

**TA-8257 REG Results-Based Strategy and Sector Planning in the Pacific - 1
FSM/Palau ICT: Environmental and Social Safeguards (46366-001)**

**DUE DILIGENCE REPORT ON INVOLUNTARY RESETTLEMENT- YAP AND CHUUK STATES,
FSM
30 September 2014**

I. Introduction

1. This due diligence report (DDR) on involuntary resettlement describes:
 - Brief project background;
 - Component activities;
 - Current status of land ownership or use; and
 - Identification of land requirement for sub-project components and potential issues

II. Brief Project Background

2. The North Pacific Regional Connectivity Investment Project will help the Republic of Palau (ROP) and Federated States of Micronesia (FSM) to establish faster and reliable internet connectivity through connection through submarine cable. The submarine cable will connect Palau directly to Guam with spur to Yap State in FSM. Currently Palau, Yap and Chuuk States in FSM depend fully on costly and limited capacity geo-stationary satellite based internet service. It has resulted to a very low internet penetration in both countries.

3. Palau and FSM have agreed to share the cost of the cable equally. The World Bank has agreed to provide support to FSM for the project whereas Palau has requested ADB to support their component. The proposed project will follow the World Bank technical assistance to FSM and Palau in strengthening the regulatory environment of the information and communication technology (ICT) sector.

4. The proposed project is expected to reduce the internet cost and increase the quality of the internet service to the general public. As a result, internet penetration is expected to increase significantly. This in turn will create an enabling environment for the delivery of improved electronic public services; including online government services, health and education and financial services, and support for regional integration objectives by enhancing service delivery, trade and communications with other Pacific island economies.

III. Component Activities

5. The project output:

6.1 Submarine cable connecting Palau to the international internet.

Activities under this output will include:

- (i) the submarine cable provider implements the project following industry standard and implementation guidelines; and
- (ii) the submarine cable provider achieves 99% system availability.

IV. Land Status and Requirement for Project Components and Potential Issues

Yap State

6. **Landing Site and Cable Station.** The project sites (cable landing site and site for cable station) in Yap will be located on a government land in Nimar Village in Weloy Municipality, Colonia (Parcel No. 002 F 01 title) thus will not require land acquisition. Both cable landing site and site for cable station are on a vacant government land across government staff quarters and government offices such as the Post Office and Office of Lands in the capital. The sites are free from residential and business structures. No crops, food plantations or productive trees will be affected and there will be no physical displacement of people as well as negative impact on people's livelihoods. On water, there will also be no negative impacts on livelihoods such as fishing due to the size of the 3-7 cm cable that will be placed on the bottom of the sea and the placement of the cable on the shipping channel that is commonly not used for domestic fishing.

7. **Access to Marine Conservation Area.** The fiber optic cable will pass through the main shipping channel towards Colonia outside the two marine conservation areas (Balabat Marine Conservation Area and Tamil Marine Management Area) adjacent to the Woneeday Channel directly either side of the proposed cable alignment.

8. **Right of way (ROW).** The project will utilize existing government right of way (ROW) to bring the fiber optic cable to the proposed cable station.

9. From the FSM IEE Report, the cable will originate from a branch line from the Guam to Palau cable line located to the north of Yap that will be brought around the north east end of the island of Yap proper and enter the main shipping channel located approximately half way along the southern coast line. The proposed communication cable route will pass through the two specific marine management zones associated with Yap State (National EEZ and State waters). Moreover, the proposed cable route will pass through the boundary of the municipalities of Rull and Tamil.

10. In addition to the above mentioned resource management measures, Yap State has 9 designated Conservation Areas (CA) or Marine Management Areas (both terms are interchangeable within Yap. The designation of a CA is at the municipal/community level and are developed through a consultative process with the respective communities, their chiefs, elected officials, landowners and have been assisted by State government agencies (e.g. Marine Resource Division) and/or NGO's (e.g. Yap CAP). Each CA is managed by the respective municipalities/communities and do include both State and national laws and regulations.

11. Due to the traditional ownership rights and laws of Yap, the State government fully acknowledges and supports the community's designation of Conservation Areas and their management.

