Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 03/20/2023 | Report No: ESRSA02669

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
South Asia	SOUTH ASIA	P179242	
Project Name	Transforming Fisheries Sector Management in South-West Indian Ocean Region and Maldives Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Environment, Natural Resources & the Blue Economy	Investment Project Financing	3/22/2023	5/16/2023
Borrower(s)	Implementing Agency(ies)		
Republic of Maldives, Indian Ocean Commission (IOC)	Maldives Ministry of Fisheries, Marine Resources and Agriculture (MoFMRA), Indian Ocean Commission (IOC) Secretariat		

Proposed Development Objective

To strengthen regional, evidence-based fisheries management in the SWIO and to improve competitiveness in the fisheries sector in the Maldives

Financing (in USD Million)	Amount
Total Project Cost	121.56

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 project will have a regional benefit focus and address the shared challenges of the South-West Indian Ocean (SWIO) countries: sustainable management of fish stocks and enhancing the fisheries sector economy for improved livelihood of the people dependent on the fisheries sector. The project will finance a set of activities needed by SWIO

countries, including coordinated activities covering all countries, and activities in Maldives that provide regional benefits. Component 1, implemented by the Indian Ocean Commission (IOC) will include coordinated fisheries sector science programs, regional fisheries stock assessments and management plans, country and regional level skill and capacity building activities. Components 2 will support Maldives to be able to enhance capacity and to function as the regional lighthouse for improved and innovative fisheries sector governance. Component 3 will finance activities to improve the business climate in favor of increased private sector participation and investment in Maldives to be able to create demonstrations and share experiences to underpin similar improvement in SWIO countries.

D. Environmental and Social Overview

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

The project will be implemented in the Southwest Indian Ocean (SWIO) countries under Component 1 and in the Maldives under Components 2 and 3.The SWIO region has the longest unfragmented fringing reefs in the world and harbors globally significant coral reef diversity. It is one of most important marine biodiversity hotspots on the planet. The SWIO Region is home to multiple fish species supporting rich fisheries, however, pressure on fish stock has reached high levels as many countries compete for the same resource. Fisheries sector activities in SWIO region are also extremely vulnerable to climate change and disaster events and are increasingly being affected.

In Maldives, the project will support activities located on inhabited islands and 54 uninhabited islands that are earmarked for future development. While the project targeted atolls and islands under component 2 will be confirmed after project commencement, it is expected that all new construction associated with the establishment of aquatic animal quarantine facilities and disease surveillance laboratories will be within airports/ports and in already allocated lands for industrial plots. Establishment of agriculture, mariculture and other such activities supported under Component 3 will be carried out in 54 identified uninhabited islands which are owned by the Ministry of Fisheries, Marine Resources & Agriculture (MoFMRA). Most uninhabited islands in the Maldives are not assessed for the quality of their environment. However,, protected areas and environmentally sensitive areas, both marine and terrestrial, are well documented and demarcated and it is confirmed that the earmarked islands are not within such protected areas

In terms of geography, Maldives is an island nation in the Indian Ocean oriented north-south off Lakshwadeep islands. It consists of 1,192 coral islands grouped in a double chain of 26 atolls, with a total land area of approximately 300 Km2, with islands varying in size from 0.5 km2 to 5.0 km2. The country's atolls encompass a territory spread over roughly 90,000 km2, making it one of the world's most geographically dispersed countries. Over 200 of the 1,192 islands in the Maldives are habituated by the country's population, with an average of 5-10 islands in each atoll being inhabited islands. Generally, inhabited islands have infrastructures such as housing, roads, and other facilities. A significant number of uninhabited islands in each atoll have also been converted to resorts and tourism facilities, and some even house infrastructure such as industrial facilities and airports.

Malé is the most populous city in the Maldives with 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 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. The Greater Malé also houses many of the most populated inhabited islands and resort islands as well as the country's main industrial

islands. However, the generic topographic, ecological and climatic conditions across the atolls do not vary on a great scale. Addu, being the second largest city of Maldives has the highest population density outside the capital Male'. With a registered population of more than 31,000 it is one of the only two atolls of the Maldives belonging to the southern hemisphere and has a land area of 15,000 hectares.

