

Biotani Bahari Indonesia, CAPPa Ecological Justice Foundation (Indonesia), Center for Indonesia Taxation Analysis, debtWATCH Indonesia, Ecological Justice Indonesia, ELSAM Institute for Policy Research and Advocacy (Indonesia), Indonesia Corruption Watch, Indonesian Legal Resource Center, Indonesia for Global Justice, Jaringan Advokasi Tambang (Indonesia), Konsorsium Pembaruan Agraria (Indonesia), Lembaga Bantuan Hukum Semarang (Indonesia), Lembaga Gemawan (Indonesia), ), PeTA – Perkumpulan Tanah Air (Indonesia), PILNet – Public Interest Lawyer Network (Indonesia), Sajogyo Insititute (Indonesia), Solidaritas Perempuan – Women’s Solidarity for Human Rights (Indonesia), Swandiri Institute (Indonesia), TUK Indonesia, WALHI – Friends of the Earth Indonesia, WALHI West Java, Yayasan PUSAKA (Indonesia), 11.11.11- Coalition of the Flemish North-South Movement (Belgium), BothENDS (Netherlands), Carbon Market Watch (Belgium), Center for International Environmental Law (USA), Friends of the Earth-Japan, Friends of the Earth – US, Forest People's Programme (UK), Gender Action (USA), Japan Center for a Sustainable Environment and Society, Labour, Health and Human Rights Development Centre (Nigeria), Social Justice Connection Canada, Ulu Foundation (USA), Urgewald (Germany)

Jim Yong Kim  
President  
World Bank  
1818 H Street  
Washington, D.C.

12 April, 2016

Philippe Le Houérou  
President  
International Finance Corporation  
Washington, D.C.

Dear Presidents Kim and Le Houérou,

We are writing to you with deep concerns about a number of Indonesian Infrastructure funds and projects, including on-going investments and support (including for coal mega-power plants), as well as projects in the pipeline and **planned for Board vote, as early as 25 April 2016**, according to documents posted on the World Bank website.<sup>1</sup>

In its assessment of the Indonesian Infrastructure Finance project, the IFC identified the “inherently high E[nvironmental] & S[ocial] risks” of ... infrastructure finance in Indonesia as potentially resulting in “community and resettlement impacts including indigenous communities, impacts on local flora and fauna, occupational health and safety, water and air pollution and impacts on cultural heritage.”<sup>2</sup>

In addition, the sector presents a high risk of corruption. For example, Indonesian Corruption Watch identified 139 corruption cases in the infrastructure sector under investigation by authorities in Indonesia, with the transportation sector dominating these cases.<sup>3</sup>

Large-scale infrastructure projects also often irreversibly impact women, including by eliminating women’s farming and fishing livelihoods, ensuring the almost exclusive employment of males in construction and office jobs, leading to an increase women's dependence on men, the driving of women into sex work out of economic desperation, the resulting increase in sexually-transmitted infections, trafficking in women, violence against women.

Indonesian NGOs and supporters from other countries have already raised numerous concerns about Indonesian infrastructure funds supported by the World Bank Group in writing as well as in direct meetings with World Bank

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<sup>1</sup> It is important to note that a lack of information is the characteristic of these funds, projects, and investments. We have attempted to compile available information but the public understanding of these entities and proposed entities is incomplete and, at times, conflicting information has been made public, or has been posted on different websites without notice to civil society involved in attempting to monitor these projects and investments.

<sup>2</sup><http://ifcextapps.ifc.org/ifcext/spiwebsite1.nsf/651aeb16abd09c1f8525797d006976ba/14363a342535e69e85257cbd00534cd1?opendocum ent>, accessed 3/5/16

<sup>3</sup> Indonesian Corruption Watch, TREN PENYIDIKAN KASUS KORUPSI - 2015 SEMESTER I, 2015

and IFC management and staff based in Jakarta and Singapore.<sup>4</sup> Unfortunately, there has been little response to civil society concerns and questions. Few, if any, Bank and IFC staff in Washington, DC seem familiar with the details of these projects.

