Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 05/19/2020 | Report No: ESRSC01369
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
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<tbody>
<tr>
<td>Indonesia</td>
<td>EAST ASIA AND PACIFIC</td>
<td>P173391</td>
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<table>
<thead>
<tr>
<th>Project Name</th>
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<tbody>
<tr>
<td>Oceans for Prosperity Program - LAUTRA Phase 1</td>
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<table>
<thead>
<tr>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
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<tbody>
<tr>
<td>Environment, Natural Resources &amp; the Blue Economy</td>
<td>Investment Project Financing</td>
<td>4/30/2021</td>
<td>9/24/2021</td>
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<tr>
<th>Borrower(s)</th>
<th>Implementing Agency(ies)</th>
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<tr>
<td>Ministry of Finance</td>
<td>Ministry of Marine Affairs and Fisheries, Ministry of National Development Planning (BAPPENAS)</td>
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Proposed Development Objective(s)

To improve management of fisheries and coastal ecosystems in target fisheries management areas and to improve the livelihoods of target coastal communities

Financing (in USD Million)  

<table>
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<th>Amount</th>
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<tr>
<td>Total Project Cost</td>
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B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The project would improve management of fisheries and coastal ecosystems and coastal communities’ livelihoods through policy changes and integrated investments in target intervention areas. Fisheries, coastal ecosystems and the livelihoods of coastal communities are intimately connected. Reforming fisheries management is expected to lead to long-term increase in value of fish stocks but would entail short-term costs to those who depend on fisheries. Support to coastal livelihoods would promote alternative livelihoods opportunities to allow communities to reduce reliance on
fisheries and to mitigate the potential costs from fisheries management. Value-addition measures would increase returns-per unit of fish. Resilient coastal environments protect communities from climate change-related disasters and provide habitat for productive fisheries. Protecting and restoring reefs and mangroves would contribute to the livelihoods of coastal communities. Strengthened marine spatial planning, including securing property rights for coastal communities, and effective marine protected area management would ensure that investments in new economic activities (including those supported as ‘alternative livelihoods’) are planned strategically to maintain or enhance ecosystem services.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

LAUTRA Project is focused on Eastern Indonesia. At the request of the Government of Indonesia (GOI), the project would focus on Fisheries Management Areas (WPP) 714, 715, 718, Savu Sea, and on provinces Maluku, Northern Maluku, Nusa Tenggara Timur, Papua, and West Papua. These areas have been selected for the project intervention due to: (i) high value of fisheries to local and national economies; (ii) high poverty rate; (iii) unique value of coastal ecosystems; (iv) synergy with the previous projects (incl. ongoing Bank-financed COREMAP-CTI). Sites within provinces for on-the-ground investments would be identified during early implementation of the project.

WPP 714 covers the area of Gulf of Tolo and Banda Sea. It consists of five provinces: East Nusa Tenggara, Southeast Sulawesi, Central Sulawesi, Maluku, and North Maluku. The majority of these provinces have high levels of rural poverty and local population depend on natural resources for livelihood, building and household energy needs. Most communities rely on agriculture and fisheries resources. GOI has enacted several Marine Protected Areas (MPAs) in WPP 714 to protect marine resources. This includes the Wakatobi National Park (~1.4 million ha) managed by Ministry of Forestry and Environment, as well as several smaller MPAs managed by the provincial governments (around 1.2 million hectares).

WPP 715 covers the area of Gulf of Tomini, Maluku Sea, Halmahera Sea, Seram Sea, and Berau Bay. It consists of six provinces - North Sulawesi, Gorontalo, Central Sulawesi, Maluku, North Maluku, and West Papua. Like WPP 714, the majority of rural communities rely on natural resources for livelihood. The eastern part of WPP 715 includes MPA Raja Ampat which is the center of the world's biodiversity and the center of the world's coral triangle, attracting increasing number of tourists.

WPP 718 covers the Aru Sea, Arafura Sea and East Timor Sea. It is bordered by the territorial waters of 3 countries - Timor Leste, Australia and Papua New Guinea. The Arafura Sea is one of the most productive waters in the world, particularly for shrimp and demersal fish (mostly caught by commercial fishers), but also small pelagic fish resources that are a source of income for coastal communities (small-scale fisheries).

The three WPPs face similar challenges: (1) degradation of fish stocks due to overfishing; (2) degradation of coastal habitat (mangroves, sea grass, coral reefs); (3) lack of stakeholder active participation in decision-making; (4) inadequate law enforcement; (5) low compliance of business in reporting the catch data; (6) lack of coordination on the allocation of fisheries resource utilization (fishing licenses) between the central and provincial governments.
The Project will also be implemented in the MPA Savu Sea, which is managed by the Ministry of Marine Affairs and Fisheries.

