



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 01-Feb-2018 | Report No: PIDISDSA22641



BASIC INFORMATION

A. Basic Project Data

Country Maldives	Project ID P164322	Project Name Maldives Public Financial Management Systems Strengthening Project	Parent Project ID (if any) P145317
Parent Project Name Maldives: PFM Systems Strengthening Project	Region SOUTH ASIA	Estimated Appraisal Date 20-Feb-2018	Estimated Board Date 29-Mar-2018
Practice Area (Lead) Governance	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance and Treasury	Implementing Agency Ministry of Finance and Treasury

Proposed Development Objective(s) Parent

The proposed project development objectives (PDO) are to enhance budget credibility, transparency, and financial reporting of central government finances.

Proposed Development Objective(s) Additional Financing

The PDO (project development objectives) for the proposed AF is to enhance budget credibility, transparency, and financial reporting of public sector finances. The PDO remains relevant and the likelihood of achieving it remains high in view of the project’s implementation progress, disbursement performance, and results achieved to date.

Components

- Policy-based fiscal strategy and budget credibility
- Controlled budget execution
- Accounting, reporting and internal audit
- External scrutiny and audit
- Project and Change Management

Financing (in US\$, millions)

Financing Source	Amount
IDA Grant	12.00
Total Project Cost	12.00

Environmental Assessment Category



Not Required (C)

Decision

The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **The Government has recently taken a more proactive approach to macroeconomic reforms.** In the last two years, the Maldives implemented some difficult reforms to contain recurrent expenditure and make space for public investment. After reaching a peak of 10.6 percent of GDP in 2016, the Government estimates that the fiscal deficit will narrow to 2.0 percent of GDP in 2017, compared to its budget of 0.5 percent of GDP, subsequently adjusted to 0.8 percent of GDP in a supplementary budget.¹ This is substantially below initial staff projections of 7.2 percent of GDP for 2017, which can be explained largely by substantially lower than projected domestic-financed capital expenditure and certain current expenditure items.² An alternative measure of the fiscal stance is to exclude the Public-Sector Investment Program (PSIP) from total expenditure. Using this approach, the balance of revenue and total expenditure excluding PSIP expenditure turned from a deficit of 2.5 percent of GDP in 2015 to a surplus of 0.3 percent of GDP in 2016 and an estimated surplus of 5.9 percent of GDP in 2017, thanks to a combination of revenue increases and current expenditure reforms. The fiscal deficit is projected to decline gradually to 5.0 percent in 2020 with the expected winding down of infrastructure spending.

2. **Debt accumulation has continued and the risk of external debt distress is assessed as high by the International Monetary Fund (IMF).**³ The country faces refinancing risk from the Eurobond combined with a low level of reserves and fiscal risks through guarantees. The vulnerability of the overall debt portfolio remains elevated, due to the short maturity of domestic debt, consisting largely of T bills. Public debt is expected to increase and then taper off towards 2020 with the completion of large construction projects. In recent years, Maldives has a large volume of external loans on non-concessional conditions and issued guarantees on non-concessional debt to finance infrastructure development, including the bridge between Male and Hulhumale, expansion of the main international airport, housing construction.

3. **At the same time, the operating environment has become more complex.** Maldives is a relatively young democracy going through a complex process of establishing a new political structure articulated in the 2008 Constitution. Recent events, such as the closure of the Parliament, point tensions in the run up to parliamentary and presidential elections in 2018 and 2019 respectively. This has impacted the results of the parent project which supported legislative changes to the PFM Act which could not be submitted

¹ Preliminary estimates presented at the budget speech in November 2017. They will be validated when final data is released.

² Repairs and maintenance, training, interest payments, and grants, contributions and subsidies. Given the large size of investment projects relative to the size of Maldives, small delays in the execution of investment projects can have a large year-on-year fiscal impact. Staff projections will be updated once more monthly fiscal data for December is released.

³ Joint World Bank-IMF Debt Sustainability Analysis for Low-Income Countries (LIC-DSA). Shared with the IDA Board for information and published in <http://www.imf.org/en/Publications/CR/Issues/2017/12/01/Maldives-2017-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-45439>.



to the Parliament.

