



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

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Appraisal Stage | Date Prepared/Updated: 22-Mar-2019 | Report No: PIDISDSA25680



**BASIC INFORMATION**

**A. Basic Project Data**

Country Micronesia, Federated States of	Project ID P163922	Project Name Federated States of Micronesia Maritime Investment Project	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 01-Apr-2019	Estimated Board Date 14-May-2019	Practice Area (Lead) Transport
Financing Instrument Investment Project Financing	Borrower(s) Federated States of Micronesia	Implementing Agency Department of Finance and Administration, Department of Transportation, Communication & Infrastructure, Department of Justice	

Proposed Development Objective(s)

To improve the safety, efficiency and climate resilience of maritime infrastructure and operations in the Recipient's territory, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.

Components

- Maritime Infrastructure
- Maritime Safety and Security
- Technical Assistance for Port Planning and Project Management
- Contingency Emergency Response Component

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	38.49
<b>Total Financing</b>	38.49
<b>of which IBRD/IDA</b>	38.49
<b>Financing Gap</b>	0.00



**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	38.49
IDA Grant	38.49

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

**B. Introduction and Context**

Country Context

1. The largest nation in the Micronesian sub-region, the Federated States of Micronesia (FSM), is made up of four semi-autonomous states (Kosrae, Pohnpei, Chuuk, Yap) located between Palau and the Philippines to the west and the Marshall Islands to the east. Although its land area covers just 700 square km, FSM consists of more than 600 islands scattered over an area of about 2.6 million square km, including its Exclusive Economic Zone.<sup>1</sup>
2. As with other small island nations in the region, FSM faces significant challenges related to its small size, remoteness, geographical dispersion, environmental fragility and exposure to external shocks.<sup>2</sup> Frequent natural disasters and climate change impose high costs and may even threaten the physical viability of some areas of both the main islands and more remote outer islands. Such events can and do cause severe damage to infrastructure and other economic assets and have adverse impacts on livelihoods. As an archipelagic nation, FSM’s economy is highly dependent on marine resources for international, inter-state and inter-island trade. Citizens of outer islands depend on marine resources for travel to main and other outlying islands, and for access to education, markets and health services. Although seven islands have airstrips, only two seven-seat planes provide domestic air service. Maritime connectivity is, therefore, essential.

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<sup>1</sup> An Exclusive Economic Zone is a sea zone prescribed by the United Nations Convention on the Law of the Sea (UNCLOS) over which a state has special rights regarding the exploration and use of marine resources, including energy production from water and wind.

<sup>2</sup> Systematic Country Diagnostic, Report No. 102803, World Bank, January 20, 2016.



3. The overall population of FSM is estimated to be 105,544 (2017), of which approximately 45 percent live in Chuuk, 37 percent in Pohnpei, 11 percent in Yap, and 7 percent in Kosrae. Although the population declined from a high of 107,432 in CY2000 through CY2011, the trend stabilized in 2012, with slight annual increases continuing through the current year.<sup>3</sup> FSM has also experienced considerable internal migration across states, mostly from outer islands to the main islands' urban areas, and especially to Palikir, the country's capital, on Pohnpei. Individuals are particularly drawn to employment with the national government, along with the availability of basic services in Pohnpei.
4. FSM is reported to have the highest estimated rates of poverty among the nine small remote islands (PIC9) covered in the Regional Partnership Framework (RPF) for FY17 to FY21.<sup>4</sup> These findings are based on a household income and expenditure survey conducted in 2013/14, which found about 41 percent of FSM's population struggling to meet basic needs and 10 percent living below the food poverty line. The survey also documented stark variation across FSM, with the basic needs poverty rate most severe in Chuuk (46 percent), followed by Pohnpei and Yap (39 percent) and Kosrae (21 percent).