The Fisheries Sector is a main economic driver in the country and practiced across the various atolls in the Maldives. All inhabited islands, including airport islands, have harbors developed to carry out fishery activities and allow the movement of vessels.

D. 2. Borrower's Institutional Capacity

Componet 1 will be implemented by the Indian Ocean Commission (IOC) with a special agreement with SWIOFC. The SWIOFC is a relatively young instituituon with limited capacity and financial autanomy, as such the IOC will lead project implementation through a regional project management unit (RPMU), as agreed by the member states. The IOC is a regional leader in fisheries and marine environment and has strong project management capacity including implmenting bank and other donor funded projects. This component aims to enhance fishery management in the SWIO region through knowledge generaton & regional collaboration and will involve scientifc research, study and targeted capacity building. Capacity within the RPMU will be augmented with E&S experts as needed.

The institutional and technical capacity of MoFMRA is assessed as being satisfactory. In the last 5 years, the Ministry has been implementing the Maldives Sustainable Fisheries Development Project (MSFRDP) which closed in December 2022. Under MSFRDP, the Ministry and PMU have been implementing World Bank environmental and social safeguards in a satisfactory manner continuously, gaining much capacity and experience over the project period. The PMU also received ESF training as recent as April 2021. While the PMU and Ministry have also been implementing stakeholder engagement and grievances redressal mechanisms as per World Bank standards ardently over the project period, there is a need to further enhance capacity to meet ESF requirements. There will need to be targeted capacity building on E&S risk management (i) for the staff of the Corporate Project Management Unit (CPMU) which will be set up at the MoFMRA to oversee project implementation, (ii) project beneficiaries on operational environmental and social management, specifically in Component 3 that supports enterprise development (iii) Regional PMU that will be set up at the IOC for compoenent 1 implementation that is mostly comprised of analytcal work. Additional needs in terms of overarching capacity building will be assessed as project implementation progresses and build into the project specific capacity building plan.

At the national level, the Government of Maldives (GOM) has a number of environmental policies, regulations and standards of specific relevance to environmental protection. Among these, Environmental Impact Assessment (EIA) Regulations 2007 is key which specify that all investments in aquaculture, agriculture and fish processing need to undergo EIA to obtain clearance from the Environmental Protection Agency (EPA). The EPA has proven technical capacity and track record of ensuring the adequacy of EIAs and their implementation. A comprehensive legal framework that consists of the Employment Act 2008, Immigration Act 2007, Anti-Human Trafficking Act 2013, Pensions Act 2009, Regulation on Employment of foreign workers in the Maldives 2011, Work Visa Regulation 2010, Regulation on the Safety Standards for Construction Work, govern labor and working conditions in the Maldives. Further, Maldives became a member state of the ILO in 2009 and has ratified all the ILO's 8 core conventions on fundamental labor rights. The Land Act 2002 and Land Use Planning Regulation of the Maldives regulate and govern the allocation of land for different purposes and uses, as well as sale, transfer and lease of Maldivian land. The Right to Information Act 2014 determines the right of the general public to access Information.

