



**MEDCOENERGI**  
Geothermal

# Geothermal Power Plant Project Ijen Bondowoso

Land Acquisition Framework

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## Signature Page

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## Land Acquisition Framework



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Kamonthip Ma-oon

Partner

ERM-Siam Co., Ltd.

179 Bangkok City Tower, 24th Floor, Room 2402, South Sathorn Road,

Thungmahamek, Sathorn, Bangkok 10120, Thailand

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## Acronyms and Abbreviations

Name	Description
AOI	Area of Influence
CHMP	Cultural Heritage Management Plan
COD	Commercial Operations Date
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
EN	English
EPC	Engineering, Procurement, Construction
ERM	ERM Company Limited
E&S	Environmental and Social
ESIA	Environmental and Social Impact Assessment
ESMO	Environmental and Social Management Officer
GIS	Geographic Information System
GM	Grievance Mechanism
GRM	Grievance Redress Mechanism
GW	Gigawatt
HH	Households
H&S	Health and Safety
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IP	Indigenous People
KII	Key Informant Interview
LRP	Livelihood Restoration Plan
MCG	Medco Cahaya Geothermal
MP	Management Plans
MW	Megawatt
NA	Not Applicable
NGO	Non-Governmental Organizations
NTFP	Non-Timber Forest Product
PA	Protected Areas
PHC	Population and Housing Census
PAH	Project Affected Households
PAP	Project Affected People
PDA	Project Development Agreement
PGRU	Project Grievance Redress Unit
PIC	Project Information Centre
PID	Project Information Document
PPA	Power Purchase Agreement
PS	Performance Standard

PSA	Project Social Area
ROW	Right of Way
RP	Resettlement Plan
SE	Stakeholder Engagement
SEP	Stakeholder Engagement Plan
SPS	Safeguard Policy Statement
TL	Transmission Line
TT	Transmission Towers
USD	United States Dollars
WHO	World Health Organization

## 1. INTRODUCTION

The Land Acquisition Framework (LAF) is one of several documents prepared by PT ERM Indonesia (ERM) for MEDCO CAHAYA GEOTHERMAL (“MCG”/ The Project) which is a subsidiary of Medco Power Indonesia. The project needs to develop an LAF that follows international standards as part of the project financing process for lenders.

Land acquisition for the Project is ongoing and two groups of Project Affected Persons (PAPs) have been distinguished for the purposes of this report:

- Transmission Tower (TT) PAPs, and
- Right of Way (ROW) PAPs.

Compensation has been provided to the TT PAPs in line with National Laws, therefore this LAF provides a gap analysis (**Table 2-1**) and assessment (**Section 7**) of International Standards to determine whether additional compensation is required based on International Finance Corporation (IFC) Performance Standard (PS)5, and to ensure that upcoming compensation for ROW PAPs abide by those standards.

The Livelihood Restoration Plan (LRP), to be read in conjunction with this report, provides an overview of livelihood impacts to the TT PAPs drawing on the socio-economic household survey (HS) results conducted on 31 identified Project Affected Households (PAHs). Given the ROW HS is currently underway, and to comply with the IFC PS5, the LRP should be used as a framework for the restoration of livelihoods for PAPs in the ROW (refer to **Section 1** of the LRP).

According to the current Project design and specifications (**Section 1**) and stakeholder engagement findings, there will be no physical displacement induced by the Project. **Section 2** focuses on the applicable standards relating to economic displacement and land acquisition. **Section 3** provides a high-level summary of the land acquisition process, including the type of land acquisition, land uses and economic displacement to occur as a result of the Project. The LAF elaborates on Stakeholder Engagement (**Section 4**), the Grievance Redress Mechanism (GRM) (**Section 5**), institutional arrangements (**Section 6**) and a gap assessment between the Project’s procedures and international standards (**Section 7**) around land acquisition.

This LAF is prepared to address the social and economic impacts on PAPs who will experience loss of land and other assets and/or facing loss of sources of livelihoods due to land acquisition for the development of the Project.

### 1.1 Project Background

ERM has been appointed to undertake an Environmental and Social Impact Assessment (ESIA) for a 34 MW (1 unit) geothermal project (“the Project”) located at Blawan Ijen, Bondowoso East Java by MCG, which is a subsidiary of Medco Power Indonesia. As part of the process to obtain the environmental approval, the Project is required to develop a LAF.

Further Project details are provided in **Table 1.1**.

**Table 1-1 Key Project Details**

Key Highlights	Description
Company	PT Medco Cahaya Geothermal
Project location	Bondowoso, Banyuwangi, and Situbondo Regency, East Java Province, Indonesia
Exploration Permit	Effective until Sep 2022
Power Purchase Agreement (PPA) Capacity	Unit 1: Up to 34 MW Unit 2: Up to 110 MW
Minimum Capacity under PPA	34 MW
Estimated Commercial Operation Date (COD)	Phase-1: 2024 Phase-2: 2026
PPA Term	30 years from COD Phase-2
Base Tariff	8.58 cent/kWh
PPA escalation	35% linked to US PPI
Transmission Reimbursement Component PPA	Additional 0.3 cent/kWh
PLN TOP (local power) Obligation	90%
Power Distribution	Transmission line of 28.3 km to Banyuwangi Substation

## 1.2 Project Description

MCG proposes to develop a 34 MW geothermal project located at Blawan Ijen, Bondowoso East Java. The key components of the Project are shown in **Table 1-2** and include the following:

- Exploitation facilities including power plant, separator and brine pump, vent station (rock muffler), base camp, office, and car park;
- Drilling and exploration facilities including well pad areas, logistics yard, and explosives bunker;
- Access Roads (within the Project Site); and
- 150 kV Transmission line and 83 towers (approximately 28.3 km).
- The site has already been cleared at the well drilling pads. MCG have previously conducted drilling campaigns within this Project Site:
- Two deep slim-holes exploration drilling in 2016-2017: IJN 01 and IJN 02; and
- Three deep big-holes exploration drilling in 2020, discovered well with 300 deg: IJN 6-1 ST, IJN 5-1, and IJN 6-2.

The Project is located on Bondowoso and Banyuwangi regencies, East Java province, Indonesia and is approximately 270 km southeast of Surabaya.

The key project components pertaining to the LAF include:

- 150 kV Transmission line and 83 towers (approximately 28.3 km); and
- The Right of Way (RoW) will be around 10 m from each side of the 150kV line to be compliant with magnetic and electric field limits.

The energy produced by the Project will be connected to the national grid through 150 kV transmission line between the Project Area and Banyuwangi Substation. The **Project Area** covers the main

construction area (well site) as well as the transmission line route. The **Study Area** covers the Project footprint in Blawan Ijen, Bondowoso East Java and the transmission line route equalling approximately 28.3 km from the Project site. This is to encompass any sensitive environmental and social receptors in the area. The **Project Area of Influence (Aoi)** covers the Project Area out to around 5 km from the main works area and 500 m around the transmission line route. This is conservatively estimated based on potential impacts (specifically to bird species). The Transmission Line Contractor has a site to be used as a laydown area during the construction period, which is located around 40 km from power plant location.

