

Climate Policy-Based Financing Program

P001145 Indonesia: Green Transition and Climate-Resilient Economic Development Program

(Subprogram 1)

Environmental and Social Assessment of the Prior Actions Supported by the Program

Draft for consultation

Overall Program Objective: To support priority policy and institutional reforms that enable Indonesia's transition to a low-carbon and climate-resilient economy.		
Prior Action	Likely Environmental Impact	Likely Social Impact
Reform Area 1 – Enabling an Investment-Conducive Environment for Accelerated Climate Action		
Prior Action 1: To strengthen the governance and oversight of the implementation of the NDCs, the Borrower, through the Ministry of Environment / Environmental Control Agency, has issued the Ministerial Regulation No. 7/2026 dated June 4, 2026, on the Implementation of Nationally Determined Contribution, which establishes procedures for relevant ministries and subnational governments to: (i) prepare sectoral and subnational climate action plans and (ii) report GHG emission inventory.	Positive: completion of SNDC will support the integration of Nature-based Solution (NbS) in the CC mitigation projects. Not only carbon emission being the focus, but biodiversity restoration as well. Related sectors are starting to catch up with the carbon economics schemes. It also improves community health and pollution prevention from reduced air pollution, better waste management (solid waste, domestic/industrial wastewater, agriculture waste) and resiliencies from potential disaster due to land use change, deforestation, watershed protection and sustainable agriculture. The completion of SNDC has been followed with the enactment of relevant technical regulations, i.e MOE Regulation 7/2026 on Implementation of NDC and	Positive • Strengthens climate governance and integration of climate considerations into national and subnational development planning. • May enhance resilience of vulnerable populations through improved climate action planning, adaptation measures, and targeting of climate-related investments. • Supports more systematic identification and management of social dimensions within climate policy implementation, including the needs of climate-vulnerable communities.

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	MOE Regulation 10/2026 on SRUK (Carbon Unit Registry System). Likely Adverse Effect: Risk of greenwashing. High carbon ambition might trigger monoculture projects (HTE-energy plant-forest). Risk on local biodiversity from Climate Mitigation Projects, also emission leakage from business activities. MOE Regulation 7/2026 is tightening emission reporting requirements for business entities and clarifying the governance of national carbon reserve allocations. This regulation revokes previous rules to align emission reduction efforts and integrate carbon trading systems, thereby avoiding double counting. Harmonizing the implementation of ENDC in sectors, the Government has issued several relevant ministerial regulations to address likely and potential adverse risk and impacts. MEMR Regulation 7/2026 (Risk-Based Licensing Standards) completely overhauls the licensing standards for electricity and RE businesses. Its provisions tighten administrative compliance requirements and operational sanctions for power plants. Yet, the ecological management of the biomass feedstock being burnt remain excluded from the provision. The mentioned issue is relevant in the potential risk of monoculture from HTE (energy plant-forest) as MEMR Regulation 10/2025 on Energy Transition and Co-firing mandates the implementation of biomass co-firing at PLN's coal-fired power plants	Likely Adverse Effect: - Potential exclusion of vulnerable groups, local communities, SMEs, and smallholders from climate-related opportunities and benefits if participation and outreach mechanisms are not effectively implemented. - Potential indirect livelihood, land-use, or resource-access impacts associated with future climate mitigation and adaptation measures implemented under climate action plans. Variations in institutional capacity across subnational governments may affect consistency of stakeholder engagement, consultation quality, and consideration of social risks. Indonesia's planning, environmental management, consultation, and grievance systems provide a framework for managing these risks, including Law No. 25/2004 on the National Development Planning System, Law No. 32/2009 on Environmental Protection and Management, and MOE Regulation No. 7/2026 on implementation of the NDC. These instruments support integration of social considerations, stakeholder participation, climate-related

