

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC1332

Date ISDS Prepared/Updated: 27-Oct-2014

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I. BASIC INFORMATION

A. 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%)		
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		

B. Project Objectives

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.

C. Project Description

PROJECT IN FSM

Component 1. Submarine cable system for Palau-Yap-Guam (\$5 million). IDA financing will be on-lent to an SOE (representing the Government's participation in the CCC) to finance a spur from the state of Yap to the proposed Palau-Guam cable. Further, the IDA financing will finance the membership of the SOE in the CCC in exchange for a set of rights including the use of a certain amount of capacity on the Guam – Palau cable. Following market liberalization, the Government intends to sell down its ownership interests in the SOE to the private sector pursuant to robust ownership and governance arrangements that will ensure open and nondiscriminatory access to international cable capacity. The Government of FSM will also implement regulatory arrangements to ensure that the domestic market in FSM is guaranteed access to international capacity on an open and nondiscriminatory basis.

Component 2. Chuuk and Kosrae communications backbone subsidy (\$15 million) will support the establishment of a universal access fund under the new Communications Law, to provide stimulus funding for backbone infrastructure for Chuuk and Kosrae. Funding will be offered through a competitive bidding process for “least cost” subsidy. Details of the funding mechanism and implementation support will be developed under technical assistance provided in Component 3.

Component 3. Technical Assistance includes technical assistance (\$2 million) for:

- (a) Assessing options for improved connectivity for Chuuk and Kosrae and developing a universal access scheme: (i) assessing options for submarine cable or improved satellite connectivity for Chuuk and Kosrae; and (ii) designing and implementing a universal access scheme to provide access for virtually all FSM citizens to voice calling and Internet access services;
- (b) Sector regulation and regulatory capacity development. Complementing the TA Project which is more short-term in nature, this component will finance medium-term technical assistance for the new sector regulator to develop and implement regulatory policies and procedures, establish a licensing procedure for all operators, design processes for the resolution of disputes between service providers, and the protection of consumers against unfair or misleading practices by service providers.

Component 4. Project management support (\$0.50 million) will finance Project financial management, audit, general Project reporting, and monitoring and evaluation.

PROJECT IN PALAU

Component 1. Submarine cable system for Palau-Yap-Guam (\$12.5 million). IBRD financing will be on-lent by the Government of Palau to PNCC, or to a specially designated SOE, for membership in the CCC in exchange for a set of rights including the use of a certain amount of capacity on the cable. The Government of Palau will implement arrangements to ensure that the domestic market in Palau is guaranteed access to international capacity on an open and non-discriminatory basis.

Component 2. Project management support (\$0.5 million) includes support for Project financial management, audit, general Project reporting, and monitoring and evaluation.

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

The project will involve a submarine cable between Palau and Guam with a spur to Yap (FSM). At the Palau and Guam ends, the cable will be connected to existing landing stations. At the Yap end,

the cable will be connected to a new landing station. The land identified as the site for the Yap landing station is owned by the State of Yap (TBC). For a Chuuk submarine cable, a new landing station would be required in Chuuk. The marine environment between these locations sustains many sensitive ecosystems and is home to many fauna but there are no proposed or established protected areas documented along the oceanic portions of the cable route . An Environmental Impact Assessment will determine the area of influence of the project. In addition to potential small-scale land acquisition, the laying of the submarine cable and associated infrastructure may have physical and economic impacts on local livelihoods, primarily fishing. Finally, it should be noted that the Project is located in countries where the majority of beneficiaries are indigenous peoples.

The exact cable route will be determined by a marine survey that will also map out the locations of all the sensitive ecosystems and the laying of the cables will be done by a specialized ship guided by sonar and other systems. The final cable route will be chosen to avoid sensitive ecosystems such as hydrothermal vents and seamounts given that the geophysical conditions at these locations could also destroy the cable. The use of sonar may be a nuisance to cetacean communities but this risk will be mitigated by adoption of industry best practice protocols. Given these considerations, the Project is unlikely to significantly impact the marine environment and sensitive ecosystems and species during the laying of the cable (i.e., the construction phase). Therefore, any impacts that occur are likely to be short-term, and will not lead to induced and/or cumulative impacts.

The Project will take into account the implementation experience of the recently-commissioned Tonga-Fiji cable, cofinanced by the World Bank and Asian Development Bank. No adverse social or environmental impacts were experienced during marine operations or landing at Suva or Nuku'alofa. The Project will use the applicable safeguards policies of the World Bank. The World Bank, in consultation with prospective cofinanciers, will take primary responsibility for review and clearance of safeguards instruments.

E. Borrowers Institutional Capacity for Safeguard Policies

Limited capacity on the Government side so support will be required during implementation. It is noted that the telecom operators (PNCC and FSMTC) have previous experience of implementing US-government financed telecoms infrastructure investments including domestic backbone (PNCC fibre-optic backbone) and international submarine cable (Pohnpei-Guam HANTRU-1 cable system).