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

A. Environmental and Social Risk Classification (ESRC) Moderate

Environmental Risk Rating Moderate

The project is expected to have a largely positive environmental impact through improved management of fisheries in Maldives and the SWIO region. Component 1 will enhance fishery management in SWIO countries through knowledge products, regional collaboration, capacity building and fishery management advisories. While these will lead to environmentally positive outcomes, fishery management measures that involve livelihood transition or switch over to sustainable fishing methods could potentially involve social risks, which needs to be managed though good due diligence. The risk of alien invasive species being introduced is low as in accordance with the Maldivian law the project will only support species that are already cultured in the Maldives and other local species that may be identified. The country has a robust screening process for disease surveillance for imported fingerlings, in line with its Aquaculture Regulations, and quarantining is well established. The project will further strengthen country capacity for aquatic animal quarantine, disease surveillance and management through investments in requisite quarantine facilities & equipment, trained human resources and a fully equipped network of disease surveillance laboratories. Establishment of aquatic animals quarantine facilities will be entirely within the premises of existing ports/airports and as such no major environmental risks owing to construction is envisaged. The project will support science based fishery management and further strengthen monitoring via modernization, skill and capacity building for supporting enterprise development in the Sector. Technical assistance and matching grants will be provided to decarbonize the fishery sector through unit level energy and GHG audits throughout its value chain to prepare bankable business plans, as well as to support the diversification of the fishery sector through facilitating small/medium businesses in integrated mariculture, aquaculture, aquaponics, hydroponics and agroforestry. For this, 54 uninhabited islands, that are outside protected areas, have been identified to be given to leaseholders. These business plans will focus on climate resilience, zero discharge to sea and zero emissions to be eligible grantees. Additionally, critical habitat, and natural habitat which would be adversely affected by the project will be excluded through the E&S screening and assessment criteria. While these activities will lead to positive environmental outcomes, adverse impacts that need to be managed will range from civil works for new/renovation of buildings, starting up businesses, installation and operation of equipment on vessels and at businesses, management of waste and effluent from processing and operational activities including laboratories, occupational health, and safety risks to workers. Most of these impacts are expected to be localized in nature and manageable through good environmental practice. The project may support the addition of Solar Panels and battery storage systems for energy efficiency within various facilities and the purchase of IT equipment all of which will require consideration of end-of-life e-waste management. Maldives currently does not have any hazardous waste management facilities. As such, risk of environmental contamination from improper disposal of e-waste, batteries and solar panels exists and need to be managed. While the pristine waters in the Maldives and the scale at which mariculture activities are practiced will not lead to major risks, the project will need to ensure that it will not result in the release of excess feed leading to eutrophication and promote measures to ensure antifouling chemicals and antibiotics are avoided. Current experience with mariculture via the MSFRDP have shown that the need for excessive feed use, antifouling chemicals and antibiotics have been limited. The matching grant schemes will embed E&S risk management processes into the selection criteria.

Social Risk Rating Moderate

The social risks, which are assessed to be moderate will be associated with the rehabilitation of existing facilities, construction of laboratories which include minor civil works with limited labor influx and the potential exclusion of vulnarable and marginalized groups. Since rehabilitation and repairs will be within existing government facilities and livelihood activities will be implemented in uninhabited Islands, no land acqusistion or resettlement impacts are expected. Hence, during rehabilitation of existing facilities, expected impacts will be on the health and safety of communities living near the facilities, OHS concerns for workers, and social risks associated with the excusion of vulnarable and marginalized groups from fully participating and benefiting from the project that supports the improvements in the fisheries value chain, provision of grants and lines of credit, and the promotion of SMEs. These exclusion risks may have dispropotinalely negative impacts on women as women's participation in the fisheries sector is often unrecognized and underpaid in SWIO countries, which has a reported wage gap of 25 to 40 percent. Interventions focusing on women are usually fragmented, and do not promote leadership, business skills, entrepreneurship, and ownership of assets by women. Typically, women in SWIO countries are not formally specialized in fisheries and targeted skills development programs are weak. Therefore, there is a risk of women, and vulnerable groups, facing greater challenges in accessing project benefits such inclusion in improved value chains or access to credit. Measures undertaken by the project to mitigate these risks include: economic diversification to create substantive jobs especially for women and youth, emphasizing critical transitions needed to ensure activities provide increased opportunities for excluded and vulnerable people, and performance grants to small and/or medium enterprises prorated to agreed level of employment of women.

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 multiple project interventions aimed at promoting sustainable fishery technology and fishing practices in SWIO countries including Maldives will yield net beneficial environmental impacts in the long-term. The project's environmental risks are moderate and can be managed with known technology and good environmental practices. While component 1 is entirely focused on analytics and advisory, policy decisions infleunced by them could potentially have inintended consequences such as livelihood losses from income diversification to relieve fishing pressure and transition to more sustainable fishing methods that may lead to increased dependence on other natural resources by poor coastal communities. Such risks can be managed by ensuring that the relevant studies incorporate the required environmental and social dimensions of the targeted changes in fishery so that the findings can appropriately inform policy outcomes.