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	for the energy transition in the electricity sector. Mitigation policy has been stated in the Minister of Forestry Regulation 7/2026 on the Utilization of Environmental Services, which regulates carbon utilization in forest area and encourages the diversification of non-timber environmental service commodities. To strengthen the implementation of Indonesia's SNDC, MOE will issue guidelines requiring integration of NDC and long-term climate obligations into development plans in the Subprogram 2, such as strict and strong monitoring aspects, by establishing internal (related ministries) verification and validation scheme and strengthening mandatory audit mechanism or establishing legal, social, and enforcement of multi-use forest management. In conclusion, the identified likely adverse effects can be substantially reduced, so the overall likely environmental effect would be positive.	planning, and reporting across national and subnational levels. Existing consultation and environmental assessment requirements also provide mechanisms for addressing social issues that may arise during implementation of future climate actions. Low to Moderate; indirect, implementation-dependent, and expected to be manageable through existing systems.
Prior Action 2: To advance the implementation of the national framework on carbon economic value instruments and incentivize private investment in low emissions development and carbon removals through high-integrity carbon markets, the Borrower, through the Ministry of Environment / Environmental Control Agency, has issued the Ministerial Regulation No. 10/2026 on Carbon Unit Registry System, which launches the national carbon unit registry	Positive: This will establish a comprehensive carbon pricing and trading framework, enable the operationalization of domestic and international carbon markets, and mobilize climate finance to support Indonesia's NDC targets and net-zero 2060 pathway. Ministry of Industry has issued 2050 Industry Decarbonization Roadmap (Aug 2025). To fully operationalize carbon trading, MOE will issue ministerial regulations governing carbon allowance allocation, sector coverage, compliance obligations	Positive • Supports development of climate finance and carbon markets by strengthening transparency, traceability, and integrity of carbon transactions. • May create opportunities for local communities, coastal communities, SMEs, and private actors to participate in emerging carbon value

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system and provides guidance on its administration and operation.	and carbon pricing in Sub-Program 2, so this prior action has a positive effect on the environment.	chains and climate-finance mechanisms. • Strengthens climate governance and may improve accountability and transparency in carbon-market operations through the national registry system (SRUK). • May increase mobilization of climate finance for mitigation, adaptation, ecosystem restoration, and sustainable development activities. Likely Adverse Effect • Distributional impacts associated with future carbon pricing instruments, including potential effects on production costs, energy costs, and competitiveness in some sectors. • Potential exclusion of SMEs, smallholders, local communities, and other smaller actors due to technical, financial, institutional, or information barriers to participation. • Potential labor-transition impacts in carbon-intensive and emissions-intensive sectors as decarbonization measures are progressively implemented. • Risks related to equitable benefit-sharing, stakeholder participation,

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		and access to carbon-market opportunities among different regions and stakeholder groups. • Potential implementation and market-governance challenges during the early stages of carbon-market development if oversight, transparency, and stakeholder participation arrangements are not consistently applied. Indonesia has established an evolving governance framework for Carbon Economic Value (NEK), including Presidential Regulation No. 110/2025, the National Registry System for Climate Change Control (SRUK), sectoral implementation arrangements, and emerging safeguard and benefit-sharing provisions. The framework assigns implementation responsibilities across relevant sector ministries while maintaining national coordination and registry functions. These arrangements provide mechanisms for transparency, participation, monitoring, and oversight, although continued strengthening of inclusion, benefit-sharing, accessibility, and stakeholder awareness will remain important as carbon-market implementation expands.

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		Low to Moderate; indirect, economy-wide, and dependent on future implementation of carbon pricing instruments, carbon trading mechanisms, and sector-specific regulations. Potential social effects are expected to arise primarily through market and policy incentives rather than direct impacts of the PA itself.

Reform Area 2 – Accelerating Climate Mitigation Through Clean Energy Transition and Low-Carbon Power Generation

