

Indonesia Sustainable Cities Impact Program

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10494

Countries

Indonesia

Project Name

Indonesia Sustainable Cities Impact Program

Agencies

World Bank

Date received by PM

9/18/2021

Review completed by PM

10/29/2021

Program Manager

Yuki Shiga

Focal Area

Multi Focal Area

Project Type

FSP

PIF

CEO Endorsement

Part I ? Project Information

Focal area elements

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Project description summary

2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Earlier comment(s) are appropriately addressed.

10.06.2021:

- The Rio Marker is set CCA 1 for this project. There is no clear articulation of adaptation benefits through the project. Therefore, the Agency either need to articulate the adaptation benefit or remove this Rio Marker.

- The PDO indicators mentions the word ?Formulated?. Please elaborate what is meant by formulated and how it will lead to adoption by city/national authorities. The para below that PDOs, indicate that indicators are used for ease of monitoring. However, in this para please clearly elaborate how these indicators and associated outputs will lead to concrete policy or investment action.

- Please confirm if any budget is set aside for the project to participate in the global program related events and coordination.

Recommended action: Please address the above point(s).

Agency Response

WB 10/26:

Rio marker: While the project primarily focuses on GEBs on biodiversity and climate change mitigation, the project design also contributes to strengthening climate resilience of Indonesian cities, particularly by improving spatial prioritization of infrastructure and integrating gray infrastructure with nature-based solutions (e.g. for stormwater management) to minimize risks from climate-related hazards. These adaptation benefits are articulated in the PAD, and we have strengthened this explanation further in the revised PAD.

The RioMarker provides the following guidance for marking projects:

Mitigation and adaptation

In many cases, sustainable urban development is equally beneficial to both strands (mitigation score 1 and adaptation score 1). When urban development activities do not address climate aspects as a priority (e.g., activities that are dedicated primarily to improving the lives of slum dwellers), the content of the activity determines whether climate is a secondary objective.

Given the project's objective and the RioMarker guidance above, we therefore mark CCA1 for this project.

PDO indicators: The term "formulated" is used in PDO Indicators 1 and 2, which means that area/ corridor level 1) development plans and 2) capital investment prioritization that integrate biodiversity and/or climate-smart management approaches will be developed during the lifetime of the project. 1 refers to government's official plans (including statutory plans) and 2 is integrated within the official medium term and annual budget planning of the local governments, thus signaling adoption and investment action. The PDO indicators and sub-indicators are selected to ensure both the effectiveness of achieving the agreed PDO ("to integrate biodiversity and climate-smart management in the preparation of development plans and priority capital investments of participating cities, including financing modalities."), and for project monitoring and evaluation. Achievement of these indicators and associated outputs will prepare project cities for downstream investment, and enhance their readiness to access finance (supported under Component 3).

Component 2 will support project preparation (FS, DD, EIA, etc.) of priority investments identified in the area/ corridor level development plans and capital investment prioritization frameworks developed in Component 1, thus preparing the cities for downstream implementation of the identified priority investments. Although Component 2 primarily focuses on sub-projects within the priority corridors and areas identified in Component 1, it also aims to support no-regret investments identified as priority in the cities? respective statutory mid-term development plans: RPJMD (see Annex 3 of the PAD for a detailed list). These no-regret projects could be readily influenced to enhance biodiversity and climate-smart management aspects in urban investments at city level.

With BAPPENAS being the executing agency, the project intervention under Component 1 will also influence ongoing important national level policies led by BAPPENAS, such as introducing an urban focus within the Low Carbon Development Initiative (LCDI) and inputs to enhance attention to biodiversity and climate smart investments in the next RPJNM (National Medium Term Development Plan), the preparation for which will be initiated by BAPPENAS in 2023.

Budget for UrbanShift activities: Yes, the expected allocation is 200k per city and 50k for national dialogue. These numbers are included in the submitted budget. This allocation is indicative and may change, particularly with respect to travel, based on the evolving conditions related to the COVID-19 pandemic.

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat Comment at CEO Endorsement Request

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request 10.28.2021:

Cleared. Reference to the PAD has been made. Earlier comment(s) are appropriately addressed.

10.06.2021:

There is no proportionality in the co-financing contribution to PMC. As the costs

associated with the project management have to be covered by the GEF portion and the co-financing portion allocated to the PMC, the GEF contribution and the co-financing contribution must be proportional.

Agency Response

WB 10/26:

We have revised the table in part B of the portal to reflect proportionate contribution of co-financing to PMC.

GEF Resource Availability

5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

Project Preparation Grant

6. Is the status and utilization of the PPG reported in Annex C in the document?

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

Core indicators

7. Are there changes/adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?

Secretariat Comment at CEO Endorsement Request

10.29.2021:

Cleared. Earlier comment(s) are appropriately addressed.