Component 1 would focus on improving coordination mechanisms within WPPs; informing decision-making processes in fisheries management; supporting multi stakeholder platform to strengthen coordination between national and provincial branches of MMAF and WPPs.

Component 2 would work on improving livelihoods of coastal population through diversification of activities, community-based fisheries management, capacity building, access to finance and developing eco-tourism. It would include physical investments in infrastructure for business development, including possibly cold chain storage facilities, small processing facilities, tourism home stays, aquaculture nurseries, etc.

Component 3 would focus on preparation and implementation of WPPs related management instruments - capacity building of government institutions/officials, strengthening of existing MPAs management models and sustainable financing mechanisms and benchmarking.

Component 4 would support implementation of the project, among others including M&E, GRM, training and implementation of ESF.

D. 2. Borrower’s Institutional Capacity

Ministry of Marine and Fisheries (MMAF) would become project implementing unit at the central level as a Project Management Office (PMO), complemented by Provincial Project Implementation Units (PPIU). MMAF has experience implementing COREMAP 1 and 2 Projects, as well as ongoing COREMAP-CTI. Although not familiar with the World Bank’s (WB) Environmental and Social Framework (ESF), MMAF is aware of the environmental and social (ES) safeguard requirements of WB operational procedures (OPs), and processing requirements. During the previous few years MMAF did not participate in any of the trainings on application of ESF. Neither in MMAF, nor the provincial level, there are dedicated units which handle environmental and social issues, although in its works MMAF actively engages in dealing with the environmental issues in marine sectors and in empowerment of fishers and coastal communities.

The GoI has in place adequate regulations on environmental issues mandating preparation of environmental documents proportional to the scale of impacts (AMDAL (large-scale investments or impacts, requiring full EA), UKL / UPL (medium-size investments or impacts, requiring partial EA), SPPL (small size investments requiring only list of environmental conditions)). On social safeguards, the GoI has issued a set of laws and regulations related to land acquisition and managing associated social risks and impacts, i.e. Law no 2/2012 on Land Acquisition and Development of Public Interest, which would apply to this project. Although provisions of the Law 2/2012 are close to ESS5 requirements, several gaps exist related to income, livelihood restoration, external monitoring of land acquisition etc.

The GoI laws and regulations acknowledge, respect, and protect the rights of customary communities (Masyarakat Adat), traditional communities and their local wisdom related to coastal management. However, detailed guidance to implement such laws and regulations is not available and there are no regulations for compensating local community fisheries for access restriction and production limit.
The bigger challenge for systematic application of ES standards lies both in the preparation of documents as well as in practical implementation of site-specific ES mitigation plans (ESMPs, RAPs, IPPs), including monitoring and reporting. The capacity of relevant agencies in regional offices varies greatly, including in understanding and implementing government regulations and ES standards of WB's ESF. The project would rely on the provincial agencies to enforce the rules and ensure that ES impact related measures are adequately implemented. The project will undertake a specific capacity development assessment as a part of ESMF development - that includes, among others, institutional strengthening needs, required additional trainings, budget allocations and time commitment for implementation of capacity development related activities. The project implementers (PMO, PPIUs) will have to take proactive stance in consulting with the environmental and other relevant agencies to ensure that existing regulations and site-specific ESMPs are followed.

LAUTRA’s design, activities and risk mitigation measures would ensure compliance with relevant ES standards, including ESF and national legislation. It is envisaged that there would be dedicated staff (at least two) in PMO and PPIUs responsible for managing safeguards related matters in accordance with national regulations and ES instruments. It is suggested that TA team’s ES risk specialists assist the PMO and PPIUs in implementing the ES related activities, especially during the initial years of project implementation. WB would support MMAF in preparing TORs for the ES staff and consultants. The project would undertake capacity building activities within PMO, PPIUs, and other stakeholders regarding application of the ESF and ESMF. The budget for safeguard trainings for the implementing units is provided under component 4.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) Substantial

Environmental Risk Rating Substantial

Considering the type, locations in MPA and institutional implementation challenges, the environmental risk at concept stage is assessed as substantial. Project has potential for a significant positive environmental impact and for substantial negative impact, which can be mitigated during the project preparation and implementation by applying the standard mitigation hierarchy, which will be described in project-specific Environmental and Social Management Framework Plan (ESMF). Range of mitigation measures required would relate to up-front environmental screenings, EIA and design of mitigation measures for the infrastructure related activities, as well as design and incorporation of the environmental screening methodology for development of MPAs management plans.

