



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Central America	LATIN AMERICA AND CARIBBEAN	P176323	
Project Name	Gulf of Fonseca Transboundary Management		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Environment, Natural Resources & the Blue Economy	Investment Project Financing		9/15/2022
Borrower(s)	Implementing Agency(ies)		
Comisión Centroamericana de Ambiente y Desarrollo	Comisión Centroamericana de Ambiente y Desarrollo		

Proposed Development Objective

The proposed project development objective and global environment objective is to improve the capacity of the Project Countries to manage the transboundary natural resources of the Gulf of Fonseca, including for climate change adaptation.

Financing (in USD Million)	Amount
Total Project Cost	5.00

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 will be implemented through three components as follows: (i) Component 1: Preparation of key documents for transboundary management (US\$2.0m) – this component will build the foundation for effective transboundary management of natural resources in the Gulf of Fonseca. It will use the Transboundary Diagnostic Analysis (TDA) and Strategic Action Program (SAP) framework developed by the GEF and its partners; (ii) Component



2: Enabling framework for the improved management of the Gulf of Fonseca (US\$2.765m) - the second component will finance investments to kick-start the implementation of the SAP and build support for its principles through institutional strengthening, monitoring, communication and pilot investments in community sustainable resource management activities; and (iii) Component 3: Project management (US\$0.235m) – the third component will finance the implementation of the project through a regional steering committee and project implementation unit. The steering committee will exercise a strategic guidance and oversight role, while the project implementation unit will manage the project.

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 Gulf of Fonseca is a semi-enclosed bay covering 2,000 km² and shared by El Salvador, Honduras and Nicaragua. It is one of the most important tropical coastal systems along the Eastern Pacific Ocean in Latin America and includes 33 islands and 30 protected areas. It is a tropical estuarine system of shallow waters made up of interrelated ecosystems: estuaries, mangroves, saltwater forests, marshes and swamps, and continental and island coasts. The Gulf receives water from six main tributary watersheds and other smaller ones that together cover an area of approximately 21,000 km²; two of these watersheds are transboundary. Its ecological importance is linked to the size of the estuarine complex and mangrove belt; in 1999 the Government of Honduras declared the Gulf's protected areas as a Ramsar site. It is one of the most biologically rich maritime areas of Central America that have traditionally supported the most productive artisanal fisheries in the region. The Gulf is a transboundary source of livelihood to close to a million people. Its ecosystems provide an important source of water, food, fuel and revenue to the riparian population. The surrounding 21 municipalities cover an area of 7,600 km² and are home to a population of about 900,000. Population density is generally higher along the Gulf than inland, and access to basic services (drinking water, electricity, wastewater treatment, solid waste management, communications) is inadequate outside the main cities. Subsistence agriculture and artisanal fishing remain the main sources of employment, even though small factories and agribusinesses producing non-traditional exports are developing rapidly. Aquaculture now employs around 60,000 people in the Gulf of Fonseca, almost half of whom are women.

Despite its multiple environmental assets, the regions around the Gulf of Fonseca are among the poorest in each of the three countries and is exposed to regional crime and violence. In addition, the area has been a historical source of sovereign disputes, due to its strategic and economic potential. The difficulties in determining the maritime borders have led in the past to frequent tensions which were escalated to international courts. Transboundary initiatives from local actors and a growing interest from state institutions have aimed to support growth in an area with low development indicators. These include conservation initiatives such as a climate change adaptation project funded by the European Union and the Sistema de Integración Centroamericana (SICA) and the IDB funded project 'Integrated Management of the Ecosystem of the Gulf of Fonseca'. In Nicaragua, the coastal municipalities of El Viejo and Puerto Morazán, located in the Gulf, have close to 45% of their population living in extreme poverty, with mostly rural populations dependent on trade and maritime activities. In Honduras, the coastline departments of Valle and Choluteca are mostly rural with areas reaching 60% of poverty. In El Salvador, the department of La Unión also experiences extreme poverty, reaching over 50% of their population in some of its municipalities. The Gulf of Fonseca region is part of Central America's Dry Corridor, which has been affected by the impact of climate change and frequent natural hazards. This has translated into recurrent periods of drought combined with excessive rainfall and severe flooding. Inhabitants in the Gulf experience difficulty in accessing public services, such as health and education,



in part due to the absence of urban areas. Among this mostly rural population, there is a small presence of afro-descendants and Indigenous People, particularly Lenca communities in El Salvador and Honduras, and other isolated communities in Nicaragua (please see ESS7 for a broader description).

D. 2. Borrower’s Institutional Capacity

The Borrower for this Project is the Central American Commission on Environment and Development (Comisión Centroamericana de Ambiente y Desarrollo, CCAD). While Nicaragua is part of CCAD, there are no activities under this project that will be implemented in Nicaragua in the form of goods, works or services. However, Nicaragua would benefit from knowledge management exchanges that CCAD will carry out. A commission of the Central American Integration System (Sistema de la Integración Centroamericana - SICA), CCAD was established to develop a regional regime for environmental cooperation and integration that contributes to improving the quality of life of the populations of its member states. CCAD recently led the preparation of a socio-environmental diagnostic of the Gulf of Fonseca (Diagnóstico Socio Ambiental del Golfo de Fonseca y Línea Base para el Programa Golfo Resiliente) completed in 2020 with the close collaboration of the three riparian nations. It has experience implementing numerous donor-funded projects, including the regional aspects of the Corazon Transboundary Biosphere Reserve Project (P085488, a GEF-financed operation that closed in 2012).

