



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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**I. BASIC INFORMATION****A. Basic Operation Data**

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P181456	Investment Project Financing (IPF)	Samoa Finance	2025
Operation Name	Samoa Finance Sector Resilience		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Samoa	Samoa	EAST ASIA AND PACIFIC	Finance, Competitiveness and Innovation
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Independent State of Samoa	Central Bank of Samoa, Ministry of Finance, Samoa Bureau of Statistics	17-May-2024	13-Sep-2024
Estimated Concept Review Date	Total Project Cost		
20-Dec-2023	17,000,000.00		

Proposed Development Objective

The SOP Project Development Objective (PrDO) is to increase finance sector resilience and modernize payments and public finance systems in Samoa. The SOP1 Project Development Objectives (PDO) is to increase finance sector resilience and modernize payment systems in Samoa.

B. Is the operation 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 Activities

[Description imported from the Concept Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]

The project's main components are: (i) financial systems for inclusive and sustainable growth; (ii) establishment of national digital ID system; and (iii) project management. Component 1: Digital Finance for Inclusive and Sustainable Growth component would be implemented by the Central Bank of Samoa (CBS) and supports two sub-components, catalyzing payments and remittances and central bank institutional strengthening, that are priorities in the Government



of Samoa Financial Sector Plan (2022) through a combination of legislative, regulatory and institutional strengthening actions for financial inclusion and financial stability goals to underpin sustainable growth. Sub-Component 1.1 Catalyzing payments and remittances aims to support the implementation of the National Financial Inclusion Strategy approved November 2023 with a focus on promoting the use of digital financial services (DFS). It would provide technical assistance to strengthen the regulatory and supervisory framework of the payment system through the development of relevant regulations and guidelines, and supporting enhanced fintech penetration with the goal of improving access to formal financial services and reducing remittance costs. The component would also include prioritized investments in relevant payment infrastructure, such as a national switch, to enhance communications amongst payments operators, standardizing payments API and QR to promote interoperability, and promoting fintech/technology enabled business through sandbox, support to digitization of the business registry, and support to developing effective policy, regulatory, and oversight framework to manage digital assets in line with the recent recommendations by the Financial Stability Board (FSB). Sub-Component 1.2. Central Bank Institutional strengthening aims to strengthen the institutional capacity of CBS to support its mandate to safeguard financial stability and resilience by improving the information ecosystem for managing existing and emerging risks. Key activities include: i) investments in an integrated central bank system for reporting, validation, storage, analysis and dissemination of prudential and financial data to enhance financial surveillance and analysis, ii) actions to improve the consistency and quality of CBR, and iii) TA to improve analysis of risks to the financial system from climate and environment. Component 2: Establishment of National Digital Identification System focuses on the modernization of the civil registry, strengthening of population data, and creation of a national digital identification system. The Samoa National Digital ID System (SNDIDS) will promote inclusion by allowing individuals, including those in remote regions or marginalized groups, to verify their identity, conduct electronic transactions, and access services. The implementation of this component will be led by the Samoa Bureau of Statistics (SBS) in three phases. Phase 1 would develop preparations within SBS and conduct an initial mass registration exercise nationally. Phase 2 would strengthen civil registry and vital statistics (CRVS) data as the foundation of the SNDIDS. Phase 3 would bring digital ID and authentication system online to allow users to electronically verify identity and access the spectrum of use cases. The completion of this component is linked to the passage of the National Digital Identification Bill (expected to become law in the coming months) and the development of implementing regulations and other enabling elements supporting the operation of digital identification for key use cases, such as satisfaction of customer identification and customer due diligence (CDD) requirements in financial transactions. Component 3: Project Management will provide project-specific supervision and implementation support including project management, coordination among stakeholders, reporting, and monitoring and evaluation. The component will also support the Centralized Technical Services Support Unit (CTSSU) covering all WB projects in Samoa, that was previously embedded in the Samoa Climate Resilient Transport Project (P165782). The CTSSU provides high-level oversight, training and service support for World Bank-financed projects. The CTSSU consists of specialists in financial management, procurement, monitoring and evaluation and environmental and social safeguards, and coordination functions. This component will also include support to sector specific project management, namely the Finance Sector Coordination division of the Ministry of Finance (MOF). The MOF will serve as implementing agency for this component and will utilize a mix of existing ministry staff and dedicated consultants hired to support project supervision.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

[Description of key features relevant to the operation's environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 2,000]



Samoa is a small Polynesian state located in the South Pacific. The country has a population of less than 200,000 people distributed across two main (Upolu and Savai'i) and two smaller islands (Apolima and Manono). The national capital is Apia, located on the island of Upolu. The ethnic structure in Samoa is predominantly ethnic Samoan. Official languages are Samoan and English. Administratively, the country is divided into 11 districts with approximately 362 villages. The traditional governance and socio-economic system (Fa'amatai) is central to Samoan culture.

