Concept Environmental and Social Review Summary
Concept Stage
(ESRS Concept Stage)

Date Prepared/Updated: 03/04/2020 | Report No: ESRSC00694
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maldives</td>
<td>SOUTH ASIA</td>
<td>P171185</td>
<td></td>
</tr>
</tbody>
</table>

**Project Name:** Maldives Capacity Building Technical Assistance Project

<table>
<thead>
<tr>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance, Competitiveness and Innovation</td>
<td>Investment Project Financing</td>
<td>4/20/2020</td>
<td>7/7/2020</td>
</tr>
</tbody>
</table>

**Borrower(s):** The Republic of Maldives

**Implementing Agency(ies):**
- Ministry of Economic Development, Maldives
- Monetary Authority, Ministry of Finance, President's Office

**Proposed Development Objective(s):**

The development objective is to strengthen the coordination and capacity of selected Government institutions to contribute to improved fiscal management, and business environment.

**Financing (in USD Million):**

<table>
<thead>
<tr>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</td>
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#### B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

#### C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed project will be achieved through two components i) enhancing evidence for fiscal management and planning and ii) strengthening the business environment and financial sector.
D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

Maldives is an island nation in the Indian Ocean oriented north-south off India's Lakshadweep Islands. The Maldives consists of 1,192 coral islands grouped in a double chain of 26 atolls. The country’s atolls encompass a territory spread over roughly 90,000 sq. km, making it one of the world's most geographically dispersed countries. Over 200 of its 1,192 islands are habituated by the country’s population, with an average of 5-10 islands in each atoll being inhabited islands that have infrastructure such as housing, roads and other facilities built in. A significant number of uninhabited islands in each atoll have also been converted to resorts and tourism facilities as well as infrastructure such as housing, industrial facilities and airports. The atolls are composed of live coral reefs and sand bars, situated atop a submerged ridge 960 km long that rises abruptly from the depths of the Indian Ocean. Maldives is noted as the country placed at the lowest elevation in the world, with maximum and average natural ground levels of only 2.4 m and 1.5 m above sea level, respectively. More than 80 per cent of the country's land is composed of coral islands which rise less than one meter above sea level. The islands consist of coral, sea grass, seaweed, mangrove and sand dune ecosystems which are of great ecological and socio-economic significance. Maldives is home to a number of ecologically sensitive marine habitats in shallow and intertidal zones which have been designated as protected areas by the Ministry of Environment and Energy (MEE) and these regions and any activities in their vicinity are stringently monitored and managed. While the exact locations of project targeted atolls are not known, the key project institutions where the technical assessment and capacity building interventions will be focused on are located centrally in the Capital Island of Male. As the capital, Male is the most populous city in the Republic of Maldives, housing a population of around 133,412 individuals and an area of 9.27 square kilometer. As such, it is also one of the most densely populated cities in the world. The city is geographically located at the southern edge of North Malé Atoll (Kaafu Atoll) and administratively, the city consists of a central island, an airport island, and two other islands governed by the Malé City Council, which are Hulumale and Villingili.

D. 2. Borrower’s Institutional Capacity

The project’s key functions would be strengthening the coordination and capacity of selected Government institutions to contribute to improved fiscal management, and business environment. The selected government institutions will include the Ministry of Finance, Maldives Monetary Authority, Ministry of National Planning, Ministry of Economic Development and the President’s Office. It would thus be important to understand how the perceived environmental and social risks of the project are handled by the respective Ministries at present and how their capacity can be improved in the future. The E&S screening will help understand the capacity of the selected ministries and their related offices to address environmental and social issues in future investments downstream. The need and capacity to implement Bank’s ESSs will be assessed during preparation period prior to the project appraisal and institutional strengthening plan will be suggested and agreed upon accordingly and included in the design of the project.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Environmental Risk Rating

