



Project Summary Information

Date of Document Preparation/Updating: 07/28/26	
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 resilience in the rural economy, ecosystems, and local service delivery.
Project Description	Project Scope The Program supports Indonesia in strengthening climate adaptation and resilience through a coordinated package of policy and institutional reforms across three reform areas: (i) Climate Adaptive Rural Economy; (ii) Ecosystem-Based Climate Resilience; and (iii) Resilient Local Service Delivery. <u>Reform Area 1: Climate-Adaptive Rural Economy.</u> The Program strengthens the adaptive capacity of the rural economy by improving agricultural extension services, irrigation governance, climate-responsive fiscal transfers through the Village Fund, and institutional support for social forestry communities and Community-Based Social Forestry Enterprises (KUPS). These reforms aim to help farmers' access climate-smart advisory services, improve the operation and maintenance of tertiary irrigation systems, enable villages to incorporate climate-risk information in planning and budgeting, and improve the readiness of KUPS to access financing for sustainable forest-based livelihoods. <u>Reform Area 2: Ecosystem-Based Climate Resilience.</u> 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 Plans (RPPLH), and operationalizing payment mechanisms for ecosystem services. These reforms are expected to improve the integration of ecosystem services into planning and investment decisions, and strengthen the enabling conditions for future public, private, blended, and results-based financing for ecosystem-based resilience. <u>Reform Area 3: Resilient Local Service Delivery.</u> The Program supports reforms to improve the delivery and financing of climate-resilient public services. This 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 strengthen the identification and preparation of a

	pipeline of bankable, climate-resilient investments in key service-delivery sectors that are critical for sustaining urban and regional growth. The Program is structured as a programmatic series of two subprograms. Subprogram 1 supports the development of core policy, regulatory, and coordination frameworks across the reform areas. Building on the progress achieved and lessons learned under Subprogram 1, Subprogram 2 is expected to advance implementation, deepen institutionalization, and strengthen result outcomes. This programmatic approach will enable sustained policy dialogue, appropriate sequencing of reforms, adaptive learning, and effective risk management in a multi-sector reform program, thereby enhancing the sustainability and durability of reforms.
	Institutional Arrangements Overall coordination of the Program will be led by the Ministry of National Development Planning (BAPPENAS), through its Deputy Ministry for Food Affairs, Natural Resources, and Environment, consistent with its mandate to coordinate national development planning and oversee the 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. Financing Modalities The Program is structured as a programmatic series of two subprograms. Subprogram 1 supports the development of core policy, regulatory, and coordination frameworks across the reform areas. Building on the progress achieved and lessons learned under Subprogram 1, Subprogram 2 is expected to advance implementation, deepen institutionalization, and strengthen result outcomes. This programmatic approach will enable sustained policy dialogue, appropriate sequencing of reforms, adaptive learning, and effective risk management in a multi-sector reform program, thereby enhancing the sustainability and durability of reforms. The indicative financing envelope is USD1 billion, with USD500 million for each subprogram.
Expected Results	The expected program outcome is to strengthen climate resilience in the rural economy, ecosystems, 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	Applicable Policy and Environmental and Social Instruments. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and the provisions on Climate Policy-Based Financing (CPBF) set forth in Section 16 of the ESP, applies to this Program. Accordingly, AIIB ESP's provisions on Environmental and Social

	(ES) categorization and Environmental and Social Standards (ESSs) 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. 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. It will be disclosed by the Bank in a timely and appropriate manner. Environmental and Social Aspects. The Program supports Indonesia in strengthening climate adaptation and resilience through policy and institutional reforms. The prior actions are expected to have overall positive or neutral environment 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, and uneven subnational implementation capacity. The Program is also expected to generate positive social benefits by strengthening climate resilience in rural livelihoods, ecosystem-dependent communities, and local service delivery. It promotes ecosystem-based resilience by strengthening mangrove and environmental planning, operationalizing payment for environmental services, and supporting community stewardship and sustainable forest-based livelihoods. For local service delivery, the Program supports reforms to strengthen subnational infrastructure financing, solid waste management coordination and data systems, and climate-resilient planning for water supply and sanitation. In addition, the Program is expected to support gender-responsive climate resilience by improving women's access to climate-smart agricultural advisory services, village-level resilience planning, social forestry enterprise support, and climate-resilient local services.
	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 on AIIB's Project-affected People's Mechanism (PPM) is also provided below. Ministry of National Development Planning (BAPPENAS) is the main implementing agency and is thus responsible for implementing the program supported by the proposed operation. BAPPENAS will coordinate with other government agencies to implement the operation. AIIB will conduct monitoring on a semi-annual basis.
Cost and Financing Plan	The proposed financing for Subprogram 1 is USD500 million equivalent. Subprogram 1 is the first operation in an indicative two-subprogram programmatic series. A second subprogram of up to USD500 million equivalent is envisaged, subject to further preparation and separate approval under AIIB's applicable policies and procedures.
Borrower/Investee Company/Counterparty/Guaranteed entity	Republic of Indonesia

Implementing Entity/Sponsor	Ministry of Agriculture (MoA), Ministry of Forestry (MoFor), Ministry of Villages and Development of Disadvantaged Regions (MoV), Ministry of Environment (MoE), Ministry of Finance (MoF), Ministry of Public Works (MPW), and Directorate of Housing and Settlements under BAPPENAS.		
Estimated date of loan closing (SBF)	March 2028		
Contact Points:	AIIB	Borrower: Ministry of Finance	Implementation Organization/Sponsor: Ministry of National Development Planning (BAPPENAS)
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Date of Concept Decision	June 5, 2026		
Date of Appraisal Decision	July 30, 2026		
Estimated Date of Financing Approval	September 21, 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 .		