10.28.2021

Question on biological significance: Please redact following text from Annex 2-3 GEB as it confuses things and doesn't substantively add to the Annex nor answer the question related to measures of global biodiversity significance:

Conservation of biodiversity: According to the GEF guideline [1], an assessment of the GEF's impact in reducing the rate of biodiversity loss attributed to human actions cannot be considered as a single entity, due to the interrelationships between the complex, multidimensional nature of the three levels of biodiversity (i.e., ecosystems, species, genes) identified in the Convention on Biological Diversity (CBD), and the three separate, though interlinked, objectives of the CBD: conservation of biodiversity, sustainable use of the components of biodiversity, and equitable sharing of the benefits arising from the use of genetic resources (Table 1). An impact assessment of GEF-supported activities with respect to biodiversity should be ultimately connected to at least one of the interrelationships. Given the project design, the calculation of biodiversity GEBs for this project focuses on the interrelationships between the conservation of biodiversity, proxied by improved management of terrestrial landscapes and marine habitats supported by project activities, and the resulting preservation and/or restoration of ecosystems that exist within these landscapes and habitats.

Table 1. Interrelationships between the three objectives of the CBD and levels of biodiversity

	Conservation of Biodiversity	Sustainable use of the components of biodiversity	Equitable sharing of the benefits arising from the use of genetic resources
Ecosystems	1	4	7
Species	2	5	8
Genes	3	6	9

Further, the 2003 GEF document referenced in the same Annex is 18 years old and no longer the most relevant (GEF 2003. *Measuring Results of the GEF Biodiversity Program*. https://www.thegef.org/sites/default/files/council-meeting-documents/C.22.Inf_7_Measuring_the_Results_of_Biodiversity_5.pdf). Instead, if a reference is needed, please see the GEF-7 biodiversity strategy: [GEF_Biodiversity_Strategy_2018_v2.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/C.22.Inf_7_Measuring_the_Results_of_Biodiversity_5.pdf) (thegef.org) In particular the text regarding the aim of SCIP regarding biodiversity integration and the role it plays in safeguarding globally significant biodiversity.

Finally, to address the initial issue/question regarding biological significance, we recommend **including either an explicit criteria in the sub-project selection, or revising Criteria 1 to include ?globally significant biodiversity?** (in Score 3?) aimed to incentivize and support projects that contribute to the GEF-7 SCIP strategy in this way.

- Core Indicator targets in Annex 2-3_GEB Annex Revised September 18 2021

+ What is the measure(s) of biological significance the project is using for the target hectares (urban and peri-urban areas)?

+ Thank you for this complete description of target calculation and setting. Please clarify what is the proportion of ha within the city (urban green space) to outside the city (sprawl)? Table 1 seems to indicate it is all sprawl avoided, but the narrative makes it sound like urban green space as well.

- Given the planned scope of the project it seems as if a target for marine hectares conserved is warranted, but hasn't been included. In reviewing the overview of the target cities (including Bitung and others) and the analysis of threats/drivers it seems that marine results would be expected/achievable. Further, the biodiversity articulated in several places in the PAD Table A3.1, references the status of biodiversity the drivers of biodiversity loss with a focus on marine and coral reefs, but although the portal entry has Core Indicator 5 selected, but doesn't include targets. During the upstream consultations, the Agency presented an expected target of 3406 hectares. This was significantly higher in concept stage. While some reduction is acceptable, fully removing this indicator at CEO ER will impact the overall program result. Please address.

Recommended action: Please address the above point(s).

Agency Response

WB 11/8:

We have made the following suggested edit to the sub-project criteria in annex 2 (highlighted in yellow):

Significantly contribute to reduce GHG emissions and/or to conserve and restore **globally significant** biodiversity in the city and halt the destruction of urban sprawl and unsustainable development patterns into **high-biodiversity** ecosystems **in areas** adjacent to the city.

WB 10/29:

Thank you. We removed the highlighted text from the Annex 2-3 on GEB as suggested.

We also revised Criteria 1 to include 'globally significant biodiversity' under in Score 3 (See the change made in PAD Annex 2, para 18).

WB 10/26:

The measure of biological significance is the presence of natural ecosystems (green/mangroves), which represents the presence of biodiversity. The project assumes that the larger area of these ecosystems under improved management, the more biodiversity conserved. We followed the GEF guideline. (GEF 2003. *Measuring Results of the GEF Biodiversity Program*. https://www.thegef.org/sites/default/files/council-meeting-documents/C.22.Inf_7_Measuring_the_Results_of_Biodiversity_5.pdf)

-The calculations are for both green spaces within and in the adjacent areas/cities, which is presented in table 4. Additional explanation has been added in the overall method (table 1), as well as in additional description in columns of Table 4.

Thank you for noting the missing number in the GEF Data sheet, despite the target number and indicator 5 is being presented in the Annex. The team has updated the GEF data For Core Indicator 5, thank you for the guidance. We report the ha. On mangroves conserved under Core Indicator 5.

We revised the Annex 2-3 (GEF Core Indicators) and the core indicators table and field in the GEF portal to answer the questions and added Core Indicator 5.