The World Bank-supported Indonesian Infrastructure Guarantee Fund (IIGF) provides an example. IIGF's 2014 Guidance Note on land acquisition during the guarantee process for infrastructure projects utilizes a risk assessment hierarchy which assigns a low risk<sup>5</sup> categorization for the "acquisition" of forest lands, of indigenous territories, or of lands where the owners do not have written proof of land ownership. We note that more than 80% of Indonesian farmers have no written proof of their land ownership. The IIGF Guidance Note states that acquiring these lands is "easy" and notes that to obtain these lands, there should simply be an "agreement/dialogue" with stakeholders.<sup>6</sup> A "dialogue" is not an agreement.

This signal from the country's sole provider of PPP guarantees, that seizing indigenous lands and forests and lands of those without written proof of ownership is low risk and "easy" appears to be in direct violation of World Bank requirements regarding Indigenous Peoples, natural habitat, forests, consultation, and forced resettlement.

The first large-scale PPP project for which PT. IIGF is attempting to provide a guarantee is the construction of two **highly controversial 1,000 MW coal plants** in Central Java, a project that, for years, has been mired in conflicts with local communities facing eviction from their lands and threats to their livelihoods. **The Batang power plants are likely to emit 10.8 million tons of CO2 per year, equivalent to 2.6% of Indonesian energy sector's emissions in 2010.**<sup>7</sup> Legal actions and complaints have been filed by local communities in Indonesian court and with proposed Japanese financiers and suppliers for the coal plants, neither of which have yet been built.

We note also that, in January 2016, the IFC CAO released a devastating assessment of the World Bank and IFC-supported India Infrastructure Fund that was the model for Indonesian Infrastructure Finance, providing a detailed accounting of the India fund's failure to meet environmental and social safeguards.<sup>8</sup> It is of vital importance to ensure that a similar disaster is not repeated in Indonesia.

The projects of concern include existing projects:

**PT. Indonesian Infrastructure Finance (IIF):** WB, IFC, ADB, Germany's DEG over 55% equity combined total; AUSAID support for business plan;

**PT. Indonesian Infrastructure Guarantee Fund (IIGF):** WB support for IIGF; First IIGF guarantee issued for controversial Batang 2 x 1,000 MW coal power plants identified by Indonesian Commission on

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<sup>4</sup> See for example: <http://www.safeguardcomments.org/infrastructure--financial-intermediaries.html>

<sup>5</sup> IIGF's risk assessment framework identifies a scale from 1 to 5, where Level 1 is a scenario where almost everyone voluntarily gives up their land and accepts the offered compensation.

<sup>6</sup> **GUIDANCE NOTE:** Penerapan Tinjauan Aspek Pengadaan Tanah dalam Proses Penjaminan Proyek Infrastruktur, 2014, Risk level 2: "Lokasi tanah berada di wilayah hutan dan membutuhkan izin pinjam pakai atau pelepasan wilayah hutan; Tanah tumpang tindih dengan wilayah yang diakui sebagai hak milik adat". Mudah untuk pengelolaannya tetapi masih membutuhkan waktu yang lama untuk menyelesaikannya" and Risk Level 2:

Pemilik tanah tidak memiliki bukti kepemilikan tertulis  
· \_Lokasi tanah berada di wilayah hutan yang diakui sebagai wilayah adat

· \_Lemahnya bukti kepemilikan tanah dan tanah adat

· \_Mudah dengan catatan ada kesepakatan/dialog dengan semua pemangku kepentingan tentang pola kepemilikan tanah dan status tanah adat

Greenpeace Briefing paper, Batang Coal Fired Power Plant Project, March 2014

<sup>7</sup> [The True Cost of Coal](#)

<sup>6</sup> Greenpeace Briefing paper, Abuses, health impacts and Risks Associated with Indonesia's, Batang Coal Fired Power Plant Project, March 2014

<sup>8</sup> <http://www.worldbank.org/projects/P102771/financing-public-private-partnerships-ppps-infrastructure-through-support-india-infrastructure-finance-company-ltd?lang=en>; <http://blogs.worldbank.org/ppps/innovative-financing-case-india-infrastructure-finance-company>; 7/9/15; CAO, "CAO Investigation of IFC Environmental and Social Performance in relation to: India Infrastructure Fund", 2015, released January 11, 2016.

Human Rights as HR violators; IFC is lead arranger for Batang with bilateral support from Devco which is funded by Netherlands, UK, Austria, Sweden.