**Figure 1-1 Land Use in the Main Project Site**



### 1.3 Alternative Considerations

Indonesia has its own environmental impact management system for development projects, Analisa Mengenai Dampak Lingkungan (AMDAL), which translates to Environmental Impact Analysis. AMDAL assesses the impacts related to the infrastructures and activities, describes the procedural steps and compliance requirements to be met. Under the power plant and transmission line category, sub-chapter "Alternatives to be assessed" it states that "In the Feasibility Study, the location and technology to be carried out have been determined with certainty so that in this AMDAL Study Status, no alternative studies were needed because the land acquisition for the Power Plant and Transmission Tower has been completed and the technology used is fixed."

MCG has been committed to upholding the principle of 'willing buyer and willing seller' and has not forcefully acquired land for the TT and ROW. Several transmission towers location were moved in order to minimize impact, some were removed due to unsuccessfully reaching a price agreement acceptable by both parties. Additionally, there is no physical or economic displacement associated with the Project Area.

## 1.4 Objectives and Scope of Land Acquisition Framework

The LAF has been prepared to bring the Project into compliance with Lenders safeguards requirements, particularly those of the International Finance Corporation (IFC) Performance Standards (PS) 2012. The LAF reflects the outcomes of the Project's updated Environmental and Social Impact Assessment (ESIA) and Stakeholder Engagement Plan (SEP), which should be read in conjunction with this LAF. Specifically, the LAF will:

- Clarify resettlement principles, procedures, organizational arrangements, schedule of activities, and design criteria to be applied to all economic displacement required for the Project;
- Put in place a process to improve or at least restore the livelihoods of all Project Affected People (PAPs) to their pre-project levels prior to land acquisition for the Project and improve the standards of living of affected poor and other vulnerable groups;
- Provide strategies for effective, inclusive and continuous engagement and information disclosure with Project-affected parties and other interested parties on land acquisition, compensation and livelihood matters, as reflected in the SEP;
- Provide a mechanism for Project-affected parties to raise land acquisition and resettlement related issues and grievances through accessible and inclusive means via an established Grievance Mechanism (GM) and allow MCG to respond to such grievances;
- Provide a plan for monitoring and evaluation to ensure resettlement principles and objectives are met;
- Clarify roles and responsibilities for different Project activities with a description of institutional arrangements and coordination mechanisms; and
- Present a schedule showing the sequence of land acquisition and compensation processes and livelihoods restoration activities.

The LRP defines the principles and policies for compensation associated with livelihood restoration generated through the land acquisition process, including entitlements, methods of valuing affected assets, the compensation process and tools, grievance process, institutional arrangement for land acquisition planning and implementation, and a monitoring and evaluation framework.

## 1.5 Structure of the Report

**Section 1** has outlined the project description, project design changes and objectives of the report;

**Section 2** offers a discussion of key standards and legislation that are applicable to the land acquisition process of the Project;

**Section 3** provides a high-level summary of the land acquisition process, including the type of land acquisition, land uses and economic displacement to occur as a result of the Project;

**Section 4** elaborates on both prior and future Stakeholder Engagement;

**Section 5** offers a Grievance Redress Mechanism;

**Section 6** is an overview of institutional arrangements; and

**Section 7** provides a gap analysis of how the Project aligns with IFC PS5 standards.

## 2. KEY STANDARDS AND LEGISLATION

### 2.1 National Applicable Laws and Procedures

*“In addition to meeting the requirements under the Performance Standards, clients must comply with applicable national law, including those laws implementing host country obligations under international law” (IFC SP5, 2012)*

Land acquisition for the Project is subject to new National laws and regulations. Omnibus Law (Undang Undang Cipta Kerja), Law No. 11 of 2020 as amended by Law No. 6 of 2023, especially in Chapter III concerning the Simplification of the Basic Requirements of a Business Licensing. Law 6/2023 comes into force since the enactment of Minister ATR (Agrarian Affairs & Spatial Planning) Regulation no. 13/2021 concerning the Implementation of The Suitability of Spatial Use Activities (Kesesuaian Kegiatan Pemanfaatan Ruang/KKPR) and Synchronization of Spatial Use Programs.

The Project must obtain a KKPR permit from the Minister ATR then the Companies with KKPR Permits can begin acquiring land of a specific area in accordance with their area designation, which can subsequently be requested for land rights. After acquiring the KKPR permit, the company can proceed with the acquisition of land from the Project's landowners.

Since the required land for the Project is located in a forest area, the Project must apply for a forest use permission to the Ministry of Environment and Forestry (MoEF). The Borrow-to-Usage Forest Area Permit system enables the use of forest lands for non-forestry purposes (PPKH), without altering their function or classification. After the lease-to-use time expires, the forest land will be returned to the State. The PPKH mechanism can be applied to both production and protection forests.

The land compensation for the transmission line, will be conducted according to *Regulation of Minister of Energy and Mineral Resources No. 13 of 2021* concerning clearance and minimum distance of transmission line and compensation of land, building, and/or plant under transmission line clearance. The compensation will be eligible for persons who owned land, buildings and plants under the clearance area affected by the transmission line. Census of affected persons will be conducted to identify title holders, land, building and plant inventory. The compensation rate will be determined by a licenced appraisal team which will be approved by the Directorate General of Electricity prior to being appointed by the Project owner (See article 10 *Regulation of Minister of Energy and Mineral Resources No. 13 of 2021*). Although not required in the Minister ATR Regulation no. 13/2021, MCG, in its business practices, always uses independent party (KJPP) assessments as an initial reference for the land negotiation process, and if needed, refers to written regulations when the activity is included within the provisions. The values defined by the licensed appraisers will be used as a basis for negotiation with the affected persons. The purpose of the negotiation is to inform the affected persons of the value of affected assets based on the licensed appraiser; options of compensation that are available for PAPs; the payment schedule of compensation; and the payment method.

The Policies of the Republic of Indonesia applicable to this Project are as follows:

- *Government Regulation No. 23 of 2021* concerning Forestry Management;
- *Regulation of the Minister of Environment and Forestry no/7 of 2021* concerning land permits, land clearing and environment impacts;
- *Law No. 5/1960 concerning Basic Agrarian Regulations* concerning land ownership and tenure rights; and
- *Regulation of Minister of Energy and Mineral Resources no. 13 of 2021* concerning clearance and minimum distance of transmission line and compensation of land, building, and/or plant under transmission line clearance.