Part II ? Project Justification

1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Reference to the PAD has been made. Earlier comment(s) are appropriately addressed.

10.06.2021:

The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

Agency Response

WB 10/26:

The World Bank has a different portal template than other agencies, dating back to the WB/GEF harmonization process that was adopted by Council in 2014. Under this process, it was agreed that the World Bank would use abbreviated PIF and CEO ER forms that do not include most of the content in the Part II ? Project Justification section of the PIF/CEO ER form. Instead, this information is incorporated in the World Bank project document (PCN/PAD). As a result, our portal templates do not include these

entry fields. The global environmental problems and barriers are discussed in section I. B. of the PAD (Sectoral and Institutional context). The approach to addressing the barriers is presented in the same section, paras 18-22 of the PAD.

2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Reference to the PAD has been made. Earlier comment(s) are appropriately addressed.

10.06.2021:

The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

Agency Response

WB 10/26:

The baseline information is presented in Annex 3 of the PAD, Profiles of Project Cities.

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat Comment at PIF/Work Program Inclusion

10.29.2021:

Cleared. Earlier comment(s) are appropriately addressed.

10.28.2021:

Proposal states that the project will also reduce the risk of infections and pollutions. Although these are not the main target of this project, please provide further elaboration particularly on how these can be achieved, and how the outcomes will be measured (also pertinent targets if any).

10.06.2021:

- The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

- Under component 1, page 11 of the PAD, please see the comment below:

PAD text: Activities financed under this component include Strategic Environmental

Assessments (SEA), capital investment plans for priority areas and corridors, and capacity building of local governments and local urban planners to utilize robust analytics, (such as carrying capacity analysis) and integrate community level planning tools and approaches in area/corridor level development plans.

GEF comment: It is not clear how the activities will lead to climate smart and BD related planning. Strategic environment assessments seems to be safeguards assessment. Will the project support planning that will lead to compact land use, integrate nature and low carbon investments? Please clarify and make it explicit.

- Under component 2

PAD text: While the component primarily focuses on sub-projects within the priority corridors and areas identified in Component 1, it could also support 'no-regret' investments identified within the priority investment list of the project cities that could be readily influenced to enhance biodiversity and climate-smart management aspects.

GEF comment: Please clarify what is meant by no-regret investments in this context. Does the project assume that some investments which deliver climate and nature benefits will not be feasible?

- Component 3

PAD: Cities will receive support to identify detailed criteria and indicators for selecting suitable projects for private sector finance, and to identify and design appropriate land-based mechanisms such as land value capture (LVC), marine-based mechanisms such as municipal blue bonds, as well as grants applicable to the context of secondary cities in Indonesia .

GEF comment: Elaborate how mechanisms identified will be applied. Will these remain as analytical reports only for reference purposes? Also, the para talks about no-regret investments for which please refer to the comment above. Does the project imply quick-win opportunities which the cities are already embarking upon?

- Component 4:

PAD: this component finances the engagement of relevant stakeholders in a series of policy dialogue and knowledge exchange events to promote environmentally friendly behavioral change in the public and urban transformation.

GEF comment: This again refers to our concern regarding environment becoming a secondary consideration for the project. Instead, the project should ?promote behavioral change which leads to low carbon and biodiversity benefits?. Very generic use of environment and environment-friendly deviates the project from its core objective of supporting low carbon and biodiverse cities in Indonesia.

- Component two (in the PAD): sub-project grouping should be more accurately titled ?Urban and peri-urban biodiversity conservation? to better capture the scope of this component.

- Component two (PAD, para 17 of Annex 2): The table contains a lengthy list of indicative investments for sub-projects under ?urban biodiversity?. This list is many

times longer than that for the other topic areas, and seems to lack focus (everything from addressing light pollution to countering wildlife trafficking). Please focus and concentrate the list of indicative activities to those that are highest potential impact for BD GEBs under each of the sub-categories.

- Component two (PAD, para 17 of Annex 2): 18. Criteria for the selection of eligible investments: Criteria 1: The ability to produce significant and sustained GEBs recommend revising language to eliminate the term "enhance" so it would read: "Significantly contribute to reduce GHG emissions and/or to conserve and restore biodiversity in the city and halt the destruction of urban sprawl and unsustainable development patterns into biodiverse ecosystems in areas adjacent to the city."
- Please briefly describe the Theory of Change also in a couple of paragraphs to summarize the pathway of technical assistance provided by GEF in collaboration with co-financing from govt and WB leading to adoption of integrated planning and low carbon and biodiversity conservation investments, with a particular view in ensuring tangible GEB generation. In the above context, please add details of how each co-financing will contribute to different component of the project. A table can be provided mapping the co-financing, GEF financing and the components.

Recommended action: Please address the above point(s).

