

Due Diligence Report

Project Number: 39071-013

August 2020

Indonesia: Metropolitan Sanitation Management and Health Project Yogyakarta and Medan Subprojects

Prepared by Directorate General of Human Settlement, Ministry of Public Works and Housing for the Republic of Indonesia and the Asian Development Bank.

CURRENCY EQUIVALENTS

(as of 8 August 2020)

Currency unit	–	rupiah (Rp)
Rp1.00	=	\$0,0000676773
\$1.00	=	Rp 14,776

ABBREVIATIONS

ADB	–	Asian Development Bank
AMDAL	–	<i>Analisis Mengenai Dampak Lingkungan</i> (EIA/SIA)
AP	–	Affected persons
CMO	–	Commitment Making Officer (<i>Pejabat Pembuat Komitmen/PPK</i>)
DGHS	–	Directorate General of Human Settlements (<i>Direktorat Jenderal Cipta Karya</i>)
DIY	–	<i>Daerah Istimewa Yogyakarta</i> (Special Province of Yogyakarta)
EIA/SIA	–	Environmental and Social Impact Assessment
GRM	–	Grievance Redress Mechanism
Kartamantul	–	Kota Yogyakarta, Kabupaten Sleman and Kabupaten Bantul
MSMHP	–	Metropolitan Sanitation Management and Health Project
MPWH	–	Ministry of Public Works and Housing (<i>Kementerian Pekerjaan Umum dan Perumahan Rakyat</i>)
PAM	–	Project Administration Manual
PDAM	–	<i>Perusahaan Daerah Air Minum</i> (Local Government's Water Supply Company)
PISC	–	Project Implementation Support Consultant
PMCS	–	Project Management and Construction Supervision
PPK	–	<i>Pejabat Pembuat Komitmen</i> (CMO/Commitment Making Officer)
Puskesmas	–	<i>Pusat Kesehatan Masyarakat</i> (Community Health Centre)
RF	–	Resettlement Framework
RP	–	Resettlement Plan
Satker	–	<i>Satuan Kerja</i> /Working Unit
WWTP	–	Wastewater Treatment Plant (IPAL/ <i>Instalasi Pengolahan Air Limbah</i>)

NOTE{S}

- (i) In this report, "\$" refers to United States dollars.

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EXECUTIVE SUMMARY

1. **Project Description.** MSMHP provides improved urban wastewater services in two major cities in Indonesia: Medan City (in North Sumatera Province) and Yogyakarta City (in Special Province of Yogyakarta). The Project responds to the needs of urban communities, including low-income households, by optimizing existing assets, expanding coverage, improving governance and building local institutional capacity for community-based and government-owned wastewater service providers and the regional governments.

2. **Due Diligence Objective.** According to *MSMHP Resettlement Framework* (RF, May 2009), MSMHP requires external monitoring and evaluation. The RF also states 15 project principles that have to be complied with in the project implementation. This due diligence is conducted to show that the implementation of this project has been complied with the project principles and only incurs minor resettlement impacts because of the project, therefore external monitoring and evaluation is proposed to not be implemented. Following ADB SPS 2009, external monitoring is required for the project with category A for involuntary resettlement.

3. **Resettlement Impact.** The due diligence to the two sub-projects found minor impacts due to the construction of sewer pipelines network in Yogyakarta sub-project and construction of pumping stations and sewer pipelines for Medan sub-project. The sewerage system expansion network in Yogyakarta did not require acquisition of land because all sewer pipeline were constructed within the government road rights of way, and therefore, these did not cause lost land and physical displacement of the affected persons (APs). However, temporary impacts during construction were identified and the contractors have taken efforts to avoid and minimize the impacts.