### Sectoral and Institutional Context

5. **Sectoral Context.** Given FSM's dependence on the sea for commerce, trade and mobility, the maritime sector plays a central role in national development, social cohesion and service delivery. According to GoFSM's Infrastructure Development Plan (IDP) FY2016-FY2025, the objective for the maritime sector is to provide maritime transport that: (i) enables market opportunities to be realized for all areas of the country, including labor market opportunities, and enhances the level of integration of state economies and the national economy; (ii) provides improved port facilities that meet both fishery and commercial shipping needs; (iii) facilitates modern, safe and efficient inter-state and inter-island passenger and cargo vessels; and, (iv) coordinates and facilitates the improvement of aids to navigation.
6. International shipping into FSM is administered through the Micronesian Shipping Commission (MSC)<sup>5</sup> through issuance of Entry Assurance Certificates (EACs). For FSM, three shipping lines are licensed to provide service along specific shipping routes, each according to a predetermined schedule and at a specific freight rate. The objective of this structured approach is to ensure the availability of reliable and affordable maritime services. Intra-state (domestic) shipping is essential, especially in Chuuk, Pohnpei and Yap, as each consists of multiple islands. Kosrae is a single island state with no outer islands. Local services enable mobility of people among the states, and provide employment for seafarers, access to other employment opportunities, and access to educational and health services. Each of the four states has a main port on its main island, as follows:
  - (a) **Kosrae.** Okat Port, Kosrae is the state's primary commercial port facility, handling all commercial shipping and fishing activities. Okat Port receives on average two to three international multi-purpose vessel calls per month or 25 to 30 vessel calls per year. The vessels transfer an average of six to ten full containers for import, and export one to two full containers per call. Including

<sup>3</sup> World Development Indicators database, last update 9/21/2018.

<sup>4</sup> Household income and expenditure survey, 2013/14, Regional Partnership Framework, World Bank, 2016.

<sup>5</sup> International shipping in the sub-region (FSM, RMI and Palau) is regulated by MSC and governed by three commissions, one from each country.



empty containers, annual throughput is between 600 twenty-foot equivalent units (TEUs) and 700 TEUs per annum. Around ten long liner fishing vessels and four to five purse seiners<sup>6</sup> call at the port every month. If an international multi-purpose vessel arrives, fishing vessels must stop unloading and vacate the berth, causing severe disruptions.

- (b) **Pohnpei.** Dekehtik Port, Pohnpei's only commercial seaport, is owned and operated by Pohnpei Port Authority. The main cargo wharf serves international cargo vessels, tankers, and purse seiners, while a smaller adjacent wharf is used by domestic vessels. Located to the south of the main wharf, the separate and smaller Takatik Fishing Wharf is dedicated to fisheries with the quay occupied by long line fishing vessels, FSM patrol boats, and other shallow-draft vessels. In 2016, Dekehtik Port handled around 2,000 inbound TEUs, 70,000 tons of breakbulk cargo, and 25,000 tons of diesel and jet fuel (via a pipeline). There is little outgoing traffic as export volumes are limited.
- (c) **Chuuk.** Weno Port, Chuuk receives international ships and serves as a "hub" port for the state. In 2014, 72 ships called at the Port and the annual container throughput was 1,155 TEUs. Present annual throughput is estimated at 700 full import containers and 700 empty outbound containers, confirming a strong imbalance in trade. Domestic shipping originates from the port to islands within the Chuuk Lagoon, as well as islands outside the Lagoon. Until 2012, inter-state shipping service was provided by the FSM government-owned MV Chief Mailo, but it is now out of service. To fill the gap, several smaller, private fishing boats have been converted into cargo/passenger vessels and provide services within the Lagoon and outer islands. In addition, there has been a proliferation of unregulated small single-engine vessels providing daily commuter services between Weno and nearby islands for school, work and medical purposes. These vessels require a license and need to report on their routes and schedules, but compliance is not monitored.
- (d) **Yap.** Tomil Port, Yap serves international cargo vessels, fuel tankers, and the occasional longline fishing vessel. The port is served by three multi-purpose shipping lines about every two weeks. Around 15 to 30 full inbound TEUs and about the same number of empty TEUs are exported per ship call.