## 2.2 Applicable International Standards

### 2.2.1 Applicable IFC Performance Standards

According to IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement (2012), involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases of: (i) lawful expropriation or restrictions on land use based on eminent domain; and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

Three types of displaced people are entitled to compensation and assistance under IFC Performance Standard, including persons (i) who have formal legal rights to the land or assets they occupy or use; (ii) who do not have formal legal rights to land or assets, but have a claim to land that is recognized or recognizable under national law; (iii) who have no recognized legal right or claim to the land or assets they occupy or use. An overview of the relevant portions of IFC Performance Standard 5 is presented below:

- **Project Design:** The client will consider feasible alternative project designs to avoid or minimize physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable.
- **Compensation and Benefits for Displaced Persons:** When displacement cannot be avoided, the client will offer displaced persons and communities, compensation for loss of assets at full replacement cost and other assistance to help them improve or at least restore their standards of living or livelihoods.
- **Community Engagement:** The client will engage with affected communities, including host communities, through the process of stakeholder engagement described in Performance Standard 1. Decision-making processes related to resettlement and livelihood restoration should include options and alternatives, where applicable.
- **Grievance Mechanism:** The client will establish a grievance mechanism as early as possible in the project development phase. This will allow the client to receive and address specific concerns about compensation and relocation raised by displaced persons or members of host communities in a timely fashion, including a recourse mechanism designed to resolve disputes in an impartial manner.
- **Resettlement and Livelihood Restoration Planning and Implementation:** Where involuntary resettlement is unavoidable, the client will carry out a census with appropriate socio-economic baseline data to identify the persons who will be displaced by the project, to determine who will be eligible for compensation and assistance, and to discourage inflow of people who are ineligible for these benefits. Implementation of a Resettlement Action Plan or Livelihood Restoration Plan will be considered completed when the adverse impacts of resettlement have been addressed in a manner that is consistent with the relevant plan as well as the objectives of this Performance Standard.
- **Private Sector Responsibilities Under Government-Managed Resettlement:** Where land acquisition and resettlement are the responsibility of the government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with this Performance Standard. In addition, where government capacity is limited, the client will play an active role during resettlement planning, implementation and monitoring.

## 2.3 Gap Analysis between National Laws and IFC PS5

**Table 2-1** presents a gap analysis between IFC PS5 and applicable national legislations.

**Table 2-1 Comparison between IFC PS5 and Indonesian Legislation**

	<b>IFC PS5</b>	<b>Applicable National Legislations and Practices</b>	<b>Identified Gaps</b>	<b>Agreed Measures to Close the Gaps</b>
Project design	Avoid involuntary resettlement and physical and/or economic displacement wherever possible; minimize involuntary resettlement by exploring project and design alternatives	There is no national provision to avoid or minimize involuntary resettlement.	The Project has avoided involuntary resettlement. No Project design changes are required.  Avoid involuntary resettlement and minimize involuntary resettlement by exploring project and design alternatives	The Project has not caused involuntary resettlement, as discussed in <b>Section 3</b> .
Census	A census is to be carried out when involuntary resettlement is unavoidable to collect socio-economic baseline data to identify the displaced people, determine who is eligible for assistance and compensation, and discourage those ineligible from claiming any benefits.	There is no national provision for requirements of socio-economic survey coverage of economically displaced households.	Inventory of assets and census (including socio-economic data) is carried out for title holders and does not identify informal settlers/ non-title holders.	The Project has conducted socio-economic household surveys of PAHs affected by the TTs as presented in <b>Section 4</b> of the LRP.
Eligibility	Displaced persons may be classified as persons (i) who have formal legal rights to the land or assets they occupy or use; (ii) who do not have formal legal rights to land or assets, but have a claim to land that is recognized or recognizable under national law; or (iii) who have no recognizable legal right or claim to the land or assets they occupy or use.	National legislation does not cover squatters (unless in good faith on public land), encroachers and renters on private land. The landless and laborers are not expected to be compensated or provided with rehabilitation measures; it is the responsibility of the landowner to compensate them.	PS 5 states that those identified on the land during the census and asset inventory prior to the cut-off date are eligible for compensation. Under national regulation, they can only be eligible for compensation if they align with requirements as described, and thus, non-title holders may not receive compensation.	The Project will adopt eligibility in compliance with IFC standards and national legislation to include: (i) title holders (ii) traditional/customary land owners or those who have claims to such lands that are recognized or recognizable under national laws (iii) non-title holders Please refer to <b>Section 5</b> of the LRP for details.

	IFC PS5	Applicable National Legislations and Practices	Identified Gaps	Agreed Measures to Close the Gaps
Compensation and Benefits for Displaced Persons	A displaced land-based compensation will be offered for those whose livelihoods are land-based or where land is collectively owned. Opportunities will also be provided to derive appropriate development benefits from the project. Client will offer a choice of security of tenure, equivalent or better characteristics, replacement property that is equal or higher in value, and advantages of location or cash compensation for those who are physically displaced, as classified under paragraph 17. Full replacement of the lost of land and other assets can be done through cash compensation.	<p>“Fair and reasonable” – basis for appraisal but final compensation is based on negotiation.</p> <p>Once fair compensation is provided, further consideration and impact mitigation is not elaborated.</p> <p>The level of compensation is appraised and determined by a licensed appraiser. The determination is final and binding, in the sense that the level of compensation determined by the appraiser is not subject to further negotiation. However, the landowner can appeal against the appraiser’s determination to the District Court and from there directly to the Supreme Court.</p>	There are no provisions for preference to land-based resettlement strategies and compensation at full replacement costs.	<p>The Project will consider land-for-land compensation for displaced persons and demonstrate replacement value of land where land-for-land compensation is not possible.</p> <p>The Project will compensate for loss of assets at full replacement cost (refer to <b>Section 3.1</b> of the LRP).</p>
Compensation for non-title holders	The Performance Standard requires that non-land assets be retained, compensated for, or replaced for people who do not have rights over the land they occupy. Relocation to take place with security of tenure. Lost livelihoods to be restored	There is no national provision for compensation of non-title holders.	The legislation has limited options for forms of compensation and income and livelihood restoration programs are not required.	The Project will ensure compensation for non-title holders at full replacement cost (refer to <b>Section 3.1</b> of the LRP).
Significant Affected households	No specific definition is given to significantly affected households.	There is no national provision for significantly affected households.	National legislation has no provisions for significantly affected groups or obligatory provision of compensation and livelihood restoration programs for this group.	Being physically relocated from housing (not applicable to this Project); and/or losing 10% or more of productive assets (income generating) will be considered as significantly affected households for the Project.