Prior Action 3: To accelerate Indonesia's RE transition toward achieving its 2030 and 2060 energy targets, the Borrower has enacted Government Regulation No. 40/2025 on the National Energy Policy (KEN), dated September 15, 2025, which sets targets for increased share of RE in Indonesia's energy mix and guides long-term energy transition planning.	Positive: PP 40/2025 provides the first legal "glide path" for Indonesia's energy mix up to 2060. By setting specific milestones, it creates a predictable environment for long-term climate finance. This provides a strong legal foundation that elevates hydrogen produced from solar, geothermal, or hydro over fossil-based "grey" or "blue" alternatives, signaling a clear priority for zero-emission industrial fuels. The policy reduces Indonesia's reliance on imported oil and gas. Strong policy commitment and political support are needed to enhance energy security and diversification. To operationalized Indonesia's National Energy Policy and accelerate the transition toward achieving its 2030 RE targets and net zero emissions by 2060 or sooner, Indonesia will issue its National Energy General Plan (RUEN) for 2026–2035, aligned with the LTS-LCCR and the updated KEN. Positive indirect effects are envisaged from this RUEN.	Positive • Supports Indonesia's long-term transition toward a more diversified, secure, and sustainable energy system. • May improve access to cleaner and more reliable energy services, particularly in underserved and remote areas. • May create new employment, business, and investment opportunities in RE, energy efficiency, grid infrastructure, energy storage, and emerging low-carbon industries. • Supports a more predictable policy environment for climate and energy investments, which may contribute to economic growth, energy security, and long-term job creation.
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		Likely Adverse Effect • Labor-transition risks for workers and communities dependent on fossil-fuel-related activities, particularly where economic diversification and workforce transition measures are insufficient. • Potential affordability and distributional impacts associated with future energy-sector reforms, depending on how transition costs are allocated among consumers and businesses. • Regional adjustment challenges in areas that currently rely heavily on coal production, fossil-fuel generation, and related economic activities. • Potential inequalities in access to emerging low-carbon opportunities among smaller enterprises, workers, women, and vulnerable groups if capacity-building and inclusion measures are not adequately implemented. Indonesia's energy planning, labor, social protection, and regional development systems provide a basis for managing transition-related social risks. Government

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		Regulation No. 40/2025 establishes the policy framework for Indonesia's energy transition, while existing labor regulations, workforce development programs, regional development policies, and social assistance systems provide mechanisms to support workers and communities potentially affected by longer-term structural changes in the energy sector. Future transition measures will also remain subject to Indonesia's planning, consultation, and social management systems. Moderate; indirect, economy-wide, and primarily effects associated with longer-term transition effects rather than immediate impacts. The PA establishes a strategic policy framework, while potential social effects would arise through subsequent implementation of energy-transition measures and investments.
Prior Action 4: To strengthen the enabling framework for power sector investment and project delivery, the Borrower has enacted Presidential Regulation No. 89/2025 on September 2, 2025, which: (i) provides greater flexibility for subsidiaries of state-owned electricity company PLN to partner with business entities on electricity infrastructure projects, (ii) centralizes local content requirements under	Positive: By simplifying licensing and allowing flexible partnerships, the regulation directly accelerates the deployment of RE projects (Solar, Wind, Geothermal). This speed is critical to meeting the 19–23% RE target by 2030 and reducing the carbon intensity of the national grid. Flexible partnership arrangements allow international firms with advanced environmental technologies to enter the market more easily, bringing superior emission-control and waste-management systems to local projects. The adjustment to local	Positive • May facilitate investment in electricity infrastructure and RE projects, contributing to improved energy access, reliability, energy security, and economic development. • May support job creation associated with future power-sector investments, construction activities,

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MEMR, and (iii) streamlines licensing processes.	content requirement shall expedite the RE projects as well. Likely Adverse Effect There is a risk that the depth of EIA may be compromised to meet project delivery deadlines, leading to unforeseen environmental impacts. However, Ministry of Environment has now around 70 staff for AMDAL (ESIA) approval and shall increase their oversight capacity, including hiring more individual consultants and improving their online monitoring system and enhancing technical knowledge, skill and capacity at sub national levels. In addition, MOE, with relevant directorates such as air pollution control, hazardous waste and law enforcement directorate are increasing their capacity to provide qualified and timely technical approval to focus attention to the 'special treatment' activities in this program. Projects should be subject to mandatory environmental audits (linked to 6 months reporting mandate) after commissioning, with heavy financial penalties or license suspension for non-compliance with the original AMDAL commitments. Integrate real-time environmental monitoring sensors. Overall, likely environmental effect is neutral as it focuses merely on	operation and maintenance services, and related supply chains. • May improve service delivery and economic opportunities, particularly in areas affected by electricity deficits and infrastructure constraints. • May accelerate deployment of RE infrastructure and support Indonesia's long-term energy-transition objectives. Likely Adverse Effect • Future downstream investments facilitated by the reform may involve land acquisition, temporary access restrictions, livelihood impacts, or community disturbances depending on project location and design. • Streamlined licensing and project-development processes require continued attention to ensure stakeholder participation and consultation requirements are effectively implemented. • Benefits and costs associated with future infrastructure investments may not be distributed equally across different communities and stakeholder groups.