4. Medan sub-project is included since the project processing, yet the sub-project required a redesign due to unstable land in the proposed project location. The detailed engineering design was completed in 2017. The due diligence for Medan sub-project conducted in June-October 2019 identified that land for two pumping stations have been available and these lands were acquired by the local government in 2016. No any outstanding issues and complaints raised by people for the land acquisition. However, there are 4 affected households (7 affected persons) using the acquired land were affected by the project. The impacts were minor and none severely APs identified. All the APs have received compensation and no complaints raised by these APs on the compensation and project activities. Impacts during construction are minor. To avoid and minimize the impacts, the construction are carried out in stage and road segment of about 25 m length at one time and it takes about 1-2 days. To date, 10 shop owners who got temporarily disturbed by the civil works have received adequate compensations from the contractor in the form of leasing fee for their front yards to cover loss of business income for 60 to 90 days due to the civil works; 8 houses near Sidorukun pump station site in Medan were damaged because of the civil works (7 units have been completely repaired, while 1 other is still on progress of repairment by the contractor; all based on written agreement with the house owners).

5. **Grievance Redress Mechanism.** Any grievances raised by people, including those related to resettlement safeguard, have been properly addressed through the grievance redress mechanism

(GRM) set up for the project. All complaints received are related to temporary impact from the construction works.

6. **Internal Monitoring.** Internal monitoring process has been conducted by PIU and the reports have been submitted to ADB. *Semi-Annual Resettlement and Social Safeguard Monitoring Reports* have been submitted to ADB since November 2019 for Medan sub-projects. Safeguards have also been included in the project progress report. In addition, social safeguard is also included in the quarterly project progress reports.

7. **Compliance of Resettlement Principles.** The implementation of MSMHP has been complied with involuntary resettlement principles set forth in the RF. Some minor impacts occurred, but all of them has been addressed properly, recorded and reported. There was no land acquisition in Yogyakarta and the impacts were limited to temporary impacts during construction. Lands owned by 2 APs in Medan have been acquired when the DED completed and project proceeded with construction. It's only 4 AHs use the acquired land lost their non-land assets and 18 AHs were temporarily affected during construction. None severely AHs are identified for Medan and Yogyakarta sub-project.

8. **Conclusion and Recommendation.** Resettlement impacts of the project is not significant. The implementation of MSMHP has been complied with the project principles set in RF and internal semi-annual monitoring reports have been submitted periodically to ADB. Therefore, it is suggested that external monitoring is no longer required for this project.

I. Project Description and Due Diligence Objective

9. The Metropolitan Sanitation Management and Health Project (MSMHP), a \$35 million loan, was approved on 19 July 2010. The loan agreement was signed on 21 September 2010 and the loan was declared effective on 22 November 2010. The original loan closing date was 30 June 2015. To accommodate completion of the works in the two project cities (Medan and Yogyakarta), the loan closing date was extended three times with a cumulative extension of 66 months to 31 December 2020.

10. MSMHP provides improved urban wastewater services in two major cities in Indonesia: Medan City (in North Sumatera Province) and Yogyakarta City (in Special Province of Yogyakarta)¹. The Project will respond to the needs of urban communities, including low-income households, by optimizing existing assets, expanding coverage, improving governance and building local institutional capacity for community-based and government-owned wastewater service providers and the regional governments.

11. **Impact and Outcome.** The expected impact of the project is reduced environmental pollution of surface water and shallow groundwater in the participating cities of Medan and Yogyakarta. Reduced environmental pollution will benefit public health and improve life quality of the population in these cities. The expected outcome of the Project is increased access to improved wastewater services in the participating cities of Medan and Yogyakarta.

12. **Outputs.** The Project will provide three outputs: (i) community mobilization for improved health and hygiene (community-based sanitation); (ii) infrastructure development for sewerage (large scale civil works); (iii) project implementation, institutional development and capacity building support. Under the second output, involuntary resettlement was triggered.

13. **Due Diligence Objective.** *Resettlement Framework* (RF) was prepared for the project and approved by ADB in May 2009. The RF requires external monitoring and evaluation. The RF also states 15 resettlement principles should be applied in the sub-project resettlement preparation and implementation. This due diligence is conducted to show that the implementation of MSMHP has minor impacts and that all resettlement principles have been complied, and therefore external monitoring and evaluation required in the RF is proposed to be cancelled.

14. **Method of Due Diligence.** Considering the Covid-19 pandemic, the due diligence for proposing cancellation of external monitoring requirement as set forth in the project RF was conducted in May-June 2020 through reviewing project documents and social safeguards plans (Yogyakarta and Medan), due diligence report for Medan, and social monitoring reports. The review of social safeguards monitoring reports for Yogyakarta is limited because construction works in Yogyakarta was started in November 2012 and completed in July 2014.

