



## Concept Paper

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Project Number: 50110-001  
June 2016

# Proposed Loan COO: Improving Internet Connectivity for the South Pacific

## CURRENCY EQUIVALENTS

(as of 2 June 2016)

Currency unit	–	New Zealand dollar (NZ\$)
NZ\$1.00	=	\$ 0.68
\$1.00	=	NZ\$1.466706

## ABBREVIATIONS

ADB	–	Asian Development Bank
EA	–	executing agency
ICT	–	information and communications technology
MFAT	–	Ministry of Foreign Affairs and Trade
OCR	–	ordinary capital resources
TA	–	technical assistance

## NOTES

- (i) The fiscal year (FY) of the Government of the Cook Islands ends on 30 June. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2016 ends on 30 June 2016.
- (ii) In this report, "\$" refers to US dollars unless otherwise stated.

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## PROJECT AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 50110-001	
<b>Project Name</b>	Improving Internet Connectivity for the South Pacific	<b>Department /Division</b>	PARD/PAUS
<b>Country Borrower</b>	Cook Islands Government of Cook Islands	<b>Executing Agency</b>	Ministry of Finance & Economic Management
<b>2. Sector</b>		<b>Subsector(s)</b>	
✓ <b>Information and communication technology</b>		ICT infrastructure	<b>ADB Financing (\$ million)</b> 10.00
		<b>Total</b>	<b>10.00</b>
<b>3. Strategic Agenda</b>		<b>Subcomponents</b>	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	<b>Climate Change Information</b>	
Regional integration (RCI)	Pillar 1: Cross-border infrastructure Pillar 2: Trade and investment	Climate Change impact on the Project	Medium
<b>4. Drivers of Change</b>		<b>Components</b>	
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change	<b>Gender Equity and Mainstreaming</b>	
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas	No gender elements (NGE)	✓
Partnerships (PAR)	Pilot-testing innovation and learning Commercial cofinancing Private Sector Regional organizations		
Private sector development (PSD)	Public sector goods and services essential for private sector development		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Nation-wide	High
<b>6. Risk Categorization:</b>		Low	
<b>7. Safeguard Categorization</b>		No Safeguards Categorization available.	
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>10.00</b>	
Sovereign Project loan: Ordinary capital resources		10.00	
<b>Cofinancing</b>		<b>20.00</b>	
New Zealand Grant - Grant		20.00	
<b>Counterpart</b>		<b>7.00</b>	
Government		2.00	
Others		5.00	
<b>Total</b>		<b>37.00</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		No	
Use of country public financial management systems		Yes	

## I. THE PROJECT

### A. Rationale

1. The Government of Cook Islands (the government) has requested the Asian Development Bank (ADB) to support a submarine internet cable project. The project will link the islands of Rarotonga and Aitutaki in the Cook Islands to Samoa, where interconnection to the international internet hubs in Fiji and Hawaii will occur. The Government of New Zealand, represented by Ministry of Foreign Affairs and Trade (MFAT), will also provide grant support to the project and has a broader interest in South Pacific country connectivity advancement through the potential to simultaneously link neighboring countries (non-ADB members).

2. The Cook Islands economy is small, open, and has a narrow economic base. These characteristics make the economy vulnerable to shocks of all kinds—external, internal, and natural hazards. Its size and dispersion over a remote and wide area of ocean, reduces opportunities to achieve economies of scale.<sup>1</sup> While free association with New Zealand means that the population is relatively affluent, having one of the highest per capita income in the Pacific (NZ\$22,000 in FY2015),<sup>2</sup> the ability for free movement of people to New Zealand has led to a declining and aging population.

3. Despite these difficulties macroeconomic stability has been maintained. Prices have been relatively stable, goods and services trade has large and persistent surpluses and the financial system is relatively stable. Significant public investments have been made in infrastructure. However, long-term average growth currently hovers close to zero.<sup>3</sup> This manifests itself in limited job creation and slow growth in government revenue, which can inhibit the provision of essential services and the desired level of welfare support.

