



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 05/17/2020 | Report No: ESRSA00840



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Maldives	SOUTH ASIA	P174014	
Project Name	COVID-19 Emergency Income Support Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Protection & Jobs	Investment Project Financing	5/18/2020	6/9/2020
Borrower(s)	Implementing Agency(ies)		
Republic of Maldives	Ministry of Economic Development		

Proposed Development Objective(s)

The Project Development Objective (PDO) is to mitigate the economic impact of the COVID-19 crisis on workers and their families, and to increase the capacity of social protection programs to respond to future emergencies.

Financing (in USD Million)	Amount
Total Project Cost	12.80

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

Yes

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

The project would achieve the PDO by (i) providing emergency cash transfers to individuals who have lost their jobs or income sources as a result of the COVID-19 pandemic, to help them survive and protect their and their families' human capital; (ii) building the capacity of NSPA and its delivery systems to ensure that the government can respond with assistance more quickly in future emergencies.

D. Environmental and Social Overview



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

Maldives is an island nation in the Indian Ocean oriented north-south off India's Lakshadweep Islands. It 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 with infrastructure such as housing, roads and other facilities built in. A significant number of uninhabited islands in each atoll have been converted to resorts and tourism facilities as well as infrastructure such as housing, industrial facilities and airports. The islands consist of coral, sea grass, seaweed, mangrove and sand dune ecosystems which are of great ecological and socio-economic significance. As of 2017, Maldives has 436,330 inhabitants with approximately 373,330 Maldivians and 63,000 expatriate workers.

The Maldivian economy remains dependent on a small number of sectors: tourism (20.2 percent), transport and communication (11.1), construction (9.3 percent), and trade (9.0 percent) (2018 figures). Given the limited number of available resources, the Maldives is heavily dependent on the tourism sector, which is seen as both a strength and a challenge. The rapid economic growth and improved standard of living over the last several decades are largely a result of the quick expansion of the tourism industry. However, this also means that the Maldivian economy remains highly vulnerable to fluctuations in global social and economic conditions.

The Maldives Household Income and Expenditure Survey (HIES) 2016 results shows that in Maldives, average monthly household income is MVR 26,395 per household with approximately 8.2% of the total population living below the poverty line (National Bureau of Statistics, 2016). Poverty rates and the level of inequalities seem to vary by region, with locals in southern atolls more likely to be affected by poverty. For instance, in 2016, the poverty ratio for the atolls was 12.8% in comparison to 1.7% in Malé. As of 2019, it is estimated that over 10,000 children are still living in poverty across the Maldives, with huge gaps also evident between Male and the atolls (UNICEF, 2020). In the outer atolls, youth and children in particular, lack access to quality essential services which are often heavily concentrated around Malé city.

The geographical isolation of the islands means a dispersed population across many small islands which significantly limits opportunities for job creation and economic diversification. Public sector jobs are primarily in the civil service. However, as living standards continue to increase, the labor market has become more challenging for Maldivians in general. The rapid growth in low skilled jobs in the tourism and construction sector is not in line with the increasing educational attainment and expectations amongst the younger generations of workers, leading to a mismatch in skills supply and demand. With the tourism sector contributing directly to about one-fifth of total employment in the country in 2017, only 55 percent of the 34,500 jobs created were filled by Maldivian staff. The lack of participation in tourism jobs is particularly limited among Maldivian women, who account for only 7% of labor in the industry (World Bank, 2019). Further, while public sector jobs account for approximately 40% of total employment, public-private wage differentials and other benefits associated with public employment often disincentivize job seekers from taking up private sector employment (World Bank, 2020). Combined with various inclusion issues, this has resulted in relatively elevated levels of youth unemployment (15.3%) and low rates of women participation in the workforce (World Bank, 2020).

Maldives is in urgent need of assistance to mitigate the impacts of the COVID-19 pandemic. According to the Spring 2020 South Asia Economic Focus, Maldives is likely to be the hardest-hit country in the South Asia region as a result of



its heavy dependence on the tourism sector for employment and foreign exchange income. Widespread job and income losses are expected in Maldives as a result of the COVID-19 pandemic. Maldives' economy is expected to be severely hit by the current crisis due to its heavy reliance on tourism, with projected growth of -14 to -18.5 percent in the fiscal year ending December 2020 (South Asia Economic Focus, Spring 2020). Following an outbreak of the disease at a resort in March, the Government of Maldives (GoM) prohibited visitors from COVID-19 affected countries, ceased issuing visas on arrival, and banned travel between resort and local islands. Consequently, it is expected that tourist arrivals fell sharply in March and will not recover until well after the health crisis is fully resolved.