Samoa has a GDP of approximately US\$1 billion. The major drivers of economic activity are tourism, agriculture and fishing, remittances, and aid flows. Economic growth is challenged by Samoa's small size, geography, and vulnerability to natural disasters and climate change. Estimates indicate that approximately half of Samoan adults are excluded from the formal financial sector. Remittances which are more than 30% of GDP are costly and often inefficient. While digital financial services (DFS) in Samoa have been expanded, cash is still a pre-dominant payment instrument in the country. Mobile banking transactions in Samoa (both per capita and volume as a share of GDP) have been stagnant in recent years. Challenges with identification hamper financial inclusion and access to services, and sustain risks associated with inconsistent data quality, governance, and data security. The project will be implemented nationwide. It will not involve any infrastructure investments.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

[Description of Borrower's capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 2,000]

The Ministry of Finance will serve as the executing agency, and the Central Bank of Samoa (CBS) and the Samoa Bureau of Statistics (SBS) will be implementing agencies. A finance sector coordination unit under MOF has staff to support overall coordination of the project, including sectoral support to fiduciaries including the E&S risk management. CBS and SBS will be supported by the Centralized Technical Services and Support Unit (CTSSU) housed in the MOF, consisting of five full-time expert staff, including an Environmental and Social Specialist, who are well-versed in World Bank policies and procedures – including the Environmental and Social Framework. The CTSSU will provide overall project management support, including fiduciary, procurement, environmental and social risk, monitoring and evaluation, and coordination functions

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

A.1 Environmental Risk Rating

Low

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 2,000]

The environmental risk is rated as 'low'. The project is assessed to have minimal or negligible environmental risk. The Project typologies focus on type 2 of technical assistance (TA) such as (i) digital finance for inclusive and sustainable growth and (ii) the establishment of a national digital ID system, which are expected to have largely positive and beneficial impacts, including raising environmental and safety awareness of the project staff, as guided in paragraphs



14-18 of the World Bank ESS1 or the World Bank Advisory Note on Technical Assistance and the Environmental and Social Framework (2019).

A.2 Social Risk Rating

Low

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 2,000]

Social risk is rated as low. Project activities are expected to have largely positive and beneficial impacts across Samoan society with increased access to digital financial services and improvements in national identification systems. Key social risks associated with the project include i) the potential exclusion of vulnerable groups such as remote and rural residents, people with disabilities, marginalized women and girls, and those with low connectivity or technical literacy; and ii) privacy and data protection risks including data theft and misuse, identify fraud and discrimination. These risks are predicable and expected to be readily managed through effective stakeholder engagement and robust project design and implementation.

[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 2,000]

B. Relevance of Standards and Policies at Concept Stage

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

[Optional Explanation - Max. character limit 1,000]

The project does not anticipate causing any adverse environmental impacts as the project typologies are mostly technical assistance in nature. Social risks associated include the potential exclusion of vulnerable groups and privacy and data protection risks. These risks will be managed through effective stakeholder engagement and robust project design and implementation. This will include an exclusion risk assessment and explicit strategies to ensure financial inclusion and access to national identification for all; an assessment of the risks to privacy and security (including cyber security) and strengthening of legal and regulatory frameworks. During the project preparation, an overview assessment of relevant aspects of the GoS E&S framework against ESS2 and ESS10 to inform the preparation of an Environmental and Social Commitment Plan (ESCP) which will describe the material measures and actions for the project to achieve compliance.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

[Optional Explanation - Max. character limit 1,000]

SBS and CBS have strong track records of active public consultation and information disclosure on the development of regulations, programs, and strategies. These existing systems will be utilized to identify project stakeholders – including vulnerable and marginalized groups; and undertake meaningful consultation during project preparation and implementation. The project will also ensure that a mechanism is in place which will enables stakeholders to raise project concerns and grievances. The ESCP will outline any additional measures to meet compliance with ESS10



including the preparation and disclosure of a brief Stakeholder Engagement Plan and Grievance Redress Mechanism (GRM).

