

Stakeholder Engagement Plan and Process Framework

Indonesia Coral Reef Bond

**Republic of Indonesia
Indonesia Environmental Fund and the Ministry of Marine Affairs and
Fisheries**

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Acronyms and Abbreviations

Bappenas	Badan Perencanaan Pembangunan Nasional/ the National Development Planning Agency
BPD LH	Badan Penyaluran Dana Lingkungan Hidup
BRIN	Badan Riset dan Inovasi Nasional / National Research and Innovation Agency (previously known as LIPI)
BRWA	Badan Registrasi Wilayah Adat/ the Registration of Indigenous Areas Agency, a Non-Governmental Organization compiling IPs-claimed areas
CMMAI	Coordinating Ministry for Marine Affairs and Investment
CSO	Community Social Organization
DJPKRL	Direktorat Jenderal Pengelolaan Kelautan dan Ruang Laut/ the Directorate General of Utilization of Marine Spatial (directorate under MMAF)
ESMF	Environmental and Social Management Framework
ESCP	Environmental and Social Commitment Plan
ESS	Environmental and Social Standards
ICCTF	Indonesia Climate Change Trust Fund
IEF	Indonesia Environment Fund (BPD LH)
IP	Indigenous People
IUCN	International Union for Conservation of Nature
LAPOR	Layanan Aspirasi dan Pengaduan Online Rakyat/ a digital application built to capture complaints of various issues related government bodies' projects, programs, and activities both at national and local levels
MHA	Masyarakat Hukum Adat/ Sub-directorate of Customary Communities (sub-directorate under DJPKRL in MMAF)
MPA	Marine Protected Area
MMAF	Ministry of Marine Affairs and Fisheries
MoEF	Ministry of Environment and Forestry
MoF	Ministry of Finance
MSME	Micro, Small, and Medium Enterprises
MPA	Marine Protected Area
NGO	Non-Profit Organization
KKP	Kementerian Perikanan dan Kelautan (see MMAF)
OJK	Otoritas Jasa Keuangan/the Financial Services Authority
PF	Process Framework
PMO	Project Management Office
POM	Project Operation Manual
RPJMN	Rencana Pembangunan Jangka Menengah Nasional/ the National Medium-term Development Plan (a 5-year plan)
RZWP3K	Rencana Zonasi Wilayah Pesisir dan Pulau-Pulau Kecil/ the Zonation Plan of Coastal and Small Islands
UPG	Unit Pengarusutamaan Gender/ the Gender Mainstreaming Unit

1 Objective

Stakeholder Engagement Plan (SEP) serves as project planning document in stakeholder engagement activities for the Indonesia Coral Bond, while also presenting risks and impacts management associated with restriction of access in protected areas. Indonesia Coral Bond is a project funded by the World Bank through grant scheme and implemented by the Indonesia Environment Fund (PMU). The SEP also presents Process Framework, which presents principles and management of social impacts due to access restrictions. When access restriction in the no-take zone generates negative impacts on local communities' livelihoods, the Actions Plan must be undertaken by the Project. The SEP has been prepared by the Coral Bond preparation joint task team under the Ministry of Marine Affairs and Fisheries (MMAF), in coordination with Bappenas – ICCTF, Indonesia Environment Fund (IEF), and the World Bank.

Stakeholder engagement refers to a process of sharing information and knowledge, seeking to understand and respond to the concerns of others, and building relationships based on collaboration. Stakeholder consultation and disclosure are key elements of engagement and essential for delivery of successful projects. The scope of this draft instrument is engagement plan with stakeholders related to the project components and activities to enhance performance of MPAs in three selected areas in Indonesia.¹ This SEP is a draft version, which will be finalised during implementation of the project under Component 1.2.

The overall aim of the SEP is to ensure that a timely, consistent, comprehensive, coordinated and culturally appropriate approach is taken to consultation and project disclosure. The SEP also serves as a valuable framework to support Subcomponent 1.2, which explicitly aims to strengthen, institutionalize, and mainstream many of the issues raised in this plan. It is intended to demonstrate the commitment of the IEF and MMAF to an international good practice approach to engagement in line with the World Bank's Environmental and Social Standards (ESS). In this context, good stakeholder relations are not only prerequisite for good risk management but also integral to achieving the broader objectives of the project.

1.1 Brief Description of the Project

The Indonesia Coral Bond Project will invest in activities leading to the improved management of Marine Protected Areas (MPAs), MPA management effectiveness assessment, demonstration of conservation outcomes, and the inclusion of three MPAs in the IUCN Green List of Protected Areas: KKN Raja Ampat and KKD Raja Ampat in Southwest Papua Provinces, and KKD Kepulauan Alor in East Nusa Tenggara. It aims to replicate the success of Wildlife Conservation bonds ("Rhino Bond"), a financing scheme implemented in South Africa to mobilise private financing to fund rhinos conservation efforts. Indonesia Coral Bond is aimed to improve coral reef health and conservation outcomes in target marine protected areas to meet the global best standards for marine protected management, the IUCN Green List.

The project also presents an opportunity to develop a robust blended finance operation for MPAs. It will build the capacity of the GoI to develop and execute innovative financing instruments that support conservation outcomes in collaboration with a reputable partner while also providing an opportunity to engage with institutional investors in a vastly underserved sector. By applying the IUCN Green List Standard diagnostic, this project will generate the knowledge to inform the effective and efficient allocation of government and development partner resources for MPA. The proposed instrument will incentivize increased investment into the ocean biodiversity sector by demonstrating the utility of robust

¹ Herewith, this instrument does not cover the US/ international bonds issuance and transaction's authorities or private investors-relations.

metrics in acting as payment triggers and informing outcomes. It will also facilitate mobilization of financial resources for the country's growing MPA network by demonstrating MPAs impacts and enhancing the credibility and international visibility of the government's efforts to protect its unique marine biodiversity.

The project will: (i) finance site-based conservation management activities to improve the management effectiveness of target MPAs to deliver measurable outcomes in line with global standard of best practices (Component 1); and (ii) implement project management and monitoring activities (Component 2). These Components 1-2 will be funded through the foregone coupon payments and will fund conservation activities that may trigger the Conservation Success Payment. The GEF funds exclusively finance the Conservation Success Payment. The overview of activities in each component is as follows.

Component 1. Improve Management Effectiveness of Target MPAs to Deliver Measurable Outcomes (US\$ 8.5 million funded by foregone coupon payments)

This component will finance site-level activities in three target MPAs: KKN Raja Ampat, KKD Raja Ampat, and KKD Kepulauan Alor

Subcomponent 1.1. Benchmarking against IUCN Green List Standard (US\$1 million funded by foregone coupon payment). The component will support technical assistance and investments to maintain regular, independent assessments of the MPAs against the Green List. This includes (i) crosswalk analyses of EVIKA and the Green List Standard to identify EVIKA data and evidence that can fulfill the evidence requirements of the Green List; (ii) assessing and benchmarking each target MPA performance against the Green List Standard; (iii) developing a detailed, gender-sensitive action plan to make expected improvements against the IUCN Green List Standard (which includes gender equity under Green List Standard criteria 1.1); (iv) capacity building and technical assistance to support implementation of this action plan; and (v) establishing an independent scientific advisory group, the Expert Assessment Group for the Green List (EAGL) and finance external assessments by Assurance Services International. Gender-sensitive action plans will consider gender-disaggregated data in socio-economic assessments, the involvement of women and women's groups in community-based biodiversity monitoring and data collection, and ensure women are included in identifying threats and co-creating options to strengthen compliance. This subcomponent will be implemented by IUCN, which IEF contracts.

Subcomponent 1.2. Inclusive Stakeholder Engagement and Reducing Major Threats to Conservation Outcomes (US\$5.5 million funded by foregone coupon payment). . The subcomponent will finance key conservation actions that will deliver measurable outcomes in line with a global standard for conservation effectiveness. Activities will: (i) strengthen the participation of stakeholders in conservation efforts at each MPA; and (ii) reduce threats to coral reefs at each MPA site. The active engagement of stakeholders of MPAs is an integral component of MPA good governance critical to ensuring successful conservation outcomes, such as higher fish biomass. This implies including stakeholders in management decisions, ensuring their voices and interests are considered throughout conservation efforts, demonstrating fair engagement and designing interventions that benefit local communities. Key MPA stakeholder groups include local communities, civil society organizations, and the private sector, namely fishers and tourism operators. This subcomponent will support a suite of engagement activities with the aim to achieve positive changes in perception and behavior towards MPA rules and create buy-in for collaborative efforts for conservation.

The activity will support comprehensive and gender-sensitive stakeholder mapping using participatory approaches in the 224 villages surrounding the three target MPAs. With this information, MPAs will be supported to design targeted strategies for engagement and set socio-economic outcome targets for local communities which are compatible with their conservation goals. MPAs will deploy engagement strategies involving regular stakeholder forums and information sharing channels to effectively communicate and keep stakeholders informed on new developments and projects. Feedback and communication from stakeholders are critical for responsive MPA management, thus MPAs will put in place stakeholder input channels and grievance redress mechanisms will be put in place that are accessible, appropriate and responsive. Protocols for monitoring socio-economic outcomes at the community-level will be developed so that MPAs can evaluate progress towards maximizing community benefits. To support systematic engagement in the long-term, the project will support the creation of simple systems for the MPA units. This includes databases as well as tools such as stakeholder consultation technical manuals and Standard Operating Procedures (SOPs) for inclusive engagement. Communications campaigns and materials will be designed for consultations and outreach that are suitable for dissemination within target stakeholder groups, to raise awareness and improve perceptions on MPA rules, zones, conservation targets and benefits.

Gender-sensitive actions are central to stakeholder engagement activities and will be defined in site-specific plans. Plans will consider factors such as meeting timing and location, hiring female facilitators, and working through women's networks and existing community platforms where women participate. Gender-sensitive actions will ensure inclusive communications and outreach activities and safeguard measures to prevent intimidation of women mainly. Activities will be consistent with the Green List process, which requires evidence that management (including threat mitigation) is performed with consideration for socioeconomic context, including gender. The effectiveness of stakeholder engagement activities in improving community awareness of MPA management systems (including a specific gender target) will be tracked as an intermediate results indicator.

To successfully maintain healthy coral reefs, MPAs need to confront the pressures on coral reef ecosystems. This subcomponent will support MPA management units to mitigate the risks to protect coral reefs and recover the abundance of reef fish, to achieve the project's KPI. Demonstrating an understanding of threats and using this to inform management action will also elevate the conservation effectiveness of the MPA and fulfill a criterion of the Green List Standard. This subcomponent will support a holistic, sustained approach to maintain coral reef health at each MPA site. This includes support to: (i) set conservation targets for coral reef health; (ii) improve intelligence to better identify, assess and prioritize threats to coral reefs; (iii) promote sustainable fishing practices; (iv) improve compliance with zoning requirements and carrying capacity limits; (v) enhance surveillance and monitoring; and (vi) mitigate other priority, site-specific threats.

The project will first strengthen MPA management capacity to mitigate threats to the reef ecosystem. Support will be provided at each site to analyze baseline conditions, identify and establish biophysical conservation targets for reef health, and define limits of acceptable change for reefs within the MPA area. This will allow MPA units to track the biophysical response to conservation actions implemented, be able to anticipate the impacts on coral reefs before irreversible degradation and loss, and measure progress in reef health. MPA units will develop a documented method and process for risk evaluation and comprehensive threat mapping, assessment and prioritization. An understanding of the intensity, frequency and source of pressure on coral reefs will allow MPA units to define targeted and high-impact

threat mitigation actions. This method will rely on stakeholder intelligence, thus enforcing the importance of a collaborative relationship with MPA stakeholders.

The project will finance conservation activities that respond to the respective threats facing reef fish and coral reefs in the MPAs. Preliminary activities have been identified but will be refined and expanded based on a detailed and comprehensive threat mapping, assessment and prioritization at each site at the start of the project. To combat destructive fishing practices and non-compliance by fishing vessels with zoning and permit restrictions, the project will promote sustainable fishing practices through facilitating rights-based fisheries management approaches in priority areas. This could involve the allocation of fishing rights to communities and supporting them in the development and implementation of coastal fisheries co-management plans. Compliance with MPA zoning requirements will be improved by supporting small-scale producers operating within MPA boundaries to apply for and comply with appropriate licence and permit requirements. Carrying capacity limits and visitor number limitations will be established and implemented for popular visitor sites, in coordination with tourism operators, to prevent damage to coral reefs and harm to marine species. Codes of conduct for fishers and tourism operators will be developed, including anchoring restrictions and waste and wastewater management provisions to mitigate visitor impacts.

The subcomponent will support enhanced threat reduction by improving the quality of surveillance and monitoring. Risk-based patrol protocols will be developed, using the intelligence approaches mentioned above. Patrol approaches will be expanded to include community-based systems (POKMASWAS) that boost not only the MPAs' monitoring capacity but also provide an incentive for local communities to participate in conservation. The project will equip MPAs with the tools to develop and deploy protocols for monitoring site-specific conservation targets and prioritised threats, including using technology such as SMART^[1] (a conservation area management platform, including mobile, desktop, and cloud-based components to help collect, visualize, store, analyse, report and act on conservation monitoring data), and hydrophones or other tools to improve blast fishing detection and mapping.

This subcomponent will be implemented by NGOs (LEMTARA) via a subgrant issued by IEF. Selection of the LEMTARA took place under a rigorous process with strict criteria, as it is critical that the LEMTARA have deep technical expertise in conservation challenges and options in the specific MPAs and long-standing experience in the area, with established trust and a good working relationship with the MPA units and stakeholders.

These proposed activities will build upon and complement the foundational investments under the LAUTRA Project. LAUTRA will have established essential building block elements such as (i) stakeholder maps of the private sector and community projects; (ii) operational stakeholder coordination forums; (iii) MPA information centers; (iv) engagement with communities on livelihoods activities; (v) enhanced capacity of MPA management unit staff; (vi) updated MPA management plans; and (vii) routine MPA surveillance patrols and enhanced surveillance tools, technologies, and infrastructure. There will be close coordination among the PMOs and PIUs of the two projects to maximize resources and avoid duplication of efforts. Where appropriate, the projects will conduct joint activities, such as coordination meetings at the national level, and joint field missions and consultation events at the MPA level. See Table 1 on page 14 for how project activities complement LAUTRA investments.

Subcomponent 1.3. Coral reef health monitoring (US\$1 million funded by foregone coupon payment).

This subcomponent will focus on supporting MPAs to monitor coral reef health systematically, particularly

systematically, but not limited to, the change in coral reef fish biomass, the project KPI. Annual scientifically robust field surveys will be conducted by experienced coral reef surveyors across the three target MPAs using a pre-determined sampling protocol and survey method while building the capacity of the MPA Management Units to conduct coral reef monitoring in the long run. A standardized pre-determined sampling protocol and survey methodology will be used to employ an underwater visual census (UVC) to provide a statistically rigorous assessment of coral reef fish biomass changes. Surveys will be conducted in the core zones of the three MPAs and control sites outside the MPAs. Data collected during coral reef monitoring surveys will be uploaded and analyzed using MERMAID, a secure online data management system. MERMAID would allow coral reef monitoring data to be collated, validated, and stored in a secure, transparent, and auditable manner. An annual report will be produced by each MPA based on the findings and observations from the field surveys, to include the general condition of the reef ecosystem, notable challenges faced during the survey mission, and robust statistical analysis to show trends in biophysical metrics, especially the coral reef fish biomass metric. The reports should analyze progress made towards thresholds for successful outcomes, identify potential threats to the ecosystem, and make management recommendations. A Monitoring Entity contracted by IEF will implement this subcomponent.

Subcomponent 1.4. Ensuring Financial Sustainability (US\$1 million funded by foregone coupon payment). . This subcomponent aims to strengthen the ability of MPAs to mobilize financial resources for their long-term sustainability. Specific activities to be financed in each target MPA will include (i) developing target MPA business plans, (ii) building capacity of site managers in financial planning and management, (iii) identifying options and best-practice mechanisms for advancing Ecological Fiscal Transfer to support MPAs; (iv) piloting and evaluating a new MPA revenue stream in at least one target MPA; and (v) piloting and evaluating a new performance-based payment instrument in at least one target MPA. This component will be implemented by ICCTF, which is also implementing Component 3 of LAUTRA, on developing strategies for innovative financing for marine conservation. LAUTRA investments in building ICCTF's capacity and establishing the Blue Finance Advisory Committee (BFAC), a cross-ministerial body responsible for coordinating blue economy activities, have created the enabling institutional environment needed to implement the subcomponent successfully.

Component 2: Project Management and Monitoring (US\$1.5 million funded by foregone coupon payments)

The IEF will serve as the Project Management Unit (PMU) and have fiduciary responsibility over the project. The choice of IEF as the executing agency enables the institution to gain experience working with a non-sovereign instrument and develop its capacity to issue similar instruments in the future. IEF will implement this component.

Sub-component 2.1. Project Management (US\$1 million funded by foregone coupon payments). This sub-component will support project management that includes, inter alia, staffing, operations, financial management, procurement, environmental and social risk management, including implementation of the grievance redress mechanism.

Sub-component 2.2. Monitoring and Evaluation (US\$0.2 million funded by foregone coupon payments). This sub-component will support monitoring, reporting, and evaluating project activities, outputs, and outcomes.

Sub-component 2.3. Capacity Building, Coordination, and Knowledge Management (US\$0.3 million funded by foregone coupon payments). The IEF Operational Handbook outlines the expectation that the IEF will

attract private sector financing in the future. It emphasizes the importance of blended finance mechanisms and instruments, such as Green Bonds, in ensuring the long-term sustainable management of various IEF initiatives. This vision aligns with the World Bank's strategy of developing an exit plan, where institutions benefiting from World Bank funding gradually transition towards sustainable funding sources by mobilizing private sector capital and reducing reliance on concessional or donor funding. To facilitate the transition towards sustainable funding, the project will support IEF with the following key activities: (i) identification of mechanisms through which IEF can mobilize private sector capital; (ii) enhancing IEF accounting and reporting standards to align with International Financial Reporting Standards-like standard; (iii) building capacity to prepare ESG and Sustainability Reports; (iv) enhancing capacity to adopt and consistently monitor the Environmental & Social (E&S) Framework; and (v) building capacity to develop a pipeline of bankable projects that could be financed through future bond issuances. Coordination and knowledge management activities will include, inter alia: (i) citizen and stakeholder engagement activities; (ii) collaboration and coordination with other partners and programs, including participation in donor coordination forums, MMAF-led meetings among marine programs, and the Gol BFAC; and (iii) events and knowledge sharing initiatives, including through vehicles such as the Coral Triangle Initiative, the International Coral Reef Initiative, and the IUCN Green List community.