4. Tourism is the economic mainstay, accounting for over 60% of gross domestic product. The growth potential of the industry is constrained as a result of shortages in accommodation facilities, issues with the current land leasing framework, inadequate infrastructure (water supply, sanitation, and electricity), and expensive telecommunication costs. Indeed, tourism and public service are the biggest consumers of internet bandwidth.

5. Isolation and other constraints to economic development in the Cook Islands may be mitigated in part by improved access to, and more affordable, telecommunications, especially high-speed (broadband) internet. Based on a World Bank report, it was found that in low- and middle-income countries every ten percentage point increase in broadband penetration accelerates economic growth by 1.38 percentage points.<sup>4</sup> Such impacts result from reduced transaction costs for business, government, and households; new business opportunities; and the harnessing of information and communications technology (ICT) for improved public service delivery.

6. A submarine cable would provide higher capacity and quality broadband internet at

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<sup>1</sup> The Cook Islands lie between Tonga to the west, Kiribati to the north and French Polynesia to the east and is surrounded by nearly two million square kilometers of ocean. There are 15 islands in the group with a total land area of 240 square kilometers. There are two main groups: the north consisting of seven atolls and the south consisting of eight volcanic islands. The Cook Islands has a total population of 15,000 and most live on the largest island Rarotonga. Many of the smaller islands are sparsely populated.

<sup>2</sup> <http://www.mfat.gov.ck/statistics>

<sup>3</sup> ADB. 2016. *Asian Development Outlook 2016*. Manila

<sup>4</sup> The World Bank. 2009. *Information and Communications for Development 2009: Extending Reach and Increasing Impact*. Washington.

much lower cost to Cook Islands, making the internet more accessible and affordable to the broader population. This would help Cook Islanders maintain social cohesion with their relatives residing abroad. Regional integration would also be supported by increasing the frequency and quality of communications among the countries in the region, thus increasing trade in services (tourism and back-office functions) and allowing the region to form a sizable market for digital products and services. It would also strengthen the existing regional public goods and encourage new ones by allowing countries to share the limited knowledge and human resources available in the Pacific.

7. Bluesky-Cook Islands (40% government owned), is the monopoly telecom provider in the Cook Islands. Bluesky provides 100% geographic coverage by telecommunication services, with 83% of the population having access to 3G services. In an effort to reduce communication costs, in 2014 Bluesky commenced the use of medium earth orbit satellite (O3b). However, uptake was rapid and capacity remains constrained. Moreover, the service is prone to weather disruption. The retail price, while reduced, is still significantly above that achievable with a fiber-optic cable provided service.<sup>5</sup> Despite the cost, the overall data usage averages 10 GB per month per user, which is the highest in the region. The high cost of international bandwidth is the principal constraint to higher internet penetration, the introduction of new telecommunications services, and new retail market entrants. Bluesky has expressed interest in joining a public-private partnership to bring broadband cable to the Cook Islands.

8. There is no telecommunication regulation in place in the Cook Islands. As the sole operator, Bluesky manages telecom frequency, pricing, service level, and customer complaints. The government is working towards finalizing appropriate legislation to regulate telecommunications in parallel with cable development, so that necessary regulations and institutional structures are in place by commencement of the cable service.

9. The total cost of the project is estimated to be \$37.0 million, of which ADB will provide \$10 million.<sup>6</sup> The Government of New Zealand will provide parallel grant financing to the project and the private sector is expected to contribute through equity investment. The government is working with a task force of representatives from Niue, Tokelau, French Polynesia, and Samoa who have common interests in improving connectivity and are seeking an optimum cable system configuration for this purpose. There is potential for the Cook Islands-Samoa cable system to be extended to connect Niue and French Polynesia (at own cost). Such a regional approach will help the Cook Islands to achieve economies of scale and share operating costs.

10. The proposed project is included in ADB's country operations business plan 2016-2018<sup>7</sup> for Cook Islands and is consistent with the Cook Islands' National Sustainable Development Plan.<sup>8</sup> Improving telecommunication has been identified as a key activity under Goal 2 for Infrastructure.