4. **The Maldives faces several macroeconomic risks going forward.** The Maldives' dependence on tourism – generating 33 percent of GDP – puts the economy at risk from a downturn in global economy, concerns about global terrorism, a health pandemic and natural disasters. The Maldives' dependence on imports puts it at risk from an increase in global commodity prices (especially fuel prices). There are also fiscal risks, especially delays in controlling current expenditure and the realization of contingent liabilities from guarantees. Since 2017, the Maldives is classified as a fragile state by the IMF based on two successive weak Country Policy and Institutional Assessment ratings that brought its three-year average below the 3.20 threshold.

Sectoral and Institutional Context

5. **Improving the efficacy of public financial management and policy making is one of the three main objectives of the Maldives Country Partnership Framework (CPF).** As noted in the recent World Bank (WB) Performance and Learning Review, progress is being made towards achieving this objective. Through the Public Financial Management project and related ASAs, the WB is contributing to increased budget transparency, improved debt reporting, and development of the recently approved Medium-Term Debt Strategy (MTDS). PFM is also being strengthened through technical assistance that focuses on: improving the efficiency and sustainability of the universal health coverage program, Aasandha; and strengthening the macro-fiscal framework, budget management, procurement, accountability, and expenditure management. The WB has promoted data-driven policy decision making by supporting data collection, analysis and use of social-economic data. CPF targets were achieved for public access to monthly in-year budget execution reports within one month of completion and for the government to approve a MTDS based on cost and risk analysis. One area where the CPF is not on track relates to strengthening the internal audit function.

6. **Achievements in the PFM area have been substantial in recent years.** They build on progress made in the successful automation of the budget preparation and execution processes, first within MoFT and more recently at the line ministries and agencies level. This evolution has also allowed improvements in the public accounting and financial reporting functions. Progress has also been significant in the macro fiscal underpinning and multi-year perspective of the annual budget as well as in debt management. These recent achievements – many of which were supported by the Public Financial Management Systems Strengthening Project – are reviewed below.

7. **The Government has completed technical work for the revision of the legal and regulatory framework for budget formulation, public investment management, budget execution, and financial reporting.** The Ministry of Finance and Treasury (MoFT) aims to introduce Public Financial Regulations (PFRs) to clarify appropriations, to protect the capital budget and to introduce virement rules to strengthen budget discipline. Amendments to the 2007 Audit Law have been finalized and submitted to Parliament. However, these legal reforms are delayed and unlikely to be passed before the elections. A Public Investment Management Assessment (PIMA) was completed in 2017 with a proposed roadmap to strengthen the preparation, allocation and implementation of key public investments.

8. **Progress has been made towards a comprehensive Medium-Term Macro Fiscal Framework and establishment of budget ceilings based on the framework.** While the macro-economic model will be



refined further, it was used to update the fiscal strategy for 2018-2020 and for initial revenue and expenditure forecasts. The cash flow forecasting model was updated and used extensively in weekly cash flow planning meetings. The Medium-Term Debt Management Strategy was updated for 2018-2020, and it has been approved by the Minister of Finance and shared with Parliament.

9. **Budget preparation procedures have been strengthened to bring more consistency and discipline to the process.** The Budget Manual is being finalized, based on the changes brought to the Business Planning and Consolidation (BPC) module of SAP in September 2017. The Budget Call Circular for FY2018 has been issued and aligns with new budget manual. The BPC module has been rolled-out to line ministries as well as other key modules of SAP and related training was conducted. Live data entry of the budget proposals has been processed by line ministries under FAD monitoring in July 2017.

10. **The Government has improved the quality of financial reporting through regular reconciliation with bank statements, preparation of budget execution reports for decision-makers, release of public expenditure information, and alignment of annual financial statement formats with international public-sector standards.** According to the IMF, outstanding arrears were reduced from 5.2 percent of GDP (2013) to 2.5 percent of GDP (2016, IMF). The Ministry of Finance will issue circulars to require ministries to submit purchase orders through SAP and to inform vendors that only purchase orders generated through SAP will be honored. These circulars will lead to more transactions conducted through SAP and so subject to commitment controls. The Ministry has agreed to develop a strategy to clear arrears, supported by a budget allocation for small arrears, especially to individuals and SMEs and securitization into tradable debt for larger amounts. The arrears clearance strategy is expected to reduce the level of outstanding arrears and spur economic activity. A revised Internal Audit Manual has been finalized and includes checklists and questionnaires.

