

**SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY**

Country:	Palau	Project Title:	North Pacific Regional Connectivity Investment Project (46382-001)
Lending/Financing Modality:	Loan	Department/Division:	Pacific Department (PARD) Urban, Social Development and Public Management Division, PARD (PAUS)

<b>I. POVERTY ANALYSIS AND STRATEGY</b>
Poverty targeting: General intervention
<b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b>
<p>Recognizing the essential role of connectivity for supporting economic growth in Palau’s main industry, the Asian Development Bank (ADB) country operations business plan, 2015–2017 for Palau and Palau’s medium-term development strategy, 2009–2014 prioritize (i) facilitating private sector development, and (ii) improving public sector effectiveness.<sup>a</sup></p> <p>The proposed project will contribute to poverty reduction in Palau by reducing the cost of communication for businesses and individuals, and increase access to information and services essential for socioeconomic development. It will contribute to improved efficiency and effectiveness of private sector activities as well as public services. It will also open up new opportunities for business activities, thus creating new employment opportunities. In addition, the project will enhance regional integration and cooperation by expanding the regional communication network—offering cheaper and better quality communications, which will encourage regional trade in goods and services.</p>
<b>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</b>
<b>1. Key poverty and social issues</b>
<p>According to the 2013 Millennium Development Report, Palau has achieved most of the Millennium Development Goals (MDGs): universal primary education (MDG 2); promote gender equality and empower women (MDG 3); reduce child mortality (MDG 4); improve maternal health (MDG 5); combat HIV/AIDS, malaria, and other diseases (MDG 5a); and ensure environmental sustainability (MDG 6).<sup>b</sup> In addition, Palauans enjoy relatively high standards of health, education, and other public utilities, which have been provided mostly free or heavily subsidized by the government. However, although 97% of the 4,926 households in Palau reported having power, only 662 households or 13% reported having an internet connection at home (2013 Yearbook).<sup>c</sup></p> <p>During the consultations, a poor internet connection was cited as a major barrier for students and professionals pursuing tertiary or higher qualifications in country. Faster internet speed may encourage more young people to pursue higher and relevant labor market qualifications without going overseas.</p>
<b>2. Beneficiaries.</b> The primary beneficiaries will be the people of Palau as well as businesses who use telecommunications and internet services as submarine cable will enable internet providers to provide improved internet speed at lower costs. Other primary project beneficiaries will include telecommunication operators and Internet service providers. With lower costs to provide services and facilitate competition in the market, businesses, in particular those related to tourism, are expected to improve services and lower costs, thus creating additional employment opportunities particularly for lower skilled labor.
<b>3. Impact channels.</b> Faster speed, wider coverage, and lower costs were identified priorities by stakeholders from the project during consultations. Specifically, improved speed and wider distribution facilities and reduced end-user price are expected to increase usage by households particularly those in the rural areas.
<b>4. Other social and poverty issues.</b> Government’s technical capacity to carry out gender analysis is low and gender equality is not perceived to be a ‘problem’ despite the growing rates of violence against women, trafficking of foreign workers for the sex trade, and increasing suicides among women. There is a strong need for improved sex/age-disaggregated statistics across all sectors and for both Palauans and non-Palauans.

**5. Design features.**

Through connection to the international fiber optic hub in Guam, the project will provide faster and more reliable internet connections to Koror and other states in Palau. With a faster and more reliable internet connection, local people—including low-income households, small and large businesses, and government institutions—will have access to faster communications services, enabling e-governance. Businesses will also benefit through efficient business operations, and reduce operational and opportunity costs from slow and unreliable internet.

The project, through internet service providers, will also increase community awareness regarding internet safety controls such as filtering mechanisms and parental control devices by targeting new and young internet users and parents, including the low-income population.

The project documents include pro-poor or poverty reduction measures to address poverty issues. The project's poverty reduction measures include provision of work for unskilled and semiskilled labor for local people in the project area whenever possible. Contractor(s) will be encouraged to employ local men and women in project activities. Low-income households in the project area, whenever possible, will be engaged in labor-based construction and/or maintenance work.

**II. PARTICIPATION AND EMPOWERING THE POOR****1. Participatory approaches and project activities.**

A three-stage consultation (key respondent interviews, focus group discussions, and public consultation) was held at national and state level from June to July 2014. Interviews involved national and state government representatives—including a minister, state governors, and department heads. Others included the president of the community college, the executive director of Palau Chamber of Commerce, civil society organizations (including women's groups' traditional leaders), selected students, and public internet users were held from 1 to 6 July 2014. Following the individual interviews and focus group discussions, a public consultation—attended by key national, state, and community representatives—was held on 29 July 2014. The public consultation included at least two ministers, two state governors, the Office of the President, government agencies, hotel operators, telecom operators in Palau, conservation groups, school officials and students, traditional women's leaders (Bilung or Queen of Koror), and elected women leaders of Palau.