Under component 2, negative environmental impacts are anticipated associated with construction of infrastructure such as animal quarantine facilities & disease surveillance laboratories which is assessed to be minor/moderate as they will be located within built areas. These impacts would be related to land clearing, dust & noise pollution, minor worker and public health and safety issues and waste generation. Wastewater discharge from laboratories and quarantine facilities during the operational phase is a potential source of marine/ground water pollution and will be minimized and mitigated through the E&S assessment process and incorporation of adequate treatment in the facility deisgn. New buildings and rehabilitation of existing buildings may also include the addition of Solar Panels and

battery storage systems for energy efficiency. A potential environmental hazard associated with solar panels and storage systems is the disposal of damaged/used units. As these units are known to contain heavy metals there is a need to plan safe disposal, especially in view of the fact that Maldives currently does not have any hazardous waste management facilities. Therefore, potential impacts will be mitigated via risk management measures that will include product specifications and “cradle to grave” provisions in the contracts of supplier for batteries and solar cells as have been implemented under ARISE project . Purchase of IT equipment will also require consideration of end-of-life e-waste management. In addition, primary suppliers of solar panels, which will be locally as well as internationally manufactured or assembled, will also need to be vetted by the borrower where child or forced labor may be a concern.

Component 3 will support private sector proposals for increasing energy efficiency in the fishery value chain as well as support livelihood diversification and relive pressure on fishery sector through integrated mariculture, aquaculture, aquaponics, hydroponics and agroforestry in 54 selected uninhabited islands. No significant adverse environmental and social risks are anticipated other than localized impacts such as land clearance during the business set-up phase and waste discharge in the operational phase. The project will emphasize on climate resilience, zero discharge and zero emissions in selecting business plans to be supported through the matching grant scheme, hence pollution is not expected to be a major concern. The civil works envisaged under income generation activities will be small to medium scale comprising of production houses, labor quarters and small office buildings. Civil work impacts of mariculture interventions are limited to facility siting and will typically be sited well away from sensitive receptors. During the operational phase, eutrophication can potentially result from the release of excess feeds, antifouling chemicals and antibiotics. Experience from the now closed MSFRDP has shown that the need for excessive feed use, antifouling chemicals and antibiotics is extremely limited in the context of the Maldives. The project will further support the use of, capacity building and implementation of Good Environmental Practice (GAP) instruments prepared via the MSFRDP to limit potential environmental impacts from mariculture practices. The project will adhere to the environmental regulations of the country and as such will monitor impacts of aquaculture sites with stringent measures for mitigation and monitoring. As the environmental baselines and quality of the 54 uninhibited islands earmarked to be leased out to SMEs are not well documented, there will be robust environmental and social screening and assessment to ensure that the islands selected are not critical habitat or sensitive natural habitats and that the proposed uses are justified in the context of land being a premium in the Maldives. Further, sub project activities with potential to cause adverse impacts on natural habitat in the island environments will also not be supported.

Social risks are moderate. Temporary risks would be associated with the rehabilitation of existing facilities, and construction of laboratories which includes the health and safety of workers, the impacts of laborers who may migrate to site during time of civil works and impacts on any persons living or working near to civil works. Mitigation measures will be put in place to improve the safety of all persons who may be impacted. Additional social risks could occur in the improvements in the fisheries value chain, provision of grants and lines of credit, and the promotion of SMEs which may negatively impact women. Livelihood impacts are not expected in uninhabited islands, which are owned by the MoFMRA and which will be utilized/leased from the Ministry for agriculture, mariculture and other such activities.

The project has prepared an overarching Environmental and Social Management Framework (ESMF), which is available as an advanced draft, as many of the project sites and interventions will not be known until the first year of

implementation. The ESMF covers all activities in Component 2 and 3 in detail as well as due diligence requirements for Component 1. It contain sub-project eligibility criteria and exclusion lists; site selection procedures; procedures for screening all sub-projects for E&S risks and impacts; procedures for management of hazardous waste via solar and battery storage systems, procedures of e-waste management, guidance on designing assessment and mitigation measures in accordance with relevant ESSs; a framework for monitoring and reporting on due diligence implementation; and institutional arrangement for staffing and capacity building within the CPMU in line with the ESF. Sub-projects under component 2 and 3 would have to prepare sub-project specific Environmental Assessments and/or Environmental and Social Management Plans (EAs and ESMPs) as per the screening outcome. For activities with low risks, an E&S checklist which will be included in the Projects Operations Manual (POM) would suffice. In addition, TORs for all TA activities under each component will incorporate reference to the E&S Standards to ensure that activities and outputs are consistent with the ESF.