- 7. Outer islands throughout FSM typically lack access infrastructure and aids to navigation (AtoN), and many do not have reef channels to access the islands. Consequently, vessels must anchor offshore and transfer passengers and cargo using small workboats or tenders. This poses a high safety risk because many of the outer islands experience strong winds and waves. Government services to the outer islands are limited, and private operators are largely unregulated, particularly in Chuuk Lagoon. Provision of safe and reliable transportation services to the outer islands remains a significant challenge.
- 8. The United Nations Conference on Trade and Development (UNCTAD) conducted an extensive survey across 29 countries in 2017 to reveal the climate change impacts and adaptation needs for the port industry.<sup>7</sup> The survey highlights that climate change poses increasing threats to maritime infrastructure assets, operations and services. Due to their location in low lying coasts and estuaries and the planned

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<sup>6</sup> A purse seine is a wall of netting that is released around a school of fish. The seine has floats along the top line with a lead line threaded through rings along the bottom. Once a school of fish is identified, a small boat encircles the school with the net.

<sup>7</sup> Port Industry Survey on Climate Change Impacts and Adaptation - UNCTAD Research Paper No. 18 (UNCTAD/SER.RP/2017/18).



longevity of infrastructural assets, ports and their connecting hinterland links are inherently exposed to marine and land hydro-meteorological hazards controlled by climate variability and change, such as rising mean and extreme sea levels, storm waves, extreme winds and heavy precipitation, riverine floods (and droughts) and heat waves.

9. Climate change poses increasing threats to maritime infrastructure assets and operations in FSM. Sea level rise accelerates the rate of coastal erosion, which exacerbates the deterioration of key port infrastructure as the foundation soils of the infrastructure displaces over time. Aprons need to be upgraded and strengthened to prevent sliding and sediment removal at the bottom of the structure. Paved assets such as container yard are put under higher physical stress with the increasing frequency and intensity of coastal flooding and extreme heatwaves. The capacity of drainage systems needs to be expanded and strengthened to prevent paved assets from frequent inundation and subsequent decay. Pavement material needs to be more resilient to extreme temperature to mitigate the risk of melting. While the costs for maintenance of port infrastructure may increase, it is essential to plan and implement maintenance schemes systematically to prevent more costly rehabilitation and reconstruction in the future.
10. **Institutional Context.** Given FSM's political structure, responsibility for the maritime sector is divided into a two-tier system involving the national and state governments. At the national level, the Marine Division (MD) of the Department of Transport, Communications and Infrastructure (DoTC&I) is responsible for overseeing FSM's maritime sector. DoTC&I is tasked with managing the development and enforcement of legislation and regulations, coordinating among the states and external agencies such as the United States Coast Guard (USCG), and providing inter-state domestic shipping services using national vessels. DoTC&I also provides technical support to state port authorities and agencies responsible for managing the ports and other maritime affairs, and regulates tariffs, e.g., under its concession agreement with the Pohnpei Stevedoring Company.
11. At the state level, the institutional and governance arrangements vary and are complicated. All ports and port infrastructure are owned by the states, which operate these assets through a port authority or transport department. The states lack uniform port arrangements, have different forms of ownership, administration and financing arrangements, and there is some duplication of roles and responsibilities between the state agencies and the national MD. Kosrae and Pohnpei have port authorities, Kosrae Port Authority (KPA) and Pohnpei Port Authority (PPA), respectively, which are state-owned entities established under state law. Both KPA and PPA operate under a hybrid approach, whereby each authority develops and maintains basic terminal infrastructure and regulates port activities, but leases cargo handling and terminal operations out to a private operator. Ports in Chuuk and Yap are overseen by their respective State Departments for Transport and Infrastructure, including the Chuuk State Department of Transportation, Communication and Infrastructure, and the Yap State Department of Public Works and Transportation, but are operated by private stevedoring companies under differing arrangements.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)



12. To improve the safety, efficiency and climate resilience of maritime infrastructure and operations in the Federated States of Micronesia, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.

#### Key Results

13. To monitor progress toward the PDO, the following set of indicators have been identified:
  - (a) Reduction in cargo vessel turnaround times at project port(s) (minutes);
  - (b) Increase in container yard productivity at project port(s) (percentage);
  - (c) Project docks fully compliant with ISPS requirements (number);
  - (d) Project ports rehabilitated with at least one climate resilience measure (number);
  - (e) Ports with sectoral and contingency planning tools that address natural disasters and climate change (number).

