



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 11/24/2020 | Report No: ESRSC01510



BASIC INFORMATION

A. Basic Project Data

| | | | |
|---|---|--------------------------|----------------------------|
| Country | Region | Project ID | Parent Project ID (if any) |
| Philippines | EAST ASIA AND PACIFIC | P174137 | |
| Project Name | Fisheries and Coastal Resiliency Project | | |
| Practice Area (Lead) | Financing Instrument | Estimated Appraisal Date | Estimated Board Date |
| Environment, Natural Resources & the Blue Economy | Investment Project Financing | 3/16/2021 | 7/30/2021 |
| Borrower(s) | Implementing Agency(ies) | | |
| Department of Finance | Department of Agriculture - Bureau of Fisheries and Aquatic Resources | | |

Proposed Development Objective

The proposed development objective of the project is to improve management of coastal fishery resources, enhance the value of fisheries production and increase fisheries-derived incomes within coastal communities, in selected Fishery Management Areas (FMAs).

| Financing (in USD Million) | Amount |
|----------------------------|---------------|
| Total Project Cost | 220.00 |

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 is expected to be supported by an IBRD loan of US\$ 200 million, with an implementation period of 7 years. The project would have 3 components. Components 1 and 2 cover improved management of fisheries resources and development of supportive infrastructure and fisheries enterprises respectively, whereas Component 3 supports project management, coordination and monitoring and evaluation (M&E). The activities under Components 1 and 2 would be coordinated and are interdependent because improved management of the fishery resources provides the

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basis for a sustainable fisheries industry, in the absence of which, investment in productive capacity typically threatens, rather than enhances the long-term value of fisheries output. Building upon a foundation of robust resources management, however, enhancement of the value generated from fisheries helps to both justify the expenses of tighter harvesting controls as well as mitigate their short-term impact through the provision of alternative livelihoods and sustainable enterprises.

D. Environmental and Social Overview

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

The fishing grounds in the Philippines are divided into 12 Fishery Management Areas (FMAs) which collectively encompass the whole country's coastal/marine fisheries areas. The FMAs are delineated for fishery resource management purposes based on fish stocks range and distribution, structure of fisheries, as well as administrative divisions. FMAs may encompass more than one Region, several Provinces, multiple Municipalities and Barangays, and importantly designated Marine Protected Areas (MPAs). The project will be implemented in at least 2 of the 12 FMAs. Science-based policies based on reference points and harvest control rules will be implemented in the FMAs, which will serve as the standards to impose adjustments in the harvest and use of the stocks, and to determine how much, what size and where fish should be caught, or fishing gears that should be allowed or regulated, respectively. Stakeholders will be consulted on the specific management decisions or actions to be implemented, called the harvest control measures, that will be implemented by Bureau of Fisheries and Aquatic Resources (BFAR) and/or the local government unit (LGU). The FMA will be collectively managed by representatives from multi-stakeholder groups as a Management Board and supported by a Scientific Advisory Group (SAG).

The FMAs geographically encompass waters within Exclusive Economic Zone (EEZ), municipal waters and existing marine protected areas established under the National Integrated Protected Area System (NIPAS) Act (RA 7586). The national and EEZ are managed by the BFAR, the municipal waters are under the jurisdiction of the Municipal Governments (LGU) while the marine protected areas are under the jurisdiction of the Department of Environment and Natural Resources (DENR) and are each managed by a Protected Area Management Board (PAMB). These areas will remain under the management of DENR and PAMB unless it has been agreed to consider and treat such NIPAS MPAs as a sub-FMA, in which case DENR and BFAR (and the corresponding FMA Board and PAMB) will enter into a special collaborative agreement. The collaborative approach at the FMA level will also facilitate the harmonized enforcement of fishery laws and regulations to address illegal, unreported and unregulated fishing (IUUF).

The specific project areas have not been determined yet. FMAs commonly involve between 60,000 to 150,000 fishers. It is likely that the FMAs selected for project support will include indigenous peoples, vulnerable and marginalized coastal communities, who are commonly among the poorest population group. Many engage in subsistence fishing, rely on simple technologies and lack financial and technical support. Illegal and informal fishing is common.