	IFC PS5	Applicable National Legislations and Practices	Identified Gaps	Agreed Measures to Close the Gaps
Cut-Off date	Where the host country lacks the procedures, the client will establish a cut-off date for eligibility. The information should be well documented and disseminated throughout the project area. It is not a requirement to compensate or assist those who have occupied the area after the cut-off date once the date has been clearly established and made public	There is no national provision for a cut-off date. The cut-off for the eligibility process follows the Regulation of Minister of Energy and Mineral Resources no. 13 of 2021 (refer to Section 5.3.1. of the LRP).	No major gaps, however communication of cut-off date in national legislation is not clearly regulated.	The Project will adopt the date of completion of household survey as cut-off date and disseminate the cut-off date information throughout the project area in advance.
Compensation and Benefits for Displaced Persons	Only after compensation will the project owner be able to take possession of the acquired land and relate assets, and where applicable, resettlement sites and moving allowance have been provided additionally to the compensation. Mitigation of economic displacement will be considered complete when affected persons or communities have received compensation and other assistance and are deemed to have been provided with adequate opportunity to re-establish their livelihoods.	Energy and Mineral Resources Regulation No.13 of 2021 Annex VI outlines provisions for compensating for plants, land and buildings under a ROW. The provision states that buildings which retain ownership under their original title holder will be compensated 15% of market value. The provision also states that plants above a certain height will be cut down for safety reasons and compensated at full replacement cost. Refer to <b>Section 3.1</b> of LRP for detailed discussion.	There is no national provision to carry out livelihood rehabilitation programs in place specifically to address economic displacement.	The Project will take possession of acquired land and assets only after completion of compensation and establishment of livelihood restoration programs.
Vulnerable groups and gender considerations	Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate impacts, and as part of the process of identifying risks and impacts, the client will identify	There is no regulatory provision for particular attention to gender concerns during the resettlement process.	IFC asks the client to consider vulnerable groups who may be differentially or disproportionately affected by the Project.	The Project will adopt definition of vulnerable groups as follows: <ul style="list-style-type: none"> <li>■ Poor households i.e., living under the national poverty line set by the Indonesian Government (10542.3 in Indonesian rupiah (2018) or</li> </ul>

	IFC PS5	Applicable National Legislations and Practices	Identified Gaps	Agreed Measures to Close the Gaps
	individuals and groups that may be directly and differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status (IFC PS1)			<p>US\$1.90 (2011 PPP) per day per capita);</p> <ul style="list-style-type: none"> <li>■ Households of elderly persons above the age of 65 with no economic support;</li> <li>■ Households with physically and/or mentally disabled members who need care from other family members;</li> <li>■ Female-headed households with dependents; and</li> <li>■ Persons with no entitlement to the land they use.</li> </ul> <p>The Project will ensure that the LRP addresses gender concerns and gender-inclusive and that responsive processes and assistance will be provided to vulnerable groups. Refer to <b>Section 4.4</b> of the LRP for key considerations for vulnerable groups.</p>
Considerations for Indigenous Peoples	Additional provisions apply to consultations with Indigenous Peoples, in accordance with PS7	Several national legislations have been stipulated regarding the recognition of Indigenous People including 1945 Constitution article 18 B, Law No. 32 of 2019, Regulation of Internal Affairs No. 52 of 2014, and Regulation of Minister Social Affairs No. 12 of 2015.	The national legislation has not clearly regulated impact and mitigation measures such as involuntary resettlement, impact on natural resources, and critical cultural heritage which require obtaining FPIC from affected Indigenous People as prescribed in IFC PS 7	The Project has demonstrated to avoid physical displacement of Indigenous Peoples through various layout changes. <b>Section 4.4</b> of the LRP states that “Cultural heritage for the area has not been identified in the Project Area through multiple forms of engagement” and “MCG has not undertaken specific stakeholder engagement with the Osing people, but there are plans to incorporate this engagement into the agenda for the SEP either this year or the following year.”

	<b>IFC PS5</b>	<b>Applicable National Legislations and Practices</b>	<b>Identified Gaps</b>	<b>Agreed Measures to Close the Gaps</b>
Community Engagement	IFC PS1 states that when affected communities are identified as being at risk and having adverse impacts from a project, the client will go through a process of consultation to provide those affected with opportunities to express their views on project impacts, risks, and mitigation measures. Effective consultation is a two-way process that should be based on prior disclosure and dissemination of transparent, relevant, objective, meaningful and easily accessible information; it also should enable meaningful participation.	The Project Owner has undertaken socialization for the AMDAL in accordance with the Ministry of Environment Regulation No. 17 of 2012.	There is no specific national provision for meaningful consultations.	The principle of meaningful consultation has been adopted for the Project in accordance with the requirements of IFC PS1 and is being applied in the SEP.
Information Disclosure	Disclosure of relevant information and participation of the affected communities and people are to be done throughout the planning, implementation, monitoring, and evaluation of compensation payments, resettlement, and livelihood restoration activities to produce results that align with the objectives of PS5	No provisions for information disclosure.	No major gaps.	The Project will disclose a draft and final Land Acquisition Plan to affected persons and other stakeholders.
Grievance Mechanism	A grievance mechanism consistent with PS1 is to be established by the project owner as early as possible in the project development phase. This is to ensure that specific concerns about	Government Regulation No. 22 of 2021 requires Project Affected People (PAP) to have the right to submit written recommendations, suggestions, or responses to Project plan/ activities within 10 days of Project announcement.	No major gaps.	The Project's grievance mechanism starts at the Company level and is integrated into the administrative level. Women and vulnerable groups will be included in the grievance committee.

	IFC PS5	Applicable National Legislations and Practices	Identified Gaps	Agreed Measures to Close the Gaps
	compensation and relocation are addressed in a timely fashion. A recourse mechanism design is included to resolve disputes in an impartial manner	The regulation highlights that any public consultation on the Project has to be done in local language (Indonesian or any local dialect applicable) to ease understanding and accessibility by the community.		The Project will inform the affected communities of the grievance mechanism. The Project will ensure a transparent, documented and free of retribution grievance process.
Monitoring and evaluation	Procedures to monitor and evaluate implementation of the Resettlement Action Plan or Livelihood Restoration Plan will be established by the project owner. The extent of monitoring activities will be commensurate with the project's impacts and risks. Once the agreed monitoring period is concluded, the completion audit can be taken place by competent resettlement professionals. Project owners will play an active role in monitoring	Government Regulation No. 22 of 2021 mandates the reporting of Project progress and implementation of its management and monitoring programs for the environmental and social impacts identified in the AMDAL. This report is referred to as the Environmental Permit Implementation Report and is addressed to the Regional Environmental Management Agency once every 6 months.  Reporting of Project progress and implementation of the established environmental and social management plans to the Affected Communities is not regulated under Indonesian national law.	Requirement for external monitoring in case of projects with significant involuntary impacts.	The Project will prepare and submit internal monitoring reports to DFC. Following the DMS results, the Project will determine if significant involuntary impacts apply. If deemed applicable, external monitoring will be established (refer to <b>Section 8</b> Monitoring and Evaluation Framework).

### 3. MCG'S LAND ACQUISITION OVERVIEW

The initiation of the land acquisition process has been undertaken in accordance with established Indonesian standards. **Section 2.3** provides an examination of the disparities which exist between the Indonesian land acquisition process and prevailing international standards. This analysis explored the potential necessity for implementing supplementary measures aimed at bridging these identified gaps.

#### 3.1 High Level Summary of Land Acquisition Impacts

The LAF is only applicable to the transmission line, since the land required for the accommodation and power plant (the Project site) was acquired by MCG in accordance with government regulation through PPKH (Forest Area Utilization Approval) permit which is issued by MoEF. The land use for the Power Plant and Worker Accommodation is Production Forest, which under IFC standards does not automatically negate existing land tenure rights, customary land use, or collective attachment by local communities. Stakeholder engagement and site surveys undertaken for this Project did not identify any physical or economic displacement, which includes cultural heritage and collective attachment. However, it was noted from Key Informant Interviews (KIIs) and field visits that farmers from nearby villages – Jampit Village – cultivate potatoes in proximity to the Project Area but not located within the Project permit boundary. The land inside the concession area (Project Site) is owned by MCG is shown in **Figure 1-1**.

