

 Early Warning System

AIIB-000815

Maldives: Strengthening Fiscal Management and Sustainability Program



### Quick Facts

<b>Countries</b>	Maldives
<b>Financial Institutions</b>	Asian Infrastructure Investment Bank (AIIB)
<b>Status</b>	Approved
<b>Bank Risk Rating</b>	B
<b>Voting Date</b>	2024-08-28
<b>Borrower</b>	Republic of Maldives
<b>Sectors</b>	Climate and Environment, Energy, Law and Government
<b>Investment Amount (USD)</b>	\$ 15.00 million
<b>Loan Amount (USD)</b>	\$ 15.00 million



### Project Description

According to AIIB, the proposed Program aims to support Maldives' sustainable growth by strengthening fiscal management and focusing on green and climate change aspects.

The proposed Program (the Program) will provide results-based loan financing to support defined Government expenditure programs. It will be designed to enhance the sustainability of the policy actions under the Strengthening Fiscal Management and Sustainability Program (a policy-based grant) of the Asian Development Bank (ADB). Though the ADB policy-based grant and AIIB RBL Program will be processed separately and under the respective policies, they will be complementary and mutually reinforcing in terms of design and results, i.e., policy reforms and institution-building toward greening the economy.

The expenditure framework and boundaries of the Program will be defined and further detailed at the appraisal stage. The proceeds of the AIIB results-based loan will be disbursed against achieved and verified Disbursement-Linked Indicators (DLIs). The proposed Program will consist of the following two results areas:

1. Results area 1 (Green Taxation) - This results area will mainly support two government programs related to green taxation: (i) widening of the coverage of tourism green tax beyond typical tourist resorts and hotels to guesthouses and integrated resorts, and (ii) levy a tax on plastic bags as part of the commitment to phasing out single-use plastics by 2023. The tourism green tax will exclusively go to the government-established "Green Fund," which will finance climate-related and other green projects.
2. Results area 2 (Climate Mitigation and Adaptation) - This results area will support government programs to reduce greenhouse gas emissions: (i) opting for bulk procurement of medicines and medical consumables, which aims to reduce health care subsidies as well as the number of shipments to reduce emissions; and (ii) enactment of the Climate Emergency Act to achieve net zero emission by 2030, and the Energy Act to promote renewable energy and to reduce subsidized fossil fuel-generated electricity.

### ENVIRONMENTAL AND SOCIAL INFORMATION

This Program is a Results-based financing supplementing ADB's policy-based grant. The environmental and social risks and impacts have been assessed for compliance with AIIB's Environmental and Social Framework (ESF) provisions applicable to programs supported under its Results-based financing modalities. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and relevant Environmental and Social Standards (ESSs), apply alongside national environmental legislation to this Program.

It has been categorized as Category C per AIIB's ESP as the components have minimal or no adverse environmental and social impacts. The AIIB Team, upon discussion with the Government of the Maldives and review of the applicable national E&S Framework, will prepare an assessment of the national environmental and social systems applied by various Implementing Agencies for the expenditure programs covered by the Program. An extensive Stakeholder Engagement process is already in place, undertaken by designated national authorities as per national systems and in the context of the policy dialogue activities undertaken by ADB.

AIIB's ESP does not require the preparation of any specific E&S instruments for Category C projects.

A Grievance Redressal will follow existing national systems, already set up by various Implementing Agencies for the underlying expenditure programs upon review of their functionality, to receive and facilitate the resolution of concerns of project-affected people (PAPs). In addition to that, AIIB's Project-affected people's mechanism (PPM) will apply to this Program.



---

### Investment Description

- Asian Infrastructure Investment Bank (AIIB)



### Contact Information

#### PROJECT TEAM LEADER

##### Asian Infrastructure Investment Bank

##### Toshiaki Keicho

Lead Investment Operations Specialist - Urban

[toshiaki.keicho@aiib.org](mailto:toshiaki.keicho@aiib.org)

#### BORROWER

##### Republic of Maldives

##### Mohamed Yammai

Chief Resource Mobilization Executive, Resource Mobilization Department, Ministry of Finance

[mohamed.yammai@finance.gov.mv](mailto:mohamed.yammai@finance.gov.mv)

#### ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.aiib.org/en/contact/information-request/index.html>

#### ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes. Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html>



---

### Bank Documents

- [Project Summary \(September 12, 2023\)](#) [\[Original Source\]](#)