Under component 1 the project would focus on improving coordination mechanisms within WPPs, integrating data bases and processes to strengthen coordination between national institutions and provincial branches of MMAF and WPPs. As these activities contribute to determining sustainable mechanisms for management of WPPs and result in improved coordination between the various institutions - it is expected to have positive impact on fostering conservation of existing natural resources, health of the existing fish-stock and surrounding eco-systems.

Env risk under component 2 results from investments in infrastructure - like cold storage, small processing facilities, aquaculture nurseries etc.. These may have local negative environmental impacts, particularly if they are located in protected areas, in which case works will be undertaken only after MPA management plans are available. Proposed infrastructure would be subject to ES screening, preparation of site-specific ES instruments and application of the
conservation criteria. Project will not finance implementation of large-scale infrastructure projects. Due to limited scale, potential risks would not be major, long-lasting or irreversible, and could be mitigated by application of the good engineering practice. Uncertainty of the nature of infrastructure, and/or specific locations could bring site-specific environmental risks would be dealt through development of project-specific ESMF, which would include several generic ES Mitigation Plans (ESMPs). Generic ESMPs would be, during project implementation phase, further developed and adjusted to fit each specific location.

Component 3 would focus on activities related to strengthening and implementation of MPA instruments that are environmentally positive, as their objective is to reduce degradation of coastal and marine resources. Incorporation of env screening criteria and development of innovative MPA management models would have positive impact, contributing to creation of healthy marine environment and improved socio-economic situation. Activities related to marine debris would result in direct env benefit with a potential for subsequent nation-wide application, thus creating significant positive impact. The ESMPs, to be included in ESMF, would include procedures for ensuring re-use, re-cycle and where the above is not possible, safe storage and disposal of these materials.

The project will be undertaken in protected areas, for which the systematic country issues related to fisheries management and ecosystem services will be assessed and included in ESMF and ESIAs.

The risk related to Borrower capacity will be mitigated by ensuring better coordination, provision of additional training and monitoring of implementation of specific ES instruments. To facilitate the above, the project would include capacity building, TA and training activities focused on the project implementers.

To deal with the contextual risks, the project would undertake climate change vulnerability assessment in order to ensure suitable design and construction of the infrastructure within the project areas. Activities related to climate change vulnerability assessment are currently underway.

Social Risk Rating Substantial
Considering the type of project and nature of its activities, the social risk is rated Substantial due to potential risks and impacts and limited capacity of implementing agencies.

Potential social risks include potential disturbance to coastal communities that rely heavily on marine resources for livelihoods. The presence of indigenous peoples in the project locations i.e. WPP 714, WPP 715, WPP 718 and the coastal areas of Savu Sea is expected - such as Misool Timur customary community in Papua and the Bajau in Wakatobi. Impacts to indigenous people are expected to include changes to their customary resources’ management, economic, and cultural practices. There is also a potential risk of sexual exploitation and abuse/sexual harassment (SEA/SH) in relation to some project activities, including research planning activities related to local communities, workers for infrastructure, and eco-tourism – although this risk is assessed as low.

Component 1 would strengthen the enabling environment for sustainable fisheries and capacity of fisheries management areas institutions through analytical studies, technical assistance, and cross-sectoral coordination. Potential risks include lack of consultative processes and transparency in decision making process that may exclude consideration of risks to local coastal communities and aspirations of the concerned stakeholders (coastal communities, indigenous peoples, women, and other vulnerable groups). This may be exacerbated due to remoteness of the project locations and inability of implementing agencies to reach out to those groups.
Component 2 is expected to generate positive impacts to coastal communities in the target locations through various programs including skills development, diversified livelihoods, and improved access to finance, investment and markets. Potential risks identified under this component include elite capture; exclusion of vulnerable groups within the communities from the project activities such as those who are extremely poor, women, disabled, elderly, and other marginalized peoples; risk of project activities such as eco-tourism program that are not adopted to social, economic and cultural circumstances of coastal communities, particularly if there was no sufficient consideration of IPs, thus adversely impacting their livelihood and cultural practices.

Component 3 would maintain and enhance resilience of coastal and marine ecosystems within WPPs and provinces to ensure that essential supporting ecosystem services and functions can withstand shocks and pressures, both natural and anthropogenic, by strengthening the implementation of Marine Spatial Plans and MPAs, and reducing marine debris. Potential social risks under this component include livelihood impacts both intended and unintended from potential access restrictions and enhanced enforcement in MPAs; and risks to customary resource management systems that may differ from the management system and plans supported by the project.

