



Project Summary Information

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Project Name	Water Security for Small Islands Development Project
Project Number	P001082
AIIB member	Indonesia
Sector/Subsector	Water
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure
Status of Financing	Under Preparation
Objective	The Project Objective is to strengthen water security in selected small islands by improving disaster resiliency, water availability, and storage capacity.
Project Description	<p>The lagged development of Indonesia's small islands has been a critical barrier to addressing inequality and distributing economic growth. The country comprises over 17,000 islands, with widely varying economic development, concentrated on its largest islands and those with tourism and trade potential. Small islands have been vulnerable to climate-driven risks, including water shortages (due to their limited storage capacity and underdeveloped water supply networks) and coastal floods. The proposed Project will strengthen water security in small islands by improving disaster resiliency, water availability, and storage capacity. The Project will adopt an adaptive integrated water resources management driven by variations in challenges, productive potential, and possible solutions across the small islands. It will focus on small islands classified by the Government of Indonesia as underdeveloped, remote, and outermost to address long-standing regional development disparities. The Project is envisaged to consist of four components:</p> <p><u>Component 1. Adaptive Water Resources Management (USD96 million)</u> aims to improve the storage capacity, availability, and accessibility of water resources for domestic, economic, and environmental uses through system- and community-level interventions. It will invest in water storage infrastructures, including ponds, wells, rainwater harvesting facilities, sustainable groundwater pumps, and water conveyance networks.</p> <p><u>Component 2. Water Disaster Resilience (USD35 million)</u> aims to strengthen the resiliency against climate-driven risks,</p>

	<p>including flooding, storm surge, land erosion, and coastal abrasion. It will invest in physical, digital, and natural infrastructures, including strengthening coastal dikes, augmenting drainage networks, modernizing pumping systems, and harnessing flood-regulating ecosystem services in Nature-based Solutions (NbS).</p> <p><u>Component 3. Water Security Information System (USD7 million)</u> will enable technological improvements in the planning, monitoring, and evaluation of water management. It will invest in data acquisition networks, automated remote monitoring, forecasting models to establish a Water Information System for Small Islands. This will be built upon Indonesia's ongoing efforts under Presidential Regulation 88/2012 on the Management of Hydrology, Hydrometeorology, and Hydrogeology Information Systems (SIH3). The investments will include capacity building activities in optimizing and sustaining technology-oriented improvements to the operations and maintenance regime of the improved water infrastructures.</p> <p><u>Component 4. Project Management (USD 12 million)</u> will facilitate the overall coordination, monitoring, and evaluation under the Project.</p>
Expected Results	The Project Objective will be evaluated against the following key results indicators: (a) increase in water storage capacity, (b) increase in raw water supply capacity, (c) number of people benefited from the improved protection against water-related disaster risks, and (d) number of people benefited from the improved water availability and storage capacity.
Environmental and Social Category	B
Environmental and Social Information	<p>Applicable Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), apply to the Project. The initial environmental and social (E&S) due diligence determined that ESS 1 (Environmental and Social Assessment and Management) applies to the assessment of E&S risks and impacts of Project activities. Application of ESS 2 (Land Acquisition and Involuntary Resettlement) and ESS 3 (Indigenous Peoples) will be further determined during the appraisal stage. As per the Bank's ESP, the Project has been assigned Category B, as the expected E&S risks and impacts from small-scale water storage/supply, coastal protection, and monitoring infrastructure are site-specific, temporary, reversible and manageable through mitigation measures incorporated into project design and good international industry practice.</p> <p>Environmental and Social Instruments. A framework approach will be adopted since not all subprojects to be financed under the Project are identified. An Environmental and Social Management Planning Framework (ESMPF) will be developed by the Client, which will include a Resettlement Planning Framework (RPF), Indigenous Peoples Planning Framework (IPPF), Labor Management Plan (LMP), Stakeholder Engagement Plan (SEP) and a generic ESMP for each typology of</p>

activity supported by the Project. The ESMPF, RPF, and IPPF will guide the preparation of subproject specific Environmental and Social Impact Assessments (ESIAs) and site-specific Environmental and Social Management Plans (ESMPs), including site-specific Resettlement Action Plans/Livelihood Restoration Plans (RAP/LRPs) and Indigenous Peoples Plan (IPP), if needed. Subproject screening will exclude any Category A activities and confirm the applicability of ESS2 (land acquisition and involuntary resettlement) and ESS3 (Indigenous Peoples).