Labor Management Procedures, Stakeholder Engagement Plan and Environmental and Social Commitment plan will also be prepared and disclosed prior to appraisal.

ESS10 Stakeholder Engagement and Information Disclosure

The SWIOFish SOP projects have resulted in noticeable improvement in coordination among SWIO countries and augmenting national capacities for management of respective fisheries stocks. The SWIOFish1 Project established SWIOFC regional consultation mechanisms and SWIOFC capacities for coordination with IOC/IOTC. During implementation of the project, the SWIOFC and its Statutory Bodies (the Scientific Committee, the Working Groups, the Task Forces) contributed to strengthened dialogue among countries and improved regional cooperation and signing of 24 cooperation agreements among members of the SWIOFC. SWIOFC countries were able to make a sizable number of joint proposals for resolutions to the IOTC and defended common positions. One of the main successes was the finalization and adoption of the Guidelines for Minimum Terms and Conditions (MTC) for Foreign Fisheries Access in the SWIO region. The subsequent SWIOFish2, SWIOFish3 and SWIOFish4 projects helped reinforce and widen the SWIOFC collaboration with stakeholders across countries and in the extended region, improve the management of selected fisheries at regional, national and community levels, and to increase access by targeted fishers to alternative livelihoods activities. In particular, the SWIOFish4 project in Maldives achieved several positive milestones, including supporting notification of a modern and comprehensive Fisheries Act of 2019, followed up by sequential regulations and relevant management plans, each of which required substantial stakeholder engagement.

This project will continue with promoting Stakeholder Engagement at regional level as well as consultation with those involved in the fishing sector at atoll level. Additionally, small and medium sized enterprise stakeholders will be actively consulted to improve value chains, and increase efficiency while also improving profitability. A Stakeholder Engagement Plan (SEP) will be prepared for this project which builds upon SWIOFish SOP project experience in stakeholder engagement at regional level and will also include engaging with small scale fisheries operations throughout the value chain. Throughout project implementation, measures will be taken to ensure active participation of vulnerable groups, and will specifically reach out to improve women's involvement to improve benefits from the project.

The MoFMRA operated a webpage for the Sustainable Fisheries Resources Development Project; a prominent part of the project webpage included GRM. In addition, the MoFMRA maintained a Twitter account (https://twitter.com/fishprojectMV) and a Facebook page (https://www.facebook.com/pg/sustainablefisheriesmv/about/) which was accessed by almost all citizens of Maldives involved in fisheries and related businesses and occupations. These sites served as an avenue by which grievances were brought to the notice of the Ministry of Fisheries, Marine Resources and Agriculture. However, the Sustainable Fisheries Resources Development Project Webpage was not popular, although it had facilities to record grievance. Other than direct communication by the citizens to Project Staff and MoFMRA Officials as part of direct stakeholder consultation sessions/events, the Facebook page and the Twitter account remain the preferred channel for notifyng or expressing a grievance.

As per the latest ISR of the Sustainable Fisheries Resources Development Project, the Facebook page had a good following, reaching between 4,000 to 8,000 people per month. Since the start of the project, the Facebook page had a total of 192 posts, was followed by 2,326 people, and had reached 242,593 people in total (23% women and 77% men) according to Facebook statistics. Compared to the total number of people engaged in fishing sector in Maldives (about 7,800 people and the relatively low engagement of women), these numbers indicate a continued substantial reach.

In regard to the feedback received, some beneficiaries pointed out delays in project implementation and suggested that project activities need to be accelerated. Some people, especially those involved in reef fishing and grouper fishery, described their concerns about falling catch numbers and income. They suggested actions that the project or government should undertake (even if those actions were not part of the project activities). Of note, there was no specific grievance about the project or project activities was received. These feedback and suggestions received for the Sustainable Fisheries Resources Development Project have been taken into consideration by the MoFMRA Officials during the design and implementation of this new project.