Preliminary social assessment would be conducted during project preparation to understand general social baseline, institutional, and legal aspects including customary resource management of the target areas, as well as assessing the potential risks and impacts. Such assessment would rely on available public information and relevant researches, lessons learned from similar projects. The assessment would provide recommendation to strengthen public consultation mechanism and stakeholders' engagement and to enhance the synergies between conservation and social/ cultural aspects of the project and the coastal communities that will benefit and may be affected. Results of the assessment would be used to inform the project design, ESMF and relevant social instruments. Comprehensive ES impact assessment would be conducted during project implementation when the exact project activities and locations have been determined. The assessment would inform ESMPs to address identified risks.

**B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

**B.1. General Assessment**

**ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

*Overview of the relevance of the Standard for the Project:*

ESS1 is relevant for the management of the environmental and social risks and related impacts. Based on initial project screening, review of draft PCN, discussion with the implementing institutions and some of the project beneficiaries, the main identified environmental risk at PCN stage relates to lack of fully defined screening criteria and implementation capacities at the national and provincial level during development of the policy and regulatory instruments. Identified social risks at PCN stage include impacts to livelihoods of coastal communities, potential disturbance to community/indigenous customary resources management and practice, lack of transparency and inclusive consultation in decision-making process, and social exclusion.

Acknowledging that the project would involve wide range of stakeholders and that active participation of stakeholders are critical to achieve the project’s objectives, Stakeholder Engagement Plan (SEP) would be developed to guide stakeholder’s consultation and engagement strategy and activities.
The project specific activities related to infrastructure development may bring site-specific negative impacts, primarily related to wastewater management, solid waste and construction waste management, but to some degree risk can also be associated with air, soil degradation and pollution erosion and natural habitats.

With regards to construction activities, potential risks to workers include incompliance with labor and working condition standards as required in ESS 2, incl. occupational, health and safety. Other potential issues include risks related to child and/or forced labor, including community-based activities.

Although GoI has ratified all fundamental conventions of ILO, gaps in implementation is commonly found, especially in remote areas. In addition, assessment on risk of sexual exploitation and abuse/ sexual harassment (SEA/SH) in relation to a number of project activities, including research planning activities in / involving local communities, workers for infrastructure, and eco-tourism is deemed to be low.

To address the above impacts and institute general risk identification, the Borrower will prepare Environmental and Social Management Framework (ESMF) as an overarching ES instrument to guide further project preparation and implementation. Preliminary environmental and social assessment would be conducted during project preparation to understand potential risks and impacts of the project and be used to inform project design and the ESMF. The ESMF will provide a framework to screen and determine relevant ES risks, describe legal and institutional settings and responsibilities, specify processes and scope of environmental and social impact assessments (ESIAs) according to national and Bank’s requirements, determine measures and process for preparation of site-specific Environmental and Social Mitigation Plans (ESMPs), describe institutional monitoring and reporting arrangements, and describe the institutional arrangements in respect to non-compliance with processes presented in ESMF. Relevant social instruments in the ESMF include Labor Management Procedure (LMP), Resettlement Policy Framework (RPF), Process Framework (PF), and Indigenous People Planning Framework (IPPF).

In the event that contractors are hired for civil work activities, the contractors would be required to develop Contractor Environment and Social Management Plan (C-ESMP) in compliance with the project’s LMP.

As the TA activities in relation to components 1 and 3 will be focusing on capacity building and determining sustainable level of activities, thus fostering sustainable use of natural resources in target WPPs , the ESMF will also include draft sample ToR for the environmental scoping and screening of impacts for related activities, requirement to apply mitigation hierarchy in development and/or update of Fisheries Management Plans, fully consistent with ESF.

While the ESMF will present the overall guiding instrument, there will also be a need for the site-specific plans, particularly related to small-scale infrastructure activities to be undertaken as a part of the component 2 and 3 within protected areas, (although most of these activities will be implemented in villages that lay outside PAs). Recognizing the fact that these activities and respective locations are not known at this stage, and these will not be known before the start of the project implementation, the ESMF will include positive list of investments and several generic sample ESMPs, to be applied and further developed for some of the most likely activities (i.e. small fish processing facilities, eco-tourism, small-scale civil works for footpaths, walking trails, landing jetties, marine aquaculture etc.).
Activities under component 3 related to marine debris would be focusing on recovery of abandoned fishing nets. As such, these activities would have direct environmental benefit and would have a potential for subsequent nationwide application, with potential significant positive impact. However, in order to ensure minimization and mitigation of potential negative impacts, the project-wide ESMF will contain a specific ESMP which will include detailed requirements and procedures for ensuring re-use, re-cycle and where the above two are not possible, safe storage and disposal of these materials.