The environmental and social technical capacity in the regions is relatively weak, however CCAD has previous experience meeting Bank safeguard policies and other applicable donor requirements. CCAD staff has strong environmental background in project preparation, implementation and monitoring, and it is expected that in-house environmental specialists will support the preparation and implementation of ESF related risk management requirements. On the social side, it will be assessed during project preparation if CCAD will need external support from a specialist to undertake the social aspects during preparation and implementation. The overall capacity of CCAD to effectively manage social and environmental risks of the proposed project will be fully assessed to determine, specifically: (a) knowledge of the new areas of substantive coverage of the ESF, as compared to the World Bank safeguard policies and other donor policies; and (b) the ability of the CCAD to effectively manage and track the implementation of multiple simultaneous projects across different countries, in a complex political context and under the coordination of two borrowers. Training, capacity building, and other support activities are expected so that the counterparts have a clear understanding of, and are capable of implementing, the various management plans and instruments for project environmental, social, health and safety risk management. In particular, strong capacity to carry out continuous stakeholder engagement will be key to managing perceptions, as well as to oversee implementation of plans for managing biodiversity, labor, community health and safety, land acquisition (if needed), indigenous peoples, inclusion of vulnerable groups and cultural heritage issues. The outcome of the CCAD capacity assessment will determine its need for strengthening at two scales: first, internally, to ensure a consistent E&S management throughout the project lifecycle; and regionally, to ensure an adequate coordination and alignment between national and sub-national units. The assessment will allow ensure that awareness/knowledge of project requirements and that adequate resources for monitoring and arrangements for oversight will be in place.

Public Disclosure

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

A. Environmental and Social Risk Classification (ESRC) Substantial

Environmental Risk Rating Moderate



The environmental risk rating is considered moderate at this stage. The project will mostly finance technical assistance, and capacity building activities to strengthen the transboundary institutional framework for the sustainable management of the marine and coastal resources in the Gulf of Fonseca. The project will also finance a range of small-scale sustainable community investments in selected areas to engage riparian communities in the sustainable use of the Gulf's living natural resources, such as mangrove restoration, beach clean-ups, and refurbishment of small-scale eco-tourism infrastructure, among other activities to be defined during project preparation. These activities are not expected to have significant negative environmental risks and impacts. Overall, the project will contribute to the conservation of local and national important ecosystems and biodiversity, increase the provision of environmental services, reduce coastal flooding, and stabilize the coastline. The principal environmental risks and impacts are expected to result from any minor civil works to be financed under the sustainable community investments to be identified during project preparation. These risks and impacts expected to be site-specific, short-term and reversible, are related to (i) generation and management of waste; (ii) nuisance related to dust generation, vibration and noise during construction; (iii) generation and discharge of wastewater from civil works; (iv) temporary disruptions to local traffic during construction activities and; (v) occupational health and safety hazards for the workforce. The ESMF prepared for the project includes measures to manage these risks and impacts in accordance with the mitigation hierarchy and in an appropriate manner to the scale and nature of the activities. Given the current global situation caused by the COVID-19 pandemic, the project will also include measures for transmission prevention.

Social Risk Rating

Substantial

The initial determination of the project's social risk rating is substantial. The project will only finance minor activities, including capacity building, environmental monitoring and potential pilot projects to support the management of natural resources, such as beach clean-ups, mangrove restoration, and small-scale refurbishment of eco-tourism infrastructure. While the context in which the project will operate can intensify the social risk levels, it is still uncertain the extent to which contextual risks may be influential in project activities. Honduras and El Salvador have experienced, over the last decade, numerous social conflicts related to, among others, poverty, exclusion, citizen security, and access to water, which are all present in the Gulf area. Community groups and organizations in the region have faced conflicts over maritime borders, sovereign disputes and historical tensions due to access to resources. Other identified social risks related to the context include: (i) rural communities in the area, particularly those living in poverty and extreme poverty, have been sensitive to the impacts of climate change along the Dry Corridor, with droughts and irregular weather patterns affecting crops and food availability, (ii) in Honduras and El Salvador, the impact of crime and violence has affected local communities, more so in the absence of robust institutional presence; (iii) vulnerable groups, including small pockets of Indigenous communities, subsistence farmers, persons with disabilities, and LGBTI people, among others, face discrimination and have had limited access to job opportunities and access to services tailored to their needs; (iv) women, particularly those living in extreme poverty and in charge of their household, face disproportionate social limitations and lack of opportunities in all the Gulf's region; and (v) the risk of exclusion from project benefits for some of these vulnerable groups, such as women, Afro descendants, Lenca people and others. Determining if the project overlaps with any indigenous territories or pockets with Afro descendants presence will be a key priority early in preparation to more accurately understand the full scope of risks facing the project. The complex social context in the Gulf of Fonseca may also pose challenges in designing, implementing and monitoring inclusive transboundary management activities in a tri-national coastal region. Given the presence of diverse IP and AD communities, awareness raising products and material could risk being culturally inappropriate or fail to effectively reach all groups; the volatility of crime and violence may pose a threat to local populations and potential project beneficiaries; migratory trends and waves



