws and regulations pertaining environmental management and (refer to Table 8), in addition, specific regulations governing transparency and information disclosure are Law No. 14 Year 2008 on Public Information Disclosure and Government Regulation No. 61 Year 2010 on implementation of Law No. 14 Year 2008. Law No. 14 Year 2008 articulates the stipulations that citizens have the right to access public information; the principles of public information disclosures; management of public information and disclosures; procedures and mechanisms to access public information; institutional arrangements of public information management; accountability for public information disclosure; and objection and disputes management. Government Regulation No. 61 Year 2010 details the implementation arrangements of the Law No. 14 Year 2008, among others: categorization of information, tasks and responsibility of person in charge for managing information and documentation (PPID), process and procedures of defining compensation and legal consequences due to material loss as a result of improper public disclosure.

Table 8. Main laws and regulations applicable to the operation of the Program

Law/Regulation	Description
Environmental	
Law No. 32 Year 2009 on Environmental Protection and Management	Main Indonesia legislation aiming to protect the environment from development activities.
Government Regulation No. 27 Year 2012 on Environmental Permit	This regulation requires any activity/business potentially generating negative environmental and social impacts to obtain an environmental permit. The regulation also outlines the environmental assessment process and instruments (i.e. AMDAL or UKL-UPL) required for proposed activity/business.
Government Regulation No. 101 Year 2014 on Management of Toxic and Hazardous Waste	Government Regulation No. 101 Year 2014 on Management of Toxic and Hazardous Waste regulates the proper management of hazardous waste covering: (i) methods of identifying, reducing, storing, collecting, transporting, utilizing, processing, and disposing of hazardous wastes; and (ii) risk mitigation and emergency responses to address environmental pollution caused by hazardous waste. The country management of hazardous waste is based on the principle of "cradle to grave".
Government Regulation No. 50 Year 2012 on Practice of Health and Safety Management	This regulation ensures the right of every worker to health and safety protection to achieve optimal work productivity, and requires implementation of a health and safety system.

Presidential Decree No. 32 Year 1990 on Management of Protected Area	This decree declares the need to establish protected areas in order to ensure sustainable development and protect bio-diversity. It provides basic definitions of protected areas, and a process to establish and to manage protected areas. Under this Program, any activity within or adjacent to the protected areas will be excluded.
Ministry of Environment (MOE) regulation (PermenLH) No. 05 Year 2012 on Types of Activities Requiring AMDAL	This regulation prescribes a list of activities that may potentially generate adverse impacts, and which therefore require full environmental assessments prior to implementation. The distribution line extension is not covered as the activities are considered to have low environmental and social impacts.
Ministry of Environment (MOE) regulation (PermenLH) No.16 Year 2012 on Guidelines for Preparation of Environmental Documents	This guideline provides the scope and level of detail of environmental assessment. It also requires community involvement, public consultations (socialization), and a grievance redress mechanism, as well as the implementation and monitoring of appropriate mitigation measures to address potential adverse environmental and social impacts.
Ministry of Environment (MOE) regulation (PermenLH) No. 17 Year 2012 on Guidelines for Public Participation in AMDAL Process and Environmental Permit	The regulation stipulates the requirement to carry out public consultations as part of the process for preparation of AMDAL (full EA – twice) and UKL-UPL (Partial EA – once)
Law No. 5 Year 1992 on Cultural Property (*Benda Cagar Budaya*)	The law defines a cultural property as being of "important value for history, science, and culture," including: a man-made object or group of objects; movable (*bergerak*) or immovable (*tidak bergerak*); aged at least fifty years which have high historical value; or natural objects with high historical value.
Law No. 11 Year 2010 on National Heritage (*Undang-undang Cagar Budaya*)	The focus of the law is especially on the provision for observation and data collection on cultural heritage that may be affected by project activities.
Regulation of the Ministry of Public Work No. 10/PRT/M/2008 concerning the Type of Business and/or Project Activity under Public Works which Require Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL) Documents	The regulation defines the types and thresholds of the projects for which it is mandatory to prepare the UKL-UPL documents.
Guidelines for Environmental Management No. 08, 09, 10 and 11 of Year 2009 issued by DG of Highways, Ministry of Public Works	Ministry of Public Works provides guidance for project proponents to prepare the necessary environmental management plans and related documents.
Law No. 41 Year 1999 on Forestry	Forest areas by law should be maintained as such and the uses it is put to should reflect that. However, there are certain development activities allowed with these areas so long as the forest is protected and restored upon completion.
Law No. 5 Year 1990 on Conservation of Natural Resources and Ecosystems	Development activities that are related to the designated conservation areas will have to implement this regulation, in particular where the locations are within or in the proximity of protected and/or conservation areas.

Law No. 18 Year 2008 on Solid Waste Management	This law regulates the management of domestic solid waste and alike, and specific solid waste (hazardous, created from disaster, building debris, technological related, and aperiodic).
Government Regulation No. 101 Year 2014 on Management of Toxic and Hazardous Waste	This regulation stipulates the proper management and disposal procedures for toxic and hazardous waste substances covering; (i) method of identifying, reducing, storing, collecting, transporting, utilizing, processing, and disposing of hazardous wastes; (ii) risk mitigation and emergency responses to address environmental pollution caused by hazardous waste.
Social	
Law No. 02 Year 2012 on Land Acquisition for Public Purpose Development	This law applies to development initiatives in the context of national development or the development of public facilities. The agencies or institutions that are eligible to acquire land through this law are any state institution, ministerial and non-ministerial government institution, provincial government, district/city government, and State-Owned Legal Entity/State-Owned Entity which is specially assigned by the Government. The government can also acquire land through establishing cooperation with state-owned enterprises, regional government-owned enterprises, and private enterprises (public private partnership). Land acquisition must be carried out through planning that involves all stakeholders and must be implemented by providing feasible and just compensation or indemnification. The acquisition of land in the public interest shall be performed in accordance with: a. the Regional Spatial Planning; b. the National/Regional Development Plan; c. the Strategic Plan; and d. the Working Plan of each Agency needing land
Law No. 13 Year 2003 on Manpower	This law discusses the protection of workers, safeguarding the fundamental rights of workers to secure the implementation of equal opportunity and equal treatment without discrimination for workers/laborers.
Presidential Regulation No. 71 Year 2012 on the Implementation of Land Acquisition for Development of Public Use	Presidential Decree No. 71 Year 2012 has been amended four-times. The key changes are highlighted: No. 40 Year 2014 "…Land acquisition up to 5 hectare can be directly conducted by agency needing land with land right holders through a business transaction or other way agreed by both parties… " ; No. 99 Year 2014 "…Head of Land Acquisition Implementation issues compensation value resulting from appraiser or public appraiser…" ; No. 30 Year 2015 "…Finance for land acquisition can be sourced from a company (*Badan Usaha*) as Agency needing land which has been given the right to act on behalf of state agency, ministerial, non-ministerial government agency, provincial government, and / or district government / city…" ; and the most updated one No. 148 Year 2015 "…Land acquisition for public interest development purpose up to 5 hectares does not need location

	determination letter. Agency needing land to use appraiser for land valuation…."
Head of National Land Agency Regulation No. 5 Year 2012 on Technical Guidelines of Land Acquisition for Development of Public Use	*Peraturan Kepala BPN* 5 Year 2012 is intended to provide a legal framework for land acquisition for public use with the National Land Agency. The first part of the regulation outlines the arrangement of a land acquisition committee that can be delegated from head of Provincial land office to regency/city land office. This regulation has been amended by No. 6 Year 2015, which highlighted a bailout scheme to accelerate infrastructure development. The government revised the Regulation of the Ministerial of Agrarian and Spatial Planning (ATR) No. 6 Year 2015 for the Amendment Regulation of the National Land Agency (BPN) No. 5 Year 2012 on Technical Guidelines for the Implementation of Land Acquisition. This revision opens up an opportunity for private entrepreneurs to bailout land acquisition funds for public interest infrastructure projects. The bailout is replaced using state budget funds through the relevant ministries/agencies.
Ministry of Finance Regulation No. 13/PMK.02/2013 on Operational and Supporting Cost of Land Acquisition for Development of Public Use Provided by National Budget (APBN).	This regulation is about the financial arrangement of land acquisition for public use projects funded by the National Government Budget (APBN). The regulation covers important provisions regarding land acquisition cost, salary of the land acquisition committee members, and other expenses that must be arranged and disbursed through the Central Government budget. This regulation has been also amended by No. 10/PMK.02 Year 2016, which indicates a threshold budget allocation for operational and supporting land acquisition implementation for public interest development sourced from the state budget. Minister of Home Affairs Regulation No. 72 Year 2012 indicates operational and supporting land acquisition implementation for public interest development source from a regional budget.
Ministry of Home Affairs Regulation (Permendagri) No. 72 Year 2012 on Operational and Supporting Cost in Implementation of Land Acquisition for Development of Public Use Provided by Regional Budget (APBD)	This regulation is another important rule governing the implementation of land acquisition for public use at the regional level (province/regency/city). Because of decentralization policy, regional governments have to provide their own budget to build public use projects in their regions. The regulation is designed to provide financial arrangements for any land acquisition for public use project. It consists of provisions pertaining to financing the operational expenses and other costs needed by the land acquisition committee when they are organizing the land acquisition process.
State Minister of National Development Planning/Head of National Development and Planning Agency Regulation No. 005/M.PPN/06/2006 on Planning Mechanism and Proposal Submission and Project Appraisal Financed by Foreign Loan and/or Grant.	This regulation stipulates the criteria for development activities or projects that can be financed by foreign loan or grant. Article 29 says that the State Minister of National Development Planning evaluates whether proposed projects are ready to be implemented. There are seven criteria of readiness that must be fulfilled by a project, one of which is the requirement to prepare a resettlement plan (RP) if a project requires land acquisition.

Government Regulation No. 42 Year 2008 on Management of Water Resources	Article 15 paragraph 2 (c) of the Government Regulation regulates that any plan on water resources management must refer to data and/or information regarding many aspects of plan including existence of customary law community. More than that, Article 21 requires the Government to hold public consultation with technical offices and affected communities. In the context of building construction facilities of water resources and operating and maintaining of those facilities that may harm or disadvantage people, the initiator of the project is responsible to provide compensation. Another approach is stated in Article 66 that says that usage of water source is conducted by considering socio cultural background and customary right that is related with water resources.
Minister of Forestry Regulation (Permenhut) No. P.18/Menhut-II/2011 on Guideline for Lend and Use of Forest Area (replaces Permenhut No. P.43/Menhut-II/2008 on the same issues)	This regulation sets forth the guideline of lending and using forest area to Ministry of Forestry (*Permohonan Izin Pinjam Pakai Kawasan Hutan*). It regulates non-forest use of forest area by parties. Only two types of forest can be used for non-forest activities namely production forest (*hutan produksi*) and protection forest (*hutan lindung*).
Law No. 14 Year 2008 Concerning Disclosure of Public Information, and Government Regulation No. 61 Year 2010 on the Implementation of Law No. 14 Year 2008	Article 2 and 3 of Law No. 14 Year 2008 is intended to guarantee citizens the right to access public decision-making plans, the processes of public decision making, and the reasons why a public decision is made. Consequently, the process supports participatory action from civil society in public decision-making. Public information is to be open for public and to be accessible by any user in the right time, at low cost and in a simple manner. The law provides a basis for government to disclose any public information including environmental and social safeguards documents.
Law No. 41 Year 1999 on Forestry, which has been amended through Law No. 19 Year 2004.	Article 1 point 6 of Law No. 41 Year 1999 on Forestry has been changed by the Constitutional Court Decision No. 35/PUU-X/2012 and has now become "customary forest is a forest located within the area of an indigenous community." Before, the word "state" was in the article. With the elimination of the word "state" from the definition, now it is understood that customary or *adat* forests are now no longer a state forest.
Village Law No. 6 Year 2014	This Law acknowledges the existence and rights of *Masyarakat Hukum Adat* (MHA), provided that they are recognized and MHA could opt to established *adat* villages with their own institutional structures and authority although this law suffers from the lack of guiding regulations and institutional mandates to make such provisions operational. The Law grants a *desa adat* the authority to conduct *adat*-based public administration. Compared to other laws, the law adopts optional, non-cumulative criteria for recognition of MHAs with the existence of territory being mandatory.
Law No. 27 Year 2007 on Coastal Zone and Small Island Management	This Law acknowledges the existence of MHA provided they are recognized and requires consultations with MHA for any development in coastal areas. This is the only Indonesian law that explicitly requires free, prior, and informed consultations for affected MHAs

Law No. 23 Year 2014 on Local Government	This Law recognizes the existence of *adat* institution (*lembaga adat*) by giving it rights to "empowerment". Second, the Law determines that *adat* law is an additional rule for particular purposes such as village elections. Third, the Law makes *adat* or *adat* law the basis upon which to conduct local development, or as a parameter to measure social cohesiveness.
Law No. 11 Year 2010 on Cultural Heritage	This Law recognizes MHA as the owners of their cultural heritage and grants them the authority to manage it. The law requires observation and data collection on cultural heritage that may be affected by project activities.
Spatial Planning	
Law No. 26 Year 2007 on Spatial Planning (amends Law No. 24 Year 1992)	Spatial Planning Management. In the context of decentralization, urbanization, and other factors, this law grants authority over spatial planning to provincial and local (district) governments (*pemerintah kabupaten* and *pemerintah kota*). Provision of this authority is not stipulated within previous spatial planning laws. It also provides some new ways for enhancing development control, including zoning; planning permits; and implementation of incentives and disincentives, including administrative and criminal sanction. This law also acknowledges the importance of public participation in spatial planning.
Tourism	
Ministry of Tourism Regulation No. 14 Year 2016 concerning Guidelines for Sustainable Tourism Destination (STO).	This regulation sets the guidelines for the national government, local government, and other stakeholders in the development of sustainable tourism destinations. The scope of the guidelines includes the management of STO, the local community's economic use, cultural preservation for the community and visitors, and environmental conservation.

4.2 Institutional Framework

53. The institutions described below consist of governmental and special purpose bodies that are either: (a) responsible for protecting Indonesia's natural and human environments and enforcing related Indonesian laws and regulations; or (b) in the course of carrying out their functions with respect to the Program, will have responsibility for implementing environmental and social management instruments including RKL-RPL and UKL-UPL.

54. **National Agencies**

- National Planning Agency (*Badan Perancanaan Pembangunan Nasional, or* BAPPENAS). Providing regulations and strategies for tourism development and integrating tourism development into national development planning
- Ministry of Public Works and Housing (MPWH). Formulating policies and strategies for infrastructure and housing development. Spatial planning and control of utilization of space of KSN (National Strategic Areas), and infrastructure. MPWH's RIDA is the main executing agency for the PforR Program. As such, it will be

responsible for preparation of safeguards instruments for major projects and management oversight of all aspects of compliance with the national safeguards system. Within BPIW's Strategic Area Development Center (*Pusat Pengembangan Wilayah Strategis*) is the Land Acquisition Facilitation Division (*Bidang Fasilitasi Pengadaan Tanah*) that works on coordination and preparation of technical policy, as well as plan and program implementation of land acquisition and land reserves in the context of the integration of development strategic areas. The Directorate General of Cipta Karya (*Bidang Permukiman*), Directorate General of Water Resources (*Bidang Sumber Air*) and the Directorate General of Highways are responsible for preparing and implementing environmental and social safeguards instruments for any projects under their mandates, i.e. human settlements, water resource development, and national roads, respectively.

- Ministry of Land and Spatial Planning. This Ministry is responsible, among others, for managing land and spatial development, including in developing policies and strategies in spatial development, land management, and land acquisition; in controlling spatial development and land tenure; and in managing land issues, use of spatial development, and land. This Ministry has an important role in defining the spatial development in tourism activities/destinations and in acquiring land for tourism activities.
- Ministry of Tourism. Establishing policies and strategies as well as promoting the development of tourism destinations and tourism industry, marketing outbound and inbound tourism, and developing tourism institutional capacity. Providing the development concept ("Vision") for tourism development. Implementing the UNWTO Sustainable Tourism Observatory Program, responsible for the tourism schools, and various tourism industry-related programs.
- Ministry of Environment and Forestry (MOEF). Designated by law as the agency responsible for managing Indonesia's environment and forest estate. It issues policies, strategies, regulations, guidelines, procedures, and standards on environmental and forest management and works to ensure the consistent implementation of them. Responsible for management of Indonesia's forest estate, including production, protection, and conservation forests and for management of national parks, biodiversity conservation areas, refuges, etc. This Ministry also responsible for ensuring Indigenous Peoples living and/or using the forests are part of the overall forest management.
- Ministry of Social Affairs (MoSA). This ministry formulates and determines implementation of policies of social rehabilitation, social security, social empowerment, and social protection. In addition, it issues regulations to prevent women and children from being exploited (trafficking, sexual, drugs, forced labor) to reduce downsides of mass tourism. MoSA is also responsible for improving the life quality of Indigenous Peoples and other disadvantaged peoples.
- Ministry of Education and Culture (MoEC). This ministry is responsible for supporting formal and vocational training. In supporting the latter, the MoEC coordinates with other relevant ministries. For instance, for vocational training related to tourism, the MoEC coordinates with the Ministry of Tourism. *Balai Konservasi*

Borobudur (Borobudur Heritage Conservation Institution-BHCI) is one of the technical implementation units under the Directorate General of Culture of the MoEC. The main task of BHCI is to conserve and preserve Borobudur temple.