Some project activities (particularly in component 3) are intended to be implemented in protected areas, that are managed by various institutions at the national and provincial levels, each of them with the specific legal, institutional and enforcement arrangements. Although the project related activities are focused on development of management plans that apply the best international practice, aiming to ensure the sustainable levels of activities in WPPs and MPAs, thus fostering conservation and sustainable development of natural resources - it is understood that some of the activities, if implemented, may also have local negative impacts include impacts to livelihood resulted from restriction of access, changes and/or disturbance to customary resources management systems and practices. The ESMF will specify requirement for detailed screening and development of environmental and social instruments commensurate with ESS6 – Habitat Management Plans, Coastal Protection Plans or other targeted instruments as required by the national legislation, ESF and/or international practice. As actual setting of the infrastructure related activities is not known at this point, the requirements for screening (including sample ToR for this process) will be presented in ESMF.

Given that spatial information related to infrastructure-related activities are currently not known, the risks related to the Project’s impact on cultural heritage cannot be assessed. To account for this, the ESMF would include guidance and measures on identification of cultural heritage of communities, such as areas of cultural and spiritual value, in the planning process. The guidance would include chance finds procedure to anticipate the presence of physical cultural heritage within the project area. In the event that known cultural heritage is encountered, the project would prepare the Physical Culture Resources Management Plan(s).

Preliminary social assessment (SA) would be conducted during project preparation to understand general social baseline, institutional, legal, customary etc. aspects; to assess potential social risks and impacts, and to inform ESMF and ESMPs. Comprehensive social and environmental assessment would be conducted during project implementation.

The Borrower will prepare and disclose an Environmental and Social Commitment Plan (ESCP) prior to appraisal. The ESCP will outline the Borrower’s commitments to develop the required E&S instruments and tools; implement appropriate mitigation measures; and report on performance related to application of ESS relevant to the project.

Areas where “Use of Borrower Framework” is being considered:
The project would not rely on Borrower’s E&S framework.

ESS10 Stakeholder Engagement and Information Disclosure
The project would involve a wide range of stakeholders, including the project-affected people, community beneficiaries, government authorities both at national and local level, civil society/community-based organizations including women’s group, researchers, private sectors, etc.

Based on the available information at the concept stage, the project-affected people, such as coastal communities, including indigenous communities, are living in dispersed, remote, and isolated locations—hence it may be difficult to reach out and communicate with them. The limited current resources within the implementing agencies add the potential challenges to undertake meaningful and inclusive stakeholders’ engagement. The project would conduct stakeholders’ identification under the preliminary social assessment during project preparation. Based on this, the Stakeholder Engagement Plan (SEP) would be developed, outlining the general principles and a collaborative strategy and a plan for an engagement process, including guidance on stakeholder engagement activities in case restrictions for public gatherings and requirements for social distancing due to Covid-19 pandemic remain in place for an extended period of time. The SEP document would also outline the grievance redress mechanism (GRM) at the project level. Draft SEP would be disclosed prior to project appraisal.

SEP document is meant to be a living document which would be updated regularly throughout the project cycle reflecting the development of project activities. As part of the project preparation and early implementation, the implementing agency would seek the views of stakeholders on the SEP, including the identification of stakeholders and the proposals for future engagement. Under component 4, the project would support the implementation, management, coordination, and oversight of the proposed project including the stakeholders’ engagement activities.

The sub-project level of SEP would be prepared and implemented once the target populations and specific investments are determined. In the event that stakeholder engagement with local individuals or indigenous and communities depend substantially on community representatives, the project implementing agencies would make reasonable efforts to verify that such persons represent the views of such individuals and communities communication process is facilitated in an appropriate manner. The SEP would provide guidance and protocol to obtain Free Prior and Informed Consent (FPIC) when conditions warranting FPIC are met in line with the ESS7. In the event that Indigenous Peoples are present and/or impacted by the project activities, a stakeholder engagement for this group would also be developed and such a requirement would be reflected in the ESCP.

Stakeholder engagement would continue to be a reiterative process during project implementation. The implementing agency would maintain and disclose a documented record of stakeholder engagement to date, including a description of the stakeholders consulted (disaggregated by gender), a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not deemed relevant. This requirement would be established in the ESCP.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions
The project is likely to support construction of basic infrastructure and facilities which would potentially involve small number of direct workers and contracted workers. At this stage, involvement of community workers is yet to be determined. Construction activities are not expected to generate substantial labor influx since the scope of the physical construction works is on average small i.e. basic facilities to support fishermen village program in supporting the community development. In addition to small scale civil work activities, ESS 2 is also relevant for field data collection activities to support decision-making process in fisheries under sub-component 1.2, particularly in relation to occupational health and safety (OHS) issues.