Projects in the pipeline:

**Indonesian Infrastructure Finance Development project (IIFD):** WB – project in pipeline, to implement controversial “land acquisition” law; prepare 5 infrastructure mega-projects; may be linked to WB Canada Indonesian infrastructure trust fund (below). According to documents on World Bank website, **Board vote originally scheduled March, now postponed to 25 April 2016.**

**Indonesian Regional Infrastructure Development Fund (RIDF):** \$500 million; WB + Switzerland – project in pipeline; **Board vote scheduled March 2016; postponed to September 2016?**

**Indonesia Infrastructure Finance Development Trust Fund (IIFDTF):** WB, Canadian Trust Fund; 2016 – 2020. Unclear start date. Already started?

These include existing projects and equity investments as well as new large-scale proposed Indonesian infrastructure investment funds currently planned for Board approval in 2016. Overarching concerns about existing and proposed World Bank and IFC support for a range of Indonesian infrastructure funds and initiative include:

- The lack of public disclosure of documents pertaining to current projects and those in the pipeline;
- The lack of materials in Indonesian language;
- The lack of public consultation, including mandatory public consultation on environmental and social assessments prior to appraisal (approximately 120 days prior to Board vote);
- Violations of and failure to implement WB, IFC environmental and social safeguard requirements, including those pertaining to information disclosure and consultation processes for social and environmental assessments, forced resettlement, Indigenous rights, due diligence requirements prior to the use of Country Systems (CSS), etc.
- Mis-categorization of environmental and social risks.

Given the high risk of environmental and social harm associated with infrastructure financial intermediaries, the weak to non-existent track record of safeguard implementation at the funds and implementing agencies currently supported by the World Bank, IFC and bilateral donors in Indonesia, including at IIF and IIGF, we request that the Board ensure that the **problems in existing funds, programs and activities, including IIF and IIGF, are fully remedied before providing any further financial, equity or guarantee support, including support for similar planned projects in the pipeline. This includes a call for a halt to support by IIGF for the Batang coal fired power plants, given violations of environmental and social safeguards and the World Bank commitment to end support for large scale coal fired power plants.**

We request that the Board ensure compliance with World Bank and IFC environmental and social requirements - including the World Bank requirement for **a full assessment<sup>9</sup> of country system equivalence** prior to making use of country systems -- as well as full implementation of safeguards requiring disclosure and meaningful public consultation.

Such compliance must be clearly attained in existing infrastructure investment and guarantee funds prior to providing support for new efforts.

Given the lack of public consultation, the lack of materials, including the lack of materials in Bahasa Indonesia on the proposed new projects, and the potentially significant environmental and social impacts of the proposed new activities, and the Bank’s assessment that the current and proposed implementing agencies lack sufficient track record, experience and staffing to ensure proper environmental and social risk identification and avoidance, it is

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<sup>9</sup> This includes applying the full requirements of CSS Table 1A as part of the assessment of country systems.

clear that it is premature for new projects to be brought before the Board for consideration or approval prior to remedying the substantial problems found in existing projects, and assessing the success of the use of Country Systems, to date, in the current investments and guarantee funds.

Thank you for your attention to this matter.

Sincerely,

Ecological Justice Indonesia  
Indonesian Legal Resource Center (ILRC)  
TUK Indonesia  
WALHI – Friends of the Earth Indonesia  
WALHI West Java  
Indonesia Corruption Watch (ICW)  
ELSAM Institute for Policy Research and Advocacy (Indonesia)  
Ulu Foundation (USA)  
Urgewald (Germany)  
Gender Action (USA)  
debtWATCH Indonesia  
Center for Indonesia Taxation Analysis (CITA)  
Biotani Bahari Indonesia  
CAPPa Ecological Justice Foundation (Indonesia)  
Solidaritas Perempuan – Women’s Solidarity for Human Rights (Indonesia)  
Yayasan Pusaka (Indonesia)  
Indonesia for Global Justice  
Konsorsium Pembaruan Agraria (Indonesia)  
Sajogyo Insititute (Indonesia)  
PeTA – Perkumpulan Tanah Air (Indonesia)  
PILNet – Public Interest Lawyer Network (Indonesia)  
Jaringan Advokasi Tambang -JATAM (Indonesia)  
Lembaga Bantuan Hukum (LBH) Semarang (Indonesia)  
Lembaga Gemawan, West Kalimantan, Indonesia  
Swandiri Institute (Indonesia)  
BothENDS (Netherlands)  
Japan Center for a Sustainable Environment and Society  
Friends of the Earth-Japan  
Friends of the Earth - USA  
Forest People's Programme (UK)  
Center for International Environmental Law – CIEL (USA)  
Labour, Health and Human Rights Development Centre (Nigeria)  
Social Justice Connection, Canada  
Carbon Market Watch (Belgium)  
11.11.11- Coalition of the Flemish North-South Movement (Belgium)