#### D. Project Description

14. The overall amount of funding for FSMIP will be SDR 27.6 million (US\$38.49 million equivalent), which includes US\$9.62 million equivalent in National IDA and US\$28.87 million equivalent in Regional IDA. The project will improve the safety and efficiency of maritime operations and enhance resilience of maritime transport and of local communities to the impacts of climate change through: (i) investments to improve port infrastructure and maritime services; (ii) activities to strengthen safety and security of navigation and ports operations; and, (iii) technical assistance to supervise works, support project implementation, and develop local capacity to manage a more safe, efficient and climate resilient maritime sector. A Contingency Emergency Response Component (CERC) is also included within FSMIP to enable funds to be quickly reallocated to respond to emergency events.
15. It is important to note that while the types of activities and investments to be carried out under FSMIP are known, the extent of the works that can be completed will depend on the results of the strategic planning exercise and conditional assessment of maritime assets, both of which will be carried out during the first two years of implementation. As such, the cost of proposed investments will not be known until FSMIP is under implementation, and the available funding may not be sufficient to finance all proposed investments. The following table estimates cost per component and source of funding.
16. The project consists of the following components:
  - (a) **Component 1: Maritime Infrastructure (US\$20.50 million).** Component 1 will improve the safety and efficiency of port operations, as well as enhance the resilience of maritime structures to natural disasters and climate change impacts through the integration of planning, design, construction, rehabilitation and operation of facilities. Activities to be financed will be selected and prioritized by the Project Steering Committee (PSC) in accordance with the Project Operations Manual (POM), in accordance with the recommendations from the Needs Assessment to be undertaken under Component 3. The following investments for Kosrae, Pohnpei, Chuuk and Yap Ports would be eligible for funding under FSMIP:
    - 1.1 Surfacing and drainage at Kosrae, Pohnpei, Chuuk and Yap Ports.
    - 1.2 Rehabilitate utilities.
    - 1.3 Upgrade terminal superstructure.



- (b) **Component 2: Maritime Safety and Security (US\$7.55 million).** This component will strengthen safety and security of maritime transport and support better climate resilience of maritime facilities and for local communities by improving the reliability of connections between FSM states and outer islands for access to food, water, fuel, and emergency response services. The following investments for Kosrae, Pohnpei, Chuuk and Yap Ports would be eligible for funding under FSMIP:
- 2.1 Upgrade berthing and apron facilities.
  - 2.2 Compliance with ISPS requirements.
  - 2.3 Replace/upgrade AtoNs.
  - 2.4 Safety and Security Improvements.
- (c) **Component 3: Technical Assistance for Port Planning and Project Management (US\$10.44 million).** Component 3 will enhance the capacity of Government and maritime authorities and agencies to manage maritime assets in a more safe, efficient and climate resilient manner through technical assistance designed to strengthen the planning and management of climate resilient port facilities, improve coordination of emergency response systems, elevate awareness of ISPS and SAR requirements, and implement project activities:
- 3.1 Maritime Safety and Security Needs Assessment.
  - 3.2 Design and Supervision.
  - 3.3 Review of Institutional and Governance Structures for Port Management.
  - 3.4 Strategic Planning.
  - 3.5 Capacity Building Initiatives.
  - 3.6 Outer Island Services and Chuuk Lagoon.
  - 3.7 Project Management.<sup>8</sup>
  - 3.8 Employment opportunities for women.
  - 3.9 Emerging priority issues.
- (d) **Component 4: Contingency Emergency Response (US\$0.00 million).** The CERC is designed to provide a swift response in the event of an Eligible Crisis or Emergency<sup>9</sup> through a portion of the undisbursed project envelope to address immediate post-crisis and emergency financing needs. The CERC may be used following natural disasters or other crises and emergencies, allowing funds to be reallocated from other components of the project.