D. 2. Borrower's Institutional Capacity

The Project will be implemented by BFAR of the Department of Agriculture (DA). BFAR does not have recent experience or dedicated capacity implementing World Bank financed projects and is not familiar with the Bank's safeguards or Environmental and Social Framework (ESF) requirements. However, as a line bureau of the DA which has broad experience in implementing Bank projects, BFAR can seek guidance and support from the Department Services (e.g. Special Projects Coordination and Management Assistance Division under the Field Operations Service) as it exercises its functions in the preparation and implementation of the Project.



Similarly, BFAR draws its mandate from a well-established legal and institutional framework with policies and regulatory instruments relevant to environmental and social management as it pertains to the fisheries and aquaculture sector. The Fisheries Code of 1998 (RA 8550 as amended by RA 10654, an Act to prevent, deter, and eliminate illegal, unreported and unregulated fishing) is the governing law in Philippine fisheries to address the interconnected issues of resource degradation and poverty among fishers. It provides for the utilization, management, development, conservation and allocation system of fisheries and aquatic resources; establishment of reserves, refuge and sanctuaries; fisheries research and development; and prohibitions and penalties for unauthorized fishing activities. It prescribes restrictions regarding access to fishery and aquatic resources and aims to ensure the rational and sustainable development, management and conservation of fishery and aquatic resources in Philippine waters including Exclusive Economic Zones (EEZ) and in the adjacent high seas. It introduces harvest control mechanisms to limit fishing efforts based on the health of fishing grounds. The DA is tasked to issue licenses and permits for the conduct of fishery activities subject to harvest control rules and reference points as determined by scientific studies or best available evidence. Preference is given to resource users in local communities adjacent or nearest to municipal waters. The DA is mandated to establish a monitoring, control and surveillance system in coordination with LGUs, Fisheries Aquatic Resources Management Councils (FARMCs), private sector and other agencies concerned to ensure that the fisheries and aquatic resources in Philippine waters are judiciously and wisely utilized and managed on a sustainable basis, and conserved for the benefit and enjoyment of Filipino citizens. The general provisions of the Fisheries Code on fisherfolk settlement areas, financing facilities, education campaign, infrastructure support, extension services, collection and protection of sensitive information are similarly relevant to the Environmental and Social Standards (ESS) in the ESF. General efficacy of enforcement of these provisions need to be understood and elaborated as part of the project preparation activities to ensure the ESS provisions could be effectively dovetailed in to project design.

BFAR has committed to designate E&S focal persons in the project management oversight and implementing unit early in project preparation. The ESA will assess the capacity of BFAR and other agencies involved with managing E&S risks. Capacity building needs will be identified and included in the ESMF. The implementation of ESF instruments will be supported and monitored by World Bank staff throughout project implementation to assist the implementing agencies to undertake the planned environmental and social risk management measures, including stakeholder engagement and preparation of required management plans to be applied under the Project and provide training to the designated focal persons. Other main entities (e.g. LGUs, FARMCs) involved in project implementation will be identified in the Feasibility Study during project preparation and E&S capacity will be assessed as relevant to the Project.

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

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The environmental risks are currently considered substantial.



The Project will include 2-4 large FMAs that cover a diverse type of coastal and marine ecosystems including coral reef, seagrass, and mangroves. However, given the project cost, activities, and geographical coverage, the project investments are small to moderate scales.

Component 1 supports integrated coastal zone management, planning and policy development in the selected Fisheries Management Areas (FMAs), using an Ecosystem Approach to Fisheries Management (EAFM). The activities will facilitate environmental sustainability and climate resilience aspects, through EAFM for physical, policy, investment, and management planning. The planning process also factors habitat/ecosystem rehabilitation facilitating conservation and protection objectives which also benefits fisheries sector. This approach requires strong implementation arrangements which otherwise could lead to potential risks affecting the sensitive areas. With regard to project effort for strengthening regulations and enhancing enforcement, especially in case of efforts to contain IUU (Illegal, unreported, and unregulated) fisheries, in the short term, may impact marginal fisherfolk and local micro-enterprises and could lead to resource use conflict. If these risks are managed in time, the efforts to sustainably manage coastal and marine resources, including strengthening regulations and enhancing enforcement, is expected to achieve long term benefits.