CC:

Executive Directors of the World Bank and IFC  
U.S. Appropriations Committees of the House of Representatives and Senate  
U.S. Senate Foreign Relations Committee  
U.S. Treasury Department

Attachments:

Annex I: Brief Overview of Five World Bank and IFC Indonesian Infrastructure Projects  
Annex II: Briefing Paper: Social and Environmental Safeguards for Infrastructure Financial Intermediaries supported by the Word Bank Group: The case of Indonesian Infrastructure Financial Intermediaries, Funds, and Investments

## **Annex I: Brief Overview of Five World Bank and IFC Indonesian Infrastructure Projects**

It is important to note that a lack of information is the characteristic of these funds, projects, and investments. We have attempted to compile available information but the public understanding of these entities and proposed entities is incomplete and, at times, conflicting information has been made public, or has been posted on different websites without notice to civil society involved in attempting to monitor these projects and investments. Below is a brief summary. For more details, please see the appended briefing paper.

### **1) PT. Indonesian Infrastructure Finance (IIF).**

There are several WB and IFC loans and investments, including a WB \$100 million loan to Ministry of Finance-owned infrastructure fund (Category FI, Approved 2009; Closing date 2016.) The may be a World Bank plan to provide an additional \$250 million for IIF, but this is unclear. Despite the fact that the initial World Bank project started in 2009, most of the funds from the first project (\$97 million) were expended primarily only in 2014 for “eligible infrastructure projects”. IFC (19.99% equity ownership) joins ADB (19.99% equity ownership) and Germany’s DEG (15.12%) to make up the MDB/bilateral majority equity position. Other IFC investments include: Project 2644, \$40 million, approved 2009; IFC project 34837, senior debt package for up to US\$250 million, approved 2014; IFC: Project 37299, up to USD 150 million ; Approved 2015.

PT IIF has been notable for its high level of opacity and for the refusal by the IFC, ADB or World Bank to make to basic information available to the public, including copies of the Operations Manual; environmental/social assessments prior to appraisal or approval; projects in pipeline, including high risk projects; monitoring or evaluation reports; documents demonstrating compliance with safeguard standards of World Bank and IFC. There is no indication of public consultation process in compliance with WB or IFC standards for any activities undertaken by IIF. The WB project appears to be using “Country Systems” but without having applied the mandatory Country System Safeguard due diligence required by the World Bank.

### **2) PT. Indonesian Infrastructure Guarantee Fund (IIGF).**

PT. Indonesian Infrastructure Guarantee Fund is a parastatal financial intermediary owned by the Indonesian Ministry of Finance, formed with assistance of the World Bank, and designated to be the sole institution (“single window”) for appraising, structuring, processing, claim payment and providing government guarantees for PPP projects in Indonesia.<sup>10</sup> As of early 2016, PT IIGF’s website stated that the World Bank has also provided an “AAA-rated guarantee facility of \$480 million” for PT IIGF. This information is also found in an OECD report but not on the World Bank website. In addition, the World Bank launched an IIGF project investment in 2012 (due for closure in 2018), providing \$29.4 million of WB funds to PT IIGF. The project’s June 2015 Implementation Status and Results Report states that IIGF currently has 11 projects in its pipeline” and “has continued to operate in accordance with guidelines and standards of the Operations Manual.”

Despite the fact that the Operations Manual for PT IIGF has never been published, the company’s Guidance Note on land acquisition during the guarantee process for infrastructure projects, dated 2014, been made public. The recommended risk assessment hierarchy, however, provides a chilling insight into borrower systems to be used for this project since it assigns a low risk<sup>11</sup> categorization for the “acquisition” of forest lands, of lands which are recognized as indigenous territories, lands where the owners do not have written proof of land ownership (more than 80% of Indonesian farmers), “land in forested areas which are recognized as indigenous territories” The IIGF Guidance Note states that acquiring these lands is “easy” and notes that there should simply be an “agreement/dialogue” (which are two different things, of course) with stakeholders.<sup>12</sup>

<sup>10</sup><http://www.worldbank.org/en/country/indonesia/brief/faq-indonesia-infrastructure-guarantee-fund>

<sup>11</sup> IIGF’s risk assessment framework identifies a scale from 1 to 5, where Level 1 is a scenario where almost everyone voluntarily gives up their land and accepts the offered compensation.

