

**INITIAL POVERTY AND SOCIAL ANALYSIS**

Country:	Republic of Nauru	Project Title:	Port Development Project
Lending/Financing Modality:	Grant	Department/ Division:	Pacific Department Pacific Liaison and Coordination Office

**I. POVERTY IMPACT AND SOCIAL DIMENSIONS**

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

Nauru is an independent Republic in the Pacific with a land area of only 21 square kilometers and a population of 9,322 (2010). As a small island nation, Nauru is entirely reliant on sea and air transportation for its trade in goods and services. The effective and safe operation of the Nauru port facilities and equipment are central to maintaining trade and commerce with the outside world. Nauru imports over 95% of its goods by sea transport and is a vital link for the country's current and potential exports (phosphate, dolomite aggregate and fish). The existing port facility at Nauru is extremely in poor condition and has occupational health and safety issues, capacity limitations, and vulnerable to extreme weather. On request of the Government of Nauru (the government), the Pacific Region Infrastructure Facility conducted a pre-feasibility study to investigate feasible options for improvement of the port facilities in the short to medium term.<sup>19</sup> The proposed Nauru Port Development Project (the project) will improve overall port operations in the country complying international standards by constructing a quay wall for berthing ships together with an access causeway, reconstructing ports buildings, container storage and improving facilities for Nauru Port Authority (NPA).<sup>20</sup>

The project contributes to the national poverty reduction and inclusive growth strategy at the macro, sector and spatial levels by improving efficiency of Nauru Ports Authority, reducing demurrage, improving safety, reducing cost of cargo result in reducing cost of living in the country. This project has been identified in the ADB's country operations business plan for Nauru for 2016--2018 to provide enhanced infrastructure services. The project is also in line with ADB's Interim Pacific Approach, 2015 which extends ADB's Pacific Approach 2010-2014. The Interim Pacific Approach acts as the country partnership strategy for Nauru.

The project promotes economic and social inclusion of the poor and vulnerable groups and addresses the income and non-income dimensions of poverty and social exclusion by providing employment opportunities for the skilled and unskilled workers during project implementation and improving occupational health and safety of the workers during operational stage of the port upon completion of the project.

**B. Poverty Targeting (Select one):**

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

There will be no specific pro-poor design in the proposed project but it is expected to generate employment during construction. The improved ports facilities include enhance safety in port operations, reduced unloading time for cargo, increased turnaround of ships with no demurrage will assist reduce cost of port handling and reduce cost of cargo and thus directly influence reducing cost of goods within the country. Being a small island nation Nauru imports almost all the goods and over 95% of imports use sea transportation. The improved accessibility at port will encourage regional and international passenger transportation.

**C. Poverty and Social Analysis**

1. Key issues and potential beneficiaries.

The primary beneficiaries of the project will be the general public who will benefit from more efficient operation of the port's facilities which will reduce the costs of imported goods and facilitates the flow goods which most people rely on. The project will improve efficiency of the port operations and reduce port handling costs, demurrages and ultimately reduce cost of cargo. The reduced import costs (cost of cargo) will enable reduction in the imported goods in the country thus reduce cost of living. Nauru is a small single island country and sea freight transportation is a lifeline for the country.

During construction and operations phase, all Nauruan will benefit from increased employment. The construction workers will create demand for food, accommodation and services, thus benefiting the local economy. The Improved occupational health and safety of the workers upon completion of the project will assist reduce social costs.

<sup>19</sup> Government of Nauru. 2015. *Nauru Port Pre-Feasibility Study by Pacific Region Infrastructure Facility*. Nauru  
<sup>20</sup> The project will require (i) project design advance for geotechnical investigations, topography, and cadastral surveys and detailed engineering services under Project Design Advance, (ii) project preparatory technical assistance (PPTA). In addition, (iii) a piggy back capacity development technical assistance (CDTA) will also be required for institutional strengthening of Nauru Ports Authority.

2. Impact channels and expected systemic changes.

The project will improve efficiency of the Nauru Port Authority, improve operational health and safety and reduce cost of port handling. The project will benefit the poor by immediate impact on creating employment, and reducing costs of consumables in the domestic market. Employment generation is during construction and after completion of the project. The employment opportunities during construction will be machine operators, helpers, mechanics, welders etc mainly for males. Females will have the opportunity of providing services for the construction staff such as supply of food and accommodation. During port operations, Nauru Port Authority will recruit people—both women and men—to fill new job vacancies that will be identified by the capacity building and institutional strengthening TA. The project will bring more income opportunities for all Nauruan and assist the poor to enhance living standards due to increased disposal income. Building a new port and improved port operations to international standards will attract tourism through cruise ships due to presence of World War II monuments. The prices of the imported commodities will reduce due to reduced cargo costs as the port handling costs will be reduced as a result of the project.

