



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 13-Jul-2018 | Report No: PIDISDSC23364



BASIC INFORMATION

A. Basic Project Data

Country Maldives	Project ID P163957	Parent Project ID (if any)	Project Name Maldives Urban Development and Resilience Project (P163957)
Region SOUTH ASIA	Estimated Appraisal Date Nov 08, 2018	Estimated Board Date Dec 20, 2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance and Treasury	Implementing Agency Ministry of Housing and Infrastructure, Housing Development Corporation	

Proposed Development Objective(s)

To enhance urban services and strengthen resilience in Hulhumale.

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	15.00
Total Financing	15.00
of which IBRD/IDA	15.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	15.00
IDA Credit	7.50
IDA Grant	7.50



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **The Maldives is an archipelagic nation made up of a collection of 26 atolls, consisting of 1,190 islands, of which 190 are inhabited. The country is spread across a vast sea area of 90,000km² in the Indian Ocean and has a total population of about 400,000.** The Maldives is highly exposed to natural hazards and climate variability. With sea levels expected to rise and extreme weather events likely to increase in frequency and intensity, the Maldives is considered one of the world's most vulnerable countries.

2. **The Maldives' capital is Malé.** Today, 42 percent of Malé's population resides and more than 70 percent of critical infrastructure lies within 100 meters of the shoreline. Occurrence of coastal hazards such as storm surges, sea swells, and tsunamis impact basic service delivery. Most of the country's lifeline infrastructure, dwellings and service delivery mechanisms are not yet adequately designed to withstand major events. Rising sea levels are likely to exacerbate coastal hazards in Maldives and could have dire socio-economic consequence in the long term, notably for the poorer and most vulnerable segments of its society. Livelihoods would also be severely impacted by any natural or manmade disaster.¹

3. **Since the mid-1970s, the country has been highly successful in building on its extraordinary natural assets to develop its tourism industry (approximately one-third of GDP) and to exploit its vast sea/aquatic and fish resources.** The living standards of Maldivians has risen to middle-income levels over the past two decades. In recent years, however, tourism has significantly declined due to the economic slowdowns in China and Russia and periods of domestic unrest.

4. **Public debt levels are very high.** The Government of Maldives (GoM) has made large commitments to infrastructure investments in the interest of increasing long-term growth, and in 2015, construction overtook both tourism and fisheries as the most important driver of growth.² Tourism's forecast to return to robust growth drives today's investments, however, these investments also substantially add to fiscal and external risks in the near-term.³

5. **The country's unique geography and small population limits economies of scale benefits** across a range of sectors, which creates fiscal challenges that are exacerbated by high expenditures for public service provision due to

¹ A World Bank climate and disaster risk screening was undertaken during project identification.

² World Bank <http://www.worldbank.org/en/country/maldives/overview>

³ IMF



high exposure to climate change, particularly sea rise.⁴ Additionally, like many small island states, development has been hindered by a range of structural constraints, including limited economic opportunities, high costs of transportation and service delivery, a small domestic market, shortage of local skilled labor, and vulnerability to natural disasters. Despite these challenges, Maldives has successfully provided near-universal access to basic services of electricity, clean water and sanitation,⁵ registering significant progress towards achieving the Sustainable Development Goals in these sectors.

Sectoral and Institutional Context

6. **To address demographic pressures and natural hazard risks, GoM's priority is the integrated and sustainable development of the Greater Malé region.** A Greater Malé Development Strategy is currently under preparation, which proposes to articulate the physical and economic expansion and integration of the region's major islands of Malé, Hulhumalé, Villingili and Thilafushi. The cornerstone of this strategy is the development of the reclaimed island of Hulhumalé. With the assistance of the Asian Development Bank (ADB), five and ten-year strategic plans for the development of Greater Malé are being drafted.⁶

7. **The Development Strategy will likely include a population consolidation strategy that proposes up to 70 percent of the country's population to eventually live within Greater Malé.** Population consolidation and the creation of a resilient island are seen as opportunities to bring the country's residents together into manageable enclaves devoid of the current challenges of providing support and services to widely dispersed and thinly populated islands. A consolidated population will also make it easier to provide access and support to the population in the event of a natural disaster that could result from increasing climatic change dynamics.

8. **The expected outcomes of the Development Strategy** include the consolidation of the urban population, the relocation of social, economic and institutional activities to Hulhumalé, and assignment of new functions to the islands of Thilafushi (light industrial development and potential relocation of the commercial port), and possibly Ghulhi Falhu (mixed residential and commercial). Additionally, the GoM's public infrastructure program, costing around 35% of GDP is currently underway, characterized by major projects that include expansion of the international airport, construction of a bridge network between Greater Malé's islands, and relocation of the port. These works are designed to ease bottlenecks, reduce transport costs, and improve resilience to climate change. Special economic zones are also under consideration.