As outlined in **Table 3-1**, the power plant will have permanent infrastructure within the Project Area, representing about 40.9452 hectares (ha), and temporary infrastructure on 0.2523 ha of the total footprint. For the transmission line, excluding the ROW, there will be acquisition of 2,780.5 ha for the transmission towers and no temporary area. The approximate permanent land required for the ROW is 24.2 ha. The worker accommodation for the construction phase is covered by the temporary power plant facility, which is owned by MCG. The total land required for the Project is 2822.2 ha.

**Table 3-1 Land Requirements**

Project Component	Previous Land use	Rationale for Land Requirement	Land Requirement (m2)	Affected Groups
Power Plant	Production Forrest	The total area of power plant and supporting facilities is 41.1975 ha, of which permanent buildings/facilities is 40.9452 ha and temporary buildings/facilities is 0.2523 ha.	Permanent: 40.9452 ha Temporary: 0.2523 ha <b>Total: 41.1975 ha</b>	0 PAHs 0 PAPs
Transmission Line (not including Right of Way)	Production Forest Protected Forest Plantation	Transmission line is 28.3 km, consisting of 83 towers. For the 36 towers outside forest area, land has been acquired (1,143.5 ha). For the 47 towers inside forest area, land acquisition is an ongoing process through the PPKH permit (1,637 ha).	Permanent: 2,781 ha Temporary: 0 ha <b>Total: 2,781 ha</b>	31 PAHs 110 PAPs
Right of Way	Production Forest Protected Forest Plantation	The 28.3 km ROW consists of 12.1 km with HGU - Cultivation Rights Title (Kalibendo area) and SHM - Certificate of Ownership. The remaining 16.2 km is for Production Forest and Protected Forest land areas. With a planned width of 20 m x 12100 m, the land area that will be compensated is 24.2 ha (outside forestry area).	Permanent: 24.2 ha Temporary: ha <b>Total: 24.2 ha</b>	250 PAHs (Approx) 1,055 PAPs (Approx) <sup>1</sup>

<sup>1</sup> Based on an average household size of 4.22 for East Java (Global Data Lab, 2023)  
<https://globaldatalab.org/areadata/table/hhsize/IDN/>

Project Component	Previous Land use	Rationale for Land Requirement	Land Requirement (m2)	Affected Groups
Worker accommodation	Production Forest	The worker accommodation covers an area of 0.0905 ha, including: camp/worker building, recreation hall, mess hall, kitchen, laundry & iron building, and garbage disposal site.	Permanent: 0 ha Temporary: 0.0905 ha <b>Total: 0.0905 ha</b>	0 PAHs 0 PAPs

A total of 31 PAHs have been identified for the TL, of which 11 PAHs have been identified as legal title holders with permanent loss of land and 19 PAHs are informal occupants/land users without legal title but are affected by permanent loss of land. In addition, there is one business owner that has been identified as affected by the TL. The LRP provides a discussion of the livelihood impacts based on the socio-economic household survey conducted by MCG third parties.

Approximately 250 households have been identified as impacted land and/or crop owners located in the Blawan-Ijen<sup>2</sup> PLTP (Pembangkit Listrik Tenaga Panas)<sup>3</sup> Transmission Line (T42 to T76) ROW. Based on initial identification, there are around 250 land parcels and MCG assumes there are a maximum of 250 landowners who will receive land compensation for plants, trees, land, and buildings in the ROW in accordance with the Energy and Mineral Resources Ministerial Regulation No.13 of 2021. Based on the results of the HS there may be additional land users that will be entitled to compensation.

Land access and land ownership systems need to be considered given the Project will acquire a large amount of land to develop the Project, particularly for the transmission line. Each tower requires between 225 m<sup>2</sup> and 625 m<sup>2</sup> of land and the distance between towers is 200m to 500 m spread along the 28.3 km path. **Table 3-2** presents the potential TL area, which is mostly located in Banyuwangi Regency. The characteristics of land use in the potential TL area varies from rural to urban area.

**Table 3-2: Transmission Line Area**

Regency	District	Village	Land Use Characteristic	Land Use
Bondowoso	Ijen	Kalianyar	Rural	Forestry Area
Banyuwangi	Licin	Tamansari	Rural	Forestry Area
		Kalipuro	Bulusari	Rural
	Pesucen		Rural	Paddy field/ garden
	Glagah	Kampung Anyar	Rural	Forestry Area and private coffee plantation
	Giri	Grogol	Rural	Paddy field/ garden
Giri		Urban	Garden	

Source: MCG, 2021

The land acquisition process for the TL will involve various landowners, namely state company (Perhutani), private plantation (Kalibendo), and project affected communities in several villages in Banyuwangi Regency. Therefore, various methods are expected to take place, depending on the landowners. The land acquisition process is detailed in the LAF which serves as a standalone document to the ESIA.

<sup>2</sup> Ijen refers to a volcano complex located in East Java. Blawan is a small area within this complex.

<sup>3</sup> Pembangkit Listrik Tenaga Panas Bumi is Indonesian for Geothermal Power Plant.

The land use conditions along the proposed TL route can be described as a mix of forestry and agriculture areas, with the nearest residential area and public facilities approximately 100 m away. According to MCG documentation dated August 2021, the agriculture areas cover paddy field, coffee, coconut, avocado, banana, papaya, cassava, taro, bamboo, chillies, mahogany, teak tree and various seasonal fruit trees (mangosteen, mango, durian, and rambutan).

Figure 3-1 shows the location of the TL in relation to the sub-districts and villages.

### 3.1.1 Land Acquisition Process Update

The TL will run through village areas, forest areas and plantations (as summarised in Table 3-2). According to MCG's chief security and community relation on the ground, the land acquisition process involving project affected communities will be conducted in three villages, namely Bulusari, Grogol, and Giri Village. Initial identification of landowners indicates that there are a total of 31 affected landowners; 18 landowners in Grogol, 8 landowners in Bulusari, 2 in Pesucen and 3 landowners in Giri, Banyuwangi. It was reported that not all of the landowners have land certificates. However, these landowners will need to be considered in the acquisition process regardless of legal status. The land acquisition process is ongoing and a land use survey will need to be conducted as part of this process.

The current status of the land acquisition compensation process for the TT PAHs is provided in Table 3-4.

**Table 3-3: Summary of Land Acquisition and Compensation for the Transmission Line**

Location	Land Acquisition*		
	Area (M <sup>2</sup> )	Compensation Method	Land Type
Bulusari	2450	Cash/Transfer	Gardening
Grogol	5010	Cash/Transfer	Gardening/ Farmland
Giri	1425	Cash/Transfer	Gardening
Pesucen	800	Cash/Transfer	Farmland
Kampung Anyar	1750	Cash/Transfer	Plantation
<b>TOTAL AREA</b>	<b>11,435</b>		

\*does not include land acquired for the ROW.