¹ Yogyakarta includes the agglomeration of Yogyakarta City, Sleman Regency and Bantul Regency (Kartamantul).

II. Resettlement Framework in MSMHP

15. **Resettlement Principles.** According to MSMHP Resettlement Framework, there are 15 project resettlement principles that should be applied for the two sub-projects of MSMHP. They are as follows:

- a. Acquisition of land and other assets, and resettlement of people will be avoided or minimized as much as possible by identifying possible alternative project designs and appropriate social, economic, operation and engineering solutions that have the least impact on populations in the project area.
- b. No land acquisition or site clearing will be done for the right-of-way (ROW) or public land of a subproject or component of the Project until and after the RP has been approved both by the Directorate General of Human Settlements and ADB, and until and after all entitlements due to the APs as provided for under the approved RP have been given.
- c. Affected people residing, working, doing business and/or cultivating land within the project impacted areas as of the date of the latest census and detailed measurement survey, irrespective of tenure status, are entitled to compensation and/or assistance sufficient to improve or at least maintain their pre-project living standards, income earning capacity and production levels.
- d. If the project communities or individuals decide to make voluntary contribution of the affected land for the project activities, this shall be acceptable only if the following safeguards are met: (i) ensuring that land donations do not severely affect to the living standards of affected people, and are linked directly to benefits for the affected people; (ii) any voluntary "land donation" will be confirmed through verbal and written record and verified by an independent third party such as a designated non- government organization; (iii) Full consultations with the land owners and any non-titled affected people on site selection; and (iv) no affected people (AP) categorized as poor household are allowed to donate their land or other economic assets for the project activity.
- e. Lack of legal rights to the assets lost or adversely affected tenure status and social or economic status will not bar the AP from entitlements to such compensation, assistance and rehabilitation measures.
- f. APs will be fully consulted and given the opportunity to participate in matters that will have adverse impacts on their lives during the design, RP preparation and implementation.
- g. Temporarily affected land and communal/public infrastructure will be restored to pre-project conditions.
- h. Shop owners and operators will be allowed to construct a replacement of their stalls before demolishing the existing ones in order to minimize, if not avoid, income loss arising from the disruption of business operation.
- i. There shall be effective mechanisms for hearing and resolving grievances during implementation of the land acquisition and resettlement plans.

- j. Existing cultural and religious practices shall be respected and, to the maximum extent possible, preserved.
- k. Special measures will be incorporated in the RPs and in complementary mitigation and enhancement activities to protect socially and economically vulnerable groups at high risk of impoverishment, such as indigenous peoples, women-headed families, disabled-headed households, landless households, children and elderly people without support structures, and people living in poverty. Appropriate assistance will be provided to help them improve their socio-economic status.
- l. Adequate resources will be identified and committed during land acquisition and resettlement planning. This includes adequate budgetary support fully committed and made available to cover the costs of land acquisition, compensation, resettlement and rehabilitation within the agreed implementation period for the Project; and, adequate human resources for supervision, liaison and monitoring of land acquisition, resettlement and rehabilitation activities.
- m. Appropriate reporting, monitoring and evaluation mechanisms will be identified and set in place as part of the resettlement management system.
- n. The RPs or their summaries will be translated into Bahasa Indonesia and, where necessary, other local languages and placed in the village offices for the reference of APs as well as other interested groups.
- o. The EA will not issue notice to proceed for any civil works contract for any given geographic location, subproject, component, sub-component or zone unless the Government has satisfactorily completed, for that given location, subproject, component or zone, payment of compensation for affected assets and any relocation to new sites, in accordance with the approved RP for that geographic location, subproject, component, subcomponent or zone. Livelihood restoration measures must also be in place but not necessarily completed, as these may be ongoing activities.

16. Those 15 project principles were not mentioned explicitly in *Resettlement Plan* (RP) documents (November 2012), both for Yogyakarta and Medan, but basically all principles have been covered by the content of the RPs.