- Ministry of Manpower. The ministry establishes policy and regulations on promoting competitiveness and productivity of labor; on strengthening placement of labor and expansion of job opportunities; improving industrial networks and social security for labor; and developing controls for labor as well as promoting health and safety at the workplace.
- Ministry of Marine Affairs and Fisheries (MoMA&F). This Ministry is mainly responsible for managing the maritime and fishery in the country. It establishes and implements policies and regulations to manage maritime and fishery activities. In addition, it provides technical supports, advice and control for implementation of maritime and fishery management at the local government level. The Directorate General of Maritime, Coastal Areas, and Small Islands under this Ministry is responsible for managing these areas and ensuring that local people and Indigenous Peoples will have access to natural resources.

55. **Sub-National Agencies**

- Agency for Regional Development (*Badan Perencanaan Pembangunan Daerah,* or BAPPEDA). BAPPEDAs exist at the provincial and district levels of government and are responsible for development planning.
- AMDAL Commission (*Komisi AMDAL*) is established at the provincial and district levels to review AMDAL terms of reference and review and approve the reports of AMDALs, prior to issuance of environmental licenses by the governor or regent/mayor. For projects affecting more than one district, the provincial AMDAL Commission conducts the review; otherwise, the responsibility is at the district level. (Note: there is also a national AMDAL Commission established by MOEF for activities affecting more than one province.)
- Environmental Management Agency (*Badan Lingkungan Hidup/Badan Pengelola Lingkungan Hidup Daerah* or BLH/BPLHD). Each province and district has an environmental agency, the responsibilities of which include support to AMDAL Commissions in their review and approval functions, review and approval of UKL-UPLs, monitoring and enforcement of compliance with environmental management, and monitoring plans, and environmental quality monitoring.
- Public Works Department (*Dinas Pekerjaan Umum*). Providing strategy and development plans for infrastructure at provincial and district levels, including the tourism program. Incorporating connectivity for tourism locations in infrastructure plans. Preparing AMDAL or UKL-UPL for and overseeing execution of infrastructure projects, including impact management.
- Sanitation Department (*Dinas Kebersihan*). Responsible for solid waste management at the district level.
- Agency for Wastewater (*UPTD Laboratorium Lingkungan*) is under *UPT Dinas Lingkungan Hidup Provinsi*, and it is established at each province level to conduct

technical operation in executing testing parameters for measuring the quality of environment. This includes sampling and testing of water quality of rivers or lakes to ensure constant monitoring of the environment.

- Agency for Solid Waste Management (*UPTD Pengelolaan Sampah*) under local government with the coordination from MOEF. Responsible for conducting operational or/and technical activities in handling solid waste problems on a regional scale. Their functions include planning, monitoring and evaluation for carrying capacity for infrastructure relating main facilities, environmental protection, and support for regional solid waste management.
- District Department of Manpower. Inspects workplaces for compliance with health and safety regulations, sometimes in collaboration with Department or Industry and BLH.
- Province/District Social Agencies. Provide and expand social welfare services to exploited children (sexual, drugs, trafficking, child worker); provide vocational training services; to integrating a strategic program of social empowerment; and to optimize social corporate responsibility in poverty alleviation.

56. **Special Purpose Agencies**

- Authority Board of Toba Area. Presidential Regulation No. 49, issued on June 13, 2016, creates a specific organizational structure for the planning, management, development, construction and control of a site of approximately 500 Ha in Lake Toba (the so-called 'authority zone'). The specific geographic boundary of the broader so-called 'coordination zone', for which the Management Authority has a coordinating role, is according to Presidential Regulation No. 81 of 2014. The Regulation created two bodies: An Advisory Board, chaired by the Coordinating Minister for Maritime Affairs, which will establish the general policy, provide overall direction and supervision of the Lake Toba intervention; and an Executive Board, a working unit under the Ministry of Tourism, which will coordinate, synchronize, and facilitate the planning, development and construction of this tourism destination. Different ministries, agencies and the Governor of North Sumatra are also members of the Advisory Board. The Executive Board will be responsible for the preparation of a Masterplan for the Development and Construction of Lake Toba Tourism Area (the approximately 500 Ha site) for a period of 25 years, as well as a 5-year detailed plan. The tourism coordination team agreed to keep the responsibility for the integrated tourism masterplan for the tourism destination area with the Ministry of Public Works and Housing. Additionally, the Executive Board will also have authority to plan the allocation and use of land, the right to manage the Lake Toba Tourism Area and organize licensing and non-licensing services.
- PT. Taman Wisata Candi Borobudur, Prambanan, and Ratu Boko (under the Ministry of State-owned Enterprises and under the supervision of Ministry of Tourism and Creative Economy). State-owned enterprise with the mandate to manage Zone II, i.e. the Borobudur Temple Recreation Park, as an archaeological park zone. This company also has a corporate social responsibility to ensure that the management of Borobudur Park benefits local communities.

- Borobudur Heritage Conservation Institution (BHCI). Manager of Zone 1, i.e. the core conservation area/sanctuary zone. The unit is responsible for conducting research, conservation, documentation, and publications related to the Borobudur Temple.
- Sustainable Tourism Observatory (STO) (Ministry of Tourism Regulation No. 14/2016). STOs are being established by the Ministry of Tourism at major tourism destinations under a sustainable tourism program of the UN World Tourism Organization (UNWTO). The establishment of STOs for three pilot chosen destination (Sesaot, Lombok; Sleman, Yogyakarta and Pangandaran, West Java) was formalized through an MOU signed between UNWTO and the Ministry of Tourism in Jakarta on September, 2016. In total, 41 indicators had been identified as part of the standards to be met in order to achieve the sustainable tourism certification. It is divided into four major components: A) Effective sustainable management; B) Economic benefits to local community; C) Benefits to communities, visitors and culture and D) Benefits to the environment and minimization on negative impacts. This collaboration of STO organization consists of local universities, district-level governments, the Ministry of Tourism, and UNWTO.

5 ASSESSMENT OF PROGRAM SYSTEM

5.1 Summary of Assessment Findings

57. In general, the Indonesian environmental and social safeguards system conforms to the policy elements as defined in the Bank's Program for Results Policy, when the system is effectively implemented. There are a few gaps in the laws and regulations; the main ones are: lack of guidelines and regulations for consultation with Indigenous Peoples, unclear pathways for groups that seek to be identified as indigenous, insufficient attention to livelihood restoration in resettlement laws and regulations, and a screening process for environmental assessment that relies mostly on quantitative thresholds rather than risks. The integrated tourism development planning process defined in Results Area 4 and supported by the IPF offers entry points through which the indigenous peoples' issues will be addressed, as it will include social assessment and extensive consultation with all stakeholders. The Program will include increased attention to livelihood restoration (including adequate budgets). The adoption of the Investment and Expenditure Menu of the Program, the mechanism for reviewing the proposed annual work plan against the Menu and the ITMPs, and the screening mechanism for year 1 investments and proposed additions to the Menu, which is part of the Program Action Plan and is required prior to loan effectiveness, will ensure that sensitive areas are excluded from development (through the identification of "no development zones" and zones suitable only for certain types of development in the ITMPs). Examples include sites with unique visual amenity, uses for traditional cultural events, and essential sources of livelihoods. Similarly, areas with land legacy issues that have not been addressed properly, agreed by the involved parties, in accordance to the prevailing Indonesian laws and regulations, will be highlighted in the ITMPs, and the Program, as part of the adopted work plan review process will avoid the inclusion of Program investments in these areas.

58. The other gaps are in implementation of the Indonesian system. Table 10 shows an assessment of the institutional capacity to address risks and impacts. This will also show the areas of strengthening that can be improved through the Program. The quality of environmental assessments is uneven, and the Program Action Plan calls for training for consultants and staff in review and approval agencies such as the Environmental Management Agency (BLH). Implementation of impact management measures is not consistently enforced, but the establishment of arrangements or strengthening of existing arrangements for monitoring and protection of natural and cultural assets arrangements at each destination is part of the Program Action Plan and implementation throughout the Program period is incentivized in RA4, where its regular reporting is a DLI. Moreover, the Program Management Support Consultants' Services (and/or additional qualified MPWH staff) will develop and implement a tourism-specific training program for consultants that prepare AMDALs and UKL-UPL and for the agencies that review, approve, and enforce them. Under the Program, budget allocations to environmental departments will be incentivized and/or enforced (as part of Program Action Plan). Workplace health and safety rules are not well enforced, and attention to this area is included in the Program. With effective implementation of the monitoring and reporting DLI and the measures in Results Area 4 and the Program Action Plan, the system will deliver safeguards results consistent with the Program for Results Policy.

5.2 Details of Assessment

59. The details of the assessment are presented in Table 9 below.

Table 9. Evaluation of the GoI Environmental and Social Systems in Relation to the PforR Policy of the World Bank.

Policy Element 1: Program systems promote environmental and social sustainability in the Program design; avoid, minimize, or mitigate adverse impacts; and promote informed decision-making relating to the Program's environmental and social impacts.		
Key Attributes	**Program System**	**Gaps**
(a) Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the program level.	The requirement for environmental impact assessment (AMDAL) was initiated in 1982 (Law No. 4 Year 1982 on Environmental Management and Protection, which was then superseded by the Law No. 32 Year 2009). Derivative of the Law No. 32 Year 2009 is Government Regulation (PP) No. 27 Year 2012 on Environmental Permits that further emphasizes the need to prepare environmental assessment documents—AMDAL or UKL-UPL (essentially environmental management and monitoring plans, respectively)—for activities that potentially result in adverse environmental and social impact. The PP describes the requirements of AMDAL, UKL-UPL or SPPL, the permitting process, outline of environmental documents' preparation, community involvement and public consultations, grievance redress mechanisms, implementation and monitoring of management and mitigation measures to address significant negative impacts. (UKL-UPL pertains to the management and monitoring efforts of business/activities that have no significant impacts on the environment, and must be prepared for the process of the decision making regarding the implementation of the business/activities. SPPL is a statement regarding efforts to monitor and manage the environmental impact of business/activities which are exempted from the requirement to complete an AMDAL or UKL-UPL.)	No significant gaps.
(b) Incorporate recognized elements of environmental and social assessment good practice, including:		

(i) early screening of potential impacts;	Ministry of Environment (MOE) regulation (PermenLH) No. 05 Year 2012 covers the activities or businesses that require AMDAL (full environmental assessment). The environmental screening as per Permen No. 05 Year 2012 applies a prescriptive list with quantitative thresholds (e.g., capacity, area, length, etc.) of proposed activities and potential adverse impacts included. AMDAL is mandatory for any business/activity that is located in or directly adjacent to protected areas (i.e. protected forest, national park, critical habitats), regardless of scale. Ministry of Environment Regulation No. 13 Year 2010 on UKL-UPL and SPPL regulates the projects and/or development activities that are not AMDAL-mandatory but which require UKL-UPL. Ministry of Public Works and Housing (MPWH) regulation (PermenPU) No. 10/PRT/M/2008 on Businesses and Activities in the Field of Public Works that Require UKL-UPL provides an additional level of screening that determines whether or not a proposed infrastructure project that is below the threshold for an AMDAL requires UKL-UPL.	Besides the protected area requirement which override thresholds, the system only takes environmental and social setting into account to a limited extent, e.g., different area thresholds for housing developments in small and large cities. It does not otherwise consider the environmental or social sensitivity of the activity's setting.
(ii) consideration of strategic, technical, and site alternatives (including the "no action" alternative);	Ministry of Environment (MOE) regulation (PermenLH) No. 16 Year 2012 on Guidelines of Environmental Assessment Documents requires the assessment to consider alternatives such as technology, project siting or alignment, equipment used, technical specification etc. Law No. 32 Year 2009 requires Strategic Environmental Assessment (SEA) for development plans involving natural resource use.	A regulation with guidelines for SEA has been drafted but not issued. Otherwise, there are no significant gaps in regulations, but the quality of assessments is often weak in this area. Uneven capacity in the consulting industry and in reviewing and approving agencies is the cause.
(iii) explicit assessment of: potential induced, cumulative, and transboundary impacts	Ministry of Environment (MOE) regulation (PermenLH) No.16 Year 2012 stipulates scope and aspects to be assessed in AMDAL, among them geo-physical/chemical, biological, and social-economic-cultural impacts, including direct, indirect, cumulative, and induced impacts and risks.	No significant gaps in regulations, but the quality of assessments is often weak in this area. Uneven capacity in the consulting industry and in reviewing and approving agencies is the cause.

(iv) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized;	The identification of environmental impacts and preparation of the environmental management plan, EMP (RKL-RPL)[41] to address adverse impacts is provided in Ministry of Environment (MOE) regulation (PermenLH) No. 16 Year 2012. The EMP is part of AMDAL documents and contains plans to prevent, control, and manage significant negative impacts to environment, as well as to enhance the positive impact of the business/activities.	No significant gaps in regulations, but the quality of assessments is often weak in this area. Uneven capacity in the consulting industry, particularly in assessing socio-economic impacts and in applying quantitative analytical techniques such as water quality modeling is part of the cause. Uneven capacity in reviewing and approving agencies is another part.
(v) clear articulation of institutional responsibilities and resources to support implementation of plans**;**	Government Regulation (PP) No. 27 Year 2012 on Environmental Permit clearly mentions that the process of AMDAL and the responsibilities of each institution (e.g. the proponent responsibility for preparing AMDAL, BLH/BPLHD for clearances following the recommendation from AMDAL Committee, etc.). Ministry of Environment (MOE) regulation (PermenLH) No. 16 Year 2012 requires that the responsibilities for the implementation of mitigation and monitoring activities be specified in RKL-RPL and UKL-UPL.	No significant gaps in regulations, but the capacity in some of the decentralized regulatory authorities to monitor and enforce implementation of permit conditions and environmental management measures is constrained by lack of resources.
(vi) responsiveness and accountability through stakeholder consultation, timely dissemination of Program information, and responsive	Under Law No. 14 Year 2008 on Public Information, everyone has the right to obtain public information, attend public meetings, request copies of public information through an application, and/or disseminate public information. Ministry of Environment (MOE) regulations (PermenLH) No. 16 Year 2012 and PermenLH No. 17 Year 2012 on Guidelines for Public Participation in AMDAL Process and Environmental Permit prescribe the requirements for community involvement and public consultation (socialization). For projects requiring AMDAL, public consultation from the AMDAL TOR preparation stage is mandatory. The community involvement during the process of AMDAL and the environmental permit should be based on these principles: (i) the provision of transparent and	No significant gaps.

[41] RKL: *Rencana Pengelolaan Lingkungan* (Environmental Management Plan) and RPL: *Rencana Pemantauan Lingkungan* (Environmental Monitoring Plan)

grievance redress measures.	complete information; (ii) position of equality among the parties involved; (iii) fair and prudent dispute settlement; and (iv) coordination, communication and cooperation among the concerned parties. Government Regulation No. 17 Year 2012 requires the disclosure of environmental documents (both draft and final versions) to stakeholders including affected people. Before preparing environmental documents, a project proponent shall provide a general project concept note (e.g. name of proponent, project title, type, scale, and location of business/activities potential impacts and proposed impact mitigation measures). Once agreed upon, the project proponent shall publish the information via publicly accessible media. When the environmental agency issues an environmental license, within 5 days after the issuance it shall disclose the documents and announce the issuance via publicly accessible media. Ministry of Environment (MOE) regulation (PermenLH) No. 17 Year 2012 also describes the grievance redress procedure for community complaints against a project. The procedure also outlines the methods and timeline for resolving complaints.	

Actions and Opportunities	**Risks**
1. Program support for preparation of Integrated Tourism Master Plans (IPF component) will take environmental and socio-cultural opportunities and constraints into consideration and consider alternatives at a strategic level, and feasibility studies and environmental instruments will do the same at the investment level, the latter with oversight from Program Management Support (through the Program Management Consultants' Services and/or additional qualified staff at the MPWH). 2. Establish or strengthen existing institutional arrangement for monitoring and protection of cultural and natural assets for tourism at each destination. 3. Program Management Support Consultants Services (and/or additional staff at MPWH) will have environmental and social staff to assist monitoring and approving agencies in their functions and to provide the training in items 4 and 5 below. 4. Training for EA consultants 5. Training for monitoring, reviewing/approving, and enforcement agencies 6. Adoption of the Investment and Expenditure Menu of the Program, the mechanism for reviewing the proposed annual work plan against the Menu and the Integrated Tourism Master Plans, and the screening mechanism for year 1 investments and proposed additions to the Menu, to ensure that the Program	• Individual infrastructure investments will proceed in a non-integrated fashion, without consideration of environmental and socio-economic constraints at the destination level, or of interactions and cumulative impacts. • Assessments will lack analytical rigor and will not have sufficient depth on social impacts. • Environmental management and monitoring plans will not be implemented or enforced. • Natural and cultural assets that are the attraction for visitors will continue to be degraded.

does not finance projects proscribed in the Program for Results Policy.	

