



Project Summary Information

Date of Document Preparation/Updating: 06/05/26	
Project Name	Indonesia Climate Adaptation and Green Resilience Program - Sub-Program 1
Project Number	P001111
AIIB member	Indonesia
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Under Preparation
Objective	To support the Government of Indonesia's policy and institutional reforms to strengthen climate adaptive capacity in the rural economy, ecosystems, and climate-resilient local service delivery.
Project Description	<p>Project Scope</p> <p>The Program supports Indonesia in strengthening climate adaptation and resilience through a coordinated package of policy and institutional reforms across three mutually reinforcing reform areas: (i) Climate Adaptive Rural Economy; (ii) Ecosystem-Based Climate Resilience; and (iii) Resilient Local Service Delivery.</p> <p>Under Reform Area 1, the Program strengthens the adaptive capacity of the rural economy by improving agricultural extension services, irrigation governance, climate-responsive fiscal transfers, and support systems for community forestry enterprises. These reforms aim to enhance the ability of rural communities to respond to climate variability while contributing to more resilient livelihoods and reduced regional disparities.</p> <p>Under Reform Area 2, the Program strengthens the policy and institutional framework for ecosystem-based climate resilience by enhancing mangrove protection, embedding ecosystem-based planning through Environmental Protection and Management Plan (RPPLH), and operationalizing payment mechanisms for ecosystem services (e.g., coastal protection, water regulation, erosion control, carbon storage, etc.). These reforms aim to improve the integration of ecosystem services into land use planning and investment decisions, and to enable the mobilization of public and private finance for ecosystem-based adaptation.</p>

Under Reform Area 3, the Program supports reforms to improve the delivery and financing of climate-resilient public services. This reform area includes establishing a framework for subnational infrastructure financing, strengthening solid waste investment preparation through improved coordination and data systems, and advancing integrated water supply and sanitation planning. These reforms aim to create a pipeline of bankable, climate-resilient investments in key service delivery sectors that are critical for sustaining urban and regional growth.

Institutional Arrangements

Overall coordination of the Program will be led by the Ministry of National Development Planning (Bappenas), with its Deputy-Ministry for Food Affairs, Natural Resources, and Environment executing, consistent with its mandate to coordinate national development planning and oversee implementation of climate-resilient development. Bappenas will be responsible for cross-ministerial coordination, monitoring progress against agreed prior actions, and ensuring alignment with national and local climate and development priorities. Line ministries, including the Ministry of Finance, Ministry of Agriculture, Ministry of Forestry, Ministry of Villages and Development of Disadvantaged Regions, Ministry of Environment, and Ministry of Public Works, will implement reforms within their respective mandates.

Financing Modalities

The Program is structured as a programmatic series of two subprograms. Subprogram 1 will support the development of core policy, regulatory, and coordination frameworks across the reform areas. Subprogram 2 is expected to advance implementation and strengthen performance, informed by progress and lessons from Subprogram 1. This structure allows for deeper policy dialogue, appropriate sequencing, learning, and risk management in a multi-sector reform program, and enhances durability of reforms. The indicative financing envelope is USD1 billion, with USD500 million for each subprogram.

Analytical Work

The Program is grounded in Indonesia's national climate and development frameworks and partner analytical work, including the World Bank Country Climate and Development Report (CCDR), Asian Development Bank (ADB) diagnostics, and AIIB's Nature as Infrastructure Report. Additional targeted analytical work will be undertaken progressively during Program preparation and implementation by the Project Team, in coordination with Bappenas and relevant technical ministries. This work will address remaining analytical gaps related to political economy, implementation capacity, sector-specific issues, reform sequencing, results measurement, and downstream linkages to climate-resilient infrastructure investment.