The proposed activities under component 2 could lead to environmental impacts on account of: (i) investments for infrastructure improvements will be mostly located in narrow coastal plains exposed to natural hazards. Also, the coastal civil work would have adverse impacts on the marine environment and impacts related to disposal of the dredged/excavated materials; (ii) aquaculture activities which could lead to associated issues such as threats to biodiversity, and contamination of aquatic ecosystems; occupational health and safety concerns (e.g. exposure to chemicals, and waterborne diseases); and community health and safety hazards arising from aquaculture operations (e.g. salinization of neighboring agricultural land, effects on water resources); and (iii) Post-harvest facilities and product development(e.g. expansion of value chains and development of enterprises) would include processing of fish and fishery products which has environmental issues related to solid waste and by-products; wastewater, and air emissions (e.g. from odorous compounds)..

ESAFM approach de-risks the proposed interventions considerably. The potential environmental risks and impacts of the civil works are mostly temporary, predictable and/or reversible with known and reliable mitigation measures. The aquaculture and enterprise development activities are location specific and the impacts depend on the sensitivities of the different locations across the FMAs and requires specific management plans to minimize the potential risks.

The Project has embedded activities to address some of the risks and impacts directly. The Project is enabled by a legal and regulatory environment supportive of the adaptive management to address E&S risks. However, the complexity of the institutional arrangement that will be introduced in the FMA and the number of key stakeholders that will be involved in the management of the E&S risks in this geographic scope will challenge the technical and institutional capacity of BFAR given its limited experience. In view of this, even though the actual risks and environmental impacts are moderate, mitigable with built-in project design measures, the risk rating is elevated to Substantial at the concept stage. The ratings will be reviewed subsequently at appraisal based on overall risk mitigation measures and institutional arrangements for implementation.

Social Risk Rating

Substantial

The social risks are currently considered substantial.

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While the Project aims to support the livelihoods of fishers and fishery communities, including vulnerable and marginalized coastal communities, it involves some risks to these communities as well. The significant social risks concern potential livelihood impacts on select communities, businesses and fishermen and conflicts around sustainable resource management activities and boundary disputes. These risks mainly relate to Component 1 supporting integrated coastal zone planning and policy development in the selected FMAs. There are also significant contextual risks for a USD220 million project across a national fisheries sector to unknown number and scale of enterprises and for measures to manage resources potentially relied upon by vulnerable communities and under increasing conflict and contestation; e.g. declining stocks may undermine the livelihoods and rights of vulnerable and marginal fisher communities.

The project is likely to include areas with indigenous peoples who, along with vulnerable communities, may be disproportionately affected by project activities and may face constraints in engaging, and being heard, in multi-stakeholder activities to inform coastal zone planning and policy development. Their fishing areas and practices and the areas they value as part of their cultural heritage may also be seen as less important than those of more resourceful stakeholders.

Component 2 will, inter alia, finance production facilities (e.g. hatcheries, brood-stock center, rope-frame / submersible cages, net pens) and establishment of common service facilities and equipment for post-harvest, logistics and marketing (e.g. IPCS, cold chain facilities, warehouse, trading center). The size of these, and particularly the extent to which land acquisition would be needed, is not known at this point, however, the social risks are considered medium to significant. They will involve some risks to workers' and communities' health and safety. Fishery enterprises involve some hazardous activities on sea and land respectively, posing risk of accident or fatality, involving risk of spread of water-borne, skin and respiratory diseases. Despite strong legislation, child labor may also be an indirect risk as may forced labor and human trafficking in the broader fisheries sector. No significant labor influx is expected. Inclusion and equitable benefits will need to be considered through design and targeting.

The limited capacity of implementing agencies at national and local levels to manage social risks and impacts in accordance with World Bank standards contribute to the substantial risks rating.

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:

Information reviewed as part of the preliminary E&S due diligence included the project concept note prepared by the task team, the project proposal prepared by the client, series of project concept discussions with the client, and relevant national laws and regulations.

Overall, the project will have high positive environmental and social benefits in terms of improved fish stocks and improvements to ecosystem components in selected FMAs. The project would result in increased income of fisherfolk households derived from aquaculture, capture fisheries and fisheries-related livelihood and enterprise incomes. Also, the Ecologically Sensitive Areas (e.g. marine protected Areas, coral reefs, etc.) and their environmental quality within the project FMAs are expected to enhance considerably. This would be mainly on account of integration of Ecosystem



Approach to Fisheries Management (EAFM) into project design and investments for rehabilitation and enhancement of ecologically sensitive areas. Given the EAFM approach, the project will have “No impact” or “positive impact” on ecosystem services including provisioning services. Assessment of ecosystems services impacts is part of the overall technical assessment under the project integrated for each FMA as part of the preparation of plans during implementation of Component 1.1 of the project. The environmental risks and impacts due to the proposed project will be on account of coastal civil works, facilitation of aquaculture and mariculture; improvement of post-harvest facilities and encouragement of development of fisheries. While the scale of these investments will be small to moderate, spread over large area of two FMAs, the exact locations, E&S risks of these facilities could be determined only during project preparation. The proposed project activities would require formal E&S assessment.