Another set of potential risks are related to child and/or forced labor in the fisheries sector activities, including community-based activities, to be supported under the project. Potential risks related to labor and working conditions would be further identified and assessed as part of the preliminary social assessment. Such assessment would also explore the options to increase capacity to manage OHS issues with fishermen communities. Relevant mitigation measures to be implemented under the project would be specified in the Labor Management Procedure (LMP), including the arrangement of the project workers’ GRM.

In the event that contractors are hired for civil work activities, the contractors would be required to develop Contractor Environment and Social Management Plan (C-ESMP) in compliance with the project’s LMP. A mechanism to ensure the contractors’ compliance would be detailed in the LMP i.e. C-ESMP, including provision to develop and implement corrective actions in the event that non-compliance issues are found.

ESS3 Resource Efficiency and Pollution Prevention and Management

Although most of the project-related outputs are environmentally-neutral, it would be important that the MPA and fishing management plans for WPPs include relevant measures for pollution prevention and control for the activities involving operation of fishing fleet, as well as principle of good engineering practice in design and use of the construction materials for the infrastructure-related activities.

For the development of the MPA planning instruments (note that most MPAs already have valid management plans), this would be done through inclusion of the requirements related to use of good environmental practice (including application of the mitigation hierarchy in resolving the environmentally-related risks), and environmental screening in the process for development of MPA management plans. Draft sample Terms of Reference for the environmental scoping and screening of impacts for related activities, requirement to apply mitigation hierarchy in defining priority areas of work/management and development of other ESF related instruments, if the screening finds this relevant, will be included in ESMF.

For the infrastructure-related activities and activities related to ecosystem restoration and addressing marine debris, this would be described in project-specific ESMF, as well as in generic ESMPs that would be prepared for different types of the infrastructure-related activities. The generic ESMPs would be subsequently further developed and adjusted to apply to each specific infrastructure-related investment, once identified. These would relate, among others, to possible dredging activities, which may have the potential to produce suspended sediments thus increasing the turbidity of water in the surrounding environment; construction waste including waste materials generated
during construction; hazardous wastes such as used oil, batteries and tires associated with the use of construction machinery; sourcing of raw materials, such as sand, aggregates, timber and water etc.

The ESMF during Project preparation phase, and site specific ESIAs and ESMPs, as relevant, during implementation phase, would ensure that the above is adequately managed and mitigated. The ESMPs, to be prepared during project implementation phase as a part for the design/tender documents would, where relevant, include mitigation measures not only for the project-implementation phase, but also the ones to be applied during the later operation of relevant facilities.

**ESS4 Community Health and Safety**

Community health and safety risks may stem from small infrastructure construction activities. Detailed assessment of such risks would be conducted once the specific investments are determined as part of the environmental and social impact assessment.

Proportionate to the impacts, environment and social management plan (ESMPs) would be developed to mitigate community health and safety impacts. Construction activities can only be commenced after the ESIA and ESMP documents are being reviewed and agreed by the World Bank indicated by the issuance of no-objection letter. Potential risk of sexual exploitation and abuse/sexual harassments (SEA/SH) is deemed to be low due to the nature of supported activities under the project i.e. small scale of infrasstructure, considerably limited involvement of local community in research planning activities, and small scale eco-tourism activities. The SEA/SH risk would be mitigated through sets of actions including sensitization of the implementing agencies on the importance of addressing SEA/SH in the project, requirement for all project workers to sign code of conduct, map out GBV prevention and response actors in communities adjoining the project, provision of SEA/SH risks and mitigation measures in all E&S project documentation i.e., project-level ESMF, site-specific ESMPs, C-ESMPs, and establishment of specific procedures for SEA/SH, including confidential reporting with safe and ethical documenting of SEA/SH cases.

**ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Based on the information available at the concept note, components 1 and 3 of the project would provide technical assistance and analytical work to strengthen the enabling environment for fisheries management, and to maintain and enhance the resilience of coastal and marine ecosystems within target WPPs and provinces including preparation of management plans that could have adverse impacts on communities i.e access restriction, changes and/or disturbance to customary resources’ management system and practices.

The project will prepare a resettlement planning framework and process framework in line with ESS 5 to address associated risks and impacts resulted from implementation of the MPAs. Relevant provisions of such frameworks will also be required to be mainstreamed as part of spatial or coastal planning, particularly on aspects concerning community engagement, social inclusion and alternative livelihoods.