Agency Response

WB 10/29:

The issue of reduced risk of infection was mentioned only in PAD paragraph 6 (Sectoral and Institutional Context Section), as part of the overall context explanation to highlight the myriad of potential opportunities from improved urban planning, but this aspect of opportunity is not addressed by this project's design, which focuses on climate and biodiversity benefits.

For pollutions, the project's support to policy (Component 1) and preparation of sub-projects (Component 2) (such as transit-oriented development), will together promote compact land use and reduce urban sprawl and contribute to reducing air pollution from transport. Reduced GHG emissions, which are measured as part of the project's GEBs, also serve as a proxy indicator for reduced air pollution from transport.

Sub-projects under Component 2 could also contribute to reducing other forms of pollution. For example, sub-projects on waste management in project cities will contribute to reduce waste. Such contribution will be measured through the PDO indicator: Number of sub-projects prepared that integrate biodiversity and/or climate-smart management approaches (Number)

WB 10/26:

Please refer to section II. of the PAD, Project Description. This includes the Project Development Objective (PDO) statement, PDO-level indicators, and description of project components. Please also refer to the project's Theory of Change on p. 14 and Annex 2, Detailed Project Description.

Component 1: Indeed, the project will support planning that will lead to compact land use, integrate nature and low carbon investments.

SEA is not a safeguards assessment, but an upstream planning tool in Indonesia. As stipulated by the Law 32 of 2009 on Environmental Protection and Management, the content of an SEA covers: a) environmental carrying capacity; b) estimate of environmental impacts and risks; c) ecosystem services performance; d) efficient use of natural resources; e) level of vulnerability and adaptive capacity to climate change; and f) level of resilience and potential of biodiversity. The Environmental Protection and Management law also elaborates the role of SEA in providing significant inputs to influence planning documents, including both spatial plans and development plans at various administration levels (e.g., district, city, or regional levels), in evaluating environmental carrying capacity, and in providing recommendations for improving existing policies, plans, programs or forbidding certain types of activity depending on the evaluation result. As per the new Omnibus Bill that revised the spatial plan law, an SEA also gives inputs for spatial planning formulation.

Component 1 support to capital investment plan and capacity building will also influence planning and investment upstream. The capital investment plans for priority areas/ corridors will include enhanced criteria that prioritizes projects that integrate biodiversity and/or climate-smart management approaches. Corridor-level planning based on a mass transit/ public transport corridor will promote compact land use and lower GHG emissions by lowering the need to use private automobiles and also concentrating residencies along the corridor. The carrying capacity analysis will be important to for the cities to forecast what is the ultimate growth capacity of a city in terms of population ? exceeding this threshold will have negative implications to the biodiversity within and surrounding the city.

We added these explanations into the PAD, para 33.

No-regret investments: No-regret investments are investments already identified as priority for implementation in the cities? respective statutory mid-term development plans (RPJMD ? see Annex 3 of the PAD for a detailed list). These are quick-win opportunities that the GEF-SCIP project can readily influence in the early years of implementation from a biodiversity and climate-smart management perspective, while other additional projects are identified for support under Component 2. These no-regret projects are often in mature stages compared to other pipeline projects and city commitment to implementing them is high.

We provided this additional explanation of no-regret projects in the PAD, para 34 and Annex 3.

Component 3 is not only about analytical reports, but involves the development of roadmaps/ guidelines of innovative environmentally conscious financing, as well as training on financing and creditworthiness. All of these activities prepare the cities to access innovative financing for sub-projects. The three intermediate level results indicators for Component 3 track these results.

See also response to the item 10 above with regards to no-regret investments. Please see also the description of the Theory of Change in the PAD, p. 14.

Component 4: The language has been revised as suggested in para 36 of the PAD.

Component 2: We agree and the language on project subgrouping and criteria for the selection of sub-project investments has been revised as suggested in para 34 of the PAD.

We have also revised the list of indicative investment under Component 2 to reflect those with the highest potential to impact the biodiversity GEBs (Annex 2, para 17, pp.55-58 of the PAD).

Annex 2, para 18, criteria 1: We have revised the language as suggested.

Theory of Change: We added a paragraph (para 40 of the PAD) to describe the Theory of Change, as requested. The theory of change identifies three main mechanisms to influence how project cities can address these gaps at both the planning level (See PDO 1 in the Outcomes Column) and investment level (see PDO 2 in the Outcomes Column). The three mechanisms, which correspond to the three building blocks of this project (see paragraph 30), are: 1) improving urban spatial planning through the adoption of integrated planning approaches (e.g. area-based and corridor-based planning), and the use of analytics to enhance the climate and biodiversity GEBs that these planning approaches can deliver; 2) improving the climate and biodiversity-related design of sub-projects prepared by cities to make them bankable and ready for financing; and 3) enabling cities to access capital for these projects by identifying appropriate financing modalities, developing related roadmaps/ guidelines on the modalities, and building capacities for city planners to make use of these modalities. Guided by the Theory of Change, the GEF-financed activities under this project will be additional to completed, ongoing, or planned activities described in Annex 3.

