

CI-GEF PROJECT AGENCY SCREENING RESULTS AND SAFEGUARD ANALYSIS

(To be completed by CI-GEF Coordination Team)

Date Prepared/Updated: July 13, 2016

I. BASIC INFORMATION

A. Basic Project Data	
Country: Indonesia and The Philippines	GEF Project ID: 9370
Project Title: The Meloy Fund: A Fund for Sustainable Small-Scale Fisheries in SE Asia	
Executing Entity: RARE	
GEF Focal Area: Biodiversity	
GEF Project Amount: US\$6,000,000	
Reviewer(s): Ian Kissoon	
Date of Review: July 13, 2016	
<p>Comments: Analysis completed and approved. Kindly have the required safeguard plans completed and submitted to the CI-GEF Agency for approval before implementing. Note that the plans must be mainstreamed into the Project Document (ProDoc), and subsequently, the annual workplans and budget.</p> <p>Also adhere to the disclosure dates as indicated in Section V.</p>	

B. Project Objective:

To improve the conservation of coral reef ecosystems by providing financial incentives to fishing communities in the Philippines and Indonesia to adopt sustainable fishing behaviors and rights-based management regimes through capital investments in commercially viable enterprises.

C. Project Description:

Indonesian and Philippine waters contain 77 percent of Southeast Asia's coral reefs and nearly 80 percent of threatened reefs within the Coral Triangle. Overfishing has been recognized as the most important local threat to these reefs, a rampant practice due to largely unregulated, open-access fisheries. As a result, not only are average fish stocks currently far below healthy levels and trophic levels out of balance, but also significant deterioration of the critical coral habitats on which these fish depend. While rights-based management strategies offer a needed incentive to organize a reduction in fishing pressure, economic incentives must also be in place to ensure that transitioning to sustainable fisheries management is both feasible and enduring. The Meloy Fund is Rare's solution to address this gap by creating market-based incentives to accelerate the behavior changes necessary to manage small scale fisheries sustainably.

The project will be executed under the following components:

Component 1: The Meloy Fund for Sustainable Small-Scale Fisheries

Investments in 12-18 ventures in Indonesia and the Philippines that increase the potential earnings of small-scale fishing communities, thereby incentivizing their transition to and continued practice of sustainable fisheries management in coral reef ecosystems. By the end of the project, we expect that an estimated 1.2 million hectares of coral reef ecosystems will be included or targeted for inclusion under sustainable, community-level rights-based management. This target assumes that each fund investment will likely impact multiple sites. The target will be achieved through careful structuring of the fund, including its investment strategies and selection criteria.

Component 2: Fisheries management and technical assistance through Fish Forever
Through Fish Forever, Rare will scale up the solution of TURF + reserves in Indonesia and the Philippines. The TURF + reserve systems provide local fishers with exclusive access to their fishing grounds coupled with no-take reserves that they agree to protect. Fish Forever builds community capacity to set up and manage both the fishing areas and the reserves, so that fishers can take advantage of the “spillover” effect from the reserves into the surrounding area. In addition to the tenure and security that rights-based management provides, the spillover of more and larger fish into the TURF-managed fishing area provides another incentive for fishers to manage their resources sustainably. The Meloy Fund will add a much-needed set of economic incentives. The Meloy Fund will prioritize investments in which Fish Forever is present so that it can fully leverage the benefits of the technical assistance and management improvements produced by the program, and so that the fund’s investments directly benefit the fishers and communities complying with sustainable management of their fisheries.

D. Project location and biophysical characteristics relevant to the safeguard analysis:

Overfishing, destructive fishing, and changing environmental conditions are among the most pervasive threats to marine environments, affecting around 55 percent of coral reefs. As outlined in the Global Biodiversity Outlook 4 (GBO-4), “overfishing remains a major threat to marine ecosystems” (p.49). Based on FAO estimates, over 85 percent of the world’s fisheries are overexploited or fully exploited. In addition to threatening livelihoods, overfishing negatively impacts ecosystem health in a number of ways, including through a decline of species diversity and abundance and by reducing the number of grazers, which eat harmful algae growing on corals . In the decade leading up to 2007 – the latest period assessed – the percentage of coral reefs rated as threatened increased by nearly one third (30 percent). Local pressures are most severe in Southeast Asia, where nearly 95 percent of coral reefs are threatened.

At the same time, over 200 million people in developing countries depend on coral reef fisheries and aquaculture for their livelihoods. In the Philippines, 84 percent of the country’s 1.6 million people working in fisheries are in the municipal or small-scale sector, and in Indonesia, 60 percent of fishers work in the small-scale sector. In many cases, these fishers employ destructive and indiscriminate practices in an effort to extract as much as possible from declining resources, especially where unregulated open access conditions prevail. Common practices amongst coral reef fishers in Southeast Asia include utilizing explosives, which destroy habitats, and muroami practices – a technique of violently pounding coral to scare fish out into awaiting nets. These practices take a drastic and sometimes irreversible toll on critically endangered habitats.

