

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA6879

Date ISDS Prepared/Updated: 27-Oct-2014

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Pacific Islands	Project ID:	P130592
Project Name:	Pacific Regional Connectivity Program 2:Palau-FSM Connectivity Project (P130592)		
Task Team Leader:	Natasha Beschorner		
Estimated Appraisal Date:	20-Oct-2014	Estimated Board Date:	22-Dec-2014
Managing Unit:	GTIDR	Lending Instrument:	Specific Investment Loan
Sector(s):	Telecommunications (100%)		
Theme(s):	Infrastructure services for private sector development (85%), Regulation and competition policy (15%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	72.50	Total Bank Financing:	47.50
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			47.50
Asian Development Bank			25.00
Total			72.50
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The development objective of the Project is to reduce the cost and increase the availability of ICT services needed to support social and economic development.

3. Project Description

The Project will finance the following components.

Component 1. International connectivity infrastructure. (\$44.5 million).

(a) Subcomponent 1A: Palau-Yap-Guam Cable System (US\$22.5 million). To participate in a joint venture with Palau for the construction of the Palau-Yap-Guam cable system, comprising a half share in the international cable system assets and an undivided right to own and manage the onshore FSM cable system assets in Yap including the Yap landing station and the point of interconnection for domestic operators to interconnect with the cable system;

(b) Subcomponent 1B: Chuuk-Pohnpei Cable System (US\$18.5 million). For an undivided right to own and manage a new cable system which will be constructed between Weno and either at the Pohnpei landing station or the branching unit on the Pohnpei spur to the HANTRU-1 cable system (whichever is financially and technically most advantageous); and

(c) Subcomponent 1C: Kosrae Connectivity (US\$3.5 million). This will finance a one-time purchase of international bandwidth for Kosrae on terms which promote equitable access to broadband access across FSM.

Component 2. Technical Assistance (\$2.25 million) will finance advisory services and training for:

(a) Design and ownership structure of existing and new infrastructure.

(b) Reform and development of FSM Telecommunications Corporation. Options for restructuring FSMTC and resulting actions to strengthen FSMTC's capacity to operate in a competitive market.

(c) Sector regulation and regulatory capacity development. Complementing the TA Project (P132686), financing for medium-term technical assistance to develop key capacities within the new sector regulator.

Component 3. Project management support (\$0.75 million) will finance Project management and coordination, financial management, audit, general Project reporting, monitoring and evaluation, and administrative costs associated with project implementation.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will finance an optical fiber submarine cable between Palau and Guam with a spur to Yap (FSM). It involves the placement of a submarine fibre optic cable from Guam to Palau with a spur to Yap and a long link connecting Chuuk to the existing Guam Pohnpei cable (HANTRU-1), for a total of over 2,000 km, much of it in deep ocean waters and the preparation of the landing facility and structure (about 40m²) at both locations. For Yap, the cable will likely be placed in the center of the shipping channel to the bridge, by Colonia harbor and then into Chamorro Bay, outside of the marine conservation areas, to the state-owned landing area and facility site. For Chuuk, it will likely be the corridor from the Guam-Pohnpei cable junction skirting a number of atolls, also outside of the marine conservation zones, to the North East end of the airport runway and then either to the existing FSMTC office or to the governor's complex via an existing easement.

At the Palau and Guam ends, the cable will be connected to existing landing stations. The Initial Environmental Examination safeguards documentation prepared by the Recipient has indicated that in Yap, the inland location for both the landing sites, and the site for the cable station are on vacant government land and that the sites are not being used by other parties. No structures, crops or productive trees will be affected. No land acquisition will be required and no involuntary resettlement has been identified. The cable landing site in Chuuk is located adjacent to the airport and is currently being purchased by the State Government. The key issue here is to ensure that the compensation for this land is paid in full, that appropriate consultation has been carried out, that the compensation reflects the full replacement cost of this land and that no outstanding grievances exist in relation to this purchase. Both options for the actual cable station are located on Government owned land (one option is an FSM Telecom compound and the other is in the State Government headquarters of Michitiw. Existing government easements are proposed to be used to bring the fibre optic cable to the cable station.