Policy Element 2: Program systems avoid, minimize, and mitigate against adverse effects on natural habitats and physical cultural resources resulting from the Program.		
Key Attributes	**Program System**	**Gaps**
(a) Include appropriate measures for the early identification and screening of potentially important biodiversity and cultural resource areas.	Ministry of Environment (MOE) regulation (PermenLH) No. 05 Year 2012 requires AMDAL for any business/activities in or directly adjacent to protected areas, including watersheds, protected forests, cultural preservation areas, ground water recharge areas, national parks, etc.	The screening process may not be responsive to the presence of natural habitats or cultural resources that do not have official protected status.
b) Support and promote the conservation, maintenance, and rehabilitation of natural habitats; avoid the significant conversion or degradation of critical natural habitats; and, if avoiding the significant conversion of natural habitats is not technically feasible, include measures to mitigate or offset the adverse impacts of the Program activities.	Presidential Decree No. 32 Year 1990 stipulates that; (i) in protected areas, cultivation, which interferes with the environmental function of the protected area, is prohibited; and (ii) in nature reserves and areas of cultural heritage, cultivation which alters the landscape, land use conditions, natural ecosystem, or environmental function of the nature reserves or cultural heritage, is prohibited. The GoI has ratified international conventions on biodiversity through Law No. 05 Year 1994: United Nation Convention on Biodiversity. The Law requires the environmental assessment of proposed projects likely to have significant impacts on biological diversity with a view of avoiding or minimizing such effects. Law No. 11 Year 2010 on National Heritage (*Undang-undang Cagar Budaya*) focuses on the requirements for observation and data collection on and proper management of cultural heritage that may be affected by project activities. The chance finds procedures based on the law specify that finds are to be given immediate protection and reported to the local Institute of Archaeology, if one exists, or to the Department of Culture of the province or district. Construction work is not to recommence until permission is granted by one of those authorities.	No significant gaps in laws and regulations. There have been instances of development activities and encroachment in protected areas. Indonesia's rate of deforestation indicates lack of enforcement.
Actions and Opportunities		**Risks**

1. Program support for the preparation of Integrated Tourism Master Plans (IPF component) will take environmental and socio-cultural opportunities and constraints into consideration and consider alternatives at a strategic level, and feasibility studies and environmental instruments will do the same at the investment level, the latter with oversight from Program Management Support (through the Program Management Consultants' Services and/or additional qualified staff at the MPWH). 2. Adoption of the Investment and Expenditure Menu of the Program, the mechanism for reviewing the proposed annual work plan against the Menu and the Integrated Tourism Master Plans, and the screening mechanism for year 1 investments and proposed additions to the Menu, to ensure that the Program does not finance projects proscribed in the Program for Results Policy. 3. Establish or strengthen existing institutional arrangement for monitoring and protection of cultural and natural assets for tourism at each destination (e.g. STOs).	• Tourism development results in degradation of the natural and cultural assets that attract the tourists. • Natural and cultural assets important for tourism continue to be degraded by other activities not related to the Program.

Policy Element 3: Program systems protect public and worker safety against the potential risks associated with (i) construction and/or operations of facilities or other operational practices under the Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.

Key Attributes	Program System	Gaps
(a) Promote adequate community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure; or in carrying out activities that may be dependent on such infrastructure, incorporate safety measures, inspections, or remedial works as	On labor and occupational health and safety, Law No. 13 Year 2003 on Manpower warrants the right of worker for protection, health and safety to achieve optimal work productivity, stipulates the obligation of all company to practice health and safety management and to integrate the aspect into the company management system, and requires implementation of health and safety system. For the implementation of the health and safety system, the Government Regulation No. 50 Year 2012 on Practice of Health and Safety Management System has been issued.	No significant gaps in laws and regulations. However, with the exceptions of certain industries (e.g., oil and gas, power) the Indonesian workforce lacks a safety culture, making enforcement of use of PPE and adherence to safety procedures a continuing challenge. Ministry Department of Manpower and Department of Health at the district level are

appropriate.		tasked with inspecting facilities but lacks resources to do so on a routine basis, instead often responding to complaints and requests for inspections.
(b) Promote the use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated under the Program; promote the use of integrated pest management practices to manage or reduce pests or disease vectors; and provide training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with the relevant international guidelines and conventions.	The country has ratified the Basel Convention and passed its first regulation on hazardous waste management in 1994. In Law No. 32 Year 2009 on Environmental Protection and Management, Article 3 mentions that EMPs shall aim to protect Indonesia's territory from environmental pollution and/or damages, control the natural resources usage, and establish sustainable development. Government Regulation No. 101 Year 2014 on Management of Toxic and Hazardous Waste details the procedures for proper management of hazardous waste. It adopts the principle of "cradle to grave" starting from identifying, reducing, storing, collecting, transporting, utilizing, processing, to final disposal of hazardous wastes. In addition to hazardous waste management, Ministry of Environment (MOE) regulation (PermenLH) No.16 Year 2012 stipulates that the principle of prevention of pollution and prevention of damage to the environment needs to be considered through environmental assessment and applied in the context of environmental management.	No significant gaps
(c) Include adequate measures to avoid, minimize, or mitigate community, individual, and worker risks when the Program activities are located in areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.	Ministry of Environment (MOE) regulation (PermenLH) No. 16 Year 2012 also requires that areas prone to natural disasters be identified in AMDALs.	

Actions and Opportunities	**Risks**
1. Oversight of infrastructure construction by contracting agency will emphasize workplace and community health and safety. 2. Program Management Support Consultants Services (and/or additional qualified staff at MPWH) will provide support to contracting agencies. 3. Integrated Tourism Master Plans will avoid locating infrastructure in disaster-prone areas.	• Disregard of workplace health and safety rules will lead to accidents. • Activities such as movement of heavy equipment will cause personal injury or property damage in communities near work sites or transport corridors.

Policy Element 4: Program systems manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assists the affected people in improving, or at the minimum restoring, their livelihood and living standard.		
Key Attributes	**Program System**	**Gaps**
(a) Operate within an adequate legal and regulatory framework to guide land acquisition and loss of access to natural resources at the Program level	Indonesia has enacted Law No. 2 Year 2012 concerning land acquisition for public interest development purposes and its implementing regulations.[42] The law and regulations replaced previous, long-used legislation. The Law No. 2 Year 2012 is perceived as *lex specialis*[43] and has higher legitimation for government to ensure availability of land for public interest development purposes by seizing land, but also by acquiring land use or limited access to land short of land eviction.[44] The authority to use the law as stated is for government to undertake the public interest development that in cooperation with state owned enterprises or private enterprises. In regard to the	No significant gap.

[42] Presidential Regulation No. 71/2012 Concerning Implementing Regulation of Law No. 2 Year 2012 on Land Acquisition for Development of Public Use; Head of National Land Agency Regulation No. 5 Year 2012 Concerning Implementing Regulation on Land Acquisition for Development of Public Use; Ministry of Finance Regulation No. 13/PMK.02 Year 2013 Concerning Operational and Supporting Cost of Land Acquisition for Development of Public Use provided by National Budget (APBN); Ministry of Home Affairs Regulation (Permendagri) No. 72 Year 2012 Concerning Operational and Supporting Cost in Implementation of Land Acquisition for Development of Public Use provided by Regional Budget (APBD).

[43] *Lex specialis* is a legal doctrine regarding the interpretation of laws, which says that a law which governs a specific matter overrides a more general law governing the same matters more broadly.

[44] Law No. 51 Year 1960 Concerning Prohibition of Land Utilization Without Permission from Owner or Representative

	scope of application, the Law No. 2 Year 2012 applies to forestland acquired for public use projects without releasing forestland from forest area to other land use purposes by Ministry of Forestry and also to other government owned/controlled land. Concerning loss of access to natural resources when the loss affects customary rights/land (*Hak Ulayat/Adat*), Law No. 2 Year 2012 accommodates the customary issues in a provision that says compensation for indigenous land shall be given in the form of substitute land, resettlements, or other forms as agreed upon by the relevant Indigenous Peoples. In principle, if land acquisition goes through areas claimed by customary people, they must be respected and Government has to come and ask for permission if customary land involved in any of land acquisition project. The customary land claimed, however, must be recognized as such by the government prior to acquisition. Joint Regulation No. 79 Year 2014 on Protocols on Conflict Resolution in Forest Areas, Agrarian Ministerial Regulation No. 9 Year 2015 on Protocols on Communal Land Rights for Customary Law Communities and Local Communities in Forest Areas, and Ministerial Regulation No. 32 Year 2015 on Property Forests provides the procedure for the recognition process. Loss of access to idle land being previously occupied by illegal settlers or land grabber when the right-to-use (HPL) holder is going to develop the land and requiring a clean land. This situation is normally found in prospective tourism areas. The HPL holder faces a reality where the land area has been preoccupied and used by returning settlers or land grabbers, which leads to a land dispute over land use and ownership. Government Regulation No. 11 Year 2010 on Idle Land Management has been used to cope with this situation. In addition, Head of Land Agency Regulation No. 4 Year 2010 has been used for administering idle land.	
(b) Avoid or minimize land acquisition and related adverse impacts.	The Law No. 2 Year 2012 ensures that land acquisition is undertaken through planning by involving all concerned stakeholders and taking into account the interests of development and community. Screening or initial data inventory of objects and subjects of land acquisition, socialization, and public consultation are required to involve the affected community. Furthermore, project-affected people have a better opportunity to challenge the decision on the project location. Agreement from project-affected people is very important for determining whether the project will be continued to the next step of acquisition or be stopped. Prior to issuance of a project location determination letter from the Governor, the preparation team led by the Governor will carry out a public consultation. If there are affected parties who still oppose the location, Governor shall respond to it by forming the independent review team to study the location and concern. Even if Governor has issued a location determination letter, up to 14 days after	No significant gap

	issuance the affected people who still disagree with the location could challenge it through the Administrative Court, with an opportunity to file a petition to the decision of the Administrative Court at the Supreme Court as the last opportunity.[45] Presidential Regulation No. 71 Year 2012 emphasizes screening in spatial planning designation to ensure conformity and development priority. At a project level, these planning and assessment documents will be prepared (Land Acquisition Plan based on Feasibility Study, Environmental and Social Impact Assessment, and other studies).	
(c) Identify and address economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people lacking full legal rights resources they use or occupy.	The Law No. 2 Year 2012 provides broader scope in terms of subjects and objects of land acquisition for public use. Objects of compensation include land, objects on land, plants, subsurface, space above land/over ground, loss of access, negative impact of the acquisition towards people's property, other appraisable loss, etc..[46] Regarding social and economic impacts due to loss or limited access to land/natural resources, for example, Ministry Energy and Mineral Resources Regulation No. 38 Year 2013 has regulated compensation for restriction of access to land use and other assets located under transmission lines, and set a threshold for the compensation. In terms of people lacking full legal rights to resources, the Law No. 2 Year 2012 addresses informal users by acknowledging their rights over private property (private belonging/ownership/possession) of such as buildings, plants, or other objects related to land. Taking any private property (private belonging/ownership/possession) for public use must be compensated. However, the Law also differentiates between types of illegal occupants (good faith[47] and non-good faith). Therefore, the Law No. 2 Year 2012 does not apply to land eviction situations in which non-good faith illegal occupants/squatters have resided/occupied on land owned by government. Land eviction is regulated under the	No significant gap. Attention should be given to squatters and vulnerable groups for assistance and livelihood restoration.

[30] See provisions regarding preparation phase of land acquisition project of Law No. 2 Year 2012.
[46] Elucidation of Article 33 on "Other appraisable loss" means nonphysical loss equivalent to money value, for example, loss due to loss of business or job, cost of change of location, cost of change of profession, and loss of value of the remaining property.
[47] Based on discussion with Head of BPN, "Good faith" means illegal occupants who during their occupation do not conduct activities which are different from its land use. For instance, if the occupant builds a house on the government land (idle) assigned for agriculture uses, the illegal occupant is categorized as non-good faith and is not entitled to compensation.

	Law No. 51 Year 1960. Article 6 of Law 51 stipulates that illegal occupants (non-good faith) could be charged with "criminal offense." As such, all "illegal occupants" are not entitled any assistance, transitional support, and other assistance. In the case of social and economic impacts resulting from land acquisition or loss of access to natural resources, the responsibility for the mitigation is delegated to local government as indicated in the government regulation (PP) No. 38 Year 2007 and Presidential Decree (Keppres) No. 34 Year 2003. Presidential Regulation No. 2 Year 2015 on National Mid-Term Development Plan (RPJMN) 2015-2019 contains gender mainstreaming issues in Book II sub-chapter 1.1.3 of the regulation's appendix that states "gender perspectives must be integrated in every policy, program, and development activity."	
(d) provide compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid before taking land or restricting access.	Law No. 2 Year 2012 states that Acquisition of Land in the Public Interest should be implemented under the principles of justice, benefit, and welfare. Compensation at full replacement cost ensures displaced peoples will not be worse off. Types of losses should be specified to be valued by an appointed appraiser. The compensation can be given in the form of money, substitute land, resettlement, shareholding, or other forms as agreed upon by both parties. Appraisal of the amount of compensation by appraiser shall be made on a parcel-by-parcel basis, including land, above-ground and underground space, buildings, plants, objects related to land, and/or other appraisable loss. Presidential Regulation No. 71 Year 2012 ensures prompt compensation in article 70 section (3): Distribution of compensation must be carried out at the same time as the Entitled Party relinquishes its rights.	No gaps
(e) Provide supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment)	Law No. 2 Year 2012 focuses on physical displacement rather than other displacements such as economic displacement. This is clearly indicated in the Article 1: "'Acquisition of Land' means any activity to make land available by giving reasonable and fair compensation to the Land Rights Holders." Land Rights Holders means any party by whom objects of the acquired land are possessed (controlled) or owned. 'Object of the Acquired Land' means land, above the surface and below the surface of the land, buildings, plants, objects related to land, or others appraisable objects. In terms of supplemental livelihood improvement or restoration measures, the Law No. 2 Year 2012 does not specify any. However, Perpres No. 71 Year 2012 Article 36 indicates the task of appraiser to carry out the appraisal of the amount of compensation parcel by parcel, which includes: a. Land; b. Space above and below the surface of the land; c. Buildings; d. Plants; e. Objects related to the land; and/or f. Other losses that	No significant gap; although non-physical loss (including loss of business or job, cost of change of location, cost of change of profession and loss of value of the remaining property) are included in the appraisal for compensation, facilitation for livelihood restoration might be needed, such as training, assistance to access credit, etc.

	can be appraised. The elucidation of Article 36 then indicates*:* "'Other appraisable loss' means nonphysical loss equivalent to money value, for example, loss due to loss of business or job, cost of change of location, cost of change of profession, and loss of value of the remaining property."	
(f) Restore or replace public infrastructure and community services that may be adversely affected by the Program.	The Law No. 2 Year 2012 and Presidential Regulation No. 71 Year 2012 do not specify compensation for public infrastructure and community services that may be adversely affected. However, it is included when it is found or identified during the parcel-by-parcel basis appraisal as indicated. The appraisal includes land, above-ground and underground space, buildings, plants, objects related to land and/or other appraisable loss. Provision/restoration should be made to community and public resources of civic infrastructure and community services impacted/lost.	No gap

Actions and Opportunities	**Risks**
1. When a proposed investment involves the acquisition of land or other assets, or restriction of access to customarily-used land that will cause loss of income-generating or subsistence opportunity, the Program will support: a. training and assistance for the agencies implementing the investment to prepare and implement a Land Acquisition Plan (as required by Law 2/2012) that includes assistance and/or a livelihood restoration program especially for squatters and the vulnerable, with the procedures, requirements, and format of an abbreviated LARAP. The training also includes how to prepare documentation of the abbreviated LARAP's implementation. b. training and assistance for the agencies implementing the investment to prepare and implement a Plan for Action for the affected persons due to access restriction to have alternative livelihood scheme and/or benefit from the Program with procedures, requirements and format of a Plan for Action. The training also includes how to prepare documentation of the implementation of the Plan of Action. 2. The MPWH (RIDA) with the assistance of the Program Management Support (through Program Management Support Consultants' Services with social development specialist financed under the IPF, and/or additional qualified MPWH staff) will review the Abbreviated LARAPs or the Plan of Action, provide assistance to involved agencies implementing the investment, and monitor the implementation of these planning documents ensuring that the intended objectives are achieved. 3. Stakeholder agencies involved in such investments ensure that sufficient	Displaced and other project-affected people may require more systematic/holistic approaches to restore and improve livelihoods, as well as to achieve alternative livelihood schemes and benefit sharing, The scope and capacity of agencies needing to manage livelihood restoration and/or resettlement may be limited by sectoral focus; livelihood restoration requires joint efforts and collaboration with other agencies and local government for the Program to be successful. Otherwise, physically or economically displaced peoples may be exposed directly to negative impacts of tourism development.

qualified staff/consultants and budgets are allocated for the preparation and implementation of an abbreviated LARAP that includes assistance and/or livelihood restoration plan or Plan of Action that includes alternative livelihood scheme and/or benefit sharing from the Program. 4. Awareness and capacity strengthening of the involved agencies at the national, provincial, and district/city levels at the destination areas on the necessary assistance and livelihood restorations, alternative livelihood schemes due to access restriction and benefit sharing; 5. Assistance and facilitation on the collaborative work among involved agencies to effectively prepare and implement the abbreviated LARAP and Plan of Action.	

