



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 01/26/2022 | Report No: ESRSC02497



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Maldives	SOUTH ASIA	P177040	
Project Name	MV: Digital Maldives for Adaptation, Decentralization and Diversification		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Digital Development	Investment Project Financing	3/10/2022	6/1/2022
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Economic Development, Ministry of Environment, Climate Change and Technology		

Proposed Development Objective

To accelerate Maldives digital transition and leverage digital technologies and data for a green, resilient and inclusive development

Financing (in USD Million)	Amount
Total Project Cost	19.00

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]

Digital technologies and data can be gamechangers for Maldives’ growth and development and can help aDapt, Diversify and decentralize the economy through (i) Delivering public services across the hundreds of small, dispersed islands, and facilitating remote work thus supporting social inclusion, decentralization, and access to services, (ii) accelerating climate change adaptation through data in key priority areas such as early warning, restoration of ecosystems, tourism and fisheries (iii) Enabling digital entrepreneurship through access to data and digital enablers.



The proposed Project aims to support Maldives’ digital transformation and adaptation to climate change. This will be done through establishing a shared data platform with analytics for adaptation purposes across sectors and through strengthen the institutional, policy, legal and regulatory frameworks related to digital development to promote digitalization of businesses and to develop the ICT sector.

To achieve the PDO, the project is designed around two components and the proposed activities are conceived following the country’s priorities and funding needs in the medium term: (a) to develop the enabling legal and regulatory foundations for digital economy; (b) to enhance and accelerate adaptation, diversification, and decentralization strategies and measures through the use data and digital platforms.

The proposed project components coincide with the priority actions identified by the government in the National Resilience and Recovery (NRR) 2020 – 2022 and the Strategic Action Plan 2019 – 2023.

Component 1: Enabling Legal and Regulatory Environment for Digital Economy (\$2 million). This component will finance strengthening the enabling legal, policy, and regulatory environment and the institutional capacity for the design, implementation, and evaluation of policies in support of digital transformation and emergence of digital economy in the Maldives. It will contribute to building the analog foundations of the digital economy focusing on creating an enabling policy, legal, and regulatory environment and strengthening institutional capacity.

Subcomponent 1.1: Development of Legal Framework for Digital Society and Digital Policies for Affordable Availability/Coverage and Inclusive Use and Uptake

The activities under subcomponent 1.1 will provide technical assistance on governance of the wholesale and retail market segments to ensure open access and fair competition; electronic transactions law secondary legislation to facilitate enabling digital transaction; Data Protection and Privacy law establishing data ownership, protection and privacy standards; cybercrime legislation to provide legislative framework for addressing issues of crime in cyberspace; legislation on digital identification and to establish technology driven policies to securely work remotely.

- TAs on governance of the wholesale and retail market segments to ensure open access and fair competition (e.g. review of current market structure and dynamics, infrastructure sharing, assignment of spectrum and improvements of Quality of Service).
- TAs to enact electronic transactions law secondary legislation to facilitate enabling digital transaction establishing a sequence for digital documents, digital signatures, digital contracts.
- TA to establish regulation and technical standards to enable data collection, data interoperability and data exchange, data governance, open data and data privacy.
- TA to procure that best available green standard for data processing is applied and other standards for green ICT.
- TAs to draft and enact legislation on digital identification and to Enact Data Protection and Privacy law establishing data ownership, protection and privacy standards and to enact cybercrime legislation to provide legislative framework for addressing issues of crime in cyberspace.

Subcomponent 1.2: Strengthening Public Institutions and Capacity Building

Through subcomponent 1.2 the project will help strengthening public institution and capacity building by helping establish the Government Digital Services; and regulate and enforce government policy to ensure better more affordable Internet services to public and the private sector by empowering CAM.

-- Establish the Government Digital Services (GDS) (previously referred as National Data Center) which is being planned for realization by 2023. Under this project, the National Centre for Information Technology (NCIT) will be



restructured as an independent statutory body. GDS will act as the lead agency entrusted with the digital transformation of the government.

-- Support regulation and enforcement of government policy to ensure better more affordable Internet services to public and the private sector by empowering CAM

Component 2: Accelerating the use of data and platforms for aDaptation, Decentralization and Diversification (\$16.5 million). The aim of this component is to enhance and accelerate adaptation strategies and measures through the use data and digital platforms. The data and data platforms can also contribute to decentralized government, remote work, remote government service delivery and economic diversification.