<sup>12</sup> **GUIDANCE NOTE:** Penerapan Tinjauan Aspek Pengadaan Tanah dalam Proses Penjaminan Proyek Infrastruktur, 2014, Risk level 2: “Lokasi tanah berada di wilayah hutan dan membutuhkan izin pinjam pakai atau pelepasan wilayah hutan; Tanah tumpang tindih dengan wilayah yang diakui sebagai hak milik adat”. Mudah untuk pengelolaannya tetapi masih membutuhkan waktu yang lama untuk menyelesaikannya” and Risk Level 2:

This signal from the country's sole provider of PPP guarantees, that seizing indigenous lands and forests and lands of those without written proof of ownership is low risk and easy, is not only chilling, but it appears to be in direct violation of World Bank requirements regarding Indigenous Peoples, natural habitat, forests and forced resettlement. It does, however, appear consistent with current practice in Indonesia.

The first large-scale PPP project for which PT. IIGF is attempting to provide a guarantee is the construction of two **highly controversial 1,000 MW coal plants** in Central Java, a project which has been mired in conflicts with local communities facing eviction from their lands and threats to their livelihoods. The Batang power plants are likely to emit 10.8 million tonnes of CO<sub>2</sub> per year, equivalent to 2.6% of Indonesian energy sector's emissions in 2010.<sup>13</sup>

PT IIGF has been notable for its extreme level of opacity and for the World Bank's refusal to provide the most basic information to the public. It was only after NGOs raised deep concerns with the World Bank in 2015, including letters<sup>14</sup> and meetings with senior management and with Executive Directors of the Bank and IFC that IIGF finally posted on its website a list of five IIGF projects, including support for the massive and controversial Batang coal-fired power plant.<sup>15</sup>

**However, IIGF has still has not made public:**

- The Operations Manual for IIGF, describing required manner of meeting safeguard requirements, in compliance with safeguards of WB;
- Documents demonstrating compliance with safeguard standards of World Bank, including information disclosure, consultation, etc.
- Environmental and social impact assessment documents, including EIAs, EA, IPP, RP, etc
- A list of projects in the IIGF pipeline, including high risk projects;
- Schedule of public consultations for high risk IIGF projects in the pipeline;
- Reports on public consultations (since no civil society organizations active in monitoring financial flows, environmental, human rights groups, etc. recall being invited to any IIGF consultation);
- Monitoring or evaluation reports, including descriptions of any problems with safeguard compliance

**3) Indonesian Infrastructure Finance Development project.**

This is an \$8.24 million Category A "Investment Project Finance" project in the WB pipeline, designed to recommend changes to Indonesia's highly controversial new land acquisition law, to support implementation of the controversial law and to propose (including assist with feasibility studies for) five large-scale infrastructure projects, with, according to the World Bank's website, an **expected Board date of March 2016, recently postponed until April 25, 2016.**

Despite its "Category A" rating, there has been no visible public consultation process on this project, despite substantial concerns about the potentially enormous social and environmental impacts of the new land acquisition law, of changes to the law potentially proposed by the World Bank under this project, and of the development of five mega-infrastructure projects.

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Pemilik tanah tidak memiliki bukti kepemilikan tertulis

· Lokasi tanah berada di wilayah hutan yang diakui sebagai wilayah adat

· Lemahnya bukti kepemilikan tanah dan tanah adat

· Mudah dengan catatan ada kesepakatan/dialog dengan semua pemangku kepentingan tentang pola kepemilikan tanah dan status tanah adat

<sup>13</sup> ibid

<sup>14</sup> Letters from Indonesian NGOs to WB, IFC and ADB Project Managers of PT. Indonesia Infrastructure Guarantee Fund, and PT. Indonesian Infrastructure Financing Facility, August 2015. <http://www.safeguardcomments.org/infrastructure--financial-intermediaries.html>

<sup>15</sup> Letters from Indonesian NGOs to WB, IFC and ADB Project Managers of PT. Indonesia Infrastructure Guarantee Fund, and PT. Indonesian Infrastructure Financing Facility, August 2015. <http://www.safeguardcomments.org/infrastructure--financial-intermediaries.html>

**Documentation, materials available in accessible language:** Very little information is available on the World Bank website and the two documents are posted solely in English including the “Combined Project Information Documents/Integrated Safeguards Data Sheet (PID/ISDS).”

