PROJECT INFORMATION DOCUMENT / INTEGRATED SAFEGUARDS DATA SHEET (PID/ISDS)

CONCEPT STAGE

Report No.:PIDISDSC16286

Date Prepared/Updated: 19-May-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	Indonesia	**Project ID:**	P157245
		Parent Project ID *(if any)*:	
Project Name:	Improvement of Solid Waste Management to Support Regional and Metropolitan Cities (P157245)		
Region	EAST ASIA AND PACIFIC		
Estimated Appraisal Date:	18-Aug-2017	**Estimated Board Date:**	28-Dec-2017
Practice Area (Lead):	Environment & Natural Resources	**Financing Instrument:**	Investment Project Financing
Borrower(s)	Bappenas		
Implementing Agency	Ministry of Public Works, Directorate General of Human Settlement, Ministry of Public Works and Housing		
Financing (in USD Million)			
Financing Source			**Amount**
Borrower			770.00
International Bank for Reconstruction and Development			100.00
Financing Gap			0.00
Total Project Cost			1170.00
Environmental Category:	A-Full Assessment		
Concept Review Decision:	Track II - The review did authorize the preparation to continue		
Is this a Repeater project?	No		
Other Decision (as needed):	NA		

B. Introduction and Context

Country Context

1. Indonesia is the fourth most populous country in the world and the tenth largest economy in terms of purchasing power parity. It is undergoing a process of rapid urbanization that will be one of the key

drivers that shape its economic prospects and will also put heavy pressure on the provision of basic services and infrastructure. From 2000 to 2010, the urban population increased at an annual pace of about 3%. In 2014, the urban population reached about 135 million people or 54% of the total population. Almost 4 million people are added to urban populations every year and by 2025 about 68% of Indonesians will live in urban areas. Currently, around 10 million poor people live in urban areas (representing 36% of the Indonesian poor). However, the proportion of urban to rural poor is growing, with the number of urban poor projected to overtake the rural in absolute numbers by 2030. While urban poverty has declined from 15% (2002) to 10% (2010), increasing urbanization will result in increasingly absolute numbers of urban poor . Therefore, the urban poor represent an increasingly important target population for poverty reduction policies.

2. Despite their importance in future economic development, urban areas have suffered from an "infrastructure gap" with severe under-investment overall and an under-developed role of the private sector. Infrastructure gaps are hardly restricted to the solid waste management sector. For example, according to World Bank estimates only 42% of urban households have access to a public water supply network and barely one-third have house connections to a public water utility. Furthermore, although infrastructure spending is currently low, even when the amount of infrastructure investment has been increased, improvements in outputs and outcomes have been disappointing. This has been attributed to a combination of poor regulations, vested interests, and governance issues, especially around land administration and spatial planning.

Sectoral and Institutional Context

3. Indonesia's Long-Term National Urban Development Plan 2015-2045 sets the targets of urban service standards and increasing capacity of city management. Solid waste management is high on the national agenda, as exemplified by the National Medium Term Development Plan's (RPJMN) ambitious "100-0-100" targets of eliminating all slums and providing universal access to water and sanitation (including solid waste collection) by 2019 . This sets a highly ambitious goal for the improvement of public service delivery, because it is currently estimated that only 70% of Indonesia's 135 million urban residents have access to waste collection services and only 55% of urban solid waste is handled at a transfer station or processing facility. However, collection of solid waste varies widely between cities. Some cities have strong performance in solid waste management, with high collection rates (>80%), recycling schemes and local budget allocations that demonstrate commitment to the sector. On the other hand, some cities have abysmal performance with low collection rates (< 20%) and little political commitment demonstrated.

4. The most recent data (2013) suggests that approximately 105,000 tons of municipal solid waste is generated daily in Indonesian urban areas and quantities continue to rapidly increase with an expected 150,000 tonnes of waste produced daily by 2025 (45% increase over 12 years). It is estimated that approximately 40% of solid waste is generated by private households whereas the remaining percentage is produced by a variety of sources, such as markets (20%), streets (9%), public facilities (9%), offices (8%), and industry (6%). Hence, not only does Indonesia need to increase collection to include roughly 30 % of existing urban households currently with no service access, but will also need to contend with the annual increase of about 4,000 tons of solid waste produced every year due to increasing urban populations and rates of waste generation.