The population of FSM is comprised of many ethnicities; and all are descended from, and belong to, the Micronesian culture. These different ethnicities are Chuukese 48.8 percent, Pohnpeian 24.2 percent, Kosraean 6.2 percent, Yapese 5.2 percent, Yap outer islands 4.5 percent, Asian 1.8 percent, Polynesian 1.5 percent, other 6.4 percent, unknown 1.4 percent (2000 census). Based on recent analytical work completed by the World Bank the communities within FSM are not considered to have the four characteristics required to trigger OP 4.10 (self-identification as distinct indigenous cultural group and recognition of this identity by others; collective attachment to geographically distinct habitats or ancestral territories in project area and the natural resources in these habitats or territories; Customary cultural, economic, social or political institutions separate from those of the dominant society and culture; and Indigenous language, often different from official language of the country or region).

5. Environmental and Social Safeguards Specialists

Maya Gabriela Q. Villaluz (GENDR)

Ross James Butler (GSURR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>The Project involves the laying of submarine cables and the construction of landing stations in Palau and FSM. An existing landing station will be used in Guam. Accordingly no construction activities will be required in Guam and no social or environmental impacts are anticipated.</p> <p>Potential negative environmental impacts related to the laying of the submarine cables, operations and maintenance phase of the cable operation and in the eventual removal of the cable are small-scale and temporary. The anticipated impacts include clouded water due to the temporary suspension of sand along the sections of the alignment due to cable laying and trenching; air and water pollutants as well as noise and vibration from survey and cable placement</p>

		<p>vessels; minor disturbance to coral reefs, mangroves, other marine habitats and hydrothermal vents; foreign, biologically-harmful or chemically-reactive cable materials or release of harmful substances during cable laying operations.</p> <p>The Recipient has completed environmental and social assessments in the form of an Initial Environmental Examination (IEE). Two IEEs have been prepared, one for FSM and one for the Guam to Palau cable, both of which include an Environmental and Social Management Plan (ESMP) for mitigation, monitoring and reporting of all identified impacts including institutional responsibilities, policy, legal, and administrative framework, cost and financing, and monitoring. Embedded in the ESMPs are an Environmental Code of Practice (ECOP) which lists the items defined in the ESMP and adds further detail on boundaries and restriction to be adhered to by contractors conducting work in the marine environment and on shore. The IEE also contains procedures to establish a Grievance Redress Mechanism. The IEE includes assessment of all project-related development sites and general layout and extent of facilities at project-related development sites, analysis of alternatives for the determination of the best location and technology of the cable alignment, cable laying, landing sites and cable stations; flow diagrams of facilities/operations, design basis, size, capacity; pre-construction, construction and operational activities; construction, schedule, facilities and services; operation and maintenance activities. Community consultations were undertaken, and this has been documented in the IEE and ESMP and has been disclosed by the government.</p> <p>Unexploded ammunition from WWII poses risks that will be mitigated through careful management and due diligence; this issue is (also) addressed in the ESMP.</p>
Natural Habitats OP/BP 4.04	Yes	This policy is triggered since the cable alignments for Yap and Chuuk will run through natural habitats but will not enter any conservation area, nor degrade or convert any critical natural habitat.

		Although the alignment runs close to 2 conservation areas in Yap, no impacts are expected given the small scale of the infrastructure being installed. The IEE has assessed the impacts on the marine life and the coastal ecosystems and has proposed mitigating measures in the ESMP.
Forests OP/BP 4.36	No	This policy is not triggered. It has been confirmed the landing stations in FSM, Palau or Guam will not be in mangroves or any forested areas.
Pest Management OP 4.09	No	This policy is not triggered as there will be no use of pesticides in this project.
Physical Cultural Resources OP/BP 4.11	Yes	This policy is triggered. Chuuk branch line will run directly from junction to Weno, entering the Chuuk Lagoon through the northeast channel. Draft Chuuk Historic Preservation Act declares there is a significant number of sunken World War 2 (WW2) relics (including 80 wrecks) in Chuuk Lagoon protected under law and these shipwrecks for nomination to UNESCO's World Heritage listing. The ESMP has identified potential impacts to the PCR and mitigating measures and chance find provisions are contained therein. A separate PCR management plan will be prepared and disclosed after detailed information on the relics is gathered during the oceanographic and bathymetric survey. The ESMP also establishes a chance-find procedure by requiring that if the alignment is found to affect any cultural heritage once the work has begun, mitigative actions will be discussed with local officials and an optional plan implemented and monitored.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered as there are no IPs identified in the project sites. This is consistent with the PIC guidelines.
Involuntary Resettlement OP/BP 4.12	No	No land acquisition is required for any of the landing sites and all cable routes are along existing government owned roads. Construction related impacts are managed via the ESMP to ensure these are mitigated and inconvenience to local communities minimized. Due diligence documentation has been prepared for the Palau and FSM landing sites. The project sites (cable landing site and site for cable station)