Conservation Success Payment (US\$13.76 million funded by GEF NGI and EUR1 million, or approximately US\$1.1 million, funded by BNP Paribas). The Conservation Success Payment will be paid to bondholders contingent on the KPI being achieved. It will only be paid out at year 5 of the project if there is a verified achievement in the target MPAs of coral reef fish biomass targets. The US\$1.1M equivalent is payable directly to bondholders by IBRD, as Coral Bond issuer. If the impact metric targets are not achieved, funds will be returned to the GEF and BNP Paribas. The amount of the Conservation Success Payment paid to the investors will depend on the level of achievement of the KPI, “increase in coral reef fish biomass in the core zone in target MPAs relative to open access areas (percent)” in year 5 of the project compared to year 1. No Conservation Success Payment will be made if the KPI increase is below 25 percent in all target MPAs. If the KPI increase equals or exceeds 25 percent in only one target MPA, one-third of the Conservation Success Payment will be made. If the KPI increase equals or exceeds 25 percent in two target MPAs, two-thirds of the Conservation Success Payment will be made. The total Conservation Success Payment will be made if the KPI increase equals or exceeds 25 percent in the three target MPAs.

Locations. The Project be implemented in 3 provinces, including East Nusa Tenggara, Papua and West Papua. These 3 provinces include 1 national MPAs and 2 provincial MPAs. The population living in the 224 villages directly adjacent to the three target MPAs (173,836 people, about half of which are women) will benefit from improvements in MPA management. By investing in the conservation, enhancement and provisioning of marine and coastal ecosystem goods and services, the project will generate climate mitigation and adaptation co-benefits that include carbon sequestration and improved resilience of local communities and coastal areas. By enhancing the sustainable management of coral reef ecosystems, the Project will increase the value of natural resources for local, national, and global beneficiaries. For example, the protection of critical spawning and nursery grounds within MPAs will contribute to maintaining the healthy fish stocks that underpin local livelihoods and food security.

These MPAs were selected based on three key criteria: their global biodiversity significance, representativeness of their institutional setting, and their existing management performance. First, they

lie within the globally significant Coral Triangle ecoregion and encompass a significant proportion of two seascapes. The Birds Head Seascape contains KKN Raja Ampat and KKPD Raja Ampat and is the most biodiverse marine area on Earth, with about 1,600 reef fish species and over 550 coral species recorded. The Sunda Banda Seascape contains KKPD Alor and is a priority conservation region, harboring over three-quarters of known coral species. It is identified as one of the Earth's coral reef regions at the lowest risk of increased bleaching. Second, institutionally, these MPAs represent the two models of MPA management in Indonesia: one managed by the national government and two managed by provincial governments, which allows the project to be tested within two different institutional settings. Third, these MPAs have some of the highest MPA management performance levels in Indonesia according to national standards^[2] and are strong candidates for accelerating international standards of management effectiveness for improved conservation outcomes.

These three target MPAs are:

- KKN Raja Ampat (325,085 ha) located in Papua Barat Daya province and under the jurisdiction of MMAF;
- KKPD Raja Ampat (1,348,459 ha) located in Papua Barat Daya province and under the jurisdiction of a provincial government Regional Public Service Agency (BLUD);
- KKPD Selat Pantar (Alor) (277,072 ha) located on East Nusa Tenggara province and under the jurisdiction of East Nusa Tenggara provincial government.

Finally, these MPAs have some of the highest MPA management performance levels in Indonesia according to national standards and are strong candidates for accelerating to international standards of management effectiveness for improved conservation outcomes. The most recent EVIKA assessment (2023) awarded a score of 86.7 percent (Gold) for KKN Raja Ampat but noted significant deficiencies in indicators related to stakeholder partnerships, threat management, and the condition of conservation targets and core zones. For KKPD Raja Ampat the 2023 EVIKA score is 91.5 percent (Gold) and noted significant deficiencies in indicators related to threat management, community empowerment and participation, and the condition of conservation targets. For KKPD Alor the 2023 EVIKA score is 88.2 percent (Gold) and noted significant deficiencies in indicators related to community outreach and empowerment, threat management, stakeholder benefits, and the condition of conservation targets and core zones.

1.2 Social Context

The targeted locations for Coral Bonds project are MPAs that boast rich biodiversity and serve as home to local and indigenous/ *Adat* communities closely connected to the coastal areas. These communities mostly consist of local and indigenous peoples who have long inhabited these areas, such as Barunusa/ Balue, Namatalaki, and Barawihing *Adat* communities residing in coastal and small island villages surrounding Alor, Maya and Kawe *Adat* communities in Raja Ampat. The livelihoods of these local and *Adat* communities are heavily reliant on coastal and marine resources, both for food security and economic activities on aquaculture and tourism sectors, such as fishing, fish cages, seaweed farming, and community-based ecotourism. While MPAs play a vital role in supporting livelihoods and resource management, it is the marine natural resources and marine space also hold deep social and cultural significance for *Adat* communities. Their connection to the sea has been woven into their way of life for centuries, whereas formalised and state-led MPAs are a more recent conservation approach. While this formal MPA approach is relatively recent, *adat* communities in many places in coastal and small islands in

Indonesia have been practicing conservations of marine resources and space for centuries². For instance, in Raja Ampat and Alor, adat communities practice *Sasi*³, where they manage and regulate the use of (non-exploitative) fishing practices and adoption of sustainable marine resources use.

In Indonesia, MPAs are divided into several zones, including the core zone ('no take zone'), buffer zone, and utilisation zone. Most local and Adat communities are fishing in the utilisation zone, which are allocated for fishing (among other purposes), or buffer zone. However, some Adat communities, due to the proximate distance between settlements (small island) and the core zone, they also fish in what supposedly 'no take zone'. For instance, this phenomenon is observed in four villages surrounding the core zone in Provincial MPA Alor. To complicate matter, "intruders", medium-scale fishers from different province such as West Nusa Tenggara or South Sulawesi, often found to fish in the core zone of Alor. Hence, the Project observes there is a risk of access restriction of Adat communities in the core zone induced by heightening monitoring and surveillance of the no-take zone, which will be addressed in several instruments, including in this Stakeholder Engagement Plan.

In three locations/ MPAs under Indonesia Coral Bond, there are at least four villages in small island of Alor, of which small-scale/ artisanal fishers, that are in close proximate with "no take zone" (or called "Core Zone" in the formal MPA zoning document) of the MPA Alor. This phenomenon is also observed near the no-take zone of MPAs Raja Ampat. This mean that 'partial restriction' is possible, (explanation on partial restriction could be found in 6.2 Indigenous Peoples).

Across three MPAs of Indonesia Coral Bond' target location, the majority of households have used fishing as a primary income generating activity with average monthly income varied from IDR 500k to 3 million per month per household. Another source of income was collected from construction work or factory-related work, retail, public sector jobs, farming, tourism and aquaculture. Dependency on fishing was found higher for fishing communities in Eastern and Central Indonesia, especially in villages far from the regency capitals. Several most vulnerable households are identified, including households with a high dependency of earnings from traditional fishing grounds; households without productive assets (boats, plot of land, fridge or cool boxes, etc); and households with few productive-age family members.

Additionally, at macro level, Coral Bond target provinces (East Nusa Tenggara, Papua Barat, and Papua Barat Daya) relatively have moderate to high poverty rate; low to moderate Village Development Index as well as Human Development Index (HDI), all relative to the national average score. An increase in unemployment rate and poverty rate in the past year triggered by the prolonged Covid-19 pandemic has worsened the vulnerability of these communities. In terms of labour conditions, informality and lack of social protection have also contributed to impoverishment of coastal communities. Lastly, climatic changes have added another layer, which exacerbates the vulnerability of coastal and small island communities. More detailed social context can be found in the document Preliminary Social Assessment for the Oceans for Prosperity Project (<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099240112122261469/p17339104fc8e80d0ae4a0751e0011e208>)

² Talib, NA, Utomo, A, Barnett, J and Adhuri, D, 2022, Three centuries of marine governance in Indonesia, Marine Policy, vol. 143. <https://www.sciencedirect.com/science/article/pii/S0308597X22002184>

³ local and Adat communities still employ traditional methods in managing coastal and marine resources, reflecting a sustainable approach. For instance, Adat communities in Raja Ampat and Alor still uphold customary rules that regulate the timing and methods of fishing to allow fish stocks to replenish naturally or known as *Sasi* ('the open and shut window for fishing'). This practice is preserved and enforced by Adat governing system, including ways of communicating and undergoing collective/community-monitoring, and reward and punishment mechanism.

1.3 Institutional arrangement

The Indonesian Environment Fund (IEF) will serve as the lead executing agency. The IEF is a public service agency mandated to channel and distribute environmental and climate funds to support Indonesia's sustainability targets. It is accountable for and structurally operationalized under the Ministry of Finance (MOF). A Project Management Unit (PMU) will be established in the IEF to administer the project. The PMU is responsible for overall project coordination, day-to-day management, budgeting, financial management, safeguards monitoring, project progress monitoring, evaluation and reporting, and coordination with other government agencies. The PMU will be staffed with a project director, project manager, and fiduciary and safeguards specialists. The PMU will prepare an annual work plan, budget, update monitoring and evaluation indicators, procurement plan, and required reporting, which the Project Technical Committee will endorse. The PMU will also prepare consolidated quarterly financial and annual financial reports. The PMU will conduct monthly coordination meetings with all key implementing partners, including the PIUs, LEMTARA, the Monitoring Entity, IUCN, and the World Bank.

A Project Committee will be formed within two months of project effectiveness. The Project Committee will consist of an Oversight Committee and a Technical Committee. The Oversight Committee will be chaired by the Deputy of Natural Resources Management (echelon 1), BAPPENAS, and provide overall strategic guidance. The Technical Committee will be chaired by the Ministry of Marine Affairs and Fisheries (echelon 2). It will endorse the Annual Work Plans, Procurement Plans, and TORs, provide technical guidance and advice for project planning, implementation, monitoring, and evaluation, and play a key role in intra- and inter-ministerial coordination. The recommendations and decisions of the Technical Committee will guide the decisions of the PMU.

Four Project Implementation Units (PIUs) will be formed and housed in: 1) BKKPN Kupang (MMAF); 2) UPTD KKD Kepulauan Alor, East Nusa Tenggara; 3) UPTD-KKD Raja Ampat; 4) ICCTF - BAPPENAS. The PIUs are responsible for facilitating activity planning, including providing technical inputs to the Annual Work Plan, Procurement Plan, and TORs for project activities relevant to their sites, facilitating project implementation, monitoring and evaluation, and reporting of activities at the subnational level (provincial/district/village), as well as coordination with relevant stakeholders at the subnational level. The PIUs will not manage funds directly but can access cash advances from IEF for their operational expenses.

IEF Lembaga Perantara (LEMTARA) or Intermediary Agencies will implement Component 1.2 activities at the target sites under the supervision of PIUs and PMU. LEMTARA will prepare (draft) project planning documents, including inputs to the Annual Work Plan and Budget (AWPB) based on inputs from PIUs, which includes planning for budgeting, procurement, financial administration, safeguards monitoring, project monitoring, evaluation, gender, and the feedback and grievance redress mechanism. LEMTARA will implement project activities and manage the achievement of project indicators under the supervision of PIUs, prepare technical guidance, manuals, SOPs, and technical documents, prepare (draft) project reports, and coordinate with relevant stakeholders at the subnational level. The selection process of LEMTARA for Component 1.2 implementation is underway. MMAF and IEF conducted the NGO selection process. First, a selection committee convened by MMAF shortlisted three NGOs based on a) existing cooperation MOUs between MMAF and the NGO, b) technical competence in the subject matter, and 3) on-the-ground capacity. IEF then conducted due diligence on the NGOs' fiduciary capacity and thus eligibility as IEF's LEMTARA before inviting them to submit project proposals. A joint committee between IEF and MMAF has selected two NGOs as LEMTARA, one to operate in KKN and KKD Raja Ampat and and

the other in KKD Kepulauan Alor. The selection process has been and will be documented and shared with the Bank team.

IEF will contract service providers to support project implementation. IUCN will implement Component 1.1 and provide technical assistance for the Green List process. A Monitoring Entity will be responsible for monitoring coral reef health under Component 1.3, conducting annual coral reef surveys to collect, process and analyze coral reef data and to calculate and monitor the KPI in particular.

Key to the project structure is the Verification Agent, who has the role of verifying the data collected by the Monitoring Entity and ensuring that the KPI calculations are accurate. The World Bank will contract the Verification Agent directly.

2 Key principles

This SEP is developed to promote participation of both affected and interested stakeholders so that the project design, in particular stakeholder engagement approaches and activities are implemented in a participatory and inclusive manner, transparent, promote equal opportunity and minimize environmental and social risks. To enable effective engagement with key stakeholder, capacity building and recruitment of technical consultants/staffs would be deployed in assisting implementation of the SEP. Further, project design, both under Component 1 and Component 2, have integrated consultative and participatory processes on the improvement of MPA management effectiveness and under the project management and monitoring activities.

Box 1: Stakeholder Engagement Principles

The principles of communication and stakeholders' engagement are as follows:

- **Participation:** It is necessary to ensure broad and inclusive participation of disaster affected people. Communities will be provided with options to enable them to participate, and a targeted outreach will be made available to ensure that vulnerable groups have access to overall project implementation.
- **Access to information and disclosure:** Relevant information will be disclosed in a language and forms accessible to target communities and the wider public. Communities will retain the rights to ask information about the status of the project, their entitlements, eligibility criteria as well as responsibilities and FGRM channels will be made accessible.
- **Social inclusion:** Community engagement should take into considerations various factors which may inhibit and/or prevent participation such as gender inequality, illiteracy, disability, ethnicity, and other exclusion factors amongst vulnerable groups. Hence, consultations and facilitation will be targeted to ensure tailored engagement approach. Risk mitigation measures shall be prepared in consultations with vulnerable groups.
- **Transparency:** Environmental and social risks and benefits generated and/or associated with project activities shall be communicated through open and constructive dialogues. Agreement on mitigation measures, including alternative designs shall be documented and made available to the public. A regular monitoring and tracking of FGRM will be made publicly available, including status of resolution.
- **Informed consultation without coercion:** Prior engagement and information dissemination should precede consultations to allow such consultations to be meaningful. Project stakeholders will be

provided with options on a range of consultation modalities and/or approaches and retain the rights to refuse participation despite such options.

Below is general application of the stakeholder engagement principles on the project.

Under Component 1, the project aims to address critical deficiencies in the management of three Marine Protected Areas (MPAs) through technical assistance and investments. It encompasses several subcomponents, including benchmarking against the IUCN Green List Standard; stakeholder engagement and benefits; threat identification, prioritization, and mitigation; setting and monitoring biophysical targets; and ensuring financial sustainability. Under this component, the key stakeholders are including national and subnational government agencies, the UPTs and MPA management units, IUCN Expert Advisory Group for the Green List (IUCN-EAGL), coastal communities (including vulnerable and indigenous groups), indigenous governing bodies (within the indigenous areas), NGOs and CSOs both international and local, international donors, and multilateral development banks, and local communities in target locations.

During Project preparation and implementation, the PMO will engage stakeholders through existing engagement structures as early as possible and will continue the engagement throughout the implementation of the Project, particularly during field surveys, baseline assessment, planning, mobilization, implementation stages and until the Project is eventually closed out. The stakeholders will be further engaged once the Project is approved as well as prior to and during implementation of the Project activities.

Key measures to promote inclusive stakeholders' participation include:

- Engage stakeholders through existing structures as early as possible, such as the national coordination platform and or MPA Forum/Programmes;
- Take cognisance of the social, economic and environmental needs of key stakeholders concerned;
- Strengthening of the consultative process during the assessment of MPA performance against the Green List Standard and the development and implementation of detailed action plan outlining the steps needed to make expected improvements against the IUCN Green List Standard:
 - Conduct consultations with stakeholders throughout the entire project cycle to inform them about its plan and activities, including capturing their concerns, feedback and complaints
 - Conduct awareness-raising activities to sensitize key stakeholders and communities on the project.
- Explicitly integrating activities from Subcomponent 1.2, including stakeholder mapping to identify all affected stakeholders (especially minority, marginalized, and vulnerable groups), improving two-way communication and meaningful consultations, and enhancing record-keeping of stakeholder inputs to better identify priority issues and track responses.

Under Component 2, the project will support project management activities to ensure cost efficient, timely, and quality delivery of project activities and results, including coordination between the nodes, M&E and project reporting. This will include workshops, and operational costs to support the project's day-to-day implementation and management, including procurement, financial management, environmental and social safeguards, preparation of annual work plans and organization of audit reports, including the implementation and monitoring of the SEP. The PMO will monitor the SEP in accordance with the requirements of the Environmental and Social Commitment Plan (ESCP) including changes resulting

from updates in the design of the Project or Project circumstances. The extent and mode of stakeholder monitoring with respect to environmental and social performance would be proportionate to the potential environmental and social risks and impacts of the project and their effect on the various stakeholder interests in specific activities.

Key measures to promote inclusive stakeholders' participation include:

- Collection of records of consultations with stakeholders on environment and social performance of the project, and on the implementation of the mitigation measures outlined in the ESCP on a bi-annual basis, included as part of ES progress implementation report. This will include whether stakeholder engagement is carried out in a consultative manner, in accordance with the SEP and build upon the channels of communication and engagement as established with stakeholders.
- Periodic report of Grievance Mechanism as part of the above ES progress implementation report, including: progress of Grievance Mechanism operation, the grievance log, and evaluation/ learning notes of the function and accessibility of the project Grievance Mechanism. Period report of Grievance Mechanism could be included in relevant document.
- Periodic reviews of compliance with requirements of the legal agreement, including the ESCP.
- Where appropriate, engaging stakeholders and third parties such as independent experts, local communities or NGOs, to complement or verify projects stakeholder monitoring information.