5. When urban solid waste is not collected, it is often openly burned, informally buried, or disposed in streets, canals, rivers, and parks. Solid waste burning can be a significant and costly source of air pollution in urban areas. Waste burning contributes to respiratory infections for urban residents resulting in significant health damages and lost working days. In addition, uncollected waste in municipal areas leads to the promotion of pests and diseases, lower property values and decrease the

city's attractiveness to tourists and outside investments. Poor and vulnerable populations are the most likely to suffer from inadequate sanitation due to uncollected waste, which can be a heavy financial burden through health-related expenditures and lost productivity.

6. When uncollected waste enters into drainage and sewer systems, it can cause blockages and eventually urban flooding. To avoid flooding, dredging of garbage from drainage canals are a significant cost for many coastal cities. Even if local flooding events are avoided, the ultimate destination for most of this waste is the ocean. In the ocean, the vast majority of plastic waste is quickly disintegrated into visually unrecognizable forms and appears no longer a problem. However, plastic particles persist in the environment for hundreds of years and seem to be readily absorbed by all marine life. With an estimated 8 million tonnes of plastic entering the ocean annually , this poses a risk to the entire global fishing industry and human health. A recent analysis estimates that 75% of the East Asian plastic waste entering the ocean has never been collected by any waste management systems . Considering the scale of uncollected waste in Indonesia (approximately 45% of solid waste is "missing" from formal collection systems), it's unsurprising that Indonesia is considered the second largest global contributor to marine plastic waste.

7. In addition to serious waste collection shortfalls, final disposal of waste is also an urgent and challenging issue. Of the 55% of solid waste actually collected and transferred to disposal sites, roughly 60% of the collected waste is not deposited in a sanitary landfill with appropriate environmental and social standards. In 2006, the Ministry of Public Works (MPW) issued a regulation (21/Prt/M/2006) mandating that all open dump landfills be either closed or upgraded to sanitary facilities by 2011. In 2008, the Waste Management Act (No.18/2008) again required all local governments to close open dumping sites by 2013. However, despite the successive regulations and law, few sanitary landfills are currently operational and open unsanitary landfills remain the norm. These landfills often have numerous negative consequences, such as groundwater and surface water contamination, air pollution and very hazardous working conditions for "waste pickers".

8. Globally, solid waste accounts for almost 5% of global greenhouse gas emissions and 12% of methane emissions, a short-lived climate pollutant with a warming capacity that is more than 20 times higher than carbon dioxide. There are a number of investments and management options that can reduce emission from solid waste, including waste reduction, composting, landfill gas flaring, and waste-to-energy incineration. Indonesia's Intended Nationally Determined Contribution (INDC) prepared for the 2015 Paris Climate Change Conference (COP 21) highlights waste management as one the three primary thrusts of its climate change mitigation commitments. The INDC reads, "for the waste management sector, the [Government of Indonesia] is committed to develop a comprehensive strategy to improve policy and institutional capacity at the local level… reduce landfill waste be promoting the "Reduce, Reuse, Recycle" approach, and the utilization of waste and garbage into energy production".

9. Following decentralization reforms, the national government's role has been limited to an advisory and regulatory role with municipal governments as the primary implementers. The responsibilities of the MPWH in solid waste management are generally (not strictly) limited to providing technical advice, promoting pilot projects, and supervising large-scale off-site solid waste facilities. The Ministry of Environment and Forestry (MoEF) also has an important responsibility for developing policies, formulating regulations, and coordinating efforts in pollution control. However, local governments are ultimately responsible for solid waste management, as established in Presidential Decree No.2/2002 and reaffirmed in the Waste Management Act (No.18/2008).

10. The BAPPEDA (municipal planning agency) and Dinas Kebersihan (cleansing services unit) are

the key local government agencies responsible for the planning and implementation of solid waste management. However, the funds allocated by local governments have been critically insufficient for the high recurrent expenditures needed for collecting waste, and for investments and maintenance of sanitary landfills. In addition, the transfer of solid waste responsibilities to local governments was often not accompanied by a subsequent transfer of the necessary technical skills. Given the severity of the challenge, the MPWH and MoEF are keen to support local governments and spur investments in the sector. However, in order to reach the RPJMN's goal of 100% sanitation coverage, MPWH estimates that new investments of approximately US$5 billion will be needed in the solid waste sector over the next four years. With less than US$1.5 billion predicted to be available from the national government until 2019 (including funding from international development agencies) and only limited additional financing available from local governments, there are considerable investment financing gaps to achieve policy targets.

