



Geothermal Power Plant Project Ijen Bondowoso

Livelihood Restoration Plan

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Livelihood Restoration Plan



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Acronyms and Abbreviations

Name	Description
AOI	Area of Influence
CHMP	Cultural Heritage Management Plan
COD	Commercial Operations Date
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
EN	English
EPC	Engineering, Procurement, Construction
ERM	ERM Company Limited
E&S	Environmental and Social
ESIA	Environmental and Social Impact Assessment
ESMO	Environmental and Social Management Officer
GIS	Geographic Information System
GM	Grievance Mechanism
GRM	Grievance Redness Mechanism
GW	Gigawatt
HH	Households
H&S	Health and Safety
IFAD	International Fund for Agricultural Development

IFC	International Finance Corporation
ILO	International Labour Organization
IP	Indigenous People
KII	Key Informant Interview
LRP	Livelihood Restoration Plan
MCG	Medco Cahaya Geothermal
MW	Megawatt
NA	Not Applicable
NGO	Non-Governmental Organizations
NTFP	Non-Timber Forest Product
PA	Protected Areas
PAH	Project Affected Households
PAP	Project Affected People
PIC	Project Information Centre
PPA	Power Purchase Agreement
PS	Performance Standard
ROW	Right of Way
SE	Stakeholder Engagement
SEP	Stakeholder Engagement Plan
SPS	Safeguard Policy Statement
TL	Transmission Line
TT	Transmission Towers
USD	United States Dollars
WHO	World Health Organization

1. INTRODUCTION

The Livelihood Restoration Plan (LRP) is one of several documents prepared by PT ERM Indonesia (ERM) for MEDCO CAHAYA GEOTHERMAL (“MCG”) which is a subsidiary of Medco Power Indonesia. The project needs to develop an LRP that follows international standards as part of the project financing process for lenders. MCG proposes to develop a 34 megawatt (MW) (1 unit) geothermal project located at Blawan Ijen, Bondowoso East Java. This LRP is prepared to address the social and economic impacts on affected households who are facing loss of sources of livelihoods due to land acquisition for the development of the Project. According to the current Project design and the Household Survey (HS) there will be no physical displacement induced by the Project. This LRP is only applicable to Transmission Line (TL), because the land required for the workers accommodation and power plant (the Project site) was acquired by MCG in accordance with government regulation through PPKH (Forest Area Utilization Approval) permit which is issued by Ministry of Environment and Forestry (MoEF). Accordingly, this report provides an overview of the magnitude of livelihood impacts for the TL in **Section 1.4.1** and **Section 4**. The TL is divided into two parts for the purpose of this report:

- Transmission Towers (TT); and
- Right of Way (ROW) corridor.

As outlined in the Land Acquisition Framework (LAF), the land acquisition process is ongoing and the Project is currently in the process of identifying the Project Affected Persons (PAPs) for the Right of Way (ROW). Therefore, the magnitude of livelihood impacts associated with the ROW has only been approximated in this LRP based on available information. In line with International Finance Corporation (IFC) Performance Standard (PS) 5 the following key principles have been provided as a Livelihood Restoration Framework (LRF) for the ROW PAPs:

- Compensation principles (**Section 3.1**);
- Gender equity principles (**Section 4.2.1.2**);
- Eligibility and entitlement principles (**Section 5.1**); and
- Stakeholder Engagement principles (**Section 6**).

In addition to these principles, **Section 8** provides a list of Key Performance Indicators (KPIs) for livelihood restoration that the Project will be required to monitor on an ongoing basis.

The structure of the report is outlined in **Section 1.5**.

1.1 Project Background

ERM has been appointed to undertake an Environmental and Social Impact Assessment (ESIA) for a 34 MW geothermal project (“the Project”) located at Blawan Ijen, Bondowoso East Java by MCG which is a subsidiary of Medco Power Indonesia. As part of the process to obtain the environmental approval, the Project is required to develop an LRP.

Further Project details are provided in **Table 1.1**.

Table 1-1 Key Project Details

Key Highlights	Description
Company	PT Medco Cahaya Geothermal
Project location	Bondowoso, Banyuwangi, and Situbondo Regency, East Java Province, Indonesia
Exploration Permit	Effective until Sep 2022
Power Purchase Agreement (PPA) Capacity	Unit 1: Up to 34 MW Unit 2: Up to 110 MW
Minimum Capacity under PPA	34 MW
Estimated Commercial Operation Date (COD)	Phase-1: 2024 Phase-2: 2026
PPA Term	30 years from COD Phase-2
Base Tariff	8.58 cent/kWh
PPA escalation	35% linked to US PPI
Transmission Reimbursement Component PPA	Additional 0.3 cent/kWh
PLN TOP (local power) Obligation	90%
Power Distribution	Transmission line of 28.3 km to Banyuwangi Substation

1.2 Project Description

MCG proposes to develop a 34 MW geothermal project located at Blawan Ijen, Bondowoso East Java. The key components of the Project are shown in **Table 1-2** and include the following:

- Exploitation facilities including power plant, separator and brine pump, vent station (rock muffler), base camp, office, and car park;
- Drilling and exploration facilities including well pad areas, logistics yard, and explosives bunker;
- Access Roads (within the Project Site); and
- 150 kV TL and 83 TTs (approximately 28.3 km).
- The site has already been cleared at the well drilling pads. MCG have previously conducted drilling campaigns within this Project Site:
- Two deep slim-holes exploration drilling in 2016-2017: IJN 01 and IJN 02; and
- Three deep big-holes exploration drilling in 2020, discovered well with 300 deg: IJN 6-1 ST, IJN 5-1, and IJN 6-2.

The Project is located on Bondowoso and Banyuwangi regencies, East Java province, Indonesia and is approximately 270 km southeast of Surabaya.

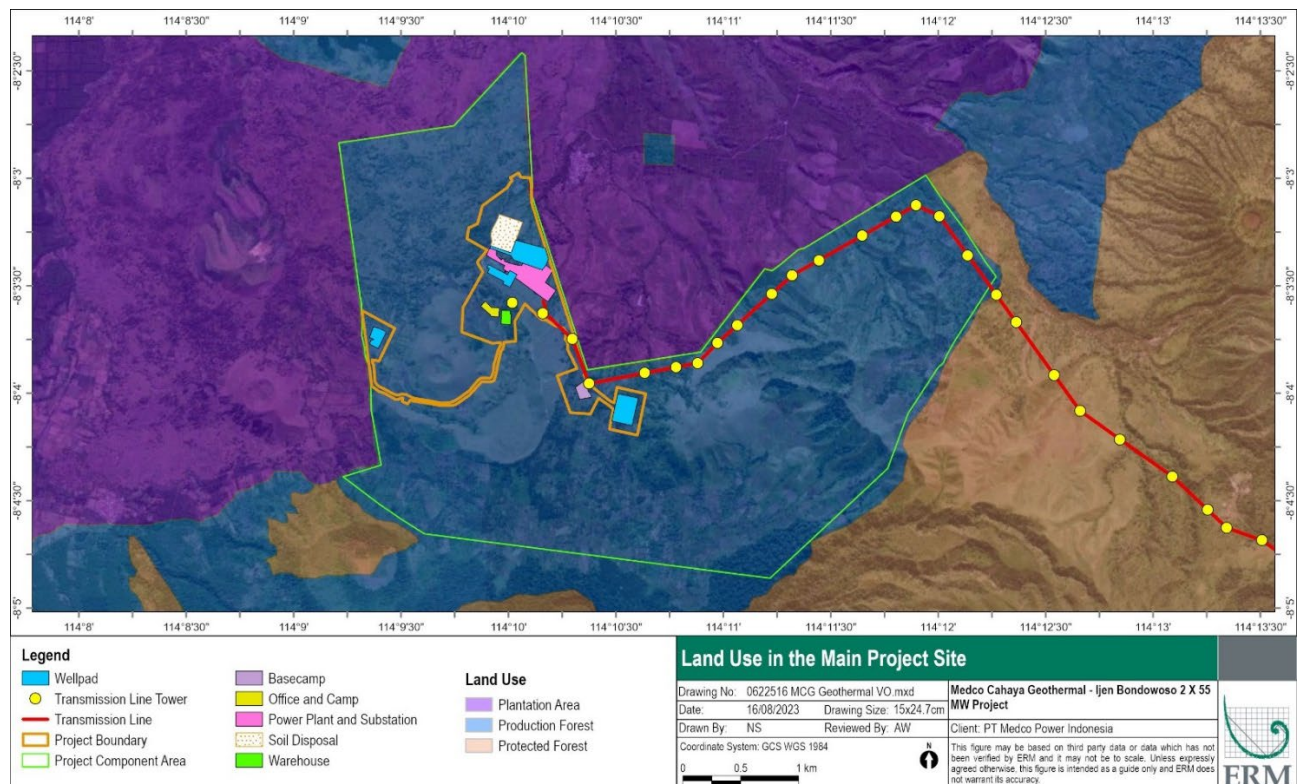
The key project components pertaining to the LRP include:

- 150 kV TL and 83 TTs (approximately 28.3 km); and
- The ROW corridor will be around 20 m from each side of the line to be compliant with magnetic and electric field limits.