The project is classified to have 'low risks' at the concept stage, after considering, in an integrated manner the project location, types of activities the project will support, which is mainly TA, and the scale and magnitude of potential impacts, at the preparatory stage. Specifically, the project will finance technical assessment and capacity building-focused interventions that will support the formulation of policies, plans, and strategies on fiscal management and
service delivery, that will assist the Government to mitigate sub-optimal ways of handling service delivery models that lead to higher costs. Based on the project components identified at the concept stage, the overall risks of the project are expected to be low. No physical interventions or studies focused on the delivery of infrastructure, such as feasibility assessments, will be undertaken under project financing nor will it involve construction or other activities that involve physical interventions to the environment to be undertaken via the use of project financing. Institutional strengthening activities proposed under the project will not include the purchasing and/or replacement of IT hardware and will support web and cloud-based solutions instead. The TA on the health sector will explore solutions for the basic underlying issue of primary care availability centralized in the Male region, leading for need for extensive travel from the Atolls at the expense of the Government. The TA will look at a more decentralized and technology-based service delivery model such as service delivery capacity in the atolls and proposed innovations such as telemedicine and a hub and spoke model whereby specialists from Male will visit atolls on fixed days. The associated environmental risks of the downstream impacts of such solutions are thus assessed to be low at the concept stage.

Social Risk Rating

The TA activities supported under the project are focused mainly on strengthening coordination and capacity of government institutions in order to enhance fiscal management and the business environment in the Maldives, and are likely to have minimal adverse impacts, if any. Instead, support for fiscal management and planning such as open source web-based M&E would contribute towards good governance and greater social accountability; development of a National Health Financing Strategy is expected to enhance service delivery model that would cater towards the much needed primary care in the atolls; and better methodology for targeting through the development of National Social Protection Strategy will help formalize Aasandha, unemployment insurance and disability and local service delivery. Similarly, the simplification of the legal and regulatory framework affecting businesses would enhance financial stability and inclusion, thereby strengthening the overall business environment, especially for the SMEs and new entrepreneurs that face many constraints in the current context of the Maldives. Further, to enhance gender equity and social inclusion of the reforms, the project will support: Gender based expenditure analysis on the Health, Education, and Social Protection sectors; and Digital Finance Inclusion study, which are envisaged to also have positive social impacts. However, since the Project would include E&S assessment during project preparation and implementation, the project is classified to have 'low' social risks.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

ESS 1 is relevant to understand and assess potential environmental and social risks associated with the Project in addition to assessing the overall capacity of the client to mitigate and manage potential environment and social risks of future investments downstream. Based on the components identified at Concept stage, overall risks are expected to be low as no physical interventions or studies focused on the delivery of infrastructure downstream that will have risks associated with civil works are to be financed via the project. Institutional strengthening activities proposed under the project will not include the purchasing and/or replacement of IT hardware and will support web and cloud-based solutions, thus potential risks associated with e-waste generation are also low. The TA on the health sector will explore solutions for the basic underlying issue of primary care availability centralized in the Male region, leading for need for extensive travel from the Atolls at the expense of the Government. The TA will look at a more decentralized
and technology-based service delivery model such as service delivery capacity in the atolls and proposed innovations such as telemedicine and a hub and spoke model whereby specialists from Male visit atolls on fixed days could be identified, as these interventions are focused more on softer, it and human capital based solutions the associated environmental risks are also low. The nature of the activities of these TAs will be assessed further during project preparation via Environmental and Social Screening to understand if there will be any resulting impacts associated downstream and E&S risk analysis will be and management will be imbedded into TORs in developing various policies and legislation.

**Areas where “Use of Borrower Framework” is being considered:**
The ESF will be adopted for this project but will also meet GoM requirements.

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**ESS10 Stakeholder Engagement and Information Disclosure**

Consultations and disclosure of information with stakeholders will be at the core for planning and implementation of the project. The key stakeholders which include relevant Ministries, state planning departments, project beneficiaries and target audiences in Male and the atolls, target employees, researchers/respondents will be identified with the support of borrower. The borrower will map all stakeholders, prepare a Stakeholder Engagement Plan (SEP) during preparation and this SEP will be a part of the ESCP agreed with the borrower. The SEP so prepared during preparation will be updated proportionate to the nature and scale of project during implementation.