The proposed project activities would lead to environmental impacts including: (i) Infrastructure measures (e.g. common service facilities, landing centers, small harbors, auction shelters, etc.) will be mostly located in coastal areas and narrow coastal plains exposed to natural hazards. The coastal civil works could lead to adverse impacts on the coastal/marine environment such as impacts related to disposal of the dredged/excavated materials. Facilities may be located landward (e.g. cold chain facilities) in what is likely an already-altered environment or seaward (e.g. submersible fish cages) in biologically diverse areas. While the the scope and potential risks of these activities are not known at this stage, given the limited civil works on coastal front are expected to lead to moderate impacts relating to construction activities including increase in noise, dust, impacts on air quality or safety risks due construction activities; coastal erosion and temporary coastal water quality impacts resulting from construction activities; hindered access/temporary changes in access to, and the use of, waterfront facilities; (ii) post-construction operational phase of the infrastructure facilities could also lead to impacts on coastal and marine bio-diversity due to operation of vessels and discharge of wastewater and potential oilspills. In addition, the human activities in the coastal areas could affect the nearby sensitive land uses such as mangroves and mudflats, if necessary regulations are not enforced (iii) aquaculture activities could lead to associated issues such as threats to biodiversity, contamination of aquatic ecosystems, and handling and use of hazardous materials; occupational health and safety concerns (e.g. exposure to chemicals, and waterborne diseases); and community health and safety hazards arising from aquaculture operations (e.g. salinization of neighboring agricultural land, effects on water resources); and (iv) Post-harvest facilities and product development, (especially in the context of expansion of value chains and development of enterprises) would include processing of fish and fishery products which has environmental issues related to solid waste and by-products; wastewater, air emissions (e.g. from odorous compounds); energy consumption and management (e.g. cooling efficiency), as well as associated Occupational Health and Safety issues such as exposure to biological hazards (e.g. bacteria on the fish); and localized environmental issues like phytosanitation and associated impacts. These impacts need to be addressed effectively applying good practices in the general EHS guidance as well as industry specific EHSs.

The key social risks and potential impacts include potential livelihood impacts on coastal communities from coastal zone planning and policy development activities. These activities may also result in conflicts around sustainable resource management activities and boundary disputes. Civil works are not expected to be large, however may nevertheless have some impacts on land-owners and users, labor and community health and safety issues, and impacts to, or lack of equitable benefits to, indigenous peoples, vulnerable and marginalized coastal communities. Support to production facilities will also have some impacts on workers’ and communities’ health and safety. Some areas of the Philippines are prone to conflicts between local groups and the government and in some areas prone to horizontal conflicts between different local groups. Once the project areas are identified, it will be assessed whether



such conflicts exist, and adequate measures will be identified to manage these through project preparation and implementation.

Given that all the activities/subprojects are not yet identified, an ESMF will be prepared as part of project preparation. The borrower will take up an overall Environmental and Social Assessment (ESA) for the project as part of ESMF for the key purposes of: (i) informing the Feasibility Study and project design to enhance the environmental and social sustainability of the Project proposed; (ii) informing the formulation of E&S risk management framework instruments and guidelines in the implementation of project activities taking into considerations the requirements of the World Bank's ESF and Philippine E&S system; and (iii) providing generic ESMPs and E&S exclusion measures for known investments which do not require a full ESIA. ESMF will be completed prior to project appraisal. The E&S instruments are also likely to include management plans for site-specific activities identified during project preparation in addition to a project level Stakeholder Engagement Plan and Labor Management Procedures. This may include Environmental and Social Management Plans, Indigenous Peoples Plans, and Resettlement Plans. It may also require site-specific SEPs and LMPs. Investments which will be taken up during the first year of implementation requiring ESIA's will be completed prior to appraisal with specific ESMPs, IPPs, and RAPs, as needed.