12. Each CA has been developed to manage and preserve specific marine, lagoonal and/or coastal environments including specific habitats and/or species and are all currently at different levels of development with the majority of the CA still developing individual management plans. Currently all CA include general management strategies to ensure resource harvesting is sustainable and limit or prevent habitat destruction. Two CA have completed their management plans that include "no take zones" as part of their management system. Roughly 20 percent of all marine areas within Yap proper have some form of marine management. There are no CA's to date designated for marine areas outside of the 12 miles state boundaries.

Chuuk State

13. **Cable landing site.** The proposed cable landing sites in Chuuk will be located on the northeast end of the Chuuk International Airport runway. The site is a government-owned land.¹ The cable will enter the Chuuk lagoon through the Northeast Pass and land on the northeast end of the runway where it will run north and then east towards the road, where it will run within the existing airport security fence next to the main road. To reach the cable station, the cable will run under the main road through an existing conduit to be located either on: (i) the Chuuk Telecommunications Office compound immediately across the airport; or, (ii) further up the hill in Chuuk Government headquarters.

14. Initially, two sites (northeast and southeast portions) were considered for the cable landing site but the southeast portion is still not fully paid by the government. Thus the northeast end of the runway was identified as the preferred landing site being fully government-owned. *“The government now owns outright the portion of the airport extending from the terminal up to the northeast end of the airport runway”* as confirmed by the Hon. Johnson Elimo’s letter to the Chairperson of the FSM Fiber Optic Cable Taskforce, Secretary Francis Itimai, on 30 September 2014.

15. As a background to the history of landownership of the site as per the Chuuk Governor’s letter, the site was uninhabited prior to the World War II when it was used as a landing strip. After the war, the land was returned to its traditional landowners and the government entered into an agreement with the landowners to use the site as an airport. Later on the government eventually entered into agreements to purchase the land from its traditional landowners. A third party surveyor established the purchase amount. Currently, payments remain due only on a portion of the land on the southwest end of the airport, the amounts of which were based on a court judgement. The Governor further stated that *“the state has established a debt commission that prioritizes payment of outstanding judgements against the state, and affords due process protection to judgement creditors.”*

16. **Cable station.** As stated above, there are two options for the cable station site and both are government lands. Option 1 is on the FSM Telecoms compound across the airport runway (Lot No. 007-A-07 title). Option 2 is on the State government headquarters, further up the hill from the airport runway, located in Michitiw/Nantaku Village, Weno Municipality (Lot No. 029-A-48 title).

17. **Right of way (ROW).** The project will utilize existing government right of way (ROW) to bring the fiber optic cable to either of the two cable station options. Copy of lease agreements were provided by the Chuuk Government.

18. From the FSM IEE Report, the cable will originate from a branch line from the Pohnpei branch attached to the Guam - Marshall Island cable. The Chuuk branch is located approximately 12 nautical miles to the north east of Pohnpei and will be brought directly to Chuuk entering through the northeast channel. The proposed communication cable route (Map 6) will pass through the two specific marine management zones (National EEZ and State waters) and enter and remain within the boundaries of Weno Island municipality. Chuuk State does not have any legislated Marine Managed, Marine Protected or Conservation Areas within the Chuuk lagoon. There are however currently five proposed marine Conservation Areas all of which are

¹ Source: Certificaton Letter from Hon. Johnson Elimo, Governor of Chuuk, sent to Secretary Francis Itimai, Chairman of the FSM Fiber Optic Cable Taskforce, FSM Government (Attachment 3).

under different stages of development. These include Sapwwuk CA, Parem CA, Uman CA, Wichukuno CA and Piaanu CA.

19. The process required to designate a CA in Chuuk State is at the municipal/community level which are developed through a consultative process with the respective communities, their chiefs, elected officials, landowners and in all cases have been assisted in part by State government agencies (e.g. Marine Resource Division) and/or local NGO's (e.g. Chuuk Conservation Society). Each CA once designated and gazetted will be managed by the respective municipalities/communities with assistance from the government and possible NGO's. Due to the traditional ownership rights and laws of Chuuk, the State government fully acknowledges and supports the community's designation of Conservation Areas and their management.