## **B. Impact, Outcome, and Outputs**

11. The impact of the project will be improved telecommunications in the Cook Islands, in alignment with the National Sustainable Development Plan. The outcome will be low cost and high quality internet service. The output will be the establishment and efficient operation of a

<sup>5</sup> Prepaid WiFi services are available at different data volume levels. A 1250 MB prepaid package costs NZ\$50 and a postpaid package for 100GB data costs NZ\$699 per month. There is no unlimited data plan available.

<sup>6</sup> The Cook Islands is a group C country, eligible for OCR. Regional OCR has been made available for this project.

<sup>7</sup> ADB. 2015. *Country Operations Business Plan: Cook Islands, 2016—2018*. Manila.

<sup>8</sup> Government of the Cook Islands. National Sustainable Development Plan 2011-2015

submarine cable system connecting the Cook Islands to the international internet.<sup>9</sup> Impact, outcome, and outputs were assessed following the *Guidelines for Preparing a Design and Monitoring Framework*.<sup>10</sup> The design and monitoring framework is in Appendix 1.

### C. Investment and Financing Plans

12. The government has requested a loan not exceeding \$10.0 million from ADB's ordinary capital resources to help finance part of the project. The Government of New Zealand will provide \$20.0 million parallel grant cofinancing.<sup>11</sup>

13. The government will make the proceeds of the loan and grant from the co-financiers available to a special purpose vehicle through an onlending arrangement.<sup>12</sup> The special purpose vehicle, through private investor(s), will provide counterpart equity financing equivalent to \$5.0 million. The government of Cook Islands will bear taxes and duties of \$2.0 million. The financing plan is in Table 1.

**Table 1: Tentative Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (loan)	10.0	28.5
Government of New Zealand (grant)	20.0	57.1
Private sector (equity)	5.0	14.3
Government of the Cook Islands (equity)	2.0	5.4
<b>Total</b>	<b>37.0</b>	<b>100.0</b>

Source: Asian Development Bank estimates.

### D. Indicative Implementation Arrangements

14. In the Cook Islands, the Ministry of Finance and Economic Management will be the executing agency (EA) for the project. The Government has expressed a preference for a public-private partnership model to implement and operate the submarine cable. The cable operating entity will be the implementing agency and wholesale provider of the submarine internet bandwidth in the Cook Islands. It will be responsible for procurement and financial management activities. ADB will support as necessary through ongoing technical assistance to build the capacity of the envisioned cable operating entity in the development of the project.<sup>13</sup> At present, ICT division<sup>14</sup> under Prime Minister's Office has been mandated to work with the joint task force with Niue, Tokelau, French Polynesia and Samoa to evaluate the available cable solutions and be the focal point for the project preparatory activities. MFAT has established a project management unit to coordinate with country taskforce members and their technical teams. It also provides project management and technical support to the task force.

15. Cofinancing arrangements between ADB and MFAT, including procurement packages for works and goods and consulting services, will be detailed in the project design and

<sup>9</sup> It is intended that the special purpose vehicle and telecom regulatory reform will be finalized ahead of board approval and so these are not currently reflected in the DMF as activities, rather as risks.

<sup>10</sup> ADB. 2007. *Guidelines for Preparing a Design and Monitoring Framework. Second Edition*. Manila.

<sup>11</sup> An MOU will be developed between ADB and MFAT to outline project cooperative arrangements.

<sup>12</sup> The draft terms and conditions, will be subject to ADB endorsement, and will be formalized in a subsidiary loan agreement between the Ministry of Finance and Economic Management and the special purpose vehicle.

<sup>13</sup> Technical assistance will be provided through TA 8540-REG Pacific Information and Communication Technology Investment Planning and Capacity Development Facility.

<sup>14</sup> Project responsibilities will be handed to the cable operating entity once established.

described in the project administration manual. Procurement of equipment or consulting services covered by ADB's loan or technical assistance will conform with ADB's *Procurement Guidelines* (March 2015, as amended from time to time) and *Guidelines on the Use of Consultants by ADB and Its Borrowers* (2013, as amended from time to time).