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	more flexible partnership arrangements and consolidated local content.	Variations in implementation capacity across jurisdictions may influence the quality of stakeholder engagement and social risk management. Future investments enabled by the reform remain subject to Indonesia's environmental assessment (AMDAL), land-acquisition, stakeholder consultation, and permitting requirements. Relevant legal frameworks include Law No. 32/2009 on Environmental Protection and Management and Law No. 2/2012 on Land Acquisition for Development in the Public Interest. In addition, PLN has strengthened its Environmental and Social Management System (ESMS) under recent power-sector programs, providing additional institutional capacity for management of environmental and social risks associated with electricity infrastructure development. Environmental and social requirements also remain embedded within Indonesia's risk-based licensing framework, including Ministry of Energy and Mineral Resources Regulation No. 7/2026. Moderate; indirect, investment-enabled, and implementation-dependent effects. Potential social effects would arise through

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		future infrastructure investments facilitated by the reform rather than from the PA itself.
Prior Action 5: To accelerate the national de-dieselization program and replace the aging diesel power systems in remote areas with more reliable, renewable-led configurations, the Borrower, through the Ministry of Energy and Mineral Resources, has issued Ministerial Regulation No. 19/2025 on Hybrid Power Plants on December 19, 2025, which establishes the framework for the (i) development of hybrid power plants; and (ii) procurement of electricity from hybrid power plants, on small islands and in isolated regions.	Positive: This will reduce dependence on diesel plants on remote islands and attract investment in hybrid power plants in far remote geographies. Reducing local pollution by minimizing the risk of soil and water contamination from diesel fuel leaks during transport to remote islands. Likely Adverse Effect: The heavy reliance on Battery Energy Storage Systems (BESS) introduces a long-term risk of hazardous electronic waste (lithium, cobalt) if recycling infrastructure is not established in remote locations. Likely in land-use conflicts. Large-scale solar or wind installations in small islands may compete with protected forests, mangroves, or agricultural land.	Positive - Improves access to more reliable and cleaner electricity services in remote, isolated, and small-island communities where diesel-based generation currently dominates. - May support local economic development, improved delivery of health and education services, enhanced productive use of electricity, and better quality of life through improved energy security. - May create local employment and business opportunities associated with deployment, operation, and maintenance of hybrid energy systems. - Supports the national de-dieselization agenda and may reduce vulnerability of remote communities to fuel supply disruptions. Likely Adverse Effect - Future downstream investments may require localized land acquisition, temporary access restrictions, or changes in land use depending on

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	Strengthen the “cradle to grave” battery policy. In the meantime, ensuring the implementation of EPR (extended producer responsibility) for specific wastes producers. Integrated land-use mapping (Green Maps method). Overall, the environment effect is neutral , as the approval of the activities will still follow AMDAL approval process and PLN has an extensive experience of energy generation for remote island (last miles electrification) with the recent development of PLN's ESMS under ISLE WB's to manage potential E&S impacts from their power generation activities in remote locations.	the location and scale of hybrid energy facilities. • Affordability and inclusion concerns may arise if low-income or remote communities are unable to fully benefit from improved energy services. • Potential risks of unequal participation in project planning and benefit-sharing if local consultation processes are not effectively implemented. • Limited local capacity for operation and maintenance may affect sustainability of benefits in some locations. Future investments remain subject to Indonesia's environmental assessment, stakeholder consultation, land-use planning, and permitting systems. MEMR Regulation No. 19/2025 provides the regulatory basis for deployment of hybrid systems in isolated grids, while existing environmental assessment and land administration systems provide mechanisms for management of localized social risks. In addition, MEMR Regulation No. 7/2026 establishes business licensing standards and compliance requirements for