**Consultation:** The document states that, “*Prior to appraisal, the ESMF will be publically consulted and disclosed in country*” (pg 6, pg 11). As groups monitoring World Bank and IFC infrastructure investment, we are unaware of any meaningful public consultation carried out, to date, regarding this project. We have never seen a draft ESMF in Indonesian language.

English is not widely spoken in Indonesia and normally, including at the Bank’s recent Safeguards Review consultation in Jakarta, materials are provided in Bahasa Indonesia. For this project, there are only two short documents in English posted on the Bank’s website for this project and no documents in Indonesian. Given the lack of public consultation, the lack of materials, including the lack of materials in Bahasa Indonesia, and the potentially significant environmental and social impacts of this project, it is clear that it is premature for this project to be brought before the Board for consideration or approval.

It is unclear whether the fake “consultations” under the Indonesia Infrastructure Finance Development Trust Fund (below), one of which involved sending some Indonesian NGOs a 161 page English-language ESMF one day before a “consultation”, is linked to this project.

**Cofinance:** Various Indonesian officials have announced that the AIIB will provide support of \$2 billion for up to six new mega-infrastructure projects, so perhaps that would include some of these projects, triggering concerns about ensuring full application of the strongest safeguards to co-financed projects.<sup>16</sup>

**4) Indonesian Regional Infrastructure Development Fund (RIDF). Project:** P154947, Project in Pipeline. WB: \$500 million “Investment Project Finance” to be provided to Ministry of Finance, with a \$5 million contribution from the Government of Switzerland for a Project Development Facility; Implemented by Sarana Multi Infrastruktur, a 100% MoF-owned fund and equity investor in PT. IIF; Category F, Expected appraisal January 2016; Expected Board date March 2016, postponed until 30 September, 2016, according to World Bank website.

“The Project aims to support the structuring and operationalization of a Regional Infrastructure Development Fund (RIDF) as a retail domestic financial intermediary located within PT. SMI.” PT. Sarana Multi Infrastruktur is owned by the Indonesian Ministry of Finance and is a shareholder of PT. Indonesia Infrastructure Finance.

**Consultation:** The development of a Regional Infrastructure Development Fund is likely to have extraordinary impacts on local communities, forests, natural resources in the outer islands of Indonesia, including Sumatra, Sulawesi, Papua, and Kalimantan. Despite the extraordinary level of risk, including for activities in high-conflict areas, there has been no visible process of public consultation on this project, or of any environmental or social assessment prior to appraisal.

**Categorization:** Unlike the TA project which is given a rating of Category A for its indirect impacts, this project – despite the potential for massive environmental and social impacts – is categorized as FI. Given the problems with the earlier FI, PT IIF, there are deep concerns about structuring an additional infrastructure FI.

*“At this concept stage, the Project is proposed to be Category FI because it involves investment of Bank funds through a financial intermediary, in subprojects that may result in adverse environmental impacts. As an FI project, subprojects to be financed could fall as Category A or B. The potential environmental and social impacts from infrastructure construction such as provincial or district roads, water resources management system, landfills, coastal and river redevelopment for urban improvement project might be significant, diverse and*

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<sup>16</sup> DetikFinance, Laporan dari Beijing Bank Infrastruktur Asia Beroperasi, Indonesia Siapkan 6 Proyek Rp 28 T Maikel Jefriando - detikfinance, 16/01/2016

*irreversible. The subprojects to be financed by the project will likely be a combination of Category A and Category B subprojects. The Project shall also have likely social impacts other than land acquisition and resettlement and also there is possibility of cumulative impacts and other impacts related to linked activities funded by government or other donors and potential impacts of ancillary facilities.”<sup>17</sup>*

**Documentation, availability in accessible language:** There are only two short project documents, solely in English, posted on the Bank’s website. There are no materials in Bahasa Indonesia.