## II. DUE DILIGENCE REQUIRED

16. ADB and MFAT are currently providing technical assistance to the government to support project preparation activities. The MFAT has already initiated a technical and financial due diligence of the broader multi-country project. ADB will provide support (footnote 13) to analyze this from the Cook Islands perspective, providing support to the government for carrying out the following analysis:

- (i) **Technical.** Various options for improved internet services will be examined including cable connections to New Zealand and French Polynesia, to planned regional cable projects, as well as expended use of medium earth orbit satellite.
- (ii) **Economic and Financial.** ADB will assist the government in understanding the economic viability and sustainability of the project, with strong focus on impact on the government's debt management. It will also clearly establish the reasonableness of the cost estimate, the financial viability and sustainability of the project, and also assess the financial management capacity of the proposed public-private partnership
- (iii) **Governance.** ADB will assist the government to examine options for the governance, ownership structure, and management of the special purpose vehicle which will implement and manage the cable system. ADB will also provide assistance to strengthen the operating environment for ICT entities, including through regulation and promoting competition. Office of Anticorruption will be consulted on the due diligence on private sector project participants.
- (iv) **Poverty, Social, and Gender.** The assistance will also cover an understanding of the proposed project on social aspects such as gender and poverty reduction. It will also assess the social and poverty impacts of the project and explore a project strategy to address relevant poverty and social issues where possible.
- (v) **Safeguards.** ADB will provide support to address safeguards as required by the government, ADB and MFAT. The safeguards will be prepared according to Cook Islands laws, MFAT's environmental and social operational policy and guidelines, and ADB's Safeguard Policy Statement 2009. Based on experience with similar projects in the region, the project is expected to result in minor, site-specific and manageable impacts on the environment, predominantly created during the surveying and cable laying activities. The project is unlikely to have any physical or economic displacement, nor trigger indigenous peoples safeguards. The construction of the cable path and landing station will be on public or government land and is unlikely to require any land acquisition. A consultant will be recruited to undertake assessments of the design/pre-construction, construction/laying/connection, operations and maintenance phases of the submarine cable and landing stations and prepare any required safeguards documents - environmental assessment, resettlement plan (or due diligence report), and/or an indigenous peoples' plan.

### III. PROCESSING PLAN

#### A. Risk Categorization

17. The project is categorized as “low risk” because (i) the loan amount is below \$200 million (\$10 million); (ii) ADB has a sound record of implementation of similar submarine cable projects in the Pacific region,<sup>15</sup> (iii) the proposed EA has capacity and experience with ADB project implementation,<sup>16</sup> and (iv) the proposed safeguard categorization is other than A. Preliminary safeguard categorizations for the proposed project would be category B for environment, category C for involuntary resettlement and indigenous people and category B for the procurement classification. The project team will confirm this during project preparation.

#### B. Resource Requirements and Processing Schedule

18. The project preparation will require ten person-months of staff time for missions and office-based work.<sup>17</sup> The proposed processing schedule is shown in Table 2. To ensure a timely process, the government has committed to: (i) jointly select a cable configuration by the end of May 2016; and (ii) establish the cable operating entity by September 2016.

**Table 2: Proposed Processing Schedule**

<b>Milestones</b>	<b>Expected Completion Date</b>
Loan fact-finding	1 August 2016
Staff review meeting	19 September 2016
Loan negotiation	30 September 2016
Board consideration	28 October 2016
Loan effectiveness	21 November 2016

Source: Asian Development Bank estimates.

### IV. KEY ISSUES

19. The choice of submarine cable route directly impacts the project cost and timeline. The project team will ensure, in collaboration with MFAT, that EA and IA take necessary early steps to establish the technical solution and finalize the project cost.

20. Regulatory reform and establishment of the special purpose vehicle are key to the project. Cook Islands has a draft telecommunications regulatory bill and if needed, the loan will covenant creation of a regulatory function before the cable enters operation. Establishing an entity involving private investors is a complex process and will require legislative action. It may impact the time line of the project. Moreover, it can have an impact on the smooth operation of the cable in future. ADB will provide technical assistance in these areas.

21. ADB and MFAT will establish a detailed collaboration strategy for the cofinanced components and applicable procurement rules in the due diligence phase. Discussion has already commenced on this.