11. **The PFM reform agenda builds on a strong ownership among MoFT's leadership but would benefit from a more holistic approach to reform.** The Minister and key heads of units support the PFM reform effort and drive the agenda. A PFM reform action plan has been updated recently (January 2018) and the project PMU is in charge of implementation. The program governance structure allows for the inclusion in the decision-making process of the MoFT leadership team through a PFM Working Committee and more broadly of non-MoFT stakeholders through the PFM Steering Committee. During first phase of reforms, results have been mainly achieved within the MoFT. However, the Ministry has undertaken sustained outreach initiatives towards mainly line ministries but also the Auditor General to expand the scope of PFM reform and ensure better efficiency and sustainability. The AF will build on this to support a more holistic and inclusive approach of PFM reform under the leadership of MoFT.

12. **Progress in PFM reforms is put at risk by the difficulty faced by MoFT in attracting and retaining staff with the technical skills needed in a modern ministry of finance.** Recent improvements in the IT, budgeting and accounting area rely on specialized technical skills which are in low supply and high demand in the Maldives. The current civil service structure does not accommodate specific cadres for financial management IT specialists, economists or accountants. The civil service legal and regulatory framework does not allow MoFT to compete with the conditions offered by other public-sector agencies and SoEs to these specialists in high-demand. A hemorrhage of skilled staff is currently underway which may compromise the sustainability of recent PFM reform achievements or even sustainability of key MoFT functions. Lack of adequately skilled staff may prevent MoFT from undertaking more advanced reforms in areas such as internal audit, SOE management, and policy analysis.



C. Proposed Development Objective(s)

Original PDO: The proposed project development objectives (PDO) are to enhance budget credibility, transparency, and financial reporting of central government finances.

Current PDO: The PDO is to enhance budget credibility, transparency, and financial reporting of public sector finances.

Key Results

Initial PDO Indicators	Revised PDO Indicators
<ul style="list-style-type: none"> Aggregate expenditure out-turn compared to original approved budget Public disclosure of the following key fiscal information: (a) Annual budget documentation, (b) In-year budget execution reports, (c) Year-end financial statements, (d) contract awards, (c) Resources available to Primary service units. Quality of debt data recording and reporting Coverage and quality of the internal audit function 	<ul style="list-style-type: none"> Aggregate expenditure out-turn compared to original approved budget Public disclosure of the following key fiscal information: (a) Annual budget documentation, (b) In-year budget execution reports, (c) Year-end financial statements, (d) tenders above USD 100 000. Comprehensiveness of debt data recording and reporting SOE financial reporting and disclosure

D. Project Description

13. The project is composed of the four following thematic components and one project management component:

Component 1: Policy-based fiscal strategy and budget credibility

14. Sub-component 1.1: Enhancing the medium-term fiscal framework. The objective is to improve the quality of fiscal policy anchored into a medium-term fiscal perspective and improve credibility and predictability. Despite recent improvements in budget credibility and outturn, the budget remains very constrained by high and rigid current expenditures as well as by increasing debt service and health costs. Fiscal space can only be created over the medium term provided the continuation of fiscal discipline. This sub-component will support the following activities: (i) the development and roll-out of the medium-term expenditure framework; (ii) the analysis of sectoral expenditures to identify potential savings while protecting key investments; and (iii) the formulation of revenue policy.

15. Fostering evidence-based budgeting through a new Household Income and Expenditure Survey (HIES). The project will support the MoFT on the conduct of a new survey in line with international standards. The Survey results will consider the distributional impact of fiscal measures and programs on households to support evidence-based fiscal policies. This survey is currently being costed at USD 1 million. The component will also build capacity of the National Bureau of Statistics (NBS) in the process. Furthermore, the availability of updated and representative household income and expenditure data across the Atolls will help estimate the impact of disasters and inform the targeting of the government’s response.