17. **Requirement of External Monitoring.** Other than the 15 project principles, the *Resettlement Framework* also mentions on para 41 that, “An external monitoring and evaluation group will be mobilized one month prior to commencement of DMS activities”. According to the RF, the main objective of external monitoring is to provide an independent periodic review and assessment of (i) achievement of resettlement objectives; (ii) changes in income, living standards and livelihoods; (iii) restoration and/or improvement of the economic and social base of the affected people; (iv) effectiveness and sustainability of entitlements; and (v) the need for further mitigation measures.

III. Resettlement Impact and Mitigation Measures

3.1 Yogyakarta Sub-Project

18. Resettlement impacts from project implementation in Yogyakarta and the mitigation measures have been included in *MSMHP Yogyakarta Resettlement Plan (RP)*, which has been submitted and approved by ADB on November 2012.

19. Resettlement impacts from MSMHP implementation in Yogyakarta and the mitigation measures were as follows.

- a. No acquisition of land and permanent assets was required for Yogyakarta sub-project. All new sewer pipelines were constructed along the government roads and within the rights of way.
- b. Approximately 483 vendors, 846 temporary shops and 1,397 permanent shops were identified to be affected temporarily due to the construction of the pipeline networks along the roads. However, to ensure a smooth project implementation, intensive socialization was conducted and the contractor used best construction work approach to avoid and minimize the impacts.
- c. During construction, the affected businesses were entitled to compensation for loss of business incomes for the days of loss. The contractors took all necessary precautions to avoid or minimize losses to the APs. For example: in pipelines installation, the contractor used jacking system to minimize open trench that might affect local traffic and other public activities; the contractor also installed the pipes in segments, where the open trench in each segment was directly closed in not more than 2 days. Unfortunately, it's difficult to trace the monitoring reports showing the real data on the temporary impacts during project implementation. There was no complaint related to loss of income due to construction.
- d. The total budget for implementing the Resettlement Plan included the cost for training workshop for PR personnel, public consultation meetings, PR activities and internal monitoring. The budget to address temporary impacts occurred from the construction was taken from the contractor overhead cost and contractor's insurance. There were no records of complaints and compensation regarding loss of income due to construction in Yogyakarta.

3.2 Medan Sub-Project

20. Resettlement impacts from project implementation in Medan and the mitigation measures were included in *MSMHP Medan Resettlement Plan (RP)*, which was submitted to ADB in November 2012. However, the construction works in Medan was delayed and had to be redesigned due to unstable land on the proposed location. The redesign was completed in 2017, while the local government have proceeded with land acquisition for 2 pump stations. Therefore, the 2012 LARP was no longer valid and a due diligence to trace the land acquisition and identify any impacts on the acquired land was conducted in June-September 2019. The due diligence report was submitted and approved by ADB in October 2019.

21. The land acquisition and resettlement impacts for Medan subproject are as follows.

- a. Land acquisition for Cemara WWTP was conducted officially and formally in 1984 (before the project) between PTP II (seller) and PDAM Tirtanadi (buyer). There is not any record of complaint from any party regarding this land acquisition. There was no acquisition of any assets (e.g. land, structure, vegetation) that belong to community members/other party than PTP II.
- b. Acquisition of 1,875 m² and 420 m² of lands owned by 2 affected households for the two pump stations (on Sidorukun Street and Masjid Taufik Street) was conducted in 2016. They were direct purchasing by Provincial Government of North Sumatera, using local government's fund (APBD). The price used were based on market value and assessment by authorized assessor. There was a small coffee stall in Masjid Taufik site. The stall owner didn't pay any rent to the land owner but he promised to the land owner to move the stall whenever the land is sold to other party. Therefore, when the local government purchased the land in 2016, the stall owner moved the stall within the same street with his own cost and did not asked for any compensation. The stall owner still conducts coffee business on the new location and his income does not change because the new spot is as strategic as the previous spot.
- c. There were private vegetation and a small hut on Sidorukun site on the acquired land. Land clearing from the vegetation (belong to 3 households) and dismantling of the hut (belong to 1 household) in Sidorukun site were all conducted based on mutual agreement between the contractor and the owners. The contractor has given proper compensation for each affected person, based on market value. The vegetation was planted for self-use only, not for business purpose. All the planters have their own incomes, which are higher than local minimum wage in Medan City. Therefore, their incomes are not affected by this project. The small hut owner still conducted trading in his cart while dismantling the hut and he still conducts trading after the hut has been dismantled because the hut was only used as kitchen. While the hut was being dismantled and after it has been dismantled, the owner cooks in his own house nearby and still conducts trading in the cart parked nearby. Therefore, this project does not degrade the welfare of the APs on Sidorukun site.
- d. The contractor leased front yard of a private house near Sidorukun site to bring heavy equipment into the site. The front yard was empty and wasn't used for any productive activities. The leasing fee was based on market value and the front yard has been restored back to its initial state after the leasing period expired. There is no complaint from the house owner regarding this issue.
- e. Potential temporary impacts for the construction of pipeline networks and the mitigation measures have been indicated in the 2012 LARP. However, contractor has taken all necessary precautions to avoid or minimize losses to the APs. For example: in pipelines installation, the contractor uses jacking system to minimize open trench that might affect local traffic and other public activities; the contractor also installs the pipes in segments, where the open trench in each segment is directly closed in not more than 2 days.
- f. Business owners are entitled to get compensation for their temporary lost business incomes based on the period of the losses. To date, 10 shop owners were temporarily disturbed by the pipeline installation. They have received adequate compensations amounting between RP