Policy Element 5: Program systems give due consideration to cultural appropriateness of, and equitable access to, Program benefits, giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.		
Key Elements	**Program System**	**Gaps**
(a) undertake free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively), to determine whether there is broad community support for the Program activities.	Indonesia has national and sectoral laws and regulations that are relevant to and recognize and respect "*Masyarakat Adat*" (*MA*), or *Masyarakat Hukum Adat*" (*MHA*), or "*Masyarakat Tradisional*" who are Indigenous Peoples as per criteria used in the OP 4.10 on Indigenous Peoples (IPs). Both the amendment of the Constitution 1945 and the Basic Agrarian Law (BAL No.5 Year 1960) stipulate that the State recognizes and respects MHA and its traditional rights provided that they are still exist and in accordance with the development of the society and the State unity as regulated in the laws; cultural identity and rights of traditional community are respected in accordance with the development of civilization. With these provisions, the BAL recognizes "*hak ulayat*" (customary rights) of *MHA.* Sector laws on the environment and natural resources (i.e. Law No. 41 Year 1999 on Forestry with some changes by the Constitutional Decree No. 35 Year 2012; Law No. 22 Year 2001 on Fishery and amended by Law 45 Year 2009; Law No. 27 Year 2007 on Coastal Zone and Small Island Management and amended through Law No. 1 Year 2014; Law No. 32 Year 2009 on the Protection and Management of the Environment and Law No. 18 Year 2013 on the Prevention and Eradication of Forest Distraction; Regulation No. 28 Year 2011 on Preservation Area and Natural Conservation Area and its amendment in the regulation No. 108 Year 2015) contain provisions on IPs to a varying degree. The abovementioned laws contain	No significant gaps insofar as IPs concerned are legally recognized. However, the processes to obtain legal recognition is cumbersome, bureaucratic, and in some cases, political. The extent of such conditionality for recognition of IP's existence (cumulative or optional) and forms of legal recognition vary across regulations. Screening does not specify gender analysis however it provides an opportunity for gender analysis if necessary as indicated in the scope or area that can be covered in other studies if required.

	provisions that the state respects the customary rights of IPs over land and natural resources as well as their traditional knowledge and wisdom related to the environment. Other laws and regulations pertaining regional local governments and development planning also have provisions on IPs. Law 23 Year 2014 on Local Government; Law No. 6 Year 2014 on Village; Law No. 26 Year 2007 on Spatial Planning; Law No. 39 Year 1999 on Human Rights; Law No. 28 Year 2014 on Copyrights; Law No. 23 Year 2003 on Constitutional Court and Law No. 20 Year 2003 on the National Education System, as well as Law No. 7 Year 2012 on Social Conflict Management have provisions on the recognition, respects the rights of and empowerment of the participation of *MA*, or *MHA*, or traditional communities in planning, local development, and customary-based public administration, and honor the ownership and management authority of their cultural heritage; and acknowledge the resolution of social conflicts on the basis of the "*adat*" and "*adat*" law; and the right of IPs to receive high quality education, with special educational services for those living in remote areas. However, these regulations point out that IPs' rights would be recognized and respected as long as the IPs concerned have fulfilled the determined conditions of the constitutional recognition, such as existence, conformity to national development visions and civilization, to the national interest, and the principles of the unitary state. Such conditionality is further translated into criteria such as the existence or presence of in-group feeling, traditional territory, *adat* rules and organization in order to obtain legal recognition from respective district/provincial governments.	
(b) ensure that the Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the agreement of the Indigenous Peoples	Law No. 27 Year 2007 on Costal Zone and Small Island Management stipulates specific provisions on public consultations for the development of coastal management plans. Such consultations stress the needs for accuracy, transparency, and access to information. Conflict resolution can be handled through customary ways. Law No. 2 Year 2012 on Land Acquisition for Public Interest requires 60 working days for public consultations (although not explicitly mentioned but this provision includes IPs if they are the PAPs). An additional window of 30 working days is allocated for extended consultations in the event of stalemate. The Grievance Redress Process is managed by directly by the Governor, based on the request of projects' proponents. A team consisting of relevant government representatives and academics will be established to investigate and make recommendations on grievance handling. Based on the recommendations, decisions whether or not to	Although most regulations contain provisions for free, prior, and informed consultations with IPs, specific guidelines for such consultations have not been developed and therefore their implementation is subject to multiple interpretations. In the forestry sector for instance, standards and guidelines for free, prior, and informed consultations are usually available for donor-funded

	pursue land acquisition will be made by the Governor. In the forestry sector, provisions of free, prior, and informed consultations are not specified in the Law No. 41 Year 1999 on Forestry and its guiding ministerial regulations. Standards for such consultations are available in the General Director of Forestry Business Units' Directive No. P.14/VI-BPPHH/2014 on Standards and Guidelines for Performance Assessment in Sustainable Production Forest Management and Timber Legal Verification. The standards outline indicators and verification criteria for free, prior, informed consultations; however, no specific protocols for such consultations are incorporated.	projects such as REDD+ and therefore their implementation is not binding across government-funded projects. In the Directorate General of Sustainable Production Forest Management of Ministry of Environment and Forestry, such standards are applicable at the Directorate General Level and may not necessarily be enforceable across the Ministry.
(c) give attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups; and, if necessary, take special measures to promote equitable access to the Program benefits.	Ministerial Regulation 39 Year 2013 on community partnership in the forestry sector requires forest concession holders to engage in partnership with communities based on the principles of mutual agreement, participation, transparency, and trust. Such benefit sharing schemes may include smallholder plantations, livelihood activities, training, facilitation, etc. However, for these communities to be able to engage in the schemes, they need to provide valid proof of identification (ID card, or reference letter from the village head) and reside within the concession areas, demonstrate reliance on natural resources, and have capacity to engage in productive and sustainable activities. In limited cases, such requirements may be difficult to be implemented for MHAs who are not recognized or who are nomadic. IPs need to be legally recognized to be able to claim their land rights (Joint Regulation No. 79 Year 2014 on Protocols on Conflict Resolution in Forest Areas, Agrarian Ministerial Regulation No. 9 Year 2015 on Protocols on Communal Land Rights for Customary Law Communities and Local Communities in Forest Areas, and Ministerial Regulation No. 32 Year 2015 on Property Forests). Once the existence of these communities is legally recognized, recognition of land rights and rights to avail (*hak ulayat*) requires a decree issued by the MOEF and Land Agency, with *adat* forest schemes for the former and communal property titles for the latter. There is an exception in the Law No. 1 Year 2014 on the rights to coastal and small island resources. In this regulation, MHA are not necessarily required to have "legal recognition" issued by the governments as a precondition for the communities to access natural resources in their territory. Law No. 6 Year 2014 on Villages provides greater space for indigenous peoples to be recognized for their existence, including through the creation or existence of *adat* villages. More than just providing space for recognition of existence, the Law also provides space to generate plurality because it states that the *adat* village is based on	Forestry partnership is not mandatory and is usually contingent upon concession holders' community engagement strategies. In the plantation sector, land acquisition is often conducted through willing-buyer and willing-seller scheme. In some instances, community elites act on behalf of the community to negotiate and transact with concession holders in a non-participatory manner. Conflicts due to land claims and unfair compensation are well documented. In general, to various extents all regulations provide rights to IPs and local community to benefit from the natural resources and cultural heritage. Law No. 27 Year 2007 on Coastal Zone and Small Island Management and Law No. 11 Year 2010 on Cultural Heritage and Regulation No. 28 Year 2011 on Preservation Areas and Natural Conservation Areas for instance promote IPs and local community to utilize and manage natural resources and cultural heritage. There is also

	indigenous local structures and rights. The Law grants *adat* villages the authority to conduct *adat*-based public administration.	encouragement to partnership in managing and utilization of natural resources with local government and/or with the concessionaires who hold the permit. Although IPs' and local communities' rights to benefit from and utilize the natural resources are enshrined at the higher regulatory level (i.e. *Undang-undang*/Law), laws around IPs often lack guiding regulations and such regulations often suffer from weak enforcement. Further specific guidelines for implementing the rights of the IPs and local community in harnessing, benefitting and managing natural resources and cultural heritage are not in place.
(d) Give attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups; and, if necessary, take special measures to promote equitable access to the Program benefits	Education Ministerial Regulation No. 27 Year 2016 on Education Services for Faiths to God Almighty provides a greater space for IPs to accommodate local faiths and religions in the mainstream education system. A new Directorate General on Indigenous Faiths is now embedded in the current structure of the Ministry of Education, which is a transfer from the Ministry of Tourism. Presidential Instruction No. 186 Year 2014 and Ministerial Regulation No. 12 Year 2015 on the guideline of empowerment for Isolated Customary Communities set out development measures for this subset group of IPs (IPs in remote areas) in the area of basic services, i.e. housing, employment, health, education, and welfare. A Directorate within the Ministry of Social Affairs was established to implement and oversee programs related to isolated IPs empowerment. Such programs are often aimed to mainstream IPs communities to be able to integrate with the general populations.	To implement provisions in the current regulations i.e. education for IPs and other basic services, government agencies often suffer from resource constrains and lack of qualified personnel to deliver tailored services for IPs. To access government assistance, IPs are often required to obtain a legal personality (e.g. legally recognized groups, cooperatives, etc.) before their rights can be legally conferred. In addition, access to basic services is often constrained by the requirements for legal identification such as ID cards and birth certificates, which many IPs groups are not formally registered.

		Measures introduced to empower IPs often lack the provisions for free, prior, and informed consultations and often hinge on the premise that IPs are primitive and backward and therefore need to be mainstreamed in the general populations. There is also lack of specific guidelines on FPIC. This has resulted in poor programming strategies and targeting.

Actions and Opportunities	**Risks**
1. Integrated Tourism Master Plans ensure stakeholder engagement (including IPs, through free, prior, informed consultations that lead to broad community support) throughout the master planning process and will address needs of and potential impacts on the IPs and will take into account potential tourism benefits from IPs culture. 2. Asset monitoring and protection arrangements will provide for monitoring of Master Plan implementation and their impacts on IPs and vulnerable groups. 3. Stakeholder agencies implementing the investments in the Master Plans should ensure that the concerns and needs of IPs and vulnerable groups are taken into account in designs and budgets based on a social assessment and plan developed with free, prior, informed consultations that lead to broad community support ensuring the cultural appropriateness of, and equitable access to, Program benefits 4. Training and assistance for the involved agencies implementing the investment in areas where there is IPs presence in carrying out free, prior, informed consultations that lead to broad community support to the Program during the social assessment and to empower the affected IPs in benefitting from the Program and address potential impacts through the development of an Indigenous Peoples Plan. 5. Under Results Area 4, as part of the awareness and capacity building activities, the Program will support the development of a practical tool/guidance tailored for the tourism development program to implement free, prior, informed consultations that lead to broad	• Indigenous Peoples and/or vulnerable groups are excluded from the planning process and implementation stage of the Program, and therefore may not get fair and proper benefits from the tourism development. • IPs may only be adversely affected by the Program without proper compensation. Physical assets, livelihoods, and cultural values may degrade due to the tourism development. Access to natural resources that the IPs depend on for their living and customary practicing may become limited or more restricted due to tourism development. • Coordination and collaborative synergy among sectors may not be effective in ensuring that IPs are fully included in the Program, due to the sectoral nature of the institutional arrangements governing the recognition and empowerment of IPs.

community support and empower IPs so that they will benefit from the Program as operationalization of relevant sectoral laws and regulations. 6. As part of the local community satisfaction surveys (under RA4, where increased satisfaction is aimed for over the Program period), sufficient IPs will be included to monitor their satisfaction as well. Increased community satisfaction is one of Program results indicators, and includes perceived benefits received from tourism (individual or community benefits, economic or social benefits, conservation of traditions, etc.), changes in socio-economic conditions (e.g. prices, access to resources, traditional values), changes in environmental conditions (improvement or degradation), and interaction with tourists.[48] 7. MPWH (RIDA) with the assistance of the Program Management Support Consultant will assist and facilitate the collaborative efforts of various agencies responsible for IPs empowerment. 8. IPs are part of the "*sadar wisata*" tourism awareness-raising programs.	

Policy Element 6: Program systems avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes

Key Elements	Program System	Gaps
(a) consider conflict risks, including distributional equity and cultural sensitivities.	Law No. 7 Year 2012 and Government Regulation No. 2 Year 2015 on Social Conflict Management details the provision of social conflict management covering prevention, responding to conflict, and post-conflict. It underlines the importance of community strengthening through awareness and capacity building, poverty alleviation, strengthening access to local wisdom, social harmony, and community forums. The Law stipulates the important roles of *adat* leaders in the settlement of social conflicts and promotes the adoption of *adat* or *adat* law in resolving social conflict, particularly through reconciliation. Conflict management involves the partnership among local government, community, religious, and *adat* leaders, and other stakeholders, and takes a consultative approach as the main principle. The	No gaps. OP 4.12 applies to activities that will restrict access to the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons. This OP also applies to involuntary restriction of access on the use of resources imposed on people living outside the

[48] UNWTO. 2004. *Indicators of Sustainable Development for Tourism Destinations. A Guidebook.*

	regulation respects religious norms as well as local cultures, rules, and values and is consistent with the prevailing laws and regulations.	park or protected areas, or on those who continue living inside the park or protected area during and after project implementation. These regulations address social conflicts that result from any triggering factors, not only due the impacts of access restriction, but also beyond, such as unresolved land issues, social jealousy among community groups/members, etc. Potential social conflicts that could occur due to this restriction can be avoided and addressed with the consistent implementation of Law No. 7 Year 2012 and Government Regulation No. 2 Year 2015 as part of the Process Framework and Plan of Action included in the natural resource management plan. In the case that social conflict is triggered by other factors beyond access restriction, prevention or mitigation measures should be included in the Social Management Plan as part of the AMDAL.
(b) Consider conflict risks, including distributional equity and cultural sensitivities	Both regulations above specify that social conflicts should be prevented through various combinations of efforts, among others: maintenance of peace in the community; development of a peaceful conflict resolution system; stifling of potential conflict; and development of an early warning system. As explained above, institutional community strengthening is important to avoid social conflicts, and conflict management should engage partnerships among the local government, community, religious leaders, *adat* leaders, etc., and adopt the local values, cultures, and norms with consultative ("*musyawarah*") principle.	No gaps. The principles set out in these regulations are in line with the principles of OP 4.10 and OP 4.12 whereby impacts on IPs and involuntary land acquisition/resettlement should be properly addressed, ensuring that affected persons are treated fairly and in a culturally sensitive way.
Actions and Opportunities	**Risks**	

1. The Integrated Tourism Master Plan for the Tourist Destinations should anticipate potential social conflicts that could occur due to the downstream activities and investment as results of plan implementation. 2. Stakeholder engagement during the process of ITMP preparation and implementation, as well as in the preparation of downstream planning documents. 3. The Program can be developed by harnessing existing social values, culture, and practices to leverage the uniqueness of the destination and to provide opportunities to local communities to develop in harmony with tourism development and therefore could reduce potential social conflict.	• Some or all of the activities and investments specified in the Integrated Master Plan cannot be implemented as intended or timely, due to the failures to avoid and/or mitigate social conflicts. The objective of tourism development in the destination areas may not be fully achieved. • Social conflicts may arise due to the "jealousy" of local communities if they are not given access or opportunities to benefit from the Program, greater disparity among community groups that benefit from the Program and those who do not enjoy the benefit from the Program (and instead, adversely impacted). • Local culture, values, and practices as attractions to tourism might degrade due to the tourism development.

60. Below is the initial assessment of the local government agencies based on field notes, follow-up questions by email, and literature report/government reports on the performance and their capacity to address risk and impacts. During the draft ESSA public consultation, the Task Team will focus on the area of strengthening to obtain inputs for the final draft ESSA. In the IPF component, the TORs for Program Management Support services and also in the Program Action Plan in the Program will be able to focus on the area of strengthening that needed to be considered by the national coordination team. The role of STOs would be part of the monitoring team without enforcement authority but engaging local stakeholders as it will consist of local government agencies, universities, and NGOs to promote and provide the periodically monitoring reports. It will be published based on pre-agreed geographic scope of tourism areas and list of critical indicators.

Table 10. Institutional capacity to address risks and impacts and areas that can be improved through the Program.