Box 2: Mainstreaming Stakeholder Engagement into Project Design

The following principles will prevail at all stages of activities under all components in general:

- a. All community members should have equal opportunity, regardless of their gender, age, ability, indigeneity status, and residing locations in the participating village, to participate in engagement forums/ events. Information outlining options for participation shall be made widely available, in an accessible format for people with visual and hearing impairments, and the project shall strive to reach the most vulnerable groups.
- b. Community participation in Stakeholder engagement and benefits, under component 1, will include diverse and vulnerable groups in the community, including to reach out to specific neighbourhoods or specific groups of people to receive their feedback on the established MPA zonation (no-take zone), risk of access restriction on small scale fishers to the no-take zone, and potential communities co-monitoring/ surveillance within the no-take/ core zone.
- c. Practices of inclusive participation, i.e., making women-only or people with disability-only group discussions, are to consider in enhancing social inclusion and meaningful participations from all elements of the community.
- d. Ensuring that small-scale/ artisanal and traditional fishers are identified and participate in activities , under Subcomponent 1.2 and Subcomponent 1.3, including to hear their voice on the existing MPA management (and if the management plan will be revised, to ensure that it is consulted with the directly affected vulnerable groups) and ways to improve management effectiveness, and the Project shall carefully consider the needs, constraints and opportunities for vulnerable and marginalised groups to participate (**i.e., fisherwomen and women engaged in coastal-dependent economy, small-scale/ artisanal and traditional fishers, people with disability whose livelihood depends on the ocean/ coastal-based**

economy, landless and poor households, and households without productive means, such as ship crews, informal daily-laborers, etc). Affirmative measures shall be established in consultation with these groups.

- e. In general, engagement processes will be conducted in a democratic, participatory, transparent, and accountable manner. Communities and target groups of peoples will have the opportunity to refuse participation in a fully informed manner.
- f. Ensuring documentation of such consultations and engagement activities.

To align the above principles with proposed stakeholder engagement activities, the project will mobilize experts and facilitators with relevant expertise and skills required to facilitate community participation processes, especially for Component 1 (i.e., stakeholder engagement and benefit).

3. Regulatory Framework

The section below provides a summary of the national regulatory framework and the World Bank standards in regard to information disclosure, engagement with stakeholders, and grievance redressal system.

3.1 Relevant National Laws and Regulations

Several applicable regulations in Indonesia relevant to Stakeholder Engagement and Information Disclosure as regulated in the Environmental and Social Standards (ESS) of the World Bank ESF and also relevant to Project implementation, include:

- Law No. 14/2008 on Public Information Disclosure, requires the availability of transparent public information;
- Law No. 8/2016 on Persons with Disabilities, guarantees the life sustainability of every citizen, including persons with disabilities, with the same legal standing and human rights as Indonesian citizens, including the right to work, entrepreneurship, and cooperatives;
- Law No. 32/2014 on Oceans, which includes articles on information disclosure and participation of local governments and local communities to manage and use the oceans sustainably.
- Law No.1/2017 jo Law No.27/2007 on the Management of the Coastal Areas and Small Islands, includes the requirements of sequence of public consultations with local communities in developing the coastal and small islands spatial use planning (RZWP3K) at district and subdistrict levels.
- Government Regulation No. 45/2017 on Community Participation in the Administration of Regional Government, in which the community has the right to participate in regional development planning;
- Government Regulation No. 22/2021 on the Implementation of Environmental Protection and Management, regulates community involvement in the AMDAL (Environmental Impact Analysis) process for a) the provision of complete and transparent information; b) equality of position between the parties; c) fair and prudent problem solving; and d) coordination and communication;

- Ministry of Marine Affairs and Fisheries No.31/2020 on the Establishment and Management of the Marine Conservation Areas, which includes requirement to conduct public consultations that result in consensus to develop marine protected areas plan at subdistrict and/or village levels.
- Minister of Home Affairs Regulation No. 18/2018 on Village Community Institutions and Village Traditional Institutions, [considers those institutions] as partners in increasing community participation in the development process;
- Presidential Instruction No. 9/2000 on Gender Mainstreaming in National Development, instructs gender mainstreaming in development planning, as well as in the implementation and evaluation through a gender analysis that includes participation in the development process and the benefits received; and
- Minister of Home Affairs Regulation No. 15/2008 on General Guidelines for the Implementation of Gender Mainstreaming in the Regions, [was stipulated] for the implementation of gender mainstreaming at the regional level.
- The Decree of the Executive Director of Indonesia Environment Fund No. 69/2022 concerning Guidelines for Handling Complaints.
- The Decree of the Executive Director of Indonesia Environment Fund No. 04/2023 concerning Environmental and Social in the IEF.
- Governor Regulations and other local government regulations concerning the acknowledgement of adat communities and their right to participate in development, including on management protected areas (such as Perbup Sorong No. 7 Tahun 2017, Perbup Biak Numfor No. 34 Tahun 2018, Perbup Seram Bagian Timur No. 16 Tahun 2018, Perbup Fakfak No. 4 Tahun 2019, and Perbup Tambrauw No. 21 Tahun 2020).

3.2 World Bank Environmental and Social Standards

The World Bank ESS 10, “Stakeholder Engagement and Information Disclosure”, recognizes the importance of open and transparent engagement between the Project Implementing Units (PIUs) and Project stakeholders as an essential element of good international practice. Specifically, the requirements of ESS10 are as follows:

- PIUs will engage with stakeholders throughout the Project life cycle, commencing such engagement as early as possible in the project development process and in a time frame that enables meaningful consultations with stakeholders on Project design. The nature, scope, and frequency of stakeholder engagement will be proportionate to the nature and scale of the Project and its potential risks and impacts;
- PIUs will engage in meaningful consultations with all stakeholders. PIUs will provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation;

- The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
- PIUs will maintain and disclose, as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received, and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

This standard requires the Borrower and or implementing units to develop a Stakeholder Engagement Plan (SEP) proportionate to the nature and scale of the Project and its potential risks and impacts (in this case: Moderate risk), disclose it as early as possible prior to Project appraisal, and seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement.

During project implementation, draft SEP will be updated and the implementing units will disclose the updated SEP. In addition, IEF will also develop and implement a grievance mechanism to receive and facilitate resolutions of Project-affected parties' concerns and grievances related to the environmental and social performance of the Project in a timely manner. For a more detailed explanation of the World Bank Environmental and Social Standards, please refer to the following link: <http://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>.

4 Brief Summary of Previous Engagement

There has been an ongoing engagement with local stakeholders since the end of 2023 to date, including local governments (various agencies across the two provinces), village leaders and village governments, academics, local communities, including small-scale fishers, SMSEs group and women working in blue economy, Adat communities, prospective implementing partners (Civil Society Organisations) and private sectors. The engagement comes in various forms, including community forums, meetings, interviews, surveys, and Focus Group Discussions or Workshop. Engagement in terms of field survey and FGDs with local governments, communities and private sectors, were conducted during the project identification mission (see annex 2), which data was used to provide input to the project design. Field surveys in 4 villages and involving approximately 250 participants in total across 4 MPAs were conducted in 19-28th February 2024. The detailed list of previous engagements is as follows.

Table 1. Stakeholder Engagement Activities from December 2023 to April 2024

Activity	Components	Target/ Participated Stakeholder	Description	Timing
Technical Discussion of Coral Bond Project	Proposed Location, Project Preparation, Timeline & Focal Points, Proposed Activities, Partner Selection Criteria, Project Governance, and fund flow/management,	MMAF (DG Oceans Management, BKKPN Kupang, UPTD Alor, KKN Raja Ampat and UPTD-BLUD Raja Ampat), BAPPENAS (the national development planning agency and ICCTF), Indonesia Environment Fund (IEF)	The technical meeting was conducted to discuss, and reach an agreement on the basic design of the bond and clarify some details for the project design and GEF proposal.	December 20 th , 2023; Minutes of Meeting included.
Project design, including E&S, workshop	All, Environmental and Social, Fiduciary and Financial Management (including the socialization of the IUCN Green List)	MMAF (DG Oceans Management, BKKPN Kupang, UPTD Alor, KKN Raja Ampat and UPTD-BLUD Raja Ampat), BAPPENAS (the national development planning agency and ICCTF), Indonesia Environment Fund (IEF)	A two-days' workshop on the project design and components, scope, and coverage; and generic E&S scope and application in the project.	January 15-16 th 2024; Aide Memoire Included.
Project Identification Mission	All components including the socialization of the IUCN Green List	<div>1. KKN Raja Ampat: Center for Coastal and Marine Resources Management (LPSP) Sorong; DKP Sorong; CI; YKAN; and Indonesia Sea Turtle Foundation</div> <div>2. UPTD BLUD Raja Ampat: Regional Public Service Agency-Regional Technical Implementation Unit (UPTD-BLUD) Raja Ampat; Marine & Fisheries Agency (DKP) Raja Ampat District; Satker of Marine and Fisheries Resources Surveillance (PSDKP) Sorong; Tourism Agency of Raja Ampat Province; Coast Guard; Marine Police; Conservation International (CI); Yayasan Konservasi Alam</div>	A ten-days field survey to conduct an initial benchmarking assessment of four MPAs against the IUCN Green List to understand their existing level of alignment. This survey used qualitative data collected through presentations, interviews, group discussions and town halls and a survey were used to understand the	19-28 th February 2024; Aide Memoire Included.

		<p>Nusantara (YKAN); Papua University; Papua Sea Turtle Foundation; Women Divers Community (Molobin) Raja Ampat; Homestay & Resort Association in Raja Ampat; Community of Guardians of the Sea; Village and Indigenous Peoples Leaders; Maya customary council; and MSMEs (Micro, Small and Medium Enterprises) groups (Arborek & Piaynemo).</p> <p>3. BKKPN Kupang: DKP NTT; DKP Kab. Kupang; NTT Marine Conservation Council; Provincial Tourism Department; PSDKP Kupang; Center for the Management of Coastal and Marine Resources (BPSPL) Denpasar; YKAN; World Wildlife Fund (WWF); YAPEKA Foundation; Nusa Cendana University; Muhammadiyah Kupang University; Krisnadwipayana Kupang University; Marine and Fisheries Polytechnic Kupang; Community of guardians and lovers of the sea: Tourism Awareness Groups (POKDARWIS); MSMEs groups led by women; PT TOM (pearl aquaculture company); PT. PLN (Power Plant).</p> <p>4. UPTD Alor: Planning, Research, and Development Agency (Bappelitbang) Alor; DKP Kab. Alor; Tourism Agency of Alor District; Tribuana University; Coast Guard; Marine Police; Village and Indigenous Peoples Leaders; MPA collaboration forum; WWF; Thresher Shark Indonesia; Taka Foundation; Teman Laut Indonesia Foundation; Community Fisheries Monitoring Group (POKMASWAS) groups; CV. Tidayona (fisheries processing business); PT. TOM and PT CIB (pearl aquaculture); Alor Tourism Alliance (ABA); and MSMEs Groups led by women (fisheries; aquaculture and tourism business).</p>	relationship between existing management activities and the requirements of the 17 IUCN Green List Standard criteria.	
Technical Meetings	All component	MMAF (DG Oceans Management), and Indonesia GEF Focal Point	Technical meeting to present proposed coral bond project design and components for the GEF focal point endorsement.	March 4 th , 2024
Project Preparation Mission	All component	MMAF (DG Oceans Management, BKKPN Kupang, UPTD Alor, KKN Raja Ampat and UPTD-BLUD Raja Ampat), BAPPENAS (the national development planning agency and ICCTF), Indonesia Environment Fund (IEF).	Technical meeting to finalize the proposed coral bond project design and components for the development of the PAD.	May 15-16 th , 2024
ESF Consultations	Environmental and Social Safeguard	MMAF (DGOceans Management), and Indonesia Environment Fund (IEF).	Technical meeting to finalize the ESCP and SEP document.	August 9 th , 2024
GRM mechanism consultations	Environmental and Social Safeguard	MMAF (DG Oceans Management, BKKPN Kupang, UPTD Alor, KKN Raja Ampat and UPTD-BLUD Raja Ampat), Indonesia Environment Fund (IEF).	Technical meeting to finalize the GRM mechanism	August 19 th , 2024

Project Preparation Mission	All component	MMAF (DG Oceans Management, BKKPN Kupang, UPTD Alor, KKN Raja Ampat and UPTD-BLUD Raja Ampat), BAPPENAS (the national development planning agency and ICCTF), Indonesia Environment Fund (IEF).	Technical meeting to finalize the proposed coral bond project design and components for the development of the PAD.	August 20-21th, 2024
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Minutes of Meeting and Aide Memoire for the technical meeting and project identification mission could be found in Annex 2 and 3.

5 Identification of Stakeholders

Before laying out a stakeholder engagement plan, the first step is to identify who are the stakeholders (across levels) that will be relevant to the project. Stakeholders are understood as broader parties who are affected and/or can influence decision or implementation or taking interest over the project activities. This includes government and non-governmental actors, both at national, subnational (provincial and district), and village-levels. The below table indicates stakeholders identified during the preparation of the project. This is an initial identification of stakeholders, which would be followed up during project implementation through subcomponent 1.2. The subcomponent 1.2 entails activities of detailed stakeholder mapping in each MPA, development of plan and implementation of stakeholder engagement in each respective site. Stakeholder engagement is critical part of the project activities, and is streamlined as such, which contribute directly to achieving the PDO.

Indonesia Coral Bond Project will engage a large number of stakeholders, both those who will be direct beneficiaries and indirectly affected, but also a broader community to ensure the longterm support and success of Project investments. Local communities and individuals who live in the vicinity of the three supported Marine Protected Areas, KKN Raja Ampat, KKD Raja Ampat, dan KKD Alor, will be specifically engaged. In addition, in accordance with the Project's Environmental and Social Framework (ESF), as well as required under the Indonesian national law, community members will be consulted to provide insights to improve MPA management of three selected MPAs to meet the IUCN Green List Standard, and if negative risk occur (such as risk of exclusion of most marginalised groups and risk of access restriction to marine space and resources), to find ways to agree upon the mitigation measures. The main forum for engagement will be through the existing community engagement methods and mechanism in developing and implementing the management plan.

Following the World Bank ESS 10, stakeholders are divided into two categories, namely i) project affected parties and ii) other interested parties. We added a sub-category of vulnerable groups under the Project Affected Parties category.

Project affected parties are individuals and groups who are affected or likely to be affected by the project. In this Project, we identified that these groups will likely fall into this category associated with component 1 on Improve Management Effectiveness of Target MPAs to Deliver Measurable Outcomes. The Project Affected Parties will be categorized as indirectly affected parties since there is no infrastructure development activity in the project. Yet, the impact would be sourced from the upstream activities associated with better monitoring of the no-take zones in three MPAs. This group includes small-scale/traditional/artisanal fishers, fisherwomen/women working in the blue economy, coastal and small island communities, the owners of small and medium enterprises in coastal and small islands, and indigenous peoples/ adat communities. **Based on social impact assessment guided by the World Bank Interim Note on Protected Areas**, the practices of strengthening monitoring and enforcement of no-take zones in the existing MPAs may have indirect and downstream impacts on these groups in terms of access to natural resources. That said, better monitoring of the no-take zone will likely to generate indirect impact of access restriction in particular on the no-take zones. Yet, it is important to notify that in Indonesia, Marine Protected Areas adopts zoning approach with allocated "utilisation zone", in which fishing grounds are allocated and formally secured for used by small-scale fishers. A further stakeholder assessment, as part of Component 1 done by LEMTARA, will study this potential downstream impacts to better

understand the nature of ‘strengthened monitoring of no-take zones in three MPAs’ and ‘access restriction’. **Vulnerable groups.** The project indirect-affected parties can also fall into vulnerable groups, as informed by the social assessment in LAUTRA, including small-scale/ traditional/ artisanal fishers and subsistence fishers, fishing ship crew/ small-scale fishers without productive assets, poor households who rely on marine resources for subsistence, fisherwomen/ women working in informal blue economy sectors, and indigenous groups and other oceans-dependent communities.

Consultations is required to enable stakeholder’s buy-in and commitment in supporting the Project, while capturing their aspirations and concerns, in particular local communities.