The **Project Area** covers the main construction area (well site) as well as the transmission line route.

The **Study Area** covers the Project footprint in Blawan Ijen, Bondowoso East Java and the transmission line route equalling approximately 28.3 km from the Project site. This is to encompass any sensitive environmental and social receptors in the area. The **Project Area of Influence (Aoi)** covers the Project Area out to around 5 km from the main works area and 500 m around the transmission line route. This is conservatively estimated based on potential impacts (specifically to bird species). The Transmission Line Contractor have a workshop to place all laydown areas to be used during the construction period, which is located around 40 km from power plant location.

Figure 1-1 Land Use in the Main Project Site



1.3 Alternative Considerations

Based on the design plan or land requirements for the project (wellpad area, basecamp or temporary facilities, tower footprint, etc.) listed in the environmental document (AMDAL & UKLUPL), there is no design change due to factors to avoid displacement.

1.4 Objectives and Scope of Livelihood Restoration Plan

This LRP aims to ensure that adequate and appropriate replacement assets or cash compensation at full replacement cost are provided, the livelihoods of all displaced persons are improved or restored in real terms relative to pre-project levels; and the standards of living of the displaced poor and other vulnerable groups are improved to at least national minimum standards to bring the Project into compliance with Lenders' safeguards requirements, particularly those of the IFC Performance Standards (PS) 2012. The LRP reflects the outcomes of the Project's updated ESIA and a Stakeholder Engagement Plan (SEP), which should be read in conjunction with this LRP. Specifically, the LRP will:

- Clarify resettlement principles, procedures, organizational arrangements, schedule of activities, and design criteria to be applied to all physical and economic displacements required for the Project;

- Put in place a process to improve or at least restore the livelihoods of all Project Affected People (PAPs) to their pre-project levels prior to land acquisition for the Project and improve the standards of living of affected poor and other vulnerable groups;
- Provide strategies for effective, inclusive and continuous engagement and information disclosure with Project-affected parties and other interested parties on land acquisition, compensation and livelihood matters, as reflected in the SEP;
- Provide a mechanism for Project-affected parties to raise land acquisition and resettlement related issues and grievances through accessible and inclusive means via an established Grievance Mechanism (GM) and allow MCG to respond to such grievances;
- Provide a plan for monitoring and evaluation to ensure resettlement principles and objectives are met;
- Clarify roles and responsibilities for different Project activities with a description of institutional arrangements and coordination mechanisms; and
- Present a schedule showing the sequence of land acquisition and compensation processes and livelihoods restoration activities.

The Land Acquisition Framework (standalone document which accompanies the LRP) defined the principles and policies for land acquisition and compensation, including entitlements, methods of valuing affected assets, the compensation process and tools, grievance process, institutional arrangement for land acquisition planning and implementation, transitional measures and special measures for vulnerable groups or persons.

1.4.1 MCG's Land Acquisition Overview

The initiation of the land acquisition process has been undertaken in accordance with established Indonesian standards. **Section 2.3** of the Land Acquisition Framework (LAF) provides an examination of the disparities existing between the Indonesian land acquisition process and prevailing international standards. This analysis explored the potential necessity for implementing supplementary measures aimed at bridging these identified gaps.

1.4.1.1 High level summary of Land Acquisition Impacts

The LRP is only applicable to the TL, because the land requirements for the accommodation and power plant (the Project site) were acquired by MCG in accordance with government regulation through PPKH permit issued by MoEF. There is no legal ownership in the Project site. Currently, there has been no physical displacement identified within the Project area. There has also been no economic displacement identified in the Project Area through the stakeholder engagement undertaken by MCG (refer to **Section 6**). It was noted from the Key Informant Interviews (KIIs) and field visits that farmers from nearby villages – Jampit Village – cultivate potatoes close to the Project Area. However, these are not located within the Project permit boundary. The land inside the concession area (Project Site) owned by MCG is shown in **Figure 1-1**. Additionally, there have been no crossing footpaths identified in the Project Area. **Section 4.4** provides a discussion of cultural heritage and collective attachment in the Project Area.

As outlined in **Table 1-2**, the power plant will have permanent infrastructure within the Project Area, representing about 40.9452 hectares (ha), and temporary infrastructure on 0.2523 ha of the total footprint. For the transmission line, excluding the ROW, there will be acquisition of 2,780.5 ha for the transmission towers and no temporary area. The approximate permanent land required for the ROW is 24.2 ha. The worker accommodation for the construction phase is covered by the temporary power plant facility, which is owned by MCG. The total land required for the Project is 2822.2 ha.

Table 1-2 Land Requirements

Project Component	Previous Land use	Rationale for Land Requirement	Land Requirement (m2)	Affected Groups
Power Plant	Production Forest	The total area of power plant and supporting facilities is 41.1975 ha, of which permanent buildings/facilities is 40.9452 ha and temporary buildings/facilities is 0.2523 ha.	Permanent: 40.9452 ha Temporary: 0.2523 ha Total: 41.1975 ha	0 PAHs 0 PAPs
Transmission Line (not including Right of Way)	Production Forest Protected Forest Plantation	Transmission line is 28.3 km, consisting of 83 towers. For the 36 towers outside forest area, land has been acquired (1,143.5 ha). For the 47 towers inside forest area, land acquisition is an ongoing process through the PPKH permit (1,637 ha).	Permanent: 2,780.5 ha Temporary: 0 ha Total: 2,780.5 ha	31 PAHs 110 PAPs
Right of Way	Production Forest Protected Forest Plantation	The 28.3 km ROW consists of 12.1 km with HGU - Cultivation Rights Title (Kalibendo area) and SHM - Certificate of Ownership. The remaining 16.2 km is for Production Forest and Protected Forest land areas. With a planned width of 20 m x 12100 m, the land area that will be compensated is 24.2 ha (outside forestry area).	Permanent: 24.2 ha Temporary: ha Total: 24.2 ha	250 PAHs (Approx) 1,055 PAPs (Approx) ¹
Worker accommodation	Production Forrest	The worker accommodation covers an area of 0.0905 ha, including: camp/worker building, recreation hall, mess hall, kitchen, laundry & iron building, and garbage disposal site.	Permanent: 0 ha Temporary: 0.0905 ha Total: 0.0905 ha	0 PAHs 0 PAPs

A total of 31 PAHs have been identified for the TL, of which 11 PAHs have been identified as legal title holders with permanent loss of land and 19 PAHs are informal occupants/land users without legal title but are affected by permanent loss of land. In addition, there is one business owner that has been identified as affected by the TL. The LRP provides a discussion of the livelihood impacts based on the socio-economic household survey conducted by MCG third parties on 13th-17th July 2023.

Approximately 250 households have been identified as affected land and/or crop owners located under the ROW corridor of the Blawan-Ijen² PLTP (Pembangkit Listrik Tenaga Panas)³ Transmission Line (TL) (T42 to T76). Based on initial identification, there are around 250 land parcels and MCG assumes there are a maximum of 250 landowners who will receive land compensation for plants and trees, land and buildings under the ROW corridor area in accordance with the Energy and Mineral Resources Ministerial Regulation No.13 of 2021.

Land access and land ownership systems need to be considered given the Project will acquire a large amount of land to develop the Project, particularly for the transmission line. Each tower requires between 225 m² and 625 m² of land and the distance between towers is 200m to 500 m spread along the 28.3 km path. **Table 1-2** presents the potential TL area, which is mostly located in Banyuwangi Regency. The characteristic of land use in the potential TL area varies from rural to urban.

¹ Based on an average household size of 4.22 for East Java (Global Data Lab, 2023)
<https://globaldatalab.org/areadata/table/hhsize/IDN/>

² Ijen refers to a volcano complex located in East Java. Blawan is a small area within this complex.

³ Pembangkit Listrik Tenaga Panas Bumi is Indonesian for Geothermal Power Plant.