The strategic level assessments such as cumulative impact assessment, ecosystem services impact assessments are of relevance at FMA level planning. Such assessments, following the provisions under ESF will be carried out during implementation as an integral part of ESIA for the Integrated Coastal Zone Management approaches under Component 1 - Fisheries and Coastal Resilient Resource Planning & Management.

Areas where “Use of Borrower Framework” is being considered:

The ESF will apply for all relevant environmental and social risks and impacts. The project will apply relevant national legislation as required, but will not rely solely on the Borrower's framework for any areas.

ESS10 Stakeholder Engagement and Information Disclosure

Key stakeholders include coastal communities, fishers and fishery businesses. These will be potential project beneficiaries, but some may also be affected by the Project. FMAs commonly cover 60,000 to 150,000 fishers who would be key stakeholders in the selected FMAs. Fishers include both large, medium and small scale enterprises, including those fishing mainly on a subsistence basis. Vulnerable and marginal groups include potential indigenous communities whose subsistence fishing rights may be unrecognized or contested, women and children working in hazardous conditions in the fishing industry.

The private sector along the value chain is another important stakeholder that would need to be engaged during project preparation and implementation. Finally, several government agencies at national, regional, provincial and local levels will have a stake or interest in the Project. These include BFAR and other departments of the Department of Agriculture, Department of Environment and Natural Resources, Department of the Interior and Local Government, Local Government Units and FMA Management Boards.

These stakeholders will be consulted during the preparation of the Project, including as part of the E&S assessment process and Feasibility Studies. Special arrangements to take into account continuous physical distancing will be made as needed.



A Stakeholder Implementation Plan will be prepared prior to appraisal to inform stakeholder engagement during project implementation. The SEP will include measures to manage stakeholder engagement through physical distancing restrictions that may still be in place or re-emerge during implementation. The SEP will include the Project's GRM, which would serve an important function to receive and address issues relating to disputes over fishing rights.

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

Risks pertaining to labor and working conditions are expected to be moderate. Fishers are considered beneficiaries and not workers under ESS2 as they will not be directly employed by the Project or receiving stipend or wages from project financing (OHS risks for fishers are discussed under ESS4). The type and number of workers needed for civil works and TA activities are not known at this stage. The Project is not expected to finance any large scale civil works requiring large work forces. Most of the work requirements would be able to be conducted by local workers and would not result in influx of labor and associated risks. Community workers are not expected to be involved. That said, project activities do pose some risks to workers for civil works, including works to production facilities, which may expose construction workers to chemicals, waterborne diseases and exposure to biological hazards. Risks of gender based violence and sexual harassment and abuse in work places and measures to address such risks will be identified during project preparation. Civil works will not be allowed to involve child labor. Even so there may be general and industry specific OHS risks relevant to project components and associated works. These risks will be assessed during project preparation as part of the ESA and general and industry specific EHSs will be integrated into the E&S risk management instruments.

The Philippines labor laws have been found for recent Bank-financed projects to be generally in accordance with ESS2. The law prohibits child labor and anyone under 18 years to be involved in hazardous work, which exists in the fisheries sector. Risks and potential impacts to workers will be further assessed during project preparation as part of the ESA process undertaken during project preparation and mitigation measures and further due diligence provisions will be included in the ESMF and site-specific plans, as needed. Labor Management Procedures, with grievance redress mechanism for workers, will be prepared prior to appraisal.

ESS3 Resource Efficiency and Pollution Prevention and Management

Although the project engagement will operate in large areas covered by two FMAs, the scale of physical works are expected to be relatively medium sized requiring moderate resources and materials. The adverse impacts on human health and environment are expected to be moderate to substantial. The risks and impacts related to the release of pollutants, waste generation, the management of disposal materials and hazardous wastes, impact on community, and resource use efficiency will be assessed, mitigation measures proposed during project preparation. Such assessment and mitigation measures will necessarily address all the coastal civil works which could cause coastal/marine pollution (e.g. dredging activities for establishing/renovating fishing harbors). The potential adverse



risks and impacts will be assessed in detail during the ESA process with associated proposed mitigation measures which would also include guidance provided under WBG Environment, Health, and Safety Guidelines. Given the type and scale of the project, it is not expected that the the project construction/ operation phases produce significant GHG emissions. To the extent technically and financially feasible the project will adopt measures, specified in the WB Group ESHG and other Good International Industry Practice, for efficient use of raw materials and for optimizing energy use.

