

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: ISDSC17460

**Date ISDS Prepared/Updated:** 21-Oct-2016

**I. BASIC INFORMATION**

**A. Basic Project Data**

<b>Country:</b>	Timor-Leste	<b>Project ID:</b>	P155202
<b>Project Name:</b>	Tibar Bay Port Project (P155202)		
<b>Task Team Leader(s):</b>	Pierre Graftieaux		
<b>Estimated Board Date:</b>	31-August-2017		
<b>Managing Unit:</b>	GTI02		
<b>Sector(s):</b>	Ports, waterways and shipping (100%)		
<b>Theme(s):</b>	Infrastructure services for private sector development (80%), Other trade and integration (20%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (in USD Million)</b>			
Total Project Cost:	300.00	Total Bank Financing:	70.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Bank for Reconstruction and Development			60.00
International Development Association (IDA)			10.00
Asian Development Bank			59.00
Foreign Private Commercial Sources (unidentified)			171.00
Total			300.00
<b>Environmental Category</b>	A - Full Assessment		
<b>Is this a Repeater project?</b>	No		
<b>Is this a Transferred project?</b>	No		

**B. Project Objectives [from section 2 of PCN]:**

The proposed development objective is to improve Timor Leste's port operations and efficiency through increased port capacity and enhanced private sector participation.

**C. Project Description [from section 3 of PCN]:**

The Government of Timor-Leste has identified Tibar Bay, 14 km west of Dili, for the site of a greenfield port handling only cargo operations. The new port will take all of Dili port's cargo operations and have a 350,000 TEU capacity. This will relieve congestion currently experienced at the Dili port.

The project consists of the construction and operation of a new port at Tibar Bay, under a PPP scheme, whereby public participation in the investment will be partially funded by the World Bank and ADB, and partially by the Petroleum Fund. The Tibar Bay Port is expected to be operational by end 2019 and replace Dili Port as Timor Leste's principal port for cargo and container operations. As Tibar Bay becomes operational, Dili Port will only provide ferry and passenger vessels and space currently occupied by cargo and container will be redeveloped as a public marina. The Tibar Bay concession will be regulated by a dedicated Project Management Unit (PMU) to be established for that purpose. The PMU will report jointly to the Ministries of Finance and Public Works and will be managed through two Steering Committees (operational and political), the latter one to be composed of the two Ministers.

The Government of Timor-Leste, with support from the IFC, has awarded a Public-Private Partnership (PPP) for the Tibar Bay port to Bolloré Logistics, a French investment and industrial holding and a major player in transport and logistic operations. The concession contract, for a period of 30 years was signed on June 3, 2016, with the possibility to extend for an additional period of 10 years. Four bidders had expressed potential interest in the greenfield and two submitted proposals.

The financial bid consisted of a single variable, the Viability Gap Financing (VGF) to be contributed to the PPP by the GoTL through a combination of their own resources, and credits/loans from the World Bank and the ADB. The Bolloré offer established the VGF amount at US\$129.45 million, significantly lower than IFC's base case scenario. The VGF is to be paid to the successful bidder in tranches, the first of which will be disbursed upon engineering design and mobilization (expected to happen in early 2017). During negotiations, the future concessionaire, worried about the risk posed by the fact that the WB and ADB loans are not yet approved, made the GoTL agree to escrow the full VGF amount, using resources from the Petroleum Fund. As a result, the installments due to the concessionaire will be paid out of this escrow account, and the proposed World Bank operation will disburse as these installments are being paid, for a total amount of up to USD 70 million, along with the Asian Development Bank (whose expected contribution amounts to USD 59 million).

The World Bank's proposed involvement would have one component:

Infrastructure Development, approximately US\$300 million, out of which US\$70 million would be funded from IDA and possibly from IBRD: providing a loan to fund part of the GoTL's Viability Gap Financing for PPP for the Tibar Bay port. Money will be disbursed based on attainment of specific construction milestones, certified by the Independent Engineer.

**D. Project location and salient physical characteristics relevant to the analysis of environmental and social risks and impacts (if known):**

Tibar Bay, running approximately 1.6 km east-west and 1 km north-south, was selected by GoTL as the most appropriate site for the new Port based on a range of considerations. Seven alternative port site layouts were then considered within the Bay based on operational, engineering, environmental, social and cost factors. The site was selected as the preferred site based on its operational suitability, lower environmental and social impacts, and cost effectiveness. Port facilities are likely to consist of a 26.9 ha container terminal, 2.7 ha general cargo area and 11.6 ha for offices and workshops.