Progress Update on Reform Implementation

	NA - this is the first CPBF in a programmatic series.
Expected Results	The expected program outcome is to strengthen Indonesia's climate adaptive capacity by improving climate-resilient rural livelihoods, ecosystem management, and local service delivery. Key expected results include stronger climate-informed agricultural and irrigation systems, better targeting of village financing to climate-vulnerable areas, improved ecosystem protection and financing mechanisms, and enhanced planning and investment readiness for resilient solid waste, water supply, and sanitation services.
Environmental and Social Category	Not applicable.
Environmental and Social Information	<p>Applicable Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and the provisions on Climate Policy-Based Financing set forth in Section 16 of the ESP, applies to this Program. Accordingly, AIIB ESP's provisions on Environmental and Social (ES) categorization do not apply. The Program supports policy and institutional reforms and is not expected to cause direct ES impacts, involuntary resettlement, or impacts on Indigenous Peoples. However, downstream investments associated with certain policy actions may give rise to indirect, short-term, and temporary adverse impacts.</p> <p>Environmental and Social Instruments. The Program supports Indonesia in strengthening climate adaptation and resilience through policy and institutional reforms. The assessment of the likely ES impacts is summarized in a draft ES analysis matrix prepared for specific prior actions (PAs). The matrix outlines the potential positive, neutral and adverse impacts of each prior action, together with the relevant mitigation measures, where required. The draft matrix indicates that the PAs are expected to bring ES benefits and will be further updated by appraisal. It will be disclosed by the Bank in a timely and appropriate manner.</p> <p>Environmental and Social Aspects. The prior actions are expected to have overall positive or neutral ES effects. Likely benefits include improved climate-smart agriculture, irrigation governance, mangrove protection, environmental planning, ecosystem services financing, solid waste management, and water service governance. Potential risks are generally indirect or implementation-related, including localized increases in agrochemical use or water abstraction, land-use pressure, uneven subnational implementation capacity, exclusion of vulnerable groups, inequitable benefit distribution, and livelihood risks for groups such as customary communities and the informal sector. No prior action is currently assessed as likely to result in significant adverse ES impacts.</p>

	Program Grievance Redress Mechanism (GRM) and Monitoring Arrangement. Individuals and communities who believe they are adversely affected by the Program may submit complaints to the GRMs established by the responsible government authorities and the appropriate local/national grievance mechanisms. The information about the GRMs to be used will be disclosed in a timely and appropriate manner. The Program will be led by the Ministry of National Development Planning (Bappenas), with the Deputy-Ministry for Food Affairs, Natural Resources, and Environment serving as the executing agency. Bappenas will be responsible for monitoring progress against agreed prior actions and will report to AIIB. AIIB will conduct program monitoring on a semi-annual basis. Further details on the GRM and monitoring arrangements will be discussed and determined with Bappenas by appraisal.		
Cost and Financing Plan	The total indicative financing envelope for the programmatic series is USD 1 billion. This includes USD500 million for Subprogram 1 and USD 500 million for Subprogram 2.		
Borrower/Investee Company/Counterparty/Guaranteed entity	Republic of Indonesia		
Implementing Entity/Sponsor	Ministry of Public Works, Indonesia; Ministry of Agriculture, Indonesia; Ministry of Forestry, Indonesia; Ministry of Finance, Indonesia; Ministry of National Development Planning, Indonesia; Ministry of Environment, Indonesia; Ministry of Villages and Development of Disadvantaged Regions		
Estimated date of loan closing (SBF)	December 2027		
Contact Points:	AIIB	Borrower	Implementation Organization/Sponsor
Name	Jana Halida Uno	Ministry of Finance	Ministry of National Planning (BAPPENAS)
Title	Senior Investment Officer	Suminto DG of Finance Director General of Budget Financing and Risk Management, Ministry of Finance	Leonardo A.A. Teguh Sambodo, SP, MS, PhD Deputy for Food Affairs, Natural Resources, and Environment
Email Address	jana.uno@aiib.org		
Date of Concept Decision	June 5, 2026		

Estimated Date of Appraisal Decision	July 31, 2026
Estimated Date of Financing Approval	September 20, 2026
Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the program-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html .