In addition to the above, the international industrial good practices offer good opportunities to integrate Resource Efficiency and Cleaner Production (RECP) options for fish processing activities. This is on account of the resource intensive nature of unit processes, particularly in terms of water and energy use. Given this, the proposed ESMF will evaluate the current practices in fish processing as part of post-harvest activities and recommend RECP options. Similarly, project activities could result in increased risk of plastic pollution to the coastal areas and waters if inadequately addressed. In this context the ESMF will identify plastic pollution issues and include generic mitigation measures for implementation.

ESS4 Community Health and Safety

Local communities may be exposed to moderate risks during infrastructure construction, the establishment and operation of fisheries enterprises, production and common service facilities. These risks include noise and dust during construction and potential noise, smells and pollution during operation.

Labor influx is not expected. However, this will be further assessed during project implementation, including potential risks of gender-based violence, sexual harassment and abuse, and violence against children in relation to civil works.

On the other hand, child labor in the fisheries sector is a risk that the Project will be associated with through support to fishers and fishery enterprises. ILO and FAO have documented that children are used as reef hunters, divers, to free snagged nets, fish, and cook on boats. They are exposed to diseases, accidents, and lack of education. Forced labor and human trafficking is also known to take place in the fishery sector in the Philippines. These risks will be further assessed as part of the ESA process undertaken during project preparation. Site-specific management plans, and the ESMF will include due diligence and mitigation measures to address these risks. The SEP will include a grievance redress mechanism. The broader sector risks will also be assessed during project preparation and measures to address them will be considered, e.g. through community health and safety planning tools or through potential TA activities.

Given the country's high vulnerability to climate change events and other natural hazards, potential climate change impacts and vulnerability aspects will be considered in the design of infrastructure and systems supported by the Project, particularly under component 2.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement



The Project will involve civil works and it is expected that some land acquisition will be required. The potential scope of land acquisition is not known at this point; it is not expected to be significant and it is not expected that civil works will require relocation of affected people.

There is a potential risk that the Project may impact access to fishery resources in relation to coastal zone planning and policy development activities. Such impacts, and their scope, will be assessed as part of the E&S assessment process, including potential economic impacts on fishers and local communities. The legal framework and institutional arrangements for coastal zone planning will also be assessed. Participatory decision-making processes, measures to assess impacts on people and measures to assist them in sustaining or restoring their livelihoods and levels of income will need to be assessed and developed for the Project.

Resettlement Action Plans, as needed, will be prepared for site-specific activities identified prior to appraisal. A Resettlement Policy Framework and possibly a Process Framework may be developed depending on the findings of the E&S assessment and timing of identifying site-specific project activities. This will be determined before or at completion of the ESA integrated into the Feasibility Study due in November, 2020, allowing sufficient time to finalize the preparation of the required instruments before appraisal. The participatory decision-making process will be reflected in the required E&S risk management instruments, including the ESMF.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Project will be implemented in FMAs that cover a dynamic and diverse type of coastal and marine ecosystems. Some areas of the proposed project is expected to encounter pristine coastal and marine areas which are ecologically sensitive and would be prone to destruction if adequate measures are not put in place to ensure project activities do not cause any impact. All such areas are covered under Marine Protected Areas and Key Biodiversity Areas where anthropocentric activities are regulated. These areas have bio-diversity management working plans for protection, conservation, and management with supporting institutional mechanisms in place . The Borrower will further conduct the environmental and social assessment considering the proposed activities and their impacts on sensitive ecological features such as mangroves, coaral reefs, salt marshes, estuaries, etc. Such assessments will explicitly superimpose the proposed project activities to ascertain the impacts and ensure necessary management measures. The environmental and social assessment process during project preparation will assess potential risks and impacts to natural habitats from the various project activities, including potential direct, indirect, and cumulative impacts on key coastal and marine biodiversity receptors.

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

The specific project locations are not known at this stage. Approximately ten percent of the population in the Philippines is considered as indigenous peoples under national definitions and the identifying characteristics of ESS7. They live in several regions but are particularly concentrated in Northern and Central Luzon and Mindanao. National legislation provides strong protection for indigenous peoples, particularly those living within recognized ancestral domains under the Indigenous Peoples Rights Act (IPRA).