11. Financing gaps in the solid waste management sector have been a long-term policy challenge. Local governments provide the majority of financing for solid waste management, but the amount dedicated to the sector is still very low and the revenues from waste collection fees are not sufficient to provide adequate services. Most cities allocate between 0.2% and 1% of their municipal budgets to solid waste management, whereas a substantially higher budget of up to 5% is normally required to provide adequate services. The private sector is keen to partner with public institutions to address operational challenges, but a lack of confidence in the areas of public governance, operational finance and management capacity are significant barriers for a broader and deeper involvement by the private sector. As a result, much needed private capital inflows for investments in the sector are not currently available.

12. Lessons learned from the World Bank's urban operations in Indonesia and solid waste management projects globally include:

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13. Local government should be in the driving seat. Solid waste management issues have been delegated to local governments in Indonesia. However, the decentralization of these responsibilities has not been accompanied by a transfer of resources, commensurate institutional building, investment in human resources and adequate oversight. Empowering local government, through capacity building and a widening of their political, legal, and implementation roles is key to the success of urban infrastructure and service delivery.

14. Collaboration between the central government, local governments, and communities is essential. As has been learned from previous World Bank urban projects, effective collaboration between the central government, local governments, and communities is critical for ensuring smooth program execution and accountability. A national program of the sort proposed under this operation needs to establish a platform for collaboration at all levels. For example, a World Bank administered Clean Development Mechanism (CDM) landfill gas flaring (LGF) project demonstrated unsuccessful collaboration between the central and local government resulting in a "transfer of asset" problem. In this case, the central government built the sanitary landfill facility for the city, but the city could not utilize it because the asset had not been transferred (on-granted) to the city.

15. Strong monitoring and evaluation is key to success. Success in scaling-up some past World Bank projects into national programs has to a large degree been attributable to advanced monitoring systems that have been developed to manage the program, provide early feedback on its effectiveness, and reduce fraud and fiduciary risks. The system includes a management information system (MIS), a complaint handling system (CHS), and independent audits. Developing a comprehensive monitoring and evaluation system is a key to a successful national program.

16. Financial sustainability is fundamental in solid waste management. Solid waste management systems differ from other public services (e.g. water supply, wastewater collection and treatment) in that operating costs are higher, in both absolute terms and as compared to capital costs. This can be seen in well-known cases, such as recently in Lebanon where systems quickly collapsed after non-revenue operational funding dried up. It is therefore vital to at least ensure that funding for system operations is secure, preferably from revenues (waste tariffs collected from waste generators and the public) or otherwise from long-term budget support or subsidies before investment decisions are made.

17. Waste minimization and recycling are high priorities, but these alone will not solve existing waste disposal problems and lack of operational funding. Too often, waste recycling is pursued on the basis of unrealistic expectations of its potential to both reduce the volume of waste going into disposal facilities and to generate income. International experience shows that such expectations tend not to materialize. If there is money to be made in waste recycling (e.g. higher value recyclables), there is a good chance that informal operators are already active in these niches and large-scale recycling based on waste segregation at source tends to at best be cost-neutral due to the expenses of complex logistics and management efforts. Also, volume reduction is limited unless significant effort and costs are made, such as in developed countries with high recycling ratios that are possible because they are in effect paid from avoiding high disposal costs. This program will strongly support waste recycling efforts, but will emphasize the key importance of robust basic systems, consisting of adequate waste collection, transport and disposal facilities.

Relationship to CAS/CPS/CPF

18. The proposed program is fully aligned with the Indonesia Country Partnership Framework (CPF) FY 16-20. The program will contribute to the Infrastructure Platforms at the National Level Engagement Area (Engagement Area #1). The proposed program will support a national program to act as a "platform" from which the government, development partners, and private sector will scale-up solid waste management services and investments (including advanced technologies such as waste-to-energy). Considering the critical investment deficits in the sector, a critical aspect of this program's success will be to leverage additional funds from both the public, private, and international funds.