should be accounted for as an ongoing regional phenomenon that can affect project activities; and the risk exclusion of vulnerable groups, particularly if these vary from country to country. The E&S instruments will evaluate these risks and determine the corresponding mitigating strategies to ensure regional social inclusion. The social risk rating may be revised at the appraisal stage, after having a greater definition of the project activities; additional information about how the contextual risks are related to the project, informed by the consultations and E&S studies to be prepared; and further confirmation about the absence of project activities in Nicaragua. The task team will periodically revisit the risk rating to account for any additional risks identified throughout the development and implementation of the various instruments that support the management of environmental and social 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:

This Standard is relevant. Based on available information at concept stage, the project is expected to have moderate environmental risks and impacts, and substantial social risks and impacts. The project aims to improve mechanisms and capacities in El Salvador and Honduras to plan and manage the transboundary Gulf of Fonseca in a sustainable manner. Component 1 “Preparation of key documents for transboundary management” will finance studies (i.e., Transboundary Diagnostic Analysis and Strategic Action Program) which will serve as a foundation for effective transboundary management of the natural resources in the Gulf of Fonseca. Overall, these technical assistance activities are not expected to directly result in negative environmental and social impacts. The requirements set out in paragraphs 14–18 of ESS1 will be applied to these activities as relevant and appropriate to the nature of the risks and impacts. The terms of reference (TORs) for each study will be reviewed by the Bank to ensure the requirements of the ESF are reflected. Component 2 “Enabling framework for the improved management of the Gulf of Fonseca” will mostly finance technical assistance activities to strengthen national and regional capacities for transboundary management, including support for institutional arrangements and strengthening of the regulatory framework. This will also include the design of a trinational environment, social and economic monitoring system for the Gulf of Fonseca, building on the existing national systems, as well as a range of dedicated education and awareness-raising initiatives for both government and non-governmental actors. Overall, these technical assistance activities are not expected to directly result in negative environmental and social impacts.

Component 2 will also finance a range of sustainable community investments through small grants and potential pilot projects to engage riparian communities in the sustainable use and management of the Gulf’s natural resources. The type and scope of these activities will be identified during project preparation and may include inter alia, beach clean-ups, mangrove restoration, and refurbishment of eco-tourism infrastructure. Refurbishment activities are expected to be small-scale and within existing footprints. Potential environmental and social (E&S) risks and impacts expected from these activities are anticipated to be site-specific, temporary, and manageable, and may include waste and wastewater generation, noise and dust generation, temporary blockage and diversion of traffic for construction works, Occupational, Health and Safety (OHS) hazards related to construction activities, COVID-19 transmission exposure risks among project workers and transmission within local communities. These activities are not expected to require physical or economic displacement leading to loss of income sources or other means of livelihood, or both. The small-scale investments to be financed in selected areas within the Gulf of Fonseca are expected to result in



positive environmental impacts, including improvements in biodiversity and ecosystem services in the area through increased vegetation cover, flood protection, erosion control, improved water quality, reduced pollution, and carbon sequestration. The main social risk that could be associated with these activities is the potential exacerbation of existing inequalities for vulnerable communities that depend on marine and coastal resources for their livelihoods, particularly IPs and other excluded groups (e.g., poor households, persons with disabilities, LGBTI people, women, youth). Additional social risks associated with potential project activities include the impact of crime and violence in the area, particularly in El Salvador and Honduras, even though its relation to project activities is still unclear at this point; and the risk of territorial and maritime disputes when defining the access to resources, particularly artisanal fisheries activities which may occur in foreign waters and thus increase the risk of sanctioning or arrests.

Component 3 “Project management” will finance project management and coordination activities for the project, as such no environmental and social risks and impacts are expected from these activities.

Based on the scope of the project’s activities, the Borrower will be asked to prepare, consult with main stakeholders, and disclose a project level Environmental and Social Management Framework (ESMF) proportionate to the E&S risks and impacts and in line with the Bank’s Environmental and Social Standards and the World Bank Group Environment, Health and Safety (EHS) Guidelines. The ESMF will provide guidance on E&S screening checklists and classification of site-specific project activities and the development of site-specific Environmental and Social Management Plans (ESMP)s to be prepared as deemed necessary based during implementation. The criteria to determine whether an ESMP is not considered necessary will be agreed upon between CCAD and the Bank team and described in the ESMF. Based on the information known at this stage, it is more likely that site-specific interventions will only require E&S screening checklists. The ESMF will also analyze the positive and negative, direct and indirect impacts of the project and will define appropriate mitigation and management measures in accordance to the mitigation hierarchy. The ESMF will also include OHS and COVID-19 transmission prevention measures and will include a description of implementation arrangements (including monitoring, supervision, and reporting) at the site-specific level. Given the possibility of having multiple small subprojects, the ESMF will determine the need to establish a tracking system. Given the variety of potential risks and impacts, the team will work closely with CCAD to document relevant regional and local assessments to ensure project risks are being adequately contextualized before appraisal. Any significant gaps in knowledge or data will be strengthened and included in the corresponding ESMF sections.

