



Initial Poverty and Social Assessment

Project Number: 42439
November 2009

Republic of Palau: Preparing the Sanitation Sector Development Project

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	Palau: Preparing the Sanitation Sector Development Project		
Lending/Financing Modality:	Technical Assistance grant (Japan Special Fund)	Department/ Division:	PARD/PAHQ

I. POVERTY ISSUES

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

Based on the country poverty assessment, the country partnership strategy, and the sector analysis, describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

This proposed TA was identified in the 2009–2013 Country Partnership Strategy, as Strategy Objective 3, *To deliver safe and reliable water and sanitation services to Palauans*. Sewerage collection and treatment infrastructure investment is the second highest infrastructure priority in Palau and is identified as one of the top five priorities for the *Palau Medium Term Development Strategy 2009-2014, Actions for the Future*.

The Palau Medium Term Development Strategy seeks to reduce poverty through promoting economic growth in the tourism sector, expanding agriculture and gaining greater benefit from its fishing resources including aquaculture. Koror has the highest population density of any settlement in Palau and is the center for the growth of the tourism and services sectors. Delivering safe and reliable sanitation services facilitates tourism and service sector expansion, helps protect the environment on which tourism and subsistence living relies and reduces health risks for the poor.

Palau needs to reduce its public expenditure by 5% over 5 years. It can not achieve this and continue to provide general subsidies to sewerage operations. Through establishing a commercial utility, the government can reduce its subsidization giving it greater flexibility to target subsidies to the poor.

B. Targeting Classification

1. Select the targeting classification of the project:

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

2. Explain the basis for the targeting classification:

The project supports Millennium Development Goal 7, Targets 3 and 4.

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?
N/A

2. What resources are allocated in the project performance technical assistance (PPTA)/due diligence?

Poverty and social development specialist (0.5 person-month); community awareness specialist (0.5 person-months); resettlement specialist (0.5 person-month). TA 4977-PAL: *Preparing The Babeldaob Water Supply Project* secures water resources for the same population, and the community awareness, poverty assessment and resettlement analysis remains relevant to this project proposal.

3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)?

Opportunities for pro-poor design will be identified during the social surveys to be undertaken by the PPTA consultants.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially-excluded benefit from the project?

They include the residents of Koror and Arai who will benefit through more reliable sewerage collection and treatment and thus reduce health risks for all. Refurbishment or renewal of the sewerage services in Koror and Arai will facilitate economic growth and generate employment opportunities through expansion of the tourism sector partly constrained by the lack of basic services. Seventy percent of residents in Koror are connected to the sewerage system, those not are based on location not income.

2. What are the potential needs of beneficiaries in relation to the proposed project?

A reliable and safe sewerage system.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

Existing system easements and right-of-ways are assured, however, if the relocation or expansion of the system is required these may become a constraint. The Project will address these risks during design to ensure possible new trunk lines do not require new land acquisition. Under funding of system maintenance has resulted in a deterioration of infrastructure, increased seepage from the system and overflows from the system. The project will sustain the improved infrastructure through creating a sanitation utility to improve the maintenance and operations efficiency and financial viability in the sanitation sector. Improved maintenance and finances will give reliable sanitation services and provide greater opportunity to expand the network.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

An initial stakeholder analysis will be undertaken by the community awareness specialist.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

Workshops with stakeholder groups including nongovernment organizations and community service organizations, and one-on-one consultations with affected persons.

3. What level of participation is envisaged for project design?

Information sharing Consultation Collaborative decision making Empowerment

4. Will a C&P plan be prepared? Yes No Please explain.

A C&P plan will be prepared by the community awareness specialist.

C. Gender and Development

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

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No Please explain.

The project is not expected to have any gender-specific impacts.

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality? Yes No Please explain.

The project is not expected to specifically impact or exclude women from benefiting from the project. The project will identify practical modalities to maximize benefits to communities, especially women and other vulnerable groups. If women are adversely affected during resettlement, the resettlement plan will include ways to mitigate the adverse effects. All data collected will be gender-disaggregated.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
<u>Involuntary Resettlement</u>	The project may require land acquisition. However, if required, it is likely to be within the existing road easements. Preliminary surveys and investigation based on preliminary technical design will be undertaken; if required, a LARP will be prepared.	Limited impact	<input type="checkbox"/> Full Plan <input checked="" type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<u>Indigenous Peoples</u>	The majority of the population has ethnic origins in Palau; therefore, the majority can be considered indigenous. However, under the ADB definition of indigenous persons, i.e., a group or cultural identity distinct from that of the dominant or mainstream society, there are no indigenous persons.	No impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain

Labor <input type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	Short-term employment opportunities may be generated during the project's construction phase. Longer-term employment opportunities, particularly in the service sector, could also be generated due to commercial development triggered by a more accessible, secure, and reliable water supply.	Limited impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	The project could result in an increase in water tariffs, which may impact on the poor. A tariff study, which will consider affordability issues, will be prepared through the PPTA. Lower government general subsidies to the sector enable targeted subsidies to the poor.	Limited impact	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.)	No other social risks beyond land acquisition have been identified.	No impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
<p>1. Do the terms of reference for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p> <p>2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p>			

ADB = Asian Development Bank, C&P = consultation and preparation, CSPU = country strategy and program update, LARP = land acquisition and resettlement plan, PPTA = project preparatory technical assistance.