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 as the project will involve direct, contracted, and primary supply workers. The direct workers will support the project as PIU staff, consultants, and those who will carry out the TA work. The contracted workers will mainly be involved in civil works for rehabilitation of existing training facility campus, and construction of laboratories for establishing a network of disease surveillance. Although contractors would be encouraged to hire locally, in order to accomplish works, it is expected a small, temporary influx of labor will be needed. Finally, the project will include primary supply workers (suppliers of construction materials such as aggregates, equipment, etc.). It is unlikely that community works will be required since the project is not expected to have any community driven development type interventions. All direct, contracted, and primary supply workers will be subject to the requirements of ESS2, including clear information on the terms and conditions of employment; principles regarding non-discrimination and equal opportunity; establishment of workers' organizations; rules prohibiting child labor and forced labor; and measures to ensure OHS at the worksite. Workers will be educated in gender equity and prevention

of GBV/SEA/SH and a Code-of-Conduct, prepared as a part of the Labor Management Procedures (LMP), will outline appropriate worker behaviors. The LMP will also include a worker specific Grievance Redress Mechanism (GRM) which will also be responsive to GBV/SEA/SH incidents.. A comprehensive LMP in line with the requirements of ESS2 will be prepared and disclosed prior to effectiveness.

Given the risks of use of forced or child labor by primary suppliers involved in solar panel manufacturing industries globally, all suppliers will be vetted by the borrower during procurement stage and contracts with suppliers will include specific clauses prohibiting the use of all forms of child or forced labor. If child labor or forced labor cases are identified, the Borrower will require the primary supplier to take appropriate steps to remedy the situation as described in the LMP of the project.

ESS3 Resource Efficiency and Pollution Prevention and Management

The project will lead to positive impacts on resource efficiency overall as several project components, have been designed to promote energy efficiency and pollution prevention. The project will support energy audits and GHG audits in the fishery value chain to support business plans aimed at decarbonizing the sector and gaining energy efficiency. These are likely to include investments in vessel retrofitting, improving onshore catch handling and cleaner production in processing facilities.

There is a possibility that new construction and renovations of buildings under Components 2 and 3 may use roof top solar technology. Used solar cells, batteries, and e-waste are identified as hazardous waste which may pose health and safety risks to humans and the environment if disposed of without care. Measures to effectively manage wastes and hazardous materials will be identified and included as part of the site-specific ESIAs/ESMPs using the minimum standards and guidance stipulated in the E-waste guideline (that has been prepared for Maldives under the Accelerating Renewable Energy Integration and Sustainable Energy Project P172788) for life cycle management of electronic equipment purchases. Measures on management include identification of energy efficient equipment, recycling and reuse where possible and producer management of waste, including the transport of decommissioned systems out of the country as part of the investments. Producer management of waste will be followed via mandatory provisions in contracts with suppliers. These provisions will be drafted in line with both national legislation and applicable international conventions and reviewed by the Bank's procurement and environmental and social specialists prior to signing of contracts.. This has been practiced in Maldives under other project including Bank funded ARISE project. The ESMF has assessed relevant domestic regulations, conventions, and their enforcement against the requirements of ESS3 and the World Bank's applicable Environmental, Health and Safety Guidelines to confirm the adequacy of existing system for battery management and recycling in the Maldives and including gap filling measures in the ESCP.

Activities under Component 2 and 3, such as laboratory and quarantine facilities, SME businesses in mariculture, aquaculture and agriculture, will generate both solid and liquid waste during civil works and operations. As for laborarory and quarantine infrastructure facilities, the design will include treatment options in order to avoid polluting marine/ground water. In selecting eligible grantees under Component 3 heavy emphasis will be placed on supporting SME type businesses that promote zero waste, zero emission and climate resilience in selecting eligible

grantees. It will also support better waste management via circular economy-based activities within the fishery sector thus bringing positive impacts.

ESS4 Community Health and Safety

While risk to community health and safety is relevant the risk is considered low. Activities carried out under Component 2 will involve civil works to construct new buildings, rehabilitate existing buildings, and augment disease surveillance and quarantine facilities in ports and airports. While these facilicties are typically sited away from communities, it could pose health and safety risks to the public, including government officials, who use these facilities. Various investments to support fisheries sector value chain, such as vessels retrofitting, processing plant upgrades and harbor renovation work may cause a nuisance to the local public through waste generation, smell, and noise. However these risks can be mitigated with good environmental social due diligence and construction practices. Component 3 activities will take place entirely on uninhabited islands and therefore risks to community health and safety will be minimum. Sub-project level screening will ensure any impacts to local livelihood activities, navigational paths, etc are identified early and mitigated through design and ESMPs.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is not currently relevant. Rehabilitation and repairs will be within existing government facilities. Component 2.2 will support the establishment of a network of aquatic animal disease surveillance laboratory network including construction and equipping of such laboratories and engagement of service providers for operation and management of such. However, land acquisition is not anticipated as potential construction sites identified are on existing government land that will be used for placement of the network.

