

CSO Comments on FP083 World Bank Indonesia (BM21, October 2018)

Indonesia Geothermal Resource Risk Mitigation Project

This is a high risk intermediation project proposing the establishment of a Geothermal Resource Risk Mitigation Facility to support geothermal developers' resource confirmation drilling in Indonesia.

Environmental and social safeguards information was disclosed to civil society and potentially affected communities through the notification of active observers less than thirty days before Board consideration in clear violation of the GCF's own Information Disclosure and Environmental and Social policies which require 120 day prior disclosure. **For this reason, and because this project proposal does not provide sufficient assurance that sub-projects will consider environmental, social, Indigenous Peoples and gender concerns adequately, we would request Board members to not approve FP083 at this Board meeting.**

We are also particularly concerned about the following shortcomings of the proposal:

- Civil society groups believe that the proposal insufficiently pays attention to Indonesia's location on the "ring of fire", the volcanic belt where about 90 percents of all earthquakes occur and where many volcanic eruptions occur. Just weeks ago Indonesia experienced earthquake with tsunami in Lombok, Palu, and Dongala with devastating results – the tragic loss of many lives and livelihoods. Geothermal potential sites in Indonesia are not only located on the volcanoes, around 70% are in fragile forest ecosystems. In light of these, it is very surprising that the risk management framework for the proposal does not make any mention of the possibility of volcanic eruptions and the potential of geothermal drilling triggering earthquakes.
- The proposal suggests up to 20 individual geothermal projects might be supported. It mentions that two thirds of these projects will operated by private sector entities which will be selected upon further drilling exploration from a list of 45 potential sites, for many of which specific information is not available. Thus it is not clear where those 20 individual projects will be located and who might be affected. Communities who will potentially be affected by the projects and Indonesian CSOs including Indigenous Peoples should be consulted about the expected scope, potential locations and impacts of these projects. According to the information that is available to us, this has apparently not happened. It is not enough to refer to future site-specific consultations in the context of individual environmental and social impact assessments. Affected communities, CSOs and the wider public have a right to be informed about the cumulative effects and potential dangers of the proposal upfront.
- We have serious concerns about the technical capacity of PT SMI as the sole executing entity of the project to manage the potential 20 Cat. A high risk sub-projects in compliance with the GCF's environmental and social safeguards, gender and Indigenous Peoples' policies. These Cat. A high risk sub-projects could trigger involuntary resettlement and affect indigenous peoples directly. In this context it is alarming that reference in the proposal is made to PT SMI having to comply with World Bank standards for Indigenous Peoples for "free prior and informed **consultation** as "materially equivalent" to the GCF's, which is higher and requiring free prior and informed **consent**.

- While the proposal provides a gender assessment and action plan, it is too general and lacking in deep insights as to the situation of women in Indonesia overall. Furthermore it fails to do an analysis of gender concerns in the geothermal sector. There is no evidence of geothermal energy projects being a successful enterprise model in support of women and their livelihoods and there is no elaboration for gender provisions for occupational/exposure hazards either. Throughout the document these projects have been touted as empowering women through increased access to electricity and jobs on site, but has said nothing about the issue of access and control to land and decision making around resources. It is also chilling to find an indicator in the proposed Gender Action Plan that reads: "Non-zero number of female engineers and project managers hired for sub-projects (baseline: 0). A gender action plan has to provide for real integration efforts not tokenism. Likewise, the proposal does not have any reference to indigenous peoples where as the Government of Indonesia recognises 1,128 ethnic groups with population of between 50 and 70 million peoples. The proposal neither has any plan on how the Project undertakes Free, Prior and Informed Consent of Indigenous Peoples as stipulated in GCF Indigenous Peoples Policy.
- We are also concerned about the overall accountability of the World Bank as project sponsor. With the project duration listed as 10 years, the World Bank has no obligation as currently proposed to report on sub-project implementation after 10 years. Even if all GCF-financed projects are to be committed to by year 4 to allow for implementation within the 10-year life time of the facility, the IMPACTS of the facility, including regarding ESS and community are much longer. So it is unclear who then would take responsibility beyond year 10.
- Likewise we feel the classification of the proposal as public is misguided in light of the fact that that majority of funding support would go to the private sector in the form of repayable grants.
- Lastly, we echo the concerns expressed by the ITAP regarding possible double-counting of the mitigation benefits as emissions reductions could be claimed both during the de-risking phase of the projects and later on by the developers of geothermal plants, undercutting the mitigation claim made in the proposal.