22. Finally, the project will fail to raise internet usage in Cook Islands unless people find it helpful for development. The government has already implemented an e-taxation project and ADB is willing to assist the government in implementing further service delivery applications.

<sup>15</sup> The submarine project in Tonga was successfully implemented in 2014. Similar projects in Samoa and Palau have just commenced implementation.

<sup>16</sup> ADB. 2012. G0249. LN2472/2473/2739. Avatiu Port Development Project. Manila

<sup>17</sup> In addition, the preparatory and capacity building activities covered by ADB technical assistance will provide 10 person-months of international consultant inputs.

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project</b>			
Improved telecommunication in Cook Islands <sup>a</sup> .			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<b>Outcome</b> Decrease in cost and increase in quality of internet service	a. Retail price of fixed internet service for 2-megabit-per-second connection decreases at least 20% against 2016 b. Bandwidth availability will be increased at least 20% against 2016 baseline  Availability of service will be 99% in accordance with the industry standard	a. Internet service price list published by ISPs and telecom operators.  b. 'Ping' time at consumer level as measured by tools such as web-based speed tests (e.g. <a href="http://www.speedtest.net">www.speedtest.net</a> )	Lack of guidelines, policy, and capacity to manage the assets around the submarine cable.  Monopoly or collusion among local supplier(s) prevents decrease in retail internet price.
<b>Outputs</b> A submarine cable system connecting Cook Islands to the international internet hub.	1a. The bidding for the project is responsive within time and budget.  1b. The submarine cable provider implements the project following industry standard and implementation guidelines.  1c. The submarine cable provider achieves 99% system availability.	1a. Progress reporting  1b. Operational reporting logs  1c. Performance testing report including target of 1 hour(industry standard) for fault handling time (measured by mean time to recovery)	Lack of technical experience in government relating to submarine cables.  Delays in development of the special purpose vehicle.  Delays in implementing telecommunications sector reforms.  Lack of realized private sector project investment interest
<b>Key Activities with Milestones</b> <b>1. Submarine cable connecting Cook Islands to the international internet</b> 1.1 Award contracts by Q3 2016 1.2 Carry out marine survey and complete marine operations for laying cables by Q2 2017 1.3 Install terminal equipment by the end of Q1 2018 1.4 Equip cable landing systems with the necessary cross-connect facilities for customers by Q3 2018 1.5 Train cable company staff on landing facility operation and maintenance, and update skills and knowledge periodically by Q3 2018 1.6 Put in place an appropriate cable repair and maintenance agreement for spur before completing laying of cable by Q2 2018 1.7 Achieve commissioning, provisional acceptance, and be ready for service by Q4 2018 1.8 Cook Islands secures final acceptance by Q4 2018			