Other interested parties are individuals or groups whose interests may be affected by the project and who have the potential to influence the project outcomes in any way. In Coral Bond, we identified that interested parties include local governments, academics, non-governmental organizations, civil society organizations, and corporate bond buyers including bank and financial institutions who work and are interested in the blue sector, both in terms of conservation and financial/economy gains

Below is the details category and list of stakeholders:

Table 2. List of Stakeholders under Coral Bond

Group of Stakeholders	Stakeholders
Governments – implementing units	
National Government	<ul style="list-style-type: none"> ● Ministry of Marine Affairs and Fisheries (DG Oceans Management and all relevant directorates and units) – Project Board Committee and Implementing Agency ● Indonesia Environment Fund (IEF) – PMU/Fund Manager ● Ministry of Development Planning (Directorate of the Marine and Fisheries) – Implementing partner ● Marine Police and Coast Guard
Internal Stakeholders	<ul style="list-style-type: none"> ● KKN Raja Ampat ● UPTD BLUD Raja Ampat ● BKKPN Kupang ● UPTD Alor ● LEMTARA/ implementing partner (selected NGOs) ● BRIN – Indonesia Research and Innovation Agency (the Secretariat for Scientific Authority for Biodiversity)
Local resource management committees/individuals	<ul style="list-style-type: none"> ● Technical Units/Unit Pelaksana Teknis (UPT) – PRL, Pengasawan Sumber Daya Kelautan dan Perikanan (PSDKP).
Provincial and City/district governments	<ul style="list-style-type: none"> ● Local Development Planning Agency (Bappeda) in each province and city ● Marine & Fisheries Agency (DKP) in each province and city ● Environment agency ● Tourism agency
Government Regulators	<ul style="list-style-type: none"> ● Ministry of Finance ● OJK (Otoritas Jasa Keuangan) – Authority (to inform)

Implementing partners/ Civil Society Organisations	<ul style="list-style-type: none"> Selected LEMTARA/ implementing partners for the project
Communities	
Local-level Government	<ul style="list-style-type: none"> Village government Village Representative body (<i>Badan Permusyawaratan Desa</i>) Customary governing body (<i>Badan Musyarwah adat</i>)
Quasi governments	<ul style="list-style-type: none"> BUMDES (village-level enterprise)
Communities	<ul style="list-style-type: none"> Affected small-scale/ artisanal or traditional fishers Community-based surveillance groups/ community conservation rangers/POKMASWAS Affected coastal communities whose livelihoods depend on the coastal-economy and oceans (i.e. micro/small scale tourism business owners; restaurants, etc) Neighbourhood communities Vulnerable groups, i.e., fisherwomen and women engaged in coastal-dependent economy, small-scale/ artisanal and traditional fishers, people with disability whose livelihood depends on the ocean/ coastal-based economy, landless and poor households, and households without productive means, such as ship crews, informal daily-labourers, etc.
Vulnerable groups	
Vulnerable groups (as informed by Social Assessment)	<ul style="list-style-type: none"> Small-scale fishers/ traditional or artisanal fishers Fishers or households without productive means and assets e.g. ship crews, informal daily labourers, etc. (Low income) Households who heavily rely on marine resources for subsistence Fisherwomen or women works in informal blue economy sector Indigenous peoples
Indigenous groups	
Indigenous/community resource rights holders	<ul style="list-style-type: none"> Barunusa/ Balue, Namatalaki, and Barawihing <i>Adat</i> communities residing in coastal and small island villages surrounding Alor, Maya and Kawe <i>Adat</i> communities in Raja Ampat. Details to be updated during implementation.
Indigenous governing body	<ul style="list-style-type: none"> <i>Badan Musyawarah Adat</i>/ <i>Adat</i> governing body <i>Tetua adat/ Raja/ Kapita Laung</i>/ the elderly
NGOs/CSOs and Academics	
NGO/CBO mitra	<ul style="list-style-type: none"> YKAN/TNC WWF Yayasan Konservasi Indonesia Yayasan Terangi Yayasan Ekonusa YAPEKA Foundation Papua Sea Turtle Foundation Women Divers Community (Molobin) Thresher Shark Indonesia Taka Foundation

	<ul style="list-style-type: none"> • Teman Laut Indonesia Foundation
Independent experts/Research institutions	<ul style="list-style-type: none"> • Universities and academics (academics from Universitas Cendrawasih, Universitas Papua, Nusa Cendana University; Muhammadiyah Kupang University; Krisnadipayana Kupang University; Marine and Fisheries Polytechnic Kupang, Tribuana University. • National Research and Innovation Agency (previously known as LIPI, the Ocean and Coral Reefs working group)
Commercial interests	<ul style="list-style-type: none"> • Tourist operators in specific sites • Hotel and resto associations in specific sites
Development partners, investors and or technical assistance partners	
NGO/Development Organisation	<ul style="list-style-type: none"> • FAO • Global Environmental Facility (GEF) • UNDP (United Nations Development Program) • WWF – the US • International Union for Conservation of Nature (IUCN) • Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) • KfW (Kreditanstalt Für Wiederaufbau/Germany Development Bank)
Media	
Media outlets	<ul style="list-style-type: none"> • National and regional media outlets

6 Vulnerable Groups and Indigenous Peoples

6.1 Vulnerable Groups

Vulnerable groups are population groups that suffer from discrimination, unequal access to rights, unequal access to and control over resources or unequal access to development opportunities. As a result, they may be poorly integrated into the formal economy, may suffer from inadequate access to basic public goods and services, and may be excluded from political decision-making. As a result, they risk being disproportionately affected by project-related risks and adverse impacts. Such groups may include ethnic, religious, cultural, linguistic minorities, indigenous groups, female-headed households, children and youngsters, the elderly, persons with disabilities, and the poor.

In this project, based on social assessment, several vulnerable groups identified as indirectly affected parties include small-scale fishers, traditional fishers, artisanal fishers, households or groups that rely on coastal and/or marine resources for subsistence, livelihoods, and/or micro business activities, ship crew or fishers without productive assets, women working in the blue sector or fisherwomen, and indigenous people in coastal and small areas, particularly those that have not received formal acknowledgment from the state. In the case of vulnerable groups, the Project ensures that vulnerable individuals and groups are duly and timely consulted, making sure that their concerns are heard, taking into account individuals' and communities' specificities, and delivered in an appropriate form, manner, and language. This is done in the form of focus group discussions, key informant surveys, gender assessments as well as ensuring materials are in local languages.

6.2 Indigenous Peoples

Below is a description on Indigenous Peoples that are potentially involved in the project.

Indigenous People in coastal and small islands of Indonesia

Based on screening at provincial level, using secondary data from the Indigenous People Domain Registration Agency (BRWA) and was crosschecked with data from MMAF, indigenous groups are present in 3 provinces of Coral Bond indicative target locations (the village-level location has not been confirmed yet). While the conditions are varied, generally, indigenous people residing in coastal and/or small islands are engaged in small-scale/ household agricultural activities and fisheries for subsistence. There are some sub-groups and individuals who are engaged with other works, such as becoming civil servants, providing services (tourism), and small-scale trading. The details information of indigenous practices regarding marine resources management is available on the Social Assessment (a stand-alone document).

The World Bank ESS 7 has laid out standards to protect the rights of indigenous people, meaningfully engage and consult, regardless of their formal recognition from the state.

Based on the Oceans for Prosperity (LAUTRA) social assessment, there are several indigenous communities identified at provincial level, including:

- Arguni & Pig-pig Sekar (West Papua)
- Werur Tamberau (West Papua)
- Malaumkarta (West Papua)
- Mayalibit (West Papua)
- Kawe (Southwest Papua)
- Barunusa/ Balue, Namatalaki, and Barawihing (Alor)

Engagement with indigenous people will be tailored to ensure socially and culturally appropriate methods of consultation and engagement, particularly for subcomponent 1.2 on stakeholder engagement and benefit activities, even though they are less likely to be directly impacted, a local facilitator/ Indigenous people expert or language interpreters will be employed to ensure that means of consultations are effective and appropriate. To be able to conduct meaningful consultations with Indigenous communities, tailored methodologies, including the use of specific additional visual aids, oral explanations, etc, and/or specific customary ways of consulting with Adat governing bodies and Adat communities should be pursued. Grievance Redress Mechanism is tailored to provide access to Indigenous/ Adat communities to use it.

What if partial access restriction confirmed?

Partial access restriction refers to condition where the small-scale/artisanal fishers are restricted from fishing within the no-take zone (as they used to prior to the gazetting/legalisation of MPAs), but there are other zones within agreeable distance/ areas allocated for fishing – so that they are not fully losing access to ‘fishing ground’ or means of livelihoods; yet they are affected by the increased enforcement of MPA within the Core Zone.

Indonesia Coral Bond works in existing Marine Protected Areas (MPAs) and is not creating new MPA/ nor modifying the zones coordinates. As such, local and adat communities have been aware of the restriction, including on the no-fishing activities in the core zone. MPAs in Raja Ampat have been formally established since 2009 (and formally have been far long before its legally established), and Alor MPA was formally designated in 2015. The process of participation in MPA process, including planning, establishment, and monitoring/ surveillance is presented in **Process Framework**.

Partial access restriction is likely to happen (please see Social Context), however, based on assessment conducted during preparation, to only small number of small island’ villages located near “Core Zone” in

Marine Protected Areas (MPAs), including the identified four villages in the close proximity to the Core Zone of Alor MPA in East Nusa Tenggara Province. In Indonesia, MPAs are divided into several zonation, including core zone/ no-take zone, buffer zone, and utilisation zone. Fishing activities are allowed in the utilisation zone, with details specifications on what techniques and methods of fishing allowed by law.

As part of ESF streamlining to strengthen IEF's framework, Indonesia Coral Bond will partially adopt the World Bank ESF, while strengthening IEF's Framework. Proportionate to the risk, meaningful consultations need to be undertaken and documented in the Management Plan (or other instruments as necessary) with affected communities, including communities experiencing partial access restriction. The project does not envisage to cause relocation of indigenous peoples nor cause significant impact on indigenous people cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected indigenous peoples.

What if full access restriction confirmed?

Where activities are expected to result in severe access restrictions associated with marine area conservations (Adat communities losing *their only access* to fishing ground), Free, Prior Informed Consent (FPIC) will be obtained from the community concerned *prior to* MPA's enforcement. Based on Oceans for Prosperity (LAUTRA)'s Preliminary Social Assessment and workshop and interview with MPA Management Office in Kupang, Alor, and Raja Ampat, full access restriction is less likely to occur. FPIC processes will be embedded as part of the development of MPA development plan or revision of management plan, where community consultations and consensus building will be facilitated following socially and culturally appropriate means and methods. Appropriate mitigation measures shall be applied to mitigate and offset the livelihood loss, including through channelling any forms of assistance or community's empowerment supports executed by the Provincial/ District level Marine and Fishery's Agency (Dinas KP Provinsi dan Dinas KP Kabupaten/Kota) and other agencies as necessary, such as the Community's Empowerment Agency, Social Affairs agency, etc, which often have programmes on livelihoods, etc. If the MPAs are part of the national-managed MPA, such as one in Raja Ampat (KKPN Raja Ampat), Ministry of Marine Affairs and Fisheries to i) explore the possibility of channelling livelihood components under LAUTRA to these affected communities and ii) engage with local governments to find alternative livelihood measures to mitigate and offset the income loss.

7 Stakeholder Engagement Plan

The disclosure of project information will be conducted during the preparation both through MMAF website, public publication and community consultations. At project level, there will be inclusion of engagement strategy to both under Component 1 and Component 2 activities, including through the participatory planning of implementation and monitoring of Marine Protected Areas; and in particular a comprehensive stakeholder mapping to identify and document all affected stakeholders, including minority and marginalised groups activity under Component 1. Further, both components include indicators to ensure that i) participatory planning is occurring and ii) vulnerable groups are included in the process at village level. The tables below give a brief description of actions that have already taken place as well as actions to be taken to implement this SEP.

7.1 Stakeholder Engagement Plan

The project will be further informed by the broader stakeholder engagement approach through i) consultations and community participation during project implementation; ii) transparent feedback and

grievance redress mechanisms; iii) communication outreach, public campaigns, and capacity building; and iv) development of risk management processes and engagement required under the World Bank's Environmental and Social Framework (ESF) and the Borrower's framework.

The level and approach for stakeholder engagement will depend on the level of risks and influence each stakeholder holds, and their capacity to manage anticipated environmental and social risks adequately. Another important consideration is engagement to enhance the project's benefits and social acceptance by enhancing project implementation to be participatory, inclusive, and responsive to community needs. This SEP will be implemented as early as possible at the planning stage to allow for community participation and their early feedback to be fully integrated as part of the overall implementation approach.

Under the project, public consultations serve as one of the stakeholder engagement platforms to discuss project design and key components and have been organized for activities where broad stakeholders' views are critical to enhance project design and implementation. These consultations have been performed in parallel with other engagement activities supported by the project, including community facilitation for planning and mobilization, day-to-day project stakeholder communication and monitoring, regular coordination meetings, ad-hoc consultations, FGRM implementation etc. Hence, the following provides an initial plan of the main consultations that are expected during the project preparation and implementation.

As the PIU for component 1, particularly for subcomponent 1.1 on Benchmarking against IUCN Green List Standard, MMAF will also need to develop a robust engagement plan with the Expert Assessment Group for the Green List (EAGL). This plan should outline a systematic approach for collaboration, communication, and coordination between MMAF and other implementing units with the EAGL throughout the certification process. The engagement plan could include regular meetings and consultations between relevant stakeholders from MMAF and the EAGL to discuss the nomination process, share information on candidate sites, and address any questions or concerns. Additionally, the plan may involve providing the EAGL with access to relevant data, documentation, and resources necessary for conducting assessments and verifications. Clear communication channels, timelines, and responsibilities should be established to ensure transparency, efficiency, and accountability in the engagement process. By fostering a collaborative and cooperative relationship with the EAGL, the GoI can enhance the credibility and effectiveness of the Green List certification process in Indonesia, ultimately contributing to the conservation and sustainable management of protected and conserved areas in the country.

Additionally, to ensure effective collaboration and partnership with Lembaga Perantara (LEMTARA) /civil society organization (CSO) serving as implementing partners for the project, IEF and MMAF should also establish a comprehensive engagement plan. This plan should prioritize regular communication and consultation sessions between relevant government officials and representatives from LEMTARA to discuss project objectives/goals, activities, and timelines. Additionally, the engagement plan could involve capacity-building initiatives to strengthen LEMTARA's capabilities in project implementation, monitoring, and reporting. Clear roles, responsibilities, and expectations should be outlined to foster mutual understanding and accountability between the MMAF and LEMTARA. LEMTARA should appoint an official/consultant to take the role of stakeholder/ community engagement specialist, who is responsible to ensure that consultations with local and Adat communities are conducted according to this SEP. Moreover, mechanisms for feedback, evaluation, and adjustment should be incorporated into the engagement plan to ensure transparency and adaptability throughout the project lifecycle. By nurturing a collaborative and supportive relationship with LEMTARA, the IEF and MMAF can leverage the organization's expertise and networks to enhance the effectiveness and sustainability of project interventions aimed at addressing

more MPA management effectiveness challenges in Indonesia. To ensure these efforts translate into concrete actions, explicit requirements and obligations for LEMTARA will be integrated into the sub-grant agreement. As LEMTARA is the primary entity responsible for executing many of these interventions, the sub-grant agreement serves as the key mechanism for ensuring accountability, aligning efforts with project goals, and driving measurable conservation outcomes.

Finally, a robust engagement plan and consultation with Private Sector and Potential Corporate Bond Buyers should be established to facilitate private sector investment for the sustainability of the project. This plan should entail structured dialogues and information-sharing sessions between PMO and representatives from potential corporate bond buyers, ensuring alignment of investment objectives with conservation goals. Moreover, the engagement plan could involve the identification of key investment opportunities within MPAs and the formulation of attractive financial packages to incentivize private sector participation. Collaborative efforts may include joint feasibility studies, risk assessments, and financial modelling exercises to assess the viability and attractiveness of investment opportunities. Clear communication channels and mechanisms for ongoing engagement should be established to foster trust and transparency between the private sector and PMO throughout the investment process. By actively involving the private sector in marine conservation initiatives, the GoI can tap into additional resources and expertise, thereby enhancing the sustainability and impact of conservation efforts in Indonesia's coastal and marine ecosystems.

In working with and on the indigenous communities' areas, the Project adheres to customary protocol for visiting communities through regular communication with appropriate focal points of the Sub-directorate of Customary Communities at the national level, together with Technical Working Group (UPT) and MPA management units at the provincial and or district levels to provide information about the nature and intent of our activities. A social and/or IP specialist will be hired to assist with the technical preparation and engagement activities with Indigenous People in target areas.

The following public consultation plan will be organized in an inclusive, participatory, and transparent manner, which may include choice of engagement modalities, information production and dissemination, use of GRMs, and affirmative measures to vulnerable groups. These are detailed in Table below.

Table 3. Stakeholder Engagement Plan

Project Stage	Consultation topics	Method	Target Groups	Timeframe	Person in Charge
Initial project implementation	Consultation with the national stakeholders, internal stakeholders, and prospective LEMTARA	Coordination meetings	National Governments, UPTs, MPA management units and potential implementing partners.	Early stage of project implementation and maintained throughout the project cycle	IEF – Coral Bond project secretariat (PMO) MMAF – DJPKRL
	Follow up engagement with prospective LEMTARA/ CSOs' implementing partners (such as YKAN/TNC, WWF, and Conservation International, among others)	Meetings, technical workshops (virtual, face-to-face, and hybrid),	short-listed CSOs to be implementing partners	Early stage of implementation; and maintained throughout the project	IEF – Coral Bond project secretariat (PMO) MMAF – DJPKRL
	Project consultation at the sub-national level, information dissemination and socialization to obtain feedback from sub-national stakeholders (particularly provincial, district government, village governments and potentially affected local communities) on the general project design, project components and respective activities	Stakeholder workshops/consultations (virtual, face-to-face, and hybrid), community meetings	Provincial, district, and village level governments, representative of communities, local NGOs, CSOs, and Universities	During project preparation	IEF – Coral Bond project secretariat (PMO) MMAF – DJPKRL
	Consultations with village and or local communities in target locations as part of site-selection processes, joint assessments of key issues for Component 1 to Improve Management Effectiveness of Target MPAs	Community meetings, focus group discussions, participatory research approaches	Local communities, village governments, women's groups, Adat groups, etc.	Early stage of project implementation as part of site-selection processes.	MMAF – DJ PKRL
	Consultations with affected communities, including Indigenous Peoples and their leaders for the development of risk and impact	Community meetings and consultations, including separate consultations with	Indigenous governing body/leaders/ elderly; indigenous women; indigenous	Throughout the project implementation	IEF – Coral Bond project secretariat (PMO) together with DJ PRL and MPA

	<p>management measures, including integration of such measures into MPA management plan. This includes consulting communities on the risk and impact and mitigation measures of the proposed activity (for instance, if the activity proposed is to strengthen the monitoring of no-take zone area from fishers, the risk is partial access restriction is envisaged, and proposal mitigation measures must be discussed and agreed with communities), and any required due diligence prior to commencement of specific activities with potential impacts.</p> <p>To capture concerns over the management plan.</p>	<p>vulnerable groups and women as applicable.</p> <p>the project shall consult with community leaders and chiefs, including the respected elders, such as <i>tetua adat</i> and with their facilitation, obtain consent from the broader community members. The project shall reach out to broader groups in Adat communities, following permission from their leaders. The key is to understand how their governing body and norms operate and follow them through (no cutting corner).</p>	<p>communities' members; village level governing body (<i>badan musyawarah desa</i>)</p>		<p>Management Units (particularly on the Subcomponent 1.2. Stakeholder engagement and benefits)</p>
During project implementation	<p>Socialization of Project Design, Implementation Arrangement and Fund Flow Management at the national, provincial and or district level</p>	<p>Meetings and dissemination of posters/printed booklet</p>	<p>City/District and village governments; NGOs, CSOs, local Universities and local communities;</p>	<p>Early stage of project implementation and prior to any activity in the field</p>	<p>IEF – Coral Bond project secretariat (PMO)</p> <p>MMAF – DJPKRL</p>
	<p>Socialization of site selection criteria and LEMTARA selection criteria at the provincial and district level</p>	<p>Meetings and dissemination of posters/printed booklet</p>	<p>City/District and village governments; NGOs, CSOs, local Universities and local communities;</p>	<p>Early stage of project implementation and prior to any activity in the field</p>	<p>IEF – Coral Bond project secretariat (PMO)</p> <p>MMAF – DJPKRL</p>
	<p>Socialization of technical implementation of Component 1 on Project Management and Monitoring, not only focus on the technical</p>	<p>Meetings, Consultation Forum, FGDs</p>	<p>City/District and village governments; NGOs, CSOs, local Universities,</p>	<p>Early stage of project implementation and</p>	<p>IEF – Coral Bond project secretariat (PMO)</p>