9. **The government-owned Housing Development Corporation (HDC) is responsible for the development and management of Hulhumalé.** The Master Plan was completed in 2001 by a Singaporean consortium and defines the long-term land use and development strategy of the island. The plan depicts a variety of land uses including social and private housing, a financial hub, facilities for tourists, retail and commercial space, education and health facilities and significant open spaces. Implementation of the strategy has been apportioned into two phases:

- a. **Phase 1** development plans for 80,000 people to be settled on the new island. To date, 40,000 residents have moved into completed housing units and accompanying neighborhood business centers, retail, health, and educational facilities are operational. Additional housing and related infrastructure are under construction. A public bus system is operative, linking the island to the airport.
- b. **Phase 2's** design of an additional 160,000 people is complete and construction of the roads has begun. Other works are primed to start shortly. Contracts for 16,000 social housing units have been signed. Agreements with private developers are under discussion. HDC has pursued private capital to bankroll a considerable

⁴ The highest altitude in the country is 2.4m and the mean elevation is 1.8m

⁵ Sanitation – not including solid waste management services.

⁶ As of May 25, 2018, the World Bank team has not yet seen the Strategy.



portion of the financing agreements. Financing has been secured via turn-key projects that are tendered based on unit cost and “best financing terms” (with a cap of 4% interest). Social housing financing has been arranged by contractors at interest rates not exceeding 4% and a loan period up to 15 years. HDC is also pursuing private sector developers with serviced land requiring the private developers to arrange their own financing. The private developer is required to complete their awarded development works within two years.

10. **The financing requirement of Greater Malé is immense**, considering the physical investments in Hulhumalé and the planned transportation infrastructure and service delivery required. GoM is pursuing possible concessional financing for the climate change and disaster risk vulnerabilities and the provision of resilient urban infrastructure. The Ministry of Finance has begun to assess the near and long-term fiscal impacts of the financing required.

11. **Policies, programs and projects are currently identified, developed and implemented in a fragmented manner.** In addition to the central Ministries, there are separate island corporations that plan and implement services (e.g. HDC, Waste Management Corporation, Malé Water and Sewerage Company). Strengthening coordination would facilitate program and strategy implementation and result in more efficient service delivery. Capacity in client agencies must also be assessed. Finally, as a struggling democracy, the country continues to suffer from societal unrest. Elections are planned for October 2018.

Relationship to CPF

12. **The proposed project is consistent and aligned with the Bank’s Twin Goals of sustainable poverty reduction and shared prosperity, and specifically with the current Maldives Country Partnership Framework (FY16-19)’s Objective 2** “Strengthening Natural Resource Management and Climate Resilience”, which mentions waste and water management. Increasing the resilience of the country to shocks and climate impacts would enable more inclusive and sustainable growth, which is the overarching strategic goal of the current CPF. Better fiscally, environmentally, and socially informed infrastructure investment decisions will also be a key outcome in line with the CPF.

13. **Linkages between other ongoing and proposed operations in the Maldives.** It is critical that the Bank better understand and discuss the Greater Malé Strategy with ADB. MUDRP preparation process proposes to have a dialogue with all development partners (e.g. ADB, JICA, UNDP) to ensure that the proposed project complements and supports other development work. Moreso, the key question/test of whether proposed interventions would be better suited as private sector engagements (including IFC and MIGA support) will be pursued. This will help make the available IBRD/IDA funds support public goods that other development partners and/or GoM may not yet have prioritized. The project will also strengthen linkages to ongoing IBRD/IDA operations, including the Solid Waste Management project, ASPIRE, and others.

C. Proposed Development Objective(s)

To enhance urban services and strengthen resilience in Hulhumalé.

Key Results (From PCN)

PDO level	Number of people benefitting from improved urban infrastructure services in Hulhumalé. Climate risk and fiscal sustainability analysis integrated in the planning and design of major capital
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	<p>investments in Hulhumalé.</p> <p>Establishment and use of emergency response systems and forecasting capabilities in Hulhumalé.</p>
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D. Concept Description

14. **The planned operation proposes some concrete and broad engagements in the areas of (i) Technical Assistance for Hulhumalé Sustainable Urban Planning, Development and Management, (ii) Resilient Infrastructure and Emergency Preparedness; (iii) Sustainable Neighborhoods and Smart City Development; and (iv) Contingent Emergency Response.**

15. **Following consultation with GoM and other development stakeholders, the Technical Assistance effort will look into providing possible analytical support including:** (i) technical assistance for Hulhumalé financing plan and development plans; (ii) feasibility studies of proposed infrastructure investments and Hulhumalé Phase II; (iii) a Greater Malé integrated transport master plan and (iv) institutional development of key urban agencies. This work could support the creation of an overall financing plan as well as reviewing the Grater Malé Development Plan and Hulhumalé Master Plan Phase II.