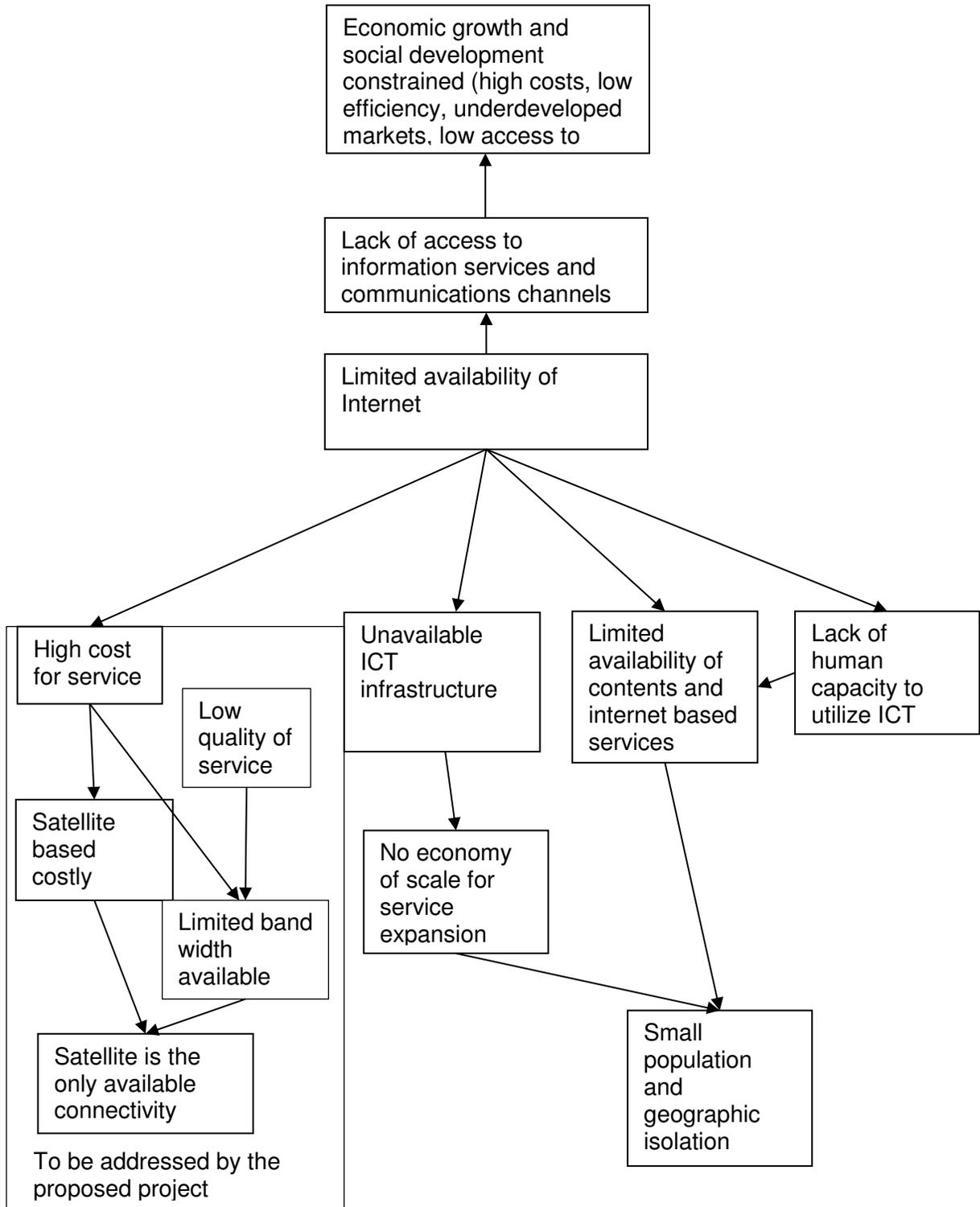
<b>Key Activities with Milestones</b>
<p><b>Project Management Activities</b></p> <p>Continue regular monitoring and supervision until Q1 2019  Follow up on safeguard issues and risk management plan in a timely manner until Q3 2018  Manage contracts from Q3 2016 until Q1 2019  Provide timely progress reports until Q1 2019  Carry out regular accounting and annual audits until Q1 2019</p>
<p><b>Inputs</b></p> <p>ADB: \$ 10 million loan</p>
<p><b>Assumptions for Partner Financing</b></p> <p>Outputs necessary to reach DMF Outcome, not administered by ADB, include: The Government of New Zealand (\$20 million financing for cable system); private sector (\$5 million equity investment and special purpose vehicle management costs). Taxes and duties (\$ 2 million) will be borne by the Government of Cook Islands.</p>

ADB = Asian Development Bank, DMF = Design and Monitoring Framework, ISP = internet service provider, MFAT = Ministry of Foreign Affairs and Trade, Q = quarter

<sup>a</sup> Government of the Cook Islands. *National Sustainable Development Plan 2011-2015*. Rarotonga

Source: Asian Development Bank

**PROBLEM TREE**



## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cook Islands	Project Title:	Improving Internet Connectivity for South Pacific
Lending/Financing Modality:	Project Loan	Department/ Division:	PARD/PAUS

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

National Sustainable Development Plan (NSDP) 2011-2015 for Cook Islands identified Improving telecommunication as a key activity under Goal 2 for Infrastructure. It has been currently updated for 2016-2020 and Information and communication technology has been identified as Goal 5 to improve standard of living.