## E. Implementation

### Institutional and Implementation Arrangements

17. FSMIP will be implemented over a five-year period following Board approval. The Department of Finance and Administration (DoFA) will be the Executing Agency. DoFA will also act as the IA for Sub-component 3.7 on strengthening the capacity of the CIU and managing FSMIP. The Department of Environment,

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<sup>8</sup> Including providing support for the development and operationalization of the CIU. The estimated cost of the CIU over the 5-year project duration is estimated at US\$3.5 million.

<sup>9</sup> Defined as “an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters”, Paragraph 12, Bank Policy: Investment Project Financing, *Projects in Situations of Urgent Need of Assistance or Capacity Constraints*.



Climate and Emergency Management (DECHEM) will serve as IA for Component 4 on the CERC. DoTC&I in Pohnpei and the Department of Justice will act as IAs for Sub-components under the remaining Components of FSMIP.

18. Because each port is under its respective State's control, and to ensure good technical coordination, focal points will be appointed in each State to work on and manage day-to-day FSMIP activities associated with its port, and to liaise with the central DoTC&I. A focal point will also be identified in DoJ to implement FSMIP's anti-trafficking component.<sup>10</sup> Furthermore, Project Implementation Agreements will be executed prior to the commencement of Project activities under Components 1, 2, 3.2-3.6 and 3.8-3.9 to ensure clarity and agreement between all relevant parties on implementation roles and responsibilities. Four Project Implementation Agreements will be required to help govern the Project activities in each State, with one Project Implementation Agreement for each of the following groups:
  - (a) Department of Finance and Administration, the Department of Transportation, Communication, and Infrastructure, the Kosrae State Government, and the Kosrae Port Authority;
  - (b) Department of Finance and Administration, the Department of Transportation, Communication, and Infrastructure, the Pohnpei State Government, and the Pohnpei Port Authority;
  - (c) Department of Finance and Administration, the Department of Transportation, Communication, and Infrastructure, the Chuuk State Government, and the Chuuk State Department of Transportation, Communication, and Infrastructure; and,
  - (d) Department of Finance and Administration, the Department of Transportation, Communication, and Infrastructure, the Yap State Government, and the Yap State Department of Public Works and Transportation.
19. A PM will support implementation of FSMIP. The PM will be under the direction of, and report to, DoTC&I. The PM will be responsible for overseeing and reporting on detailed implementation of FSMIP, managing shared project services, and for coordination with CIU. The PM will also be responsible for monitoring and reporting on the project implementation, including preparation of quarterly progress reports.
20. During project implementation, the IAs will carry out the financial management functions with support from the CIU. The CIU will also provide support to the IAs on environmental and social safeguards. All contracts with consultants, contractors and suppliers will be signed by the IAs during project implementation. DoTC&I will sign off on all consultant and contractor invoices and authorize CIU to make payments. However, before doing so, DoTC&I will consult with each State focal point to ensure services and works have been completed and are satisfactory. These arrangements are detailed in the POM.
21. To ensure the four states are adequately represented in decision making, a PSC will be established and chaired by DoTC&I. The Secretary of DOFA will be a member, along with a member appointed by the Governor of each of the four states. The PSC will provide general oversight and policy direction to FSMIP stakeholders during project implementation, convene key stakeholders in the event of disagreement, and periodically review project progress. The PSC will have a central role in allocating project funds after the conditional assessments and reports on investments required at each port are available.
22. Under sub-component 3.7, the project is supporting the capacity development of the already established CIU within DoFA. The World Bank portfolio in FSM has grown quickly and is anticipated to expand even further over the next few years putting pressure on the thin capacity within GoFSM to implement

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<sup>10</sup> The focal point positions may be financed from FSMIP proceeds.



effectively. The FSM Government identified early the need for strong implementation of the World Bank portfolio and to look for ways to maximize efficiencies. GoFSM has therefore decided to undertake a centralized approach to project implementation functions. Those core project implementation functions needed for all projects such as but not limited to procurement, financial management, social and environmental safeguards, monitoring and evaluation and outreach and communications will be considered as centralized functions to be housed within the CIU/DoFA. These positions will report to the CIU Program Manager and provide services and hands on support to all IAs for preparation, implementation and capacity building activities. The Sub-component will also support some goods, procurement, training, and incremental operating costs related to the functioning of the CIU.