Please see table below on contribution of co-financing to project components.

Contribution of Co-financing to Project Components

Project Component	Relevant Activities	GEF Financing (\$)	Co-financing (\$)
<u>Component 1</u> Integrated spatial planning and urban management	NUDP (World Bank loan portion) will support project activities (namely integrated city planning and capital investment planning) in the cities of Balikpapan and Semarang.	4.5 million	10 million (NUDP)
<u>Component 2</u> Catalyzing integrated investment in priority areas	RIDF will allow cities to access financial support for eligible investments in urban biodiversity conservation and climate-smart management identified and supported by the GEF-SCIP (specific investments to be identified during project implementation).	6.0 million	141.8 million (RIDF)
<u>Component 3</u> Piloting innovative financing approaches and instruments	N/A	3.0 million	N/A
<u>Component 4</u> Policy dialogue and knowledge management	NUDP (government counterpart financing portion) will support the national urban development regulation and institutional reform, including the reformulation of national urban development coordination team (<i>Tim Koordinasi Strategis Pembangunan Perkotaan Nasional</i> , TKPPN) that can be utilized to optimize the implementation of GEF-SCIP.	1.5 million	2.3 million (NUDP)
<u>Component 5</u> Project Management	Project management costs at 5% equivalent for co-financing amount, per GEF requirements.	0.8 million	8.2 million
Total Financing		15.8 million	162.3 million

Note: Semarang City is being shortlisted for the National Urban Flood Resilience Project (NUFReP) under preparation.

4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat Comment at CEO Endorsement Request

Yes. The proposal is aligned with IP SC (Sustainable Cities Impact Program).

Agency Response

5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Reference to the PAD are made. Earlier comment(s) are appropriately addressed.

10.06.2021:

The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

Agency Response

WB 10/26:

Please refer to the table provided in the response to question 3 above on the contribution of co-financing to project components. Please also refer to the boosted narrative on the Theory of Change in para 40 of the PAD. In summary, without the support provided by the GEF-financed project, the underlying project activities supported by the co-financing would follow business-as-usual practices that do not adequately incorporate biodiversity conservation and climate benefits into integrated spatial planning and urban management or priority capital investments. The support to cities for identifying alternative and innovative financing modalities beyond national transfers for sub-projects within the priority corridors is additional to activities currently being carried under the co-financed projects or in the baseline scenario.

6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Earlier comment(s) are appropriately addressed.

10.06.2021:

- The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

- Para 38 (PAD): Please elaborate environmental benefits and make it more specific to climate and biodiversity.

Agency Response

WB 10/26:

We added more explanation in the para 38 in the PAD on the types of GEBs the project delivers:

?In particular, the project will support the delivery of climate GEBs from the reduction of GHG emissions (both direct and consequential) from policy interventions (Component 1) and design of sub-projects under different thematic areas (Component 2), and of biodiversity GEBs from land restoration and expansion of landscapes under improved practices.?

The causal pathways for achieving GEBs are articulated in the Theory of Change and accompanying narrative in para 40 of the PAD.

7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Earlier comment(s) are appropriately addressed.

10.06.2021:

- The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

- The project needs to elaborate more on the innovation aspects. Just stating that BD consideration in urban development is an innovative approach is not sufficient.

Agency Response

WB 10/26:

The project is innovative in many ways. First, while biodiversity has been traditionally considered as a non-urban issue in Indonesia, the project's approach is innovative in addressing biodiversity in the context of urban development, thus providing a model for replication.

Second, while many previous projects address the problem of GHG emissions and biodiversity degradation through approaches such as command and control, this project fundamentally addresses carbon intensive spatial growth patterns of a city, which also lead to great losses of biodiversity in the fringe and outer areas of a city (where biodiversity values tend to be high). Urban forms cannot be reversed once the growth

footprint has expanded, but this project aims to arrest urban sprawl before such patterns are set, for the preservation of fauna and flora particularly in the fringe and outer areas of a city, while also ensuring that biodiversity within the city is also protected and enhanced.

Third, another innovation to highlight is that this GEF-SCIP project enhances the readiness of investment projects, by supporting cities prepare better project documents (FS, DD, EIA, etc.) that can be financed downstream. This model is still new for Indonesia and will lead to unlocking alternative financing (other than national transfers).

We provided more explanation on these aspects of innovation in para 58 of the PAD.

Project Map and Coordinates

Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Child Project

If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Earlier comment(s) are appropriately addressed.

10.06.2021:

- The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

- In the implementation arrangement, the Agency needs to describe how it will coordinate with the global program team to exchange knowledge and overall contribute

to program level activities including sharing results which will be aggregated at program level.

Agency Response

WB 10/26:

We added an explanation of the coordination mechanism with the Global Program Team in the Implementation Arrangement (Annex 1, para 9, p. 41).