A) Central Level Institutional Arrangement

Ministry/ DG	Institutional capacity to address risks and impacts	Area of strengthening
1. Ministry of Public Work and Housing (MPWH) • All Directorates General of MPWH allocated annual budget for land acquisition, especially for national and strategic projects. This excludes DG of Housing Provision	a) Directorate Regional Infrastructure and Development/*Badan Pengembangan Infrastructure Wilayah* (BPIW) RIDA-MPWH as Implementing Agency is a well-established government agency with a growing and substantial workforce from different areas of expertise. Among the areas of expertise are Architecture, Engineering, Regional and Urban Planning, Environmental Engineering, Anthropology, Law, and Economics. The Regional Infrastructure Development Agency	Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) to develop and implement a tourism-specific training program for consultants that prepare AMDALs

as they do not acquire land; mostly the land is prepared by the local governments. • In 2015, MPWH allocated IDR 4.7 trillion for land acquisition.	(RIDA) as the Program Executor has a Core team (PNS) which consists of 36 civil servants working in a Work Unit of the Strategic Area Development Center or in total 117 people in RIDA and also individual consultants. The Work Unit of the Strategic Area Development Center will develop a Technical Expert Team (Professional Specialist) consisting of experts from several areas of expertise stipulated through Decree (SK), especially related to environmental and social aspects. RIDA-MPWH has its own Land Facilitation Division (LFD). LFD is responsible for facilitating land acquisition for regional development. The tasks of the sub-directorate of land facilitation include i) preparing coordination materials for land acquisition with other related agencies; ii) providing technical guidance and land acquisition assistance; iii) facilitation of handling land acquisition issues in the management of water resources; and iv) facilitation of security protection and certification of the state property in the form of land. Since its establishment in July 2015, the Land Facilitation Division (safeguard unit) has been active in identifying all lands to be acquired for strategic and national projects and ensuring that the projects have been included in the regional spatial planning. The division also supports BPIW in enhancing the capacity of the staff in land acquisition and resettlement by holding regular trainings, seminars, and workshops and inviting key speakers from its own ministry or from external organizations. They also develop and maintain good relationships with other government agencies involved in land acquisition such as the Ministry of Environment and Forestry (MoEF), the state-owned Forest Enterprise (Perhutani), and the National Land Office. In BPIW, the number of staff working at the land facilitation unit is limited. However, there are plans to add sufficient staff to this land facilitation unit to enable it to properly handle its facilitation of land acquisition tasks.	and UKL-UPL and for the agencies that review, approve, and enforce them.
	b) Directorate General of Water Resources (DGWR) A Comprehensive Water Resource Management Plan (*Pola* and *Rencana*) has been prepared together with the establishment of a river basin organization (RBO) in each of 131 River Basin Territories or *Wilayah*	• The Program would be able to help to facilitate the actions and measures to identify the right infrastructure to make a sustainable Tourism

	Sungai (WS) to manage water resources for current and future usages. Another strength of the DG for managing water catchment basins is the current governance framework for Water Basin Regional Management Planning (BWRMP) which has incorporated spatial planning and water resources planning. However, the challenges of implementing BWRMP require coordination effort over multiple sectors and ministries, especially involving all Integrated Water Resource Management (IWRM) stakeholders. There are still gaps in technical capacity to create a large pool of specialists with the knowledge and skills to formulate and execute plans. Allocation of budget for normal operation and maintenance (O&M) and investments for water resource infrastructure (piped water supply and water treatment plants) needs continuous support from the government.*	Destination with emphasis on green technology investments. Demand assessment shows the importance for access to clean water as part of the sustainability tourism in Lombok, Lake Toba, and Borobudur/Yogyakarta. No gap for strengthening.
	c) Directorate General of Highways (DGH) DGH has developed social and environmental safeguard manuals and undertaking training its personnel on safeguards. They are also asked to be trainers on safeguards in MPWH training centers in different regions and also local governments, as arranged by the Directorate of Human Resource and Management. There is a lack of trainers in the DG to support the necessary demand for training needed by the different regional offices. However, the Directorate of Human Resources and Management has a well-planned training program in 2017 and will continue their training program for 2018 depending on the allocated budget for the numbers of staff that need training.	• No area for strengthening.
	d) Directorate General of Human Settlement (DGHS) As in other DGs in MPWH, DGHS also have their own distinct projects with the Bank, for instance Urban Water Supply and Sanitation Project (UWSSP) (implemented in FY2010 – FY2015), PAMSIMAS and other World Bank funded MPWH's projects. They are very familiar with and knowledgeable of the Bank's procedures in implementing environment and social safeguards during project implementation. However, at the central-level the human capacity in DGHS still needs to be strengthened as a number of projects under their portfolio are increasingly important, and assistance is needed in providing adequate safeguard focal contract points/counterparts at the Central PMU to lead the coordination of all	• No area for strengthening.

	relevant project safeguard aspects/requirements and the management process during implementation at destination-level locations.	
	e) Directorate for Human Resources and Management (BPSDM) MPWH has their own in-house human resource development programs including its own training facilities down to the regional levels. All training related to environment, health and safety, water resource management, civil works, and social land acquisition are already built into the institutional arrangements for capacity building.** The agency also conducts a yearly standard competency assessment through their Center of Competency Assessment and Monitoring of Performance for all MPHW staff. It includes criteria of minimum credit hours and a competency test for all staff and senior staff for promotions and skills upgrades. They also conduct a standard competency assessment on all staff. In 2017, the budget allocated to BPSDM for training and managing is estimated at IDR 490 million. It is also estimated that about 8,300 officials/staff members will be trained by the end of year 2017. On the topic of land acquisition, two main DGs of MPWH were selected to be in a trial study. Two most important DG is BPIW and also Bina Marga staffs were chosen for the trial study. The training materials on land acquisition covered BAPPENAS's Guidelines on Land Acquisition and PINA (*Pembiayaan Infrastruktur Non Anggaran Pemerintah*/Infrastructure Non-Government Financing.) This is positive for the Program as competency training for MPWH staffs and incorporating the latest guidelines on land acquisition had already being implemented by BPSDM. BPSDM is also looking at the possibility of providing similar training to their consultants and contractors using their well-equipped training facilities in the whole country, their experienced trainers, and also their well-developed program modules which are based on country systems, best practices and proper procedures for implementing AMDALs and Abbreviated LARAPs during project preparation and project operation. They have acknowledged the needs and demands from the outside public and enabled the improvement of the work synergy between MPWH supervision staffs, consultants, and contractors during project	• No area for strengthening.

	implementation.	
2. Ministry of Land and Spatial Planning	The capacity of the agency is rated strong, as it has strong mandates and is supported by directorates general supporting land acquisition, including the Directorate General of Spatial Planning and the Directorate General of Land Acquisition. It also has a Directorate of Valuation, and a Center of Legal Study and Public Relation. The ministry is intensively involved in the government coordination for infrastructure development and also involved in the sector agency's task force for land acquisition. It has a program for capacity building improvement for staff of regional land offices. Unfortunately, the program is not conducted regularly because of the budget limitation. The number of staffers at the national level in 2016 is 19,965 persons. Of that number, 60% staff graduated from university (from diploma, bachelor, and post graduate), 33% staff graduated from high school, and the rest graduated from the secondary and elementary school. However, an undersupply of land surveyors and high demand by the regional/provincial MASP/NLA office to facilitate land acquisition implementation have caused delays in the land acquisition process. The current administration has been endorsing a large-scale agrarian reform to hand over 12.7 million hectares to the poor including forest- and land-dependent MHA. This initiative is currently being led by the ministry and MOEF through TORA (*Tanah Obyek Reformasi Agraria*/Land Objects for Agrarian reform) and social forestry schemes respectively. However, under Indonesian regulations, recognition of MHAs' rights over land is conditional upon recognition of their existence by district and/or provincial governments. As indicated in Table 9, that the process to getting recognition and rights is a bureaucratic process and historically takes time. Streamlining the process is beyond the scope of this Program.	• No area of strengthening needed.
3. Ministry of Tourism	a) Directorate General of Infrastructure Development and Tourism Ecosystem With a strong mandate, the Ministry of Tourism signed an MOU with UNWTO in September 2016 to promote sustainable competitive growth as part of their national level directional strategy for Indonesian Tourism. In their development concept, for each national tourism destination	Integrated Tourism Master Plan to define the arrangement (IPF) through stakeholder mapping. Establish arrangements as part of Program Action Plan and implementation throughout Program

	(DPN)/National Strategic Tourism Area (KSPN) there will be a Sustainable Tourism Observatory (STO). It will act as a monitoring team without enforcement authority but engaging local stakeholders as it will consist of local government agencies, universities, and NGOs to promote sustainable tourism and programs from the Ministry. In the PforR Program, as part to support this great initiative from the GoI, it is part of the DLI to achieve a balance of process, monitoring, and verification during project implementation. They will provide periodic monitoring reports and will publish based on a pre-agreed geographic scope of tourism areas and list of critical indicators. Currently, the first three pilot STOs are housed in three major universities—University of Mataram (Lombok), Bandung Institute Technology (Bandung, West Java), and Gajah Mada University (Sleman, Yogyakarta). The collaboration of STO organization consists of a local university, local government, the Ministry of Tourism, and UNWTO.	period is incentivized in RA4, where its regular reporting is a DLI. Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified Ministry of Tourism staff) to provide coordination and training. The strength of the STOs lies in the coordination with the university, which has the necessary technical knowledge and capacity to provide the necessary guidance to local government agencies and act as an "auditor" through the monitoring and verification reports that will be produced throughout the Program cycle.
4. Ministry of Environment and Forestry	a) Directorate General for Environmental Protection Currently, the MOEF has the most relevant and elaborate capacity building system. It involves a network of 16 universities accredited to train AMDAL (EIA) compilers and evaluators. The system allows the MOEF to influence the quality of Environmental Assessments nationwide by accrediting training institutions, standardizing training curricula, and subjecting individual AMDAL professionals (both compiler/preparer and reviewer/evaluator) to an accreditation process. In the three tourism destinations, there are university training centers accredited by MOEF to provide training on AMDAL. In districts/cities, the environmental management structures created by each district or city will or may have either an Environmental Service Agency (*Dinas Lingkungan Hidup*) or Environmental Office (*Kantor Lingkungan Hidup*). Environmental service agencies develop technical and operational policies in the field of environmental impact management. Relevant environment departments (provincial or district) do not always have budgets and skilled human resources to provide resources for supervision and enforcement of implementation.	No area of strengthening needed at national level. At subnational level, training needs to be provided.

	The MOEF, especially DG Social Forestry and Environmental Partnership, (together with the Ministry of Home Affairs and the Ministry of Agrarian and Spatial Development) are mainly responsible for the recognition of the MHA rights over land, use of forest, and recognition of the presence of MHA.[49]	

Table Notes:
*River Basin Management Planning in Indonesia: Policy and Practice. 2016. Asian Development Bank.
**Training program based on the Human Resource Development Agency under MPHW Calendar 2017. Source: Human Resource Development Agency (BPSDM).

B) Destination Level Institutional Arrangement[50]

Destination(s)	Institutional capacity to address risks and impacts	Area of strengthening
Lake Toba		
1) North Sumatera Province	One of the three selected provincial governments to be trained on management of regional development master plans as part of the JICA's	

[49] In recent years following Constitutional Court Ruling (MK35), there has been increasing political pressure for land rights recognition. Such pressure has helped to shift greater roles in the recognition and protection of the rights of MHA to the Ministry of the Environment and Forestry (MOEF), since many MHAs reside or have claims in forest areas. In the past, government-sponsored MHA empowerment only focused on a specific subset of MHA, namely *Komunitas Adat Terpencil (*Isolated Adat Communities), which falls under the purview of the Ministry of Social Affairs (MoSA) in the Directorate of KAT empowerment. The latter was often criticized for lack of free, prior, and informed consultations with KAT concerned due to its top down priorities. The issuance of MK35 on the recognition of *Adat* Forests as separate from the State forest has helped to change the dynamics in MHA empowerment where greater recognition of land rights shall go in tandem with community empowerment. To support this effort, the current administration has been endorsing a large-scale agrarian reform to hand over 12.7 million hectares to the poor including forest and land dependent MHA.

[50] At the kabupaten/district level, various agencies involved in the protecting, empowering and ensuring that the MHA would benefit from development and use/management of natural resources. Among others, *Dinas Sosial* ((e.g. Social Agency), *Dinas Pendidikan*, *Dinas Pemberdayaan Masyarakat Desa* (Education Agency, Village Empowerment Agency) contribute to MHA empowerment through various cross-cutting initiatives and are often financed through the national government's programs. During public consultations the role and relevance of these agencies will be further explored.

BAPPEDA	program on technical cooperation support to provide capacity development for local governance. The program cycle was for 8 years (from 2001–2007). Compilation of good practice cases had been made into manuals to implement the Local Government. However, at the provincial level human capacity needs to be constantly strengthened as it is common for experienced and trained staff to be frequently moved to other divisions/organizations.	• No area of strengthening needed. The Program will incorporate recommendations based on a study (in preparation) on a targeted infrastructure program for improving the water quality and managing the impact of growth of tourism or other industries in the Lake Toba area. It is part of a technical study titled "Advisory services on developing a roadmap for improving water quality of Lake Toba Tourism Destination." The technical study aimed to facilitate a stakeholder process to involve all relevant stakeholders and the necessary infrastructure and monitoring budget for ensuring the carrying capacity of the ecosystem is protected.
2) Authority Board of Toba Area (*Badan Otorita Danau Toba*)	The Authority Board had been set up with the mandate (Presidential Decree No. 49 Year 2016) to function as Implementing Agency under Ministry of Tourism. Its main tasks consisted of a) coordination, synchronization and facilitation of planning, developing, construction, and management in the tourism area of Lake Toba; and b) preparing planning, development, construction, and management and control in the zone of the Lake Toba Tourism Authority. Two previous successful major post-disaster reconstruction operations in Indonesia had been based on organizations set up as "Authority Board" by the GoI in responding to the Aceh Tsunami in 2004 and Earthquake in Jogjakarta and Central Java in 2006. The strengths of the Authority Board from previous experiences were: 1) the Board had coordination and execution functions and its own annual budget; 2) it had direct reporting to the President; 3) determined and prepared the strategy steps to deal with obstacles in planning and implementation; 4) conducted monthly meeting to assess the progress of the project.	
3) MOEF North Sumatera/ Environmental Management Agency (BLH/BPLHD)	One of the agencies that is actively playing an important role in maintaining and managing the area of Lake Toba. They have strong capacity in terms of researchers and they also have a technical unit that is monitoring the water quality of Lake Toba (BLH North Sumatera). They have conducted monitoring operational program since 2012 as part of their routine monitoring water quality program. The program also includes education and awareness to local people on cleanliness and registration of local industry and local business through questionnaire to identify the type of potential source of water pollution. They do regular check-ups on the septic tanks and wastewater outlets from industry and human settlements. Every year, they publish yearly report on the Operational Technical Unit activities for managing water quality in Lake Toba and it is shared with the BAPPEDA of North Sumatera Province. It is noted in each report,	

	there was evidence of declining water quality over the past few years due to pollutants from such as human settlements, hillslope erosions from surrounding aquaculture and pig farms, and also boat operators. In terms of technical capacity for human resources, they have substantial and well-trained staff. To ensure effective coordination and implementation capabilities, an adequate budget is important for them to do regular monitoring and enforcement.	
4) MPWH North Sumatera (DG Water Resources) – Balai Wilayah Sungai II.	Lake Toba is part of the program of Institutional Strengthening for IWRM under the program by GoI under MPWH. The outcome of the program is the Pola (Strategic WRM plan) and Rencana (River Basin Master Plan) for Lake Toba-Asahan water management district. It has two coordination platforms: one for Water Resources Management (TKPSDA, Tim Koordinasi Pengelolaan Sumber Daya Air) will be guided by national regulations for Pola and Rencana, and the other for Environmental Sustainability (Badan Koordinasi Perlestarian Ekosistem Danau Toba – BKPEDT) is a special body established by Governor of North Sumatera. The outcome of the consultant services included spatial planning and development of key policies and strategies for IWRM. One of their roles is also to ensure the water quality of the lake for drinking water.	
Lombok		
1) Environmental and Research Agency, Province West Nusa Tenggara (*Nusa Tenggara Barat*)	The province has their own AMDAL commission and technical team with cooperation with universities, and it is a strong team as they do have license of competency. They also support other local governments as AMDAL reviewers for local governments in Lombok when needed. The strength of the provincial staff team is their fulfillment of the standard requirements for reviewing AMDAL, UKL-UPL, and SPPL documents. However, there is still need for strengthening efforts in building the capacity and certification of competency for local consultants. In terms of facilities and instruments, their laboratory had been set up and human resources are currently being trained. It is targeted to be in operation next year. The lab was funded the central government and it is based on national standards compliance. It will function as a reference lab in the West Nusa Tenggara province for all local governments, as well as for the neighboring province, East Nusa Tenggara (NTT). In terms of processing and issuance of environmental permits, the same	No area of strengthening needed.