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		energy-sector activities, including administrative sanctions for non-compliance. PLN's ESMS further provides institutional capacity for management of environmental and social risks associated with electricity infrastructure investments. Low to Moderate; indirect, localized, and implementation-dependent effects. Potential social effects would arise through future deployment of hybrid power facilities rather than from the PA itself.
Prior Action 6: To promote a pathway to improving urban waste management, the Borrower has enacted Presidential Regulation No. 109/2025 on Urban Waste Management through Waste-to-Energy Processing based on Environmentally Friendly Technology, dated October 10, 2025, which establishes the framework for processing urban waste into electricity, bioenergy, renewable fuel oil, and other by-products through streamlined planning, licensing, project developer procurement, and electricity off-take arrangements.	Positive: WtE significantly reduces the volume of waste destined for landfills (could support regional waste management) and improves community health and pollution prevention from reduced odor and ground water pollution. It also prevents pollution to surface water and agriculture farms from open dumping's leachate effluent. Issuance of Perpres 109/2025 initiates PSEL in which clearly define and expand WtE concept as waste processing utilizes machinery or equipment to convert waste into electricity, bioenergy, renewable liquid fuels, and other by-products, while simultaneously reducing waste volume. PSEL. Perpres 109/2025 emphasizes that the planning phase is most crucial before the physical construction of the processing facility of WtE. The planning phase includes synchronization of regional spatial planning,	Positive • May improve municipal waste management, sanitation, and environmental health conditions, particularly in urban areas affected by unmanaged waste and open dumping. • May contribute to improved public health outcomes and cleaner living conditions through reduced waste accumulation and associated environmental pollution. • May create employment and business opportunities in formal waste management, resource recovery, waste processing, and related services.

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	environmental feasibility analysis, infrastructure suitability assessment, and confirmation of the business entity cooperation scheme. Likely Adverse Impact: The adverse environmental effect is likely. WtE plant's incineration produces bottom ash and highly toxic fly ash. If the "expedited" process leads to lower technical scrutiny, there is a risk of harmful air pollutants—such as dioxins, furans, nitrogen oxides (NOx), and heavy metals, from WtE plants. Another risk is reducing incentives for recycling and waste minimization. Other potential risks include waste-feedstock suitability and traffic management/collection impacts. These risks necessitate stable combustion conditions, flue gas control systems, periodic or continuous monitoring, and transparency regarding emission test results. Existing Waste-to-Energy (PSEL) facilities face numerous challenges, including inadequate governance regarding the implementation of waste segregation at the source; the absence of robust technical parameter measurements in PSEL environment-social audits; fragmented, non-transparent, and unverified PSEL data; insufficient of stakeholder participation and complaint mechanisms; and the absence of oversight or follow-up enforcement actions (where necessary). Analysis:	- Supports modernization of waste-management systems and may strengthen local-government capacity in waste planning and service delivery. Likely Adverse Effect - Potential livelihood impacts on informal waste workers, waste pickers, collectors, and recyclers if waste streams are redirected without adequate integration or transition measures. - Community concerns related to facility siting, traffic, environmental quality, and perceived health risks may arise if stakeholder engagement is insufficient. - Future facilities may require land acquisition or changes in land use depending on location and design. - Women engaged in informal waste collection, sorting, recycling, and waste-bank activities may be disproportionately affected if livelihood-transition measures and inclusion programs are not adequately implemented. - Vulnerable groups may face barriers in accessing benefits from modernized waste-management

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	If the AMDAL system is properly used, the pollution risk is manageable. A dedicated Ministry of Environment Decree/Kepmen LH No. 2739/2025 about Waste to Energy Guidelines has been issued on 31 October 2025 regulating the requirements for local government readiness in terms of land availability, operating cost, retribution and AMDAL process itself. The emission standard is now part of the SLO (Operational Feasibility Clearance) issued by MEMR in cooperation with Directorate Air Pollution of MOE. WtE developers have strict requirements on emission and environmental impacts standards. With regards to the risk of reduced incentives for recycling efforts, WtE is positioned as the last policy-resort for urban waste management (residual treatment approach and is not a standalone solution for urban waste management). The main priority is still the 3R policy, reduce, reuse, recycle from the source (Law no 18/2008) and to produce RDF. WtE contributes only around 20% of municipal waste management's solution, while other approach such as the segregation from source (households) in producing RDF (Refused Derived Fuel) contribute around 75% along with other municipal waste management technologies. This has been implemented well, such as in Jakarta (Rorotan plant with 800 tons/day), Banyumas, Surabaya and other regencies. World Bank has a project financing loan for	systems if participation and transition measures are insufficient. Further development of livelihood-transition approaches, social inclusion considerations, and grievance-management arrangements may help strengthen implementation effectiveness at future project stages. Analysis: Indonesia's legal and institutional framework provides mechanisms for management of these risks through AMDAL, public consultation, land acquisition procedures, environmental permitting, local-government readiness assessments, environmental monitoring, and operational certification requirements. Presidential Regulation No. 109/2025 requires public consultation, local-government readiness assessments, technical and economic studies, land availability confirmation, and environmental approvals prior to project implementation. Follow-up regulations, including Kepmen LH No. 2739/2025 and Permen ESDM No. 7/2026, further establish requirements relating to project preparation, licensing, operational safety, reporting, and compliance. Government consultations confirmed awareness of potential impacts on