In addition, the project will develop and implement a Stakeholder Engagement Plan (SEP) with its Grievance Redress Mechanism, a Labor Management Procedure (LMP) with its grievance redress mechanism for workers, an Indigenous Peoples Planning Framework (IPPF), a Process Framework (PF), and will establish an organizational structure, described in the ESMF and the POM, with qualified staff to support the management of E&S risks. Each instrument will address, in relevant sections, the specific context of each country. All these instruments will be proportional to the project’s E&S risks, and will be prepared either as standalone instruments or integrated as specialized annexes to the ESMF. Due to the physical restrictions imposed on stakeholder consultations after the COVID19 pandemic, it is necessary to put in place efficient virtual mechanisms for consultations, especially with socially excluded and vulnerable groups. If possible, physical but socially distanced gatherings for stakeholder engagement will be organized. A draft Environmental and Social Commitment Plan (ESCP) for the CCAD will also be developed prior to appraisal. The Project Operations Manual (POM) to be prepared for the project will also include detailed information related to the E&S instruments prepared for the project, and clear instructions on how to apply these during project implementation.



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

None.

ESS10 Stakeholder Engagement and Information Disclosure

ESS10 is relevant for the project. Component 1 and 2 are focused on capacity building and stakeholder engagement activities including capacity building, awareness raising, and knowledge exchange. The potential stakeholders will be identified as civil society, local communities, and their representative organizations and networks in the Gulf region. All public gatherings will be designed taking into account relevant local public health requirements in the context of the COVID-19 pandemic, including the WB Technical Note on “Public Consultations and Stakeholder Engagement in WB-Supported Operations when there are Constraints on Conducting Public Meetings (March 20, 2020)”.

Given the project’s nature and the scale of its risks and impacts, a Stakeholder Engagement Plan (SEP) will be prepared, including a project-wide Grievance Redress Mechanism. A draft SEP will be prepared, consulted, and disclosed prior to Appraisal. The SEP will describe engagement principles and measures and reference supporting instruments, such as guidance notes, to ensure adherence to ESS10 requirements. All relevant stakeholders in the three countries will have equal opportunities to engage with the project through transparent participatory mechanisms. The SEP will outline a) who the key stakeholders are; b) the specific types of engagement with them, especially regarding Indigenous Peoples’ representatives, members of the afro descendant communities, women of all ethnicities, and other vulnerable groups, including persons with disabilities and LGBTI people; c) how often the engagement will occur throughout the project; d) how feedback will be solicited, recorded and monitored; e) who will be responsible with this engagement; f) timeline for this engagement; g) budget and human resources, among other details.

To avoid or minimize the risk of leaving certain vulnerable groups behind, the SEP will describe the measures that will be used to remove obstacles to participation in the benefits of the project / sub-projects, and how the views of differently affected groups will be captured. Where applicable, the SEP will include differentiated measures, some of which might be country-specific, to allow the effective participation of those identified as disadvantaged or vulnerable, focusing on IPs and small farmers without formal organizations. Dedicated approaches and an increased level of resources may be needed for communication with such differently affected groups such as remote and dispersed populations so that they can obtain the information they need regarding the issues that will potentially affect them (positively or negatively). The SEP will also highlight if there are any risks or specific considerations around stakeholder engagement, grievance redress, and information disclosure/informed decision-making, particularly in the context of the Gulf of Fonseca and the potential engagement limitations with some local communities. The SEP will be prepared to consider program design approaches to manage potential social impacts and to ensure adequate consultation and inclusion of a broad number of vulnerable groups at different levels of program design and implementation.

The project will carry broad stakeholder engagement activities during its preparation stage, based on the stakeholder mapping carried out as part of the preparation of the SEP. Information about the stakeholder engagement activities will be included in the SEP, along with the concerns and questions raised by the participants, as well as the answers provided or the way they were addressed by CCAD. Documentary evidence of the stakeholder engagement activities will be included in the SEP as well, taking into account privacy and anonymity criteria. The Project team will provide



close guidance to the client on stakeholder mapping and sequencing of engagement in a way that is practical and takes into account the iterative nature of SEPs.

The project's GRM will be available to all project stakeholders, will be regionally accessible and culturally appropriate, and designed to guarantee confidentiality, accessibility, and translations to indigenous languages where necessary. The timeline for the GRM, including when it is expected to be operational, will be determined during project preparation once CCAD's capacity to implement it is assessed and determined. CCAD has had previous experience managing grievance services; the E&S team will ensure that the GRM designed for this project meets ESS10 requirements. The description of the GRM will cover its operational principles, processing responsibilities, internal administration, and the frequency of periodic monitoring reports. Component 3 will finance costs related to the operation of the GRM by the CCAD. While the timeline for the GRM is still to be determined the team will work with CCAD to make it available as soon as reasonably possible. The disclosed SEP will describe the commitments to monitoring the functionality of the GRM, its uptake channels, and will include information on reporting frequency, methods, and organizational responsibilities.

