

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC883

**Date ISDS Prepared/Updated:** 25-Jul-2012

## I. BASIC INFORMATION

### A. Basic Project Data

<b>Country:</b>	Indonesia	<b>Project ID:</b>	P128832
<b>Project Name:</b>	NATIONAL PROGRAM FOR COMMUNITY EMPOWERMENT IN RURAL AREA (PNPM RURAL 2012-2014) (P128832)		
<b>Task Team Leader:</b>	Susanne Holste		
<b>Estimated Appraisal Date:</b>	27-Aug-2012	<b>Estimated Board Date:</b>	27-Nov-2012
<b>Managing Unit:</b>	EASID	<b>Lending Instrument:</b>	Specific Investment Loan
<b>Sector:</b>	Water supply (20%), Irrigation and drainage (20%), Rural and Inter-Urban Roads and Highways (20%), Pre-primary education (20%), Sub-national government administration (20%)		
<b>Theme:</b>	Participation and civic engagement (45%), Rural services and infrastructure (35%), Social Inclusion (20%)		
<b>Financing (In USD Million)</b>			
<b>Financing Source</b>			<b>Amount</b>
Borrower			3750.00
International Bank for Reconstruction and Development			750.00
Total			4500.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

### B. Project Objectives

As under the ongoing PNPM-Rural IV operation, the PDO would remain for villagers in PNPM-Rural locations to benefit from improved socio-economic and local governance conditions.

### C. Project Description

The proposed PNPM 2012-2014 project will channel additional resources to PNPM-Rural. Since 1998 and starting with the Kecamatan Development Project (KDP), the Bank has committed financing totaling \$2.8 billion to KDP/PNPM.

The objective of rural villagers benefiting from improved socio-economic and local governance conditions will continue to be achieved through: (a) provision of direct grants to communities in a transparent manner to finance an open menu of basic socio-economic infrastructure and revolving funds for women's saving and loans groups; (b) support to communities participation in an open and inclusive planning process; and (c) enhancing the capacity of central and local governments to partner with community organizations in service provision.

The basic architecture of the program will remain the same but Government has indicated the need to (a) customize PNPM-Rural to respond to the different needs and conditions across Indonesia's diverse regions (e.g. technical facilitators supporting a cluster of kecamatan, meeting frequency adjusted to remoteness, facilitator allowances adapted to remoteness, appropriate inclusion mechanisms for Indigenous Peoples); (b) emphasize the empowerment and social accountability aspects of the program (e.g. focus on governance and accountability mechanisms, knowledge sharing between communities); and (c) rethink the Revolving Loans Fund (RLF) sub-component and prepare a new design to better support rural livelihoods (e.g. strengthen governance and management arrangements to reduce risk of corruption, focus on group solidarity and benefits, and design capacity building for livelihoods).

PNPM 2012-2014 would also continue to provide for quick post-disaster response and crisis recovery, utilizing PNPM's existing financial and institutional platforms as a flexible and strategic instrument for governmental response; and would maintain support to operational pilots and special programs that build upon the main PNPM platforms, testing operational hypotheses for greater impact and to inform longer-term policy and design questions.

Project components, with the exception of the RLF, will remain similar to the ongoing operation. Financing amount for each component would be based on past experience and the Government's annual budget, and would be finalized during the preparation process:

**Component 1: Kecamatan Grants.** This component is providing direct grants to sub-districts for funding of investment proposals developed by the communities for social and economic infrastructure. The activities including: (i) planning for and construction of basic infrastructure; (ii) investment in activities using revolving loan funds (RLFs) for women's savings and loan groups; (iii) preparing for and responding to disaster, emergency or catastrophic events, as needed, through subprojects; and (iv) grants to pilots and special programs.

**Component 2: Community Empowerment and Facilitation.** This component will have three sub-components: (i) community empowerment and facilitation, (ii) strengthening the existing Revolving Loan Funds scheme to reduce operational and fiduciary risks, and (iii) development of a viable strategy and implementation arrangements for economic inclusion activities through participation in private and institutional markets. This component aims to improve overall community participation and skill levels, with the intention to strengthen the governance of the program. There will be a new grant-funded addition of legal services available for both community and the Directorate General for Community Empowerment's (PMD) use. This component will also test the impact of increasing facilitation support in various areas on overall community participation, including those groups who are often excluded (including women), and the impact this would have on attendance.