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	these RDF plants in more than 20 districts, and AIIB has just approved similar projects for 10 districts. The centralization of management of strategic WtE projects (i.e Bekasi, Greater Bogor, and Greater Denpasar regions) under PT Daya Energi Bersih Nusantara (Denera), a sub of state-owned holding company Danantara, could be beneficial in integrating the circular-economy aspects related to WtE. The existing regulation, experience, institutional arrangement of the country's systems, although there are still gaps, do not limit the Government's ability to identify, mitigate and monitor the likely negative effects from this prior action and downstream investments are still subject to AMDAL review and approval process and inter-ministerial coordination for operational feasibility. However, continued policy dialogue, technical assistance for capacity building to key stakeholders, and implementation monitoring will be important to strengthen the mainstreaming environment, safety and social aspects into the Program.	informal waste workers; however, detailed livelihood-transition arrangements, gender considerations, and grievance-management approaches are expected to be further assessed and developed during project-level preparation and feasibility studies. Moderate to Significant effect, indirect, location-specific, and dependent on future project implementation and effectiveness of existing systems. Potential social effects would arise through future WtE investments facilitated by the reform rather than from the PA itself.
Reform Area 3: Enhancing Climate Resilience of Marine, Coastal, and Wetland Ecosystems While Fostering a Low-Carbon Transition		
Prior Action 7: To strengthen the institutional framework for integrated coastal protection and	Positive: The main purpose of the regulation is to establish a centralized body and a master plan to	Positive

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climate resilience governance along the Northern Coast of Java, the Borrower has enacted Presidential Regulation No. 77/2025 on June 24, 2025, which creates the Authority for the Management of the Northern Coast of Java (BOPPJ) directly under the President to coordinate and lead coastal management and development of Northern Coast of Java. An MoU between the Minister of Environment and The Head of BOPJJ has been signed on 15 June 2026 to develop KLHS (Kajian Lingkungan Hidup Strategis) or Strategic Environmental Social Assessment as part of the Master Plan.	integrate coastal protection, urban planning, and climate resilience governance across provincial and inter-agency boundaries, with the objective of protecting Northern Coast of Java areas from sea-level rise at 15 regional segments. The primary objective is to reduce the "Area of coastal zones with reduced flood inundation risk." By constructing a 32 km Great Sea Wall in Jakarta and similar dikes across the North Coast, the Program protects thousands of hectares of low-lying land from tidal flooding (<i>rob</i>). In the long term, the enclosed lagoons created by the sea wall could be converted into massive freshwater reservoirs, potentially providing a sustainable water source for North Jakarta and surrounding industrial zones. Likely Adverse Effect: The indirect environmental impacts associated with coastal protection infrastructure, such as offshore dike construction, reclamation, and mangrove planting are likely. Dredging and sea wall construction threaten coral reefs and seagrass meadows. The reclamation process is also risky to cause severe erosion from sand sources. Without upstream river cleanup, seawalls might create stagnant lagoons full of inorganic and organic waste.	• Strengthens institutional coordination for climate resilience and coastal protection across the Northern Coast of Java, an area highly exposed to flooding, land subsidence, sea-level rise, and other climate-related risks. • May improve protection of coastal communities, economic assets, public infrastructure, and livelihoods through more coordinated planning and implementation of climate-resilience measures. • May support long-term resilience of fisheries-dependent and coastal communities through improved coastal management, adaptation investments, environmental restoration, and integrated planning. • Stakeholder consultations undertaken during preparation of the Master Plan and KLHS provide opportunities to incorporate local knowledge, fisheries considerations, community perspectives, and environmental and social concerns into future coastal-development decisions and resilience planning. Likely Adverse Effect