16. **In the same line of engagement with the key stakeholders, the proposed Resilient Urban Infrastructure and Emergency Preparedness work will include:** (i) emergency preparedness and response (e.g. establishment of a disaster/emergency coordination center and strengthening the fire rescue system) and (ii) improving urban services and infrastructure on Hulhumalé. Possible sectoral interventions could include sewerage, drainage, and water harvesting and storage. The World Bank CAT DDO project currently under preparation will inform and guide the proposed investments in emergency preparedness.

17. **The areas to be included in the proposed operation will be finalized once the scope of work proposed by other development partners, donors, and GoM is fully known and understood.** As other development partners are likely preparing operations in the same urban and disaster risk or resilience areas of focus, and other donors are currently in discussion with GoM, it is critical the Bank team coordinate and learn from these efforts to determine the proposed operation’s component.

18. **Considering the possibilities of any disaster/emergency that may hit Maldives during the life of the implementation of the proposed operation, it is imperative that a Contingent Emergency Response Component (CERC) be included.** This will shorten the time for the GoM to access funds following an eligible crisis or emergency. The GoM would only have to officially declare such emergency and then may request to re-allocate project funds to support the particular emergency response and reconstruction immediately after the event.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be focused on Hulhumalé island which is at the center of the Government’s population consolidation policy in which populations currently located on vulnerable islands are being attracted to relocate to Hulhumalé due to their vulnerability to climatic change, sea level rise, economic and social viability concerns. Hulhumalé is an artificial island reclaimed to establish a new land mass required to meet the existing and future housing, industrial and commercial



development demands of the Greater Male Region and is connected by road with Hulhulé. Located to the south of the North Male Atoll, it is about 2 square kilometers in extent and is considered the cornerstone of development in the Greater Male Region. The official settlement of Hulhumalé was inaugurated in 2004. The China-Maldives friendship road provides a continuous road link between Hulhumalé and Male. Hulhumalé sits within the Male Region that consists of three inhabited islands (Malé, Hulhumalé and Vilimale), airport island (Hulhulé), Industrial island (Ghulhi Falhu), and an island with mixed developments (Thilafushi). The majority of these islands have been reclaimed through time and some such as Malé, Hulhulé and Thilafushi continue to be reclaimed to make space for the growing population and other developments.

The region has a tropical monsoon climate, with the wet season lasting from about May through December and the dry season, the other months. The region's average high temperature of 30 °C (86 °F) seem consistent and so is its average low of 26.5 °C (79.7 °F). Annual precipitation averages about 1,600 mm (63 in).

Major environmental challenges with serious consequences on the social and economic well-being of the Greater Male region, and in particular to the Hulhumalé Island, include environmentally unsustainable solid waste & sewage disposal, inadequate storm water drainage along with increased flood risk due to climate change, low drinking water security, increased vulnerability to natural disasters such as tsunamis and storm surges, anticipated traffic congestion in Greater Male. Currently, ADB is developing an SWM operation that is expected to bring in solutions for an estimated 366 tons per day (tpd) of solid waste production in the Region.

B. Borrower's Institutional Capacity for Safeguard Policies

The Government of Maldives (GOM) has several environmental policies, regulations and standards of specific relevance to environmental protection. The main legal instrument pertaining to environmental protection is the Environmental Protection and Preservation Act (EPPA) (Law No. 4/93), passed in April 1993. This Act provides the Ministry of Environment and Energy (MEE) with wide statutory powers pertaining to environmental regulation and enforcement. This umbrella law focuses on issues such as environmental impact assessment, protected areas management and pollution prevention. In addition, the GoM also enforces the Environmental Impact Assessment (EIA) Regulations, which came into force in May 2007, as per the statutory requirements of the EPPA. The EIA Regulations have been the basis for Environmental Impact Assessment in the Maldives and since its advent it has helped to improve the quality of EIAs undertaken in the country. Maldives has a sound track record of implementing the EIA process. The technical capacity of the Environmental Protection Agency (EPA) is reasonably good in terms of ensuring the adequacy of EIAs and their implementation.

It is proposed that the implementation of the project will be led by the Ministry Finance and Treasury (MoFT). The MoFT does not have specific safeguard capacity within the Ministry. Therefore, technical specialists with experience on World Bank projects will be contracted as consultants to serve in critical project management areas including, environmental and social safeguards. While the overall project is expected to generate positive environmental impacts, there is potential for negative environmental impacts to occur during the planning and construction of infrastructure. As specific investments are still being planned, the project will prepare an Environmental and Social Assessment and Management Framework (ESAMF) in addition to an EIA for the sewerage treatment plant and rainwater harvesting & stormwater drainage investments that are expected to be prepared by project appraisal. The World Bank Environmental Health and Safety (EHS) Guidelines will be applicable to all project interventions and will be incorporated in to the safeguards instrument.