2,600,000 to Rp 4,500,000 from the contractor in the form of leasing fee for their front yards to cover loss of business income for 60 to 90 days due to the civil works. The payment has been acceptable to the affected persons and no complaint from the shop owners regarding this compensation. Detail information regarding this issue can be found in Appendix 1.

- g. There were 8 houses near Sidorukun pump station site that were damaged because of the civil works in the site. The contractor has made written agreement with the owners to restore all the houses back to its initial state. To date, 7 units have been completely repaired, while 1 other is still on progress of repairment by the contractor. The owners of the 7 units have signed written statement that they have accepted the repairment results. None of affected persons was severely affected by the sub-project (construction of pump stations and pipeline networks).
- h. All expenses for temporary impacts are covered by contractor's overhead cost, except those to repair the damaged houses, which were covered by insurance.

IV. Grievance Redress Mechanism

22. Grievance redress mechanism (GRM) regarding this project has been set up and attached to the GRM of the local government. There was no record of complaints from Yogyakarta. There were 63 complaints raised by local people received by the contractor in Medan. The complaints are related to the temporary impacts due to the construction of pipeline networks and they are all insignificant, such small crack on the gate wall, temporary slippery road, small holes on the road or temporary dusty road.

V. Internal Monitoring

23. Internal monitoring in MSMHP has been conducted throughout the implementation of this project, involving various stakeholders: ADB, Ministry of Public Works and Housing (MPWH), Satker at provincial level, local governments and supervision consultant. Monitoring reports have been submitted periodically by PIU (MPWH) to ADB. For Yogyakarta sub-project, monitoring result was included in each quarterly report. For Medan sub-project, monitoring result was included in *2018 Annual Monitoring Report* (submitted in November 2019), and first *2019 Semi-Annual Monitoring Report* (January-June 2019 period) was submitted to ADB in November 2019 and the second *2019 Semi-Annual Monitoring Report* (July-December 2019 period) was submitted in January 2020. The first 2020 Semi-Annual Monitoring Report was being finalized following ADB's review.

24. The scope of monitoring report includes unresolved issues from previous monitoring period; social safeguard and resettlement performance monitoring; public consultations, information disclosure and capacity building; grievance redress mechanism; temporary impacts during construction works; and compliance with this project's resettlement framework.

25. Internal monitoring result shows that implementation of MSMHP has been complied with the project principles set in the Resettlement Framework (RF). The compliance can also be seen in the following chapter.