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19. The proposed program will also strongly support the Delivery of Local Services and Infrastructure Engagement Area (Engagement Area #4) through the improvement of solid waste collection and disposal services. Poor populations are the mostly likely to be negatively impacted by poor solid waste services, and therefore will benefit the most from the improvements made under this program. The proposed program will strengthen the decentralization framework to improve local service delivery and sustainable urbanization. This program will contribute to the CPF development outcomes for this engagement area through the "increase in households receiving improved solid waste management in targeted cities".

C. Proposed Development Objective(s)

Development Objective(s) (From PCN)

The Project Development Objective (PDO) is to improve solid waste management services for urban populations in selected cities across Indonesia.

Key Results (From PCN)

20. The Project Development Objective (PDO) is to support the implementation of a national program to improve solid waste management services for selected urban populations across Indonesia.

Key Results

21. The program will measure its success by multiple PDO Indicators, such as:
i. People in urban areas provided with access to regular solid waste collection under the program (number);
ii. Measurement of national program functional capacity;
iii. Sanitary municipal waste disposal capacity created under the program (tons/year);
iv. Amount of waste diverted from landfills (tons/year);
v. Number of cities with full solid waste management implementation plans.

22. Other intermediate results indicators will be developed to measure impacts from technical assistance and interventions towards reduction of waste disposal.

D. Concept Description

23. The program aims to create a nation-wide, scalable platform for improving solid waste management performance that is adaptable for a variety of different urban contexts in Indonesia. The program will seek to comprehensively support solid waste management policy and legislation, financial sustainability, and stakeholder collaboration across all aspects of the sector (e.g., collection, treatment, disposal, recycling and waste generation). The program will be designed to support the implementation of existing sectoral programs, including MPWH's Acceleration of Urban Sanitation Development Program (Percepatan Pembangunan Sanitasi Permukiman) (PPSP) and MoEF's Solid Waste Management Roadmap to 2025. Although the proposed program only represents roughly 25% (US$1.17 billion) of the overall sector investment needs over the next five-year period, it is of large enough scale to deliver improved sector performance measurable at a national scale and provide a strong foundation for future expansion. Relative to overall program costs, the World Bank delivers a modest amount of financing. However, the World Bank's value added proposition in this program is to strengthen the outcomes of existing government funding in solid waste management through technical expertise, global knowledge, and strong governance controls for the Indonesian context. The program will utilize mechanisms proven in other Indonesian urban infrastructure projects to facilitate high quality management and oversight of the program, including results monitoring and evaluation.

24. The PDO will be achieved through the implementation of the following program components.

25. Component 1: Institutional and Policy Development (US$5 million Total Budget; US$1 million IBRD). This component will support institutional strengthening and capacity building of central government agencies responsible for various technical and administrative aspects of solid waste management services (e.g. MoEF, MPWH, Bappenas, Ministry of Energy and Mineral Resources (MEMR)). This would include: (a) an institutional analysis at the national level, as well as a sample of provincial and district / municipal governments; and (b) strategic studies to facilitate the development of policy frameworks and regulations to better promote the improvement and sustainability of solid waste management services.

26. Strategic studies will focus on key impediments to enhancing the solid waste sector's overall performance. At this stage, some technical areas have already been identified for further discussion: (a) household waste reduction support (including 3Rs (reduce, reuse, recycle) and "Waste Bank" ; (b) mechanisms for incorporating the informal waste workers and wider communities in formal waste collection and recycling systems; (c) a roadmap for transitioning Dinas Kebersihan to BLUD institutions; (d) policy and legal frameworks for promoting waste-to-energy investments; (e) strategies for leveraging additional private and public financing for solid waste management; and (f) development of policy measures to reduce land-based marine pollution.

27. Component 2: Integrated Planning Support and Capacity Building for Local Government and Communities (US$55 million Total Budget; US$45 million IBRD). This component will finance the costs of experts and community facilitators throughout the project cycle to support capacity building (including training, workshops, and knowledge exchange events between cities as well as urban sub-districts) of local governments and communities to design and manage solid waste service improvements (approximately 50 cities to be supported). This component seeks to establish a national program to address one of the primary constraints to improving sector performance: the technical and organizational capacity of local governments to efficiently operate complex and costly solid waste operations. Advisory services for designing local government regulations and tariffs will also be provided to local governments. In addition, funds in this component can also be used for public awareness campaigns for waste minimization and proper disposal of their waste, which is also a high government priority.