F. Environmental and Social Safeguards Specialists on the Team

Knut Opsal (GSURR)

Maya Gabriela Q. Villaluz (GENDR)

Victoria Florian S. Lazaro (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	This Project will finance the laying of a submarine fiber-optic cable system in FSM and Palau that will likely include the conduct of a marine survey, plant and equipment, terminal station and equipment (landing station or connection to existing landing stations), cable deployment and maintenance for an agreed contractual period, and contingency, associated marine and land based infrastructure. Potential

		adverse environmental impacts may include temporary site-specific disturbance of marine ecosystems (including habitats and species) and coastal areas and communities during laying, operation and maintenance of the cable, and construction of the land and marine based infrastructure, which are expected to be mostly temporary and/or short term but are also expected to be readily manageable. The Project has been initially assigned a category "B" consistent with the nature of these impacts and the requirements of OP4.01 and a full Environmental and Social Impact Assessment (ESIA) and corresponding Environmental and Social Management Plan (ESMP) for the known sites will be prepared by the Project team to address these issues. As part of this process consultations will be undertaken with all stakeholder groups in potentially affected communities--NGOs and research groups with interest and experience in the Pacific. Since there are other specific sites that still have to be determined an ESMP will be prepared and together with an environmental code of practice disclosed locally in country and also at the World Bank's Infoshop.
Natural Habitats OP/BP 4.04	Yes	An assessment of the impact of the laying of submarine cables on the marine ecosystem is required. Palau, Yap and FSM are important marine ecosystems with high marine biodiversity. It may also be the route of migrating fish and marine mammals. The EIA should assess the impacts on the marine life and the coastal ecosystems and propose proper mitigating measures. Based on the Tonga-Fiji cable deployment experience, limited impacts were observed.
Forests OP/BP 4.36	TBD	The landing stations might be situated in mangrove areas. The EIA will assess any likely impacts on existing mangrove areas.
Pest Management OP 4.09	No	There will be no use of pesticides in this project.
Physical Cultural Resources OP/ BP 4.11	TBD	Based on the locations of the landing stations, an assessment of the PCR in these sites should be done in the EIA.
Indigenous Peoples OP/BP 4.10	Yes	This policy is triggered since the majority of beneficiaries are indigenous peoples. However,

		<p>a stand-alone IPP/IPPF is not required. Instead, and in accordance with OP 4.10, the elements of an IP Plan and/or planning framework will be integrated into the project design. These shall include the following: a) Free, prior, and informed consultation (FPIC) leading to broad community support conducted during project preparation. Consultations materials should be translated to local languages and disclosed locally to ensure that there is widespread understanding of the project, its objectives and timeline; b) A Community Consultation Framework (CCF) will be incorporated into the final Project Operations Manual to ensure that communities will be informed and consulted about any changes in the project; c) A culturally appropriate grievance redress mechanism, which should be explained during the FPIC consultation; and d) Measures for disclosing key Project documents. An executive summary in non-technical language of EMP and EMF will be translated into local languages and disclosed locally.</p>
<p>Involuntary Resettlement OP/BP 4.12</p>	<p>Yes</p>	<p>Locations for the landing stations will need to be confirmed; these may be colocated with existing facilities owned by PNCC or FSMTC. The extent of construction will need to be determined. Due diligence will be undertaken to determine whether or not there are legacy issues (such as involuntary displacement, grievances of lost assets etc). In the event of any legacy issues a strategy to address them will be prepared. If involuntary land acquisition and/or resettlement are confirmed and specific Project areas are known prior to appraisal a Compensation and Resettlement Plan will be prepared. When land acquisition and/or involuntary resettlement are not confirmed or specific Project areas are unknown prior to appraisal, a Land Acquisition and Resettlement Framework will be prepared.</p> <p>Although any impacts are likely to be minimal/temporary, there is potential for the customary use right owners (land, fisheries) to be entitled to compensation payments due to any temporary interrupted access to their fishing grounds as a result of the laying of the cable.). The issue of</p>

		linkage will be investigated to determine if there are linked activities as defined by the World Bank's OP4.12, clause 4. If there are, the Task team and the Project Implementing Entity will agree on a due diligence approach and agree on how best to address any issues that might arise.
Safety of Dams OP/BP 4.37	No	This policy is not triggered
Projects on International Waterways OP/BP 7.50	No	Submarine cable systems will be deployed in the ocean, not in shared waterways (rivers, lakes).
Projects in Disputed Areas OP/BP 7.60	No	N/A

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 29-Nov-2013

B. Time frame for launching and completing the safeguard-related studies that may be needed.
The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

Draft TORs completed by client November 30, 2012. Revised TOR to be prepared by June 2013

Commencement of Environmental and Social Impact Assessment and Mitigation Plan: July 2013

Draft report: October 2013

Final report and disclosure: November 2013

IV. APPROVALS

Task Team Leader:	Name: Natasha Beschoner	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Josefo Tuyor (RSA)	Date: 27-Oct-2014
Practice Manager/ Manager:	Name: Carlo Maria Rossotto (PMGR)	Date: 27-Oct-2014

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.