Table 1-3: Transmission Line Area

Regency	Sub-District	Village	Land Use Characteristic	Land Use
Bondowoso	Ijen	Kalianyar	Rural	Forestry Area
Banyuwangi	Licin	Tamansari	Rural	Forestry Area
	Kalipuro	Bulusari	Rural	Paddy field/ garden
		Pesucen	Rural	Paddy field/ garden
	Glagah	Kampung Anyar	Rural	Forestry Area and private coffee plantation
	Giri	Grogol	Rural	Paddy field/ garden
		Giri	Urban	Garden

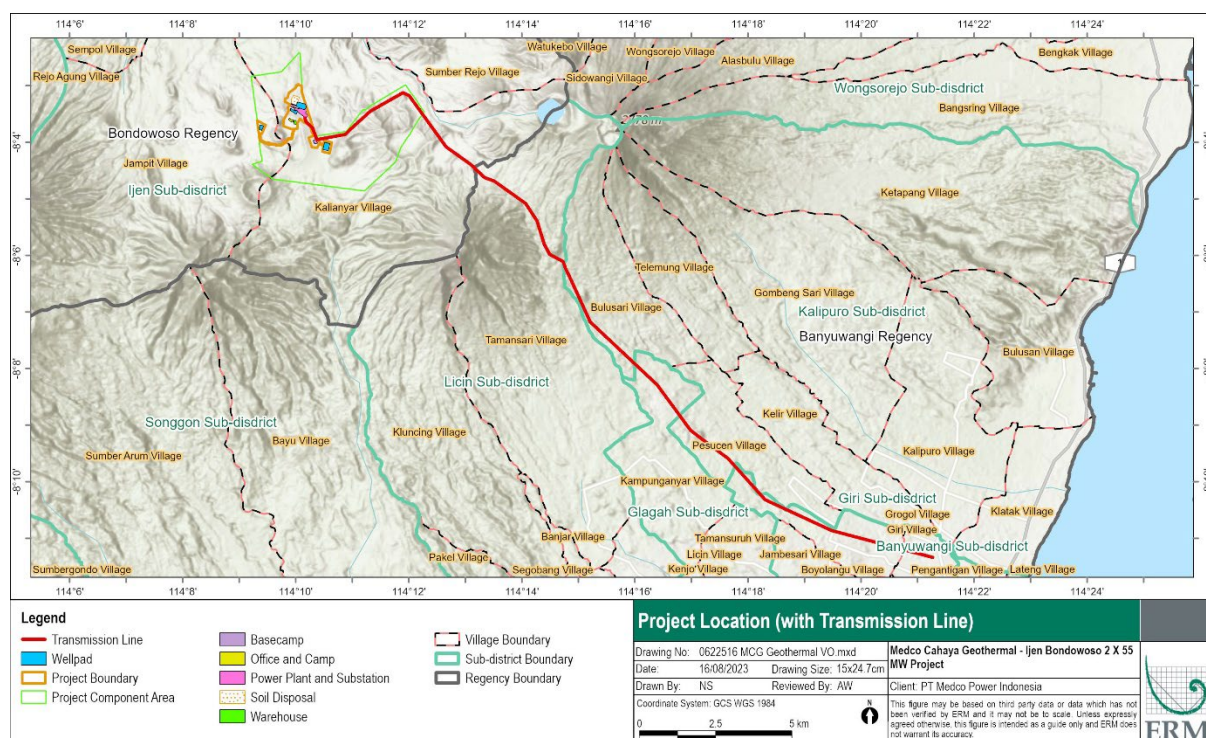
Source: MCG, 2021

The land acquisition process for the TL will involve various landowners, namely state company (Perhutani), private plantation (Kalibendo), and project affected communities in several villages in Banyuwangi Regency. Therefore, various methods are expected to take place, depending on the landowners. The land acquisition process is detailed in the LAF which serves as a standalone document to the ESIA.

The land use conditions along the proposed TL route can be described as a mix of forestry and agriculture areas, with the nearest residential area and public facilities approximately 100 m away. According to MCG documentation dated August 2021, the agriculture areas cover paddy field, coffee, coconut, avocado, banana, papaya, cassava, taro, bamboo, chillies, mahogany, teak tree and various seasonal fruit trees (mangosteen, mango, durian, and rambutan).

Figure 1-1 shows the location of the TL in relation to the sub-districts and villages.

Figure 1-2 Project Location with Transmission Line



1.4.2 Land Acquisition Process Update

The TL will run through village areas, forest areas and plantations (as summarised in **Table 1-4**). According to MCG's chief security and community relation on the ground, the land acquisition process involving project affected communities will be conducted in three villages, namely Bulusari, Grogol, and Giri Village. Initial identification of landowners indicates that there are a total of 31 affected landowners; 18 landowners in Grogol, 8 landowners in Bulusari, 2 in Pesucen and 3 landowners in Giri, Banyuwangi. It was reported that not all of the landowners have land certificates. However, these landowners will need to be considered in the acquisition process regardless of legal status. The land acquisition process is ongoing and a land use survey will need to be conducted as part of this process.

The current status of the land acquisition compensation process for the TT PAHs in each sub-district is provided in **Table 1-4**.

Table 1-4: Summary of Land Acquisition and Compensation for the Transmission Line

Location	Land Acquisition for Transmission Line*		
	Area (m ²)	Compensation Method	Land Type
Bulusari	2,450	Cash/Transfer	Gardening
Grogol	5,010	Cash/Transfer	Gardening/ Farmland
Giri	1,425	Cash/Transfer	Gardening
Pesucen	800	Cash/Transfer	Farmland
Kampung Anyar	1,750	Cash/Transfer	Plantation
TOTAL AREA	11, 435		

*does not include land acquired for the ROW.

MCG is currently collecting information about the land required and conducting a socio-economic household survey of the PAHs identified for the ROW to align with the IFC PS5 guidelines around collecting census data. In particular, the need to effectively determine livelihood restoration measures based on appropriate and consistent compensation and eligibility criteria (refer to Section 6 of the LAF). Commencing on the 20th of July 2023, an ongoing initiative is underway to facilitate the dissemination of information pertaining to the ROW compensation plan within the villages directly impacted by the ROW project. This comprehensive socialization effort aims to ensure that the local communities possess a clear understanding of the compensation plan's intricacies and implications.

1.5 Structure of the Report

Section 1 has outlined the project description and provides a high-level summary of the land acquisition process, including the type of land acquisition, land uses and economic displacement to occur as a result of the Project;

Section 2 offers a discussion of key standards and legislation that are applicable to the land acquisition and livelihood restoration process of the Project;

Section 3 provides an overview of the compensation matrix;

Section 4 considers the socio-economic household data key to identifying potential livelihood impacts;

Section 5 outlines the eligibility and entitlement criteria for the compensation;

Section 6 elaborates on both prior and future stakeholder engagement;

Section 7 offers a grievance redress mechanism; and

Section 8 provides a monitoring and evaluation framework for the Project to align with IFC PS5 standards.

2. KEY STANDARDS AND LEGISLATION

2.1 National Applicable Laws and Procedures

“In addition to meeting the requirements under the Performance Standards, clients must comply with applicable national law, including those laws implementing host country obligations under international law” (IFC SP5, 2012)

Since a significant portion of the required land for the Project is located in a forest area, the Project must apply for a forest use permission from the Ministry of Environment and Forestry (MoEF). The Borrow-to-Usage Forest Area Permit system enables the use of forest lands for non-forestry purposes (PPKH), without altering their function or classification. After the lease-to-use time expires, the forest land will be returned to the State. The PPKH mechanism can be applied to both production and protection forests.

The land compensation for transmission line, will be conducted according to *Regulation of Minister of Energy and Mineral Resources No. 13 of 2021* concerning clearance and minimum distance of transmission line and compensation of land, building, and/or plant under transmission line clearance. The compensation will be eligible for persons who owned land, buildings and plants under the clearance area affected by the transmission line. Census of affected persons will be conducted to identify title holders, land, building and plant inventory. The compensation rate will be determined by a licenced appraisal team which will be approved by the Directorate General of Electricity prior to being appointed by the Project owner (See article 10 *Regulation of Minister of Energy and Mineral Resources No. 13 of 2021*). Although not required in the Minister ATR Regulation no. 13/2021, MCG, in its business practices, always uses independent party (KJPP) assessments as an initial reference for the land negotiation process, and if needed, refers to written regulations when the activity is included within the provisions. The values defined by the licensed appraisers will be used as a basis for negotiation with the affected persons. The purpose of the negotiation is to inform the affected persons of the value of affected assets based on the licensed appraiser; options of compensation that are available for PAPs; the payment schedule of compensation; and the payment method.

Law No. 5/1960 concerning Basic Agrarian Regulations primarily deals with the basic regulations related to land ownership, land rights, land utilization, and land reform in Indonesia.

The Policies of the Republic of Indonesia relating to the preparation of this LRP are as follows:

- *Government Regulation No. 23 of 2021* concerning Forestry Management;
- *Regulation of the Minister of Environment and Forestry no/7 of 2021* concerning land permits, land clearing and environment impacts;
- *Law No. 5/1960 concerning Basic Agrarian Regulations* concerning land ownership and tenure rights; and
- *Regulation of Minister of Energy and Mineral Resources no. 13 of 2021* concerning clearance and minimum distance of transmission line and compensation of land, building, and/or plant under transmission line clearance.