28. Currently, almost all cities have prepared City Sanitation Strategies (SSKs) that outline a five-year strategy for citywide solid waste management service improvements, required investments, and potential financing sources. For a large number of selected cities, this component would provide support for improving the design of these strategies and institutional strengthening to support their implementation. Special attention will be paid to community-based improvements in waste collection. On the one hand, much waste is 'leaking' already at the community level, never entering the formal waste management system. On the other hand, at community level much potential can be further developed to improve waste recycling through waste separation. Models will be developed, tested and implemented to improve waste collection rates and waste recycling at the community level.

29. This component would also provide technical assistance to cities for developing feasibility studies and detailed engineering designs for priority investments. Technical assistance provided in this component would complement, but not be limited to all cities selected for physical infrastructure investments provided in Component 3.

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30. Transactions advisory services for waste incineration investments might also be made available to cities to assist in the structuring of bidding documents, contracts, and environmental standards to ensure public benefits from these private sector investments are maximized. Climate change planning considerations, both mitigation (institutional strengthening to acquire carbon finance) and adaptation (climate vulnerability analysis) will also be supported through this component.

Component 3: Solid Waste Infrastructure in Selected Cities (US$1,000 million Total Budget; US$49 million IBRD). This component includes two sub-components as summarized below.

31. Sub-Component 3.1: Support for Integrated Solid Waste Management Systems for High Capacity Cities. This component would provide financing for a select group of cities (maximum 10 cities) that have demonstrated sufficient capacity and commitment in solid waste management to justify large investments in complex systems and advanced treatment technologies. Cities selected under this component would receive support for investing in all needed infrastructure aspects of solid waste management not currently in place, including collection, transfer, treatment, disposal, and waste recycling/composting. This component would include financing for advanced treatment technologies, such as anaerobic digesters and refuse-derived fuel production. This sub-component is envisioned to facilitate the creation of model cities for solid waste management cities that can act as both inspirations and performance benchmarks for all other cities in Indonesia.

32. Sub-Component 3.2: Support for Solid Waste Management Systems in Lower Capacity Cities.

This component would provide a financing mechanism for a short-listed group of cities (approx. 20-30 cities) to be selected for smaller and partial investments to improve their collection, treatment, and disposal of solid waste. For Indonesia to reach its 100% sanitation goal it will be necessary to also support cities that still face problems in adequately managing waste collection and disposal services and to provide sufficient financing to improve these operations. Many of those cities may not need nor would be capable of managing large and costly sanitary landfill sites or treatment facilities, but their capacity could substantially benefit from the provision of limited investments to existing infrastructure and at existing sites. These investment options could include: investments to improve operations at existing waste disposal sites (such as improvements in waste reception and disposal logistics, leachate collection and treatment, landfill gas capture), construction of waste transfer stations, collection equipment, sanitary closure and environmental rehabilitation of old dumping sites, and investments in waste sorting and segregated waste collection.

33. The World Bank has had very positive international experiences with lower-capacity cities increasing their solid waste management capacity through receiving limited investments. It is expected that some of the cities included Sub-Component 3.2 would be ready for larger-scale and complex investments by the end of the program.

Component 4: Implementation Support and Technical Assistance (US$15 million; US$5 million IBRD).

34. This component will provide technical support, advisory services and training of Program Management Units (PMUs) at national level, and for Program Implementation Units (PIUs) at provincial and city levels (approx. 50 cities). Strengthening implementation and management capacity will involve support for monitoring and evaluation systems for the proposed program, enhancing stakeholder's collaboration at all levels, and training to make substantial use of participatory techniques for community engagement. Costs of national management consultants and oversight service providers will be financed under this component.

II. SAFEGUARDS

A. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

35. Project Location: The program is nationwide, with specific investments in metropolitan areas and their satellite cities as defined by the RPJMN 2005-2025. All metropolitan areas (population over 1 million) will be the primary targets of this program. Hence, possible cities for inclusion in the program include (but are not limited to) cities such as: Bandung, Banjarmasin, Bogor, Denpasar, Depok, Jakarta, Madiun, Makassar, Manado, Mataram, Medan, Padang, Palembang, Semarang, and Surabaya. It is expected that up to 50 cities will receive technical capacity support (Component 2). Of those 50 cities, a maximum of 5 cities will construct large and complex physical investments with advanced treatment technologies, while 20 to 30 cities will receive funds for smaller and simpler investments to improve performance (Component 3). At maximum, two specific investments in two cities for the first year of project implementation under Component 3 are to be identified during project preparation prior to appraisal; specific instruments (e.g. ESIA, RPs or IPP) will be prepared.