Attachment 1. Land Status Table – Nimar Village, Weloy Municipality, Yap State

Project Components	Component activities	Current status of land ownership or use	Need for additional land and/or potential issues (including need for access road, etc.)
1. Submarine cable connecting Yap to the international internet	<p>(i) the submarine cable provider implements the project following industry standard and implementation guidelines; and</p> <p>(ii) The submarine cable provider achieves 99% system availability.</p>	<p>Land Status:</p> <p>Cable landing site</p> <p>Cable station is estimate to require about 20 x 10 sq m of land.</p> <p>Land Ownership:</p> <p>Government land (copy of land title sighted and provided to Safeguards Team)</p>	<p>- No land acquisition required.</p> <p>- The sites have existing access roads (front and right sides facing the ocean) thus do not require additional access road.</p>

Attachment 2. Land Status Table – Iras Village & Michitiw/Nantaku Village, Weno Municipality, Chuuk State

Project Components	Component activities	Current status of land ownership or use	Need for additional land and/or potential issues (including need for access road, etc.)
1. Submarine cable connecting Chuuk to the international internet	<p>(i) the submarine cable provider implements the project following industry standard and implementation guidelines; and</p> <p>(ii) The submarine cable provider achieves 99% system availability.</p>	<p>Land Status:</p> <p>Cable landing site</p> <p>Cable station is estimate to require about 20 x 10 sq m of land.</p> <p>Land Ownership:</p> <p>1. Cable landing site on the NE end of runway- Government land.</p> <p>2. Cable station site options – Both government lands. Copy of land title for cable station sites sighted and provided by the Chuuk Lands Commission to the Safeguards Team)</p> <p>3. Access roads – on government easement. Copy of land easement agreements provided by the Chuuk Land Management Office to the Safeguards Team.</p>	<p>- No land acquisition required.</p> <p>- The sites have existing access roads (both sides facing the ocean) thus do not require additional access road.</p> <p>No land acquisition required.</p>

Attachment 3. Certificaton Letter from Hon. Johnson Elimo, Governor of Chuuk



JOHNSON S. ELIMO
GOVERNOR

MARJUS J. AKAPITO
Lt. GOVERNOR

OFFICE OF THE GOVERNOR
STATE OF CHUUK
Federated States of Micronesia

P.O. BOX 189
WENO, STATE OF CHUUK
FM 96942

TEL: (691) 330-2230/2234
FAX: (691) 330-2233

September 30, 2014

Secretary Francis Itimai, Chairman of the FSM Fiber Optic Cable Taskforce
Department of Transportation, Communication & Infrastructure
FSM Government
Palikir, Pohnpei FSM 96941

Re: Certification of No Resettlement Issues for Landing of Fiber Optic Cable in Chuuk

Dear Chairman Itimai:

This letter is to certify that no resettlement issues exist in relation to the landing of a fibre optic cable on Weno. From the site visit conducted by the Environmental and Social Assessment team earlier this year, I had understood that Chuuk leadership spoke uniformly in support of the World Bank funded project and had provided ample assurances that no there is no legal or environmental obstacle to the landing of the cable. However, since I am informed that there is a request for further assurance in writing, I hope that this letter shall be sufficient for that purpose.

As I and other members of Chuuk leadership orally assured the environmental and social assessment team when they were in Chuuk, the landing site is on government property at the Chuuk International Airport. The entire airport property has been uninhabited since prior to World War II when it was built out as a landing strip. After that war, ownership reverted to its traditional owners, who entered into agreements with the government so that the property could be used as an airport. There are no disputes as to the traditional owners. The government entered eventually entered purchase agreements to purchase all of the airport land outright from the traditional owners. The purchase amounts were established by a third party surveyor funded by the Chinese government. The government now owns outright the portion of the airport extending from the terminal up to the northeast end of the runway. Payments remain due only on a portion of the land on the southwest end of the airport, which amounts are payable according to a state court rendered judgment. The state has a debt commission established that prioritizes payment of outstanding judgments against the state, and affords due process protections to judgment creditors.

My understanding is that the proposed landing will likely enter the Chuuk Lagoon through the Northeast Pass and land on the northeast end of the runway where it will run north and then east towards the road, where it will run within the existing airport security fence next to the main road. Then, to reach the landing station it will run under the main road through an existing conduit.

If this is the case, the cable will run entirely on land that is owned by Chuuk state without impediment. Actually, the Chuuk Public Utilities Corporation recently had a social and environmental impact study conducted on that same site where it was concluded that no resettlement issues existed, and CPUC was granted an easement to run power lines along the airport perimeter.

Based on this, I see no legal or social impediment to landing a cable at the Chuuk airport and hereby certify that there are absolutely no resettlement issues for the landing of a fibre optic cable on Weno.

Sincerely,



Johnson Erimo
Governor Chuuk State