The direct, cumulative and induced potential social and environmental impacts of the project are expected to be significant. The port will require the creation of a 200 m wide approach channel through the western side of the reef across the mouth of the bay, establishing a 600 m diameter turning circle within the bay, construction of a wharf, land reclamation and some landside developments. The site will require the removal of around 20 ha of marine habitat, most notably consisting of approximately 18 ha of seagrass bed, up to 1 ha of live coral and between 1-3 ha of mangrove, depending upon the final design. Potential social impacts will include land acquisition and resettlement (although this is expected to be largely public land with only moderate direct impacts on private land), business and employment impacts (at the site and in the existing Dili port), livelihood impacts on fisherpeople, cultural heritage sites, restricted access to the water, shoreline and marine area, safety and visual impacts. Substantial indirect and induced impacts on adjoining and nearby land uses and environments are also likely if not managed effectively.

**E. Borrower's Institutional Capacity for Effective SEMS:**

The project is a public-private partnership between the private concessionaire and the Ministry of Transport and Communications (MTC). The concession will be regulated by a dedicated Project Management Unit (PMU) established for that purpose. The PMU will report jointly to the Ministries of Finance and Public Works and will be managed through two Steering Committees (operational and political), the latter one to be composed of the two Ministers. National Directorate of Pollution Control and Environmental Impact (NDPCEI) will be the responsible approval authority for environment and social safeguards.

The project will be delivered by a private sector entity. Accordingly, the Bank's Performance Standards will be applied via the triggering of OP 4.03 rather than the Bank's safeguards Operational Policies. No project of this type or scale has been supported by either the World Bank or the IFC in Timor Leste. The Government's PMU which will be responsible for project delivery has appointed one International and one National Safeguards specialist to add capacity to better manage safeguards. In addition to this, a separate PPIAF Grant is being processed to support GoTL to set up and operationalize the PMU and build its capacity for the management of the first PPP concession contract in Timor-Leste. This support is envisaged to encompass capacity building and transfer knowledge from international experts to local staff for long-term contract management. .

The Concessionaire, Bollore, is generally recognized as having the capacity to identify, assess and manage E&S risks. The company’s Timor Leste operations are certified under ISO 9001 (Quality Management Systems), 14001 (Environmental Management) and 18001 (Occupational Health and Safety Standard). For the preparation of the ESIA, Bollore has appointed a major international consulting firm with a very strong track-record in undertaking large and complex assessments such as required for this project.

During project preparation, the legal and institutional framework of relevant stakeholders (particularly National Directorate of Pollution Control and Environmental Impact, Ministry of Lands, Ministry of Finance (the Loan and PPP Unit) will be assessed, along with their capacity, and if needed, a program to strengthen the safeguards implementation arrangements will be designed. Special attention will be paid to identifying an implementation structure and process to effectively interact with the social and environmental consultants appointed by the concessionaire for the preparation of the safeguard documents and for project supervision and monitoring.

**F. Environmental and Social Safeguards Specialists on the Team:**

Ross Butler – Senior Social Development Specialist: GPSURR  
 Nicholas Valentine – Senior Environmental Safeguards Specialist: GENDR

**II. PERFORMANCE STANDARDS THAT MIGHT APPLY**

<b>Performance Standards/OP (please explain why)</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>PS 1: Assessment and Management of Environmental and Social Risks and Impacts</b>	<b>X</b>		
<p>A concept design of the Port was developed by Hamburg Port Consulting (HPC), building on earlier work undertaken by Soros Associates (2012). A <i>Rapid Environmental Assessment</i> (REA) was conducted for the Port in September 2012 to provide a preliminary identification of environmental and social issues associated with the development. An environmental and social <i>Scoping Study</i> (2013) was prepared to provide a more detailed identification of issues and assist GoTL in selecting the preferred site within Tibar Bay.</p> <p>An ecological study undertaken in 2014 found that the identified site for the construction of the Tibar Bay port is considered critical habitat for Hawksbill Turtles (critically endangered) and for Green and Loggerhead Turtles (both endangered), and also contains a highly threatened ecosystem: mangroves. Timor-Leste has lost 80% of its mangrove forests since 1940, and the mangroves of Tibar Bay comprise 2.5% of the remaining extent. Addressing this issue and designing the appropriate mitigation measures (such as replanting offset) will be a complex task, which may impact the implementation schedule of the project and will require close coordination between the donors, the Government and the concessionaire. The latter will be in charge of developing the Environmental and Social Impact Assessment (ESIA) and will be given 8 months to prepare the ESIA and 11 months to obtain the required permits, including the environmental and development approvals.</p>			