36. Salient Physical Characteristics Relevant to Safeguards Analysis: Investments under Component 3 will target re-engineering works at existing landfills that might require additional sanitary cells, construction of new landfills, construction of new leachate treatment facilities, construction of intermediate waste treatment facilities (e.g. material recovery or sorting facilities), installation of landfill gas collection systems, sanitary closure and environmental rehabilitation, and possibly organic

composting plants. This component would include financing for advanced treatment technologies, such as anaerobic digesters and refuse-derived fuel production. All these works are expected to take place within the legal and physical footprint of the existing solid waste facilities (TPAs) in the selected areas. Economic displacement and/or physical resettlement of waste-picker communities may result in some cases where landfills (TPA) are reconfigured. Activities to integrate waste pickers in the landfill workforces and other related economic activities such as increased removal of recyclables from waste will be included as part of approaches developed for each site.

B. Borrowers Institutional Capacity for Safeguard Policies

B. Institutional Capacity Assessment on Safeguards Work

1. The Ministry of Public Works and Housing has been the World Bank's primary client in infrastructure development projects for decades. During the 1990s, several urban development projects funded through IBRD included components for solid waste management and landfill construction (e.g., Yogyakarta, Semarang – Solo (SSUDP), Balikpapan (KUDP), Pontianak (KUDP)). The Directorate of Integrated Regional Infrastructure (formally the Directorate of Program Development) under the Directorate General of Human Settlement (DGHS) has been donor's main counterpart for all project preparation activities related to water and sanitation, water supply and housing (e.g., Pamsimas III, National Urban Slum Upgrading Program, and National Urban Water Supply Project). In implementation, the Directorate of Integrated Settlement Infrastructure (KIP) will host the Program Coordinating and Management Unit (PCMU).

37. The Directorate of Environmental Sanitation (PPLP) will host the National Program Implementation Unit (NPIU). The PPLP has served as executing agency for various water and sanitation projects financed by the World Bank (e.g., JUFMP/JEDI, P2KP). Both the KIP and PPLP have acquired sufficient knowledge and experience, together they have adequate capacity to ensure that safeguards are properly addressed during project preparation and implementation. When funds are on-granted to cities, the PPLP has its working unit (Satker) in each province that will be responsible to procure the civil works. The PPLP Satker has carried out similar construction in the past and has the capacity to implement safeguard instruments. Nevertheless, the environmental and social impact management, including public consultation processes, will be the responsibility of the Dinas Kebersihan (Sanitation Departments) in the cities/districts, and their capacities in safeguards will need to be strengthened. In order to address capacity issues, technical assistance in the form of a capacity building program for staff of Dinas Kebersihan will be provided as part of Component 2 for the cities/districts involved in the project.

C. Environmental and Social Safeguards Specialists on the Team

Kian SiongGEN2A

Lucy Madeline MitchellGSUID

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered ?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The program covers the entire solid waste management chain from generation to final disposal/treatment. There are generally significant safeguard issues throughout solid waste management operations (collection, transfer, treatment, and disposal) in Indonesia.

		Cities and districts have a wide variation in the effectiveness of collection services, but substandard disposal sites and treatment practices are prevalent in virtually every scenario across the country. The poor design of the SWM systems and the lack of consistent environmental monitoring at disposal sites have resulted in groundwater, surface water and air pollution, odor generation and disease vector proliferation concerns at these sites. In addition, learning from various cities experiences, the following issues are commonly reported throughout the sector: (i) poor maintenance of dump trucks that are not covered and watertight, causing leachate leak with foul smell along the transportation corridor to landfill; (ii) Illegally dumping the waste outside dedicated dumping areas; (iii) Uncollected waste in temporary disposal site in residential neighborhoods that spills into roadways and creates sanitation and aesthetical problems. Considering the types of investments, scale, and environmental and social sensitivities, the project is classified as a Category A. Project safeguard instruments: Under Component 3, the project interventions will require a full EA (AMDAL) or simplified EA (UKL/UPL) depending on the significant of the impacts for any selected cities/districts that require new landfill or additional cells. At present, specific cities/district for investments are being identified. Although an investment plan will be prepared during appraisal to encapsulate the lifespan of this project, it is highly likely that planned investments will be added or removed for later years of the project as circumstances dictate. Two scenarios are likely once cities/districts are selected for Component 3: - The selected city has prepared an EIA and detailed engineering design (DED) with the type of intervention already known. For these cities/districts, the World Bank will review its EIA. A due diligence review of prepared EIAs shall be done by the World Bank team to