The contribution of the project to the GEF-SCIP program level results is reflected through the following three indicators:

? PDO Indicator ?Number of area/ corridor level development plans formulated that integrate biodiversity and/or climate-smart management approaches (Number)? feeds into the GEF SCIP program-level results framework Indicator 2 ?# of cities with improved evidence-based sustainable, inclusive integrated plans and processes?

? Intermediate Results Indicator ?Number of roadmaps/ guidelines of innovative environmental financing instruments formulated (Number)? feeds into the GEF SCIP program-level results framework Indicator 6 ?# of cities and countries that have initiated innovative financial mechanisms and/or business models for scaling-up sustainable urban solutions?

? Intermediate Results Indicator ?Number of cities that have shared their good practices and lessons learned with the SCIP Global Program (Number)? is the GEF SCIP program-level results framework Indicator 11.

Stakeholders

**Does the project include detailed report on stakeholders engaged during the design phase?
Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Gender Equality and Women's Empowerment

Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat Comment at CEO Endorsement Request

11.09.2021

Cleared. Earlier comment(s) are appropriately addressed.

11.05.2021

Please clarify if a gender analysis has been carried out prior to CEO endorsement and if so please submit.

Agency Response

WB 11/8/21:

Yes, the gender analysis is included in PAD paras 69-71. We have added this section to the Gender Action Plan uploaded in the portal and renamed this "Gender Analysis and Action Plan.". We also note that the project is informed by the World Bank's *Indonesia Country Gender Assessment: Investing in Opportunities for Women* (2020), notably the findings on women's constrained economic opportunities and labor force participation in urban areas.

Private Sector Engagement

If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Risks to Achieving Project Objectives

Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Earlier comment(s) are appropriately addressed.

10.06.2021:

The COVID-19 risk assessment is provided. However, as required by the GEF, the Agency needs to provide a more detailed analysis describing the COVID-19 context, risks and also opportunities for green and resilient recovery.

Recommended action: Please address the above point(s).

Agency Response

WB 10/26:

We added more details to the COVID Risks and Opportunities note (separate from the PAD). The content of this note is also pasted here.

COVID Risks and Opportunities for GEF-SCIP (P173446)

-

Covid Risk Analysis

Following a devastating second wave of the pandemic, new COVID-19 cases in Indonesia have now dropped significantly, but the country remains vulnerable and on high alert. The COVID-19 outbreak in Indonesia began in March 2020, with a first wave peaking in early 2021, and was followed by the spread of the highly infectious delta variant which led to a second wave peaking in July 2021. Though the number of daily positive cases has been decreasing since the end of July 2021, the total number of cases has risen to over 4 million by October 2021 and cumulative number of COVID-19 deaths were nearly reached 150,000 nationwide^[1].

Despite the staggering number of cases, the Government of Indonesia (GOI) opted early on not to enforce a nation-wide lockdown to avoid potential complications that arise in other countries. Instead, a large-scale social restrictions (PSBB) guideline was issued on April 2020, giving head of LG authority to impose social restriction based on case spread, number of cases, and local transmission. These curbs were imposed on transportation modes, religious activities, activities in public places, socio-cultural activities, and prohibit physical meetings in schools and workplaces, while still allowing government agencies, health services, food, energy, communication and information technology, finance, logistics, hotels, construction, strategic industries, and basic services sectors to operate. These restrictions were subsequently extended several times until early June 2020 before the start of PSBB transition to the new normal that allows businesses to resume operation at 50% capacity while adhering to strict protocols.

A community-level restriction (PPKM) was introduced early January 2021 upon the country's first wave of COVID-19 with 25% capacity limit then continued by neighborhood-level COVID-19 restrictions (known as PPKM Micro) in early February 2021 which allows businesses to operate at 50% capacity and 100% capacity for essential sectors. Following the incoming wave of delta variant, an emergency PPKM

Micro Java-Bali was enforced, requiring all non-essential employees to work from home. Currently, four-tiered public activity restriction (PPKM) is in effect to gradually ease public activity curbs. Border restrictions apply to foreign nationals without diplomatic/service visa and residence card with proof of complete COVID-19 vaccination, PCR testing, and must undergo mandatory quarantine. Meanwhile, domestic air travellers are required to show proof of vaccination and PCR/antigen test.

In February 2021, the first round of vaccinations was administered to health care professionals, with further rounds going to public officials, the elderly, and other at-risk groups. The general public received the first shot in June 2021 with target to have delivered the vaccine to 70% of population by the end of 2021. Despite an early and strong start to the free vaccination campaign, 57% of general population remains inoculated, although the rate of inoculation is higher in economically important regions such as Java and Bali. As of now, 40% of population has received the first dose, with 25% has been fully inoculated. However, the number of fully vaccinated elderly and children aged 12-17 remain low?22.5 percent and 11% respectively.