		<p>in Yap will be located on a government land in Nimar Village in Weloy Municipality, Colonia (Parcel No. 002 F 01 title) thus will not require land acquisition. Both cable landing site and site for cable station are on a vacant government land in a government precinct including staff quarters, government offices, the Post Office and Office of Lands in the capital.</p> <p>The cable landing station for Chuuk will be on land which has already been acquired by the State Government prior to the project and not for the direct purpose of the project. The land on which the cable landing site will be located is fully owned by the Government. This is confirmed in a letter from the Governor of Chuuk State to the Chairperson of the FSM Fiber Optic Cable Taskforce. Ongoing monitoring will be undertaken by the PMU to confirm there are no outstanding issues for this land.</p> <p>The landing site and cable station in Palau are also covered by a due diligence report. The fiber optic cable landing site in Meyuns Hamlet in Koror does not require acquisition of private land nor entail displacement of people, food gardens and physical structures. The landing site has an existing beach manhole to connect the cable once it reaches land from the marine channel. The landing site is on government-owned land, near the Office of the President's extension office and existing earth station complex of Palau National Communications Corporation (PNCC) compound.</p> <p>The cable station located inside the PNCC compound, is approximately 150 meters from the cable landing site and has an existing underground conduit connecting the station with the landing site which has the space required to receive the cable.</p> <p>In Guam, one of the existing landing sites and stations will be used. No new sites/facilities or construction activities are required.</p>
Safety of Dams OP/BP 4.37	No	This policy is not triggered as there are no dams involved the project.

Projects on International Waterways OP/BP 7.50	No	This policy is not triggered as submarine cable systems will be deployed in the open ocean, not in shared waterways (rivers, lakes).
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>An IEE has identified key social and environmental impacts and benefits for the FSM (Yap-Chuuk) component to date. Another IEE was prepared for the Palau component.</p> <p>The IEE include social assessments which confirm that the project is expected to have an overwhelmingly positive social impact by improving the accessibility and quality of ICT services which will benefit the people of FSM and Palau.</p> <p>No land acquisition is required for the project however some localized disturbance may be created during construction. These have been assessed and management provisions established in the Environmental and Social Management Plan (ESMP).</p> <p>Some negative environmental impacts may occur due to physical works including construction of cable landing sites and laying and/or burial of the submarine cables on seabed floor. 1km buffer zones for sensitive environments (e.g. seamounts and hydrothermal vents) and selection of appropriate technologies and cable placement methods have been established to minimize environmental disturbance and are included in the ESMP. Maximizing placement of the cable in shipping channels will avoid harm to coral reefs, mangroves, other sensitive marine environments as well as sunken cultural relics. Although two Conservation Areas (CAs) in Yap are located adjacent to the project area, these areas can be avoided and the ESMP requires that contract specifications establish a cable route that provides $\geq 75\text{m}$ distance from CA boundaries, and requires all survey and cable laying vessels to maintain this distance at all times (limited by the proximity of CAs to the shipping channel).</p> <p>UXO Safety Risks have also been identified in the ESMP and additional detailed work will be required during implementation to ensure UXO does not represent a risk to workers, the community or the environment.</p> <p>An Environmental Code of Practice (ECOP) is embedded in the ESMP and will be used during ongoing consultation processes in guiding the effective delivery of the project</p> <p>The ESMP requires that a PCR management plan be prepared after detailed information on the sunken relics are obtained after the oceanographic and bathymetric survey. The ESMP also establishes a chance-find procedure by requiring that if the alignment is found to affect any cultural heritage once the work has begun, mitigative actions will be discussed with local officials and an optional plan implemented and monitored.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities</p>