<b>Performance Standards/OP (please explain why)</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<p>The ESIA will be prepared in accordance with a Terms of Reference which the ADB and World Bank provided consolidated comments to. This includes meeting requirements of ADB, World Bank and IFC, including general guidelines such as the EHS Guidelines and Industry Guidelines for Ports, Harbors and Terminals. The World Bank safeguards team will be closely involved in supervising this work to ensure the requirements of the Bank are met during ESIA preparation.</p> <p>The ESIA will address direct and indirect impacts and also assess both cumulative and induced impacts to ensure the overall impact of the project is properly assessed. Impacts to be assessed includes (among other things which will be identified during the assessment process): alteration of bay/coast hydrodynamics; sea/land degradation; seawater quality deterioration; catchment drainage and bay sedimentation; land use; habitat destruction/degradation and biodiversity loss; ecosystem services; pests and invasive species; water use; solid waste; wastewater and stormwater; dredging and dredge material disposal; air quality; underwater noise; noise; greenhouse gas emissions, climate change impacts and adaptation; land acquisition and physical displacement; economic displacement / loss of livelihoods; population change; loss of facilities and amenities; loss of cultural heritage sites; safety; traffic; reduced visual amenity. The ESIA will also cover ancillary facilities such as disposal sites from the dredged materials, waste disposal, and materials sourcing areas etc. The project area of influence will be defined at the early stages of ESIA preparation and agreed by the Bank.</p> <p>During preparation, the donors will carry out due diligence based on a review and update of the already available set of studies. The selected Concessionaire will prepare a <i>Draft ESIA</i> in compliance with the approved ToR, incorporating an Environmental Management Plan (EMP), and submit this to National Directorate of Pollution Control and Environmental Impact (NDPCEI) for assessment. NDPCEI establishes an Evaluation Committee consisting of representatives of relevant agencies and institutions to review the <i>Draft ESIA</i>, and the report will be made available for public review.</p> <p>The <i>Final ESIA</i> will be prepared by the proponent taking into account the comments received from the Evaluation Committee's technical review and public consultation, then submitted to NDPCEI for approval. The ESIA will include specific management plans (in addition to the EMP) including dredging management plans, marine spill contingency plan and biodiversity action plan</p> <p>If the project is approved, an Environmental Permit will be issued and may contain conditions of consent, including the requirement to implement the mitigation and monitoring measures set out in the ESIA, EMP and other Project management plans.</p>			
<b>PS 2: Labor and Working Conditions</b>	<b>X</b>		
<p>The project will have the potential to affect employment opportunities the existing Dili port. The socio-economic work being undertaken as a part of the ESIA to be prepared by the concessionaire will examine these potential impacts; and include an appropriate mitigation plan. Mitigation plans will be informed by, and comply with, WGB Environmental Health and Safety (EHS) Guidelines and other best practice guidelines.</p>			

<b>Performance Standards/OP</b> <i>(please explain why)</i>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
For example, if the Project only involves economic displacement (no physical displacement), a Livelihood Restoration Plan is required to meet Bank PS requirements, setting out compensation for affected persons and/or communities and other assistance measures. The 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.			
<b>PS 3: Resource Efficiency and Pollution Prevention</b>	<b>X</b>		
In addition to pollution and waste issues common to construction activities, significant dredging (volume 4.4 million m <sup>3</sup> ) and reclamation works are needed. Improper management of such activities poses pollution risks.  E&S Scoping Study identifies risks and provides an initial assessment of them, with recommendations for a Dredging Management Plan in line with PS3 and WBG EHS Guidelines for Ports, Harbors, and Terminals.			
<b>PS 4: Community Health, Safety, and Security</b>	<b>X</b>		
Community health, safety and security will have the potential to be significantly impacted if the construction and operational phases of the project are not undertaken in a manner which meets best practice. Impacts will have the potential to be far-reaching and include health and other impacts on workers, traffic safety, personal security, workplace safety and others. All potential impacts will be identified during the ESIA period and appropriate mitigation measures adopted in accordance with the WGB EHS Guidelines and other best practice guidelines.			
<b>PS 5: Land Acquisition and Involuntary Resettlement</b>	<b>X</b>		
Limited physical displacement is anticipated as a result of the development. The 2014 Scoping Study did identify 3-4 houses which may be affected. Economic displacement is likely to be an issue however as a result of the loss of mangroves and seagrasses as well as impacts on fishing grounds and terrestrial livelihood systems. A Livelihood Restoration Plan / Resettlement Action Plan / Land Acquisition and Resettlement Plan will be prepared by the concessionaire and responsibility for the implementation of the plans will rest with the project PMU.  This plan will meet relevant national requirements as well as those of PS5. If physical displacement is required, livelihood restoration measures shall be incorporated into the Resettlement Action Plan.			
<b>PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>	<b>X</b>		
The conservation significance of biological communities and individual species found in the Bay is summarized below sourced from preparatory work completed for IFC (Scoping Report and Rapid Environmental Assessment).  <ul style="list-style-type: none"> <li>• Mangroves – the three mangrove species identified in the Bay (<i>Sonneratia alba</i>, <i>Avicennia marina</i> and <i>Rhizophora stylosa</i>) are each listed as Least Concern on the IUCN</li> </ul>			