Although the GoM has announced support packages for the private sector that incentivize firms to retain their workers, many firms have begun laying off their casual staff and asking contract staff to take leave without pay or significant temporary pay cuts. Informal sector workers have also suffered sharp falls in their income – either because they depend directly on the tourism sector, or because demand has dried up as a result of social distancing measures. Despite efforts to protect jobs through industry support packages, the government expects 15,000-20,000 people to lose their jobs in the coming months. Without government assistance, many Maldivians would fall into poverty, threatening human capital and social stability.

D. 2. Borrower's Institutional Capacity

The project will be implemented by the Ministry of Economic Development (MoED) of the Government of Maldives (GOM). The MoED has prior experience in social cash transfer programs through the National Social Protection Agency (NSPA) in Male and the same mechanism will be used for the proposed project. The present system has strong capacity and well-developed delivery systems relative to other countries in the region. The NSPA operates a modern customer service center in Male to receive applications and handle matters relating to beneficiaries. Applications for income support will be made through the Job Centre—an online platform, processed by the NSPA, and paid through existing electronic payment systems run by the Bank of Maldives (BML). The BML offers a point-of-service (POS) payment facilities at many island stores, and online payment facilities for other services.

Prior to project effectiveness, the MoED will establish a Project Management Unit (PMU) with a cadre of full-time staff comprising: (a) 01 Project Director, (b) 01 Deputy Project Director, (c) 03 Procurement specialist/consultants, (d) 03 Financial Management Specialist/Officer, (e) 01 Environment and Social Specialist, 02 Environment and Social Managers, and 01 Environment and Social Officer. However, the MoED does not have prior experience implementing projects under the World Bank's ESF. Further, given a limited administrative budget and staff, NSPA has been constrained to date in its capacity to conduct monitoring and outreach visits beyond Male. Hence, capacity enhancement will be part of the project, and the staff and project workers, including at the PMU will have to be provided with training and implementation support, especially during the initial stages of the Project.

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

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Low

The proposed project will provide cash support to about 20,000 individuals who have lost their jobs or income sources as a result of the COVID-19 pandemic; and technical assistance for strengthening of social protection delivery systems and institutions. The project will neither support the procurement of any materials or equipment nor

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rehabilitation or construction activities or civil works. Therefore, interventions under this project will not result in any negative environmental impacts.

However, Component 3 of the project is the Contingent Emergency Response Component (CERC). In case of activation of the CERC, the project ESMF will be updated as soon as the scope of the contingency component becomes better defined. In addition, a CERC Operations Manual will be prepared during project implementation to govern the operation of the CERC. The manual will be aligned with the ESMF at the time of preparation and will include provisions to ensure environmental and social due diligence in line with the requirements of the ESF.

Social Risk Rating

Moderate

The social risks are rated as 'moderate' due to the potential risks associated with: (i) full inclusion of eligible beneficiaries, particularly vulnerable groups who have limited access to information about the income support program and project benefits; (ii) inadequate consultations with relevant stakeholders during the preparation and finalization of the National Social Protection Framework, pension program, unemployment insurance program, targeting systems, etc., under Component 2; (iii) occupational health and safety risks to project workers over potential infections as they interact with other staff and community members associated with the project; (iv) potential risks of gender-based violence linked to registration and increase in domestic violence due to financial strains on households and the receipt of financial transfer; these risks are however assessed to be 'low'; and v) social tension between project beneficiaries and non-project beneficiaries, especially if there is lack of transparency in the application and decision-making process.

These risks are expected to be avoided or mitigated by ensuring the project design, beneficiary selection processes etc. is carried out in an inclusive and equitable manner, including thorough specific outreach activities to ensure that vulnerable and marginalized groups, gender minorities, elders, people with disabilities, etc, are able to access information and application processing facilities. In addition, the project will have measures for meaningful consultation and engagement as well as mitigation of adverse impacts, specifically the community health and safety risks associated with the COVID pandemic as well as potential risks associated with GBV/SEA/SH during situations of emergency and extreme financial strains on individual households combined with cash transfer. There will be a GRM for communities (stakeholders and beneficiaries) as well as for project workers. The project will ensure the implementation of the LMP, SEP and ESMF prepared as per the ESF guidelines and government regulations.

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:

The interventions supported under this project will provide cash support to poor and vulnerable households affected by the COVID-19 crisis. The project will neither procure materials or equipment, nor support rehabilitation or construction activities or civil works, and therefore, is not expected to have any negative environmental risks or impacts. As there are no activities with a physical footprint identified, nor are there activities that could lead to specific actions that could have associated environmental impacts, no environmental assessment is required.