**Component 3: Implementation support and Technical Assistance.** This component will provide technical advisory services, training and other material support to strengthen PMD and the sub-national levels. There will be strong focus on strengthening the delivery system, to ensure that it can

effectively respond to the demands of national delivery of the program, including monitoring and evaluation, and enhanced financial audits.

#### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

PNPM-Rural 2012-2014 will continue financing a program that has national coverage and project activities will take place in every rural kecamatan in the country and in over 60,000 villages across Indonesia. The program covers a geographic area that encompasses great topographic, ecological, biological, and social diversity. PNPM-Rural 2012-2014 would also draw over 14 years experience to customize its approach to respond more effectively to different needs and conditions across Indonesia.

#### **E. Borrowers Institutional Capacity for Safeguard Policies**

During preparation of PNPM-Rural IV the borrower adopted new Implementation Guidelines for Social and Environmental Safeguards (IGSES) as a safeguards annex to the project's operational manual (OM). The IGSES was disseminated during the last year to all provinces of the country. During the preparation of PNPM 2012-2014, this IGSES will be updated to include a code of practice for indigenous people. The implementing agency, PMD, within the Ministry of Home Affairs (MoHA) has more than fourteen years experience implementing the PNPM-Rural/KDP series. MoHA is also supportive of partnerships with NGOs, particularly NGOs skilled in training, facilitation, and community based monitoring, which will be prioritized to work with indigenous people.

As with the ongoing PNPM-Rural project, each kecamatan is supported by a minimum of two facilitators hired by PMD, of whom one is a civil engineer who assists the local communities on subproject designs and implementation and the other a social mobilizer. These facilitators need training to better assist the communities in the implementation of safeguards policies, i.e. screening for possible environmental and social impacts of proposed subprojects, and providing guidance to the communities for developing and implementing measures to address and mitigate the impacts.

#### **F. Environmental and Social Safeguards Specialists on the Team**

Juan Martinez (EASIS)

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## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/ BP 4.01	Yes	PNPM-Rural 2012-2014 promotes the environmental improvement of villages through the construction of key rural infrastructure such as concrete pathways, drainage, water supply, bridges, etc. This project will not create any large-scale, significant, or irreversible environmental or social impacts. Any impacts associated directly with the proposed project are judged to be insignificant, non-irreversible, and site-specific. Mitigation measures are achieved through community participation and

		<p>community-based subproject management. It was noted the project has recently improved/updated the OM, reflecting the most recent lessons in experience, in particular those relating to both environmental and social safeguards and the set of environmental codes of practice for rural infrastructure. Safeguards policies in PNPM follow the guidance from Implementation Guidelines for Social and Environmental Safeguards (IGSES).</p> <p>Further improvements to mitigate minor impacts include better site management, more attention to the placement of water facilities, and continuous environmental awareness programs for villagers. The most significant issues are to ensure the high quality design implementation of basic civil engineering procedures. Mitigation measures for this potential impact, as referred to in the Implementation Guidelines for Social and Environmental Safeguards (IGSES), includes training modules and procedures, the dissemination of findings and discussions from field supervision missions, and the development of criteria for design evaluation by civil engineering consultants.</p> <p>The IGSES will be revised and improved based on experience during the last year to improve its applicability. A robust plan will be prepared for capacity building and institutional strengthening of the community facilitators.</p>
Natural Habitats OP/BP 4.04	No	The project will not finance sub-projects to be undertaken in prohibited, critical natural habitats (including critical forest, coastal and marine habitats), nor will it result in the significant conversion of natural habitats. This is already clearly defined in the negative list of the project. The OM also provides specifications on the management of small construction works to avoid any potential degradation or conversion of natural habitats on a small scale.
Forests OP/BP 4.36	No	It is not foreseen that the project will affect critical forest areas or related critical natural habitats. Activities will not affect the health/

