



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 06/13/2019 | Report No: ESRSC00617



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Micronesia, Federated States of	EAST ASIA AND PACIFIC	P170718	
Project Name	Digital FSM		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Digital Development	Investment Project Financing	12/5/2019	3/31/2020
Borrower(s)	Implementing Agency(ies)		

Proposed Development Objective(s)

To increase access to more affordable internet, promote private sector investment in digital services and improve Government's capacity to deliver digital government services.

Financing (in USD Million)	Amount
Total Project Cost	20.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The Project will support investments in digital infrastructure in all four states as a catalyst to mobilize private sector investment and increase access to higher quality, lower cost digital services. The Project will also support Government's efforts to move towards an integrated Digital Government Platform that will help to provide greater efficiency and resource-sharing within Government, facilitate better communication with citizens and residents, and introduce a more service-oriented approach to serving individuals and business users. Technical assistance will also be provided on legal, regulatory and policy related issues, including core telecommunications sector regulation and to build trust around the use of digital services.



D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] FSM is made up of four semi-autonomous states (Kosrae, Pohnpei, Chuuk, Yap) located between Palau and the Philippines to the west and the Marshall Islands to the east. Although its land area covers just 700 square km, FSM consists of more than 600 islands scattered over an area of about 2.6 million square km. Each State has a main, ‘high’ island (volcanic in origin) where the majority of the State’s population is located. The overall population of FSM is estimated to be 105,544 (2017), of which approximately 45 percent live in Chuuk, 37 percent in Pohnpei, 11 percent in Yap, and 7 percent in Kosrae. There is internal migration to Pohnpei, which hosts the County’s capital Palikir, as individuals are particularly drawn to employment with the National Government. Access to basic services is also generally higher in Pohnpei. Each State is diverse in terms of language, cultural norms and land tenure laws.

Terrestrial fibre will be installed in the urban and rural areas of the main islands. Mobile 4G base stations and satellite connectivity will be installed on outer islands (volcanic and atoll) with populations over 100 people. A significant proportion of the population will benefit from access to improved mobile and broadband services.

D. 2. Borrower’s Institutional Capacity

The Borrower is familiar with Bank policies from the implementation of the Palau-FSM Connectivity Project. The Government of FSM, through the Department of Finance and Administration (DOFA) has set up a central implementation unit for World Bank projects. This Unit has a full time, experienced, Safeguards Specialist and is currently recruiting a Safeguards Advisor to support the Specialist. This Unit is providing support across the portfolio. This capacity and capability is considered adequate to support the integration of safeguards into the Digital FSM project. Because this will be the first project applying the Environmental and Social Framework (ESF) in FSM, ESF training as well as ongoing direct support will be provided to the client to ensure the requirements of the ESF are satisfied.

Public Disclosure

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

A. Environmental and Social Risk Classification (ESRC) Moderate

Environmental Risk Rating Moderate

The environmental risks are minor and relate primarily to managing earthworks and waste during infrastructure installation and maintenance. The risks to the community and workers during installation and maintenance relate to health and safety disruptions to access to properties and businesses. These types of risks can be managed through effective codes of practice for the installation of infrastructure, training of workers and good supervision and oversight of mitigation measures. A project ESMP will be prepared and include these tools. A moderate risk rating is proposed primarily because the project is not complex and/or large, does not involve activities that have a high potential for harming people or the environment, and is located away from environmentally or socially sensitive areas. The moderate risk rating will be validated/tested during project preparation given the project applies to four states which may affect implementation of impact mitigation measures.

Social Risk Rating Moderate

Social risks relating to increased connectivity are commonly understood to be cyber-bullying, addiction and exposure to illicit material, and risks relating to unequal access based on gender, age or ability. Social benefits and impacts of



increased connectivity can be managed through effective social assessment, and stakeholder engagement with a focus on improving and removing gaps to access for all (including the vulnerable) and developing safeguards within the intuitional frameworks to ensure equitable access and means to engage with and complain about services. A moderate risk rating is proposed primarily because the project is not complex and/or large, does not involve activities that have a high potential for harming people or the environment, and is located away from environmentally or socially sensitive areas.

The moderate risk rating will be validated/tested during project preparation given the project applies to four states which may affect implementation of impact mitigation measures.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

ESS1 applies primarily to the installation and operation of terrestrial and mobile internet infrastructure (fibre cable, satellite towers and dishes, small equipment sheds and boxes), and also to the technical advisory such as developing the Digital Government Strategy Framework. The environmental risks are minor and relate primarily to managing earthworks and waste during infrastructure installation and maintenance. The risks to the community and workers during installation and maintenance relate to health and safety disruptions to access to properties and businesses. These types of risks can be managed through effective codes of practice for the installation of infrastructure, training of workers and good supervision and oversight of mitigation measures. A project ESMP will be prepared and include these tools.

The social benefits of increased connectivity are increased access to government services, welfare, education, health etc., and better connectivity to family, friends and social networks. This is particularly beneficial to those who may be considered vulnerable due to disabilities, people isolated from the broader community due to unemployment, parental roles, age etc. and people living in remote island communities. Social risks relating to increased connectivity are commonly understood to be cyber-bullying, addiction and exposure to illicit material, and risks relating to unequal access based on gender, age or ability. Social benefits and impacts of increased connectivity can be managed through effective social assessment, and stakeholder engagement with a focus on improving and removing gaps to access for all (including the vulnerable) and developing safeguards within the intuitional frameworks to ensure equitable access and means to engage with and complain about services.

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

Although the anticipated impacts are low, the Borrower’s E&S Framework will not be relied upon because of a number of gaps in the legislation and capacity at State and National level to meet World Bank Standards. This said, I during preparation, an opportunity is identified to use local systems, these will be investigated and applied as appropriate.