However, given the current situation associated with the COVID-19 pandemic, occupational health and safety risks for project workers (i.e. PMU staff, workers engaged with the Job Center, Island Councils and Community workers who will directly engage with the public), is a concern. To mitigate these risks, the project workers will follow proper hygiene, social distancing measures and other safety precautions as detailed in the ESMF, the WHO standards and other Government guidelines.

Based on the documentation and available data, project risks were assessed during the project preparation phase as described in the ESMF. The key social risks were related to issues of exclusion and access to information and services specifically for vulnerable and marginalized groups. For example, the risk associated with the eligibility criteria and beneficiary selection processes not being designed in an equitable and a transparent manner thereby excluding key vulnerable groups. In addition, disadvantaged and vulnerable groups face challenges in terms of accessing information and facilities to apply for the income support grant, undermining the central objectives of the project. While the project will mobilize Island Councils and community groups to support these vulnerable groups, there is an added risk of exposing these groups to the virus during interactions with Island councils and other community members. Risks of GBV, SEA and SH may also increase as a result of abuse of authority especially during selection of beneficiaries for sexual purposes, domestic violence due to economic hardships, and during home visits, especially in homes without any male presence. Further, social tensions could arise due to concerns about infection being spread to the communities during interactions or due to community groups or individuals being dissatisfied about the selection process of the project due exclusion issues.

The project does not involve any sub-projects, and hence, will not require preparation of site-specific environment and social management plans during implementation. However, the ESMF has been prepared to provide an overall assessment of the risks and impacts, as well as to serve as a guidance to the borrower on the ESF requirements and procedures that needs to be complied with during the planning and implementation of project activities. The ESMF will also help ensure environment and social due diligence, if the CERC is activated; though the ESMF may have to be updated depending on the scope of the activities included in the CERC component.

Thus, the project will implement mitigation measures in accordance with the Environmental and Social Management Framework (ESMF), SEP and LMP prepared for the Project, including measures to ensure that individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable, have access to the development benefits resulting from the Project. The project will prepare other instruments, as required, for the respective Project activities including for contracts for consultant firms and/or individuals based on the assessment process, the ESSs, the ESMF, the EHSGs, and other relevant Good International Industry Practice (GIIP) including the WHO guidelines on COVID-19, in a manner acceptable to the Association.

ESS10 Stakeholder Engagement and Information Disclosure

The project recognizes the need for an effective and inclusive engagement with all relevant stakeholders and the population at large. Due to the emergency nature of the situation related to COVID19, no dedicated consultations with stakeholders were conducted during project preparation. However, adapting and blending online and localized stakeholder engagement approaches in the COVID-19 context will be used to enable engagement with stakeholders, including targeted beneficiaries, vulnerable groups, civil society organizations, and development partners.



The SEP prepared for this project supports clear communication and meaningful consultation, considering the needs of various stakeholders while also adapting to the current social distancing requirements & travel restrictions put in place by the national government. In line with the provisions of the ESCP, the MoED will apply the SEP to engage stakeholders as needed and for public information disclosure purposes.

As part of the LMP and SEP, a Grievance Redress Mechanism (GRM) for direct and contracted workers as well as wider target population, beneficiaries and communities has been developed, respectively. In addition, vulnerable and disadvantaged groups in the context of the project will be identified and mechanisms will be included for their engagement in implementing the SEP. The PMU's E&S team will closely monitor the GRM systems and identify any constraints during project implementation and mitigation measures will be taken as needed.

B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions

The project workforce includes: (i) direct workers, mainly the staff of PMU, MoED and NSPA, (ii) contracted workers, mainly the staff at the Job Centres and at the Island Councils who will support the project activities; and (iii) community workers who will support the Island Councils to reach and support vulnerable groups. The project has prepared a LMP detailing the procedures to establish and maintain a safe working environment; covering terms and condition of employment; non-discrimination and equal opportunities; prohibition of forced labor & child labor; and workers' rights for project workers and contracted workers, in a manner consistent with ESS2.

The MoED and NSPA will also collaborate and consult with project workers in promoting understanding, and methods for, implementation of OHS requirements, especially in relation to COVID risks, as well as in providing information and training to project workers on occupational health and safety and infection control strategies based on administrative controls, safe work practices such as provision of personal protective equipment (PPE) comprising masks, gloves and hand sanitizers, without expense to the project workers. Further, measures will be taken to assure work life balance and a stress-free work environment, especially for staff at Call Centres, PMU, MoED & NSPA given the high volume of applications to be processed during a short time frame. A separate grievance mechanism system will also be set up for all workers to raise and resolve workplace-related concerns including those that are related to GBV, SEA and SH.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is currently considered Not Relevant. No activities are expected under this project that could consume natural resources or generate wastes or pollutants.