Performance Standards/OP <i>(please explain why)</i>	Yes	No	TBD
<p>Red List. Despite this low level of individual species significance, there is only an estimated 1,000 ha of mangrove remaining in East Timor, with cover having decline by around 80% since 1940 and set to continue to decline unless action is taken. Tibar Bay contains around 2.5% of the remaining mangrove area and the project will impact about a 10<sup>th</sup> of this, i.e. a quarter of a percent of the remaining mangrove in Timor Leste.</p> <ul style="list-style-type: none"> <li>• Seagrasses – the Bay contains around 24 ha of seagrass beds out of an estimated 2,200 ha of seagrass beds and 1,266 ha of mixed coral-seagrass along the northern coastline of Timor-Leste. Each of the four species of seagrass identified are listed as Least Concern on the IUCN Red List;</li> <li>• Coral reefs – a high cover of live coral is generally found along the edge of reefs, at depths off between 2-5 m, but as deep as 15+ m. Coral diversity is good, with most corals being slow growing species.</li> <li>• Dugong (Dugong dugon) - listed as Vulnerable to extinction (IUCN Red List). This species is known to occur off the beach immediately east of the Bay (within 800 m of the eastern headland of the Bay). Dugong use of the Bay is not known, but it is thought that the Bay is not of any particular significance to this species (IFC Scoping Report) as sightings within the Bay were not reported and only small and isolated patches of H. ovalis seagrass, the species preferred food, have been identified within the Bay.</li> <li>• Marine turtles – six species of marine turtle use the waters around Timor-Leste as habitat (Green turtle - Chelonia mydas, Hawkesbill turtle - Eretmochelys imbricata, Loggerhead turtle - Caretta caretta, Flatback turtle - Natator depressus, Olive Ridley turtle (Lepidochelys olivacea) and Leatherback turtle (Dermochelys coriacea), with two of these species listed as Critically Endangered and three Endangered. The use of the Bay by turtles is unknown. Accordingly, additional work will be required during the ESIA preparation phase to confirm the extent and nature of impacts.</li> <li>• Saltwater crocodile (Crocodylus porosus) –This species’ presence in the area was reported in the Rapid Environmental Assessment (REA) prepared for IFC. It is listed as of Least Concern More verification work will be undertaken to address this issue during ESIA preparation.</li> </ul> <p>In addition to assessing the impact of the project, the ESIA being prepared by the concessionaire will be required to include a stand-alone Biodiversity Management Plan which comprises a detailed assessment on biodiversity and identifies means to ensure biodiversity risks and impacts on critical habitats are designed to result in a “net gain”.</p>			
<b>PS 7: Indigenous Peoples</b>	<b>X</b>		
<p>The social assessment and community engagement activities to be carried out during draft ESIA preparation will assess aspects related to indigenous peoples in the project areas as relevant and recommend appropriate approach.</p>			
<b>PS 8: Cultural Heritage</b>	<b>X</b>		
<p>Two cultural heritage sites (a canoe launching site and freshwater well) have been identified on the southern end of the preferred port site. The ESIA will assess the impact of the Port on these sites (including if it can be avoided or if the sites can be relocated) and on any other sites. Local communities will be consulted when defining mitigation and management procedures.</p>			

<b>Performance Standards/OP</b> <i>(please explain why)</i>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>OP 7.50: Projects on international waterways</b>		<b>X</b>	
For privately funded projects where OP 4.03 applies, the Bank ensures that the notification requirements under OP/BP 7.50, Projects on International Waterways, related to the activity are met.			
OP7.50 would not be triggered for the proposed project as the activity is wholly within Timor Leste's sovereign area. The port is located within an enclosed bay and necessary construction and impact mitigation activities will extend less than 1km offshore.			
<b>OP 7.60: Projects in disputed areas</b>		<b>X</b>	
The project is not located within any disputed areas. This OP would therefore not be triggered.			

### III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the ESRS would be disclosed and the PAD-stage ISDS would be prepared: March 2017
- B. For Category C or Category FI projects that do not require an ESRS, the target date for preparing the PAD-stage ISDS:
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:

The Concession Agreement was signed on June 3, 2016. Once the contract becomes effective, the concessionaire will be given 8 months to draft the ESIA and 11 months to obtain the required permits, including the environmental one. Being a category A project, the ESIA will have to be disclosed at least 120 days before Board approval.

### IV. APPROVALS

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>Name: Pierre Graftieaux</b>	<b>31 August 2016</b>
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Name: Peter Leonard</b>	<b>5 October 2016</b>
<b>Comments:</b>		
<b>Practice Manager:</b>	<b>Name: Almud Weitz</b>	<b>22 October 2016</b>
<b>Comments:</b>		

<sup>1</sup> Reminder: The Bank's Access to Information Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.