

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Republic of Palau	Project Title:	Disaster Resilience Program
Lending/Financing Modality:	Policy-based Loan	Department/Division:	PARD/PAUS

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Palau Disaster Resilience Program supports a core development priority of the 2020 Palau National Master Development Plan^a: mainstreaming disaster risk reduction. The program is aligned with the vision in the National Disaster and Risk Management Framework (NDRMF),^b initially published in 2010 and amended in 2016, of “safe, resilient and prepared communities in Palau”. It is also in line with the Framework for Resilient Development in the Pacific 2017–2030,^c which (i) recognizes that climate change and disaster risks increase the vulnerability of Pacific Island people, undermining the sustainable development of the Pacific region, and (ii) provides high-level strategic guidance to different stakeholder groups on how to enhance resilience to climate change and disasters, in ways that contribute to sustainable development. The program supports goal 1 (strengthened integrated adaptation and risk reduction to enhance resilience to climate change and disasters) and goal 3 (strengthened disaster preparedness, response, and recovery).

The Government of Palau has limited financial arrangements in place to address the impacts of disasters. The government has to rely on drawing down from its General Reserve Fund, and budget reallocations from existing priorities, to deal with the immediate effects of a disaster. Accordingly, the government recognizes that contingent financing can be particularly effective in addressing risks pertaining to events that would exhaust the funds available for disaster response under the General Fund Reserve, but are too frequent to be covered cost-effectively through insurance. The 2015 Palau Climate Change Policy envisions the establishment of a \$25 million disaster contingency fund to respond in times of emergency. However, this measure has not yet been put in place, and the program will help address this financing gap by providing a contingent credit line of \$15 million.

The program is also consistent with the objectives of the Asian Development Bank (ADB) Pacific Approach, 2016–2020,^d which serves as the operational framework of ADB for the Pacific region and the overall country partnership strategy for the 11 smaller Pacific island countries, including Palau. The Pacific Approach emphasizes the importance of expanding ADB work in climate change and disaster risk management (DRM) to mobilize more financing for the Pacific region and to introduce innovative solutions to strengthen disaster preparedness, address vulnerability, and build resilience.

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The proposed project does not target a specific segment of the population of Palau. It is intended to benefit the general public through improved and more effective DRM.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Palau has one of the highest standards of living of Pacific countries, with an FY2016 GDP of \$310.3 million, an adult literacy rate of 99.5% and life expectancy of 71. However, the island nation still relies heavily on United States foreign aid through the Compact of Free Association. The compact includes a wide range of federal programs set to continue until 2030. Hardship is persistent, especially for disadvantaged groups and populations in rural areas, fast-growing urban settlements, and outer islands. The smallness, remoteness, geographic dispersion, with among the world’s highest exposure to climate change and natural hazards, and narrow economic base magnifies the effects of economic shocks. GDP growth is generally low and volatile. The program will benefit the overall population of Palau through improved DRM, and particularly the poorer and more vulnerable groups (including women) who tend to be more affected by disasters.

2. Impact channels and expected systemic changes.

The policy actions that the program is linked with are expected to contribute to improved resilience of vulnerable households by making available the resources necessary to meet the immediate needs of affected communities in the aftermath of disasters, and continuing to implement the government’s NDRMF, including at the community level.

<p>3. Focus of (and resources allocated in) the PPTA or due diligence.</p> <p>Two main issues will be assessed during program design: (i) progress in implementing, and arrangements for continued implementation of, the government's NDRMF; and (ii) continued effectiveness of the government's macroeconomic strategy.</p>
<p>4. Specific analysis for policy-based lending.</p> <p>Indicative focus will be on strengthening financial management of disasters, and disaster-sensitive planning and processes, including institutional capacity building. The particular needs of the poor and vulnerable as the most affected groups during disasters will be taken into account in the policy-related interventions and activities</p>
<p>II. GENDER AND DEVELOPMENT</p>
<p>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?</p> <p>While data issues constrain a comprehensive analysis, most indications are that women in Palau get higher schooling than their male counterparts. Women's representation in positions of power is an issue, with women occupying about 10% of parliament seats in 2016. Women can experience disparate impacts in situations of disaster and emergency, and face different challenges in responding to disasters and coping with the impacts of climate change. The NDRMF includes special attention to women in livelihoods recovery measures and in DRM training to local communities. Implementation of the NDRMF is expected to continue to strengthen social protection arrangements, ensuring communities and vulnerable households, including households headed by women, have access to sufficient relief supplies to meet their immediate needs, and receive support to rebuild their lives and assets.</p>
<p>2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please explain.</p> <p>Community-based DRM plans are being developed, based on the Community Based Disaster Risk Reduction Toolkit developed in 2016 to provide clear guidance to communities in their efforts to reduce disaster risks and create effective response and recovery systems. The toolkit recognizes the special needs of women, and the importance of involving women's groups in local DRM planning. Also, training modalities being developed for horticulture and livestock farming will be sensitive to the needs of women, who make the up the majority of farmers in Palau. Moreover, in a general sense, women will benefit from the elements of the program design that contribute to better DRM.</p>
<p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain</p> <p>The project will contribute to improved DRM. This will benefit both men and women.</p>
<p>4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming)</p> <p><input checked="" type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p> <p>The program includes design measures to benefit women such as special attention to women in livelihoods recovery measures and their participation in DRM training to local communities.</p>
<p>III. PARTICIPATION AND EMPOWERMENT</p>
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.</p> <p>The ultimate beneficiaries will be the people of Palau. The project objectives are aligned with the 2020 Palau National Master Development Plan, which was consulted within Palau. The community-based plans are consulted with and drawn up by communities.</p>
<p>2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?</p> <p>Information will be shared with the public as appropriate. Through consultations with nongovernment organizations, potentially excluded and vulnerable groups will be identified to enable their effective participation in DRM plans and activities.</p>
<p>3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?</p> <p><input checked="" type="checkbox"/> Information generation and sharing <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p>
<p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The project design does not require participation of the poor and excluded groups specifically.</p>
<p>IV. SOCIAL SAFEGUARDS</p>
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p>

<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project will not involve civil works and result in any involuntary resettlement impacts.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p style="text-align: center;">V. OTHER SOCIAL ISSUES AND RISKS</p> <p>1. What other social issues and risks should be considered in the project design? NA <input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? NA</p>
<p style="text-align: center;">VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT</p> <p>1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? NA.</p>

^a Palau National Master Plan Task Force. 1996. Palau 2020: National Master Development Plan. Koror.

^b Government of Palau. 2016. *National Disaster and Risk Management Framework 2010 (Amended 2016)*. Koror.

^c Pacific Community. 2016. *Framework for Resilient Development in the Pacific, 2017–2030*. Suva.

^d ADB. 2016. *Pacific Approach, 2016–2020*. Manila.