#### **F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The Project will finance physical works at primary ports in FSM, which could be one or more of the ports at Pohnpei (Dekehtik), Chuuk (Weno, Tonoas), Yap (Colonia) and Kosrae. The ports are located in modified foreshore environments in urban areas on State-leased land. The near-shore water quality and ecosystems are degraded due to urban runoff, reclamations and sea walls, dredging, poor waste management and wastewater and ballast discharges from vessels at the docks. At Dekehtik, there are numerous ship wrecks that litter areas adjacent to the docks. Nearby all ports are reef and mangrove ecosystems which are modified but also maintain high diversity and function. Chuuk Lagoon has a large number of World War II ship wrecks that are considered heritage artefacts and are a tourist attraction, but they are not located in the project area of influence. Strategic development plans and review and improvements to port operations will focus on the main ports and governance and institutional strengthening across the Federal and State agencies involved in the Sector. Studies on the commuter boat services in Chuuk Lagoon will cover essential support services to outer island communities. These communities are vulnerable due to their relative remoteness from employment, business opportunities and schools. For many, regular travel to Weno is their only opportunity for income and education. Most islands have land-based sources of aggregates for construction purposes, although aggregates are commonly imported to Chuuk for large-scale projects or for specific purposes (such as runway resealing). All main islands have landfill facilities and waste oil recycling collection for export. Gender-based violence rates are high in FSM and women are vulnerable to trafficking, illegal sex work, unwanted pregnancies, harassment and violence. Imported and transient workforces such as the fishing industry and construction industry are known to contribute to these issues.

#### **G. Environmental and Social Safeguards Specialists on the Team**

Penelope Ruth Ferguson, Environmental Specialist  
Ross James Butler, Social Specialist



**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	OP/BP 4.01 was triggered at Concept Stage and an Environmental and Social Management Plan (ESMP) and an Environmental and Social Management Framework (ESMF) prepared for the project. Consultations were held during the environmental assessment and on the draft instruments. The project has been screened as Category B as the impacts are considered moderate and readily prevented and mitigated. The ESMP has been prepared for the activities identified during project preparation and mostly relate to the physical works to upgrade the various ports. The ESMF has been prepared to provide a screening and risk management process for sub-projects that are identified following the strategic management planning processes.
Performance Standards for Private Sector Activities OP/BP 4.03	No	The project will not involve private sector, therefore, the policy is not triggered.
Natural Habitats OP/BP 4.04	Yes	OP/BP 4.04 was triggered at Concept Stage and an assessment of the impact of physical works and technical advisory on the marine ecosystem undertaken. The assessment concludes that the maritime habitat near the ports is highly modified and degraded due to pollution, sedimentation and intermittent dredging. Further impacts on these environments will be negligible. There are coral habitats within the project area of influence which may be affected in the short term from contaminated stormwater from earthworks and construction activities and in the long term from contaminated stormwater drainage from the ports or spill events. Mitigation measures in the ESMP address the design and operation of drainage and stormwater treatment devices, erosion and sediment control measures, removal of waste, improved oil and fuel management procedures, and improved spill response skills and equipment, and are considered satisfactory for reducing short and long term risk to these habitats.
Forests OP/BP 4.36	No	The project will not involve the removal or degradation of, change the access to, or change the



		management of, mangrove forests. There may be temporary sedimentation impacts from physical works at one or more ports. This type of impact will be assessed under OP4.01 and OP4.04.
Pest Management OP 4.09	No	There will be no pest management under this project or the requirement to purchase and use pesticides.
Physical Cultural Resources OP/BP 4.11	No	The baseline surveys carried out as part of the ESIA process did not identify the presence of any physical cultural resources within the project's area of influence. All physical works will be within the docks or government leased land. Hence, the policy is not triggered.
Indigenous Peoples OP/BP 4.10	Yes	Almost the entire population of each state is indigenous (Chuukese, Yapese, Mehn Pohnpei, Kosraean). To ensure that the principles of the policy are addressed, the Stakeholder Engagement and Consultation Plan has been prepared in compliance with the policy and consistent with an Indigenous Peoples Policy Framework, reflecting a Free, Prior and Informed Consultation approach that addresses the needs of vulnerable people and women.
Involuntary Resettlement OP/BP 4.12	No	The project will not involve any new footprints for infrastructure. Accordingly, no land access issues are anticipated with the project and involuntary land acquisition or resettlement will not be required.
Safety of Dams OP/BP 4.37	No	This policy is not triggered as the project does not rely on a dam or will be affected by the operation of an existing dam.
Projects on International Waterways OP/BP 7.50	No	The project will not be implemented on any international waterways.
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas in the project area of influence. This policy is not triggered.