		quality of forest or involve any forest management.
Pest Management OP 4.09	No	It is not foreseen that the project will procure any pesticides, nor will an increased use of pesticides result from the project.
Physical Cultural Resources OP/ BP 4.11	No	It is expected that the proposed project will not adversely affect any sites with archeological, paleontological, historical, religious or of unique natural value as defined under the policy.
Indigenous Peoples OP/BP 4.10	Yes	<p>Based on experiences from previous years, PNPM will follow best-practice principles for indigenous peoples' involvement to ensure that the policy requirements of OP 4.10 are incorporated into the IGSES. Participation is entirely voluntary, and there are documented cases of very remote communities initially not preferring to participate in the PNPM program. To confirm this, a rapid social assessment will be conducted to review and identify any barriers or challenges to application of the IGSES in these areas, and confirm in which ways the guidelines should be updated to ensure that they incorporate the requirements of OP 4.10. Going forward, as under OP 4.01, emphasis on the associated capacity to support, monitor and report on implementation of these guidelines in practice and to improve quality of documentation should be a priority during implementation support to PNPM-Rural 2012-2014 going forward. Based on the rapid social assessment conducted during project preparation, including consultation with communities and implementing agencies; recommendations have been made to ensure that indigenous peoples participate actively and will not suffer differentiated benefit or negative impact. These may include improvement of facilitation measures and capacity-building by enhancing training modules.</p> <p>The project preparation will include:</p> <ol style="list-style-type: none"> <li>a. Consultation with communities and implementing agencies (govt. and NGOs) on the proposed approach, including arrangements to achieve inclusion and equity.</li> <li>b. Early identification of community groups (direct beneficiaries) of how they are</li> </ol>

		<p>organized and identification of how they would like to participate during project implementation.</p> <p>c. Ensuring that vulnerable communities (i.e. indigenous people with specific cultural wisdom of living) will participate actively and will not suffer differentiated benefits or negative impact.</p> <p>d. Exploring how PNPM Peduli, a multi-donor funded pilot project executed by national organizations to reach the most vulnerable and marginalized groups, can work more effectively with local CSO/NGOs that support indigenous peoples</p> <p>To ensure indigenous people's participation, two simple definitions will primarily be used to fulfill the Bank's policy: (1) Masyarakat Adat / Adat communities/Customary law communities; and (2) Komunitas Adat Terpencil (KAT)/ Isolated and Vulnerable Peoples (IVPs)</p> <p>As mentioned before the IGSES will be revised and improved based on experiences learned during the last year in order to ensure its applicability. The final version of the IGSES will be disclosed.</p>
Involuntary Resettlement OP/BP 4.12	No	<p>There is no use of eminent domain or government land acquisition in any PNPM project. Community contributions are voluntary and frequent. PNPM's OM includes a planning and verification framework to ensure that any land acquisition is well-documented both in terms of its voluntary nature and the lack of any significant economic impact on villagers. Several approaches will be used to obtain information:</p> <p>a. Information will be disseminated to community members on applicable rules and consultations will be conducted at key stages of the sub-project planning process.</p> <p>b. Checking of willingness to donate and to provide written documentation.</p> <p>c. Training of project staff on how to conduct effective consultations during the sub-project planning process.</p>

		Trained project staff, informed community members, and consultations will help ensure that technical solutions minimize the need for land; that land donations or sales are voluntary; and that community members know they have access to grievance redress mechanisms. The IGSES should be reviewed and updated to contain the best guidance possible on all voluntary land donations, and monitored for careful documentation to ensure that the policy is not triggered.
Safety of Dams OP/BP 4.37	No	The project will not finance dam construction or rehabilitation of any dams in large scale.
Projects on International Waterways OP/BP 7.50	No	The project will not operate in or affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	None of the project components are located in any known areas under territorial dispute as defined by the operational policy.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS:** 03-Aug-2012

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

A rapid social assessment was conducted during April-July 2012.

### IV. APPROVALS

Task Team Leader:	Name: Susanne Holste	
<b>Approved By:</b>		
Regional Safeguards Coordinator:	Name: Panneer Selvam Lakshminarayanan (RSA)	Date: 26-Jul-2012
Sector Manager:	Name: Jan Weetjens (SM)	Date: 20-Jul-2012

<sup>1</sup> 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.