MCG is currently collecting information about the land required for the ROW and census data to align with IFC PS5 guidelines around collecting census data to effectively determine livelihood restoration measures based on appropriate and consistent compensation and eligibility criteria. Commencing on the 20th of July 2023, an ongoing initiative is underway to facilitate the dissemination of information pertaining to the ROW compensation plan within the villages directly impacted by the ROW project. This stakeholder engagement, referred to as comprehensive socialization effort, aims to ensure that the local communities possess a clear understanding of the resettlement action plan's intricacies and implications.

## 4. STAKEHOLDER ENGAGEMENT

The client will engage with affected communities, including host communities, through the process of stakeholder engagement described in PS1. Decision-making processes related to resettlement and livelihood restoration should include options and alternatives, where applicable. According to the SEP for the Project, stakeholder engagement by MCG serves the following purpose:

*As a guidance and reference for Meaningful Participation Index (MPI) and its Subsidiaries engage and manage their external stakeholder (“Stakeholder”) in the lifecycle project (activities of pre-construction, construction, operation and post-operation) to comply and in line with national regulations and IFC requirements as well as other relevant international best practices if required.*

*Commits to nurture good relationship with the stakeholder and to communicating in a timely, clear, and targeted manner information regarding project activities and implementation schedules, as well as associated risks, impacts, and benefit sharing initiative (social investment or corporate social responsibility program “Corporate Social Responsibility (CSR) Program”).*

*Allowing the Subsidiaries to modify based on the site/project/local requirement in order to ensure the effectiveness of procedure implementation which acknowledged by Corp Corporate Health, Safety, and Environment (HSE).*

The key principles of stakeholder engagement and information disclosure are as follows:

- Ensure that the information disclosure, consultation and disclosure process comply with national legislation, regulations, and Lenders’ requirements including IFC PS requirements.
- Ensure that the information disclosure, consultation and disclosure process comply with national legislation, regulations, and Lenders’ requirements including IFC PS requirements.
- Ensure that the stakeholder engagement process commences early in the project cycle, i.e., as of scoping, and is tailored to the stage of land acquisition and to communities and households affected by displacement.
- Work with affected households and communities to explore ways to avoid and minimize physical displacement and economic displacement of households.
- Ensure that the stakeholder engagement process is culturally appropriate and inclusive of all stakeholders affected by displacement, and that it is free of interference, intimidation, or coercion.

The full process of meaningful consultation and participation and information disclosure are described in the Project’s SEP.

### 4.1 Stakeholder Identification

The following section outlines the groups and organisations considered key stakeholders for the Project. Stakeholders are defined as individuals, communities, groups and institutions who:

- Are most likely to experience, at significant levels, any potential negative and / or positive impacts of the proposed Project;
- Have the mandate over the various elements of the Project’s activities (such as Government institutions); and
- Are considered vulnerable members of the community within the proposed Project Area.

The following sub-sections outline the key stakeholders identified for the Project.

### 4.1.1 Central and Provincial Government

This stakeholder group consists of ministries and provincial authorities who have a role in regulating the Project, such as granting permits and approvals and monitoring compliance.

The authorities, which are likely to have the maximum influence on the Project, include:

- Ministry of Energy and Mineral Resources;
- Ministry of Environment and Forestry, and
- Environmental Agency of East Java Province.

### 4.1.2 Local Government

This stakeholder group consists of government agencies (at Regency level) and community leaders at the sub-district and village levels who have the power to regulate or otherwise influence the Project in terms of establishing policy, granting permits and approvals for the Project, monitoring and enforcing compliance with the applicable rules and regulations and making available the necessary infrastructure and resources for the Project.

Some of the key authorities at the Regency (Bondowoso and Banyuwangi) and local levels include the following:

- Environmental Agency of Bondowoso and Banyuwangi Regency;
- One-stop Integrated Service Agency of Bondowoso and Banyuwangi Regency;
- Head of Ijen sub-district;
- Head of Licin sub-district;
- Head of Glagah sub-district;
- Head of Kalipuro sub-district;
- Head of Giri sub-district;
- Head of Sempol Village;
- Head of Kalianyar Village;
- Head of Tamansari Village;
- Head of Kampung Anyar Village;
- Head of Pesucen Village;
- Head of Bulusari Village;
- Head of Grogol Village; and
- Head of Giri Village.

### 4.1.3 Projected Affected Communities

This group includes people who may be directly or indirectly affected by the Project's presence and activities and their representatives (leaders and other influential people).

This group will include (but not be limited to) the following:

- People of Sempol Village;
- People of Kalianyar Village;
- People of Jampit Village;

- People of Tamansari Village;
- People of Kampung Anyar Village;
- People of Bulusari Village;
- People of Pesucen Village;
- People of Grogol Village;
- People of Giri Village;
- Informal leaders from villages; and
- Vulnerable groups.

#### 4.1.4 Local Community Organization

This group comprises of those who may have an interest in the Project and its social and environmental aspects. It includes members of civil society organisations such as citizens' associations, and environmental and social groups.

Some local community organizations that have been identified include:

- Local activists in Bondowoso;
- Youth associations in Sempol Village; and
- Student associations in Bondowoso

## 4.2 Past Consultations

During site visits, consultation meetings were held with various relevant stakeholders at Regency and sub-district levels. The purpose of the consultations was to present information regarding the Project, gather information on potentially affected people, and identify potential data gaps. ESIA consultations involved face-to-face meetings with a range of stakeholders including local government representatives and community representatives in the Project Area, such as the Head of sub-districts, village heads, informal leaders, religious leaders, youth, representatives of women's groups, youth representatives, and other key relevant stakeholders.

Stakeholder consultations undertaken to date confirmed that potential impacts as a result of Project activities will be small in scale and of limited extent. MCG will provide an activity update in the notice to local communities, prior to the start of the Project. A grievance mechanism will be in place during operation, in line with international good practice.

## 4.3 Future Consultations

Stakeholder engagement is a dynamic process starting early in project preparation and continuing throughout project preparation and project implementation in both design, construction, and operational phases. Meaningful consultations and information disclosure have been ongoing with affected communities as a key part of stakeholder engagement, and the Project is committed to continuing these throughout the Project's lifetime. This also means that as new information becomes available and as the Project is able to respond to concerns and issues raised by affected communities, consultations will continue on a rolling basis. The Project will inform and consult the communities regarding changes to Project design which may impact the Project's land acquisition and subsequently compensation for affected households.

Refer to the SEP and ESIA for more details of the engagement methodologies undertaken and outputs and strategies for future engagements.

## 5. GRIEVANCE REDRESS MECHANISM

An effective stakeholder engagement process can help to prevent grievances. However, projects with high potential for environmental and social impacts to occur, often result in grievances from stakeholders.

This section provides a framework for the GRM that will be used to identify, track, and manage grievances raised by external Project stakeholders. The GRM applies to land acquisition and resettlement related grievances. A separate grievance mechanism has been developed by MCG to address internal grievances relating to employment matters.

The GRM is defined in the SEP and will be maintained throughout the Project lifecycle, to ensure that grievances are promptly heard, analysed and, to the extent possible, resolved.