Globally, half of all fish is caught by the world's poorest communities living in close proximity to the coastline. Overfishing and destructive fishing methods threaten both the viability of fish stocks and the habitats on which they survive. Compounded by increases in the frequency and severity of weather events, rising ocean temperatures and other changing environmental conditions, some of

the world’s most globally significant biodiversity – and the livelihoods which depend on it – are at risk. Without sufficient financial incentives to motivate fishing communities to protect and sustainably manage their natural resources, the tragedy of the commons will continue – even in places where regulations are in place.

Many fishers in both Indonesia and the Philippines lack the management tools, resources and capacity to manage their fisheries sustainably. Additionally, social and legal tolerance for overfishing and destructive fishing practices in and around marine protected areas (MPAs) prevails. Rapid population growth, poor coastal planning and weak governance have subjected Philippine ecosystems and society to extraordinary pressures over the last 30 years.

A high occurrence of poverty, especially amongst small-scale fishers, persists in Indonesia and the Philippines, where small-scale fishers and farmers are considered among the poorest of the poor. Insufficient economic alternatives often mean that fishers lack the ability to support themselves or their families without maintaining or increasing their fishing effort. At the same time, income from fishing is unpredictable; uncoordinated and unregulated efforts can lead to market flooding, driving down prices, increasing waste, and contributing to ever-increasing fishing pressure. Because of these economic realities, fishers are often unable to consider the long-term benefits of conserving and sustainably using their marine resources because they must cope with short-term realities. Indigenous peoples are disproportionately represented among the rural poor.

E. Executing Entity’s Institutional Capacity for Safeguard Policies:

Rare has experience implementing USAID, World Bank and GEF (through Implementing Agency – UNDP) safeguard policies, to ensure that potential negative environmental and social impacts on important resources such as land, soils, water, biodiversity (including fish), vegetation, local communities and the society at large are adequately managed and positive impacts are enhanced.

As a part of its corporate governance, each Meloy Fund investee will have to undergo a strict due diligence process and adhere to clearly defined social and environmental impact criteria. The business model of investees should be inextricably linked to the need for sustainable environmental resources, and comply to minimum environmental and social standards (still to be fully defined).

Rare has staff permanently based in Indonesia and the Philippines under its Fish Forever program, and staff have developed strong relationships with key stakeholders of community fisheries, including public and private sector actors. Rare’s local staff will be able to help the fund identify the most promising community fisheries and businesses with whom they work.

II. SAFEGUARD AND POLICIES

Environmental and Social Safeguards:

Safeguard Triggered	Yes	No	TBD	Date Completed
1. Environmental & Social Impact Assessment (ESIA)		X		
<i>Justification: No significant adverse environmental and social impacts that are sensitive, diverse, or unprecedented is anticipated</i>				
2. Natural Habitats		X		
<i>Justification: The project is not proposing to alter natural habitats</i>				

3. Involuntary Resettlement	X			
<i>Justification: The project does not propose any involuntary resettlement however, access/use of natural resources may be restricted: Under Component 2 “The TURF + reserve systems provide local fishers with exclusive access to their fishing grounds coupled with no-take reserves that they agree to protect.”</i>				
4. Indigenous Peoples	X			
<i>Justification: The project will work with indigenous peoples “to increase their access as potential direct borrowers or business partners in Meloy Fund financing.”</i>				
5. Pest Management		X		
<i>Justification: There are no proposed activities related to pest management.</i>				
6. Physical & Cultural Resources		X		
<i>Justification: There are no proposed activities related to physical and cultural resources.</i>				
7. Stakeholder Engagement	X			
<i>Justification: The project will involve a variety of stakeholders including government, local communities, indigenous peoples, and businesses, among others.</i>				
8. Gender mainstreaming	X			
<i>Justification: The project will work with women and men, and need to ensure equal access and opportunities for both genders.</i>				
9. Accountability and Grievance Mechanisms	X			
<i>Justification: As a publicly funded GEF project, participants need to be able submit complaints or raise grievances with the Executing Agency and the Project Agency.</i>				

III. KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

From information provided in the Safeguard Screening Form, this project has triggered five safeguard policies. These are:

- I. Restriction of Access to and Use of Natural Resources,*
- II. Indigenous Peoples,*
- III. Stakeholder Engagement,*
- IV. Gender Mainstreaming, and*
- V. Grievance Mechanism.*

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

No indirect and/or long term impacts due to anticipated future activities are foreseen at this time.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts:

The proposed approach of the project is expected to avoid or minimize adverse impacts. As such, no better alternative can be conceived at this time.