	<p>implementation aspects but also broader MPA management, including governance, regulatory frameworks, and planning. This includes assessing and benchmarking each target MPA's performance against the Green List Standard, as well as developing and implementing a detailed action plan outlining the necessary steps to achieve expected improvements. Furthermore, the principles of this SEP are embedded in the participative management objectives of the project, particularly under Subcomponent 1.2, which emphasizes stakeholder mapping, identification of minority, marginalised and vulnerable groups; inclusive engagement, with perception surveys and other evidence to demonstrate this; improving bottom up reporting and communication processes, and the integration of local communities in MPA governance. These efforts ensure that stakeholder engagement and inclusive decision-making are not only promoted but systematically integrated into MPA management effectiveness.</p>		Village governments, and local communities	prior to any activity in the field	MMAF – DJPKRL
	<p>Socialization of technical implementation of Component 2 on Project Management and Monitoring (particularly on Citizen and stakeholder engagement and coordination activities, including implementation of the grievance</p>	<p>Community consultation/ village forum, FGDs and door-to-door visits if needed</p>	Village governments, local communities	Early stage of project implementation and prior to any activity in the field	<p>IEF – Coral Bond project secretariat (PMO)</p> <p>MMAF – DJPKRL</p>

	redress mechanism at the village or community level)				
	Technical consultation of component 1 (particularly on assess and benchmark each target MPA performance against the Green List Standard, and the development and implementation of detailed action plan outlining the steps needed to make expected improvements against the IUCN Green List Standard)	Coordination meetings and or FGDs	IUCN independent scientific advisory group (IUCN-EAGL)	Periodically (during project implementation i.e., quaterly)	IEF – Coral Bond project secretariat (PMO) MMAF – DJPKRL
	Updates on project status.	Multistakeholder forum/workshops, coordination meetings, public consultations (presentation of updates followed by Q&As sessions), GRM records and public information disclosure	Central government partners, sub-national government agencies, community representatives, NGOs/CSOs	Periodically (during project implementation i.e., bi-annually)	IEF/MMAF – LAUTRA project secretariat (PMO)
	Consultation with Private Sector and Potential Corporate Bond Buyers	Meetings, Consultation Forum, FGDs	Private Sector and potential Bond Buyer with interest and/or concerns on blue sector, conservation and blue economy.	Periodically (during project implementation i.e., bi-annually)	IEF – Coral Bond project secretariat (PMO) MMAF – DJPKRL
Project/sub-project completion	Project completion, monitoring, and evaluation	Coordination meeting, workshops and FGDs	Central government partners, sub-national government agencies, community representatives, NGOs/CSOs	Joint-agencies inspection; site visit; meetings with local governments; public consultation with local communities	IEF – Coral Bond project secretariat (PMO) MMAF – DJPKRL

	Project completion public report and lesson learnt	multistakeholder forum, public consultations at the national and sub-national level	Central government ministries and/or agencies, sub-national government agencies, community representatives, NGOs/CSOs	Y5/ Project completion	IEF – Coral Bond project secretariat (PMO) MMAF – DJPKRL Bappenas
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8 Process Framework

Objective

Based on assessment conducted during project preparation, there are villages located in close proximity with the no-take zone/Core Zone in both Alor and Raja Ampat MPAs. The three MPAs are all existing marine protected areas; and small-scale, artisanal, and traditional fishers can still fish in the Limited Utilisation Zone. However, Indonesia Coral Bond envisages access restriction in no-take zone as a potential downstream impact from strengthening community-based surveillance activities in the marine protected areas. The Project develops Process Framework as a mitigation measure and a set Actions Plan to be followed to avoid, and in case negative social impact and conflict emerge.

Process Framework seeks to integrate participatory processes to enable members of potentially affected communities to participate in the design of the proposed interventions, determination of measures to address livelihoods impacts and implementation and monitoring of relevant project activities.

Scope

This PF provides process to be followed. It does not spell out in detail each of the activities that will be undertaken to avoid or mitigate impacts from restrictions of access to natural resources. Such details will be defined during project implementation in accordance with the Process Framework, through the participatory processes for protected area management, which factored in in the development of Plan of Actions, based upon the affected persons' and communities' needs and priorities.

PF provide measures to mitigate impacts based on series of consultations with affected communities, and means to address grievances, and specify the sources of funding and institutional roles and responsibilities to implement them, thereby ensuring compliance with the Indonesia Environment Fund Environmental and Social System Management (ESMS) on Principle 5, Principle 6, Principle 7, Principle 10 and 12⁴, and the World Bank ESS5, Land Acquisition, Land Use Restrictions, and Involuntary Resettlement. All necessary funding for implementation of PF activities will be provided by project with partnership with regional Fisheries agencies. Funding will be allocated from the budget of the associated Project LAUTRA (under component 3), and should there be need for supplementary funding, such will be allocated by the Project with support from regional Fisheries Agencies in respective areas.

Type of project activity	Marine area status	Area	Project Impacts and Mitigation

⁴ Indonesia Environment Fund (IEF) ESMS Principle 5 on Land Acquisition, Resettlement Plan and Restrictions on Land Use; Principle 6 on Biodiversity Management and Sustainable Management of Living Resources, Principle 7 on Protection and Participation of indigenous Peoples, Principle 10 on Stakeholder Engagement and Information Disclosure; and Principle 12 on Social Quality of the Community, Gender Equality, Women's Empowerment and Vulnerable Groups.

Conservation – monitoring and surveillance of no-take zone	Marine Protected Areas in KKD Raja Ampat	1,348,459 HaCore Zone:	Access restrictions to fishing ground are expected to apply, especially in the No-take zone/Core Zone. Meanwhile, partial restriction (regulated fishing practices and gears allowed) is anticipated in the Limited Utilisation Zone, where sustainable fishing and tourism are allowed. Livelihood impacts to such restrictions will be managed in line with Process Framework. PF also provide guidance to manage conflicts associated with access restriction marine protected areas
	MPA in KKN Raja Ampat	325,085 Ha Core Zone: 629,42 ha	
	MPA in KKN Alor	277,072 HaCore Zone: 7,788 Ha	

Legal framework

Monitoring and patrolling/surveillance of Marine Protected Areas (MPAs), including within the Core Zone/ no-take zone, are the activities that will be financed by the Project, and are associated with access restriction to natural resources (e.g., limited access to fishing grounds). To understand the legal landscape of such activities, below is a list of legal framework related to MPA management, including on monitoring, patrolling/ surveillance, and law enforcement activities. To note again, law enforcement activities of the MPAs are not financed by the Project.

Legal Framework	Summary	Relevance to the Project
Fisheries Law (Law No. 45 of 2009 on Fisheries amended from Law No. 31/2004)	It regulates the sustainable use of fishery resources, conservation efforts, and law enforcement against illegal, unreported, and unregulated (IUU) fishing. It establishes licensing systems to control fishing activities, mandates the creation of conservation zones, and grants authorities the power to monitor and enforce regulations to protect marine ecosystems.	It supports the objective the project that is to protect and conserve marine protected areas.
MMAF Ministerial Decree No. 31 of 2020 (PERMEN-KP) regarding the Management of Marine Protected Area (MPA)	This decree defines MPAs and outlines the full cycle and dimensions of MPA management, including provisions on planning, establishment, management, monitoring and surveillance, evaluation, and financing of MPAs. The decree specifies the need for MPA surveillance and monitoring to ensure effective protection through systematic data collection, violation handling, and adaptive management.	It supports the implementation of MPA management through a full-cycle approach (planning to monitoring and reporting). It also provides basis for monitoring and surveillance of MPA. This Decree also provides guidance on violation handling.

Director General Regulation (PERDIRJEN) No. 4 of 2022 on Surveillance of Fisheries and Marine Resources.	This regulation serves as a guideline for all agencies involved in MPA monitoring and surveillance, including MPA management units (MMAF and Provincial Government). It specifies each party's roles and responsibilities, clarifies the permitted and prohibited activities within designated zones of the target MPAs, outlines procedures for reporting and handling alleged violations, and includes templates for planning and reporting patrols	It provides the basis for monitoring/surveillance each designated zones, and clarify which activity is deemed as violation. (for instances: fishing in no-take zone or using destructive fishing gears in the limited utilisation zone). This DG Regulation also provides basis for community-based surveillance groups (POKMASWAS) to be involved in patrolling activities in their local areas.
Indonesian National Police Chief Regulation No. 9/2011.	It details the operational mechanisms for water and air police enforcement. The Water Police (Polairud) is responsible for maintaining security in marine areas and enforcing laws related to maritime activities, including MPAs. Its primary responsibilities include conducting routine patrols, investigating illegal fishing cases, and addressing destructive fishing practices such as blast fishing and cyanide fishing.	It clarifies the law enforcement side of the MPA management, including lawful prosecution processes when violation is observed and verified. The Project does not finance any law enforcement activities.
Ministry of Marine Affairs and Fisheries Ministerial Decree No. 40 of 2014 on Community-Based Surveillance Groups (POKMASWAS)	It governs community participation in marine conservation efforts, including participation in the establishment of MPA, determination of no-take zone, and community-based patrolling and surveillance in MPA. It outlines the provisions for the establishment and operationalization of POKMASWAS.	It provides basis for community's participation in MPA management, in particular in monitoring and patrolling of MPA (including within the no-take zone).
Governor regulations concerning acknowledgement of adat communities and their roles in the management of marine protected areas across Papua and West Papua/ Raja Ampat MPAs	It governs adat community's participation in marine and coastal management in Papua and West Papua region, which overlaps with MPAs Raja Ampat (both the nationally-managed and the regionally-managed MPA).	It provides basis for community's participation in MPA management, including inclusion of adat traditional fishing practices and methods in the management plan, and consideration of traditional fishing ground to be excluded as no-take zone.

Community's Participation in MPA

Community's participation during planning and establishment of MPA

There are regulations directing the establishment and management of Marine Protected Areas (MPAs), including:

- Presidential Regulation No. 28 of 2011 on Management of Marine Biodiversity and Conservation Areas
- Ministerial Regulation No. 31 of 2020 on Management of Marine Protected Areas

The above regulations have to some extent incorporated stakeholder engagement elements, including through the process of conducting socio-economic assessment of the target conservation areas and requirement of consulting the management plan with key stakeholders at local levels down to the village level. On the Presidential Regulation No. 28 of 2011, Article 9, in cases where indigenous/ *adat* or traditional conservation practices have been delegated/ acknowledged by the state, conservation plan shall strengthen *adat* practices. This regulation has been practiced in Raja Ampat MPAs and Alor MPA, where the designated zoning areas and arrangement of fishing have incorporated *adat* conservation practices in the management plan.

On the Ministerial Regulation No. 31 of 2020, on Article 6, 9 and 13, Marine Protected Areas were regulated to protect, conserve and utilize cultural heritages, called the Kawasan Konservasi Maritim, including *adat*, religious, and cultural rites.

The bottom-up approach is covered under the Presidential Regulation 28/2011, also on its implementing regulation Ministerial Regulation 30/2020, where indigenous people, individuals, civil society, or local government can propose conservation areas (Articles 17 and 18). Within the process of establishing conservation areas, a survey must be undertaken (identification and inventory). The survey involves identification of the spread of ocean biodiversity and its habitats, existing coastal- and sea- resources use (including local and *adat* resources use), breeding ground, key stakeholders mapping, risk or threats over biodiversity and coral reefs, and the presence of potential cultural heritage/ underwater heritage/ cultural spaces and traditions.

Another important step of establishing marine conservation is consultations with stakeholder (Articles 23 and 24), which are divided into two types, namely technical consultation and public consultation. The consultations' objectives are to socialize the proposal plan while seeking feedback from stakeholders. The inputs received are used to finalize the draft conservation proposal and to include the documentation of the consultation. In some cases, the designated zoning could be adjusted to address communities' concerns. For instance, in Raja Ampat's management plan, the no-take zone was moved to cater for *adat* communities' inputs on the original design (interview with KKD Raja Ampat, March 14, 2025).

After the procedure has been undertaken and the proposal has been approved by the Minister of Marine Affairs and Fisheries, a conservation plan must be prepared. Conservation plan includes biophysical, social, economic, cultural and/or governance indicators of the respective site. The conservation plan (a technical planning document) at the very least shall include objectives and scope/ area of conservation; existing social, economic and cultural situations; existing use of resources and coastal space; threats over marine biodiversity in the target

locations; governance, partnership and engagement strategy; financing plan; and monitoring and evaluation plan. This planning will be monitored regularly through EVIKA (standard rating of performance), which result will be available to the public.

In short, mapping of social, economic and cultural conditions has been incorporated as part of the process in establishing conservation areas at technical level. Engagement with stakeholders and partnership plan has also been included as part of the overall conservation plan, and cultural heritage in or under water -preservation plan.

Community's participation during implementation and monitoring/ surveillance of MPA

In doing monitoring or surveillance as part of the implementation of conservation plan, MPA management unit involves local communities. Local communities are engaged, both paid and voluntary, to form trained-community groups called POKMASWAS (community-based surveillance groups). POKMASWAS will work with the management unit at the local level, and oftentimes also with Fisheries Agency at District level, to conduct regular patrol (varied from 6 times a month to once a month). The voluntary-based POKMASWAS use their own resources to conduct patrols. Local communities also have direct access to MPA management unit, so that if they see violation, they would report directly to the MPA management unit or to PSDKP of MMAF (mostly through WhatsApp or phone call). Role of local communities in monitoring the MPA, in particular the no-take zone, is an essential part of the implementation of MPA's management plan.

- Public participation in monitoring Marine Protected Areas (MPAs) is encouraged under the MMAF Ministerial Decree (PERMEN-KP No.40/2014) on Community-Based Surveillance Groups (POKMASWAS). These groups represent a vital grassroots initiative in marine conservation, composed of local fishers, community members, and conservation advocates who assist in monitoring and reporting violations. As part of the Indonesia Coral Bond project, POKMASWAS plays a key role in community-based enforcement, facilitating communication between authorities and local fishers while also contributing to public awareness efforts. Known by various local names, such as The Guardian of The Sea (Tim Jaga Laut) in KKD Raja Ampat, they serve as the eyes and ears of law enforcement agencies, helping detect and report illegal activities in coastal and marine areas. Their responsibilities include monitoring fishing and marine activities, documenting field observations, and reporting violations to relevant authorities, such as Fisheries Inspectors, Polsus PWP3K, PPNS Fisheries, the Navy, Army, and Police. Positioned at the frontline of marine resource protection, POKMASWAS plays a crucial role in ensuring that reported violations reach the appropriate enforcement agencies and contribute to sustainable marine management.
- POKMASWAS members are locally recruited and responsible for patrolling and reporting illegal activities, but they do not have law enforcement authority. One POKMASWAS consist of 5 to 7 individuals. They are recruited from in-situ community members and are often recruited based on the adat leaders and adat communities' recommendations, such as in KKPD Raja Ampat. Members

include community leaders, traditional leaders, women and youth representatives, fishermen, fish farmers, and other maritime community members. The management is elected by its members and coordinates with and reports to the District and Provincial Fisheries Departments (DKP). If there are already active traditional monitoring groups, there is no need to form new ones. The village head or traditional leader can submit a request for the recognition of these groups to the Head of the Provincial Fisheries Department to receive guidance and protection as monitoring groups.

- As a volunteer-based group, POKMASWAS members carry out their duties without contracts or salaries, driven solely by their commitment to protecting the ocean and ensuring ecosystem sustainability. Despite lacking a fixed budget, their operations often receive support from various stakeholders, including the fisheries department, conservation organizations, and environmentally concerned communities. This assistance may include transportation, communication tools, logbooks for recording violations, and capacity-building programs. In some locations, they also undergo training, receive compensation, and operate under the management of MPA Management Units (UPT/UPTD/BLU/BLUD).
- Some POKMASWAS are paid, but some others are fully voluntary (please see the detailed explanation in Annex 4 on Additional Information on POKMASWAS). Status and Recruitment of POKMASWAS in the Coral Bond Target Area.

Region	BKKPN Kupang	KKP Alor	Raja Ampat	YKAN (Misool Utara, Raja Ampat)
Status	Only 2 out of 5 Pokmaswas are active. Need capacity building and financial support.	15 out of 30 Pokmaswas groups are active, and efforts are being made to reactivate the other groups.	Managed under the BLUD system and better known as the "Sea Guard Team." Conducting routine patrols.	Initially voluntary but now developed with a self-funding model.
Total	5 groups are registered, but only 2 are active.	30 registered groups, 15 active.	6 surveillance areas, with a total of 70 personnel (5-7 per team).	