### 5.1.1 Objectives

The main objective of the grievance mechanism is:

- To address grievances promptly and effectively, in a transparent manner resulting in fair, effective and lasting outcomes.
- To provide a grievance management process that is culturally appropriate, readily accessible and at no cost and without retribution to all Project affected parties.
- To build trust as an integral component of the Project community relations activities.
- To enable a systematic identification of emerging issues facilitating correcting actions and pre-emptive engagement.

### 5.1.2 General Requirements

The objective of this system is to ensure there is a robust and transparent process available for addressing grievances. This system comprises a sequential process of four levels of resolution. The next level of resolution is triggered if the complaint cannot be resolved at a lower level. The Grievance Handling Team (GHT) will receive and address all grievances with support from other managers and team members when relevant.

Additionally, under the IFC Performance Standards: *“The mechanism should also allow for anonymous complaints to be raised and addressed. The mechanism should not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements”.*

### 5.1.3 The Grievance Procedure

Where possible and appropriate, Meaningful Participation Index (MPI) Subsidiary staff who first encounter the grievance should:

**Step 1:** Engage to fully understand grievance;

**Step 2:** Take notes of context of grievance and key contacts;

**Step 3:** Invite suggestions for potential redress; and

**Step 4:** Implement immediate redress (use grievance form).

In all cases, MPI Subsidiary staff shall meet with the Grievance Handling Team (GHT) to:

**Step 1:** Log details of the grievances into the Community Grievance Handling (CGH) database (log); and

**Step 2:** Issue written acknowledgement of receipt of the grievance.

- **DELEGATION:** Identify appropriate MPI Subsidiary personnel to manage redress and coordinate throughout redress process;

- INITIAL REPORTING: Generate initial report of grievance context, issues, and key contacts. Note any redress actions implemented or promised;
- FACT-FINDING: Seek to clarify and verify context and key issues;
- RESOLUTION / APPEAL: Determine and implement mitigation measures that are agreeable to all parties concerned—notifying complainant once redress actions have been implemented. The appeals shall be triggered if the complainant is not satisfied with implementation of grievance resolution actions, and shall necessitate a renewed resolutions process; and
- CLOSEOUT: Get feedback from the complainant about the resolution process. Generate closeout report.
- Information regarding the Project’s grievance mechanism and how to access it will be disseminated through:
  - Announcement in each village.

Grievances can be submitted through letter/email/phone correspondence/filling out the grievance form addressed to village officials or PT MCG representatives.

## 6. GAP ASSESSMENT

### 6.1 Gap Analysis of Land Acquisition Process and Compensation Paid

Table 7-1 provides a summary of the gaps between the land acquisition process applied to the PAHs affected by the TT and the PAPs identified for the ROW and international IFC PS5 standards.

**Table 6-1 Gap analysis of IFC PS5 Requirements**

Aspect	IFC PS5 Requirements	Key Findings	Alignment	Measures to be undertaken to Bridge the Gap
Project Design	The client will consider feasible alternative project designs to avoid or minimize physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable.	The Project Area is located in Production Forest, and no physical or economic displacement has been identified as a result of stakeholder engagement or initial land surveys.  The design of the TT and ROW avoids physical displacement and has been amended to minimize economic displacement without creating additional environmental impacts.	Aligned	No further action required.
Evidence there is no physical displacement resulting from land acquisition	Confirm if Project-related land acquisition and/or restrictions on land use results in the physical displacement of people.	MCG has provided detailed project plans, boundaries documentation, baseline assessment and community engagement records to demonstrate no physical displacement (refer to <b>Figure 1.1.</b> and the ESIA).	Aligned	No further action required.
Compensation and Benefits for Displaced Persons	Compensation standards will be transparent and applied consistently to all communities and persons	MCG has provided the Asset Valuation Report by KJPP, which provides a detailed compensation matrix for the plants impacted by the TT	Partially aligned	Project needs to demonstrate how compensation provided to households can be equally access by the

Aspect	IFC PS5 Requirements	Key Findings	Alignment	Measures to be undertaken to Bridge the Gap
	affected by the displacement.	and within the ROW. MCG has provided a compensation formula for how market value for buildings and land will be/was compensated for within the ROW and TT. <b>Section 5.3.1</b> of the LRP outlines the compensation process employed by MCG for the TT PAHs, which aligns with <i>Regulation of Minister of Energy and Mineral Resources no. 13 of 2021</i> (refer to <b>Section 2.1</b> for details).		head of the household and other members of the household whose livelihood activities were impacted. Additional information around persons with no entitlement to the land they use (i.e. renters) and their eligibility to compensation should be provided.
Compensation and Benefits for Displaced Persons	Where livelihoods of displaced persons are land-based, or where land is collectively owned, the client will, where feasible, offer the displaced land-based compensation.	Based on the household survey analysis in <b>Section 4</b> of the LRP, 17 PAPs (38%) have been identified to be affected by the TTs as land-based livelihoods. No collectively owned land has been identified by MCG. Asset prices based on market price were assessed by an independent party (KJPP).	Partially aligned	Proof should be made that the Project has explored in kind compensation in lieu of cash compensation.
Community Engagement	The client will engage with Affected Communities, including host communities, through the process of stakeholder engagement.	A SEP has been drafted and outlines the process through which the client will engage with affected communities. <b>Section 6</b> of the LRP outlines the process of stakeholder identification and provides a list of key stakeholders, including affected communities, that were identified and consulted for the Project.	Aligned	No further action required.
Information Disclosure	Disclosure of relevant information and participation of Affected Communities and persons will continue during the planning, implementation, monitoring, and evaluation of compensation payments, livelihood restoration activities, and resettlement to achieve outcomes that are consistent with the	A SEP has been drafted and contains details of information disclosure and meaningful consultation procedures. <b>Section 6</b> of the LRP outlines the key principles for information disclosure, which the Project will implement to align with IFC PS5.	Aligned	No further action required.