	agency has their own office which ensures all permit issuing is based on law and regulations. This ensures the smooth process and reduces bottlenecks in paperwork.	
2) Tourism Agency, Province West Nusa Tenggara (*Nusa Tenggara Barat*, NTB)	The tourism agency staffs totaled 161 people. Staff is allocating into to tourism, museums, and cultural parks. There is no mentioned of staff training, especially on managing sustainable tourism or managing integrated master plan tourism-related skill improvement programs.	Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) to provide coordination and training.
3) Public Works Agency, Province West Nusa Tenggara (*Nusa Tenggara Barat*, NTB)	As mentioned earlier, all staffs of MPHW needs to be trained according to the same training module determined by BPSDM. This helps to centralize the law and regulation especially for environmental documentations. All projects have to fulfil the required environmental documentation prior to the construction including SPPL, UKL-UPL or AMDAL depending on the size of the projects. The agency has 3 staff that possess AMDAL certificates, but none has a competency certificate.	No area of strengthening needed.
4) Environmental Agency, Lombok Barat	With a total of 38 staff, the team consists of 22 undergraduates and 4 post-graduates, and is still understaffed for the tasks and responsibilities of managing the agency, especially in the fields of IT and laboratory testing. Only one staff is certified with the AMDAL commission. Their laboratory has been in operation since 2012 and equipped with selective instruments and portable ones for use in field.	Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) to provide coordination and training.
5) Tourism Agency, Lombok Barat	The agency is part of the AMDAL commission, although none of the staff has a certificate to prepare or review AMDAL documents. Their main role is to provide recommendations in the tourism sector. The capacity of the agency could be increased through training focusing on sustainable tourism and basic training UKL-UPL.	Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) to provide coordination and training.
6) Public Works Agency, Lombok Barat	The agency has 256 staff, with approximately 20% having completed undergraduate studies, and about 80% having completed high school and elementary studies. The current projects under the agency mainly required UKL-UPL and are done by the agency. The agency has no staff members	No area of strengthening needed.

	who are AMDAL certified, except for the acting Head of the Agency (*Plt Kadis).* They also support other local agencies by providing inputs on environmental related meetings.	
7) Sustainable Tourism Organization (University of Mataram, Lombok)	The establishment of STOs for three pilot chosen destinations (Sesaot, Lombok; Sleman, Yogyakarta and Pangandaran, West Java) was formalized through an MOU signed between UNWTO and the Ministry of Tourism in Jakarta in September 2016. The Sesaot STO currently has support from the West Lombok government, Tourism Agency, and BAPPEDA who come together in the *Forum Tata Kawasan Pariwisata*. However, there is still work to be done to expand the STO outreach including: a) the mandate needs to be strengthen by the Governor to extend the legal framework of the Forum to include other regencies to support sustainable tourism; b) sufficient allocation of budget/funding to STOs to develop their five-year plans for green sustainable results need to be agreed upon by different stakeholders; c) the environmental monitoring for water quality assessments can be conducted jointly with the University of Mataram and *Badan Lingkungan Hidup* (BLH) in Lombok Barat.	Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) to provide coordination. Ministry of Tourism to provide sufficient financing and training.
Borobudur/Yogyakarta/Prambanan		
1) Yogyakarta Special Region BAPPEDA	This is one of the few provinces in Java that has been selected for a few integrated master plans, including connectivity (e.g. establishment harbors, ports) and road and railway accessibility with MPWH. They are also currently working on an integrated solid waste feasibility study for three major cities (Solo, Semarang and Yogyakarta). This shows their management capacity and their understanding of regional development master planning.	No area of strengthening.
2) MOEF Kabupaten Magelang	With a totaled of 81 staff members, the team has two staff with AMDAL certificates. They have enough skilled staff to process the UKL-UPL documents and also the SPPL documents. They are also preparing local regulations on solid waste management and currently waiting for the approval from the district level. They also published their technical	No area of strengthening.

	management booklet on solid waste management in 2016 together with a feasibility study and AMDAL done by the province for the final disposal area. There are critical needs at the temporary disposal locations to implement the 3R approach to waste management prior to the final disposal at the landfill.	
3) MPWH, Yogyakarta Providence.	For the training for the local MPHW staff in Yogyakarta, it is done through the training center (Balai) and trained according to the same training module determined by BPSDM. Different DGs of MPHW (e.g. Highway – *Bina Marga*, Water Resources, Human Settlements – *Cipta Karya*) staff have training organized by the Balai, which covering environmental and social topics including land acquisition and environmental documents for UKL-UPL/ SPPL activities. The working relationship with the central MPWH and PWH agencies at the provincial level is good in terms of program implementation.	No area of strengthening is needed. Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff) to provide coordination and training.
4) Borobudur Heritage Conservation Institution	The current monitoring and maintenance implementation plan by the Conservation Agency are as follows: 1) They have their own team that is focused on carrying out restoration and conservation of the Borobudur Temple. All workers were trained under the UNESCO program and they were sent to Cambodia to learn about the restoration process in Angkor Wat. They have a joint training with UNESCO on conservation techniques and the training is held at the Borobudur Conservation Agency. 2) Monthly reports on micro-climate data are compiled and sent to UNESCO periodically and the weather station is being managed by the conservation agency team. 3) A team of cleaning and protection workers that works round the clock to clean and cover the stupas of the Borobudur Temple each time there is volcanic eruption from Mount Merapi. Currently there is no restriction on the number of tourist that can visit the Borobudur Temple each day. They can only report and submit any environmental impacts report to the provincial level. Their cost of restoration is about 4-5 million IDR each year; this includes the cost of instruments/tools, manpower, and projects with local communities. In total, the agency currently has about 137 staff members and about 21% of the staffs have completed university. Their research units also published own conservation journal and complied conservation report to World Heritage committee.	No area of strengthening is needed. Program Management Support (through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff or possible UNESCO support) to provide coordination and training.

Table Notes:
[1] JICA. *Ex-Post Evaluation Study on Regional Development Policies for Local Governments Report*. March 2008. PT. Indokoei International, Indonesia.
[2] Deltares. Institutional strengthening for IWRM in 6 Ci's river basin territory, Indonesia Package B. Government of Indonesia. 2009 – 2012.
[3]Operational activity report for BLH North Sumatera (Technical Unit for Monitoring Water Quality Lake Toba) Year 2012 – 2015.

6 INPUTS TO THE PROGRAM'S DESIGN AND ACTION PLAN

61. Based on the Program Environmental and Social Systems Assessment, gaps identified with respect to the PforR Policy, data collected during site visits conducted to potential Program locations, and consultations with various stakeholders, the measures summarized in Table 11 are proposed to improve the performance of the environmental and social management system for the Program. The proposed measures will be implemented in one or more of three different ways as indicated in the table: as part of Results Areas 2 and 4, by inclusion in the IPF component of the Operation, or as part of the Program Action Plan (PAP).

62. The MPWH (RIDA) will be allocating Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff to the following tasks:

a) Providing assistance to the RIDA Team in the coordination and synergy of program implementation related to the Tourism Development Program;

b) Assisting the RIDA Team in conducting activities and compiling documents (including preparation of the UKL-UPL/AMDAL documents and preparation of the Social Environmental Strategic Assessment (SESA)). This is also related to the other activities component of the Tourism Development Program;

c) Preparing and submitting reports on the implementation of their duties to the Head of RIDA through coordination with the RIDA Team.

63. The capacities and capacity-building needs of other national agencies involved in the PforR and provincial and local government agencies that will be responsible for activities supported by the Program are described in the ESSA. The implementation and types of capacity building training programs for other key ministries to be funded under the IPF component of the Operation are described in the ESMF and will not be repeated in the ESSA.

Table 11. Environmental and Social Measures for the Program Design and Action Plan.

Objective	Environmental and Social Actions	Implementation via	Timing	Responsible

Ensure integrated development of tourism facilities and supporting infrastructure	Prepare Integrated Tourism Master Plans (ITMPs) for each destination. Undertake free, prior, informed consultations that lead to broad community support during the preparation of the ITMPs and downstream plans ensuring the cultural appropriateness of, and equitable access to, Program benefits. Provide training and assistance to involved agencies implementing the investments in areas where there is IPs presence in carrying out a free, prior, informed consultations that lead to broad community support to the Program during the social assessment and to empower the affected IPs in benefitting from the Program and address potential impacts through the development of the Indigenous Peoples Plan (IPP).[51] Assist and facilitate the collaborative efforts of various agencies responsible for IPs empowerment.	IPF (technical assistance) component of the Operation, especially the Integrated Tourism Master Plan (ITMP) Consultants' Services, and downstream plans. Program Management Support[52] to provide training, review IPPs, monitor their implementation, and facilitate collaboration among involved agencies.	ITMP by August 2018, with interim deliverable to inform the 2018 expenditure program. During the implementation of the PforR.	MPWH
Ensure that the destination's environmental, social, and cultural opportunities and constraints are considered in development planning				
Avoid locating infrastructure in disaster-prone areas				
Provide opportunities for stakeholders, including indigenous peoples (IPs) and vulnerable groups, to participate in the planning process				

[51] This includes support to the development of a practical tool/guidance tailored for the Program to implement free, prior, informed consultations that lead to broad community support and to empower IPs so that they will benefit from the Program as operationalization of the relevant sectoral laws and regulations.

[52] Through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff.

Mitigate risk that actions of tourism development itself will not degrade the natural and cultural resources that attract the visitors. Mitigate risk that natural and cultural resources that IPs depend on for their living and customary practices become more limited or restricted.	Establish arrangements or strengthen emerging arrangements, such as Sustainable Tourism Observatories (STOs), as part of UNWTO International Network of Sustainable Tourism Observatories (INSTO), for monitoring and protection of natural and cultural assets at each destination.	ITMP to recommend the arrangement through stakeholder mapping. Establish arrangements as part of Program Action Plan and implementation throughout Program period is incentivized in Results Area 4, where its regular reporting is a DLI. Program Management Support[53] to provide training to protection agencies. Community satisfaction surveys. [54]	Arrangements established end 2017; Ongoing implementation	MPWH Ministry of Tourism Universities Environmental Management Agency (BLH)
Avoid social conflict that could occur as a result of tourism development	Anticipate potential for social conflict and provide for conflict management in Integrated Tourism Master Plans. Include harmony with local social values and culture in development plans. Leverage uniqueness of the destination by being sensitive to local culture. Enhance local tourism awareness raising programs ("*Sadar Wisata*") and strengthen community feedback through annual surveys.	Integrated Tourism Master Plans (IPF); RA4 financing and results indicators for community awareness raising programs and community feedback surveys.	During the implementation of the PforR	MPWH Ministry of Tourism

[53] Through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff.

[54] As part of the local community satisfaction surveys (under RA4, where increased satisfaction is aimed for over the Program period) on satisfaction with participation in destination planning and budgeting processes as well as access to Program activities, sufficient IPs will be included to monitor their satisfaction as well.

Ensure livelihoods are restored when people (including IPs and other vulnerable groups) affected by investments lose land, other assets, or access to assets.	Include assistance and livelihood restoration especially to squatters and the vulnerable groups in the Abbreviated LARAPs.[55] Provide budgets to support assistance and livelihood restoration activities. Assess capacity to implement Abbreviated LARAPs and provide training to agencies implementing the Abbreviated LARAPs as needed. Provide assistance and facilitation on the collaborative work among involved agencies to effectively prepare and implement the abbreviated LARAP.	Program Management Support[56] to provide training, review Abbreviated LARAPs and a Plan of Action (as applicable), monitor their implementation, provide training and facilitate collaboration among involved agencies.	During the implementation of the PforR	MPWH Central and local government
Minimize risk of accidents to workers and local residents	Include health and safety in all environmental management plans. Supervise adherence to safety rules.	Program Management Support. Implementing /contracting agencies to supervise contractors for compliance (RA1).	Ongoing	MPWH local government
Ensure that funds from the PforR Program are not used to support investments that are ineligible because of significant adverse, environmental or social impacts that are sensitive, diverse, or unprecedented.	Adoption of the Investment and Expenditure Menu of the Program, the mechanism for reviewing the proposed annual work plan against the Menu and the Integrated Tourism Master Plans, and the screening mechanism for year 1 investments and proposed additions to the Menu.	Program Action Plan	Before loan effectiveness	MPWH in consultation with the Bank

[55] As applicable this should include a Plan of Action in the case that an investment lead to access restriction to natural resources in designated parks and protected areas.
[56] Through Program Management Support Consultants' Services financed under the IPF, and/or additional qualified MPWH staff.

Improve quality of UKL-UPLs and AMDALs that often lack analytical rigor; are weak in the areas of cumulative impacts, associated facilities, analysis of alternatives, and social impacts; and are not always well implemented.	Develop and implement a tourism-specific training program for consultants that prepare UKL-UPL and, as applicable, AMDALs and for the agencies that review, approve, and enforce them.[57]	Program Management Support and/or RA4	Developed end 2017 (Program Action Plan) and ongoing implementation	MPWH Ministry of Environment and Forestry (MOEF)

[57] Most of the investments in Results Area 1 of the Program (Table 3) will require UKL-UPL, but an SPPL will suffice for some. Few, if any, are likely to need AMDAL.

7 ENVIRONMENTAL AND SOCIAL RISKS

7.1 Potential environmental and social risks

64. *Environment*. The main identified environmental risks before measures to avoid or mitigate them are put into effect are: (i) individual infrastructure investments may proceed in a non-integrated manner, without consideration environmental constraints at the destination level, or of interactions and cumulative impacts, with the result that tourism development degrades the natural and cultural resources on which it depends; (ii) environmental assessments may lack analytical rigor and sufficient depth, particularly on social issues; (iii) environmental management and monitoring plan implementation may not be adequately monitored or enforced; (iv) natural and cultural resources important for tourism may be degraded by third-party actions not related to the Program; and (v) disregard of health and safety rules will pose risk of accidents to workers and local residents.

65. *Social*. Items (i) through (iii) in the paragraph above are risks that apply equally to the human environment. Other social risks, again before avoidance or mitigation measures, are: (i) Indigenous Peoples (i.e., *Masyarakat Hukum Adat*, which fall under the criteria as per World Bank OP 4/10), local community and/or vulnerable groups may not benefit equitably from the Program; (ii) Indigenous Peoples may be adversely affected through loss or degradation of physical assets, cultural values, or livelihoods, or through restriction of access to natural resources important for their customary practices; (iii) social conflicts may arise, resulting in local unrest and delays in implementing Program investments; and (iv) the livelihoods of persons losing land or other assets, or losing access to assets on which their livelihoods depend.

7.2 Risk Mitigation

66. The Program has three vehicles to mitigate the environmental and social risks: the Program design itself, specifically Results Area 1 which focuses on addressing existing basic services gaps and reversing environmental degradation, Results Area 2 to promote local participation in the tourism economy, and Results Area 4 to build capacity for integrated and sustainable tourism development; the IPF component of the Operation that will support specialized consulting services;[58] and the Program Action Plan. The measures to fill gaps in the national safeguards system and to mitigate risks identified in Table 9 have been summarized in Table 11, and the implementation vehicle for each is indicated. Two of the measures warrant elaboration here.

[58] For (i) integrated tourism master planning; (ii) downstream planning documents; (iii) Program management capabilities, including capacity building to strengthening the natural, cultural and social asset monitoring and preservation capabilities; and (iv) additional studies related to SME and skill development and business environment improvements.

67. *Integrated Tourism Master Plans.* Capabilities for integrated master planning are included in Results Area 4, but the IPF component is financing the engagement of the necessary consultants' services. The terms of reference for the plans call for:

- Review of the legal and statutory framework within which the Integrated Master Plan will be prepared for the specific destination
- Consultation with stakeholders. In the case that IPs presence can be identified and potentially affected by any proposed tourism development, carry out a free, prior, informed consultations (FPIC).
- If sufficient information on the presence of and potential impacts on IPs is available for a particular land/infrastructure/facilities development as recommended by the ITMP, and if it has been decided that the ITMP recommendation will be implemented, then the Consultant will also prepare an Indigenous Peoples Plan (IPP) in accordance with the Indigenous Peoples Planning Framework (IPPF) as specified in the ESMF
- Assessment of growth in demand (population growth, tourism, commercial, industrial, agriculture/fishing)
- Assembly and mapping of base line information (land use, topography, hydrology, vegetation, infrastructure, protected areas, cultural sites, population including ethnic minorities, vulnerable group, IPs)
- Collect and mapping baseline information including land ownership status and typical land issues particularly in the clusters of tourist attractions. The ITMP consultant will consider potential land issues as one of the various factors in determining the physical/land development plans in the ITMP[59].
- If sufficient information on the land acquisition and/or resettlement is available for a particular land/infrastructure/facilities development as recommended by the ITMP, and if it has been decided that the ITMP recommendation will be implemented, then the Consultant will also prepare a Land Acquisition and Resettlement Action Plan (LARAP) in accordance with the Land Acquisition and Resettlement Policy Framework (LARPF) as specified in the ESMF[60]

[59] The Program will document the land ownership, issues, and resolution status of such land issues in the strategic tourism areas in all of the three destinations as part of the ITMP preparation. The ITMP will screen and identify the environmentally and socially sensitive areas, including those where legacy issues on land remain. The ITMP, through its analysis of development opportunities and constraints, will direct the development of tourism-related infrastructure including those under RA-1 so that it will not impinge on environmentally and socially sensitive areas, including those with legacy issues on land. Land legacy issues can be considered as constraints from further development of the affected area in the ITMPs, until the issues are resolved meeting the Indonesian Regulations, or if there is a clear plan to resolve this issue (with monitoring milestones and clear timeline) in accordance with the prevailing Indonesian Regulations. Such locations will be excluded from short-term or medium-term tourism development or beyond, until the legacy issues are addressed properly, agreed by the involved parties, in accordance to the prevailing Indonesian laws and regulations.