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

ESS2 is relevant for the project. Labor Management Procedures (LMP) will be prepared by CCAD in coordination with El Salvador's Ministerio de Ambiente y Recursos Naturales (MARN) and Honduras' Secretaría de Recursos Naturales y Ambiente (MiAmbiente) and with support by the World Bank Task Team as needed. The project activities may involve different categories of workers, including direct workers (such as civil servants and consultants working in connection with the project, whether full-time or part-time) and community-based workers (such as local farmers or community members who work in the project area, whether permanently or seasonally). The exact number of workers to be contracted is not known at this time, but will be determined prior to Appraisal; however, activities to be financed within the Gulf of Fonseca are not expected to be implemented at a scale large enough to imply labor influx impacts as project workers to which ESS2 will apply. Once the nature of potential project pilots is defined, community workers will be characterized including a description of the nature and extent of their work within specific project activities. Community workers for this project may include members of the community who provide labor as a contribution to the project in a voluntary manner. CCAD will ascertain whether such labor is or will be provided on a voluntary basis as an outcome of individual or community agreement. If there is any circumstance where labor for a project activity is provided on a voluntary basis, the LMP will refer to footnote 14 of ESS2 for the definition of voluntary work. The LMP will describe the mechanisms of agreement that will be reached with community workers, recording the terms on which such labor will be provided. This includes details of what has been agreed, the way in which such agreement was reached, and how the community workers are represented.

A stand-alone LMP will be prepared, consulted, and disclosed, including CCAD's internal work policies, codes of conduct, and labor arrangements. An assessment of the organization's respective work policies will be carried out during project preparation to evaluate if they meet ESS2 requirements. If any aspect of these is deemed insufficient or in need of supportive information, the organizations will adopt the necessary adjustments to their policies and procedures, and include them in the final version of the LMP prior to grant effectiveness. For project activities under



Subcomponent 2.4, which may include, among others, mangrove restoration, minor civil works, and beach cleaning activities, the LMP will include measures to prevent child labor. In El Salvador and Honduras, child labor is prevalent in rural areas; the scale of this risk in the Gulf area will be further assessed during project preparation, and measures will describe how the project will ensure that no one under the age of 18 will work for project activities, identifying this risks consistent with paragraphs 17 to 20 of the ESF.

Although labor considerations will focus on the standard aspects considering worker wellbeing and health and safety, the LMP will include a code of conduct acceptable to the World Bank to mitigate the risk of sexual exploitation and abuse (SEA)/sexual harassment (SH) or misconduct in the workplace and in contact with communities. Provisions might be considered for the protection of health and safety of community labor, including health coverage for accidents that can be a significant issue in small communities with limited resources and health service/insurance coverage. The LMP will also describe gender-specific measures that could be considered for community labor to ensure participation by women to facilitate equal opportunity and access to project benefits, as well as measures to prevent discrimination in the workplace and during recruitment processes, and the use of inclusive language to proactively encourage social inclusion OHS considerations to ensure health and safety of workers during the construction phase of the project to be included as part of the ESMF, will also be referenced in the LMP and will be in line with the World Bank Group EHS Guidelines and Good International Industry Practice (GIIP). It is recommended that OHS is in compliance also with the WHO guidance on Covid-19. Regarding OHS for workers please refer generally to WB's ESF/Safeguards Interim Note "COVID-19 Considerations in Construction/Civil Works Project". The LMP will also ensure that the corresponding national labor-related laws are upheld related to public service and related human resource policies, labor law, and institutional roles related to enforcement of the laws, including recruitment, discipline, appraisals, and dismissals. This will be given particular detail considering different, country-specific frameworks will be taken into consideration. Grievances will include the necessary considerations for confidentiality and whistle-blower protection. The worker-specific GRM will be described in the LMP, including information on reporting frequency, methods, and organizational responsibilities. During project preparation, it will be assessed if community workers will use the 'worker-specific' GRM or if they will have access to a separate GRM. The necessary training to project workers, including on workers' codes of conduct, will be included in the ESCP. During preparation the Borrowers' labor systems as compared to ESS2 will be assessed; the ESMF will incorporate substantial measures (including budgetary) in capacity-building and oversight as needed to ensure that activities that underlay the Project outcomes manage the risks and impacts appropriately.

ESS3 Resource Efficiency and Pollution Prevention and Management

The Standard is relevant given that the possible refurbishment work to be financed (to the extent known at this stage) may generate pollution in different forms. Appropriate mitigation measures will be developed as part of the ESMF following the mitigation hierarchy, while all site-specific ESMPs will include these mitigation measures with more specificity as applicable. Some possible mitigation measures will include the following:

Construction material needed for construction activities (sand, stones, timber, etc.) will be obtained from licensed quarries and certified timber suppliers. Based on available information, refurbishment activities are expected to be minor and limited to existing footprints, no soil removal and clearance of vegetation is expected at this stage. However, this will be further assessed during project preparation.