Subcomponent 2.1: Accelerating and Increasing Impact of Climate Change Adaptation through Data and Data Platforms in Selected Areas

The subcomponent 2.1 will support the development of the Maldives Governments adaptation program in the NDC.. The project will finance the development of a shared data platform for adaptation.

-- A hybrid platform for data processing leveraging cloud computing where relevant. The design of the hybrid platform will be assessed according to needs, costs, technical feasibility, and other government priorities to leverage big data and advanced analytics for climate modelling and other analytics to support of planning, decision making, and service delivery for adaptation.

-- A data repository and user portal of data including open data, administrative data, sensor data and other data relevant for adaptation and diversification. Various ways of data collection will be considered including drones, IoT, citizen data, satellite data, and other types.

-- An analytics and application layer for climate modelling, forecasting, impact assessment, and other adaptation analytical tools and services in support of decision making, planning, and implementation

-- A user interface distributing data and analytics services for government, the private sector, and civil society.

The platform should be a fit for purpose data platform in accordance with the specific needs related to the adaptation strategy and implementation. The project will therefore support analysis and assessments that will guide the technical design of the platform.

Subcomponent 2.2: Digital identification for improved remote and in-person service delivery

The subcomponent 2.2 will help enhance trust and efficiency in both in-person and online transactions and service delivery through a two-pronged approach, which includes (a) introduction of a new digitally enabled ID credential, issued by DNR and (b) development of a digital ID system to enable secure authentication.

-- Introduction of a new digitally enabled ID credential, issued by DNR, to strengthen identity verification and safeguard privacy for in-person service delivery. MoECCT and DNR are looking to upgrade the current national ID card to one that is capable of secure digital data storage, e.g., via a chip or QR code, and that would enable service providers to electronically read/process this data.

-- Development of a digital ID system to enable secure authentication for online transactions and services. The digital ID system would rely on the existing national ID system as well as the immigration databases as authoritative sources of identity data and provide an authentication layer on top of these systems. This authentication layer would be accessible to both public and private sector service providers. The system will offer a user-friendly digital ID interface, enhancing digital government-to-citizen communication and people's oversight over their data.

Subcomponent 2.3: Internet Purchase Agreement for Public Institutions to Boost Economic Diversification



The subcomponent 2.3 will finance (a) TA to elaborate governance options, capitalization, bankability and conduct negotiations for the finalization and creation of the SPV in the form of a PPP; (b) bandwidth pre-purchase capacity in the form of an Internet Purchase Agreement; and (c) TA to Structure and make available government data and services online via government online/cloud.

-- A to elaborate governance options, capitalization, bankability and conduct negotiations for to create and finalize the SPV in the form of a public-private partnership (PPP). This subcomponent will assist in structuring a PPP investment mechanism that will seek to leverage private sector investment alongside public funding.

-- Bandwidth pre-purchase capacity in the form of an Internet Purchase Agreement (IPA between the SPV and the Government) which will be a long-term electricity supply agreement between the government and the SPV The IPA would define the conditions of the agreement, such as the amount of bandwidth to be supplied, negotiated prices, accounting, and penalties for noncompliance. The IPA could be then used to reduce market price risks and to help reduce investment costs associated with planning or operating the fiber optic network.

Component 3. Project Management and Implementation Support (\$0.5 million). The Project will support the creation of a dedicated Project Management Unit (PMU) in MECCT. The MECCT has already established a Special Project Management Unit to expedite the implementation of the Digital Development Action Plan in line with the National Resilience and Recovery Plan. The PMU will be responsible for overall project management and coordination, procurement, financial management, citizen engagement and Interactive Beneficiary Mechanism (IBM), environmental and social safeguards, monitoring and evaluation, and communication. This component would also provide support to finance project management related issues including project coordination, financial management, and citizen engagement, and will provide support through office equipment, incremental operating costs, and audits. The project will emphasize gender equity in recruitment and retention by ensuring inclusion of women in all decision-making bodies under the project.

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 have nationwide coverage with project activities being located on any inhabited island with most interventions focusing on technical assistance, improved data platforms, equitable access, and capacity building. In terms of geography, Maldives is an island nation in the Indian Ocean oriented north-south off India's Lakshadweep Islands. It consists of 1,192 coral islands grouped in a double chain of 26 atolls, 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 built in. 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.