ESS2 - Labor and Working Conditions

Relevant

[Optional Explanation - Max. character limit 1,000]

The project is expected to include a relatively small and manageable workforce of i) direct workers, including consultants employed directly by the IAs, and ii) contracted workers employed or engaged through third parties such as consulting firms. All workers will be over the age of 18. Labor and working condition risks and occupational health and safety risks for the Project workforce are expected to be minor. The ESCP will include the requirement to manage the project workforce in accordance with Samoan labor and health and safety legislation and ESS2 requirements. A stand-alone report is not expected. A project-specific labor management procedure is not required. The ESCP will include SEA/SH prevention and response measures.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

ESS3 is not considered relevant as the environmental risks associated with the Project are expected to be negligible and solely associated with the establishment of the national digital ID system (e.g., the generation of negligible small volumes of e-waste and general waste, if any, which can be disposed of according to the national requirements).

ESS4 - Community Health and Safety

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

ESS4 is not relevant. The project typologies are anticipated to enhance positive environmental and social outcomes and not cause potential downstream community health and safety impacts from the outputs of the technical assistance. All relevant provisions can be covered under ESS1, ESS2 and ESS10.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

The Project will not finance any infrastructure investments.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

The project activities are not expected to cause downstream impacts to biodiversity.

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

Not Currently Relevant



[Optional Explanation - Max. character limit 1,000]

The ethnic structure in Samoa is predominantly ethnic Samoan (92.6%) with a minority of Europeans and biracial European/Polynesian people. There are no IPs as defined by ESS7 in Samoa.

ESS8 - Cultural Heritage

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

The project is not expected to cause an impact on tangible or intangible cultural heritage.

ESS9 - Financial Intermediaries

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

In Part

[Optional explanation – Max. character limit 1,000]

The borrower framework will be adopted for the management of environmental and social risks where relevant to align with the latest guidance for low-risk projects as part of the streamlined ESF.

- Stakeholder Engagement: SBS and CBS both have strong track records of active public consultation and information disclosure. These existing systems will be utilized to identify project stakeholders and undertake meaningful consultation during project preparation and implementation. The ESCP will outline any additional measures to meet compliance with ESS10 requirements.

- Labor and Occupational Health and Safety: An analysis of Samoan legislation against ESS2 requirements will be conducted during project preparation to identify any legislative gaps and/or implementing challenges. Any additional measures to ensure compliance with ESS2 will be made explicit in the ESCP.

Use of Common Approach

No

[Optional Explanation including list of possible financing partners – Max. character limit 1,000]

n/a

B.4 Summary of Assessment of Environmental and Social Risks and Impacts



[Description provided will not be disclosed but will flow as a one time flow to the Concept Stage PID – Max. character limit 5,000]

The project activities can be clustered as: i) type 2 of technical assistance for legislative, regulatory and institutional strengthening actions for financial inclusion and financial stability; ii) technical assistance to develop strong regulatory and supervisory frameworks crucial to enhance the efficiency and safety of payment service provision; and iii) establish the Samoa National Digital ID System (SNDIDS).

The social and environmental risk of the project is rated as low. Project activities are expected to have largely positive and beneficial impacts across Samoan society with increased access to digital financial services and improvements in national identification systems. The environmental risks are likely to be minimal or negligible. Key social risks associated with the project include the potential exclusion of vulnerable groups such as remote and rural residents, people with disabilities, marginalized women and girls, and those with low connectivity or technical literacy; and privacy and data protection risks including data theft and misuse, identity fraud and discrimination. These risks are predictable and expected to be readily managed through effective stakeholder engagement and robust project design and implementation. SEA/SH risk has been assessed as low. The project workforce is relatively small and manageable. The ESCP will outline requirements for standard SEA/SH prevention and response.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

[Description of expectations in terms of documents to be prepared to assess and manage the project's environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 3,000]

An ESCP will be developed based on the national environmental and social systems, consulted, and disclosed to the satisfaction of the Bank task team. The ESCP will include ESS10 and ESS2 requirements to address: i) timeframes for recruitment of IA and CTSSU staff; ii) E&S considerations in project reporting; iii) Incident management; iv) requirements for assessing risks of exclusion and privacy and data protection and integrating strategies for managing these risks in activity design and implementation; v) prior review of TA terms of reference and outputs; vi) labor management requirements based on gap analysis against ESS2; vii) SEA/SH prevention and response measures; and viii) stakeholder engagement and grievance redress requirements based on gap analysis against ESS10. Further, Privacy and Data Protection: Samoa lacks a comprehensive privacy and data protection legislation. The project will conduct due diligence using the principles set out in the World Bank's Personal Data Privacy Policy as a GIIP and support the development of strong legal and regulatory frameworks and integrate privacy and data protection into activity design.

III. CONTACT POINT

Contact Point



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IV. FOR MORE INFORMATION CONTACT

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V. APPROVAL

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