VI. Compliance with Project Principles in Resettlement Framework

Table 1 Compliance with Project Principles

Project's Principles (As Described in RF)	Compliance
<p>1.Acquisition of land and other assets, and resettlement of people will be avoided or minimized as much as possible by identifying possible alternative project designs and appropriate social, economic, operation and engineering solutions that have the least impact on populations in the project area.</p>	<p><u>Yogyakarta:</u> Full compliance. Acquisition of land and any other private assets was avoided because all project components were developed on lands that were already owned by the Government. The contractor took the best method possible to minimize temporary impact during pipelines installation.</p> <p><u>Medan:</u> Full compliance. Land acquisition for 2 pump stations was unavoidable, but there is no complaint from the land owner regarding this acquisition. Assets acquisitions on Sidorukun pump station site was unavoidable, but acquisition process has been conducted according to project's principles. The contractor has taken the best method possible to minimize temporary impact during pipeline installation.</p>
<p>2. No land acquisition or site clearing will be done for the right-of-way (ROW) or public land of a subproject or component of the Project until and after the RP has been approved both by the Directorate General of Human Settlements and ADB, and until and after all entitlements due to the APs as provided for under the approved RP have been given.</p>	<p><u>Yogyakarta:</u> Full compliance. Resettlement Plan (RP) was submitted to ADB on November 2012 (before site clearing was conducted on December 2012).</p> <p><u>Medan:</u> Full compliance. Resettlement Plan (RP) was submitted to ADB on November 2012. Compensation for land acquisition for pump stations has been paid (2016) before site clearing (2019). DDR has been composed on November 2019 as an update for the 2012 RP. This DDR is newer update for the 2019 Medan DDR.</p>
<p>3.Affected people residing, working, doing business and/or cultivating land within the project impacted areas as of the date of the latest census and detailed measurement survey, irrespective of tenure status, are entitled to compensation and/or assistance sufficient to improve or at least maintain their pre-project living standards, income earning capacity and production levels.</p>	<p><u>Yogyakarta:</u> Full compliance. Before the construction activities took place, census of potential APs has been conducted and the result has been included in <i>MSMHP DIY Resettlement Plan</i>. However, contractors took all necessary precautions to avoid or minimize losses to the APs. Therefore, all affected people still maintained their pre-project living standards.</p> <p><u>Medan:</u> Full compliance. Affected people have received proper compensation, based on market value and mutual agreement, irrespective to tenure status. All APs maintain their pre-project living standards.</p>

Project's Principles (As Described in RF)	Compliance
<p>4.If the project communities or individuals decide to make voluntary contribution of the affected land for the project activities, this shall be acceptable only if the following safeguards are met: (i) ensuring that land donations do not severely affect to the living standards of affected people, and are linked directly to benefits for the affected people; (ii) any voluntary "land donation" will be confirmed through verbal and written record and verified by an independent third party such as a designated non- government organization; (iii) Full consultations with the land owners and any non-titled affected people on site selection; and (iv) no affected people (AP) categorized as poor household are allowed to donate their land or other economic assets for the project activity.</p>	<p><u>Yogyakarta and Medan:</u> Full compliance. There was no land donation in this project.</p>
<p>5. Lack of legal rights to the assets lost or adversely affected tenure status and social or economic status will not bar the AP from entitlements to such compensation, assistance and rehabilitation measures.</p>	<p><u>Yogyakarta:</u> Full compliance. In the pre-construction census, all potential APs – in spite of the legal rights of assets – were counted and included in the <i>MSMHP DIY Resettlement Plan</i>. In the socialization events, local people have been informed of their rights to receive proper compensation if their income generating activities got affected by the project.</p> <p><u>Medan:</u> Full compliance. APs have received proper compensation, regardless of legal status of the lost assets.</p>
<p>6.Aps will be fully consulted and given the opportunity to participate in matters that will have adverse impacts on their lives during the design, RP preparation and implementation.</p>	<p><u>Yogyakarta:</u> Full compliance. All affected people were consulted and well informed regarding their rights for compensation. Detail information regarding public consultations have been reported in Yogyakarta RP (November 2012).</p> <p><u>Medan:</u> Full compliance. All affected people have been consulted and actively involved in negotiation process to reach agreement regarding compensation value. Detail information regarding public consultations have been</p>