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The key environmental impacts identified in the environmental assessment are: (i) the existing and ongoing risks from oil spills, contaminated stormwater and other pollution discharges to the marine environment further modifying the coral and sand environments nearby; (ii) the significant volumes of scrap metal and other solid waste at the ports; (iii) the introduction of invasive species in equipment and fill; and, (iv) the potential for contaminated fill to be discovered



during earthworks. Minor impacts that will require management during construction include noise, dust, traffic-related safety, construction waste and interferences with other port operations. Environmental benefits, such as a reduction in the risk of oil spill and incidental releases of pollutants and waste into the marine environment, will be achieved through the removal of waste, provision of spill kits and booms, staff training and improved port operational procedures.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: The improvements in equipment, buildings, drainage, hardstand, safety, efficiency of operations, improvements in human trafficking avoidance and environmental management will contribute to improvements to environmental, health and safety risks for dock operations into the future. The technical advisory outputs for the project will focus on providing operational procedures to support ongoing management of these risks. Spill management equipment and training will improve the response to and clean-up of incidents, which will reduce the scale of impacts from future spills.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

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.

The Department of Transportation, Communications and Infrastructure has experience with World Bank safeguards policies under the Palau-FSM Connectivity Project, and, with the support of safeguards consultants, undertaken consultation and supervised cable laying and coastal protection works activities in accordance with the Palau-FSM Connectivity Project's safeguards policies. The State Port Authorities do not have any experience with World Bank policies. The DoFA CIU has an experienced Safeguards Advisor who supervised the ESMF, ESMP and consultations for this project and will continue to provide support and oversight for the implementation of safeguards and consultations throughout the project.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The Project's Stakeholder Engagement Plan has identified the key stakeholders as: State Environmental Protection Authorities, National Oceanic Resource Management Authority, Department of Justice Human Trafficking Unit, Department of Youth and Civil Affairs, Pacific Adaptation to Climate Change, State Women's Councils, State Conservation Societies and Trusts, Chuuk Small Boat Operators, Mayors, Church groups, Shipping and Stevedore companies. Potentially affected people include passengers and businesses who use the docks or reside/work/gather food nearby. Vulnerable people were identified as boarding school children (travelling alone), men or women trafficked through ports or in the maritime sector (sexual or labor exploitation and migrant smuggling), those with mobility issues or vulnerabilities with accessing dock facilities, and women and elderly travelling without support. IN particular, the Chuuk Lagoon island residents who rely solely on the commuter boats will be vulnerable to any changes to operations or regulations on those vessels. Representatives of the agencies and groups were invited to consultation meetings during project preparation in each State and feedback was included the project design, ESMF and ESMP. The Stakeholder Engagement Plan identifies strategies and programs for communicating with stakeholders, including representatives of vulnerable people and groups, throughout the project at key stages (design, strategic planning, pre-construction and construction phases).



**B. Disclosure Requirements**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
25-Feb-2019	19-Mar-2019	

**"In country" Disclosure**

Micronesia, Federated States of  
19-Mar-2019

Comments

Documents disclosed on DTC&I website.

**Indigenous Peoples Development Plan/Framework**

Date of receipt by the Bank	Date of submission for disclosure
25-Feb-2019	19-Mar-2019

**"In country" Disclosure**

Micronesia, Federated States of  
19-Mar-2019

Comments

Documents disclosed on DTC&I website.

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?



No

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?

NA

#### **OP/BP 4.10 - Indigenous Peoples**

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

NA

#### **The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

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

#### **All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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