



## Review and Update of the World Bank’s Environmental and Social Safeguard Policies Phase 2 Consultations – Feedback Summary

**Date:** December 15, 2014

**Location:** Jakarta, Indonesia

**Audience:** Government

**Overview and Key Issues Discussed:**

Specific Feedback from Stakeholders
<b>1. General Comments</b>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• Participants acknowledged the importance of the new framework to ensure no harm to environmental and social aspects.</li> <li>• A participant noted that the proposed framework is very strict and will impose a problem on preparation.</li> <li>• A participant noted that the Indonesian government will resort to other MDBs, especially with the emergence of two new MDBs, namely the AIIB and the BRICS, if the new framework is too stringent.</li> <li>• A participant expressed concern about project delays which might cause major negative impact on the economy and environment.</li> </ul> <p><i>Clarifications</i></p> <ul style="list-style-type: none"> <li>• A participant sought clarification on the critical aspects of a project, asking for example whether it is labor, or health and safety.</li> </ul> <p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• The proposed framework should not delay the implementation of the project, therefore the assessment and measures should be considered and approved upfront.</li> <li>• A participant suggested that the Bank lend directly to State-owned enterprises.</li> <li>• A participant mentioned that sharing knowledge with the project owner(s) is essential. In JEDI project, for example, there is a gap between the consultant and the project owner which delays the process.</li> </ul>
<b>2. A Vision for Sustainable Development</b>
<b>3. World Bank Environmental and Social Policy</b>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• A participant stressed the need to consider the capacity of the implementing agency.</li> <li>• A participant asked the Bank to consider how imposing stringent requirements might hamper projects. Indonesia is a Middle Income Country, which bases its policies on international best practice. The participant noted that the Indonesian government already has good regulations and policy. They referred to ADB, which aligns its guidelines and policies to the government’s and urged the Bank to do the same.</li> </ul>

<b>Specific Feedback from Stakeholders</b>
<p><i>Clarifications</i></p> <ul style="list-style-type: none"> <li>• A participant asked the Bank to clarify how it intends to increase the Borrower’s capacity and strengthen and refine its regulation, and bolster its national system. It was noted that new requirements, which seem complicated, might create a burden for Borrowers including Indonesia.</li> <li>• A participant sought clarification on the stage during the project cycle at which the Borrower can negotiate safeguard requirements with the Bank.</li> <li>• A participant sought clarification on how the policy will apply to community driven projects which are small scale.</li> <li>• A participant pointed out that many Bank requirements do not take into account development outcomes. In resettlement projects for example, people are flooded all the time. Who should be accountable when things don’t get done properly? Even if the proposed standards are government responsibility, some of them are so complex, they are hard to apply. The participant encouraged the Bank to clarify who would be held accountable.</li> </ul> <p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• A participant pointed out that the Bank should take responsibility for ensuring that the Borrower fulfills all Bank requirements.</li> <li>• A participant urged the Bank to seek balance between expediting the preparation of the project and avoiding the negative impact of environmental and social aspects of the project</li> </ul>
<b>4. Environmental and Social Standard 1 (ESS1): Assessment and Management of Environmental and Social Risks and Impacts</b>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• A participant noted that the Indonesian government accepts non-discrimination, but the Bank needs to be mindful that in Indonesian legislation, preference is given to certain groups such as Small and Medium Enterprises (SMEs). This, for instance, is not discrimination but part of the empowerment of SMEs, therefore flexibility is necessary.</li> </ul>
<b>5. Environmental and Social Standard 2 (ESS2): Labor and Working Conditions</b>
<b>6. Environmental and Social Standard 3 (ESS3): Resource Efficiency and Pollution Prevention</b>
<b>7. Environmental and Social Standard 4 (ESS4): Community Health and Safety</b>
<b>8. Environmental and Social Standard 5 (ESS5): Land Acquisition, Restriction on Land Use and Involuntary Resettlement</b>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• Need to consider the capacity of the implementing agency. Encroachment not easy to solve.</li> </ul>
<b>9. Environmental and Social Standard 6 (ESS6): Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• A participant pointed out that Indonesia has adequate regulation on biodiversity and therefore expects the World Bank not to add more stringent requirements which will hamper the preparation of the project instead of helping it.</li> </ul>
<b>10. Environmental and Social Standard 7 (ESS7): Indigenous Peoples</b>

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<b>Specific Feedback from Stakeholders</b>
<i>Comments</i> <ul style="list-style-type: none"><li>• A participant noted that the Indonesian government does not agree with the IP policy as it does not agree with the definition of Indigenous. It was emphasized that Indonesia treats all people of Indonesia equally.</li></ul>
<b>11. Environmental and Social Standard 8 (ESS8): Cultural Heritage</b>
<b>12. Environmental and Social Standard 9 (ESS9): Financial Intermediaries</b>
<i>Comments</i> <ul style="list-style-type: none"><li>• A participant noted that harmonization and achieving a common approach amongst MDBs and other FIs is important.</li></ul>
<b>13. Environmental and Social Standard 10 (ESS10): Information Disclosure and Stakeholder Engagement</b>