-

General Situation and Approach for Risk Mitigation and Leveraging Opportunities

Indonesian cities are at the frontlines of the unprecedented COVID-19 crisis and can catalyze sustainable and green recovery from the pandemic. Over 5.1 million people (2.5 percent of the working age population) have lost their jobs and 24 million individuals (11.8 percent of the working age population) are working reduced hours due to COVID-19, with substantially larger impacts in urban areas.[2]² About 80 percent of the new poor?2.8 million between September 2019 and 2020?are urban dwellers and reside mainly in Java, Bali-Nusa Tenggara, and Sumatera.[3]³ While the GoI announced in 2020 a large fiscal stimulus package of USD 74.7 billion for **economic recovery efforts**, only USD 6.3 billion, or around 4% of the stimulus, was directed towards green outcomes.[4]⁴ By embracing a build back better strategy, cities have a unique opportunity to contribute to Indonesia?s green economic recovery. Key opportunities lie in improving urban planning and catalyzing new investments in cities that better connect physical growth to economic demand, while mitigating the risk of infections, reducing pollutions and GHG emissions, and conserving natural assets including biodiversity. These investments can simultaneously create new jobs and reset the economy toward greener and more sustainable growth, while reducing cities? contributions to intensifying human-induced global warming.[5]⁵

An effective build back better strategy needs to address key problems that have limited Indonesian cities? livability and sustainability. First, rapid unplanned urbanization and

sprawl contribute to urban expansion in environmentally sensitive areas, resulting in significant loss and degradation of habitats and green assets that further reduces cities' capacity to support life and resilience to shocks. For example, green open space in a large urban area like DKI Jakarta has shrunk more than half of the original size, from 86,796 hectares (ha.) in 1986 to only 36,529 ha. in 2018, and 20 percent of water cover within the DKI Jakarta area has also disappeared between 2013-2016.[6]⁶ The resulting loss of permeable surfaces decreases the ability of water to infiltrate into the ground and contributes to more urban floods, while the loss of green spaces contributes to creating urban heat islands (UHIs). Studies have also shown the importance of green assets, such as trees and parks, to people's physical and mental health. Reduced green and park space directly affects residents' health, especially for the poor who have much less access to such facilities. Sensitive marine ecosystems are also under threat. For example, Balikpapan has 21 species of coral reefs inhabiting the coastal zone, but these reefs face rapid degradation mostly due to increasing sediment, solid waste such as plastics, and sewer outflows that go into the ocean due to discharges from the city.

Cities are also struggling to cope with additional pollution from inadequate management of new waste due the COVID-19 pandemic. Since the beginning of the outbreak in March 2020, there has been a significant increase in COVID-related medical waste, with masses of used syringes, masks, gloves, and protective gowns etc. overwhelming the waste management system.[7]⁷ This has led to more accumulation of dangerous waste in landfills in cities, as well as more leakages into the river systems, aggravating the existing problem of riverine and marine plastic pollution.

COVID-19 Mitigation Measures

Key mitigation strategies include the following:

Movement restrictions

Although the cities participating in this project have not stated any significant concerns on the impact of COVID-19 on the activities envisioned, the pandemic has the potential to slow down project implementation should the lockdown and movement restrictions persist longer than expected. Adaptive risk management will be key for smooth project implementation in this fluid situation. Apart from regular virtual meetings between the PMU, PIUs, and the five city coordination teams, the project will make use of different risk management strategies guided by periodic situation assessments. For example, the project will use alternative data sources (e.g. satellite data, data from online survey and modelling) inform the design of sub-projects under Component 2 in case travel restrictions continue to prevent on-site data gathering. Innovative measures such as

virtual supervision missions and virtual appraisal, and reliance on locally available resources for monitoring and supervision, will also be implemented as needed to ensure COVID safety as well as smooth project implementation.

Circular Economy and Waste Management

The pandemic also presents opportunities to enhance project visibility and cities' buy-in that could help accelerate project implementation. For example, the need to reduce COVID-related waste could catalyze cities to accelerate project activity on circular economy and waste management.

[1] WHO. 2021. COVID-19 Situation Report 77

[2] BPS (Badan Pusat Statistik- National Bureau of Statistics) November 2020 Labor Press Release and World Bank staff calculation reported in World Bank 2021a.

[3] World Bank. 2021a. Indonesia Economic Prospects: Boosting the Recovery. (June 2021).

[4] Climate Policy Initiative and Vivid Economics. 2021. Improving the impact of fiscal

stimulus in Asia: An analysis of green recovery investments and opportunities

[5] IPCC 2021.

[6] World Bank Calculation by the City Planning Laps Team through the Green Blue Footprint Tool

[7] <https://www.thejakartapost.com/news/2020/11/15/ticking-bomb-indonesia-grapples-with-medical-waste-spike-during-pandemic.html>

Coordination

Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Earlier comment(s) are appropriately addressed.

10.06.2021:

- The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

- Please see comment under child section.

Agency Response

WB 10/26:

Please refer to the response in the child project section above for coordination with the global program.

The overall implementation arrangements are described in detail in Annex 1 of the PAD, Implementation Arrangements and Support Plan.