2.2 Applicable International Standards

2.2.1 Applicable IFC Performance Standards

According to IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement (2012), involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases of: (i) lawful expropriation or restrictions on land use based on eminent domain; and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

Three types of displaced people are entitled to compensation and assistance under IFC Performance Standards, including persons (i) who have formal legal rights to the land or assets they occupy or use; (ii) who do not have formal legal rights to land or assets, but have a claim to land that is recognized or recognizable under national law; (iii) who have no recognized legal right or claim to the land or assets they occupy or use. An overview of the relevant portions of IFC Performance Standard 5 is presented below:

- **Project Design:** The client will consider feasible alternative project designs to avoid or minimize physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable.
- **Compensation and Benefits for Displaced Persons:** When displacement cannot be avoided, the client will offer displaced persons and communities, compensation for loss of assets at full replacement cost and other assistance to help them improve or at least restore their standards of living or livelihoods.
- **Community Engagement:** The client will engage with affected communities, including host communities, through the process of stakeholder engagement described in Performance Standard 1. Decision-making processes related to resettlement and livelihood restoration should include options and alternatives, where applicable.
- **Grievance Mechanism:** The client will establish a grievance mechanism as early as possible in the project development phase. This will allow the client to receive and address specific concerns about compensation and relocation raised by displaced persons or members of host communities in a timely fashion, including a recourse mechanism designed to resolve disputes in an impartial manner.
- **Resettlement and Livelihood Restoration Planning and Implementation:** Where involuntary resettlement is unavoidable, the client will carry out a census with appropriate socio-economic baseline data to identify the persons who will be displaced by the project, to determine who will be eligible for compensation and assistance, and to discourage inflow of people who are ineligible for these benefits. Implementation of a Resettlement Action Plan or Livelihood Restoration Plan will be considered completed when the adverse impacts of resettlement have been addressed in a

manner that is consistent with the relevant plan as well as the objectives of this Performance Standard.

- **Private Sector Responsibilities Under Government-Managed Resettlement:** Where land acquisition and resettlement are the responsibility of the government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with this Performance Standard. In addition, where government capacity is limited, the client will play an active role during resettlement planning, implementation and monitoring.

3. COMPENSATION AND VALUATION METHODOLOGY

Presently, the land acquisition process is ongoing, and therefore detailed information, including the identification of land parcels and the determination of nominal prices or compensation, remains pending. The responsible body, in this case, MCG, will collaborate with relevant stakeholders to gather and verify this data once the ongoing land acquisition process reaches its conclusion.

Compensation for land acquisition will be determined in accordance with prevailing National regulations and IFC PS5 requirements. The project is committed to ensuring that affected individuals receive fair and equitable compensation for their land, enabling them to rebuild their livelihoods and improve their overall well-being.

The following section presents the methodology for determining compensation unit rates and approved compensation unit rates.

3.1 Compensation

The value basis of the compensation for TT PAHs was determined in accordance with *The 2018 Indonesian Valuation Standard*. The Indonesian Assessment Standard defines **market value** as an estimated amount of money that can be obtained or paid in exchange for an asset or liability at the valuation date.

3.1.1 Valuation Approach and Methodology

The selection of the valuation approach is highly dependent on the object being valued and the availability of data in the field. The first step is to consider recent market prices of identical or comparable asset transactions. If few recent transactions have taken place, it may be considered using the offered (for sale) or listed prices of identical or comparable assets, differences in price may also take into account legal, economic or physical characteristics of the transacted and valued assets. The value of land can also be established under a willing buyer, willing seller bond-free transaction scenario.

To conduct a plant valuation, plant price data from the Kuningan Regency area is used, which was obtained based on Surabaya Mayor Regulation Number 71 of 2013, regarding Guidelines for Compensation Prices for Trees.

Valuation Procedure: In order to gain approximate asset value as of a certain date, and in accordance with Indonesian Standards, the following procedures were undertaken:

1. Problem identification
2. Field inspection
3. Transcription
4. Listing procedure
5. Price research
6. Observation condition
7. Reconciliation

8. Reporting

Value of plants have been determined by the diameter of the trunk and the species, the diameter the plant is used as a proxy for the yield. A breakdown of the classification can be found in **Table 3-1**.

Table 3-1 Plant Classification by Type

Plant Type	Classification scale
Types of Productive Plants	Small (5): tree trunk diameter < 5 cm
	Medium (4): tree trunk diameter 5 cm – 10 cm
	Big (3): tree trunk diameter > 10 cm
Type of Decorative Plants	Small (5): Tree trunk diameter < 3 cm
	Medium (4): Tree trunk diameter 3 - 10 cm
	Big (3): tree trunk diameter > 10 cm
Type of Hardwood	Small (5): Tree trunk diameter < 5 cm
	Medium (4): Tree trunk diameter 5 - 10 cm
	Big (3): tree trunk diameter > 10 cm
Type of Protected Plants	Small (5): Tree trunk diameter < 10 cm
	Medium (4): Tree trunk diameter 10 - 28 cm
	Big (3): tree trunk diameter > 28 cm
Seasonal Crops (Vegetables/Spices/Medicines)	N/A

Plants located in the ROW and TT footprint are being compensated at 100%. Land to be cleared, including destruction of any structures for the TT will also be also compensated at full value.

The compensation payable for buildings in the ROW is being developed using two complementary methods:

- (1) Analysing housing transactions or price quotes in the nearest village, considering house category, location, and size; and
- (2) Calculating the cost of materials and services required to construct a comparable house in terms of size and design.

For the building compensation matrix, MCG refers to the *Minister of Energy and Mineral Resources Regulation No. 13 of 2021* whereby compensation of buildings under the ROW is limited to the affected area only by considering that:

- The building is under 8.5 meters in height and will not be demolished; and
- Receive compensation in the amount of 15% of area of affected building multiplied by the market price determined by an independent.

Structures within the ROW will only be demolished if their height is over 8.5 meter, any structure above that height would not abide by the PPA minimum clearance needed between a conductor and any obstacles below it. Field survey results have identified two structures with heights below 8.5 meters, the final tally will be determined upon completion of the survey. In instances where structures exceed the height clearance, they will be renovated, at MCG's cost, and the owner will still get 15% compensation from the market price of the building.

Table 3-2 Percentage of Compensation

Item	Transmission Tower	Right of Way
Plants	100%	100%
Land & Building		15%

The compensation unit rates were/will be based on the following to ensure compliance with IFC PS5 standards:

- Based on actual market/local price at each village available and comparison to land price data from the land office and crops and trees price data from KJPP and Local Government Authorities;
- Feedback from the PAPs on the compensation unit rates through consultation with village heads or representatives as outlined in **Section 4**; and
- Compensation will be based on the principle of full replacement cost (including any fees or taxes, registration or land transfer cost at the time of compensation).

The compensation matrix will be designed to provide a fair and comprehensive framework that addresses the various economic impacts of the land acquisition project on PAHs.

4. SOCIO-ECONOMIC BASELINE: LIVELIHOOD ACTIVITIES AND PATTERNS

4.1 Main Livelihoods

This section provides an analysis of household survey data for the 30 PAHs⁴ and 43 PAPs who participated with a focus on determining the impacts to their livelihood. It is important to note that not all topics in the census data were consistently completed and the total number of households interviewed may vary from the expected 30 households and 43 individuals.

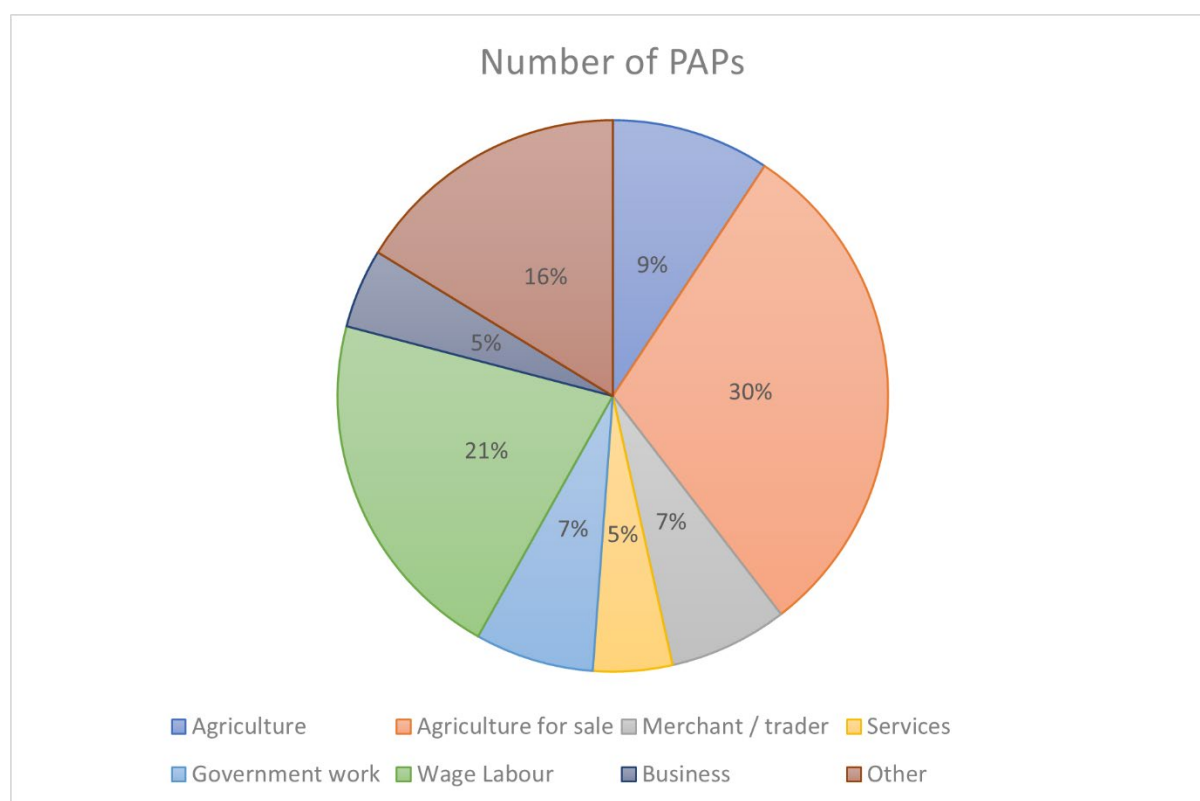
As outlined in **Table 1-2**, the main livelihood impacts pertain to the land acquisition of forestry area, paddy field, garden land and private coffee plantation.