Recruitment and Trainings	<p>Recruitment: Not specifically mentioned.</p> <p>Training: There is no routine training, the capacity of Pokmaswas needs to be improved.</p> <p>Previously received support from COREMAP-CTI, but now there are no incentives and it is more voluntary.</p>	<p>Recruitment:</p> <ul style="list-style-type: none"> -Socialization to the community. -The village head forms a group. -The establishment decree from the village head or sub-district head. -The SK is sent to UPTD Alor and forwarded to KKP. -Member registration with identification documents. <p>Training: Training is conducted in collaboration with NGOs (WWF, Lotika, Thresher Shark). There are capacity-building programs such as rapid response training in Bali.</p>	<p>Recruitment:</p> <ul style="list-style-type: none"> -Open registration, indigenous communities propose candidates. -Prioritizing local residents. -The team leader comes from a community figure. -Before COVID-19, there were weekly recruitments of 4-5 people per session. <p>Training: There are two training sessions per year, in collaboration with PSDKP, Polair, Posal, and DKP. Focus on marine protection and law enforcement.</p>	<p>Recruitment:</p> <ul style="list-style-type: none"> -Pokmaswas recognized by the Provincial Fisheries Office. -Capacity development by YKAN. <p>Training: YKAN develops a tiered training system (beginner, independent, etc.) and collaborates with the training center of the Ministry of Fisheries. Focus on technical skills and fundraising so that Pokmaswas can be financially independent.</p>
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- Beyond their monitoring role, POKMASWAS also serves an educational function, raising community awareness about the importance of compliance with marine and fisheries regulations. They provide guidance to fisheries and marine industry players while also promoting zoning

regulations and conservation policies. Acting as facilitators, they help address challenges faced by coastal communities, whether related to resource use or conflicts arising from conservation rules. Following the 3M principle—Observe, Listen, and Report—they ensure that all forms of violations, from destructive fishing practices to illegal operations, are promptly addressed by the authorities. With this strategic role, POKMASWAS is not just a group of volunteers but a key pillar in ensuring the sustainability of marine ecosystems and maintaining the integrity of Marine Protected Areas for future generations.

In executing their duties, POKMASWAS can conduct independent monitoring or participate in joint operations with law enforcement agencies and conservation organizations. When violations are detected, they must gather accurate information, record the details in their logbooks, and report them to the appropriate authorities. If the situation allows, they can also engage directly with offenders to educate them about conservation principles. However, POKMASWAS does not have the authority to judge or take direct action against violators, meaning that all responses must align with established legal procedures.

Project Measures to Mitigate and Manage Negative Impacts

The Project will carry out activities, within existing Marine Protected Areas (MPA), ensuring compliance with national and subnational regulations. One of the key strategies adopted to mitigate the risk of access restrictions is focusing on improving the management of existing MPAs rather than creating new ones. Restrictions to access to natural resources (e.g., access to fishing grounds) are envisaged in the Core Zone/no-take zone, while local communities can continue fishing in the Limited Utilisation Zones using sustainable fishing practices and approved gears—strictly prohibiting destructive methods. (no destructive fishing methods/gears are allowed under the limited utilisation zone). This Process Framework is therefore developed to achieve the following objectives: (i) to provide full consultation with, and ensure informed participation of persons potentially affected by such restrictions within the project area; and (ii) to avoid, minimize or mitigate potentially adverse effects of such restrictions, as well as of the enforcement of such restrictions, on access to marine resources and fishing grounds.

The principles laid out to meet these objectives include:

a) broad-based and consultative definition of marine protected areas, including existing restrictions in the Core Zone, and increased monitoring/patrolling and enforcement in the project areas based on biophysical as well as socio-economic assessments as per EVIKA (the Government of Indonesia indicators of MPA management' success) and IUCN Green List. This principle is translated into Component 1 activities in the Project, that is to map and conduct stakeholder engagement to improve awareness, buy-in and support from stakeholders, including local stakeholders.

b) decisions on Action Plan with mitigation measures will be based on the informed participation of all affected people, in the form of consultations and agreements reached between the affected people and the respective local and project authorities. Agreements will be formalized in a document with the community.

c) Restrictions of access to resources that may adversely affect the livelihoods of affected people will be mitigated through complementary efforts under the LAUTRA project, as Coral Bond does not include livelihood activities. While Coral Bond focuses on improving MPA management effectiveness, measures to support alternative livelihoods will be addressed through LAUTRA and provided in an agreed Action Plan prepared in consultation with the affected parties.

d) conservation interventions will respect local culture and customs. Local communities will be facilitated to actively participate in the whole project cycle to ensure that they are continually informed about project activities and ES commitments (including of the principles of this PF) and given opportunities to benefit from project activities. The Action Plan will describe the results of the participatory planning with affected communities and provide measures to mitigate impacts and means to address grievances, specify the roles and responsibilities and the sources of financing to implement them, thereby ensuring compliance with ESS5.

Actions Plan

The following is Actions Plan that will be implemented throughout the Project implementation:

- **Site-specific assessment of the proposed strengthening of community-based surveillance in MPAs (including within the Core Zone) and their potential downstream impacts, such as access restrictions to fishing grounds and if economic displacement is observed as an indirect impact of the activities.** The analysis must clearly describe specific activities which may potentially result in/have resulted in such risks and impacts on livelihoods of small-scale/artisanal/ traditional fishers, potential measures to avoid and/or reduce impacts, responsible entities and the process by which potentially economically displaced persons and communities participate in the proposed design of measures/activities. Further, the analysis will also describe the nature and scope of restrictions, their timing, material impacts on livelihoods of vulnerable groups (if any), potential alternatives options/ measures for restoring livelihoods or corrective action plan. Together with the World Bank, this assessment should be conducted between 6 to 12 months of the project implementation, and the draft report should be submitted within 14 months of the project implementation. This assessment could be included in the third-party implementing party' (LEMTARA) activity under Component 1.2 of Indonesia Coral Bond. This provision has been included in the Term of Reference for LEMTARA, and included in their work plan. The assessment draft report should be consulted with affected parties and implementing units and local governments, and LAUTRA's Project Management Office, as necessary.
- **Criteria for eligibility of affected persons and communities.** The consultation processes shall establish that potentially affected persons and communities will be involved in identifying any adverse impacts, assessing the significance of impacts based on an assessment of socio-economic circumstances and vulnerability status and reaching agreements on the criteria for eligibility for any mitigation and/or compensation measures as necessary.
 - *Several eligibility criteria to consider:* i) micro-to small-scale fishers/ artisanal fishers/ traditional fishers/ or low-income households whose income and livelihood sources are primarily relied from natural resources restricted for access by the project activities; ii)

ocean-dependent communities who engaged in informal economies in a micro or small-scale to sustain their livelihoods and are affected severely by the project activities (including by the strengthening of surveillance activities funded by the project); and iii) female-headed households/ elderly-headed households who are dependent on ocean-based economies for sustaining their lives and livelihoods. These three groups are informed by the Social Assessment done for Oceans for Prosperity Project (LAUTRA), which are relevant to Indonesia Coral Bond. These criteria could be added, updated or revised following updates observed in the ground.

- **Measures to assist affected persons and communities in their efforts to improve their livelihoods or restore them in real terms, pre-affected levels while maintaining the sustainability of the conservation areas.** Such measures will be linked with:
 - This Project (Indonesia Coral Bond) under component 1.2 on facilitation the licensing for small-scale fishers.
 - Oceans for Prosperity (LAUTRA) Project under Component 2 on livelihood activities.
 - Other measures that could be proposed and agreed, upon consultations with affected local communities in lieu of the two above measures, such as economic assistance or trainings (fish-based food processing training, seaweed farming training, etc), which can support the livelihoods of affected peoples. This kind of support could be provided in partnership with regional fisheries agency and other agencies and/or NGOs and CSOs partners.

Such measures as outlined in the management plans shall describe methods and procedures by which communities will identify and choose potential mitigating or compensating measures to be provided to those adversely affected, and procedures by which adversely affected community members will decide among the options available to them. These include amongst others capacity building and training for new skills and alternative livelihoods options, technical support for business development, and participation in business grant schemes under Component 3 of LAUTRA.

- **A feedback and grievance mechanism process**, including how potential conflicts and/or grievances within or between affected communities will be resolved. The FGRM, as described in the Section *Grievance Redress Mechanism* in this SEP, describes the process for resolving disputes relating to resource use restrictions that may arise between or among affected persons and communities, and grievances that may arise from them with regards to dissatisfaction of community agreements on eligibility criteria, mitigation measures and/or their actual implementation.
- **Implementation arrangements, roles and responsibilities of various stakeholders**, including government and non-government entities providing services or assistance to affected persons and communities, including financing arrangements and allocation.
- **Arrangement for monitoring of implementation measures**, including required participatory formulation of output and outcome indicators developed in participation with affected communities and their achievements. Several guiding questions to be monitored in respect to Process Framework implementation monitoring are presented in *Section Monitoring, Evaluation and Reporting* in this SEP.
- PIUs shall ensure disclosure of relevant information, including:
 1. key agreements reached,

2. impact and potential options as the mitigation measures, which can be in the form of livelihoods restoration/alternative livelihoods options and compensations as applicable,
3. entitlement and eligibility criteria as guided in this framework,
4. timeline for delivering such support and/or compensations,
5. grievance redress mechanisms,
6. monitoring and evaluation arrangements, including mid-course corrective measures as needed.

9 Information Disclosure

Documentation and information about the update of project activities and the results of consultation with stakeholders will be published by the PMO and PIUs as follows:

Indonesia Environment Fund: <https://web.bpdh.id/>

MMAF: Directorate General of Oceans Management: <https://kkp.go.id/djprl>

Drafts of Environmental and Social Management documents will be disclosed on: IEF and DGPKRL MMAF website IEF and MMAF also updates the public through general public-friendly articles to inform the public about Coral Bond preparation and its progresses. They will be available in IEF and MMAF website.

Further disclosure of information will also be conducted through information exchange with relevant government agencies, public consultation activities and community meetings. The project will ensure that relevant communication materials, containing project information, including FGRM channels are available in the target villages and/or communities and presented in a manner accessible to the community.

Means of information disclosure for indigenous people will be tailored to meet their needs and culturally appropriate, including if the information shall be disclosed verbally and/or through in-person meeting with the elderly (*tetua/raja*). Usually, information is disclosed through an in-person meeting with the elderly, and then the elderly will convey the information to the communities. As for Coral Bond, this approach will be adopted, and any resources needed to ensure that information is disclosed properly, and reach the vulnerable groups, will be adequately allocated.

10 Grievance Redress Mechanism

Feedback and grievance redress mechanism/FGRM or feedback mechanism and complaint handling is the process of receiving, evaluating, and handling, as well as recording feedback and complaints from the community, project stakeholders or other parties who may have concerns and interests in the Project. One of the project's key goals is to strengthen these feedback mechanisms at the MPA level by embedding reporting systems within the SUOP (MPA management unit). This aligns with the objectives of Subcomponent 1.2, which emphasizes participatory management, stakeholder engagement, and transparent governance. Therefore, during the preparation and implementation phases of the project, the FGRM will not only be developed based on existing systems operated by IEF/PMO but will also be enhanced through Subcomponent 1.2. This will ensure stronger stakeholder engagement and better integration into SUOP's management structure, enabling a more responsive and inclusive grievance redress process at the MPA level.

Scope

FGRM will be available for stakeholders and other interested parties to raise questions, comments, suggestions and/or complaints regarding activities funded by the project.

FGRM users include: (1) project beneficiaries and those who will be affected by the project, both directly and indirectly; (2) interested parties such as advocacy-group, academics, etc (3) Coral Bond project workers; and (4) the wider community.

FGRM Management: The management of feedback and complaints will be coordinated by IEF/ PMO by involving MMAF and related PIUs. MMAF and PIU will appoint FGRM focal point to support smooth coordination.

Confidentiality and conflicts of interest: Complaints can be made under a verified or anonymous identity. Confidentiality is a fundamental aspect of the FGRM project and the identity of the complainant will not be disclosed unless they give consent to allow further verification and investigation. These measures apply to allegations of SEA/SH and/or other sensitive matters, which may result in retaliation against the complainant (e.g. fraud). A whistle-blowing mechanism is also available on FGRM projects.

Submission of Complaints: Feedback and complaints can be submitted at any time during the implementation of the project. Unresolved complaints and new complaints must continue to be managed and resolved.

FGRM Channels

IEF/ PMO provides a channel where residents/ beneficiaries/ project workers/ other parties affected by the project can make a complaint through:

a. General Channel

- 1) Mail or come directly to the address
Badan Pengelola Dana Lingkungan Hidup c.q. Divisi Umum dan Sumber Daya Manusia
Gedung JB Tower Lantai 29-30, Jl. Kebon Sirih No.48-50 Jakarta 10110.
- 2) Email : pengaduan@bpdlh.id
- 3) Sms and WhatsApp: 081180001414
- 4) Website: wise.kemenkeu.go.id and hai.kemenkeu.go.id.

b. GBV's Channel

- 1) Mail or come directly to the address
Badan Pengelola Dana Lingkungan Hidup c.q. Pengkaji Kekerasan Berbasis Gender
Gedung JB Tower Lantai 29-30, Jl. Kebon Sirih No.48-50 Jakarta 10110.
- 2) Email : pengaduan.kbg@bpdlh.id
- 3) SMS and WhatsApp: 081190005656

In addition, a complaint channel is also available through the Ministry of Marine Affairs and Fisheries (MMAF):

- a. Email : pengaduanprl@kkp.go.id:
- b. SMS : KKP_ (your message/ grievance) send to 1708: and

c. Website : kkp.lapor.go.id or lapor.go.id

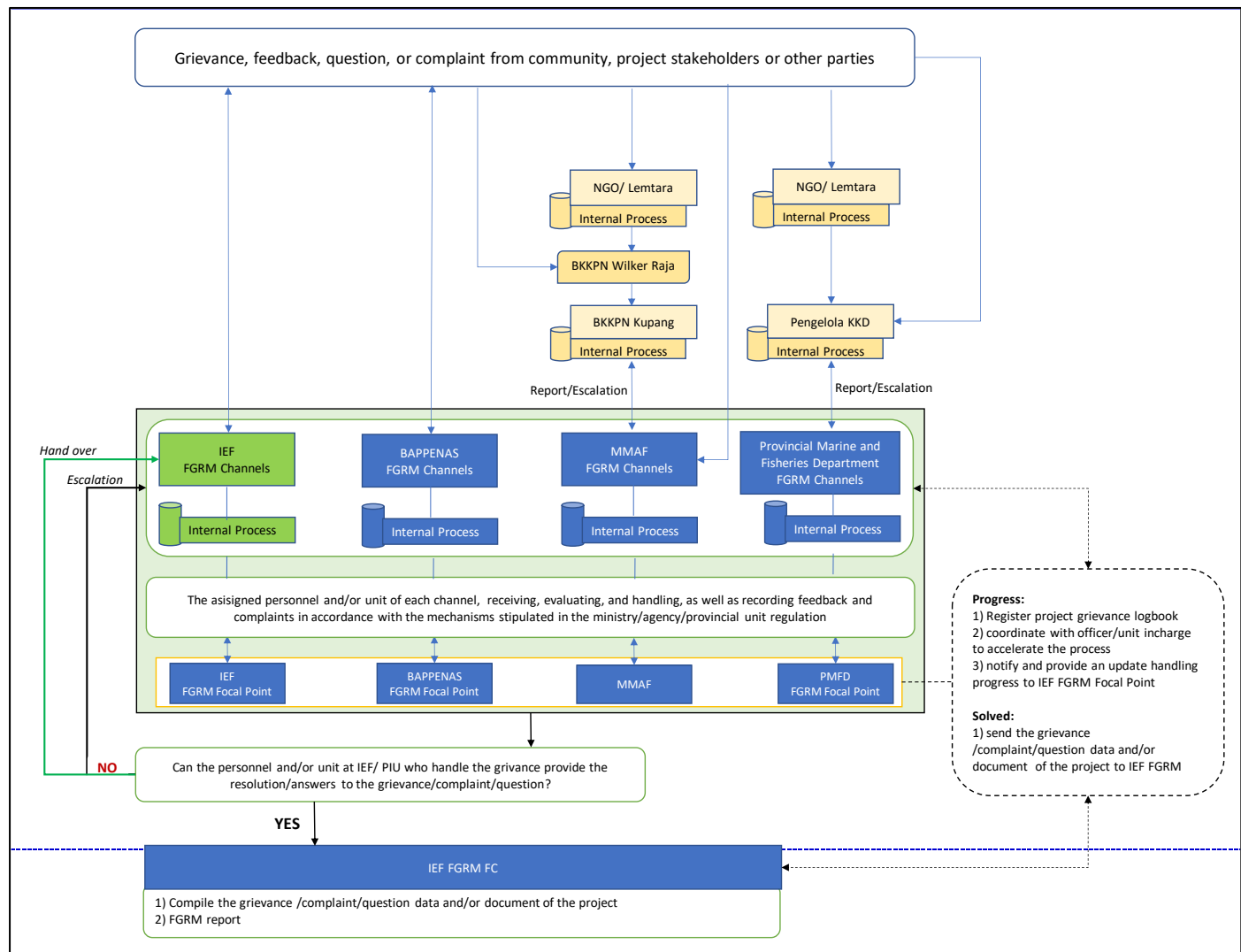
Each Management Units/ SUOP/ BLUD/UPT will also provide contact information for direct grievance mechanism, which community could accessed by WhatsApp and phone call (as per existing system).

Area	Contact Person for GRM	Contact Details
KKD Alor	Syafri Tuharea	081344506499
KKD Raja Ampat	Saleh Goro	081236991111
KKN Raja Ampat	Indri Widhiastuti	081248917275
Selected CSOs implementing partner/ LEMTARA in respective areas	[on process of selection, and it will be filled once it is selected]	[will be filled once it is selected]
Selected CSOs implementing partner/ LEMTARA in respective areas	Similar to above	Similar to above

A grievance log will be maintained by each PIU and are reported to PMO IEF.

The FGRM mechanism is shown in Figure1.

Figure 1. FGRM Mechanism for the Coral Bond Project



FGRM Processing

In implementing the complaint handling mechanism, IEF/ PMO will receive, identify and follow up the complaint, and submit the results to the whistleblower. The complaint receives by MMAF or PIU will be channeled to IEF. The implementation of complaint handling procedures is carried out by Administrators, Verifiers, Reviewers and Follow-up Parties. The administrator is responsible for receiving complaints, requesting additional information/documents from the whistleblower, documenting the resolution of complaints in the complaint record and administering complaint data/information. Verifiers are tasked with identifying, classifying and forwarding follow-up complaints to reviewers.