		check compliance with OP/BP requirements and any identified gaps will be addressed by the client through a revised or a supplemental ESIA. The supplemental ESIA shall also cover social impacts beyond OP 4.12 and OP 4.10. These impacts will include negative impacts on surrounding communities, waste pickers, small collectors or other sections of the population. All identified social impacts and mitigation actions will be documented in a Social Management Plan (SMP) that will be integrated into supplemental ESIA. The client's lesson learned in dealing with those PAPs for similar projects has been to incorporate them into the project and landfill operations. This shall be included in SMP. All investments identified prior to appraisal (≤ 2) will be in this category. - The selected cities/districts have not prepared any safeguard documents, in such case the borrowers will have to apply the Environmental and Social Management Framework (ESMF) in preparation of their safeguard documents. This will also include a Resettlement Policy Framework, Indigenous People Planning Framework and Physical Resource Cultural Chance Find Screening Procedure to be applied to all components. The ESMF will include a negative list of goods that cannot be financed by the program. It will also include environmental and social screening for each proposed activity and identify specific instruments that will be prepared during program implementation based on typology of the activities. The ESMF will also include environmental and social screening for each proposed activity and identify specific instruments that will be prepared during program implementation based on a typology of activities. For example, for a proposed landfill redesign an assessment of social impacts will be completed, with a focus on waste-picker communities reliant on the landfill for livelihoods. It is likely that site-specific Resettlement Plans will be required to address physical and economic displacement of project-affected peoples (PAPs).

		Not only will the ESMF be applied to physical investments in Component 3, but it will be also integrated into the technical assistance of Components 1, 2, and 4 (following Interim Guidelines for Safeguards Policies in TA Activities), for such activities as the preparation of feasibility studies, engineering designs, and technical standards. Included in Component 2, funds will be dedicated to the preparation of safeguard instruments (e.g. ESIA, RP) as necessary following the ESMF. Furthermore, Component 4 will include funds for program supervision and monitoring, which will include certain safeguard relevant aspects. Public consultation will be carried out during the preparation of the ESMF and ESIA preparation. As per the OP 4.01 both ESMF and ESIA will involve formal public consultation processes where grievance mechanisms are also discussed. In addition, the ESMF will attach an example Terms of Reference (TOR) for safeguard instruments (e.g. ESIA, RP) prepared in Component 2. All safeguard documents will be submitted in draft for the RSA's review (see Safeguard Preparation Plan).
Natural Habitats OP/BP 4.04	TBD	The program shall not fund any activities within natural habitats, wildlife reserves, protected areas or critical natural habitats and its buffer zones, therefore will not have any adverse impact on environmentally and socially sensitive areas. Nevertheless, improving the leachate treatment may have positive impact on the receiving water body; this will be confirmed during the preparation of the DEDs.
Forests OP/BP 4.36	No	No program activities (i.e. civil work) will not be located in forests, in particular any protection or conservation forest areas nor critical habitats and buffer zones. The program will focus on rehabilitation of existing landfills or construction of new landfills that are within the city/district spatial planning (RTRW) areas designated for landfill facilities.

Pest Management OP 4.09	No	The program intervention will not procure or use any pesticides, and there is no need for chemical control of flies and vermin at the landfills and processing facilities.
Physical Cultural Resources OP/BP 4.11	TBD	Finding physical cultural resources during the course of project activities is considered unlikely in areas where the focus is on existing landfill, however, considering that the Component 3 will also include the possibility of construction a new landfill, a chance find procedure will be included in the ESMF. Screening will be carried out at the earliest stage of sub- project preparation. Should any PCR be identified by chance at any stage of the project preparation or implementation, its handling will be safeguarded by a PCR Management Plan under the ESMF and/or in the AMDAL.
Indigenous Peoples OP/BP 4.10	TBD	Initial screening of IP will be carried out once the list of the potential cities/district becomes available. The first screening of the cities currently under consideration indicated that IP would not be present or impacted. Possible developments related to IPin the program are the construction of temporary dumping sites and certain waste processing activities such as composting outside the city center, where IPs communities may be present. ESMF (which will include Indigenous People Planning Framework) will provide guidelines to deal with the IP, in terms of communications processes, livelihood and right to preserve their identity. A site-specific IPP will be prepared if or when IP are present.
Involuntary Resettlement OP/BP 4.12	Yes	Land acquisition and physical resettlement will likely be necessary for some investments under Component 3. A program-wide LARPF will be prepared prior to project appraisal covering all components for sites that are unknown. For Component 3, the program may include construction of new landfills (i.e. regional landfills), therefore large land acquisition is likely. Material recovery facilities (MRF), which is one of the 3R activities and the development of a temporary dumping site, if proposed and located outside the TPA, will