[60] For addressing land legacy issues : The planning area of the ITMPs might have some sites with land legacy issues. In this case, the consultant of the ITMPs should carry out rapid assessment to:

(a) identify the sites (with map) with land legacy issues during the development of baseline information;
(b) assess the potential risks and opportunities should such sites be included in the ITMPs;

- Assessment of infrastructure planning required in support of future development (water supply, wastewater management, storm water management, solid waste management, transportation, energy, telecommunications and other utilities)
- Development of detailed guidelines required to manage development (water use, landscaping, architecture, scenic vistas and view-points, recreational use of waterways, environmental and social opportunities and constraints, etc.
- Preparation of a phased spatial development plan, including land use recommendations to accommodate future growth with consideration of among others, potential persistent or future land issues
- Preparation of a phased investment plan in infrastructure and services to guide and support tourism development.

68. The integrated tourism master planning process will address the environmental and social risks of non-integrated development and related degradation of natural and cultural resources, lack of attention to cumulative impacts, and adverse impacts of third-party activities. The planning process will provide a mechanism for consultation with all stakeholders including IPs, traditional communities, women, and other vulnerable groups to reduce the risks that they will be adversely affected or will not share in Program benefits. RA 1 could also address some of the potential social risks and impacts of the Program. Decisions on the priorities and locations of physical investments to be implemented under RA 1 will be taken from the recommendations of the ITMPs. As the ITMPs already took consideration of IPs, vulnerable groups, local communities and suitable (legally and physically) land for physical/land development, the physical investment to be built under RA 1 should provide equitable access and services to these groups.

(c) assess options for possible solutions, each with its risks and opportunities;
(d) historical background, identify legacy issues and status of solutions that have been achieved by the local government and the likely solutions in the future

The rapid assessment should be done in close discussion with the relevant local government agencies (could be provincial or district or cities), and include site visits and interviews with relevant stakeholders. The report of this rapid assessment will be part of the information for the ITMPs consultant team that should be used as key consideration in analyzing and developing development scenario in the ITMPs and in recommending land development and physical investment

The ITMPs consultant team should share the Rapid Assessment Report and discuss with the RIDA and the Bank to find a solution on how to proceed with the ITMPs, provided tradeoffs between the risks (including reputational risks) and opportunities.

Some possible options which might make it feasible to proceed with the ITMPs based on the information provided by the Rapid Assessment Report and agreement between the RIDA and the Bank include: (a) include the sites with legacy issues in the planning area with clear and agreed measures to mitigate risks as part of the provisions in the ITMPs; (b) exclude/screen out the sites with legacy issues from the planning area, with provisional measures to avoid associated risks with the remaining planning area; (c) a combination of (a) and (b) for the cases in which an acceptable solution through phased-resolutions (issues can be solved one after the other gradually with clear time frame) can be found based on Indonesia regulations.

69. As explained in Table 9, there is a need to ensure that FPIC is implemented properly during the preparation of ITMPs. The Consultant for the ITMPs will work with IP organizations (such as AMAN[61] network and local universities) to ensure IP participation in the public consultations. As part of the local community satisfaction surveys (under RA4, where increased satisfaction is aimed for over the Program period) on perceived benefits received from tourism (individual or community benefits, economic or social benefits, conservation of traditions, etc.), changes in socio-economic conditions (e.g. prices, access to resources, traditional values), changes in environmental conditions (improvement or degradation), interaction with tourists, sufficient IPs will be included to monitor their satisfaction as well. IPs are also part of the "sadar wisata" tourism awareness raising programs.

70. Ensuring the implementation of Abbreviated Land Acquisition and Resettlement Action Plan (LARAP) and Indigenous Peoples Plan (IPP). As commonly practice, preparation and implementation of LARAP and IPP are the responsibility of the owners of the physical investment. This means that budget to carry out these activities will have to be made available by the owners of the physical investment, which could be *kabupaten*/city government, provincial government, and/or central government depending on the nature of the physical investment. Once the ITMPs (including the Detail Development Plans—DDPs) are completed, these three levels of governments should be able to identify which physical investment (and the location) would need land and/or involve IP communities. ITMPs would also identify the extent to which priority physical investments need land. When the Program has decided on which physical investment will be implemented in a given year, the consultant of ITMPs will inform the concerned agencies at the *kabupaten*/city/provincial/central government to prepare a budget allocation in their APBD I/II/APBN to prepare (abbreviated) LARAP/IPP and to implement them in the following fiscal year or sooner. Preparation for land acquisition in accordance with Law No. 2 Year 2012 [62] and its implementing regulation should start immediately. Simultaneously, preparation of IPP and its implementation by concerned local government (kabupaten and/or provincial) should start after the completion of the ITMP. The Program Management Support (particularly the social development specialist, provided through IPF financed Consultants' Services and/or additional qualified staff at the MPWH) will monitor the budgeting process for the preparation and implementation of the abbreviated LARAP and IPP at

[61] Aliansi Masyarakat Adat Nusantara or Indigenous Peoples Alliance of the Archipelago. AMAN has as members more than 2,300 MHA communities in the country covering 17 million individuals. AMAN has also networks in Lombok and Toba destinations. They have information on the presence and characteristics of their members MHA communities in the respective provinces until the village level.

[62] As explained in the Table 9 on Evaluation of the GoI Environmental and Social Systems in Relation to the PforR Policy of the World Bank, Policy Element 4, Law No. 2 Year 2012 regulates that compensation level is assessed by a licensed- independent appraisers, and is defined based on values of physical assets and non-physical assets including premium. Regardless whether the abbreviated LARAP and/or LARAP is prepared and implemented under the IPF or not, compensation level defined based on consistent implementation of Law 2/2012 reflects the replacement value as required by OP 4.12 on Involuntary Resettlement.

the local government level ensuring that budget allocation will be available timely and sufficiently. As specified in Table 9, Policy Element 4 and 5, respectively, the abbreviated LARAP should include assistance and livelihood restoration plans, especially for squatters and the vulnerable, and the IPP (including Social Assessment) should be developed with a free, prior, informed consultations that lead to community broad support ensuring the cultural appropriateness of, and equitable access to, Program benefits.

71. *Arrangements for monitoring and protection of natural and cultural resources important for tourism*. Establishment of these arrangements is part of the Program Action Plan and implementation throughout the Program period is incentivized in Results Area 4 of the Program, where its regular reporting is a DLI. "One size fits all" is probably not applicable; arrangements are likely to be different from one location to another. Options range from setting up a single, special purpose agency on the one hand, to formalizing a cooperative agreement among existing organizations on the other. Possible participating agencies include:

- Sustainable Tourism Observatories (STO) established under a UN WTO program to monitor indicators for sustainable tourism. The STO could function as a single monitoring entity, if the Program provided additional budget, but it more likely would be part of a cooperating group.
- Local universities. The Lombok STO is housed in University of Mataram. Faculties of economics, sociology, and archaeology may be good choices for monitoring socio-economic indicators and effects on cultural property
- Environment Department (BLH) in district of provincial government. BLHs already have responsibility to monitor environmental quality and enforce implementation of environmental management plans but are typically understaffed and under-resourced to fully carry out these functions.
- Management Authority for the destination. Where such an authority has been established, as is the case for the Lake Toba destination, it would have to be involved in monitoring and protection. It would at the very least receive the monitoring reports and participate in any corrective measures the reports may call for.
- Provincial and District Social Offices to monitor the impacts caused by natural resources degradation and negative excess of tourism that put more threat to all vulnerable groups in society such as children, the poor, and disabled as they are entitled to greater protection of human rights.
- Special agencies for the destination, such as those operating at Borobudur.

7.3 Evaluation of the Environmental and Social Risks

72. Table 12 presents the environmental and social risk screening in the format of the Environmental and Social Risk Screening Worksheet included as Attachment 4.3 in the Interim Guidelines Notes to Staff on Assessment.

Table 12. Environmental and Social Risk Screening

Risk	Environmental Risk Screening	Social Risk Screening
Associated or Likely Social and	The Program will have many environmental benefits resulting from improving solid waste	The Program will have a number of positive impacts and benefits to the local communities, which will ultimately improve

Environmental Effects	management, water supply and waste water and sanitation services. Also, some of the interventions will have indirect benefits such as reducing traffic congestions, improving road safety, and possible enhancement of environmental services. The assessment indicates that no Category-A-type interventions are expected and that all such interventions will be screened out during the planning stage by screening against the Investment and Expenditure Menu and the ITMPs, and—as long as ITMPs are not finalized—a screening mechanism based on Annex 3. There are some environmental risks and potential adverse impacts. The main risks and impacts are: (i) individual infrastructure investments may proceed in a non-integrated manner, without consideration of environmental constraints at the destination level, or of interactions and cumulative impacts, with the result that tourism development degrades the natural and cultural resources on which it depends; (ii) environmental assessments may lack analytical rigor and sufficient depth, particularly on social issues; (iii) environmental management and monitoring plan implementation may not be adequately monitored or enforced; (iv) natural and cultural resources important for tourism may be degraded by third-party actions not related to the Program; and (v) disregard of health and safety rules will pose risk of accidents to workers and local residents.	the sustainability and carrying capacity of tourism destinations. Local communities will benefit from the development of improved infrastructure and services, and they will have opportunities to establish or expand their current economic activities or tourism-related businesses, and to create new jobs. There are some social risks and potential adverse impacts. The main risks and impacts are: Potential social risks impacts would occur mainly due to land acquisition and/or resettlement, including access restriction to public goods and natural resources, and disturbance (e.g. livelihoods, health, convenience) during construction. Activities involving large-scale and/or significant social impacts, including induced social impacts, will not be financed under this Program. Other typical potential adverse social impacts of tourism development (beyond the impacts of land acquisition and/or resettlement) may include: greater economic and social disparity and limited access for the community to public natural resources (such as beaches) due to "enclave tourist resort" development; internal conflict within communities due to inequality of capacity to harness new opportunities, especially for the less-educated, poorest, elderly, and disabled; loss of jobs due to conversion of agricultural activities into tourism-related build-up areas; disturbance and unsustainable commercialization of local cultures, practices, and values; and loss of livelihoods and assets due to land acquisition. Community health and safety may also be issues, particularly transmitted diseases and the dangers of busier traffic. Also, if not managed properly, there may be induced uncontrolled growth of settlements and/or small businesses surrounding the tourist attractions.
Environmental and social context	Lombok destination includes three key areas for tourism development: the Gili Islands, Senggigi and the southern coast. The Borobudur area (*Kecamatan* Borobudur and *Kecamatan* Mungkid) includes the	

	Borobudur Temple Complex—an UNESCO World Heritage Site—that consists of Borobudur Temple—a 'must-see' Buddhist temple dating from the 8th and 9th century—, and Pawon Temple and Mendut Temple; The Prambanan-Boko area (*Kecamatan* Prambanan in Central Java Province and *Kecamatan* Prambanan in the Special Region of Yogyakarta) includes the Prambanan Temple Compound and Ratu Boko. Prambanan Temple Compound—another UNESCO World Heritage Site—consists of Prambanan Temple—a Hindu temple dating from the 9th century—, Sewu Temple, Bubrah Temple and Lumbung Temple. In Yogyakarta (*Kecamatan:* Kraton, Gedongtengen, Danurejan, Ngampilan, Kotagede and Gondomanan), key attractions are the *Kraton* (Palace), the sultan's residence and a living museum; *Taman Sari* (Water Castle), a former royal garden of the Sultanate of Yogyakarta, and Malioboro shopping street. Within the Lake Toba destination boundary there are three areas for tourism development. First, Parapat (*Kecamatan* Girsang Sipangan Bolon) is the main gateway to Samosir Island in the lake. Samosir Island (especially *Kecamatan* Simanindo and *Kecamatan* Pangururan) has several tourism attractions such as the Stone Chair of King Siallagan and King Sidabutar's Tomb; Ambarita, a traditional village that provides sights of Batak culture; Parbaba beach; the hot springs at Gubung Pusuk Buhit Mountain; and Tutuk Village. Third, Kecamatan Balige offers some interesting Batak architecture and is the closest lake-side village to Silangit Airport.	
Program Strategy and Sustainability	The Program has a strategic objective of improving services and economic activities in tourism destinations. There are obvious environmental consequences resulting from low access to services, such as solid waste management, water supply and sanitation. Program investments implemented under ITMPs will improve the environmental sustainability of tourism development.	The sustainability of the program is highly dependent on communities' commitment and sense of ownership of and benefits from the various components and activities and the capacity of the implementing agencies to manage the Program in a sustainable manner and establish the necessary mechanism to ensure constant dialogue between local communities and the government.
Institutional complexity and capacity	The country environmental and social system already includes an institutional structure for assessing social and environmental impacts, identifying risks, pre-identification of impact/risk mitigation measures and monitoring and follow up of development projects. The institutional capacity of all involved different stakeholders had been assessed and recommended action is in the Program Action Plan. There are also some capacity limitations with regard to available external experts and consultants which will be addressed in the Program Management Consultant. The institutional risk, given the existing conditions, is moderate; but the PAP includes measures to strengthen the capacity of the key stakeholders which are designed to minimize those risks.	
Reputational and political risk context	There are no governance or corruption risks associated with the environmental aspects of the Program.	The Program includes a number of measures to mitigate potential social risks and to ensure citizen engagement and participation in planning and implementation of the Program. If the committed measures cannot

		be implemented adequately, there might be a risk of losing local people's trust and confidence to the government and the Bank. Legacy issues related to land acquisition for investments not financed under the Program, but perceived to be associated to the Program, could pose reputational risk. The ESSA describes measures to ensure that such issues are identified in the ITMP process and to resolve the issues or, in the event that resolution is not possible, to eliminate the affected area from the Program.
Overall Assessment	The assessment indicates that the program will not include Category-A-type activities. Accordingly, the PforR instrument is suitable for financing the program. The overall environmental risk for the program is moderate. The implementation of the recommended PAP would effectively minimize the risk.	The ESSA sets forth the measures needed to address and mitigate the social risks. In the meantime, the design of the Investment and Expenditure Menu, combined with the use of the ITMPs, avoids activities/projects that could be of significant social risk (e.g. those activities that may result in physical displacement, impacts on livelihoods or significant involuntary resettlement impacts). Although the social system assessment indicates that the risk is moderate, the measures recommended in the PAP and elsewhere in the Program design will minimize these risks.

73. Table 13 summarizes the environmental and social risks associated to the Program, developed based on the explanation in the Section 1.3 on Typology of Works and Activities under each RA, Section 3 of this ESSA, and Table 12 above.

Table 13. Global risk assessment of the Program.

Risks	***Valuation***	
	Environment	***Social***
Environmental and social effects associated with Program activities	Moderate	Moderate
National environmental and social context	Low	Low
Strategy and sustainability of the Program	Moderate	Moderate
Local capacity and institutional complexity	Moderate	Moderate
Reputational and political risk	Low	Moderate
Global evaluation	Moderate	Moderate

8 INPUTS TO THE PROGRAM IMPLEMENTATION SUPPORT PLAN

74. Table 14 indicates the environmental and social activities to be undertaken by the Bank or its consultants within the Program Implementation Support Plan.

Table 14. Environmental and Social Support Plan for the Implementation of the Program

Activity	Timing
• Review of draft Integrated Tourism Master Plans and records of stakeholder consultations	When documents are available
• Evaluation of natural and cultural asset monitoring and protection arrangements • Review of monitoring reports	When arrangements are established and functioning
• Review annual work plans to check that the adopted screening procedure has been applied in the selection of projects for PforR funding; and abbreviated LARAP and IPP (as applicable) for the proposed investments have been prepared.	During Bank implementation support missions
• Supervisions, field visits to destinations and project sites o To review implementation progress of the environmental and social aspects of the action plans o To review the implementation of the training programs on environmental and social safeguards	During Bank implementation support missions
• Based on the findings of implementation support missions, as needed, implement independent environmental and social audit of the Program	At the Mid-Term Review

9 INFORMATION DISCLOSURE, CONSULTATION AND PARTICIPATION

75. In the course of preparing the ESSA, the task team made field visits to five tourism destinations: Belitung Island, Borobudur-Yogyakarta-Prambanan, Lake Toba, Lombok, and Tanjung Lesung. Consultations were conducted with provincial and district officials, destination management authorities (where already established), the Sustainable Tourism Observatory for Lombok at University of Mataram, tourism development companies, NGOs, and local residents and businesses. In Jakarta, the team consulted with officials from the Ministries of Public Works and Housing, Tourism, and Environment and Forestry. Annex 2 provides details on the visits and persons consulted.