The reviewer is responsible for conducting investigations, providing resolution recommendations and monitoring the implementation of complaint resolution recommendations. IEF may involve internal and external parties in implementing recommendations or follow-up suggestions regarding the resolution of complaints, Parties involved in the follow-up process are responsible for: (i) preparing follow-up, planning and implementing recommendations for handling complaints based on the results of reviews and/or

investigations; and (ii) prepare a report on the implementation of the recommendations and submit the report to the reviewer.

The complaint handling mechanism is regulated in the Decree of the Executive Director of IEF No. 69/2022 concerning Guidelines for Handling Complaints.

Staffing

The IEF employees will process the complaints with the support from FGRM specialist recruited by PMO. The FGRM specialist will:

- a. Coordinate the entire FGRM implementation of the projects.
- b. Develop FGRM capacity building and communication.
- c. Maintain communication and coordination with relevant stakeholders responsible for the resolution of complaints.
- d. Consolidate, and compile FGRM reports.

Process for Handling Complaints on Gender-Based Violence/Exploitation and Sexual Violence and Sexual Harassment (GBV/ SEA/SH)

Given that gender-based violence (GBV) / exploitation and sexual violence (SEA) and sexual harassment (SH) have their own characteristics, the complaint handling process is explained in the table below

Tabel GBV/ SEA /SH Complaint Handling Process Table

Step	Process
1	Complaint submission The whistleblower notifies or submits a complaint through the complaint channel (direct/verbal, written, email, telephone). In submitting the complaint, the whistleblower can be represented by another party or submit a complaint anonymously.
2	Complaint Handling Complaints will be handled by Reviewers from the work unit that carries out the function of human resource management. If necessary, a gender task force can be formed to assist in handling these complaints. The appointed gender task force must be neutral, free of conflicts of interest, gender responsive, have the capacity to handle gender-based violence. The task force can involve gender experts from outside BPD LH.
3	Identify, investigate, and resolve The reviewer will develop plans and strategies for handling complaints, carry out studies / investigations, compile reports on the results of studies / investigations including providing recommendations for handling complaints. The reviewer may contact the whistleblower to offer counseling, mediation, negotiation, consultation or conciliation and provide the reporter with initial information regarding the steps the whistleblower needs to take while the complaint is in the process of being addressed. In the event that the complaint cannot be resolved internally or the whistleblower requests that the handling process be carried out by an external party, the complaint can be transferred to the relevant party, including: a) Komnas perempuan, b) the local women's and children's protection working group, or c) women's assistance service providers.

Project worker complaint handling mechanism

The mechanism for handling workers' complaints is also regulated in the Decree of the Executive Director of IEF No. 127/2024 concerning Guidelines for Handling Complaints. The handling mechanism is as explained above.

Transparency, monitoring, and reporting

Transparency

Regular policies, procedures, and updates on the FGRM system, complaints made and progress, will be available on the website: bpdh.id. This component will be updated as needed.

Routine internal monitoring and reporting

The IEF will assess the FGRM function bi-annually to:

- Make summaries of FGRM results on a quarterly & bi-annually basis, including suggestions and questions, to the project team and management.
 - Review the status of complaints that have not been resolved and suggest corrective actions as needed.
- On the bi-annually meeting, there will be a discussion and review the effectiveness and use of FGRM and collect suggestions on how to improve it.

Submitting the midterm and annual progress report to the World Bank

In the midterm (semester) and annual implementation reports that are submitted to the Bank, IEF/ PMO will include GRM results, which provide the latest information as follows:

- Status of GRM formation (procedures, staffing, awareness raising, etc.);
- Quantitative data about the number of complaints received, the relevant number, and the amount completed;
- Qualitative data about the types of complaints and answers given unresolved problems;
- The time needed to resolve complaints;
- Number of complaints resolved at the lowest level, rising to a higher level;
- Any special problems solved by procedures/staffing;
- Factors that can influence the use of the GRM / beneficiary feedback system;
- All corrective actions used.

11 Monitoring, Evaluation and Reporting

This section presents an overview of the reports that will be used to report on and monitor stakeholder engagement activities.

Monitoring and evaluation will be conducted in bi-annual manner, with combination of monthly reports-review and primary data joint-site inspections. Several key points to be included in M&E and reporting are:

- key concerns, from local communities and other stakeholders, captured in the GRM
- key concerns from vulnerable groups
- *Related to Process Framework assessment and implementation:* has there the activities of strengthening of surveillance affecting communities' livelihoods? To what extent these activities

impacting communities' access to fishing ground? Do they able to fish in the Limited Utilisation Zone?

- *Related to Process Framework assessment and implementation:* Has there been any measures in place in case such impact observed?
- *Related to Process Framework assessment and implementation:* Do they Project provide adequate resources to implement the measures?
- the amount of time needed to resolve grievances in average
- the availability and applicability of Standard Operating Procedures (SOP)
- notes on resources to implement GRM (is additional resource needed?)
- notes on capacity building to implement GRM (will there any specific areas benefitted by capacity building activities?)

PMO will be responsible to conduct M&E and reporting, which will be submitted to the World Bank. PMO will be assisted by each PIU to provide technical insights/ data in terms of GRM operation in regard to each component.

12 Financing

All activities, including implementation of Process Framework, will be financed either one of these modalities, i) under project component when the activities are streamlined to the project or component activities; ii) under project implementation support or iii) under the contractor/ third party budget if the activities are undertaken by the selected third parties.

13 Annexes

Annex I: Grievance Log Form

COMPLAINTS / QUESTIONS RECORD FORM (Form A)	
Instructions: This form must be completed by staff who receive questions or complaints and are stored in the project file. Please attach relevant supporting documentation/letters.	
Date of Complaint:	Name of Staff:
Complaints Received by (please tick (v) the appropriate box): <input type="checkbox"/> Province <input type="checkbox"/> City <input type="checkbox"/> Municipality / subdistrict <input type="checkbox"/> Village Under MPAs: KKN Raja Ampat, KKD Raja Ampat, KKD Alor (please circle ones that are relevant)	
Complaint made via (please tick (v) the appropriate box): <input type="checkbox"/> In person/ visit to office (IEF, MMAF/UPT) <input type="checkbox"/> Phone <input type="checkbox"/> E-mail <input type="checkbox"/> SMS <input type="checkbox"/> Website <input type="checkbox"/> Complaint Box / Other advice <input type="checkbox"/> Community Meeting <input type="checkbox"/> General Consultation <input type="checkbox"/> Others _____	
Name of Complainant: (information is optional and confidential) Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Choose not to say	
Address or contact information of complainant: (information is optional and confidential)	

Location of complaints/problems occurred [please write]				
National:	City:	Province:	Village:	
A Brief Explanation of Complaints or Questions: (please write as detail as possible)				
	Category 1	Social Issues (for instance: GRM unreliable, livelihoods disruption associated MPAs or coral reefs management activities, access restriction, etc)		
	Category 2	Environmental Issues		
	Category 3	Complaints related to violations of policies, guidelines, and procedures		
	Category 4	Complaints related to breach of contract		
	Category 5	Complaints regarding misuse of funds/lack of transparency, or other financial management problems		
	Category 6	Complaints related to abuse of power/intervention by the project or government		
	Category 7	Complaints regarding staff performance		
	Category 8	Force majeure report		
	Category 9	Complaints about Project intervention		
	Category 10	Others		
Handle and follow up required by:				
Progress in resolving complaints (e.g. answered, resolved):				

IEF Grievance Log Form --> Alternative OPTION

A. INFORMASI AWAL		
1. Saluran Penyampaian Pengaduan	:	Tatap muka/telpon/e-mail/surat/media massa*
2. Tanggal Pengaduan	:
3. Nama Pelapor	:	Anonim/.....(terbuka/dirahasiakan*)
4. Status Pelapor	:	Individu/Organisasi masyarakat/Badan hukum/ /Instansi Pemerintah dan Pemerintah Daerah*
5. Kontak yang dapat dihubungi	:
B. MATERI POKOK KELUHAN		
<p><i>Uraikan informasi mengenai kronologi kejadian, yang memuat:</i></p> <p><i>a) identitas Terlapor;</i></p> <p><i>b) lokasi/tempat/nama kegiatan ;</i></p> <p><i>c) waktu kejadian;</i></p> <p><i>d) pihak-pihak yang terlibat;</i></p> <p><i>e) bagaimana terjadinya kejadian; dan</i></p> <p><i>f) bukti pendukung Keluhan (laporan, foto, rekaman suara, video dan/atau bukti lain yang relevan).</i></p>		
Status Pengaduan	:	1. Pengaduan diteruskan kepada Verifikator; atau 2. Pengaduan tidak dapat diteruskan.

Jakarta, (Tanggal)

Tanda tangan basah/tanda tangan elektronik
(Nama Administrator)

Annex 2: Outline for Process Framework Action Plan 1: Assessment

To operationalise the Actions Plan in Process Framework, which streamlines to Subcomponent 1.2 of the Project, LEMTARA will conduct a site-level assessment to understand the specific risks and impacts of the Project (including strengthening of monitoring and surveillance of MPAs and no-take zone) on vulnerable groups' livelihoods. Vulnerable groups is considered as vulnerable households as per the scope of vulnerable groups in the SEP (e.g., small-scale/ artisanal/ tradisional fishers, female-headed households, oceans-dependent communities without productive assets).

The assessment should at least contains the following information:

1. Introduction and scope of study
(the location of the study/ which villages and which MPA, please include the spread of the villages in the MPA map, and to highlight where is the core zone)
2. Methods of study
(Options to consider: HH surveys, FGDs, in-depth interview, key informant interview, observations, participatory mapping, the use of secondary data such as BPS data, literature review, reports review, etc)
3. Findings
 - a. **Are there** materials impacts/ livelihoods impacts on vulnerable groups? If so, what are **the material impacts/livelihood impacts** on local communities near the no-take zone associated with the Project' activities?
 - b. In what ways they are affected?
 - c. Who are affected? And how many of them? (demographic and socioeconomic profiles of the ,vulnerable groups', and the scale of these groups in that respective MPA area)
 - d. Mapping of the potential livelihood support: ways to link to LAUTRA? any potential livelihoods/ skill trainings and upgrading/ SMEs support/ any other type of support from regional governments? Any potential support from the Project?
 - e. Consultations with local communities, including the identified vulnerable groups, and MPA management units and MMAF and IEF [and Dinas KP], undertaken to discuss the options of possible measures. Consultation with local communities should be conducted in a manner that is socially and culturally appropriate, including having a separate session with vulnerable groups if neccesary.
4. Conclusion and recommendations
(Recommendations should be discussed with respective MPA Management Unit, Dinas KP (if it's KKPD), MMAF, and the IEF.

Recommendations includes potential measures identified to reduce or mitigate impacts on the identified vulnerable groups – if turns out no significant impact, recommendations could be directed to strengthen the existing practices)

Annex 3: Minutes of Meeting of Technical Meeting for Project Design

Minutes of Meeting Technical Discussion of Coral Bond Project World Bank Jakarta Office, December 20th 2023

Welcome Remark

- KKP has informed the GEF OFP about the coral bond initiative. They are still awaiting endorsement and require additional coordination for the proposal and project preparation.
- The TTL expressed gratitude to all participants for their collaboration during the development of the ideas. The TTL also emphasized that the technical meeting aims to discuss the next steps, reach an agreement on the basic design of the bond, and clarify some details for the full proposal.

Key Discussion Points

Proposed Location:

- KKP confirmed three proposed locations (KKN Savu Sea, KKN Raja Ampat, and KKPD Raja Ampat) and also suggested KKPD Alor as an additional target location, considering its status that meets the criteria and its management capacity and commitment, which strongly support the implementation of this project. KKPD Alor will be a potential target location to be added, considering the budget stretch for the 3+1 locations and funding flow to the management unit that has not yet established as BLUD.
- KKP reminds about the human resources capacity in each target location, which also carries a workload and target in the LAUTRA program. Therefore, there must be a certain strategy to achieve both the LAUTRA and Coral Bond targets without overloading MPA management unit staff.
- In the process of selecting the target location, BPDH recommends prioritizing the determination of Key Performance Indicators (KPIs) within the activity components rather than focusing solely on the location itself. Subsequently, a mapping process is undertaken to identify locations capable of achieving these targets. This is consistent with the desktop Green List benchmarking exercise that was done by IUCN in September 2023.

Project Preparation Timeline & Focal Points:

- KKP suggests adding an agenda item for coordination with GEF OFP and organizing a IUCN Green List socialization meeting with the MPA manager and local government of the target location.
- KKP Focal Point: Sesditjen PRL with support from Dir. KKHL for technical aspects.

- BPDH Focal Point: Director of Fundraising and Funding Development.
- Bappenas: Director of Maritime Affairs and Fisheries, and Director of ICCTF.

Proposed Activities:

- The basis will be the result of IUCN Green List site-based assessment. All gaps to achieve a fully met IUCN GL will be the priority activities.
- The division between LAUTRA and Coral Bond can be done by creating a list of activities with planned funding in LAUTRA. If there is a gap (LAUTRA investment is not allowed/not sufficient to achieve fully met IUCN GL criteria), then it will be filled by activities in Coral Bond. Another option, could be to decide to use LAUTRA to fill gaps in the “Sound Design and Planning” and “Effective Management” pillars of the IUCN GL standard; while the Coral Bond will finance activities to fill gaps in the “Good Governance” and “Demonstrating Successful Conservation Outcomes” pillars.
- Another option, if all activities towards achieving a fully met Green List can be implemented by LAUTRA, is for the Coral Bond funding to be directed towards value-added activities in certain topics such as climate change, gender, and socio-economic indicators, that are not extensively covered by Component 1 in LAUTRA.

Partner Selection Criteria:

- KKP suggests that potential implementing partners (e.g. NGOs) should possess the following qualities: 1) Strong understanding and experience with the local context (relations with local government/SUOP) in terms of institutional, social, economic, and cultural aspects, 2) high-quality management and field capacity (human resources, reporting systems, experience in similar projects), 3) Familiarity with EVIKA and IUCN GL.
- BPDH already has selection criteria, standard operating procedures (SOP), and capacity-building support for selection process of implementing partners or intermediary institutions (LEMTARA) that will carry out the implementation of activities.
- The importance of identifying implementing partners before bond issuance rather than after was discussed.

Project Governance and fund flow/management:

- Project governance and fund flow need to be aligned with the Ministerial Regulation on the Management of Marine Conservation Funds in BPDH, which is currently being developed by KKP in collaboration with UNDP. This is to ensure that everything is harmonized and in accordance with the regulations that will be established.

Proposed Fund Flow:

- Priority option: The grant manager will be BPDH, and the funding will be directly channelled to LEMTARA (NGOs, CSOs, etc.). No funding will go to KKP or the MPA management unit. Additional options will be discussed in the next meeting.

Key Next Steps

- Coordination meeting between KKP and GEF OFP (Gol internal process) including to follow up the endorsement letter – in January 2024.
- Second technical meeting (including a mini workshop on the IUCN GL for all KKHL staff, MPA management unit and potential partner in target locations) in January 16-18th 2024.

- Project Preparation Mission in February 6-7th (Jakarta), 8-26th (Target Location), 28-29th (Jakarta).
- Concept Note (WB internal process) in January 30th 2024.

Annex 4: Aide Memoire of Project Design and Identification

Indonesia Coral Bond Project Identification Mission February 15th – March 1st, 2024 Aide Memoire

Summary of the Aide Memoire:

- 1) An identification mission was held to develop the concept of the proposed Indonesia Coral Bond between February 15th and March 1st, 2024. The mission included field visits to the project target marine protected areas (MPAs): National MPA Raja Ampat (KKN Raja Ampat), Provincial MPA Raja Ampat (KKD Raja Ampat), National MPA Savu Sea (KKN Savu Sea) and Provincial MPA Alor (KKD Alor).
- 2) The mission objectives were to: i) agree on the proposed Project Development Objective (PDO) and Results Framework (indicators and targets); ii) advance the Project technical design details, including activities, outputs, and associated costs; iii) identify potential institutional and implementation arrangements; iv) discuss and confirm approaches for managing potential environmental and social risks as well as arrangements for procurement and financial management; v) undertake a baseline field assessment of each pilot MPA against each criteria of the Green List standard; vi) develop a costed and time-bound action plan for each pilot MPA to achieve the Green List standard within the project timeframe (2025 to 2029), that will guide identification of investments to be financed by the proposed project; vii) discuss details of the transaction and market/investor considerations (fund flow, risks, payment triggers); viii) agree on the timeline and next steps for project preparation and approval.
- 3) Summary of the key take away from the mission: (i) the mission agreed on the proposed financing mechanism (World Bank Wildlife Conservation Bond), project scope (supporting select MPAs to achieve independently verified conservation outcomes in line with IUCN Green List of Protected and Conserved Areas, and improving coral reef health), project locations (KKN Raja Ampat, KKD Raja Ampat, KKN Savu Sea, and KKD Alor) and main implementing partners (IEF, MMAF, ICCTF, IUCN); (ii) a preliminary IUCN Green List rapid assessment of the four target MPAs was successfully conducted by MMAF, IUCN and World Bank consultants and allowed to pre-identify project activities and to confirm relevance of outcome indicators; (iii) GoI and World Bank will continue to work together to try to secure GEF NGI funds for the Coral Bond outcome payment; (iv) project activities and implementation arrangements will be further discussed during the project preparation mission scheduled for 6-10 May 2024.
- 4) Project scope:
 - a) Technical/project identification and design workshop hosted by MMAF was held on February 15-16, and March 1, 2024, attended by the Bank team, IUCN, MMAF (including MPA managers), Bappenas, and IEF representatives. The IUCN presented the IUCN Green List on February 15. The workshop discussed and agreed on the proposed scope of the project: PDO, PDO indicators, components, project sites, and preparation timeline. The participants agreed that project implementation period, results framework and implementing partners will be further discussed during project preparation.