Waste management: Any waste generated by project activities will be disposed according to national regulations, this ESS, and WBG EHS Guidelines. The ESMF will include guidance on how to manage and dispose waste recollected from beach clean-up activities. Construction waste will include mostly waste from excavated soil and debris and hazardous waste such as hydrocarbon oils from construction machinery and vehicles. Any waste generated by the construction activities will be disposed according to national regulations and international best practices. Site-specific ESMPs will include specific measures for the management of dangerous materials for the potential demolition of existing infrastructure (during retrofitting existing infrastructure) that could potentially contain asbestos or any other dangerous materials. If it is determined during project preparation that electronic equipment will be procured, the site-specific ESMPs will include electronic waste (e-waste) management considerations. The ESMF will also include specific considerations for the management of wastewater that may occur during construction work.

Air emissions and noise: These may be generated during the construction phase from the use of heavy vehicles, machinery, and construction activities. However, based on the proposed project activities these are expected to be minimal. Nonetheless, the ESMF will consider mitigation measures which may include dust suppression and vehicle maintenance to minimize the impact of air emissions.

Energy efficiency measures such as efficient lighting, cooling, heating, and other energy efficiency equipment, as well as, water efficiency equipment will be considered during the refurbishment activities, as applicable.

ESS4 Community Health and Safety

This Standard is relevant. Some rehabilitation activities may expose communities to health and safety risks, especially those communities that may be immediately close to possible construction sites and activities. Civil works (even minor ones) may cause some inconvenience to local communities as access could be interrupted temporarily. Thus, traffic management considerations, including measures to prevent traffic accidents, will be included in the ESMF to address these risks and inconveniences. Noise may likely be generated from the use of construction machinery and vehicle movement depending on the scale and scope of project activities and this may cause disturbance to nearby communities. The relatively short-term and small-scale nature of the works suggests that noise levels will not be excessive or cause long-term nuisances. However, mitigation measures will be considered to minimize and manage the noise levels by applying work hours restrictions. Thus, the ESMF and OHSP to be prepared will contain specific measures to ensure that appropriate mitigation measures are in place, including signage and fencing, where appropriate. Where viable, universal access will be considered.

Given that the project area is vulnerable to natural disaster risks, including coastal flood, potential volcanic activity, earthquakes, and hydrometeorological storms among others, the ESMF will include includes a draft Community Emergency Response Plan to address potential natural disaster events that may endanger the health and safety of the community. Site-specific ESMPs will include procedures to manage and mitigate these risks accordingly.

Site-specific ESMPs will contextualize relevant information regarding crime and violence and GBV risks in the intervention areas and assess if additional security support and safety measures are necessary to protect project workers, beneficiaries, and communities in the Gulf of Fonseca. The ESMPs will also develop the necessary guidelines to screen specific project intervention sites (once known) to determine the need for the Borrower to provide security



for project-contracted personnel. Some project activities can risk becoming COVID-19 spreading events that could seriously affect communities. Project activities will ensure that workers wear personal protective equipment (PPE) and receive appropriate training to prevent the spread of COVID-19 to the community. A code of conduct will be included with provisions on how to prevent SEA/SH and the spread of sexually transmitted diseases and unwanted pregnancies as a result of the project.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS 5 is relevant. The project will not include large scale civil works, land acquisition, and is not expected to generate displacement to formal or informal occupants in communities around the Gulf of Fonseca. However, some Project activities could potentially lead to the stipulation of new resource access measures, which could lead to a restriction of access to natural resources in protected areas for communities. This potential risk will be further assessed during project preparation. Voluntary land donations are not expected, nor land tenure activities, including investment in resolution of land tenure issues, titling, formalization of land, etc. However, during project preparation, and before Appraisal, the team will be assessing what implications Project activities could have under requirements of ESS5, to ensure appropriate due diligence processes are identified, avoided, and/or addressed. This assessment will also determine potential risks and issues concerning land tenure activities, as indicated under paragraph 28 (b) (v) of ESS1 and paragraph 7 of ESS5. Any issues and impacts related to land-use planning and natural resources use not covered in ESS5, will follow ESS1 and will be addressed as part of the ESMF. If during project preparation it emerges that any project activities could pose a displacement risk, CCAD will prepare a Resettlement Policy Framework.

A stand-alone Process Framework (PF) will be prepared to assess the risk of restriction of access to legally designated parks and protected areas . The PF will describe the process for resolving disputes relating to resource use restrictions that may arise between or among affected communities, taking into consideration cultural knowledge. The PF will include a description of the participatory process by which a range of issues are agreed by a community, including preparation and implementation of relevant project components and mitigation measures in line with ESS5. Feedback from consultations will be integrated into the PF. The decisions on the creation of co-management arrangements will be sought through the participation of communities, Indigenous Peoples, and municipalities, and in case economic assets are lost temporarily or longer-term, it will be communicated on time and in an inclusive manner. However, there could be the case that for some community members, these arrangements might be involuntary. The ESMF will describe the appropriate mitigation measures to mitigate this risk. Consultation with the potentially affected communities should commence as soon as practicable and in a manner conducive to public health while the pandemic is still in existence, to get insight on the restrictions they could face as well as potential impacts on rights and/or livelihoods. To ensure these risks are adequately communicated and consulted upon, the SEP will provide a feedback loop with potentially affected communities or individuals throughout the project life cycle.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This Standard is relevant. The Gulf of Fonseca is one of the most important tropical coastal systems along the Eastern Pacific Ocean in Latin America and contains multiple ecosystems hosting important biodiversity and providing critical environmental services. The Gulf has 30 protected areas distributed within Honduras, El Salvador, and Nicaragua, which are largely aligned with the main mangrove areas. Furthermore, the protected areas of Honduras were