Within the surveyed population, the majority of households (47%) are engaged in wage-based livelihoods. A significant amount of the surveyed population were also engaged in land-based livelihoods (38%), including agriculture and agriculture for sale.

It should be noted that even though the official working age is 15 years or older, there is a population of people who are under 15 years of age who partake in work whilst studying. Since they both partake in permanent work, as well as study, like those who are 15 years or older, they are included into the figures to reflect the actual number of people who partake in each livelihood. Those who are under 15 years old and do not partake in a specific livelihood are excluded.

⁴One household of the 31 PAHs did not agree to partake in the household survey.

Figure 4-1 Livelihoods of the Surveyed PAPs



**Note: No livelihoods identified by surveyed population as still studying, non-working children, unemployed, and being in the army*

Source: Socio-economic HS by MCG third parties, dated 13-17 July 2023

Table 4-1 presents a breakdown of the primary occupations for each of the surveyed PAPs. Land-based livelihoods were the main form of income listed, followed by wage-based and enterprise-based livelihoods, respectively.

The data highlights how agriculture and agriculture for sale, both land-dependent occupations, constitute a significant portion of livelihoods (39%). To ensure holistic livelihood restoration, MCG can focus on diversifying income sources for land-dependent workers while providing support for skill development, entrepreneurship, and social safety nets across all occupation types. Among non-land-dependent occupations, a diverse range is observed, including merchant/trader roles (3), services (2), government work (3), wage labour (9), and business (2), totalling 19 individuals. MCG should consider prioritizing skills development, job stability, and entrepreneurship to enhance the resilience and well-being of individuals engaged in these livelihoods within the Livelihood Restoration Program.

Table 4-1: Livelihoods of the Surveyed PAPs by Primary Occupation

Primary Occupation	Number of PAPs	%
Agriculture	4	9
Agriculture for sale	13	30
Merchant / trader	3	7
Services	2	5
Government work	3	7
Wage Labour	9	20
Business	2	5
Other	7	16
Total	43	100

Source: Socio-economic HS by MCG third parties, dated 13-17 July 2023

Table 4-2 shows that only 11.6% of PAPs are permanently self-employed or permanently employed with a contract. Permanent jobs offer stable income, job security, and benefits, reducing vulnerability to economic displacement. The LRP focuses on promoting formal employment, providing skill development, strengthening safety nets, and encouraging entrepreneurship to enhance resilience in the face of economic challenges. A significant number of individuals (28) are employed without a contract, which could suggest a need for efforts to formalize employment arrangements and provide employment security. Informal employment often lacks legal protection, job security, benefits, and proper working conditions. This can make individuals more vulnerable to economic shocks, as they have limited safeguards in place. Individuals without formal employment contracts may have limited access to social safety nets, such as social insurance, healthcare benefits, and retirement plans. This lack of safety nets can increase their vulnerability during times of economic hardship. There is potential for supporting and encouraging self-employment, as there is at least one individual who is permanently self-employed.

Table 4-2 Type of Employment

Type of employment for primary occupation	Number of PAPs	%
Unpaid	0	0
Day worker	10	23
Temporarily self-employed	0	0
Permanently self-employed	1	2
Temporarily employed	0	0
Permanently employed with contract	4	9
Employed without contract	28	65
Total	43	100

By recognizing the challenges associated with day working and employment with contracts and tailoring mitigations accordingly, the Livelihood Restoration Program can better address the specific vulnerabilities that individuals are likely to face due to economic displacement.

4.2 Livelihood Training and Transitional Support Programs

Incorporating livelihood training and transitional support is needed to align with IFC PS standards and to uphold the Project's commitment to assisting PAPs during their livelihood transition. These programs play a pivotal role in equipping PAPs with the skills and resources needed for sustainable

livelihoods post-project implementation. Adhering to IFC guidelines in this regard ensures that PAPs receive holistic support, fostering their successful integration into the evolving project environment.

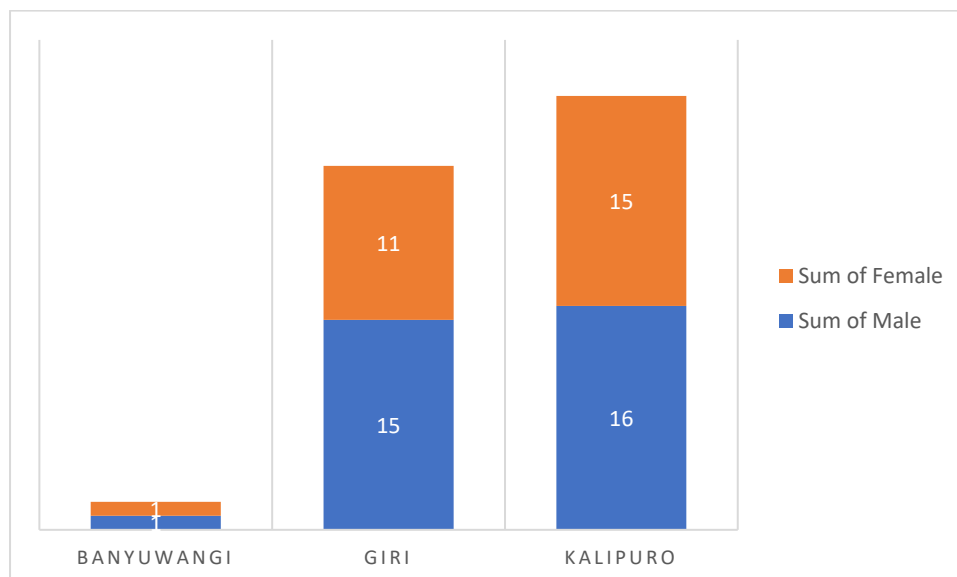
Currently, no livelihood training activities have been implemented or planned, MCG is still carrying out several activities, that will inform MCG's support programs, such as:

- Intensive community engagement;
- Socio-economic survey; and
- Observation.

4.3 Gender Considerations

The gender ratios for the TT PAHs, shown in **Figure 5-1**, indicate that there are slightly more males than females overall (32 males compared to 27 females). Giri has the highest gender disparity, with a higher number of males compared to females. The data suggests a relatively balanced gender distribution overall, which is a positive factor for livelihood restoration. It is important to ensure that both genders have equal access to and benefit from the restoration initiatives. The goal is to empower both males and females to participate fully in the restoration initiatives and contribute to the sustainable and socially equitable development of their communities. The analysis provided should be understood in the context of a limited sample size and may not accurately reflect the broader population.

Figure 4-2 Gender Ratio by District



MCG has considered gender and the inclusion of women for the ROW socialization process. Preceding the provision of compensation of ROW PAPs, a comprehensive evaluation of gender considerations will be conducted for households identified as eligible recipients of livelihood support due to economic displacement. This evaluation will be based on an understanding of the following causes, key principles, and gender equity procedures.

4.3.1 Known Causes of Gender inequity

The underlying causes that influence gender dynamics in the Project Area are:

- Unequal property ownership with more likelihood to have fewer female landowners;
- Women are more confined to household chores and domestic work;
- Women have slightly lower average level of education than men. The average level of education for women is Year 3 or 4 of secondary school, while for men the average level of education is

- Year 4 or 5 of secondary school; and
- Female-headed households have significantly less cultivation land areas and smaller animal holding sizes.

4.3.2 Key Principles

- Ensure that gender responsive budgeting is considered in all aspects of project deliverables;
- Ensure the inclusion and full participation of women in the planning, decision-making, compensation, and monitoring process of any community-level mechanisms that are part of implementation;
- Ensure that all compensation entitlements are gender sensitive and inclusive;
- Ensure that any compensation payments and/or land replacement titles are made in the name of both husband and wife where joint ownership is confirmed;
- Ensure the protection of women's rights with regards to ownership of land and property and other land tenure arrangements (de-jure and de-facto), even if their names are not included on land documents;
- Develop entitlement options that can derive improved practical benefits for women such as increased income, greater financial security, and more economic rights and opportunities or needs as emerging from consultations; and
- Develop mechanisms to ensure collection, analysis, and reporting, of gender-disaggregated data in the monitoring & evaluation process.

4.3.3 Gender Equity Procedures

The following procedures are recommended to ensure that the gender equity principles are integrated into the implementation process as presented in **Table 4.3**.