Aspect	IFC PS5 Requirements	Key Findings	Alignment	Measures to be undertaken to Bridge the Gap
	objectives of this Performance Standard.			
Grievance Mechanism	The client will establish a grievance mechanism consistent with PS1 as early as possible in the project development phase. This will allow the client to receive and address specific concerns about compensation and relocation raised by displaced persons or members of host communities in a timely fashion, including a recourse mechanism designed to resolve disputes in an impartial manner.	The community Grievance Handling (CGH) in place has a mechanism in place to resolve disputes in a fair and timely fashion, grievances can be filed through multiple channels (accessible) and for a range of grievances (refer to <b>Section 6</b> of the LRP).	Aligned	No further action required.
Census	A census will be carried out to collect appropriate socio-economic baseline data to identify the persons who will be displaced by the project, determine who will be eligible for compensation and assistance, and discourage ineligible persons, such as opportunistic settlers, from claiming benefits.	The Project has conducted a socio-economic household survey of all PAHs impacted by the TT and is currently undertaking a socio-economic household survey for the PAPs for the ROW corridor (refer to <b>Section 4.1</b> ). <b>Section 4</b> of the LRP provides a baseline analysis of the census data for the TT PAHs, which includes an assessment of main livelihoods, livelihood training programs, gender considerations and vulnerability.	Partially Aligned	No further action required for the TT PAHs. MCG will complete the socio-economic household survey for the ROW PAPs and ensure this census data is used to effectively determine livelihood restoration impacts, mitigation and compensation in line with IFC PS5 standards.
Cut-Off date	The client will establish a cut-off date for eligibility. Information regarding the cut-off date will be well documented and disseminated throughout the project area.	The cut-off date for the ROW PAPs is the 22nd day of the Objections period (refer to <b>Section 5.3.1</b> of the LRP for details), which is likely to occur in February 2024.	Aligned	No further action required.
Monitoring and evaluation	The client will establish procedures to monitor and evaluate the implementation of a Resettlement Action Plan or Livelihood Restoration Plan.	<b>Section 8</b> of the LRP has established procedures for monitoring and evaluating the effectiveness of the livelihood restoration programs.	Aligned	Ensure that MCG follows the established procedures in the LRP for monitoring and evaluating livelihood restoration outcomes.
Post resettlement audit	Implementation of a Resettlement Action Plan or Livelihood Restoration Plan will be considered completed when the adverse impacts of resettlement have been addressed in a manner	<b>Section 8.3</b> of the LRP outlines the post-resettlement auditing process and states that MCG will conduct quarterly monitoring and reporting during the construction phase and semi-annual	Aligned	MCG will be required to conduct an external post-settlement completion audit.

Aspect	IFC PS5 Requirements	Key Findings	Alignment	Measures to be undertaken to Bridge the Gap
	<p>that is consistent with the relevant plan as well as the objectives of this Performance Standard. It may be necessary for the client to commission an external completion audit of the Resettlement Action Plan or Livelihood Restoration Plan to assess whether the provisions have been met.</p>	<p>monitoring and reporting during operation for the first three years.</p>		
<p>Livelihood Restoration Framework</p>	<p>Where the exact nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown due to the stage of project development, the client will develop a Resettlement and/or Livelihood Restoration Framework outlining general principles.</p>	<p>Magnitude of land acquisition is known for the TT PAHs (refer to <b>Section 3</b>).</p> <p>However, the magnitude of the ROW PAPs is not clearly defined at this stage. Accordingly, a Livelihood Restoration Framework outlining key principles has been developed in the LRP for any potential economic displacement associated with the ROW. The following key principles have been provided in the LRP:</p> <ul style="list-style-type: none"> <li>■ Compensation principles (<b>Section 3.1</b>);</li> <li>■ Gender equity principles (<b>Section 4.2.1.2</b>);</li> <li>■ Eligibility and entitlement principles (<b>Section 5.1</b>); and</li> <li>■ Stakeholder Engagement principles (<b>Section 6</b>).</li> </ul>	<p>Aligned</p>	<p>No further action required for the TT PAHs. Ensure that the principles outlined in the LRP have been implemented for the ROW PAPs that will be identified through the socio-economic household survey, which is currently being undertaken.</p>
<p>Eligibility</p>	<p>Displaced persons may be classified as persons (i) who have formal legal rights to the land or assets they occupy or use; (ii) who do not have formal legal rights to land or assets, but have a claim to land that is recognized or recognizable under national law; or (iii) who have no recognizable legal right or claim to the land or assets they occupy or use. The census will establish the status of the displaced persons.</p>	<p>MCG has identified those who have legal rights to the land and those who have recognized claim to the land (refer to <b>Section 5.2</b> of the LRP).</p>	<p>Partially aligned</p>	<p>The Project will confirm through field survey, the grievance mechanism (outlined in <b>Section 5</b>) and ongoing stakeholder engagement that there are no land users other than the land owners or informal businesses for the TT and ROW.</p>

Aspect	IFC PS5 Requirements	Key Findings	Alignment	Measures to be undertaken to Bridge the Gap
Physical Displacement	If people living in the project area are required to move to another location, the client will (i) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation where appropriate; and (ii) provide relocation assistance suited to the needs of each group of displaced persons.	MCG has provided detailed project plans, boundaries documentation, and community engagement records to demonstrate that no physical displacement has been identified.	Aligned	No further action required.
Economic Displacement	In the case of projects involving economic displacement only, the client will develop a Livelihood Restoration Plan to compensate affected persons and/or communities and offer other assistance that meet the objectives of this Performance Standard. The Livelihood Restoration Plan will establish the entitlements of affected persons and/or communities and will ensure that these are provided in a transparent, consistent, and equitable manner.	MCG developed an LRP, which outlines the compliance of the Project with IFC PS5 standards. However, the LRP was not prepared and disclosed prior to land acquisition. Nonetheless, PAPs are eligible for the livelihood restoration measures that are available to all those affected by land acquisition.	Aligned	No further action required.
Economic Displacement- Compensation	Economically displaced persons who face loss of assets or access to assets will be compensated for such loss at full replacement cost.	MCG has provided a breakdown of the compensation costs associated with different types of affected crops and trees for the 31 transmission tower PAHs ( <b>Section 3.1</b> of the LRP). MCG has provided a compensation formula for how land and buildings are to be compensated for both the TT and ROW ( <b>Section 3.1</b> of the LRP).	Aligned	No further action required.
Economic Displacement- Livelihood restoration	Economically displaced persons whose livelihoods or income levels are adversely affected will also be provided opportunities to improve, or at least restore, their means of income-earning capacity,	MCG has provided a list of transmission line PAHs and the associated compensation methods (i.e. cash or transfer).	Partially aligned	The Project needs to demonstrate that replacement land has been offered as an alternative, if not possible, then cash compensation in tandem with alternative income earning

Aspect	IFC PS5 Requirements	Key Findings	Alignment	Measures to be undertaken to Bridge the Gap
	production levels, and standards of living			opportunities have been provided.
Project Support	Transitional support should be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living	MCG has expressed a commitment to providing transitional support for economically displaced persons. However, no documentation regarding transitional support for economically displaced persons has been provided.	Not aligned	MCG will conduct a specific socio-economic survey to determine an appropriate program for transitional support. MCG will also provide records of transitional support programs, initiatives, or policies that have been put in place to assist economically displaced individuals. This documentation should outline the nature of support, eligibility criteria, application process, and the type of assistance provided.

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**ERM has over 160 offices across the following countries and territories worldwide**

Argentina	The Netherlands
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Belgium	Peru
Brazil	Poland
Canada	Portugal
China	Puerto Rico
Colombia	Romania
France	Russia
Germany	Senegal
Ghana	Singapore
Guyana	South Africa
Hong Kong	South Korea
India	Spain
Indonesia	Switzerland
Ireland	Taiwan
Italy	Tanzania
Japan	Thailand
Kazakhstan	UAE
Kenya	UK
Malaysia	US
Mexico	Vietnam
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**PT ERM Indonesia**

Sinarmas MSIG Tower, 37th. Floor,  
Unit 37-124, Jl.Jend. Sudirman  
Kav.21, Jakarta 12920, Indonesia

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