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	BOP Pantura should not only prioritize sea-wall construction in Jakarta. The structure may alter coastal currents and potentially lead to increased erosion in adjacent provinces. Analysis: The significant negative effects from the coastal development are likely and to address these, given its broad geographic scope, multisectoral coordination challenge, and longtime implementation horizon, the master plan should be supported by a Strategic Environmental Assessment. The Government of Indonesia system has several regulations on this such as the MOE Regulation No. 13/2024 to support the Government Regulation No 46/2026 about KLHS (Kajian Lingkungan Hidup Strategis) or Strategic Environmental Assessment. And several institutions in Indonesia have experience in developing SESA such as for the REDD+ program, and other regional infrastructure projects under Ministry of Public Works, Forestry, or PLN (State owned Energy Utility Company). The Project Team confirms that a Strategic Environmental Assessment (KLHS), and a permit for coastal zone spatial planning (KKPRL) are being prepared to equip the Master Plan with E&S considerations. The undertaking of this Master Plan and KLHS is supported by the Ministry of Environment from technical side and by PT SMI (Sarana Multi Infrastructure) that channels the financing for the preparation of KLHS via a project preparation facility	• Future coastal protection and development investments enabled by the Master Plan may affect access to coastal and marine resources used by fishing communities and other coastal-resource users. • Potential livelihood impacts on small-scale fishers, coastal communities, and informal economic activities dependent on coastal ecosystems. • Future coastal protection and development activities may involve land-use changes, access restrictions, or livelihood implications depending on project design, location, and implementation modality. • Risks related to stakeholder participation, benefit-sharing, and inclusion of vulnerable groups if future planning and implementation processes are not conducted in a transparent and inclusive manner. • Women, low-income households, informal coastal workers, and other vulnerable coastal populations may face barriers to participation in planning processes and access to future program benefits if stakeholder engagement and

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	from MoF. An MoU between The Minister of Environment and The Head of BOPPJ has been signed on 15 June 2025 to form the "<i>Team for Environmental Management of Northern Coast of Java</i>" to support the preparation of KLHS/SESA. The master plan will be completed in 2027 and BOPPJ will publish this (with KLHS input) as the Indicative Prior Action for Sub-Program 2. From this master plan, BOPPJ will develop sub-master plans (regional plan) equipped with ESIA studies after the feasibility studies completed in 2 –3 years. Technical assistance to develop an environmental and social management framework to guide the ESIA development using good international industrial practice was discussed with the BOPPJ management to manage likely ES effect and as a mean to attract private and international financiers for downstream investment. Overall, the likely significant environment effect exists but manageable, provided that future investments are screened, assessed, permitted, monitored and disclosed in accordance with applicable national environmental laws and requirements such as AMDAL, KLHS and good international practice.	inclusion measures are not effectively implemented. Analysis: Presidential Regulation No. 77/2025 establishes BOP Pantura Jawa as a planning and coordinating authority and requires preparation of a Master Plan (Rencana Induk Pengelolaan Pantura Jawa) to guide future development and investments. Future interventions remain subject to AMDAL, land acquisition, spatial-planning, consultation, and permitting systems. The Ministry of Environment and BOPPJ have initiated preparation of a KLHS, supported by dedicated planning studies, while segment-level master plans and ESIA's are also being prepared for priority locations. During appraisal discussions, BOPPJ confirmed that preparation of the Master Plan, KLHS, detailed planning studies, and future ESIA's is being undertaken through a coordinated framework involving BOPPJ, the Ministry of

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		Environment, PT SMI, sector ministries, and local governments. Stakeholder consultations have already commenced and are intended to inform future planning and investment decisions. BOPPJ also indicated that offshore solutions are being prioritized, where feasible, to minimize land acquisition and community relocation requirements. Future investments are expected to remain subject to applicable environmental and social management requirements under Indonesian law, including AMDAL, KLHS, stakeholder consultation, land-acquisition, spatial-planning, and permitting requirements. The ongoing Master Plan and KLHS processes therefore provide an additional layer of strategic review before future investment decisions are taken. Moderate to Significant effects; indirect, long-term, and dependent on future planning, investment decisions, and implementation arrangements. The PA itself establishes an institutional and planning framework and is not expected to generate direct social impacts. Potential impacts, if

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		any, would arise through future downstream investments that remain subject to Indonesia's environmental and social management systems.