Table 4-3: Process of Gender Equity

Output and Activities	Gender Mainstreaming Initiatives	Responsibility
Informed Consultation and Participation	<ul style="list-style-type: none"> ■ Consult separately with women in decision making processes ■ Develop targeted awareness materials on discriminatory practices; ■ Ensure that women are included and represented on all decision-making committees. Provide capacity building and support to enable fuller and equal contributions; and ■ Time any major consultation activities and initiatives also taking into consideration the availability of women. 	MCG
Land Ownership and Titles	<ul style="list-style-type: none"> ■ Ascertain ownership of affected assets in a manner that is cognizant of the rights of women, e.g., de-jure and de-facto claims where both spouses are joint owners and/or users; of the affected asset - both are eligible for compensation; 	MCG and local government authorities
Community Development	<ul style="list-style-type: none"> ■ Ensure targeted financial literacy initiatives for women while opening bank accounts; ■ Include women members in the community committees; ■ Document any intangible community knowledge or skill within women's groups as part of the associated initiatives; ■ Ensure socio economic empowerment of women; ■ Ensure the use of gender-sensitive indicators and gender analysis in baseline studies, monitoring, evaluation, and 	Implementation Team

Output and Activities	Gender Mainstreaming Initiatives	Responsibility
	<ul style="list-style-type: none"> project performance systems; and ■ Ensure inclusion of GAP progress and achievements in the progress, mid-term, and annual reports. 	
Employment	<ul style="list-style-type: none"> ■ Ensure equal pay for equal work for women and men for all construction work (including with third party contractors, as far as possible); ■ Announce employment opportunities and recruitment notices widely, targeted at women as well as men. ■ Ensure that basic facilities (separate toilets, clean water) and safety are provided for female as well as male construction workers at construction sites. ■ If local labour is hired, assess the need for provision of adequate day-care for children of workers, based on need. ■ Ensure the childcare facilities for women at work ■ Ensure safeguards through insurance mechanism for women labours 	Contractors and other partners

4.4 Vulnerability

This Section's evaluation of vulnerability is crucial to ensuring that livelihood support is directed towards those likely to be most affected by economic displacement, promoting a holistic and impactful restoration initiative.

Vulnerability of PAHs based on primary occupation and types of employment is discussed in **Section 4.1**.

The following discussion provides an overview of household debt status and household income to consider the level of vulnerability for the 31 TT PAHs. An analysis of household income data provides a deeper understanding of household vulnerability. The HH survey dataset reveals a diverse range of incomes for TT PAHs, with a mean monthly income of approximately 3,617,376 Rp and a median income of 3,325,000 Rp. Seven households stated they had household debt, and 23 households had no household debt. An understanding of households based on debt status can provide a targeted approach for effective livelihood restoration. Based on the household survey data there are no TT PAHs with disabilities and 8 individuals with chronic health conditions.

18 TT PAHs impacted by land acquisition for the power plant identified as Osing. The Indonesian government classifies the Osing People as Indigenous, as a result Indigenous People are directly affected by the Project. The Osing people are known for their unique language, which is also called Osing. This language belongs to the Austronesian family, which has its roots in ancient Javanese and Balinese languages, indicating historical connections and influences from neighbouring regions. The Project will ensure that language barriers have not and will not impede the Osing PAPs from accessing livelihood restoration benefits and compensation. The Project has ensured that the Project will not produce significant changes to livelihoods of the Osing people. The Osing people affected by the Project are already intermingled with other ethnic communities such as Javanese and Madurese, not a separate and isolated community. Cultural heritage for the area has not been identified in the Project Area through multiple forms of engagement and the initial field survey undertaken for ROW. Additionally, the Landscape and Visual Impact Assessment (LVIA) study results also did not mention the existence of cultural heritage.

MCG has not undertaken specific stakeholder engagement with the Osing people, but there are plans to incorporate this engagement into the agenda for the SEP either this year or the following year. This inclusion aims to ensure a more comprehensive and equitable approach to livelihood restoration efforts.

Preceding the provision of compensation of ROW PAPs, an evaluation of vulnerability will be conducted for households identified as eligible recipients of livelihood support due to economic displacement.

4.4.1 Measures for Vulnerable Households

Vulnerable groups are addressed in **Table 6.1** whereby replacement land will be first compensation priority, additional allowance for loss of land or structure, priority in any employment required for the project and livelihood restoration program will be provided to impacted vulnerable households. In addition, the following measures will be implemented to address different kind of vulnerabilities:

- Needs of ethnic groups will be analysed and addressed through programs and initiatives.
- For PAPs without legal title to land, customary rights to land will be recognized within applicable laws, without request for legal titles for such land, as compensation. Additionally, for replacement land, security of land tenure will be ensured by supporting the provision of land titles for replacement land.
- Poor households (i.e. with low income and/or household debt) will be addressed by livelihood restoration programs such as local employment, enhancement of agriculture production and animal husbandry as discussed in **Section 6**.
- If measures outlined above are not sufficient or viable to improve their status to at least national minimum standards, they may receive additional assistance, for example, additional allowance or provision of rice.
- Assistance will be provided to specific types of vulnerabilities. For households with health problems, health assistance will be provided by the Project; for households with insufficient income, extended food support will be provided; for elderly farmers and disabled farmers, support for clearing replacement land will be provided. The Project will assess the needs and potential activities for each household and will coordinate with the education, health, and livelihood teams of the Project to provide sustainable and livelihood enhancing support.

5. ELIGIBILITY AND ENTITLEMENT

5.1 Principles

The Project has developed key principles governing preparation and implementation of the LRP as follows:

- Special measures will be considered by MCG to protect socially and economically vulnerable groups. Vulnerable PAHs will be provided with additional assistance to ensure that they are equal beneficiaries of the project and are not further disadvantaged by the Project. Vulnerable PAHs will be prioritized in livelihood programs and other social programs.
- There will be effective grievance mechanisms for receiving and resolving grievances during updating and implementation of the LRP, without impeding access to the national, judicial or administrative remedies. Grievance Redress Mechanisms will include representation from the PAHs, especially women, minority ethnic groups, and other vulnerable groups.
- Adequate budgetary support will be fully committed and made available to cover the costs of land acquisition and resettlement within the agreed implementation period.
- Appropriate reporting, monitoring and evaluation mechanisms will be identified and set in place as part of the livelihood restoration management system.
- PAPs should be consulted, and compensation and livelihood support measures agreed in accordance with the entitlement matrix in the approved draft LRP.

5.2 Eligibility

Eligibility was determined with regards to the cut-off date. According to the Kantor Jasa Penilai Publik (KJPP) asset valuation report the cut-off date for the TT PAHs was 02 August 2022. The cut-off date

for the ROW PAPs will be the 22nd day of the Objections period, which is likely to occur in February 2024. The PAHs will be duly informed of the cut-off date by MCG.

Any persons who encroach on the proposed Project Area after the cut-off date will not be entitled to compensation and assistance under the Project, provided the cut-off date has been clearly established and made public.

TT PAHs under the following were eligible for compensation from the Project:

- 'Petok', also known as a 'Girik', is a letter of land ownership. 'Petok' does not have strong legal power to be used as a certificate of ownership of a land;
- SHM (Sertifikat Hak Milik – Land Title Certificate), which has full rights to the land and building; and
- HGU (Hak Guna Usaha – Cultivation Right) is one type of legal ownership in Indonesia, which is the right to cultivate land controlled by the state for a certain period of time.

For the TL, a total of 19 PAHs were identified as Petok, 11 PAHs as SHM and 1 as HGU. In accordance with Indonesian Law, PAPs living in rural or remote areas, or PAPs in urban areas who do not have proof of land use rights and who have no other land in other places, will be compensated for their lost rights to used land and for their assets at replacement costs and other additional assistance.

If at any point after the census of ROW PAHs additional adverse social impacts are identified and/or additional PAHs are found, they are also entitled to receive Project entitlements on condition that it can be ascertained that they have actually been in the Project corridor of impacts even before the cut-off date for eligibility. New PAPs that will emerge due to changes in the Project design or alignment prior to or even during construction works, are likewise entitled to the same entitlements as those of the other PAPs.

An EPC contractor will be responsible to report to the Project on any additional and/or unseen social impacts/land acquisition, including temporary land acquisition. The EPC contractor will follow the criteria for identifying appropriate locations for temporary facilities such as worker accommodation, batching plant and spoil disposal site to avoid or minimize economic and socio-cultural impacts on the villages:

- Workers' accommodations will be located away from settlements and sacred locations such as ceremonial grounds, cemeteries, burial grounds.
- Temporary roads and disposal areas will not be located on agricultural land, residential land, privately used communal land under use by communities or NTFP collection areas unless these lands have already been identified and included in the household survey and covered in this LRP.
- All temporary facilities should not be located upstream of any water sources and should not affect the water quality of mountain springs and streams used by the community for their water supply.
- Locations of all temporary facilities will be agreed upon with the communities; compensated adequately; all necessary ceremonial rites and offerings provided before any use by the EPC contractor or its subcontractors.