ESS4 Community Health and Safety

Since most of the application, beneficiary enrollment and payments for income support are expected to come through the online platform (Job Center), the risks of exposure to COVID-19 contagion for the beneficiaries who use



digital services is expected to be minimal. At the Island level, the staff of island councils, MoED and other agencies, including members of community organizations, would be interacting with communities to inform them about the programme and support them to prepare the applications. These interactions would increase the risk of exposure to the virus for these workers and also pose a similar risk for the communities, especially the vulnerable groups. While there has not been any reports or evidence on risks of sexual abuse and exploitation linked to registration for social protection programs in the Maldives, these concerns have materialized in other emergency contexts. Risks of GBV, SEA and SH may also increase as a result of increased interactions between the workers and community members during home visits, especially in homes without any male presence. Further, there are also risks of increased domestic violence due to financial strains on households and receipt of financial transfer, and risks associated with GBV, SEA and SH.

The project will take measures to create awareness among Island councils, community workers, communities at large including among vulnerable on protocols to adhere to during community interactions such as practicing proper hygiene, masking and other safety precautions including social distancing measures. The project will also take precautions in anticipating and avoiding adverse impacts on the health and safety of communities, including keeping beneficiaries updated on specific protocols for cash-out and minimizing risks of in-person interactions planned during the project implementation; engaging with community for project work in person only if any other alternatives are not available; ensuring that the project related work strictly adhere to the guidelines issued on COVID-19 by the Government and the WHO; and mandating hand hygiene and personal protective equipment (PPE) such as facemasks etc. thus ensuing OHS protections in accordance with General EHSs even during community engagement to protect against contamination from COVID-19.

Furthermore, in all Islands, awareness will be made on risks of GBV, SEA and SH and on prevention measures & of the GRM in place. Community workers and Job center operators will receive training on survivors' centered approaches and referral pathways for GBV survivors.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is currently considered Not Relevant. The project is not expected to support construction or rehabilitation works of any nature. Activities that will result in the involuntary taking of land, relocation of households, loss of assets or access to assets that leads to loss of income sources or other means of livelihoods, and interference with households' use of land and livelihoods, will not be considered under the project.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is currently considered Not Relevant since the project does not involve any civil or rehabilitation works that would affect biodiversity or natural resources.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This ESS is Not Relevant for this project. 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 currently considered Not Relevant since the project does not involve any civil or rehabilitation works that would have an impact on cultural heritage.

ESS9 Financial Intermediaries

Given the nature of the project, this standard is Not Relevant as there will not be any financial intermediaries that will be involved.

B.3 Other Relevant Project Risks

At this stage, there are no other project-specific risks of relevance.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED	TIMELINE
ESS 1 Assessment and Management of Environmental and Social Risks and Impacts	
Establish and maintain a PMU with qualified staff and resources to support management of ESHS risks and impacts of the Project, including a Social and Environmental Specialist, and a Communication and Grievance Officer	06/2020
ESS 10 Stakeholder Engagement and Information Disclosure	
Establish GRM for the Project consistent with the requirement set out in the SEP	07/2020
Carry out consultations with representative stakeholders immediately, and additional ones throughout the project period.	06/2020
ESS 2 Labor and Working Conditions	
Adopt, implement and update the Occupational Health and Safety (OHS) measures in line with LMP and WHO guidelines on COVID-19 for project workers	07/2020
ESS 3 Resource Efficiency and Pollution Prevention and Management	

Public Disclosure



ESS 4 Community Health and Safety	
Prepare and implement training materials on measures to prevent community exposure to communicable diseases as well as GBV/SEA/SH-related issues, for all project workers who will be required to directly engage with community members	07/2020
ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	
ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	
ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	
ESS 8 Cultural Heritage	
ESS 9 Financial Intermediaries	

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

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

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

Borrower's framework is not being used for this project.

Public Disclosure

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Republic of Maldives

Implementing Agency(ies)

Implementing Agency: Ministry of Economic Development

V. FOR MORE INFORMATION CONTACT



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VI. APPROVAL

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Safeguards Advisor ESSA Agnes I. Kiss (SAESSA) Concurred on 17-May-2020 at 15:28:28 EDT