2. Civil society organizations. Civil society organizations will be informed and shared the various ways of using internet to provide social services.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as low (L).

Information gathering and sharing  Consultation  Collaboration  Partnership

**4. Participation plan.**

Yes  No

**III. GENDER AND DEVELOPMENT**

Gender mainstreaming category: No gender elements

**A. Key issues.**

Access to ICT services depends more on the availability and affordability of those services than social factors that might disadvantage women and girls. Access to project benefits should be equal for females and males.

**B. Key actions.**

Gender action plan  Other actions or measures  No action or measure

**IV. ADDRESSING SOCIAL SAFEGUARD ISSUES****A. Involuntary Resettlement**

**Safeguard Category:**  A  B  C  FI

1. Key impacts. The project will not require land acquisition. It will utilize existing government land.

**2. Plan or other Actions.**

Resettlement plan  Combined resettlement and indigenous peoples plan  
 Resettlement framework  Combined resettlement framework and indigenous peoples planning framework  
 Environmental and social management system arrangement  
 No action  Social impact matrix

<p><b>B. Indigenous Peoples</b></p> <p>1. Key impacts. Social assessment has confirmed that local people in the project area do not meet the ADB criteria of indigenous peoples (distinctiveness and vulnerability).</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Plan or other Actions.</p> <p><input type="checkbox"/> Indigenous plan  <input type="checkbox"/> Indigenous peoples planning framework  <input type="checkbox"/> Environmental and social management system arrangement  <input type="checkbox"/> Social impact matrix  <input checked="" type="checkbox"/> No action</p>	<p><b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p><input type="checkbox"/> Combined resettlement and indigenous peoples plan  <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework  <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</p>
<b>V. ADDRESSING OTHER SOCIAL RISKS</b>	
<p><b>A. Risks in the Labor Market</b></p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated is rated as (L) Low.</p> <p><input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input type="checkbox"/> core labor standards</p> <p>2. <b>Labor market impact.</b> The project is expected to generate minimal local employment opportunities in the project sites during construction and operation, but presents capacity building opportunities for government and non-government related staff.</p>	
<p><b>B. Affordability</b></p> <p>The project will improve affordability through efficient service and a possible reduction in service charges.</p>	
<p><b>C. Communicable Diseases and Other Social Risks</b></p> <p>1. The impact of the following risks is rated as not applicable (NA):</p> <p><input type="checkbox"/> Communicable diseases <input type="checkbox"/> Human trafficking  <input type="checkbox"/> Others (please specify) _____</p> <p>2. Risks to people in project area:  No potential risks are anticipated.</p>	
<p style="text-align: center;"><b>VI. MONITORING AND EVALUATION</b></p> <p>1. Targets and indicators. By 2020, an increase in data demand at an average annual percentage rate of 35%, the number of fixed line internet service subscribers increased by at least 15%, mobile data usage increased by 30%.</p> <p>2. Required human resources. BSCC will recruit consultants under PMU to monitor and report the safeguard indicators during project implementation.</p> <p>3. Information in the project administration manual. Within 6 months of loan effectiveness, the project management unit (PMU) will establish a project performance and monitoring system. ADB and the government will agree on a set of indicators for monitoring project progress and performance quarterly. This will include the targets and indicators in the design and monitoring framework and the implementation schedule. The PMU will monitor and evaluate the indicators according to the agreed framework on a quarterly basis to determine the efficiency and effectiveness of the project. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the Ministry of Finance (MOF quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system. Beneficiaries will be involved in project monitoring and evaluation. In addition, MicroPal will oversee and monitor the overall implementation (Project Administration Manual, para. 46).</p> <p>4. Monitoring tools. A safeguard specialist will provide guidance to the PMU in developing and establishing an effective monitoring and reporting system and processes. A midterm review will be carried out and a project completion report will be undertaken at the end of the project (Project Administration Manual, para. 49).</p>	

<sup>a</sup> ADB. 2014. *Country Operations Business Plan: Palau, 2015–2017*. Manila.

<sup>b</sup> UNDP. 2013. *The Millennium Development Goals Report 2013*. New York

<sup>c</sup> ROP. 2013. *Republic of Palau Statistical Yearbook - Republic of Palau Nation*. Koror