**B.2. Specific Risks and Impacts**

A brief description of the potential environmental and social risks and impacts relevant to the Project.

**ESS2 Labor and Working Conditions**

This standard is relevant. The project will involve: a) direct workers; b) contracted workers engaged in consultancy, services firms (for developing data systems, undertaking studies, etc.) or data enumeration; and c) primary supply workers (e.g., suppliers of primary equipment necessary for the project functions). Accordingly, the Project will document existing labor management procedures and incorporate aspects such as: applicability of labor laws and, non-discrimination and equal opportunity, grievance mechanism to all workers, occupation health and safety aspects, among others. However, the project footprint is envisaged to be relatively small and short term. Given the low risk of this project, the Labor Management Procedures developed, will be incorporated in the ESCP.

**ESS3 Resource Efficiency and Pollution Prevention and Management**

This standard is not relevant as the institutional strengthening activities proposed under the project will not include the purchasing and/or replacement of IT hardware; instead, it will support web and cloud-based solutions.

**ESS4 Community Health and Safety**
This standard is not relevant. Since no construction or infrastructure development activity is envisaged under the project and/or as a result of the proposed interventions, project activities are not expected to cause risks and impacts to local communities.

**ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**
This standard is not relevant. Project activities do not envisage any land acquisition, activities that would restrict land use, and case impacts relating to involuntary resettlement.

**ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**
This standard is not relevant. The project does not envisage any activities which have either direct or indirect impacts on bio-diversity or any living natural resource areas.

**ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**
This ESS is not relevant in the project area. There is no evidence suggesting the presence of Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities in the Maldives.

**ESS8 Cultural Heritage**
This standard is not relevant for the project as cultural assets, both tangible and non-tangible are unlikely to be impacted by the activities currently envisaged. The project will not support any works or activity that would impact cultural heritage.

**ESS9 Financial Intermediaries**
Given the nature of the project, this standard is not relevant as there will not be an financial intermediaries involved.

**B.3 Other Relevant Project Risks**
None

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways**

No

**OP 7.60 Projects in Disputed Areas**

No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE
A. Is a common approach being considered?  
No

Financing Partners
The project does not include any financing with partners.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Actions to be completed by Appraisal:
1. An E&S screening Report will be prepared for both Environment and Social Risks. Screening during preparation will focus on: (a) assessing current procedures for social and environmental management at the various project institutions; (b) assessing staff capacity to handle and channel environmental and social issues to the relevant national procedures, and any other E&S guidelines relevant to project activities, which the E&S risk screening may identify. Specific measures and instruments resulting from this screening for addressing the social and environmental risks will be proposed in the ESCP.

2. Review of TORs for relevant TA activities to integrate E&S risk analysis and management into the development of policies, legislation and capacity strengthening.

3. Stakeholder Engagement Plan (SEP) and GRM.

4. Labor Management Procedures, which will be incorporated in to the ESCP.

5. Gender analysis relating to: Gender based expenditure analysis on the Health, Education, and Social Protection sectors; and Digital Finance Inclusion study

The ESCP will be finalized with the borrower.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):
Capacity of project teams on identifying and managing environmental and social issues, stakeholder engagement, establishment of GRM, and gender implementation of the Labor Management Procedures via the ESCP.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 06-Dec-2019

IV. CONTACT POINTS

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Borrower: The Republic of Maldives

Implementing Agency(ies)
Implementing Agency: Ministry of Economic Development
Implementing Agency: Maldives Monetary Authority
Implementing Agency: Ministry of Finance
Implementing Agency: President's Office

V. FOR MORE INFORMATION CONTACT
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VI. APPROVAL
Task Team Leader(s): Angela Prygozhyna
Practice Manager (ENR/Social) David Seth Warren Recommended on 14-Aug-2019 at 14:07:28 EDT
Safeguards Advisor ESSA Agi Kiss (SAESSA) Cleared on 04-Mar-2020 at 18:06:58 EST