ESS10 Stakeholder Engagement and Information Disclosure



Stakeholder engagement is critical in the role out of infrastructure and access to improved services but also critical in the development and implementation of the institutional and democratic frameworks for improved e-Government services. A social assessment will be carried out in project preparation to inform the stakeholder engagement plan to focus on these key areas. Consultations will be carried out in the local languages and in culturally appropriate formats. The Borrower may require additional resources to assist in the development of an inclusive e-Government framework where stakeholders are fully engaged.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The project will require contractors to install equipment and the terrestrial fibre network and the Government will enter into a Public-Private Partnership for the installation of equipment in the outer islands. There is no expectation of community workers. An assessment of labor rights and laws as well as occupational health and safety legislation and implementation arrangements will be undertaken during project preparation. ESS2 requirements will be mandated through the project ESMP, bid documents, contracts and in the PPP agreement, and supervised by the Safeguards Specialist (with specialist support contracted to the PMU when required).

The Labor Management Procedures will be prepared based on the ESA process during project preparation. It is proposed that the LMP be included in a specific section of the ESMP and will describe the findings of the ESA, national labor policies and practices, the types of project workers that are likely to be involved, the procedures to apply ESS2, and a grievance mechanism. Labor influx issues will also be included in the LMP.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is over minor relevance. There will be no emissions of pollution and no significant energy or water use required in installation or operation of the infrastructure. Small amounts of waste may be produced during installation and can be effectively managed under the ESMP to avoid and limit waste to landfill and maximise recycling and reuse.

ESS4 Community Health and Safety

Community health and safety issues which may occur with the project are considered to be minor and manageable. These are expected to include road safety and pedestrian safety during the digging of small trenches and backfilling operations and mitigations will be defined in the ESMP to be prepared. The Contractors may bring in workers from overseas and therefore there may be risks to the local communities from the labor influx. There are documented cases of imported labor creating markets for sex workers in FSM, and this will be a key risk requiring management. The social assessment prepared during project preparation will identify the issues in FSM relating to labor rights, issues with imported labor, gender, child labor, demand for sex workers, trafficking and will identify suitable management measures and mitigations will be defined by the ESMP to be prepared.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement



ESS5 is relevant for the project. Land will be required to install the fibre network on the main islands and the mobile and satellite infrastructure on outer islands. The social assessment shall provide a screening of the land access opportunities and issues in the four States. Experience on previous projects in FSM has shown that Government-leased land is the most preferable (and generally available) for the installation of key infrastructure and should be prioritised for the Digital FSM project. Where private land is required, land leases or easements should be obtained under State Law. Most infrastructure is flexible in its location and land owners will have power of choice to deny access to the Government or PPP, but in some instances there may be no choice and involuntary access or restrictions on land use (for example, due to an easement for fibre cables) may be required. A Resettlement Policy Framework will be prepared since the location and nature of land use requirements will not be confirmed prior to appraisal

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 has minor relevance to the Project. The footprint of the infrastructure is small and will mostly be laid within road reserve or on Government-leased land. Most infrastructure is flexible in its location and areas of natural habitat or conservation value can be avoided. Any physical disturbances will be minor and readily mitigated. The Codes of Practice in the ESMP can contain mitigation measures to avoid and remedy the minor impacts on vegetation.

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

The majority of people in FSM are Micronesian and will be the overwhelming beneficiaries for the project. The social assessment and project consultations will be conducted in accordance with ESS7 and the cultural needs of the people in each State. Elements of an Indigenous Peoples Plan will be incorporated into project design and no stand alone instrument will be prepared.

ESS8 Cultural Heritage

ESS6 has minor relevance to the Project. The footprint of the infrastructure is small and will mostly be laid within road reserve or on Government-leased land. Most infrastructure is flexible in its location and cultural heritage sites can be avoided. The Codes of Practice in the ESMP can contain mitigation measures to avoid impacts on cultural heritage, including consultation, identification of key sites and the implementation of chance find procedures.

ESS9 Financial Intermediaries

Not relevant.

B.3 Other Relevant Project Risks

The project applies to all four states of FSM. Due to the federated nature of the country (and therefore the different responsibilities between the Federal and State Governments as well as the logistical aspects of managing risks (as the PMU sits in Pohpei), this represents a contextual risk.



C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

No other financing partners proposed.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Preparation of a social assessment and consultations in each State with key government and NGO organisations. An ESMP, Resettlement Policy Framework and Stakeholder Engagement Plan prepared prior to appraisal.

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

Implementation of the safeguard instruments and Stakeholder Engagement Plan throughout the project and for technical assistance and physical investments. Preparation of Codes of Practice and other tools for the roll out of infrastructure. The preparation of contractor’s bid documents and the PPP agreements to include the requirements of the Bank’s Environmental and Social Standards (in particular ESS1, ESS2, ESS4 and ESS10).

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 01-Nov-2019

IV. CONTACT POINTS

World Bank

Contact:	Natasha Beschorner	Title:	Senior Digital Development Specialist
Telephone No:	5776+2522 /	Email:	nbeschorner@worldbank.org
Contact:	James L. Neumann	Title:	Senior Counsel
Telephone No:	473-9178	Email:	jneumann@worldbank.org

Borrower/Client/Recipient

Public Disclosure



Implementing Agency(ies)

V. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

VI. APPROVAL

Task Team Leader(s):	Natasha Beschorner, James L. Neumann
Practice Manager (ENR/Social)	Susan S. Shen Recommended on 05-Jun-2019 at 01:28:26 EDT
Safeguards Advisor ESSA	Peter Leonard (SAESSA) Cleared on 13-Jun-2019 at 09:34:43 EDT