Specific Concerns elaborated by Indonesian Civil Society Groups:

1. GCF finance should not go for projects on ecosystem fragile sites, the ring of fire.

All documents related to the FP 083 do not consider one key issue of the geothermal complex in Indonesia, which is the geothermal site and the tectonic plates boundary movements.

Indonesia composes of more than 17,000 small and big islands and locates at the *'ring of fire'*, a volcanic belt where many earthquakes and volcanic eruptions occur. The volcanoes in Indonesia are among the most active of the Pacific Ring of Fire. They are formed due to subduction zones of three main active tectonic plates namely the Eurasian Plate, Pacific Plate, and Indo-Australian Plate. The most active volcanoes are Kelud and Mount Merapi on Java island, which have been responsible for thousands of deaths in the region. Since AD 1000, Kelud has erupted more than 30 times, while Merapi has erupted more than 80 times. Another active volcanoes are Sinabung in Sumatra, which erupted since 2013 until now, Gunung Agung in Bali, Gunung Slamet in Java, and so forth.

About 90 percent of all earthquakes occur along the Ring of Fire, which is dotted with 75 percent of all the active volcanoes on earth. Just weeks ago Indonesia experienced earthquake with tsunami in

Lombok, Palu, and Dongala with devastating impacts to the peoples -death, loss of place for living and livelihoods.

2. The World Bank proposal does not give any description of the fragile ecosystem of the geothermal reserves/spots and the vulnerability to volcano's eruption and well as volcano induced earthquakes.

Geothermal potentials in Indonesia are on the volcanoes and around 70% in the forest area. The information in Figure 3: Designated Geothermal Work Areas by Ministry of Energy and Mineral Resources on page 10 of the proposal, does not provide the important information: those listed work areas are on or surrounded by volcanoes.

3. There is no assurance given that the proposed project that will finance the exploration/drillings activities of geothermal potentials, will not induce earthquakes.

The proposal states to trigger 20 individual projects and gives a list on page 53 of the proposal: Annex 1: List of Potential Pipeline Projects, listed 45 potential projects that will be supported by GCF through this project. Mostly of those project sites are on volcanos, even volcanos on small islands. Precise locations of those 20 individual projects for support by the GCF are not disclose yet.

4. The World Bank has to disclose the location of those 20 projects and submits EIAs of each individual project for consideration.

The proposal do not provide detailed information of individual sub-project, its environmental and social assessment and well as gender assessment and action plan. Since this is a high risk project in a fragile ecosystem of volcanoes and earthquake, each individual project has to submit the EIA for approval, not as a package approval, before consideration by the GCF Board.

5. The Gender Action Plan is too general and does not asses impacts to women from this environmentally high risk project

GAP considerations at this point cannot be evaluated in the absence of detailed project site breakup and existing socio-cultural context in those sites. There are no evidences of geothermal energy projects being a successful enterprise model for women and their livelihoods. There's no redressal mechanism under WB's gender strategy and does not account for risks and hazards that can result from such high-risk projects. There has been no information provided with regards to any domestic Indonesian disaster relief/management plans or mechanisms for addressing power plant breakdowns or gender provisions for occupational/exposure hazards either.

Throughout the documents this projects has been baited as something that will empower women through increased access to electricity and jobs on site - but nothing on what this means to their access to lands and decision making around resources.

6. No information to and consultation with communities from the potential project sites

There is no information that the Indonesian NDA to GCF did any public consultation on this project. Since the project sites are not determined yet, there is no information disclosure to them and also consultation was conducted.