Since rehabilitation and repairs will be within existing government facilities on inhabitated Islands, physical or economic encroachers, informal settlers or users on government-owned land is not expected. Similarly, in uninhabited Islands where livelihood activities will be implemented, encroachers, informal settlers or users of land including in intertidal or marine areas are not expected. However, before commencement of any activities, relevant E&S risk screening/assessments will be conducted to assess any impacts and accordingly measures will be taken as described in the ESMF of the project to mitigate such risks.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Overall the project will benefit natural ecosystems through reduced fishing pressure on overexploited fish stock and the promotion of environmentally sustainable fishing practices. However, as outlined before, environmental due diligence is required to ensure that project activities are planned and implemented in a way that does not adversely impact sensitive marine and terrestrial environments in the selected project locations. This specifically applies to the 54 uninhabited islands owned by the MoFMR where SME types of industry will be supported for agriculture and aquaculture under component 3. All these locations will require screening for potential risks and managed via alternatives and avoidance where possible.. Attention will be given to protection and conservation of biodiversity at project sites and captured in respective EAs and ESMPs, which will include measures to avoid, minimize, mitigate or

offset any potential impacts to biodiversity, natural habitats, and living natural resources. Under the ESMF all subprojects will be screened against the exclusion list to eliminate activities situated in any protected area, critical habitat, scenic sites demarcated as having community importance and those that will have adverse impacts on the islands' natural habitat. Relevance of ESS6 will be further reviewed during the preparation of subprojects proposals when exact project sites and nature of interventions are finalized. Sites will be assessed through the processes set out in the ESMF and CPMU capacity built to assess, minimize and mitigate potential impacts on marine environment.

The risk of introducing alien invasive species that can harm native biodiversity and alter natural marine environmental conditions is considered low under the project. In the Maldives, imported fingerlings are quarantined and only those species currently cultured will be allowed. As per Schedule 1 of the Maldives Aquaculture Regulation, only two species, Brown Marbled Grouper and Sandfish, are permitted to be imported into the Maldives for the purpose of aquaculture. Other fish seed/fingerlings may only be procured from waters within the Maldives and of native origin.

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

This standard is not relevant as there is no evidence suggesting the presence of Indigenous Peoples.

ESS8 Cultural Heritage

Subprojects under Component 2 and 3 are unlikely to involve risks or impacts on tangible or intangible cultural heritage. While cultural heritage resources are relatively well documented on inhabited islands, there is no adequate documentation of such on uninhabited islands. As the project is expected to take place on both uninhabited and inhabited islands the E&S Screening measures include adequate measures on screening and due diligence to identify such impacts as well as include chance find procedures. Potential impacts on cultural heritage (if any) will be identified during subproject screening and due diligence review, and will be avoided or otherwise mitigated during sub-project design/implementation. The ESMF includes due diligence procedures in line with ESS8 to screen for risks and impacts on cultural heritage in its E&S Screening process and to apply the relevant requirements of ESS8 where subprojects are found to have significant risks and impacts on cultural heritage.

ESS9 Financial Intermediaries

This standard is not currently relevant.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

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:

The use of Borrower Framework is not being considered for the project. The project will comply with the World Bank's new Environmental and Social Framework (ESF) and its Environmental and Social Standards (ESS), and will also be subjected to the national and local permits and clearances as per the existing legal-institutional framework.

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Republic of Maldives

Borrower: Indian Ocean Commission (IOC)

Implementing Agency(ies)

Implementing Agency: Maldives Ministry of Fisheries, Marine Resources and Agriculture (MoFMRA)

Implementing Agency: Indian Ocean Commission (IOC) Secretariat

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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Practice Manager (ENR/Social)	Robin Mearns Cleared on 20-Mar-2023 at 08:00:21 EDT