declared Ramsar sites. This semi-enclosed bay faces pollution, sedimentation from upstream deforestation, decrease in the coverage of mangrove forests, and is vulnerable to the effects of climate change. The Gulf of Fonseca Mangroves is part of the “Southern Mesoamerican Pacific Mangrove” ecoregions which comprise 5 sub-regions (1. Tehuantepec-El Manchon mangroves in Chiapas, Mexico; 2. Northern Dry Pacific Coast mangroves extending in patches along the coastline of Guatemala and El Salvador; 3. Gulf of Fonseca mangroves at the intersection of Nicaragua, Honduras, and El Salvador on the Pacific coast; 4. Southern Dry Pacific Coast Mangroves between Golfo de Fonseca in Nicaragua and the Gulf of Nicoya in Costa Rica; and 5. The Moist Pacific Coast Mangroves occur from near Jaco, Costa Rica to the southwestern corner of the Peninsula de Azuero, Panama).

The project will contribute to the sustainable management of the Gulf’s coastal and marine ecosystems, and is expected to have an overall positive impact on biodiversity conservation, coastal management, and the provision of ecosystem services. Project activities will be developed considering the environmental and social restrictions of Ramsar sites in line with the following the “Guidance for the Consideration of the Deletion or Restriction of the Boundaries of a Listed Ramsar Site” (available in <https://www.ramsar.org/document/guidance-for-the-consideration-of-the-deletion-or-restriction-of-the-boundaries-of-a-0>). The ESMF to be prepared will include a preliminary assessment of the potential impacts of project activities on biodiversity and natural resources and will include guidance to prevent and mitigate potential risks and impacts that may have been identified as a result of project activities. The ESMF will also provide guidance for biodiversity conservation and management in accordance with the requirements of this Standard. The Gulf of Fonseca contains Key Biodiversity Areas as identified through a rapid biodiversity screening of the project area through the Integrated Biodiversity Assessment Tool (IBAT), the ESMF will further assess and provide detailed information about these project areas. The project will not support any activity involving invasive alien species and/or the significant conversion or degradation of critical habitats.

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

ESS 7 is relevant. Some Indigenous People (IPs) and Afro descendants (ADs), as defined by ESS7, are present in the Gulf of Fonseca region. Afro descendants that do not fit the criteria described in ESS7 will be considered as part of ESS1, as part of a vulnerability assessment in the ESMF and any additional mitigation measures in relevant documents including ESMPs, the SEP, and the LMP. Risks to be assessed and, as necessary, mitigated include exclusion from consultation processes, discrimination in labor, exclusion from project benefits, susceptibility to SEA/SH risks, and others. During project preparation their degree of involvement as beneficiaries of program incentives and supporting activities will be assessed, and also as influenced stakeholders through the implementation of activities. Given the different national legal frameworks and particularities of self-identification in Honduras and El Salvador, the CCAD will prepare an Indigenous Peoples Planning Framework (IPPF) outlining general principles consistent with ESS7, including the need to respect IPs traditional access to natural resources, reserves and livelihood practices while at the same time allowing them to access the benefits provided through this project. The IPPF will set out the common principles, objectives and inclusion strategies for the Project, and will also include separate chapters with country-specific characterization of IP communities in El Salvador and Honduras, existing legal frameworks and historical background of engagement. The IPPF will also specify the circumstances in which Free, Prior, and Informed Consent would be needed. A draft IPPF will be prepared, consulted, and disclosed prior to appraisal.

IP presence in the Gulf of Fonseca varies from country to country. El Salvador has the smallest indigenous population in Latin America in absolute numbers, approximately 15,000 people, or 0.2% of the population. However, the official



recognition of Indigenous People occurred until 2014, and it is estimated that thousands with indigenous heritage do not self-identify as such. Indigenous communities in rural areas, such as the in the department of La Unión, are usually among the poorest in the country, with lack of services, clean water and access to public services. The lack of disaggregated data limits a detailed assessment of the Indigenous population in the area, but Indigenous organizations estimate that hundreds of Lenca people inhabit communities in coastal municipalities in La Unión. In Honduras, an estimated 656,000 people are IPs (8 percent of the national population); however, a census undertaken by Indigenous Peoples (IP) federations considers that the IP population might be closer to 18 percent (1.5 million people). IPs are located in Valle and Choluteca, most of which are Lenca. In Nicaragua, the territories around the Gulf of Fonseca have scarce IP population. Most IPs are below the poverty level, out of which 40 percent live in extreme poverty. Of the IP population, 80 percent live on their traditional lands and 20 percent in urban areas but meet the requirements of ESS7.