While the exact locations of project targeted atolls are not known, the key project institutions where the technical assessment and capacity building interventions will be focused on are located centrally in the Capital Island of Male. As the capital, Male is the most populous city in the Republic of Maldives, housing 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 (Kaafu 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 Male also houses many of the most populated inhabited islands and resort islands as well as the country's main industrial islands and airport. The region is fairly more populated in comparison to the southern region. However, the generic topographic, ecological and climatic conditions across the atolls do not vary on 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.

In terms of digital connectivity and infrastructure, internet access and use has expanded over the past decade. In 2019, 63 percent of the population or 60 percent of households used the Internet; unique mobile subscribers constituted 57 percent of the population. These indicators of internet uptake position Maldives ahead of other countries in South Asia. Investments in technology has made a difference such as the establishment of submarine cable links with Sri Lanka and India (2007), deployment of two national fiber-optic networks (2012 and 2017), and recent collaboration on a new Maldives-Sri Lanka Cable by it's the two main telecommunications operators. The coverage and quality of mobile Internet connections is also relatively good. Network coverage, i.e., the geographical area covered by the network of a service provider, is 100 percent of the country for 2G, 3G, and 4G wireless technologies and the Maldives is the only country in South Asia to have deployed advanced 5G technology. However, a third of Internet connections still rely on 2G networks, a much higher proportion than in Bhutan, and Sri Lanka, than or in advanced markets such as Singapore, where over 80 percent of Internet connections rely on 4G networks. However, the outer islands and atolls lag behind by the access to fast, affordable Internet connectivity. Only 51 percent of households in the atolls have access to fixed broadband services, compared to only 51 percent in the atolls.

D. 2. Borrower's Institutional Capacity

The Ministry of Environment, Climate Change, and Technology (MECCT) will be the main project proponent. The MECCT already has established a Special Project Management Unit (PMU) to expedite the implementation of the Digital Development Action Plan in line with the National Resilience and Recovery Plan. It is proposed that the Project Implementation Unit (PIU) will be housed within this existing entity and that the project strengthens it by recruiting or secondment of qualified Environmental and Social Specialists that will manage oversight of ESF implementation. The PIU will be responsible for overall project management and coordination, procurement, financial management, citizen engagement and Interactive Beneficiary Mechanism (IBM), Environmental and Social Framework implementation, monitoring and evaluation, and communication. The PIU will also be responsible for the coordination with a range of stakeholders across government with technical leadership for specific components as relevant.

Being the key line agency implementing activities, the METCC has a history of implementing several Bank-financed projects, over a decade, and implementing both the ESF and environmental and social safeguards in a satisfactory manner. The institutional capacity of METCC is assessed as being satisfactory. The ME has also been implementing stakeholder engagement and grievances redressal mechanisms as per World Bank standards ardently over the last decade. A number of key personnel from within the METCC have also been trained on the World Bank's ESF and they will be supporting the project preparation team within the PIU in the form of advisors in order to internally ensure sound and timely delivery. Capacity has been built within the MoECTT via two Bank-financed programs focusing on Renewable Energy over the last two years within the same implementing entity on managing and implementing measures for buyback and disposal of e-waste with providers, management of cable laying projects to the level of the client developing standard guidelines and environmental codes of conducts for the same in line with the ESF. The performance of this project has been good with capacity built within the MoECCT which can be used to further augment project-specific counterparts here as well. Additional needs in terms of additional capacity building will be assessed during project preparation.



II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

Environmental Risk Rating

Low

The project is classified to have 'low risk' at the concept stage, after considering, the project location, types of activities the project will support, which are mainly TA and soft interventions, and the scale and magnitude of potential impacts, at the concept stage. Specifically, the project will finance strengthening the enabling legal, policy, and regulatory environment and the institutional capacity for the design, implementation, and evaluation of policies in support of digital transformation and emergence of the digital economy in the Maldives and institutional and capacity building. The project also brings a number of positive benefits to the METCC by helping the digitization and management of environment-related data which will promote the efficiency of the functionality of departments, including those that work on Environmental Management within the ministry. Based on the project components identified at the concept stage, the overall risks of the project are expected to be low. The project will not involve construction or other activities that involve physical interventions to the environment to be undertaken via the use of project financing. Activities proposed under Component 2 and via support to project management via Component 3, under the project include purchasing and/or replacement of IT hardware and drones and will support web and cloud-based solutions. The procurement, use and disposal of this equipment will lead to the generation of E-waste waste that can to be managed via guidance protocols and arrangements to ensure that sound management is undertaken in line with the regulations of the Maldives Waste Management Department, Environmental Protection Agency and good international industry practice (GIIP) under ESS3.