Environment and Social Aspects: The potential key adverse E&S risks and impacts include the following: groundwater depletion/saline intrusion, impacts on sensitive coastal and biodiversity areas, sedimentation/turbidity, spoil and waste management, occupational and community health and safety (including around excavations and waterbodies), land access and livelihood impacts for customary (*adat*) land users, informal water users, and coastal communities, social tensions over site selection and water, and labor and SEA/SH risks. The ESMPF will assess the risks and impacts and recommend a set of mitigation measures to be incorporated into the project design and the ESMPs. In addition, during Project appraisal, the Project will identify specific gender-responsive measures to be integrated into consultation, design, and implementation to facilitate meaningful participation of women and vulnerable groups, including those from *adat*/indigenous and low-income households, if any. Gender considerations will be integrated into the ESMPF, including guidance for the preparation of subproject Gender Action Plans (GAPs).

Occupational Health and Safety (OHS), Labor and Working Conditions (LWC). The Project will comply with the relevant national labor laws and ESS1. Indonesia's labor laws are broadly aligned with the International Labor Organization's conventions, ensuring adherence to international labor standards for Project workers, including contractors. OHS risks may include construction-related hazards such as working at heights, falls, slips and trips, electrical hazards, and exposure to noise and dust. Excavation work, construction of small-scale ponds, and other coastal and/or open-water body works may pose health and safety risks, particularly accidental falls and drowning, for construction workers and nearby residents, including children. Additional risks may arise from increased construction traffic, temporary access restrictions, and proximity of community activities to active construction sites. The ESMPF will outline measures to mitigate and manage labor, OHS, and community health and safety risks in a manner consistent with applicable labor laws and ESS1. Contractors will be required to conduct safety training, worker inductions, and regular toolbox meetings, and to provide adequate Personal Protective Equipment (PPE).

Stakeholder Engagement, Consultation and Information Disclosure. A SEP will be prepared as part of the ESMPF to identify key stakeholders, including vulnerable groups, informal users, and other interested or affected parties; define the methods and frequency of engagement; and set out culturally appropriate, gender-sensitive, and accessible communication

	<p>and consultation measures in local languages. During implementation, subproject-level consultations will be undertaken as part of the screening and preparation of site-specific instruments, including ESIA's, ESMPs, and, where applicable, RAPs, LRPS, and/or IPPs. Project-related E&S information, including E&S instruments, will be disclosed in a timely manner, in forms and languages that are understandable to affected stakeholders and accessible to different groups.</p> <p>Project Grievance Redress Mechanism (GRM). A Project-level GRM will be established prior to the commencement of Project activities and maintained throughout implementation. It will include: (i) an external mechanism for project-affected people, providing accessible and confidential channels for receiving, recording, and resolving E&S complaints, including SEA/SH-related concerns; and (ii) an internal mechanism for Project workers, including contractor and subcontractor employees, consistent with applicable labor requirements. It will include procedures for recording, reviewing, and resolving grievances, as well as provisions for the confidential handling of sensitive complaints. Information on the Project GRM will be disclosed in local languages to communities in the project area.</p> <p>Monitoring and Reporting Arrangement. The PMU will be responsible for monitoring and reporting the implementation of E&S instruments prepared for the Project. Semi-annual monitoring reports will be prepared based on agreed format and be submitted to the Bank for review. AIIB will undertake semi-annual implementation monitoring missions (with site visits) to assess implementation progress, identify key risks, and support their resolutions. If needed, the Project Team will engage the PIU in technical discussions and site visits to address urgent issues that arise outside of the Bank's regular implementation support mission cycle.</p>		
Cost and Financing Plan	<p>Total Project Cost: USD150 million AIIB's Sovereign-backed Loan: USD150 million Government of Indonesia's Counterpart Funding: TBD</p>		
Borrower	Republic of Indonesia		
Implementing Entity	Ministry of Public Works		
Estimated date of loan closing	March 2032		
Contact Points:	AIIB	Borrower	Implementation Organization
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Date of Concept Decision	April 16, 2026		
Estimated Date of Appraisal Decision	October 2026		
Estimated Date of Financing Approval	February 2027		

Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (PPM) has been established by 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 Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or AIIB management's processes. For information on AIIB's PPM, please visit: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.</p>
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