The FMAs encompasses vast geographical area which straddles several provinces and regions. Although most of the country's indigenous peoples and their officially declared Ancestral Domains are located inland, the Project will likely



encounter pockets of indigenous peoples (also referred to as indigenous cultural communities in the Philippines) in remote coastal areas and some families of boat dwelling nomads called the Badjaos. There is a risk that the rights of these indigenous peoples will not be adequately considered, that their livelihood systems will be affected, or that they would be excluded from project benefits. The Project’s support to policy development may also have implications for indigenous peoples that would need to be assessed and addressed. Indigenous peoples and their representatives will need to be engaged in the various project activities that concern them during project preparation and implementation. The ESA will assess risks and potential impacts pertaining to indigenous peoples.

Indigenous Peoples Plans, as needed, will be prepared for site-specific activities identified prior to appraisal. An Indigenous Peoples Planning Framework may be developed depending on the selection of project areas, the findings of the ESA and timing of identifying site-specific project activities. This will be determined before or at completion of the ESA integrated into the Feasibility Study due in November, 2020, allowing sufficient time to finalize the preparation of the required instruments before appraisal.

In addition, the SEP will include measures for engagement and consultations with indigenous peoples, including free, prior and informed consent (FPIC), if required. The requirements for FPIC under ESS7 and/or IPRA will depend on the location and scope of project activities. ESS7 requires FPIC if there are adverse impacts on land and national resources, relocation of indigenous peoples or significant impacts on cultural heritage that is material to the identify and/or culture of indigenous communities. The IPRA may also require FPIC in cases where ancestral domains along the coast or maritime areas subject to indigenous ownership or custodianship are affected. If required, FPIC will be provided for in the IPP(s).

ESS8 Cultural Heritage

This standard is relevant as the Project may impact cultural heritage. Impacts on cultural heritage from civil works should be easily avoided by proper siting, however, excavations and earth moving activities may encounter cultural heritage, such as archaeological sites or finds. Coastal zone planning supported by the Project may adversely affect cultural heritage if these are not identified and protected. This may include both tangible and intangible heritage. The ESA will assess the risks concerning cultural heritage and site-specific activities will be screened for the presence of cultural heritage and potential impacts to tangible and intangible heritage, including as part of coastal zone planning activities supported by the Project. If needed, protection and mitigation measures will be identified. The ESMF and site-specific plans concerning civil works will include chance finds procedures.

ESS9 Financial Intermediaries

The standard is currently not relevant.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

TBD

OP 7.60 Projects in Disputed Areas

TBD

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III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

No other financial partners are currently considered.

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

Actions to be completed prior to Bank Board Approval:

In addition to the ESCP, the following documents will be prepared prior to appraisal: Environmental and Social Management Framework, Environmental and Social Assessment (integrated into the ESMF), Stakeholder Engagement Plan, Labor Management Procedures and site-specific Environmental and Social Management Plans, Indigenous Peoples Plans, and Resettlement Plans, as required, for project activities identified prior to appraisal.

In addition, it will be determined during project preparation whether additional frameworks will be needed to manage E&S risks for site-specific activities that will be identified during project implementation; e.g. Resettlement Policy Framework, Indigenous Peoples Planning Framework and Process Framework.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The ESCP will focus on the implementation of the E&S documents, such as the SEP, LMP, site-specific management plans (e.g. ESMPs, RAPs, IPPs), the ESMF and if needed the IPPF, RPF and Process Framework. It will also include provisions to prepare ESIA for the Integrated Coastal Zone Management approaches under Component 1 - Fisheries and Coastal Resilient Resource Planning & Management. The ESCP will include commitments for adequate staffing and resources, monitoring and reporting, capacity building and establishing and maintaining a grievance redress mechanism.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 16-Mar-2021

IV. CONTACT POINTS

World Bank

| | | | |
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Borrower: Department of Finance

Implementing Agency(ies)

Implementing Agency: Department of Agriculture - Bureau of Fisheries and Aquatic Resources

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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Practice Manager (ENR/Social) Susan S. Shen Recommended on 31-Jul-2020 at 18:30:40 GMT-04:00
Safeguards Advisor ESSA Nina Chee (SAESSA) Cleared on 24-Nov-2020 at 15:19:21 GMT-05:00

Public Disclosure