Social Risk Rating

Low

The project is classified to have 'low risks' at the concept stage, after considering, in an integrated manner the project location, types of activities the project will support, which are mainly TA and soft interventions, and the scale and magnitude of potential impacts, at the concept stage. Specifically, the project will finance strengthening the enabling legal, policy, and regulatory environment and the institutional capacity for the design, implementation, and evaluation of policies in support of digital transformation and emergence of the digital economy in the Maldives and institutional and capacity building. The project also brings a number of positive benefits to the METCC by helping the digitization and management of environment-related data which will promote the efficiency of the functionality of departments. The project will emphasize gender equity in recruitment and retention of women and ensure women are included in all decision-making bodies under the project. Direct project beneficiaries include people and public institutions who will be provided with trainings and broadband service subscription as well as citizens and businesses benefiting from access to quality administrative e-services. Data Privacy will be an inherent risk which the project will address in compliance with government's data privacy law. Throughout life of project, digital adaptation will promote use of good international industry practice in data privacy protection and security. Measures will be put in place to protect digital data and privacy.

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:

ESS 1 is relevant to understanding and assessing potential environmental and social risks associated with the Project in addition to assessing the overall capacity of the client to mitigate and manage the potential environmental and social risks of future investments downstream. B There are no physical interventions or studies focused on the delivery of infrastructure downstream that will have risks associated with large-scale civil works. Institutional strengthening activities proposed under the project will include the purchasing and/or replacement of IT hardware and will support where possible web and cloud-based solutions, thus potential risks associated with e-waste generation over the life cycle are low that can be managed with adequate compliance processes that can be laid out as part of a specific guideline that will be developed in line with the Good International Industry Practice (GIIP), and national requirements. The implementation of this guideline will also be specifically highlighted in the Environmental and Social Commitment Plan (ESCP) that will be the overarching ESF instrument for the project.

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

The use of the Borrower Framework is not being considered for the project.

ESS10 Stakeholder Engagement and Information Disclosure

This project intends to improve access to public services such as health and education, especially in more remote, poorer atolls as well as promote better business productivity and innovation. Digital development and technology will help create new jobs in the ICT sector as well as entrepreneurship. Improved technology will have added benefit of allowing for remote work and remote service delivery opportunities.

In order to develop data platforms, the project will assess data needs.

The Maldives has experience with other WB projects in implementing stakeholder engagement activities including the use of television, radio, other media outlets, and securing the assistance from local government authorities and civil societies. A Grievance Redress Mechanism will be prepared for the project and included in SEP, as well as other key project documents such as ESCP.

The project project recognizes the need for an effective and inclusive engagement with all stakeholders throughout the Maldives. The project is designed to be people centric, aiming to empower as many Maldivians as possible. The project will ensure the active participation of women, underserved groups, and areas with limited access and connectivity. The PIU will consider an agile approach in engaging with stakeholders and capacity building as implementation of the platform would benefit from a high level of stakeholder engagement. Key stakeholders are government service providers and residents of the Maldives. Citizens and businesses would benefit from access to quality administrative e-services. Persons located in more remote atolls with limited access services may notice greater benefits. Women's restrictions on mobility due to their gender roles, and the health of the elderly can often inhibit them from traveling to Male' to seek services. Improved remote services will allow for women and elderly improved access to services offered not only by the government but also access to information, such as climate-related warnings and events. Data Privacy will be an inherent risk which the project will address in compliance with



government’s data privacy law. Throughout life of project, digital adaptation will promote use of GIIP in data privacy protection and security. Measures will be put in place to protect digital data and privacy. People and public institutions will be provided with training and broadband service subscriptions under the 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

The project will focus on technical assistance, improving equitable access to digital platforms, and capacity building. As no rehabilitation and construction expected to be supported by the project, there will be no influx of labor or use of child labor. The project will prepare an LMP, which will include Code of Conduct, for the staff that will be working within the preparation of project data platforms, as well as project implementing agencies. An emphasis will include ensuring gender equity in recruitment, as well as retention. Under the project, women will be included in all decision-making bodies. The LMP will include an overview of relevant employment regulations and practices, assess impacts on employment and the labor market (ie. redundancies, retrenchment) as a result of digital development activities, provide mitigation measures to ensure accordance with ESS2, and identify new skills training opportunities within the labor market.