Consistency with National Priorities

Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Reference to the PAD are made. Earlier comment(s) are appropriately addressed.

10.06.2021:

The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

Agency Response

WB 10/26:

As noted in para 26 of the PAD, 26, the project is aligned with Indonesia's national policy priorities and international commitments on climate change and biodiversity. By mainstreaming biodiversity and climate smart management within spatial planning and urban management, the project supports the priorities of the RPJMN 2020-2024, the IBSAP 2015-2020, the National Action Plan and Presidential Decree on Marine Debris, international commitments on climate change (e.g., the NDC) and biodiversity (e.g., the Convention on Biological Diversity (CBD)), and other national urban and environment policies.

Knowledge Management

Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat Comment at CEO Endorsement Request

11.09.2021

Cleared. Earlier comment(s) are appropriately addressed.

11.05.2021:

We note that clear knowledge management activities, timeline and indicators are elaborated in the Component 4. However, specific budget allocated to knowledge management activities is not clear from the budget table. Please provide clear budget for

knowledge management activities.

10.06.2021:

- The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

- Please see comment under child section.

Agency Response

WB 11/8/21:

We have revised the budget table to note that under component 4, \$1.2 million will be allocated from the project for knowledge management activities. This includes the indicative \$1.05 million allocated for engagement with the SCIP global platform.

WB 10/26:

The project's approach to knowledge management is described in para 57 of the PAD. The project has allocated \$1.5 million for policy dialogue and knowledge management activities under component 5, including for participation in the SCIP global platform activities.

Monitoring and Evaluation

Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement Request

11.09.2021

Cleared. Earlier comment(s) are appropriately addressed.

11.05.2021:

- FM audit should be under PMC, but not under M&E budget.
- M&E budget of 5% is substantially higher than the average threshold as indicated in the GEF Guidelines. Please reconsider this.

10.28.2021:

Usually budgeted M&E plan consists of list of M&E activities, such as workshops, meetings PIRs, MTRs, TEs, preparation of other relevant documents, with relevant

factors such as timeframe, responsible institution etc., and budget for each activity. ?5% of component 1-3 costs will be allocated for M&E? is I think too rough given that this is CEOER stage.

10.06.2021:

Budget does not seem to be provided in Annex A.

Recommended action: Please address the above point(s).

Agency Response

WB 11/8:

We have removed the costs for FM audit and Social and Environmental Safeguards officers from the M&E budget, which brings the cost down to \$425K, which is 3.15% of the total costs of components 1-3 and under 3% of the total project budget, excluding PMC. We have updated the M&E plan and budget table accordingly.

WB 10/29:

The detailed M&E budget breakdown (as per the M&E plan) has been included in the detailed project budget table.

WB 10/26:

This information is included in the Monitoring and Evaluation Plan, submitted as part of the CEO Package. The M&E budget table can be found in page 5-6 of the document.

We have re-uploaded the overall project budget in Annex A of the portal and confirmed that the upload was successful.

Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

10.28.2021:

Cleared. Reference to the PAD are made. Earlier comment(s) are appropriately

addressed.

10.06.2021:

The content does not seem to be fed into Portal. If it is articulated in the attached document(s), please directly feed these into relevant section of the Portal, or clearly indicate in the relevant section of the Portal, in what para and sections of which documents, these information can be found.

Agency Response

WB 10/26:

For a description of the project's benefits, please see para 38 of the PAD, as well as the economic analysis in Annex 4 of the PAD.

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

Please refer to comment on M&E.

Agency Response

11/8:

This has been addressed.

10/26:

We have re-uploaded the overall project budget in Annex A of the portal and confirmed that the upload was successful.

Project Results Framework

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

Agency Response
Council comments

Secretariat Comment at CEO Endorsement Request

Agency Response
STAP comments

Secretariat Comment at CEO Endorsement Request

Agency Response
Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request

Agency Response
Other Agencies comments

Secretariat Comment at CEO Endorsement Request

Agency Response
CSOs comments

Secretariat Comment at CEO Endorsement Request

Agency Response
Status of PPG utilization

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response
Project maps and coordinates

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat Comment at CEO Endorsement Request
Agency Response

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)

Secretariat Comment at CEO Endorsement Request

Agency Response

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is CEO endorsement recommended? (applies only to projects and child projects)

Secretariat Comment at CEO Endorsement Request

11/09

This CEOER is recommended for technical clearance.

11/05

Not yet. Please refer to the review items and resubmit for consideration (please highlight the update).

10.27

The PAD document attached is not correct. Also, the budget table is inserted in wrong section (in NGI). Please highlight the update.

10.06

Not yet. Please refer to the review items and resubmit for consideration (please highlight the update).

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	10/6/2021	
Additional Review (as necessary)	10/27/2021	
Additional Review (as necessary)	10/28/2021	
Additional Review (as necessary)	10/29/2021	
Additional Review (as necessary)	11/5/2021	

CEO Recommendation

Brief reasoning for CEO Recommendations