		require minor land acquisition of less than 200 m2. Land Acquisition and Resettlement Policy Framework (LARPF) will be prepared prior to project appraisal; it will serve as a guideline for the preparation of a Resettlement Plan (RP) should any of the interventions under Component 3 result in land acquisition, physical displacement of the PAP and restriction of PAP livelihoods as per defined in OP 4.12. RPs will be prepared for any site where land acquisition will occur. At maximum, two specific investments are to be identified during project preparation prior to appraisal and should the PAPs (e.g. waste pickers) be affected, the site specific RPs will be prepared.
Safety of Dams OP/BP 4.37	No	The project will not finance dams, nor the rehabilitation or any activities related to dam operation and safety. It will not depend on the operation of an existing dam.
Projects on International Waterways OP/BP 7.50	No	The project will not affect the efficient utilization and protection of international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project will not finance any activities within territorially disputed areas.

E. SAFEGUARD PREPARATION PLAN

1. **Tentative target date for preparing the Appraisal Stage ISDS:**

   04-Aug-2017

2. **Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal-stage ISDS.**

   38. A project-wide ESMF (including LARPF, IPPF and Physical Resource Cultural Chance Find Procedure) will be developed for activities that have not been determined and it will be applied to all components. This ESMF will be based on the requirements of national regulation and the Bank OPs, drawing on the lessons learnt and gap analysis conducted as part of World Bank-lead environmental due diligence completed in 2013. The ESMF will include provisions to assess social impacts of project-financed activities, including impacts on waste pickers and recyclers, any temporary project-induced labor influxes, mitigation measures related to the possibilities of impacts on indigenous communities, and other social and economic impacts such as resettlement or access restrictions induced as a result of the project. In addition, measures to address impacts on waste pickers and recyclers will be addressed in site-specific Resettlement Plans or social management plans.

   39. The ESMF will also include environment and social due diligence review of existing waste management facilities that may be re-engineered, upgraded, rehabilitated or improved under the project. The ESMF will refer to WBG General EHS Guidelines and Industry Sector Guidelines for

Waste Management Facilities. The ESMF will be prepared by June 2017.

40. For specific investments under Component 3 identified during project preparation prior to appraisal (≤ 2), specific instruments (e.g. ESIA, supplementary ESIA, RPs or IPP) will be prepared as necessary and submitted to the Regional Safeguard Advisor for clearance. The TORs for any ESIA or RPs developed later under the program will also be submitted and cleared by the RSA. The feasibility study (FS) of shortlisted cities (≤ 4) is planned to start in early May 2017 and will be completed in September 2017. The FS will identify the ≤ 2 cities that have the greatest probability of being ready for construction in early 2018. For these selected cities, the FS will include the basic designs that allow tendering of the civil work in the first year implementation under design-build contracts. The same consultant firm will prepare the required safeguard instruments as part of the FS. As the first tranche of investments will likely be in existing sites for cell extension or landfill rehabilitation (e.g. HDPE lining to protect further groundwater contamination) for sites that already have Indonesian environmental safeguard documents (e.g. AMDAL), the supplementary ESIA will likely be prepared by the consultant firm to address the gap with the Bank requirements. In cases, where there are PAPs to be relocated, specific RPs will be prepared by the consultant as per OP 4.12 requirement.

41. For development partner financing under the program (currently estimated at $300 million), this will be considered as parallel financing and the development partner's safeguard requirements will be applied.

III. Contact point

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V. Approval

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Country Director:	Name:Rolande Simone Pryce (CD)	Date:02-Jun-2017

[1] Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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