During project preparation, an assessment will be carried out to (i) improve targeting of indigenous peoples, particularly those in areas of difficult access, (ii) support communication and outreach challenges due to geography, culture, and at times, language, (iii) ensure that access to services is provided in a culturally adapted manner and that necessary institutional strengthening of the PIU at the various levels is done, and (iv) strengthen grievance redress mechanisms tailored to indigenous people's customs. The project presents opportunities for inclusion of IPs and other vulnerable groups and all opportunities to design culturally appropriate activities in ways that are deliberately inclusive should be highlighted. The CCAD will reach out to IP and AD organizations in El Salvador and Honduras, including the Consejo Coordinador Nacional Indígena Salvadoreño (CCNIS) in El Salvador; and the Organización de Desarrollo Étnico Comunitario (ODECO) and the Confederación de Pueblos Autoctonos de Honduras (CONPAH) in Honduras. The IPPs will identify the potential positive and negative impacts on IPs in each country and provide recommendations on how to screen for them, and mechanisms to promote IP participation in Program and benefits. They will contain specific guidelines on culturally adequate consultations/dialogues, as well as measures to ensure joint planning, capacity building, and culturally-inclusive implementation of activities, promoting equally distributed benefits for the population, including women and youth. In addition, if there the IPPF should establish guidelines and criteria for the preparation of additional Indigenous Peoples Plans (IPPs) for site-specific activities. The need for these sup-project IPPs will be determined once Project activities are defined. When applicable, the IPPs will be developed in line with ESS7 and will describe the specific actions, budgets, and indicators and will encourage inclusion of affected Indigenous Peoples and communities during their implementation. The Project's ESF instruments will be consulted with representative IP groups and communities, in a culturally-sensitive manner, taking into account potential COVID-19 health protections, with IP communities and/or their representatives, as appropriate, to ensure communities' broad support to the Project. Feedback will be integrated into the instruments. The instruments will be disclosed, online and through other channels accessible to potentially affected communities.

ESS8 Cultural Heritage

This Standard is relevant. While project activities are not expected to have negative impacts on cultural heritage, whether it is tangible or intangible as all civil works are expected to be minor and limited to existing footprints, the relevance of this standard will be further assessed during project preparation. Based on available information known at this stage, the ESMF will include provisions for site-specific screening and assessment of any known sites of cultural or historic importance which may be impacted locally, as well as identification of any sites of cultural/social importance for local communities. In addition, the ESMF will include a Cultural Heritage Management Plan (CHMP)



for civil works outlining mitigation measures to be considered to avoid or reduce impacts on community cultural heritage sites directly affected by the project. If necessary, the CCAD will follow existing country-specific guidelines on cultural heritage. If these guidelines are not deemed sufficient to comply with ESS8, the ESMF should incorporate management measures, including potential chance find procedures for any works. Consultations on ESS8 should include communities and all stakeholders in addition to relevant authorities.

ESS9 Financial Intermediaries

This Standard is not relevant.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways Yes

The application of this policy will be further assessed during project preparation as more detailed information becomes available.

OP 7.60 Projects in Disputed Areas No

The application of this policy is not applicable at this stage, but will be further assessed during project preparation as more detailed information becomes available

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:

The Borrower will prepare and disclose prior to Appraisal:

- (i) Draft Environmental and Social Commitment Plan (ESCP);
- (ii) Draft Environmental and Social Management Framework which will include inter alia, an Occupational Health and Safety and COVID-19 transmission prevention measures
- (iii) Draft Stakeholder Engagement Plan (SEP), which will include the Project’s Grievance Redress Mechanism (GRM)
- (iv) Draft Labor Management Procedures (LMP)
- (v) Draft Indigenous Peoples Planning Framework (IPPF) with country-specific chapters.
- (vi) Draft Process Framework (PF)

The draft SEP, LMP, IPPF, and PF will be proportional to the project’s risks and may be prepared either as standalone instruments or integrated as specialized annexes of the ESMF.



Final versions of the project instruments will be expected no later than 30 days after Project Effectiveness.

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

- (i) Organization structure and personnel to manage the E&S risks of the project
- (ii) Incidents and accidents notifications
- (iii) Monitoring and reporting
- (iv) Preparation and implementation of required E&S instruments including the ESMF, LMP, SEP, IPPF
- (iv) Preparation and implementation of site-specific ESMPs
- (v) Operationalization of the project GRM and the labor specific GRM
- (vi) Capacity building to project workers and stakeholders on E&S aspects of the project, including specific timeframes

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

15-Dec-2021

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Borrower: Comisión Centroamericana de Ambiente y Desarrollo

Implementing Agency(ies)

Implementing Agency: Comisión Centroamericana de Ambiente y Desarrollo

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Paul Jonathan Martin, Martin Humberto Ochoa Salgado

Practice Manager (ENR/Social) Maria Gonzalez de Asis Recommended on 07-May-2021 at 11:14:18 GMT-04:00