C. Environmental and Social Safeguards Specialists on the Team

Nadeera Rajapakse, Environmental Safeguards Specialist
Darshani De Silva, Environmental Safeguards Specialist
Bandita Sijapati, Social Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>Explanation (Optional) The project is categorized as an Environmental Category B. The categorization is predominantly due to potential sub-projects that will involve the developing feasibility studies and the related construction, rehabilitation or expansion of infrastructure related to urban services such as storm water drainage, wastewater treatment, harvesting of rainwater and renewable energy etc.</p> <p>While the overall project is environmentally beneficial, physical interventions to establish environmentally sustainable infrastructure to deliver urban services mentioned above may lead to negative environmental impacts that would need to be mitigated and managed. An Environmental and Social Assessment and Management Framework (ESAMF) will be prepared by GoM which will serve as a roadmap outlining the prerequisite environmental and social screening and assessments that will need to be undertaken for all project activities, as per the national environmental legislations of the Maldives and the Bank's OP 4.01 and other triggered safeguards policies. The ESAMF and site specific safeguard assessments will assess the existing ecosystems surrounding the project areas and potential impacts by the project implementation, as well as provide an analysis of alternatives. The ESAMF will also be completed, consulted, cleared and disclosed to the public as per the National Environmental Act of the Maldives and World Bank Safeguard policies prior to appraisal of the proposed project. In addition, an EIA will be prepared for component 2 investments covering sewerage treatment and rainwater harvesting & stormwater drainage which are expected to be prepared and completed by project appraisal.</p>



Performance Standards for Private Sector Activities OP/BP 4.03	No	There are no private sector activities under the project.
Natural Habitats OP/BP 4.04	Yes	This policy is triggered due to presence of coral reefs around the Male Atoll. However it is noted that the Greater Male Region, particularly in Hulhumalé, where investments will be made, do not have significant natural habitats and the coral reefs in the region are mostly degraded. Project will include adequate measures to screen, identify and mitigate any potential impacts to coastal waters within the region which will be included in the ESAMF and the EIA.
Forests OP/BP 4.36	No	There are no areas classified as forests in Maldives. Any potential impacts on island vegetation will be covered through OP/BP 4.01 and 4.04.
Pest Management OP 4.09	No	Under the recently concluded SWM projects by the Bank, it was confirmed that Maldives does not face the problems of pests (e. g. rodents) at waste sites. Therefore, the policy is not triggered. However, as part of the monitoring procedures wastewater and drainage facilities, as set forth in the ESAMF, possible invasions of vectors such as fly's and mosquitoes will be monitored and managed as per set guidelines. The project will not finance the purchasing of any pesticides, vectorcides or weedcides. Nor will the project substantially increase the use of such substances.
Physical Cultural Resources OP/BP 4.11	No	None of the sub-projects are expected to take place in the vicinity of or affect physical cultural resources, as defined by OP/BP4.11.All known PCRs within the Maldives are pre-designated and protected under the land use plans prepared for inhabited Islands. Measures on safeguard chance finds will be included as part of mitigation measures defined in the ESAMF and OP/BP 4.01.
Indigenous Peoples OP/BP 4.10	No	There are no evidence suggesting the presence of indigenous peoples in the Maldives, therefore, this policy will not be triggered.
Involuntary Resettlement OP/BP 4.12	Yes	Maldives has unique land ownership structure where all lands are under the Government ownership. Thus, all Maldivians are entitled to shelter and as a result, squatters are not found in public land or buildings. Under Component 2 of the project, activities for strengthening urban services and infrastructure might



require land-taking. However, the nature and scope of land acquisition, if any, cannot be determined at this stage when details on the nature of investments are not yet determined.

The proposed operation will not support resettlement or any activities directly related to housing production. However, due to the population consolidation strategy, and until investments are more clearly identified, the PCN Decision meeting advised the project team to trigger OP/BP 4.12 (Involuntary Resettlement).

Safety of Dams OP/BP 4.37	No	This policy is not triggered as there will be no activities that invest on dams or water retention structures.
Projects on International Waterways OP/BP 7.50	No	The proposed project activities do not have any impacts on international waterways and therefore this policy is not triggered.
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas in the Maldives therefore this policy is not triggered.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Sep 14, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The preparation of the ESAMF and the EIA will commence from 15th June 2018 and will be completed, approved and disclosed to public both in-country and InfoShop by 30th September 2018.

CONTACT POINT

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APPROVAL

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The World Bank

Maldives Urban Development and Resilience Project (P163957)