3. Focus of (and resources allocated in) the PPTA or due diligence. The PPTA will identify poverty and social issues and will advise potential components and measures that should be considered at the project design. In particular, the PPTA consider whether there are specific improvements in the port facilities that can improve the safety of port workers, passengers and other community members, including women. It will also investigate potential negative social impacts of port operations, such as human trafficking and spreads of HIV/AIDS in the vicinity of port facilities. In addition, it will consider the specific project scope that can incorporate gender features, for example, ways to incorporate employment benefits to women during project implementation. The PPTA will include a consultant for assessment of poverty, gender and resettlement issues (3 person-months) and a provisional sum item for studies, surveys and reports for conducting necessary surveys for poverty and social safeguards assessments. The consultant will prepare a poverty and social assessment covering gender issues and conduct consultative workshops with all stakeholders.

4. Specific analysis for policy-based lending. NA.

## II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

As the construction will mainly carried out by use of heavy machinery, the employment opportunities during construction stage are likely to be mostly males; however, the project will be open to recruiting female workers when there are eligible females with technical skills. Whenever possible, female workers will be recruited for technical work positions, as well as other labor-based work or providing services during construction.

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?

Yes  No Please explain. If yes, a gender action plan should be prepared during PPTA or due diligence.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes  No Please explain If yes, actions and measures should be prepared during PPTA or due diligence.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity)  EGM (effective gender mainstreaming)

SGE (some gender elements)  NGE (no gender elements)

## III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The government (Ministry of Finance), Nauru Ports Authority, workers of the Nauru Ports Authority, all importers and exporters, potential passengers, domestic market retailers, general public and development partners. The key stakeholders from the government and Nauru Ports Authority will form the project steering committee and will oversee the preparation of the project. The business community and general public will take part in consultative process. Environment and other safeguards issues will be undertaken as part of the project due diligence.

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?

The objective of the project is to improve efficiency of the port operations by improving port facilities. This will be achieved by constructing a new quay wall for berthing ships and new buildings for harbor masters office and improved container yard. The capacity of the Nauru Port Authority will be improved by improving operating processes, establishing new regulations and, providing training to skilled and semi-skilled staff. Upon completion of the project it is expected the services provided by the Nauru Ports Authority will significantly improve complying international standards and cost of port handling will be reduced. The government and Nauru Port Authority staff will

be engaged in all aspects of the project through investigation, design and implementation stages. The community consultations will be undertaken during project preparatory stage and during construction. The community will have the opportunity in serving at the project during construction stage and providing services such as food, accommodation, transportation for the construction staff.

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?

Information generation and sharing H Consultation  Collaboration M Partnership

The civil society organizations will be consulted and involved during PPTA stage in carrying out social surveys and during construction stage for conducting workshops and training programs for preventing spread of communicable diseases, including HIV/AIDS from the international workers.

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?  Yes  No

## V. SOCIAL SAFEGUARDS

**A. Involuntary Resettlement Category**  A  B  C  FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?  Yes  No The project will be confined to the existing Nauru Port Authority premises. A cadastral survey will be carried out during Project Design Advance stage to determine extent of land belonging to Nauru Ports Authority.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan  Resettlement framework  Social impact matrix

Environmental and social management system arrangement  None

**B. Indigenous Peoples Category**  A  B  C  FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?  Yes  No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?  Yes  No The population in the project area is not considered to be distinct from the mainstream society. The project scope is not expected to affect any distinct and vulnerable group of indigenous peoples as defined by SPS, and does not require an indigenous peoples plan. The project outputs will be delivered in a culturally appropriate manner.

3. Will the project require broad community support of affected indigenous communities?  Yes  No Please explain.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

Indigenous peoples plan  Indigenous peoples planning framework  Social Impact matrix

Environmental and social management system arrangement <sup>v</sup>  None

## V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

H Creating decent jobs and employment  Adhering to core labor standards  Labor retrenchment

L Spread of communicable diseases, including HIV/AIDS  Increase in human trafficking M Affordability

Increase in unplanned migration  Increase in vulnerability to natural disasters  Creating political instability

Creating internal social conflicts  Others, please specify \_\_\_\_\_

Indicate high (H), medium (M), low (L) for selected boxes

2. How are these additional social issues and risks going to be addressed in the project design?

During construction stage, the project will create employment. Upon completion, the port operations will comply with international maritime standards and will create decent long term employment with adequate training. During construction, there will be expatriate workers under the international contractors and speared of communicable diseases, including HIV/AIDS is a potential risk for the domestic communities. This risk will be managed through conducting awareness training programs by authorized agents. The PPTA will investigate the nature and extent of social issues and risks, such as communicable diseases, and develop mitigation plans to be used during project implementation plans. Consultations will also be undertaken during PPTA to better understand the scope of issues in the project areas.

## VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

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?

Yes       No    If no, please explain why.

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?

The project will finance a consulting team under PPTA comprising an Environment Safeguards Specialist (3 person-months), and Social, Poverty, Gender and Resettlement Specialist (4 person-months). A provisional sum item for studies, surveys and reports has also been included under PPTA which can be used for necessary surveys for poverty and social safeguards assessments. The team will assess if there are any land acquisition and resettlement issues relating to the proposed landing sites for the wharf, port buildings and container yard and, if required will prepare a land acquisition and resettlement plan. The team will also prepare a poverty and social assessment covering gender issues and a due diligence on the indigenous people (if any); and a community participation plan. The team will conduct consultative workshops while in the field with key stakeholders.