4. Describe measures to be taken by the Executing Entity to address safeguard policy issues.

I. Restriction of Access to/Use of Natural Resources (Involuntary Resettlement policy)

*This project could trigger restriction of access to and use of natural resources. This is can be a sensitive issue, particularly for people whose survival and livelihood depend on such resources. Stakeholder engagement will be important here and should be among the very first set of activities. The resource users need to be aware upfront of the project and how it will affect them, and the project in turn will need to address their concerns. Following initial consultations, the project may be **required** to prepare a Process Framework document describing the following:*

- (a) conservation actions to be undertaken by the resource users,*
- (b) the short-term and long-term implications (economical, environmental and social/cultural) of the conservation actions, and*
- (c) consent of the resource users for the implementation of the conservation actions.*

Please refer to Appendix IV of the ESMF for guidance on preparing a Process Framework.

II. Indigenous Peoples

The project will be required to prepare an Indigenous Peoples Plan (IPP) and to ensure that Free Prior and Informed Consent (FPIC) process is followed and documented. Please refer to Appendix V of the ESMF for guidance on preparing an IPP.

III. Stakeholder Engagement

The project will involve a variety of actors and it is required that the project prepare and implement a Stakeholder Engagement Plan (SEP). Please refer to Appendix IX of the ESMF for guidance on preparing a SEP.

Please document the date, location and participants (gender disaggregated) along with meeting notes of all stakeholder engagement activities. The documentation of these activities can be supported (not required) with photographs, video and audio recordings.

Also agree with stakeholders on where, when and how information will be disseminated back to them following a meeting/consultation.

IV. Gender

The project will target both men and women, and it is required that the project prepare and implement a Gender Mainstreaming Plan (GMP). Please refer to our guidelines for developing a GMP.

The design of activities and consultations should consider the needs and schedules of both men and women. Please document how many men and women were consulted, participated in project activities, and benefitted/affected by the project. Also ensure that men and women are not adversely impacted and receive equal opportunities in planning, decision-making and implementation in a way that is culturally appropriate and acceptable.

V. Grievance Mechanism

*An Accountability and Grievance Mechanism is **required** to ensure people affected by the project are able to bring their grievances to the Executing Entity for consideration and redress. While the project will adhere to the Institutional Limited Partners Association's principles and follow the*

Practice Standards for Conservation Trust Funds, these mechanism must be outlined, approved by the CI-GEF Agency and in place before the start of project activities, and also disclosed to all stakeholders in a manner/means that best suits the local context.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people:

The key stakeholders are the government, technical expert network, conservation partners, fisher cooperatives, fish aggregators and processors, early stage enterprises, buyers, seafood business experts, fisheries certifiers, corporate sector, women groups, indigenous peoples, local communities, research agencies, and NGOs.

The mechanisms for consultation and disclosure should be culturally appropriate, gender sensitive, effective, and in keeping with local customs. Engagement can take the form of village meetings, group meetings, workshops, interviews/surveys, etc. and done using local languages and methods. The Executing Entity should take these contexts into consideration when designing engagement activities.



IV. PROJECT CATEGORIZATION

PROJECT CATEGORY	Category A	Category B	Category C
<i>Justification: The proposed project activities are likely to have minimal or no adverse environmental and social impacts.</i>			

V. EXPECTED DISCLOSURE DATES

Safeguard Plan	CI Disclosure Date	In-Country Disclosure Date
Environmental & Social Impact Assessment (ESIA)	NA	NA
Environmental Management Plan (EMP)	NA	NA
Voluntary Resettlement Action Plan (V- RAP)	NA	NA
Process Framework for Restriction of Access to Natural Resources	Within 15 days of CI-GEF approval	Within 15 days of CI-GEF approval
Indigenous Peoples Plan (IPP)	Within 15 days of CI-GEF approval	Within 15 days of CI-GEF approval
Pest Management Plan (PMP)	NA	NA
Stakeholder Engagement Plan (SEP)	Within 15 days of CI-GEF approval	Within 15 days of CI-GEF approval
Gender Mainstreaming Plan (GMP)	Within 15 days of CI-GEF approval	Within 15 days of CI-GEF approval
Accountability and Grievance Mechanism	Within 15 days of CI-GEF approval	Within 15 days of CI-GEF approval

VI. APPROVALS

<i>Signed and submitted by:</i>		
Vice President: 	Name: Miguel Morales	Date: 2016-07-14
<i>Approved by:</i>		
Safeguard Manager: 	Name: Ian Kissoon	Date: 2016-07-13
Project Manager:	Name:	Date: