



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 01/25/2021 | Report No: ESRSA01202



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Marshall Islands	EAST ASIA AND PACIFIC	P171517	
Project Name	Digital Republic of the Marshall Islands Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Digital Development	Investment Project Financing	2/8/2021	4/30/2021
Borrower(s)	Implementing Agency(ies)		
Republic of the Marshall Islands	Ministry of Finance, Ministry of Transport and Communication, Ministry of Culture and Internal Affairs - Gender Development Office		

Proposed Development Objective

To expand access to the internet, promote private sector investment in climate resilient digital services, and establish the critical foundations for digital government services and the digital economy in the Recipient’s territory.

Financing (in USD Million)	Amount
Total Project Cost	35.50

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 climate resilient digital infrastructure and mobilize private sector investment to 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 the transaction structure for introducing new private sector investment and to build trust around the use of digital services.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Republic of the Marshall Islands (RMI) is one of the world’s smallest, most isolated, and vulnerable nations. The country consists of 29 atolls and five isolated islands (24 of which are inhabited) and has a total land mass of just 181 km² set in an area of over 1.9 million km² in the Pacific Ocean. The population of the RMI was estimated at 58,400 in 2018 . The two largest urban centers, Majuro (the nation’s capital) and Ebeye, are densely populated, with 28,000 and 9,614, people respectively. The outer island have far smaller populations such to limited employment and economic development opportunities. The fishing sector remains the main source of revenue, with Majuro being one of the busiest tuna transshipment port in the world, representing 18 percent of GDP in 2017. Infrastructure development, public administration and education were the main drivers of GDP growth in 2017.

The Project consists of the following components:

Component 1: Public Private Partnership and Market Structure Reform: a) transactional, legal and regulatory support for the PPP and associated market structure reforms; b) supporting reform by establishing an 'InfraCo' and enabling vertical unbundling by financing the buy-out of minority shareholders in NTA; c) supporting high-quality, low-cost digital infrastructure and services under PPP arrangements, including rollout of new investments in disaster and climate resilient digital infrastructure in Majuro, Ebeye and the 34 inhabited islands; decommissioning obsolete infrastructure and services, achievement of new price, coverage and service standards; and the transfer of assets and staff to an 'InfraCo' at the end of the PPP period.

Component 2: Digital Government Platforms and Digital Skills: a) development of a digital government strategic framework including stakeholder consultations and development of processes for implementation; b) digital skills development will finance various job creation and digital skills initiatives, focusing on the changing nature of digital infrastructure and services; c) digital ID for authentication of identify and electronic signatures and increase the digitalization of public and private sector services; d) Secure government network and data center, disaster recovery/business continuity and government cloud including design and procurement of digital government infrastructure and platform, consideration of climate change impacts, disaster risks security, resource management, operational and capital cost of operations, continuity of operations; e) implementation of pilot e-services; f) gender development office support to strengthen institutional capacity of the Gender Office to carry out activities to increase participation in the digital economy on a gender informed basis.

Component 3: Legal and regulatory enabling environment a) regulatory support for the long-term development of the Information and Communications Technology sector; b) legal and regulatory framework for digital government ; c)

Creation and roll-out of a Government’s Cyber Security Program.

Component 4: project implementation support.

D. 2. Borrower’s Institutional Capacity

The Borrower is familiar with Bank policies from the implementation previous projects (such as RMI Maritime investment project, sustainable energy development project) . The Government of RMI, through the Division of Inter Development and Assistance (DIDA) Ministry has set up a central implementation unit for World Bank projects. This Unit has a full time, international Environmental Safeguards Specialist, a local Environmental Safeguard Advisor and a part time international Social Safeguards Advisor to provide additional support. This Unit is providing support across



the portfolio. As part of the implementation arrangements on the Project, a project implementation unit (PIU) will be established, who will engage a Contract Administration agent (CAA) to supervise the PPP agreement. The CAA will be required to have an environmental and social specialist to ensure the ESMP is implemented for all PPP responsibilities.

This capacity and capability is considered adequate to support the integration of safeguards into the Digital RMI project. Formal ESF training has been provided to DIDA and CIU and ongoing direct support will be provided to the client to ensure the requirements of the ESF are satisfied.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Moderate

The environmental risks relate primarily to managing construction impacts during installation and maintenance and the decommissioning of obsolete infrastructure. The risks to the community and workers during installation and maintenance relate to health and safety disruptions to access to properties and businesses; shallow trenching (eg around 20cm) may result in minor earthworks. These types of risks and impacts are low in magnitude, predictable and expected to be temporary and site-specific and 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 moderate indirect impact is the disposal of obsolete and redundant equipment from the public (faxes, phones, etc.) as a result of the upgrade to telecommunications infrastructure and services. A project ESMP has been prepared to address these risks. 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 can be located away from environmentally or socially sensitive areas.

Social Risk Rating

Moderate

Social risks relating to the project construction include nuisance issues such as noise, as well as access to land and associated disruption. During operation, risks associated with increased connectivity include cyber-bullying, addiction and exposure to illicit material, and risks relating to unequal access based on ability to pay, gender, age or ability. However the Project also provides social benefits such as access to information, education and employment. Impacts can be managed through effective stakeholder engagement and the development of a land access process. 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. Further, through the central implementation unit, the borrower has the capacity to manage the E&S risks associated with the Project. The project may require temporary access to land but compulsory acquisition of land is excluded from the Project. Land impacts are anticipated for the installation of communal fiber cable but impacts will be temporary and minimized through the use of specialized machinery and small scale construction methods. Priority will be given to Government owned or controlled land (governed by existing NTA access arrangements) in order to minimize risks and a land access process will be developed to ensure compliance with Bank requirements.

The risk of sexual exploitation and abuse/sexual harassment (SEA/SH) is assessed as low. The project is not expected to employ a significant migrant workforce and worker behavior can be informed by appropriate training and code of conduct. SEA/SH service providers are available in RMI and will be consulted during project preparation.



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 either below ground or above ground, or on existing poles, installation of replacement communication equipment on existing building and sheds), and also to the technical advisory such as developing the Digital Government Strategy Framework. The environmental risks are minor to moderate and relate primarily to managing shallow earthworks during infrastructure installation and maintenance; where possible these will follow existing easements and no land will be compulsorily acquired. The risks to the community and workers during installation and maintenance relate to health and safety disruptions to access to properties and businesses. Indirectly the Project may have moderate risks relating to the inappropriate disposal of obsolete electronic equipment such as phones and faxes. The ESMP identifies appropriate mitigation including codes of practice for the installation of infrastructure, training of workers and supervision and oversight of mitigation measures. An e-waste programme is proposed to collect and safely dispose obsolete and redundant equipment. The risks to non physical and TA activities is low.

The ESMP confirms the social benefits of increased connectivity which include increased access to government services, banking 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 also identified in the ESMP and include cyber-bullying, addiction and exposure to illicit material, and risks relating to unequal access based on ability to pay, gender, age or ability. The ESMP identified mitigation measures including a land access process, improved legislation relating to harmful digital content and digital skills development (component 2), and preparation of a stakeholder engagement plan (including grievance mechanism) to ensure adequate communication of activities and impacts 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. The potential for SEA/SH impacts during construction is limited by the relatively low number of construction workers, and the majority of works are taking place in the main urban islands where there is good access to health and specialist support. However, a worker code of conduct will be prepared prior to effectiveness which outlines expected worker behavior, clarifies sanctions against workers, describes how any incidents of SEA/SH are reported and addressed, and includes a grievance redress mechanism.

ESS10 Stakeholder Engagement and Information Disclosure

Stakeholder engagement is critical to the success of the Project, particularly in relation to the role out of infrastructure and access to improved services but also in terms of land access and institutional and democratic frameworks for improved e-Government services. Stakeholders, including those considered vulnerable, will be consulted throughout the life of the project but particularly at key stages including the infrastructure design process



for options and type of infrastructure, location of physical investments, the installation process, process to securing internet services via a retailer. Stakeholders will also be engaged in the development and implementation of the institutional and democratic frameworks for improved e-Government services and strengthened legal and regulatory enabling environment. This will include the involvement of a range of stakeholders including men, women, youth, and vulnerable groups such as low income groups/individual, isolated communities, and those with disabilities. A stakeholder engagement plan has been prepared, including GRM, which summarizes consultation activities undertaken during Project preparation, and also the activities that will be undertaken throughout the life of the Project. Consultation materials will be prepared in English and the local languages and in culturally appropriate formats. The SEP outlines the roles and responsibilities for implementation, which will be a shared between the PIU, CIU social advisor, CAA and and PPP (once appointed); borrower capacity is considered adequate to implement the plan. The SEP will be updated periodically to sure its suitability once designs and finalised and the PPP arrangements are known.

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 PPP contractors to install equipment and the terrestrial fibre network and across Majuro, Ebeye and the outer islands. The construction workforce is expected to be around 40-60 individuals; other Project workers include approximately 120 workers in the NTA. Workers will be direct or contracted under ESS2 definition (this will be defined once PPP arrangements are finalised) and there is no expectation of community workers ; consideration of supply workers will be determined once PPP arrangements are known and will be included in an updated LMP. An assessment of occupational health and safety legislation and implementation arrangements has been undertaken and mitigation measures identified in the EMSP. ESS2 requirements will be mandated through the project ESMP, bid documents, contracts and in the PPP agreement, and supervised by the CIU Safeguards Specialist (with specialist support contracted to the PIU when required).

The Labor Management Procedures (LMP) will be prepared prior to effectiveness and updated once additional detail is confirmed around PPP arrangements. This 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 be put in place to apply ESS2, and a include a worker grievance mechanism. Hiring of workers under the age of 18 is not anticipated but will be confirmed in the LMP; forced labor will be prohibited.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant but only minor impact are anticipated. There will be no emissions of pollution and no significant energy or water use required in installation or operation of the infrastructure. Waste will be produced during installation, renovation and removal of redundant infrastructure and can be effectively managed under the ESMP to avoid and limit waste to landfill and maximize recycling and reuse. A consumer e-waste initiative will contribute to safe management, recycling and disposal of redundant and obsolete electronic and telecommunications equipment.

ESS4 Community Health and Safety



ESS4 is relevant to the Project. The risks to community health and safety are considered to be minor and manageable. These include road and pedestrian safety and during installation of fiber optic cable (which could be either above or below ground) and mitigation is defined in the ESMP. The Contractors may bring in some workers from overseas though this wont be confirmed until PPP arrangements are known; the number of construction workers is not expected to be significant (approx 40-60 workers in total). The social assessment prepared during project preparation assesses a range of issues in RMI relating to imported labor, gender, child labor, demand for sex workers, and trafficking and has identified suitable management and mitigation measures in the ESMP. This will be implemented throughout the life of the project.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is relevant for the project. Land will be required to 1) install the fibre network in Majuro and Eybye, which may be on existing electricity poles, on new poles, or buried underground in shallow trench; 2) install telecoms infrastructure (depending on technical requirements) for 4G access on the outer islands and 3) fiber to the home connections. The social assessment provides a screening of the land access opportunities and issues, and mitigation measures have been included in the ESMP including the requirement to prepare a land access process prior to Project effectiveness. Experience on previous projects in RMI has shown that Government-leased land is preferable (and generally available) for the installation of key infrastructure and should be prioritized by the project. The use of private land is unlikely but if required, land leases or easements will be obtained on a voluntary basis and compulsory land acquisition is prohibited under the Project. Most infrastructure is flexible in its location and land owners will have ability to deny access to project activities. A RPF is not considered necessary as anticipated impacts are likely to be minor and mainly avoidable through selection of alternative routes. The Land access process will be consistent with the objectives of ESS5 but given that involuntary land access is prohibited, will be implemented under ESS1. It will outline a process for managing land impacts and agreeing access arrangements including for communal infrastructure as well as connecting fiber to the home.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is not currently considered relevant. The ESMP confirms that Project activities will be within existing infrastructure precincts on NTA leased or easement land. These areas are mostly urban, mostly road easements and urban properties, and all sites are highly modified and do not have any natural values. Most infrastructure has a small footprint and is flexible in its location and areas of natural habitat or conservation value can be avoided. Any physical disturbances will be related to the FTTH activities, will be low risk, minor impact and readily mitigated. The ESMP contains 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 RMI are Marshallese and will be the overwhelming beneficiaries for the project.

ESS8 Cultural Heritage

ESS8 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 ESMP contains mitigation measures to avoid impacts on cultural heritage, including consultation, identification of key sites and the implementation of chance find procedures.

ESS9 Financial Intermediaries

NA

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? No

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

The Borrower’s E&S Framework will not be relied upon because of a number of gaps in the legislation and capacity to meet World Bank Standards.

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Republic of the Marshall Islands

Implementing Agency(ies)

Implementing Agency: Ministry of Finance

Implementing Agency: Ministry of Transport and Communication

Public Disclosure



Implementing Agency: Ministry of Culture and Internal Affairs - Gender Development Office

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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