Project's Principles (As Described in RF)	Compliance
	reported in Mean RP (November 2012), Medan DDR (November 2019) and each Semi-Annual Monitoring Reports (2020).
7. Temporarily affected land and communal/public infrastructure will be restored to pre-project conditions	<p><u>Yogyakarta:</u> Full compliance. All damaged roads have been restored back to its initial state. Each section of the road was restored after the civil works were finished on each section.</p> <p><u>Medan:</u> Full compliance. To date, most of the damaged roads and sidewalks have been restored back to its initial state. Damaged clean water pipelines (belong to PDAM) also have been repaired by the contractor.</p>
8. Shop owners and operators will be allowed to construct a replacement of their stalls before demolishing the existing ones in order to minimize, if not avoid, income loss arising from the disruption of business operation.	<p><u>Yogyakarta:</u> Full compliance. There was no demolition or acquisition of any shop in the MSMHP implementation in Yogyakarta.</p> <p><u>Medan:</u> Full compliance. Coffee shop owner in Masjid Taufik Street have prepared his new stall before the old one being demolished. Small hut owner in Sidorukun pump station site still conducts trading in a cart parked nearby while dismantling the hut and after the hut has been dismantled.</p>
9. There shall be effective mechanisms for hearing and resolving grievances during implementation of the land acquisition and resettlement plans.	<p><u>Yogyakarta and Medan:</u> Full compliance. Grievance redress mechanism has been set up and well-functioning.</p>
10. Existing cultural and religious practices shall be respected and, to the maximum extent possible, preserved.	<p><u>Yogyakarta and Medan:</u> Full compliance. There was no disturbance from this project to any cultural and religious practices.</p>
11. Special measures will be incorporated in the RPs and in complementary mitigation and enhancement activities to protect socially and economically vulnerable groups at high risk of impoverishment, such as indigenous peoples, women-headed families, disabled-headed households, landless households, children and elderly people without support structures, and people living in poverty. Appropriate assistance will	<p><u>Yogyakarta and Medan:</u> Full compliance. There were no vulnerable person/people/groups identified in this project.</p>

Project's Principles (As Described in RF)	Compliance
be provided to help them improve their socio-economic status.	
<p>12. Adequate resources will be identified and committed during land acquisition and resettlement planning. This includes adequate budgetary support fully committed and made available to cover the costs of land acquisition, compensation, resettlement and rehabilitation within the agreed implementation period for the Project; and, adequate human resources for supervision, liaison and monitoring of land acquisition, resettlement and rehabilitation activities.</p>	<p><u>Yogyakarta:</u> Full compliance. There was no land acquisition in Yogyakarta. There was not any single person/household being physically displaced from their housing by this project. In the case if any temporary impact occurred from the civil works, the contractor covered the expenditure from the contractor's overhead cost and insurance. Social safeguard and resettlement issues were monitored by Satker PSPLP of DIY and by <i>Social Safeguard and Resettlement Specialist</i> mobilized by the Consultant.</p> <p><u>Medan:</u> Full compliance. All costs related to compensation and rehabilitation comes from the contractor's overhead cost budget. In the case of damaged houses near Sidorukun site, the cost of repairment are claimed to insurance company. Social safeguard and resettlement issues have been monitored by Satker PSPLP of North Sumatera and by <i>Social Safeguard and Resettlement Specialist</i> mobilized by Supervision Consultant.</p>
<p>13. Appropriate reporting, monitoring and evaluation mechanisms will be identified and set in place as part of the resettlement management system.</p>	<p><u>Yogyakarta and Medan:</u> Full compliance. Reporting, monitoring and evaluation mechanism was applied involving the contractor, supervision consultant, Satker PSPLP, CPMU and ADB. Internal monitoring results were included in Yogyakarta Quarterly Reports, while the ones from Medan have been included in 2018 Annual Monitoring Report and Semi-Annual Monitoring Reports since January-June 2019 period.</p>
<p>14. The RPs or their summaries will be translated into Bahasa Indonesia and, where necessary, other local languages and placed in the village offices for the reference of APs as well as other interested groups.</p>	<p><u>Yogyakarta:</u> Full compliance. Indonesian version of RP was available in contractor's site office and village office, and could be accessed by any interested groups.</p> <p><u>Medan:</u> Full compliance. RP for Medan (2012) is no longer valid. Therefore, Indonesian version of DDR and monitoring report are available in contractor's site office and village office, and can be accessed by any interested groups.</p>