EPC contractor will be responsible to report to the Project on any additional and/or unforeseen social impacts/land acquisition, including temporary land acquisition. EPC contractor should follow the criteria for identifying appropriate locations for temporary facilities such as worker accommodation, batching plant, spoil disposal site described above. The Project Owner will be responsible for compensation for the impacts identified during construction - if the impacts are unavoidable, based on the entitlement matrix. The Project Owner will ensure that the aforementioned responsibilities of EPC contractor are specified in the EPC contract.

5.3 Entitlement

Based on the eligibility criteria defined in **Section 5.2**, entitlements are a range of measures comprising compensation, assistance, income and livelihood restoration, etc., depending on the type and severity of their losses. These measures are designed to improve or at least restore their living

conditions to pre-project levels. The entitlements have been determined in conformance with IFC PS5 standards:

“When displacement cannot be avoided, the client will offer displaced communities and persons compensation for loss of assets at full replacement cost and other assistance to help them improve or restore their standards of living or livelihood.” (IFC PS5)

5.3.1 Entitlement Matrix

The entitlement matrix sets out the entitlements for different types of losses, rehabilitation measures and eligible PAHs. The Project entitlements have been designed to provide compensation for lost assets and restore or enhance the livelihoods of all categories of affected people, including legal and non-legal land users/owners. For those households entitled to compensation and opting for cash rather than replacement land (land will be evaluated and compensated separately from non-land assets attached to the land such as crops or structures), payment will be made into a bank account in the joint name of the husband and wife where it is joint property, even if the name on the title or land use certificate or land tax document is in the name of the household head only. The Project will assist PAPs with setting up a bank account in the case that the PAP does not have a bank account. In these instances, the Project will also provide financial literacy regarding banking systems to the PAP prior to compensation being deposited to their bank account.

In line with Regulation of Minister of Energy and Mineral Resources No. 13 of 2021 (refer to **Section 2.1** of the LAF) owners of land, plants, and buildings under the ROW corridor will receive compensation after passing the following eligibility and entitlement process:

- Socialisation;
- Initial identification of landowners of plants and buildings along the ROW corridor through left and right corridor marking activities;
- Identification and inventory of land, plants and buildings under the ROW corridor;
- Collection of files stating the identity and proof of ownership of the affected land, plants and buildings under the ROW corridor;
- Announcement of identification and inventory results;
- Implementation of objection period for identification and inventory results;
- Implementation of valuation and verification of affected land, plants, and buildings under the ROW corridor conducted by KJPP (a business entity that has obtained a business licence from the Minister of Finance as a forum for Public Appraisers to provide their services) appointed by the government;
- Determination of compensation amount by the government; and
- Socialisation of the compensation package to the owners of affected land and crops.

The PAHs were assessed based on nine categories of affected rights holders, which include:

- Land owners with legal titles (permanent loss of land);
- Informal occupants/land users without legal titles (permanent loss of land);
- Land owners with legal titles (temporary loss of land);
- Informal occupants/land users without legal titles (temporary loss of land);
- Tenants;
- Business Owners;
- Business employees;

- Communities, if communal assets are affected by the land acquisition, e.g., community forest; and
- Vulnerable groups.

Table 5-1 Project Affected Households by Land Title Status

Affected Asset or Right Holder	Number of Affected Households	Number of Family Members in the Affected Household or Affected People	Land Title Status
Land owners with legal title (permanent loss of land)	11 PAHs	42 PAPs	<i>SHM = Sertifikat Hak Milik (Freehold Title)</i>
Informal occupants/land users without legal title (permanent loss of land)	19 PAHs	68 PAPs	<i>PETOK (Land ownership certificate from the village head and local sub-district head).</i>

6. STAKEHOLDER ENGAGEMENT

The client will engage with affected communities, including host communities, through the process of stakeholder engagement described in PS1. Decision-making processes related to resettlement and livelihood restoration should include options and alternatives, where applicable. According to the SEP for the Project, stakeholder engagement by MCG serves the following purpose:

As a guidance and reference for Meaningful Participation Index (MPI) and its Subsidiaries engage and manage their external stakeholder ("Stakeholder") in the lifecycle project (activities of pre-construction, construction, operation and post-operation) to comply and in line with national regulations and IFC requirements as well as other relevant international best practices if required.

Commits to nurture good relationship with the stakeholder and to communicating in a timely, clear, and targeted manner information regarding project activities and implementation schedules, as well as associated risks, impacts, and benefit sharing initiative (social investment or corporate social responsibility program "Corporate Social Responsibility (CSR) Program").

Allowing the Subsidiaries to modify based on the site/project/local requirement in order to ensure the effectiveness of procedure implementation which acknowledged by Corp Corporate Health, Safety, and Environment (HSE).

The key principles of stakeholder engagement and information disclosure are as follows:

- Ensure that the information disclosure, consultation and disclosure process comply with national legislation, regulations, and Lenders' requirements including IFC PS requirements.
- Ensure that the stakeholder engagement process commences early in the project cycle, i.e., as of scoping, and is tailored to the stage of land acquisition and to communities and households affected by displacement.
- Work with affected households and communities to explore ways to avoid and minimize physical displacement and economic displacement of households.
- Ensure that the stakeholder engagement process is culturally appropriate and inclusive of all stakeholders affected by displacement, and that it is free of interference, intimidation, or coercion.

The full process of meaningful consultation and participation and information disclosure are described in the Project's SEP.

6.1 Stakeholder Identification

The following section outlines the groups and organisations considered key stakeholders for the Project. Stakeholders are defined as individuals, communities, groups and institutions who:

- Are most likely to experience, at significant levels, any potential negative and / or positive impacts of the proposed Project;
- Have the mandate over the various elements of the Project's activities (such as Government institutions); and
- Are considered vulnerable members of the community within the proposed Project Area.

The following sub-sections outline the key stakeholders identified for the Project.

6.1.1 Central and Provincial Government

This stakeholder group consists of ministries and provincial authorities who have a role in regulating the Project, such as granting permits and approvals and monitoring compliance.

The authorities, which are likely to have the maximum influence on the Project, include:

- Ministry of Energy and Mineral Resources;
- Ministry of Environment and Forestry, and
- Environmental Agency of East Java Province.

6.1.2 Local Government

This stakeholder group consists of government agencies (at Regency level) and community leaders at the sub-district and village levels who have the power to regulate or otherwise influence the Project in terms of establishing policy, granting permits and approvals for the Project, monitoring and enforcing compliance with the applicable rules and regulations and making available the necessary infrastructure and resources for the Project.

Some of the key authorities at the Regency (Bondowoso and Banyuwangi) and local levels include the following:

- Environmental Agency of Bondowoso and Banyuwangi Regency;
- One-stop Integrated Service Agency of Bondowoso and Banyuwangi Regency;
- Head of Ijen sub-district;
- Head of Licin sub-district;
- Head of Glagah sub-district;
- Head of Kalipuro sub-district;
- Head of Giri sub-district;
- Head of Sempol Village;
- Head of Kalianyar Village;
- Head of Tamansari Village;
- Head of Kampung Anyar Village;
- Head of Pesucen Village;
- Head of Bulusari Village;
- Head of Grogol Village; and
- Head of Giri Village.

6.1.3 Projected Affected Communities

This group includes people who may be directly or indirectly affected by the Project's presence and activities and their representatives (leaders and other influential people).

This group will include (but not be limited to) the following:

- People of Sempol Village;
- People of Kalianyar Village;
- People of Jampit Village;
- People of Tamansari Village;
- People of Kampung Anyar Village;
- People of Bulusari Village;
- People of Pesucen Village;
- People of Grogol Village;

- People of Giri Village;
- Informal leaders from villages; and
- Vulnerable groups.

6.1.4 Local Community Organization

This group comprises of those who may have an interest in the Project and its social and environmental aspects. It includes members of civil society organisations such as citizens' associations, and environmental and social groups.

Some local community organizations that have been identified include:

- Local activists in Bondowoso;
- Youth associations in Sempol Village; and
- Student associations in Bondowoso

6.2 Past Consultations

During site visits, consultation meetings were held with various relevant stakeholders at Regency and sub-district levels. The purpose of the consultations was to present information regarding the Project, gather information on potentially affected people, and identify potential data gaps. ESIA consultations involved face-to-face meetings with a range of stakeholders including local government representatives and community representatives in the Project Area, such as the Head of sub-districts, village heads, informal leaders, religious leaders, youth, representatives of women's groups, youth representatives, and other key relevant stakeholders.

Stakeholder consultations undertaken to date confirmed that potential impacts as a result of Project activities will be small in scale and of limited extent. MCG will provide an activity update in the notice to local communities, prior to the start of the Project. A grievance mechanism will be in place during operation, in line with international good practice.

6.3 Future Consultations

Stakeholder engagement is a dynamic process starting early in project preparation and continuing throughout project preparation and project implementation in both design, construction, and operational phases. Meaningful consultations and information disclosure have been ongoing with affected communities as a key part of stakeholder engagement, and the Project is committed to continuing these throughout the Project's lifetime. This also means that as new information becomes available and as the Project is able to respond to concerns and issues raised by affected communities, consultations will continue on a rolling basis. The Project will inform and consult the communities regarding changes to Project design which may impact the Project's land acquisition and subsequently compensation for affected households.

