

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Palau, Republic of	Project Title:	North Pacific Regional Connectivity Investment Project
Lending/Financing Modality:	Project loan	Department/Division:	Pacific Department/Urban, Social Development & Public Management Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Republic of Palau outlines its development priorities in its Medium-Term Development Strategy, 2009 to 2014, focusing on (i) diversification of the economy and investments in human resources and infrastructure; (ii) private sector and public-private service provision, investment, and economic development; (iii) youth and their opportunities for education, employment, and participation in the development process; (iv) universal access to effective health care; and (v) the integration of traditional values and environmental considerations in decision making and development planning.

The ICT sector is widely recognized as an enabler of economic growth, social stability and development worldwide. Analysis has well demonstrated that increased access to ICT, particular broadband internet services, helps to deliver improved social services such as health and education among others. It brings efficiency and reduces the cost of such services and in turn enables an environment conducive to private sector investments

As part of the Pacific Plan, the Pacific Regional Digital Strategy fully recognizes the important role of ICT in regional development. A Pacific ICT Ministerial Forum meeting in March 2006 endorsed regional ICT priorities as (i) improving access to communication technologies through both cable and satellite technologies, (ii) reducing ICT costs, (iii) providing more bandwidth to the global ICT backbone technology, and (iv) strengthening ICT skills.

The proposed project is consistent with ADB's country operations business plan 2014-2016 for Palau and Palau's medium-term development strategy, 2009-2014. Prioritized goals of the country operations business plan and the strategy are to (i) facilitate private sector development, and (ii) improve public sector effectiveness.

The proposed project will contribute to indirectly to reduce poverty in Palau. The submarine cable will lower the cost of communication for businesses and individuals. As a result, general public will have better access to information and services essential for socio-economic development. Affordable and accessible internet communication will help to implement efficient and effective service delivery in private as well as public sectors. It will also open up new opportunities for business activities such as business process outsourcing thus creating new employment opportunities. In addition, the project will enhance regional integration and cooperation by expanding regional communication network across pacific countries.

B. Targeting Classification

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

The proposed project does not target a specific segment of the population of Palau. It is intended to benefit the general public through more efficient and affordable telecommunication and internet services.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The primary beneficiaries will include telecommunication operators and Internet service providers. But ultimately general public as well as local business will get better quality international communication service at lower cost. Private and public sectors can take benefit of it and bring efficiency in their service delivery. It will open up new opportunities for revenue growth and create employments for general public.

2. Impact channels and expected systemic changes.

The communications service market in Palau is competitive with two or more telecom operators providing mobile communications and Internet services. The competition will lower the end-user price of the services reflecting the low cost of international bandwidth. But it will require a strong regulatory capacity to ensure the benefit of the submarine cable is translated to retail consumer benefit. In addition, improvement and extension of domestic network is necessary to ensure improved international connectivity can be distributed to the general public across the country.

3. Focus of (and resources allocated in) the PPTA or due diligence.

Due diligence in technical and financial aspects of the project as well as review of relevant regulatory environment are being

conducted by the World Bank. ADB will provide technical assistance through existing and planned regional TAs to support: (i) an environmental and social safeguards assessment; (ii) capacity building for institutional and governance arrangements for the submarine cable operator; and (ii) and social & poverty assessment, complementing the efforts made by the World Bank and other partners.

4. Specific analysis for policy-based lending.

The project will allow savings in communications costs for households, businesses and government and help introduce more value added services and applications, which will support improvements in the business environment and investment climate. Capacity building TA will be provided to the Palau to design e-governance, e- health, and e-education programs that can benefit from better connectivity and improve public service delivery to citizens.

II. GENDER AND DEVELOPMENT

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

Given the benefits and importance of ICTs, men and women need to have equal opportunities to access and use them. The most basic gender equality issue in ICTs is access, which is linked to the availability of the necessary infrastructure. For the population residing outer islands, additional investment in domestic backhaul network (e.g., microwave links, etc.) and regulation for cross-subsidy for rural users may be required to expand the access for both men and women, but more for women in terms of proportion because many poor women live in rural areas.

Lack of access to reliable communications services often forces people to travel long distance for communicating their needs. Mobility for women is limited in most of Pacific countries. With improved telecommunications and access points made available in communities, women can easily communicate with their counterparts in other areas without having to travel and incurring high expenses as well as relying on other people for information and transactions.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No

With technical assistance resources available for capacity building activities, ADB will support Palau in the design of health and education services based on the newly available high speed internet. In the design of these services, particular attention will be given to (i) employment of female workforce in delivering health and education service; (ii) design of service that address women's needs, for instance gynecological screenings and maternal health.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No

The project will contribute to telecommunications and internet services at lower prices and with higher capacity than before. This will benefit both men and women. As shown in other countries, access to telecommunication services depends more on availability and affordability of those services and often creates opportunities for women's empowerment.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The primary beneficiaries will include telecommunication operators and internet service providers. But ultimately general public as well as local business will get better quality international communication service at lower cost. Private and public sectors can take benefit of it and bring efficiency in their service delivery. It will open up new opportunities for revenue growth and create employments for general public.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

The communications service market in Palau is competitive with two or more telecom operators providing mobile communications and Internet services. The competition will lower the end-user price of the services reflecting the low cost of international bandwidth. But it will require a strong regulatory capacity to ensure the benefit of the submarine cable is translated to retail consumer benefit. In addition, improvement and extension of domestic network is necessary to ensure improved international connectivity can be distributed to the general public across the country.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

L Information generation and sharing L Consultation Collaboration Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No
Not applicable.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

Although no major issues are anticipated, the preparatory work will identify any potential land acquisition and resettlement due to landing station construction for the proposed project.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

- Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

Although no major issues are anticipated, the preparatory work will identify any indigenous peoples' issues along the future project plans.

3. Will the project require broad community support of affected indigenous communities? Yes No

Not applicable.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment(L) Adhering to core labor standards(N) Labor retrenchment(N)
 Spread of communicable diseases, including HIV/AIDS (N) Increase in human trafficking (N) Affordability(N)
 Increase in unplanned migration(N) Increase in vulnerability to natural disasters(N) Creating political instability
 Creating internal social conflicts(N) Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

The project will not have a direct impact on labor market. The issues of HIV/AIDS, gender, human trafficking, and other safety issues are not expected to affect the project.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

- Yes No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

Due diligence in technical and financial aspects of the project as well as review of relevant regulatory environment are being conducted by the World Bank. ADB will provide technical assistance through existing and planned regional TAs to support: (i) an environmental and social safeguards assessment; (ii) capacity building for institutional and governance arrangements for the submarine cable operator; and (ii) and social & poverty assessment, complementing the efforts made by the World Bank and other partners.