ESS3 Resource Efficiency and Pollution Prevention and Management

Component 2 will include the provision of IT systems, drones, and either a replacement or new purchase of equipment to support the project interventions. It is not expected that this will be large amounts of equipment in line with the proposed project interventions. As the Maldives does not have explicitly existing standards or requirements for management (including storage, transportation, and disposal) of hazardous waste, which include E-Waste, GIIP such as the World Bank Groups Sectoral Guidelines on Solid Waste Management, and strict criteria on producer management of e-waste, including the transport of decommissioned systems out of the country as part of the investments, will be followed via mandatory provisions in contracts with suppliers and contractors. These will be in line with both national legislation and applicable international conventions, including measures such as a buy-back arrangement with the equipment suppliers during the life cycle of the use. During project preparation, relevant domestic regulations, conventions and their enforcement will be reviewed against the requirements of ESS3 and the World Bank’s applicable Environmental, Health, and Safety Guidelines to confirm the adequacy of the existing system for battery management and recycling in the Maldives. These documents will be used to develop a project-specific E-waste management guideline. The guideline will refer to measures that can be taken which can include buy-back arrangements of e-waste by vendors, recycling and resource recovery measures, and others. Specific protocols for use and management, specific to the exact nature of e-waste generated via the project, once identified will be proposed in the ESCP at the appraisal stage to fulfill gaps that may be identified.

ESS4 Community Health and Safety



This standard is not relevant. Since no construction or infrastructure development activity is envisaged under the project and/or as a result of the proposed interventions, project activities are not expected to cause risks and impacts to local communities. The ESMPs and LMPs will set out safety measures that are to be comprehensively covered under ESS 1. As project activities will be within existing buildings, it is not expected that local community health or safety will be negatively impacted by activities.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The project will not involve construction or other activities that involve physical interventions which would require land acquisition or restriction of land use.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is not relevant to the concept stage. The project does not envisage any activities which have either direct or indirect impacts on bio-diversity or any living natural resource areas.

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

This standard is not relevant for the Maldives Digital Development project.

ESS8 Cultural Heritage

This standard is not relevant for the project as cultural assets, both tangible and non-tangible are unlikely to be impacted by the activities currently envisaged. The project will not support any works or activity that would impact cultural heritage.

ESS9 Financial Intermediaries

Given the nature of the project, this standard is not relevant as there will not be an financial intermediaries involved.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners



The project does not include any financing with partners.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Actions to be completed by Appraisal:

1. Preparation and finalize draft Environmental and Social Commitment Plan (ESCP)
2. Preparation of a project-specific E-waste management guideline.
3. Preparation of Labour Management Plan
4. Preparation of the Stakeholder Engagement Plan (SEP) and GRM.
5. Disclosure of all ESF instruments, prior to the close of project appraisal

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The capacity of project teams on identifying and managing environmental and social issues, stakeholder engagement, the establishment of GRM, and gender implementation of the Labor-Management Procedures via the ESCP.

Stakeholder engagement may be difficult due to the current pandemic, remote atolls with limited service, and access to data. A GRM will be established for the project and included in key project documents such as ESCP, SEP, LMP. Gender concerns during the implementation of the Labor-Management Procedures to promote gender equality and prevent of Sexual Exploitation or Harassment.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

01-Mar-2022

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Finance

Implementing Agency(ies)

Implementing Agency: Ministry of Economic Development

Implementing Agency: Ministry of Environment, Climate Change and Technology

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Jerome Bezzina, Siddhartha Raja
Practice Manager (ENR/Social)	Robin Mearns Recommended on 26-Jan-2022 at 07:48:12 GMT-05:00
Safeguards Advisor ESSA	Pablo Cardinale (SAESSA) Cleared on 26-Jan-2022 at 22:35:41 GMT-05:00

Public Disclosure