Under component 2, infrastructure activities are envisaged although at the current stage, specific location and scale of infrastructure to be financed under the project are yet to be determined. A Resettlement Policy Framework (RPF)
would be prepared as part of the project’s ESMF. In the event there is need for land acquisition and involuntary resettlement, a Resettlement Action Plan (RAP) would be developed during project implementation once the project sites requiring land acquisition have been determined. Such document would be submitted to the Bank for review and clearance and due process would be followed to adequately compensate and rehabilitate the affected persons in conjunction with ESS5 before any project related construction activity proceeds further.

**ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

The requirements of ESS6 apply. This ESS addresses sustainable management of primary production and harvesting of living natural resources. This includes harvesting of fish in the natural environment which this project would support.

The analytical work that would be undertaken through components 1 and 3 on preparation of WPP management plans (where these do not exist), strengthening the implementation of MPAs, administrative and enforcement mechanisms, determining the sustainable levels of fisheries and diversification of local activities aimed to improve livelihood of local coastal communities - is promoting environmentally-conscientious management, contributing to environmental conservation, sustainable management and use of natural resources.

Development and update of WPP management plans will be undertaken following the national legislation which recognizes zoning of the areas based on ecosystem and habitat value and level of protection. The related activities will also include development of a licensing framework for fishing companies and individuals to prevent possible significant negative impacts to local biodiversity and ecosystem services used by the local fishing communities. While doing so, the project will be working closely with various stakeholders, including the Marine Stewardship Council (MSC).

Overall, the activities to be financed by the Project are expected to have positive impact on the fish stock in Indonesia through reforms and introduction and monitoring of the sustainable fishery management practices. Notwithstanding the potential positive impacts, some project activities, including policy reforms and civil works may have unintended negative consequences on the ecological functions of habitats and the biodiversity they support. For example, civil work activities could lead to degradation of natural habitats, while some policy reforms may unintendedly lead to unsustainable harvesting of fishery stock and restrictions of land use thus impacting on the livelihood of local people.

The ESMF would mandate that specific ESIsAs, to be prepared during project implementation, would assess the potential project-related risks and impacts on habitats and biodiversity, including fishery stock. These assessments would, where relevant, cover actual construction sites as well as raw materials sourcing sites, with special consideration given to the coastal water areas that may be reclaimed. As no information is available on the benthic ecosystems of MPAs, the EIA would have to include a detailed benthic survey to understand the present conditions (baseline data) at the project sites as well as assess potential impacts the project activities may have and provide mitigation measures.

Where ESIA will identify potential risks and impacts on biodiversity or habitats, the Borrower would be required to manage those risks and impacts in accordance with the mitigation hierarchy and international practice. The ESMF will specify requirement for detailed screening and development of environmental and social instruments commensurate
with ESS6 – Habitat Management Plans, Coastal Protection Plans or other targeted instruments as required by the national legislation, ESF and/or international practice. As actual setting of the infrastructure related activities is not known at this point, the requirements for screening (including sample ToR for this process) will be presented in ESMF.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Indigenous peoples are expected to be present in the potential project locations namely WPP 714 (The Banda Seas), WPP 715, WPP 718, and Savu Sea (from Southern Java to Western Timor Sea).

Administratively, the WPP 714 covers five provinces namely the East Nusa Tenggara, Southeast Sulawesi, Central Sulawesi, Maluku, and North Maluku, while fishermen empowerment, fish auction management and organization is within the jurisdiction of 24 regencies/cities.

WPP 715 consists of six provinces namely the North Sulawesi, Gorontalo, Central Sulawesi, Maluku, North Maluku, and West Papua, while fishermen empowerment, fish auction (TPI) management and organization is within the jurisdiction of 36 regencies/cities.

WPP 718 consists of three provinces, namely Papua, West Papua and Maluku, covers 8 (eight) regencies/districts.

Referring to the IP distribution from the Ministry of Social Affairs as well as from the list of Indigenous Peoples' Alliance (AMAN), indigenous peoples are scattered in several villages including in the coastal areas in the some of the regencies at the target locations. They have local wisdom and practices relevant for sustainable fisheries management such as Sasi, a prohibition to extract certain natural resource that have been agreed upon, usually for a certain forestry, agriculture, or fishery products. Sasi has time and location restrictions, although sometimes not explicitly stated, but it is due to the flexibility of the time until the resources are sufficient to be sustainably extracted. Sasi culture is known and spread evenly almost throughout Maluku and parts of West Papua. Similar to sasi, in East Nusa Tenggara, particularly in Rotendao district there is a customary practice called hoholok papadak. The project would ensure that such the local wisdoms and practices are adopted in the sustainable fisheries management measures under the project.