Refer to the SEP and ESIA for more details of the engagement methodologies undertaken and outputs and strategies for future engagements.

7. GRIEVANCE REDRESS MECHANISM

7.1.1 Principles

The main principles of the grievance mechanism are:

- To address grievances promptly and effectively, in a transparent manner resulting in fair, effective and lasting outcomes.
- To provide a grievance management process that is culturally appropriate, readily accessible and at no cost and without retribution to all Project affected parties.
- To build trust as an integral component of the Project community relations activities.
- To enable a systematic identification of emerging issues facilitating correcting actions and pre-emptive engagement.

7.1.2 General Requirements

The objective of this system is to ensure there is a robust and transparent process available for addressing grievances. This system comprises a sequential process of four levels of resolution. The next level of resolution is triggered if the complaint cannot be resolved at a lower level. The Grievance Handling Team (GHT) will receive and address all grievances with support from other managers and team members when relevant.

Additionally, under the IFC Performance Standards: *“The mechanism should also allow for anonymous complaints to be raised and addressed. The mechanism should not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements”.*

7.1.3 The Grievance Procedure

Where possible and appropriate, Meaningful Participation Index (MPI) Subsidiary staff who first encounter the grievance should:

Step 1: Engage to fully understand grievance;

Step 2: Take notes of context of grievance and key contacts;

Step 3: Invite suggestions for potential redress; and

Step 4: Implement immediate redress (use grievance form).

In all cases, MPI Subsidiary staff shall meet with the Grievance Handling Team (GHT) to:

Step 1: Log details of the grievances into the Community Grievance Handling (CGH) database (log); and

Step 2: Issue written acknowledgement of receipt of the grievance.

- **DELEGATION:** Identify appropriate MPI Subsidiary personnel to manage redress and coordinate throughout redress process;
- **INITIAL REPORTING:** Generate initial report of grievance context, issues, and key contacts. Note any redress actions implemented or promised;
- **FACT-FINDING:** Seek to clarify and verify context and key issues;
- **RESOLUTION / APPEAL:** Determine and implement mitigation measures that are agreeable to all parties concerned—notifying complainant once redress actions have been implemented. The appeals shall be triggered if the complainant is not satisfied with implementation of grievance resolution actions, and shall necessitate a renewed resolutions process; and
- **CLOSEOUT:** Get feedback from the complainant about the resolution process. Generate closeout report.

- Information regarding the Project's grievance mechanism and how to access it will be disseminated through:
 - Announcement in each village.

Grievances can be submitted through letter/email/phone correspondence/filling out the grievance form addressed to village officials or PT MCG representatives.

8. MONITORING AND EVALUATION FRAMEWORK

Monitoring and evaluation allows the Project owner to ensure smooth progress of the implementation of the LRP. By reviewing the information on the progress of implementing the LRP activities through monitoring, the project owner is able to understand the necessary feedback and possible impacts of previous steps and tasks ahead to better inform the risks underlying in the LRP and make corresponding adjustments. Data is to be collected, analysed, evaluated, and maintained to demonstrate compliance with social and environmental obligations, as well as the requirements of Indonesian legislation. Importantly, monitoring must also address the degree to which the LRP activities have achieved their outcomes.

The LRP monitoring and evaluation is embedded in the overall monitoring and evaluation approach of the Project. Monitoring distinguishes between internal and external components. The technical strategy of the LRP monitoring should be partly based on a participative approach involving different stakeholders in a transparent and comprehensible manner, such as affected people, village representatives, vulnerable groups, local authorities, and DFC. Languages of ethnic groups, especially Using will be considered, if Bahasa and English is not understandable during consultation.

8.1 Key Performance Indicators and Monitoring

To measure the degree of achievements of the LRP activity objectives, the internal and external monitoring will use a set of key monitoring indicators. Monitoring indicators are primarily sourced from baseline data to address the specific contents of the activities and entitlement matrix. These indicators (**Table 8.1**) are not exhaustive and could be revised as required during the implementation of the LRP monitoring.

Monitoring indicators are planned to inform:

- LRP implementation progress,
- Compensation progress,
- Replacement land development and status,
- Budget and expenditures,
- Quality of the compensation process, including issues relating to consultations, gender, ethnic minority groups, vulnerable groups, grievances, transparency and disclosure, and
- Outcomes of the implementation of the approved LRP.

Table 8-1: Indicative Monitoring Indicators

Performance Objective	Key Performance Indicator (KPI)
Disbursement of compensation payment.	Compensation payments disbursed according to number and category of losses set out in the entitlement matrix (women, men, and vulnerable groups)
	Compensation payment disbursed against timeline

Performance Objective	Key Performance Indicator (KPI)
Restoration of livelihoods	Number and percentage of displaced persons in the livelihood restoration program (women, men, and vulnerable groups)
	Number of displaced persons hired through project preferential employment (women, men, and vulnerable groups)
	Number of displaced persons who receive vocational training (women, men, and vulnerable groups)
	Types of training and number of participants in each (women, men)
	Degree of satisfaction with livelihood programs (women, men)
	Percentage of displaced persons who improved their income (women, men, and vulnerable groups)
	Number of displaced persons who have restored their income and livelihood patterns (women, men, vulnerable groups)
	Number of displaced persons who improved their standard of living (women, men, and vulnerable groups)
Meaningful consultation and Grievances	Number of affected persons who know their entitlements (women, men, vulnerable groups)
	Consultations organized as scheduled including meetings, groups, and community activities
	Level of participation in meetings of women, men, and vulnerable groups (specify if high, medium, low)
	Number of general meetings (for both men and women)
	Number of meetings exclusively with women
	Percentage of women out of total participants
	Have any displaced persons used the GRM? What were the outcomes? (women, men)
	Number of grievances solved
	Number of grievances unsolved
Budget and Time Frame	What are the subjects of the grievances? (men, women, vulnerable groups)
	Achieving resettlement implementation activities against the agreed implementation plan
	Funds allocation for resettlement to responsible implementation agencies on time.
	Funds disbursement according to the compensation matrix.
Institutional arrangement	Land acquisition and occupation in time for implementation.
	Percentage of land acquisition and resettlement staff been appointed and mobilized on schedule for the field and office work (women, men)
	Percentage of capacity building and training activities completed on schedule (women, men)
Employment and capability building	Employment priority for significantly impacted people and vulnerable groups (women and men)
	Number of recruitments of unskilled workers (women and men)

Performance Objective	Key Performance Indicator (KPI)
	Recruitments of semi-skilled workers (women and men)
	Percentage of skilled workers are women and/or vulnerable peoples

8.2 Monitoring process

8.2.1 Internal Monitoring Process

The objective of the internal monitoring is to (i) measure and report on the progress in the preparation and implementation of the approved LRP; (ii) identify problems and risks, if any, and the measures to mitigate them; and (iii) assess if the compensation and other assistance provided are in accordance with provisions of the approved LRP. MCG has the following KPI monitoring methods in place:

- Field supervision;
- Dashboard of ROW activities progress;
- ROW timeline/schedule; and
- ROW weekly meeting.

MCG is responsible for conducting the internal monitoring of LRP implementation and submit quarterly progress reports during construction, semi-annually during the first 3 years of operation, and thereafter annually to DFC. The progress reports will describe the progress of the implementation of the LRP activities and any compliance issues and corrective actions. The semi-annual report will closely follow the resettlement monitoring indicators. In addition, it shall be ensured that any results of self-monitoring are not shared or released in any way to the public or any other entity, in exception for the public release of information.

The self-monitoring program of MCG, through the Environmental and Social Management Officer (ESMO) shall include the following indicators at a minimum:

- Implementation progress,
- Compensation progress,
- Replacement land development and status,
- Health of PAPs,
- Budget and expenditures,
- Quality of the compensation process, including issues relating to consultations, gender, ethnic minority groups, vulnerable groups, grievances, transparency and disclosure, and
- Outcomes of the implementation of the Compensation Plan.

MCG, through the ESMO, shall rectify any failure by MCG to perform, in whole or in part, its obligations with regard to the implementation of the LRP.

8.3 Reporting

Prior to start of any site clearing or construction activities in a particular area, MCG will prepare a Land Acquisition Compensation Completion Report confirming that PAHs have received compensation for the land area for permanent or temporary use by the Project including the EPC contractor and its subcontractors. The report could be stand alone or integrated into the applicable monitoring report. During the period from the first day of the month immediately after the commencement of the land acquisition compensation payment process, pre-construction, construction period through and including the end of the Concession period, MCG is required to conduct quarterly

monitoring and reporting during the construction phase and semi-annual monitoring and reporting during operation for the first three years, thereafter annually. These monitoring reports are readily disclosed to lenders that include the progress in compensation payments, as well as other resettlement and livelihood restoration activities. The monitoring reports will also be disclosed on MCG's website. The relevant information in the monitoring reports will be disclosed to the affected persons, including at least the implementation status of the LRP, information on the compensation disbursement, land and asset acquisition and relocation progress, livelihood/income restoration progress and any information on benefit sharing, and any new-identified compliance issues and corrective action plans.

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