The ICT sector is widely recognized as an enabler of economic growth, social stability and development worldwide. It brings efficiency and reduces the cost of such services and in turn enables an environment conducive to private sector investments. The proposed project will contribute indirectly to reduce poverty in the Cook Islands. 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.

Support for ICT remains consistent with ADB's Pacific Approach 2010–2014 and Interim Pacific Approach 2015, which identifies ICT as a priority enabler to enhance regional connectivity, competitiveness and opportunities for socioeconomic development. The 2015 Cook Islands National Infrastructure Investment Plan is prioritizing ICT as key infrastructure to stimulate national economic growth.

#### B. Poverty Targeting

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 Cook Islands. 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 the general public as well as local business will receive a higher quality of international communication service at a 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 the general public.

The communications service market in the Cook Islands has one operator providing mobile communications and internet services. The proposed project will lower the end-user price of the services reflecting the low cost of international bandwidth. It will require a strong regulatory capacity to ensure the benefit of the submarine cable is translated to retail consumer benefit.

##### 2. Impact channels and expected systemic changes.

The telecommunication market in the Cook Islands is relatively small and there is only one service provider. The existing (and potential future) providers are key to passing on the benefits of lower internet cost (introduced by the project) to the wholesale market. The Cook Islands is in an advanced stage of introducing necessary telecommunication regulation to ensure this. Lower pricing and better internet quality from the submarine cable will lead to innovative services and in turn will increase demand, thus reducing the cost in a competitive market fueling further growth. It will make the sector profitable and sustainable. New businesses are also expected to create more employment opportunities to the population.

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

The primary focus of the due diligence will include: (i) understanding of the internet awareness of the general public; (ii) assessing the capacity to fully utilize the availability of connectivity for capacity and knowledge development and improving social services such as ICT application in health, education and public service delivery; and (iii) spreading awareness and restricting misuse of internet.

## 4. Specific analysis for policy-based lending. NA

**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 ICT, men and women need to have equal opportunities to access and use them. The most basic gender equality issue in ICT is access, which is linked to the availability of the necessary infrastructure. For the population residing in the 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.

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. Women will have more access to information leading to improved employment opportunities and productive 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 Please explain.

The project will not directly contribute to gender equity and empowerment as access to ICT depends more on the affordability and availability of these services than social factors that might disadvantage women. However, the project will have follow-on technical assistance to support Cook Islands 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 services that address women's needs; and (iii) ICT-based productive activities conducive for women participation.

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

Yes  No Please explain

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.

4. Indicate the intended gender mainstreaming category:  GEN (gender equity)  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. Ultimately, the general public as well as local business will receive better quality of international communication service at lower cost. The government is going to set up a task force involving all the stakeholders for regular communication and consultation during the project preparation and implementation. There will also be regular press releases to provide updates to 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 task force for the stakeholders will be the forum to engage all the participants in the project. There is no issue requiring special attention for poor and excluded groups but nevertheless their participation will be ensured.

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?

Information generation and sharing  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

The proposed project will set up the infrastructure to make internet affordable and available for general public. Most of the infrastructure will be under the ocean and will not involve any land acquisition or resettlement.

#### 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

The activities under the proposed project will mostly occur under the ocean with some near the shore activities. The construction of the cable path and landing station will be on public or government land to minimize any land acquisition. At this point, no resettlement is anticipated.

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

Most of the activities under the project will occur under the ocean with some near shore activities. Land activities will be confined in public or government owned land.

3. Will the project require broad community support of affected indigenous communities?  Yes  No  
There is no indigenous community in the project area as defined in the ADB's SPS (2009).

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  Adhering to core standards  Labor retrenchment  
 Spread of communicable diseases, including HIV/AIDS  Increase in human trafficking  Affordability  
 Increase in unplanned migration  Increase in vulnerability to natural disasters  Creating political instability  
 Creating internal social conflicts  Others, please specify \_\_\_\_\_

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

Ongoing work on telecom regulation will ensure that the cost advantage of the proposed cable infrastructure is passed on to general public by the local telecom operators.

#### 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 (v) 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?

RETA 8540: Pacific Information and Communication Technology Investment Planning and Capacity Development Facility will be used to fund the project preparatory activities related to social safeguards.