As the exact sites for the activities are not defined yet, an Indigenous Peoples Planning Framework (IPPF) would be prepared as part of the project’s ESMF. In the event that Indigenous Peoples are present and would be affected, both positively and negatively by the project activities as informed during screening, Indigenous Peoples Plans (IPPs) would be prepared to lay out engagement processes and mitigation of adverse risks and impacts based on Free, Prior and Informed Consent (FPIC). In the situation that the indigenous communities are the sole, or the overwhelming majority of, project beneficiaries, the elements of the plan may be included in the overall project design, and preparation of a stand-alone IPP is not necessary.

To promote effective project design, to build local project support or ownership the implementing agency would undertake an engagement process with affected Indigenous Peoples as required in ESS10. This engagement process would include stakeholder analysis and engagement planning, disclosure of information, and meaningful consultation, in a culturally appropriate and gender and inter-generationally inclusive manner. The grievance
mechanism would be established for the project which is culturally appropriate and accessible to affected Indigenous Peoples and takes into account the availability of judicial recourse and customary dispute settlement mechanisms among Indigenous Peoples.

**ESS8 Cultural Heritage**

Given that the specific information on the scale and location of the infrastructure-related activities (including location of coastal communities that will be involved in the project) are currently not known, the risks related to the Project's impact on cultural heritage cannot be assessed. However, it is to be reasonably expected that some cultural heritage sites, including areas of spiritual and cultural values to the community and/or indigenous peoples, may be located within or adjacent to the project funded investments.

This would be further confirmed during the preparation of site-specific ESIsAs and ESMPs. The ESMF and generic sample ESMPs would include guidance on identification related to such cultural heritage and development of appropriate management plan(s) during the planning process through community consultation. The guidance would also include chance finds procedure to anticipate the presence of physical cultural heritage within the project area and in the event that physical cultural heritages are encountered, the project would require preparation of the Physical Culture Resources Management Plan. This process will be detailed in the project-specific ESMF.

**ESS9 Financial Intermediaries**

The project would not involve FI.

**B.3 Other Relevant Project Risks**

Natural processes related to the climate change are expected to result in more frequent and more severe extreme weather events in the physical area where the Project related activities are to be implemented - situations such as heavy rains, earthquake, storm surges, sea level rise landslides and coastal erosion. These events put both the urban and rural infrastructure at risk.

As a significant portion of the activities financed by the project are linked to coastal areas, the Project would need to undertake a detailed climate change vulnerability assessment in order to ensure suitable design and construction of the infrastructure within the Project areas. The preliminary activities on this have already started through preparation of relevant ToRs.

**C. Legal Operational Policies that Apply**

| OP 7.50 Projects on International Waterways | No |
| OP 7.60 Projects in Disputed Areas | No |
III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?  
No

Financing Partners
None.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:
- Preparation of ESMF to include RPF, PF, and IPPF;
- Preparation of several generic ESMPs as apart of ESMF;
- Preparation of draft Sample ToR for environmental and social screening for MPA planning and management documents, as part of ESMF;
- Preparation of Project Stakeholder Engagement Plan (SEP), including the detail of the project Grievance Redress Mechanism (GRM);
- Preliminary Social and Assessment;
- Preparation of Labor Management Procedures (LMPs); and
- Preparation of Environmental and Social Commitment Plan (ESCP).

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):
- Preparation of ESIAs (including a detailed ESMPs) prior to commencement of civil works;
- Preparation and Implementation of RAP prior to commencement of civil works;
- Preparation of final ToR for environmental and social specialists;
- Preparation of Labor Management Plan (LMP) prior to commencement of civil works
- Preparation and Implementation of Indigenous Peoples Plans (IPPs).
- Implementation of site-specific SEPs throughout the project life
- Preparation of TOR for environmental and social screening and application of mitigation hierarchy in development of WPP Management Plans
- Develop and implement institutional capacity strengthening plan for ESS, including the commitment, resources and time frame to implement institutional strengthening measures for ESS;
- Implementation of GRM;
- Preparation and approval Contractor’s Environment and Social Management Plan (C-ESMP).

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 02-Apr-2021

IV. CONTACT POINTS

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VI. APPROVAL  
Task Team Leader(s): Andre Rodrigues de Aquino  
Practice Manager (ENR/Social) Susan Shen Recommended on 07-May-2020 at 10:02:24 EDT  
Safeguards Advisor ESSA Peter Leonard (SAESSA) Cleared on 19-May-2020 at 00:08:10 EDT