76. The Bank will publicly disclose the draft ESSA and conduct stakeholder consultation workshops in July 2017. The final version of the ESSA incorporating stakeholder inputs from the consultations on the draft will be disclosed at RIDA of MPWH's website www.bpiw.go.id, in the Bank's InfoShop. Results of the consultations on the draft are summarized in Annex 1.

77. Following the kick-off meeting of the identification mission of the Tourism Development Program (February 15, 2017), a series of consultations with different stakeholders to gather information from key government agencies at the national level, provincial level, district level, and at the destinations has been conducted in order to develop the ESSA. During the data collection for ESSA development, the consultations with key government agencies and concerned stakeholders at the national, provincial, and district level were conducted jointly by the Regional Infrastructure Development Agency (RIDA) of the Ministry of Public Works and Housing (MPWH) and the World Bank Safeguards Team (Environmental and Social Specialists). The process of consultation includes discussions with the heads of the relevant agencies and one-on-one meetings with specific agencies. Site visits to the tourism destination area were also conducted by the World Bank Safeguard team. The output of the consultations is the environmental and social systems assessment.

78. The tourism destination areas that the Safeguards Team had visited included Lombok, Tanjung Lesung-Banten, Lake Toba, Sumatra, and Tanjung Kelayang-Bangka Belitung. Based on the screening and scoping and also the prioritized three tourism destinations—Lake Toba, Borobudur, and Lombok, the Safeguards Team prepared the assessment of the environmental and social systems of the proposed Program. The initial consultations for were conducted from February 2016 to June 2016.

79. A more thorough and focused series of consultations were applied in the prioritized tourism destinations areas (Borobudur-Yogyakarta-Prambanan, Lake Toba, and Lombok). The Safeguards Team explored not only the current environmental and social issues, but also the potential environment and social effects that may be relevant to the Program. Findings of the ESSA included identification and assessment on social and environmental regulatory frameworks, specific institutional arrangements and the capacity building needed for mitigating tourism potential effects during implementation stage. The second stage of consultations was held from August to October 2017.

80. The stakeholder consultations will be carried out in two stages. The first initial consultation was done in December 2016 on the first draft of the Environmental and Social Systems Assessment (ESSA) with the stakeholders who are part of the national tourism coordination team. The second-stage stakeholder consultations will include local-level stakeholders at the national level and in three priority destinations, i.e., Lake Toba, Borobudur-Yogyakarta-Prambanan, and Lombok, and will be accompanied by the main executing agency for the Program, MPWH-RIDA. Relevant inputs or comments from the public consultations will be incorporated into the final draft ESSA.

ANNEX 1: RESULTS OF PUBLIC CONSULTATION

[To be completed after consultations on the draft]

Draft ESSA of Indonesia Tourism Development Program

No	When	Where	Who & how many people participated	Key issues raised during the consultation	How these issues were addressed in the revised documents

ANNEX 2: FIELD MISSIONS AND LIST OF MEETINGS

1. Lombok, Mandalika (20th February, 2016)

Lombok		
BAPPEDA of Nusa Tenggara Barat	Syamsudin S. Hut	Head of Sub-sector for Spatial and Natural Resources
BAPPEDA of Central Lombok District	Taufikurrahman Pua Note (Arman)	Head of Sub-sector for Physical Infrastructure and Regional Development
FTKDP (Tourism Destination Governance Forum), Central Lombok		
Lombok Destination Management Organization (DMO)	Asmuni Irpan	Facilitator
GIZ – RED NTB	Prayitno Basuki	Regional Coordinator
Eco Regions Indonesia	John Higson	President Director
Investment and Integrated Permit Agency, Central Lombok District	Winarto, MM	Head

2. Tanjung Lesung, Banten (22nd – 24th February, 2016)

Banten		
BAPPEDA of Banten District	Hudaya	Head of BAPPEDA, Banten
PT Jababeka (Tanjung Lesung)	Setiawan Mardjuki	Director
PT Jababeka (Tanjung Lesung)	Alan Ye	Executive Director
PT Jababeka (Tanjung Lesung)	L.M. Wardhani	Advisor/Infrastructure Director
PT Jababeka (Tanjung Lesung)	Poernomo Siswoprasetijo	Director
PT Jababeka (Tanjung Lesung)	Rully Lasahido	Managing Director
PT Jababeka (Tanjung Lesung)	Setiawan Mardjuki	Director

3. Medan-Lake Toba, North Sumatera (2nd – 4th March, 2016)

North Sumatera		
BAPPEDA of Samosir District		
Geopark Toba	Alimin Gintang	Chairman
Geopark Toba	Theodora	General Manager
District Government of Samosir, North Sumatera	Rafidin Simbolon	Bupati, Kabupaten Samosir

4. Tanjung Kelayang, Bangka-Belitung (14th – 15th June, 2016)

Bangka - Belitung		
BAPPEDA Belitung	Holmes	Kabid Fisik dan Prasarana
BAPPEDA	Arpani	Head
Public Works	Rosfandi	Kabid
Tourism and Creative	Hermanto	Head
BLHD	Mardis Molik	Kabid AMDAL
Bina Marga	Oscar	Kabid
Cipta Karya	Ibnu	Kabid
	Agus	
Tourism and Creative	Senta	Kabid Destinasi
Forestry, Agriculture, and Food	Hendra	Kabid Forestry
Marine and Fishery	Firdaus Idhamsyah	Kabid Capture Fishery
Province of Bangka-Belitung	Darmansyah	Advisor to the Governor (former Bupati)

5. Semarang-Borobodur, Central Java (15th – 17th August, 2016)

Central Java		
Borobudur Conservation Office	Marsis Sutopo	Director
Borobudur Conservation Office Office	Iskandar M. Siregar, S.Si	Head of Conservation Service Section
PT Taman Wisata Candi Borobudur	Achmad Muchlis	Head of Investment
PT Taman Wisata Candi Borobudur	Pujo Suwarno	Secretary of Industry
PT Taman Wisata Candi Borobudur	Riwaman Pradiptyo	Chairman
Central Java Provincial Government Development Planning Agency at Sub-National Level	Agung Tejo Prabowo	Secretariat Infrastructure and Development Provincial

6. Lombok, West Nusa Tenggara (17th – 19th October, 2016)

West Nusa Tenggara		
Sustainable Tourism Observatory (University of Mataram)	Dr. Akhmad Saufi	Team Leader/Lecturer in Tourism and Hospitality
Sustainable Tourism Observatory (University of Mataram)	Sulhaini	Lecturer in Marketing
Sustainable Tourism	Ida Ayu Putri	Lecturer in Tourism

Observatory (University of Mataram)		
Sesaot Village	Yuni Hari Senin	Head of Village
Buwun Sejati Village	Bambang Kurdi	Head of Village
Pokdarwis (NGO) (*Kelompok Sadar Wisata*)	Azudin Nur	Head of the Pokdarwis
Environmental and Research Agency of NTB Province	Haris Rayed	Head of Agency
Environmental and Research Agency of NTB Province	Gatot	Planning and Development
Environmental and Research Agency of NTB Province	Nyoman	Kasi AMDAL
Environmental and Research Agency of NTB Province	Syaiful	Head of Laboratory
Environmental and Research Agency of NTB Province	Syahrul	Head of Research UPT
Environmental and Research Agency of NTB Province	Retno Researcher	
Tourism Agency of NTB Province	Muhamad	Secretary of the Agency
Tourism Agency of NTB Province	Alfi	Head of Destination Sub-division
Tourism Agency of NTB Province	Budi	Geo-park Secretariat
Tourism Agency of NTB Province	Akbar	Geo-park Secretariat
National Land Agency in NTB Province	Dina	Mapping
National Land Agency in NTB Province	Dipta	Head, Land Measuring and Mapping Section
National Land Agency in NTB Province	Mardon	Land Title and Registration Section
National Land Agency in NTB Province	Bayu	Land Control and Management Section
National Land Agency in NTB Province	Elman	Land Control and Empowerment Section
Public Works Agency of NTB Province	Mahfud	Secretary of the Agency
Public Works Agency of NTB Province	Ahlul	Housing
Public Works Agency of NTB Province	Sahdan	Bina Marga
Public Works Agency of NTB Province	Teguh	Spatial Plan

Public Works Agency of NTB Province	Syuaib	SDA
Environment Agency of Lombok Barat	L Edy Sadikin	Head of Agency
Tourism Agency of Lombok Barat	Ristan Junaidi	Head of Agency
Tourism Agency of Lombok Barat	Sandra	Secretary of Agency
Public Works Agency of Lombok Barat	L Sudiana	Head of Program Sub-division
Public Works Agency of Lombok Barat	Utami	Head of Section of BM
Public Works Agency of Lombok Barat	Ahad	Head of Cipta Karya
Public Works Agency of Lombok Barat	Arif	Head of Infrastructure Division
BAPPEDA of Lombok Barat	H Junaidy	Head of Agency
Social Affairs District Office of Lombok Barat	Drs. Faturrahium M.si	Head of Office
Social Affairs District Office of Lombok Barat	Anik Soelistyoi, Bsw	Head of Social Empowerment Sub-division
Social Affairs District Office of Lombok Barat	Drs. Yunus Suhaimi	Head of Social of Social Welfare Sub-division
Social Affairs District Office of Lombok Barat	Lalu Muliadi S.sos	Head of Social Rehabilitation and Violence Sub-division
District Land Office of Lombok Barat - NTB Province	H Lukman SH, MH	Head of Office
District Land Office of Lombok Barat - NTB Province	I Gusti Ketut Suardika SH	Head of Land Title and Registration Section
District Land Office of Lombok Barat - NTB Province	Salhin SH	Head of land Survey, Measuring and Mapping Section
District Land Office of Lombok Barat - NTB Province	Salah Basyarah SH	Head of Land Dispute, Conflict and Litigation Section

7. Other meetings in Jakarta

Ministry/Agency	**Name**	**Title**
Jakarta		
Ministry of Public Works and Housing	Hermanto Dardak	Director General of Regional Infrastructure Development Agency

Ministry of Public Works and Housing	Rezeki Peranginangin	Head of Strategic Area Development Center,
Ministry of Public Works and Housing	Endra S. Atmawidjaja	Deputy Director for Big Cities and New Towns Infrastructure
Ministry of Public Works and Housing	IGW Samsi Gunarta	Head of Division/Land Acquisition Facilitation
Ministry of Tourism	Frans Teguh	Director of Destination and Investment Planning
Ministry of Tourism	Dadang Rizki Ratman	Deputy Minister for Development of Tourism Destinations and Industry
Ministry of Environment and Forestry	Heru Waluyo	Director of Coastal and Marine Pollution and Degradation Control
Ministry of Environment and Forestry	Nugraha Prasetyadi	Directorate of Environmental Control and Policies for District and Sector
Ministry of Environment and Forestry	Wahyu Rudjanto	Head Balai Kepulauan Seribu
Ministry of Environment and Forestry	Agus Supriyanto	Head Section of Law KSDAE

ANNEX 3: SCREENING FOR PROGRAM ELIGIBILITY

A Framework for Screening Proposed Investments

In terms of environmental and social risk management, the Program must comply with *Bank Policy: Program-for-Results Financing* issued on July 10, 2015. Activities that are judged to be likely to have significant impacts that are sensitive, unprecedented, or diverse are not eligible for PforR financing. The environmental assessment category that would apply if the Program were financed by a Bank IPF is shown in Table 3 to make clear that no Category A-type investments will be financed under the Program. It is of course possible that an investment that would normally have only moderate impacts could have significant impacts if placed in a location with sensitive environmental, social, or cultural features. One of the objectives of the ITMPs is to prevent this through systematic and sound siting of infrastructure. In the first year of the Program, before ITMPs are finalized, a screening process based on the Indonesian system will be applied. In case the Program's Steering Committee wants to add new types of investments to the Program's Investment and Expenditure Menu, they also need to be screened according to the significance of their potential environmental and social impacts using the adopted screening process. This screening process is described in this Annex.

For the first-year investments that will be implemented before the ITMPs are completed, and in case the Program's Steering Committee wants to add new types of investments to the Program's Investment and Expenditure Menu (Table 3), the Program will rely on the two-level screening system described below to ensure that this policy requirement is met.

- Level 1: the Indonesian system for identifying investments for which AMDAL (full environmental and social impact assessment) is required, i.e., projects that in most cases would fall into environmental assessment Category A if being implemented under World Bank safeguards policies, hence are normally not eligible for PforR financing.
- Level 2: supplementary screening criteria adopted for the Program to account for the fact that the Indonesian system relies heavily on size thresholds – capacity, area, length, volume, etc. – and thus may exempt a proposed project from AMDAL that could because of sensitive environmental or social context have significant impacts that would make it ineligible for PforR financing.

Level 1. Requirement for AMDAL

The Indonesian Ministry of Environment Regulation No. 5 of Year 2012 states the requirement on activities required to have AMDAL (full environmental and social impact assessment). It is in itself a two-level screening process. Annex 1, which is an integral part of this regulation, is an extensive list of types of activities organized by sector. A few of them require AMDAL regardless of size, but for most, the size threshold at or above which AMDAL is required is defined. Below the threshold, the less intensive "environmental management effort" (UKL) and "environmental monitoring effort" (UPL) must be prepared, except in cases of negligible impact. UKL-UPL is comparable to the ESMP that is often used for Category B projects being implemented under Bank safeguards. When impacts are negligible, in projects that would be in

Category C under Bank safeguards, the Indonesian system provides for a third instrument, a Statement of Environmental Management and Monitoring Undertaking (SPPL) to be executed by the proponent. Most of the investments in Results Area 1 of the Program will probably require UKL-UPL, but an SPPL will suffice for some.

Annex 1 of the regulation is too extensive to reproduce in this ESSA, but some examples of the types of activities or investment plans which require AMDAL are:

- Shoreline land reclamation of ≥ 25 ha
- Cut and fill involving ≥ 500,000 m^3
- Surface water withdrawal ≥ 250 l/sec
- Groundwater withdrawal ≥ 50 l/sec
- At-grade railway construction ≥ 25 km
- Port construction involving piers or breakwaters ≥ 200 m in length
- Airports with runway ≥ 1200 m or terminal buildings ≥10,000 m^2
- Dams ≥ 15 m high
- Construction or widening of roads ≥ 5 km that involve land acquisition of 30 ha or more in cities, or 40 or more in rural areas Toll roads ≥ 5 km
- Sanitary landfills ≥ 10 ha
- Wastewater treatment plants with area ≥ 3 ha or organic load ≥ 2.4 tons/day

Annex 2 in this regulation provides for screening of investments and activities regardless of type or scale to determine whether AMDAL is required based on their location sensitivity. Annex 2 lists 20 types of protected or sensitive areas in which AMDAL is mandatory for any activity that could adversely affect the environment. Examples include protection forests, nature reserves, mangroves, peatlands, coastal areas, national parks, coral reefs, cultural preservation districts, and refuges for protected animals and marine biota.

Level 2. Supplementary Screening

Recognizing that the Indonesian screening process is based on quantitative thresholds and location with respect to protected or sensitive areas, whereas the Bank's is more risk-based, the main function of this second level of screening is to eliminate from PforR financing proposed investments that do not require AMDAL but are high risk because of their environmental or social context or intrinsic characteristics. The list below is not intended to be exclusive; the Consultants for the Integrated Tourism Master Plans and for Program Management may identify additional criteria for Level 2.

An investment for which AMDAL is not required would still be ineligible for PforR financing if it had any of the following characteristics:

- It would result in significant conversion or degradation of natural habitat.
- It would reduce or cause fragmentation of habitat important for the survival of threatened or endangered species.
- It would cause the physical displacement of more than 200 persons.

- It would involve production of hazardous waste or storage or use of hazardous substances that would pose risk to surrounding communities.
- It would pose unavoidable risk of destruction of or damage to physical cultural resources.
- It would affect land or other assets of indigenous peoples and does not have documented proof of free, prior and informed consultation leading to broad community support.
- It would have air emissions that would result in exceedance of the stricter of Indonesian or WHO ambient air quality standards or guidelines.
- It would generate solid or liquid wastes for which proper treatment and disposal facilities are not available, and/or produce effluents exceeding the stricter of Indonesian or World Bank Group limits.
- It could result in induced development with potentially adverse social and environmental impacts for which adequate local management capacity does not exist.
- The proposed location is so sensitive to the potential impacts of the investment that effective mitigation is unlikely. Sites with unique visual amenity, uses for traditional cultural events, and essential sources of livelihoods are examples.
- There are land legacy issues that have not been addressed properly, agreed by the involved parties, in accordance to the prevailing Indonesian laws and regulations.

The negative list of investment that contains items that the Program cannot finance. They include:

- No new landfills
- Roads – construction or rehabilitation of roads that require significant resettlement of people (more than 200 people).
- No large regional solid waste facilities
- No large regional waste water facilities/ system
- No new toll roads