in the project area:
<p>Construction of support infrastructure may have small-scale and localized temporary impacts. No long term impacts are expected.</p> <p>Consultation highlighted concerns about increased vulnerability to human trafficking and increased accessibility of undesirable websites due to improved technology.</p>
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
<p>Alternative technologies, cable alignments and methods were considered in the IEE, as outlined in the report. Six options for the land site in Yap and three alternative landing sites in Chuuk were considered.</p> <p>Subsequent to the IEE, an Environmental and Social Management Plan (including an ECOP) were developed to address the safeguards issues and satisfy the requirements of the World Bank Safeguard Policies. The ESMP provides guidance on avoidance and mitigation strategies in relation to potential social and environmental impacts.</p>
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
<p>The cable laying operations will avoid infringing on any live coral reefs or areas where coral is recovering from past degradation. To that end the oceanographic survey team will receive instructions to align the cable around living reefs (based on the 2014 surveys to date no such interaction is anticipated, so long the cable is placed in the shipping channel).</p> <p>If not placed with care and in the shipping channel the cable could impact local seagrass meadows in both sites (albeit minimally, given that the cable is 3-7 cm in diameter). To avoid this, the cable placement will be confined to a narrow path (less than 0.4m (15”) wide and 0.75m (29.5”) deep, and these specifications will be included in contract documents, and avoiding seagrass meadows wherever possible. Seagrass meadow locations were identified and none found to be in the recommended cable-placement corridor, or anywhere near it.</p> <p>The IEE established the limited technical capacity of the project implementing entity, the Project Coordinator or the PMU, to credibly implement the ESMP. Nevertheless, this capacity will be reinforced by the recruitment of a Safeguards monitor who will oversee the monitoring the Project’s safeguards performance. Capacity building activities will be conducted to strengthen the PMUs capacity to supervise compliance with the ESMP and ECOP.</p>
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
<p>Key institutional stakeholders include: Department of Transport, Communications and Infrastructure (DTCI), FSM Cable Company (once established), Department of Finance and Administration (DoFA), MicroPal Committee (Palau-FSM joint steering committee).</p> <p>The ESMP establishes the need, and outlines a process for stakeholder consultation including the requirement to conduct a series of consultations before, during and after construction activities with government, private sector and non-government organizations including women and youth to address a number of issues including progress of work and cable alignment. These consultations have the objective of informing, and seeking feedback from all interested people on the work and</p>

general alignment location and methods to used. Coastal resource users will be consulted and cable laying activities kept to as short a period as possible, preferably outside any fishing seasons which will be defined during the consultation with Marine Resources authorities and the above community consultation activities.

The ESMP requires that a safeguards monitor-technician be retained by the project coordinator's office or the national government to provide on-the-job assistance with information distribution, community consultation and compliance monitoring tasks. Cost of community awareness activities such as community meetings/public consultations and information materials prior to construction, during and after construction have been budgeted for and are expected to be approximately \$20,000, or about \$10,000 in each of Yap and Chuuk.

Similar consultation provisions are included in the IEE for the Guam-Palau components to be funded by ADB. Key information materials and reports used in any of the consultation processes shall be translated into local languages and disclosed locally.

The ESMP outlines a Grievance Redress Mechanism (GRM).

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	22-Oct-2014
Date of submission to InfoShop	24-Oct-2014
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Micronesia, Federated States of	23-Oct-2014
<i>Comments:</i> The Government of FSM has disclosed the documents on the websites of the office of the President, and the Department of Transport, Communications and Infrastructure. Copies will also be available from the Yap and Chuuk state governments.	
Palau	24-Oct-2014
<i>Comments:</i> The Government of Palau has advised disclosure on its website/portal and that copies will be obtainable from Ministry of Finance, Koror Branch Office and the Office of the President, Koror Satellite Office	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader:	Name: Natasha Beschorner	
Approved By		
Regional Safeguards Advisor:	Name: Josefo Tuyor (RSA)	Date: 27-Oct-2014
Practice Manager/ Manager:	Name: Carlo Maria Rossotto (PMGR)	Date: 27-Oct-2014