These documents disclose that, despite the fact that PT. SMI was founded in 2009 and has been engaged in activities with high social and environmental risks, it does not possess in-house expertise on social or environmental assessment nor does it have an Operations Manual to ensure avoidance of environmental and social harm. According to the Bank’s February 2016 assessment, PT SMI is weak on Involuntary Resettlement and Indigenous Peoples and “an environmental expert has been hired just recently and PT SMI is still in the process of hiring a social safeguards expert.”<sup>18</sup> Goals of this project include (rather belatedly, given PT. SMI’s equity share in PT IIF since 2010):

*“Develop a plan for PT. SMI to adopt ESSF and international standards - determine a detailed timeline and schedule of key milestones with responsible parties and resources needed. Start to use and learn how to implement the ESMS for existing sub-projects with the supports from pool of experts or external E&S experts familiar with WB policies and the international standards of other FIs. Develop an Operations Manual (OM) as an operational tool for the PT. SMI staff to implement the ESSF for the RIDF and PDF operations in the overall mainstream of its business operations.”<sup>19</sup>*

#### 4) **Indonesia Infrastructure Finance Development Trust Fund**

Project in pipeline, or already started or are these activities linked to the Category A Indonesian Infrastructure Finance Development Project (above)?

Apparently, this Trust Fund was formed by the World Bank with \$15 million in Trust Funds from the Canadian government over a five year period from 2016 to 2020.<sup>20</sup> It is unclear if this project is already operating or if this trust fund is financing the Indonesia Infrastructure Finance Development project and/or any other project. There is very little information on this Trust Fund. The extent to which this project is linked to any of the above projects is unclear. The extent to which WB safeguards apply to this project is unclear. WB safeguards pertaining to consultations clearly have not been implemented so far under this Trust Fund. **Do World Bank safeguards apply to this trust fund?**

On the evening of Friday, December 18, 2015 a number of NGOs received an email from a consulting firm, PT. Hatfield Indonesia which included an invitation from the Indonesian Finance Ministry dated December 16 for a “public consultation” to be held on Monday, December 21, 2015 from 9:00 to 12:30, including lunch and an hour and 30 minutes of presentations. The invitation for the Monday 9a.m. meeting was sent to NGOs at 19:16 (Jakarta time) on the Friday prior to the meeting. The only information provided about the subject of the “consultation” was a vaguely worded Terms of Reference document, in English and Indonesian about a proposed ESMF. The meeting was structured as an information session (“sosialisasi”) and could not remotely be construed as a public consultation. At this meeting a powerpoint presentation was made, identifying the World Bank – Canada Indonesian Infrastructure Finance Development Trust Fund.

On Monday, 18 January 2016, NGOs which had signed a letter to the World Bank, IFC and ADB raising concerns about Indonesian Infrastructure Financial Intermediaries received an email from the same consulting firm, PT. Hatfield Indonesia, which included a copy of an invitation from the Indonesian Finance Ministry (dated 15

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<sup>17</sup> World Bank, Regional Infrastructure Development Fund (P154947), INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE, 2/5/16.

<sup>18</sup> *ibid*

<sup>19</sup> *ibid*

<sup>20</sup> According to a powerpoint presentation by PT. Hatfield titled, “KONSULTASI PUBLIK: Penyusunan Kerangka Kerja Pengelolaan Lingkungan dan Sosial (*Environmental and Social Management Framework - ESMF*), 12/21/15, Jakarta

January) to a three-hour long “public consultation” on Thursday, January 21 on the development of an ESMF in “accordance with World Bank standards.”

NGOs were requested to respond within 48 hours (by January 20). They were told that they would receive the draft ESMF which was the basis of the consultation on Wednesday, January 20, a day prior to the consultation. There was no clear indication what the ESMP was for, or whether it was associated with an existing or planned WB project, including those listed above.

On January 20, the day before the “consultation”, several NGOs received by email from PT. Hatfield Indonesia, a 161 page copy of a draft “Environmental and Social Management Framework for the Indonesia Infrastructure Finance Development Trust Fund” written solely in English. Obviously, there was no way for anything resembling a meaningful consultation to occur. Those invited who did not attend were sent no follow-up information at what had transpired at the “fake” consultation. Very few NGOs attended.

The World Bank PID for the Indonesian Infrastructure Finance Development posted on the World Bank website later reported these brief meetings as “consultations” with a tiny number of NGOs. To the best of our knowledge, there were no consultations, only two rapidly set up “socialization” meetings, which did not meet any standard of consultation. To the best of our knowledge, no copy of the draft ESMF has so far been provided in Indonesian language, a necessary step for any sort of public consultation in Indonesia. No actual consultations have been held. For more details see the appended briefing paper.