Project's Principles (As Described in RF)	Compliance
<p>15. The EA will not issue notice to proceed for any civil works contract for any given geographic location, subproject, component, sub-component or zone unless the Government has satisfactorily completed, for that given location, subproject, component or zone, payment of compensation for affected assets and any relocation to new sites, in accordance with the approved RP for that geographic location, subproject, component, subcomponent or zone. Livelihood restoration measures must also be in place but not necessarily completed, as these may be ongoing activities.</p>	<p><u>Yogyakarta:</u> Full compliance. There was no acquisition of land or any other private assets in the MSMHP implementation in Yogyakarta. There was not any single person/household being displaced from their housing by this project. All potential APs were well informed of their rights if there were any loss of income due to the implementation of this project. However, there was no record of claims or complaints regarding any loss of any APs.</p> <p><u>Medan:</u> Full compliance. Acquisition of 2 lands for pump stations have been completed and fully paid before contract for civil works was signed. Acquisition of non-land assets in Sidorukun site was conducted after contract for civil works was signed, but the issue has been handled in accordance to project principles.</p>

VII. Conclusions and Recommendations

7.1 Conclusions

26. Due diligence conducted has shown that: acquisition of land was conducted for the pump stations in Medan and it was conducted in line with the project resettlement principles. The impact is not significant for the 2 land owners and a land user. A total of 6 households (user of the acquired land) were affected by the land clearing for 2 pump stations in Medan and the impacts were not significant. Compensation has been provided to the APs for land acquisition and land clearing and acceptable to the APs. No land acquisition for Yogyakarta.

27. Construction of the pipeline networks was conducted along the government roads and within the road right of way both for Yogyakarta and Medan. The contractors have used the construction methods that can minimize disturbance to public activities and lost economic impacts and damaged structures. A total of 63 AHs experienced insignificant temporary impacts due to the construction of pipeline networks in Medan. They did not ask for compensation in cash, but they asked contractor to repair the impacts and the contractor has done the repairs. 10 affected households who lost business income have been compensated, 7 damaged structures have been repaired by the contractor, while 1 damaged structure is being repaired.

28. GRM has been set up and functioning; all complaints related to temporary impacts from the civil works have been resolved; internal monitoring has been conducted and reported periodically to ADB. There is no complaint regarding the land acquisitions raised by the APs.

29. From the findings mentioned above, the due diligence concludes that the project resettlement impacts are not significant and in the range of category B for resettlement impact. Following ADB SPS 2009, the project is categorized B for involuntary resettlement, if fewer than 200 people are physically

displaced from housing or lose less than 10% of their productive (income-generating) assets. For project with category B, external monitoring and evaluation is not required. Resettlement implementation of the project has been complied with the project principles set in RF. Therefore, external monitoring is no longer required for this project and external monitoring set in the project RF should be cancelled.

7.2 Recommendations

30. Based on the conclusion above, we recommend to exclude requirement on external monitoring and evaluation as set forth in the *MSMHP Resettlement Framework* (RF). This exclusion needs to be mentioned in the updated project administrative manual.

Appendix 1

List of Shop Owners Affected by Construction Works in Medan

Below is the list of shop owners in Medan who got affected by the construction works. They got compensation from contractor in the form of leasing fee for the front yard to cover their temporary loss of income.

Note: the shop owners themselves were not able to specifically mention the exact amount of the lost income. Therefore, the amount of compensations ("leasing fee") were only based on rough estimation and mutual agreement.

No.	Name of Shop Owners	Leasing Period	Amount of Leasing Fee (Compensation)
1.	Prada	3 months	Rp 3,900,000 (tax excluded)
2.	Alloy Besta Limbong	3 months	Rp 4,500,000 (tax excluded)
3.	Nelvi Syahputri Tanjung	3 months	Rp 4,500,000 (tax excluded)
4.	Martini	3 months	Rp 3,900,000 (tax excluded)
5.	Novida Pohan	2 months	Rp 2,600,000 (tax excluded)
6.	Syahriana	3 months	Rp 3,900,000 (tax excluded)
7.	Osti Br Sibarani	2 months	Rp 2,600,000 (tax excluded)
8.	Drs. Alexius Purba	3 months	Rp 4,500,000 (tax excluded)
9.	Flora Evawaty Nainggolan	2 months	Rp 2,600,000 (tax excluded)
10.	Sandiman Put Joeng	3 months	Rp 3,000,000 (tax excluded)