- b) A preliminary IUCN Green List rapid assessment of the four target MPAs was conducted by MMAF, IUCN and World Bank consultants between February 19 and 28, 2024, and found that these MPAs are falling short of global best practice in protected area management as defined in the IUCN Green List Standard. This preliminary study, that used data collected through interviews, group discussions and town halls with stakeholders and area managers, found the four sites scored between 35% and 41% on the alignment with the Green List criteria. Despite the existing investment, notable gaps were identified by the preliminary assessment that could be addressed by targeted management approaches to be implemented through the Coral Bond project. The target MPAs would need to reach 100 percent alignment to reach IUCN Green List status, which is feasible within the timeframe of the Coral Bond project. Gaps to be filled by the project include: (i) improve stakeholder and rightsholders identification and engagement at each site, including the mapping and development of potential co-management arrangements and the promotion of gender equity and diversity; (ii) improve understanding of the social and economic context, to be reflected in management goals and objectives; (iii) clearly identify biodiversity and socioeconomic targets; (iv) ensure that major threats, including impacts of climate change, are understood and mitigation activities are reflected in management planning and implemented, such as improving management of access to resources and strengthening compliance with resource regulations; (v) enhance monitoring of conservation and socio-economic outcomes; and (vi) ensure that arrangements are in place to deal with financial sustainability. The mission agreed that the project activities will be further confirmed and elaborated during project preparation. Ensuring complementarity with activities financed by LAUTRA will be an important consideration when deciding on final activities to be financed by the Coral Bond project.
 - c) As part of the preliminary IUCN Green List rapid assessment of the four target MPAs, World Bank consultants reviewed the existing coral reef health monitoring program, including protocol, trends, baselines and targets for the two biophysical impact metrics selected for the Coral Bond: live coral cover and reef fish biomass. Preliminary findings are presented in Annex 4. It was agreed that MMAF will provide reef monitoring raw data from the four sites, for further analysis by the World Bank team in order to confirm relevance of the two biophysical metrics as well as appropriate targets and monitoring protocol.
 - d) The mission agreed that the World Bank team will continue to work together with GoI to secure funding from potential outcome payers, including GEF (Blended Finance Program/Non-Grant Instrument). Agreed next steps included: revision and resubmission by World Bank team of the concept note to GEF in early March, incorporating technical inputs from the identification mission; MMAF to work with the Indonesian GEF Focal Point to secure endorsement letter for the project by March 15th 2024 (completed).
- 5) Implementation arrangements, fiduciary and ESF
- a) The mission discussed that IEF will act as the Executing Agency. The IEF will host the Project Management Office (PMO) which will be responsible for overall project coordination, day-to-day management, fiduciary, project progress monitoring, evaluation and reporting, and coordination with other government agencies. Under the PMO, GoI proposed that tentatively four Project Implementing Units (PIUs) will be established for each MPA: 1) Deputy SDAM Bappenas; 2) DJPKRL-KKP; 3) UPTD-BLUD Raja Ampat; 4) Dinas Perikanan Propinsi NTT (UPTD-BLUD Alor). The PIUs will be responsible for planning, budgeting, managing, monitoring, and supervising of activities in their respective mandates/sites, with DJPKRL-KKP PIU having the additional responsibility to coordinate across the 4 PIUs. World Bank team expressed concerns regarding the complexity of the proposed implementation arrangements and suggested a streamlined structure to reduce transaction costs, minimize potential coordination issues, and increase

project appeal to potential investors and outcome payers. It was agreed that project implementation arrangements will be further discussed during project preparation.

- b) The mission discussed the possibility for MMAF to serve as chair of the Project Board and Technical Team (as described in IEF Operational Handbook), which are responsible for providing the overall technical guidance/decision and approval for Annual Work Plan (AWP), Procurement Plan (PP) and consultant TORs and deliverables.
 - c) The mission discussed that PIUs may implement activities independently with fiduciary support provided by IEF, or collaboratively through Intermediary Agencies (Lembaga Perantara/LEMTARA). During the 15-16 February workshop, the MPA managers expressed that they need support from LEMTARA to carry out certain activities on the ground. It was agreed that a limited number of NGOs (possibly two) will be tasked to implement project activities as LEMTARA. The IEF currently has five administrative criteria for selecting LEMTARA, and 28 NGO/CSOs are currently approved/registered (mostly terrestrial). MMAF will propose to IEF additional selection criteria relevant to marine and fisheries sector, and then recommend a shortlist of NGOs/CSOs/universities names to include as LEMTARA. Prior to that, MMAF will seek input from MPA managers on which NGOs/CSOs are suitable as partners for the Coral Bond project. Some of the criteria for preselecting implementing NGO partners (to be formalized in the Project Operations Manual) include: 1) Strong understanding and experience with the local context (relations with local government/MPA management units) in terms of institutional, social, economic, and cultural aspects, 2) demonstrated management and field capacity (human resources, fiduciary, reporting systems, experience in similar projects), 3) familiarity with EVIKA and IUCN GL, 4) strong capacity in community outreach, and coral reef monitoring.
 - d) Detailed arrangements regarding the project implementation arrangement, funds flow and budgeting will be outlined in the Project Operation Manual (POM).
 - e) The mission agreed that funding will be channelled by the World Bank to IEF based on grant agreement signed between The World Bank and the IEF. The IEF will be responsible for the overall financial management and procurement aspect of the project. The IEF will channel the funds for activities in the agreed annual work plan: i) directly to the third party (consultants, vendors, contractors) for contractual activities; ii) to PIU as cash advance for self-managed activity (swakelola); or iii) to intermediary agency (LEMTARA) for activities agreed to be implemented through LEMTARA. The financial management arrangement including budgeting, accounting, reporting, fund flow, internal control and audit will be discussed and agreed during project appraisal. The detailed financial management processes will also be included in the POM.
 - f) The mission learnt that due to GOI regulation, IEF is not able to channel funding to IUCN (i.e., international entity). Therefore, for IUCN-related activities, the funding will need to be channeled directly from the World Bank to IUCN as Bank Executed Trust Funds (deducted from total project funding).
 - g) The procurement process under the Project will be subject to the Bank's Procurement Regulations (September 2023) and provisions in the Grant Agreement. 17. The procurement process will be carried out by Procurement Service Unit (Unit Pengadaan Barang dan Jasa Pemerintah/UKPBJ) of IEF. Procurement arrangements, UKPBJ capacity assessment, procurement risks and mitigation, will be discussed further during project preparation.
- 6) Environmental and social risk management and gender
- a) The World Bank has preliminary assessed project's Environmental and Social risk and impacts Moderate due to moderate to low labour risk, potential restriction of access of small-scale fishers to fishing grounds and insufficient participation of local communities in the MPA management

Processes. The implementing agencies have designated E&S staff for the project preparation. The mission agreed that the implementing agencies with the World Bank will prepare Environmental and Social Commitment Plan (ESCP) and Stakeholder Engagement Plan (SEP), to be ready by June 2024.

- b) The World Bank and implementing agencies agreed to collect more data to further identify the gaps and action plans/improvement needed for IUCN certification in terms of implementation and documentation of stakeholder engagement processes and Grievance Redress Mechanism (GRM), in particular concerning inclusion of vulnerable/marginalized groups in the governance processes e.g., traditional/artisanal fishers, fishers ship crew/no productive means, fisherwomen, etc. The mission has also agreed to clarify the potential indirect downstream impacts of activities under “strengthening of MPA’s monitoring and management” on the access of small-scale fishers to fishing grounds. This exercise aims to feed into the efforts to i) improve the Governance dimension of IUCN Green List and ii) inform Appraisal-stage Environmental and Social Risk Summary.
 - c) Corporate requirements on gender, citizen engagement, private capital mobilization and climate change 19. The World Bank task team will incorporate elements that meet the World Bank Group Corporate Requirements on gender, citizen engagement, private capital mobilization and climate change including Paris Alignment in the future stages of project preparation. These requirements will also be reflected in the Results Framework and will be discussed with the government during project preparation (scheduled for May 6-10, 2024).
- 7) The draft Aide Memoire was discussed at the wrap-up meeting held on March 1st, 2024, with Dr. Agus Dermawan (Chief Manager for Coastal and Marine Ecosystem, MMAF). The final version of the Aide Memoire was endorsed by the Bank management.

Minutes of Meeting
Coral Bond ESF Consultations
BPDH Office, Jakarta, 09 August 2024

1. Participants: BPDH, DJPKRL Secretariat, World Bank Team.
2. Purpose: The meeting aimed to discuss the development of the ESCP and SEP for the Indonesia Coral Bond Project. Key discussions focused on the Feedback and Grievance Redress Mechanism (FGRM) to address public complaints and suggestions.
3. Key Discussions:
 - The meeting emphasized the importance of effective grievance management and stakeholder engagement to ensure the success of the Indonesia Coral Bond Project and its alignment with international environmental and social standards.
 - Feedback and Grievance Redress Mechanism (FGRM): The meeting covered the design and implementation of FGRM at different levels, from local to national. Existing complaint channels like LAPOR and SPAN will be utilized and enhanced for effective grievance management.
 - The GRM will not only handle complaints but also gather constructive feedback from the community. A multi-tiered escalation process was outlined, starting from local authorities (Wilker) to regional (BKKPN Kupang) and eventually to the central level if needed.
 - Coral Bond Project Scope: The project focuses on monitoring biophysical conditions and evaluating conservation areas according to the IUCN Green List, without physical construction. Community involvement in conservation management is a priority.
 - Project Locations: Target areas include KKD Alor, KKD Raja Ampat, and KKN Raja Ampat. Specific channels will be opened for each site involving relevant institutions such as BKKPN Kupang, ICCTF, Bappenas, BLU Raja Ampat, and regional agencies in NTT.
4. Action Points:
 - The team will hire consultants at the Project Management Unit (PMU) level and designate focal points in each institution, both at the central and local levels, to support effective project implementation.
 - There is a need for appointing Points of Contact (PIC) in each institution to streamline the grievance handling process.
 - The implementation of ESCP and SEP will involve consultations and coordination with local stakeholders, which will be further discussed in upcoming meetings.
5. Next Steps:

- Further development and refinement of the GRM design are required to ensure it aligns with the conditions on the ground. The process must be efficient, with a resolution timeframe of no more than 7x24 hours.
- The team aims to finalize discussions and address potential issues during the mission, allowing the mission to focus on confirmation and further planning.

Minutes of Meeting

Coral Bond ESF Consultations (ESCP and SEP Document)

DJKPRL MMAF Office, Jakarta, 19 August 2024

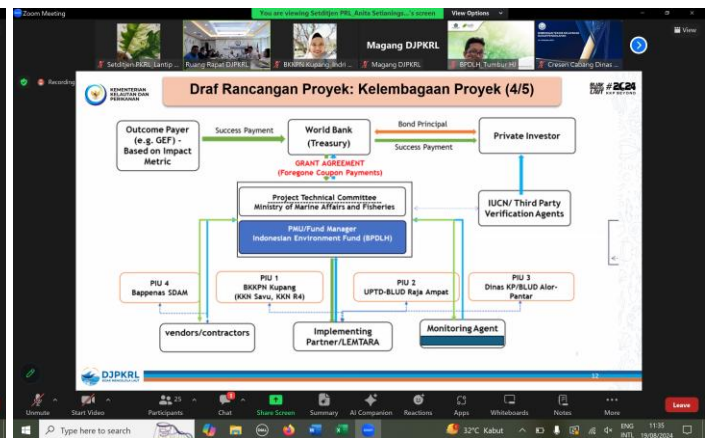
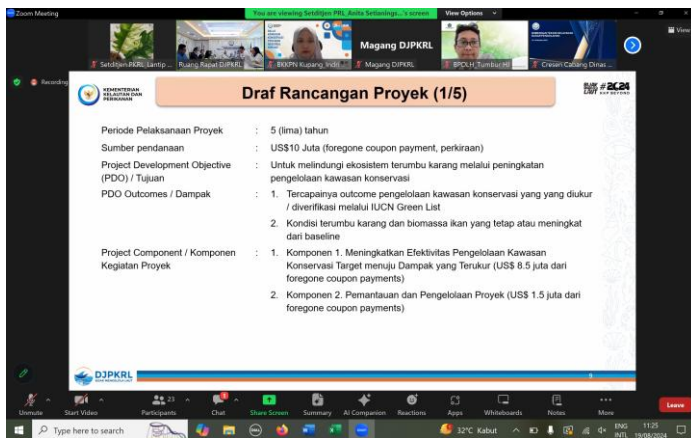
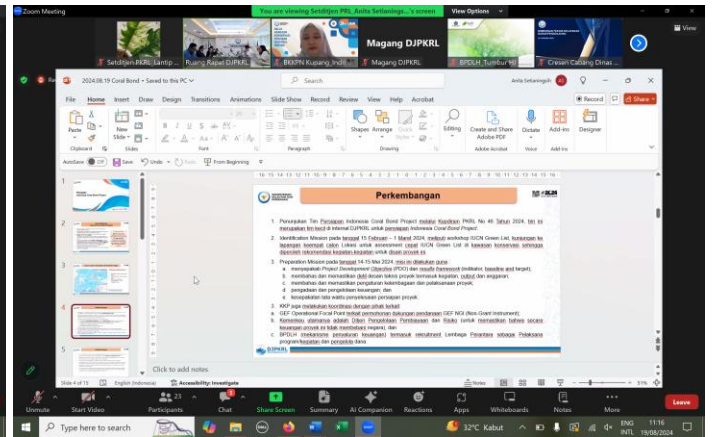
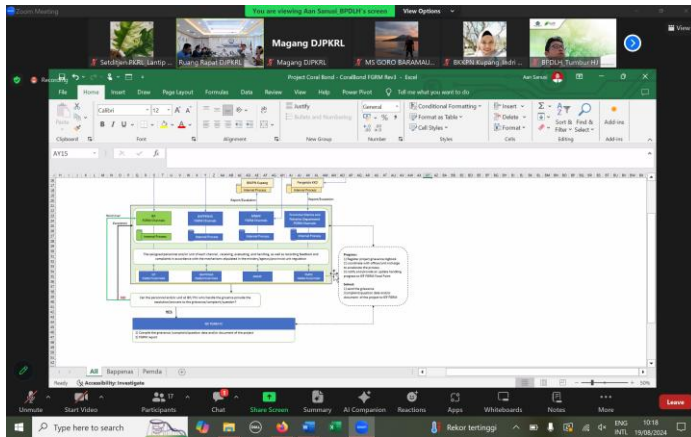
1. **Agenda and Purpose:** The meeting focused on discussing the safeguard documents for the Indonesia Coral Bond Project, particularly the mechanism for handling public complaints and grievances (FGRM). The aim is to ensure compliance with international governance standards and to develop robust systems for managing community feedback.
2. **Participants:** The meeting was attended by representatives from various Indonesian government bodies, including Bappenas, the Ministry of Marine Affairs and Fisheries, and the World Bank team. The discussion was held both offline and online.
3. **Key Discussions:**
 - The **World Bank** introduced the project, emphasizing the importance of an effective grievance mechanism (FGRM) as part of the safeguard documents. This is crucial for achieving certification under the IUCN Green List.
 - Existing complaint channels will be utilized and enhanced. Each institution involved will establish a focal point to manage and escalate complaints as necessary.
 - The **Environmental and Social Commitment Plan (ESCP)** and the **Stakeholder Engagement Plan (SEP)** are targeted for completion before the project appraisal in October 2024.
4. **Complaint Handling Mechanism:**
 - Four institutions—BPDH, Bappenas, KKP, and Provincial Agencies—will manage the FGRM. Multiple complaint channels will be established, and a clear escalation process will be defined for unresolved issues.
 - Complaints received at the community level will be addressed by designated local focal points, with escalation to higher authorities if necessary.
5. **Next Steps:**
 - The final safeguard documents are expected by the end of September, with further consultations and uploads planned on the project website.

The meeting underscored the need for a structured and responsive framework for managing grievances and ensuring the project's alignment with international environmental standards.

Annex 4: Documentation of Consultations and Field Visits











Annex 4: Additional Information on Community-based surveillance (POKMASWAS)

- In the target areas of the Indonesia Coral Bond project, POKMASWAS operate under two distinct management systems: POKMASWAS Under BLUD (Paid) and Voluntary POKMASWAS (Unpaid). Each system has different structures, funding mechanisms, and levels of operational support, influencing their effectiveness in marine conservation efforts. The BLUD-supported POKMASWAS, such as those in KKD Raja Ampat (Misool Utara), operate under the BLUD, receiving incentives and operational facilities, including communication equipment, uniforms, and access to the SIJALA monitoring system. Commonly known as the Sea Guard Team (Tim Jaga Laut), they conduct routine patrols—up to 16 times per month—to safeguard conservation areas. Their funding comes from regional budgets (APBD), BLUD, donors, or village funds, ensuring financial stability. Recruitment is formal, prioritizing local residents and indigenous community leaders, while periodic training is conducted in collaboration with the Marine Police (Polair) and the Fisheries Surveillance Agency (PSDKP). Additionally, their patrols are integrated into the legal enforcement system, often working alongside law enforcement agencies such as the police and navy to ensure compliance with conservation regulations.
- In contrast, Voluntary POKMASWAS operate without regular incentives or financial support from the government. Groups like Raja Ampat KKN and several others were initially established through donor programs such as COREMAP-CTI, but after these programs ended, they became fully dependent on community initiatives. Unlike their BLUD-supported counterparts, their patrols are less frequent, conducted only in response to specific incidents rather than on a set schedule. Limited operational support poses significant challenges, making it difficult to secure essential resources such as equipment, fuel, and logistics. As a result, some of these groups experience a decline in activity or even dissolution due to a lack of sustained resources and institutional backing.
- Despite these differences, both types of POKMASWAS play a crucial role in monitoring Marine Protected Areas (MPAs) and ensuring compliance with conservation regulations. While BLUD-supported POKMASWAS benefit from structured funding and official backing, voluntary groups rely on grassroots efforts and local commitment, making their sustainability highly dependent on continued community engagement and external support.

Comparison of paid and unpaid POKMASWAS:

Category	BLUD (Paid)	Voluntary (Unpaid)
Funding source	BLUD, regional budget (APBD), donors, village funds	Initially supported by donors, then operates independently
Incentive	Receives regular incentives	No incentives provided
Patrols	Regular (e.g., 16 times per month)	Irregular, based on reported cases

Authority	Can collaborate with law enforcement for action	Limited to observing, recording, and reporting (3M)
Operational support	Provided with equipment (uniforms, communication tools, logistics)	Limited, depends on community initiatives
Sustainability	More stable due to secured funding	Prone to disbanding if support is lacking