16. Sub-component 1.2: Strengthening debt and cash management. The objectives are to: improve



the capacity to manage the cost and risk of public debt and guarantees; develop the domestic government securities market; and improve cash management to support improved budget execution. It will support MOFT for the following activities: (i) improvement of the cash flow projections to meet the expenditure requests on a timely basis, smooth the cash flow fluctuations and contribute to the preparation of domestic borrowing plans; (ii) development of the domestic market for government securities to implement the MTDS by improving domestic debt issuances;⁴ (iii) modernization of debt management legislation to strengthen the governance framework for debt management operations; (iv) reduction of risks to Treasury from guarantees through support for quantitative and qualitative assessment of the guarantee requests on an individual and portfolio basis, and improvement of guarantee issuance policy; (v) technical assistance to assess and mitigate the contingent liabilities, including from the housing programs and (vi) support for loan negotiations and commercial contracts management and possibly on Islamic finance knowledge and capacity within MoFT. The project will support upgrading the CS-DRMS debt management system and a unified debt database.

17. **Sub-component 1.3. Strengthening Management of Capital Budget.** This sub-component will support the objective of MoF to enhance the preparation of the capital budget with budget ceiling and selection criteria. The AF will support mechanisms to enhance project screening, alongside building the capacity of FAD (Fiscal Affairs Division) to evaluate investment proposals, monitor investment implementation and assess results. It will support the development of a multi-year public investment program, anchored on the MTEF and new project selectivity and vetting procedures. It will also support capacity of selected line ministries to prepare, finance and implement investment operations. This will be informed by the Public Investment Management Assessment (PIMA) and complement support given by the IMF through the South Asia Regional Training and Technical Assistance Center (SARTTAC).

Component 2: Controlled Budget Execution

18. **Sub-component 2.1. Further strengthening of the Public Accounting system (PAS) and asset management.** The parent project has supported the development of a public accounting system (PAS) based on an array of SAP modules. The AF will support the full roll out to line ministries and agencies, including the new asset management module. The project will support MoFT through a two-pronged approach: (i) the continuation of the current technical assistance and implementation support and (ii) the establishment of a Center of Excellence (CoE). In parallel, the project will also support the National Pay Commission and the Civil Service Commission under the new sub-component 2.2 to develop a dedicated and sustainable cadre and an attractive pay structure to recruit and retain staff for these critical PFM and IT functions.

Key features for the Center of Excellence (CoE)

A Center of Excellence (CoE) will be established to form a unified structure for staff with key PFM and IT skills. The MoFT will establish a CoE within MOFT to achieve three objectives. First, to attract and retain critical staff with marketable skills to mitigate the very high turn-over of critical staff. Second, to introduce a result-orientation in the management of key ministerial functions, in particular related to IT systems and software, and also to other critical in the economic, accounting, legal, auditing or other areas. Third, to ensure transfer of skills and knowledge within the organization for sustainability of PFM reforms.

⁴ Technical assistance to publish a domestic borrowing plan has already started as part of the Development Policy Financing operation and will continue under the AF.



CoE staff will provide key technical and functional services for SAP modules to support the budget cycle, Public Accounting System users and support functions in PCB Secretariat, Debt Management Division and Legal Department. The final scope of institutional support will be determined as per the consensus reached on the TORs with the World Bank. The selection process for all positions will be transparent and salaries will be based on market for these scarce skills. There will be a twinning arrangement with the staff from MoFT, where each CoE staff will work with two MoFT staff to ensure sustainability through adequate knowledge transfer. This reform offers the MOFT a permanent solution to the problem of staffing in aress of scarce skills by creating a dedicated cadre with salary structures determined in consultation with the Civil service and pay review commissions. The AF will support the Center of Excellence with USD 1.5 million disbursed through a performance-based DLI over a period limited to a two years.

Initially, highly skilled staff will be recruited by the CoE under a consultant contract and financed under the project for maximum of two years. At the end of the two-year period, staff will either return to the public sector if they are officials (Bond) or can apply for a similar job at MoFT. At the same time, MoFT and the National Pay Commission will develop specific cadres and pay structure to ensure the sustainability of this expertise.

The governance and organizational structure of the CoE has been endorsed by the PFM Steering Committee (see annex). This structure places the CoE under the responsibility of the Permanent Secretary of MoFT and the operational responsibility of the Project Director who is head of the unit in charge of PFM reform. The Steering Committee has approved principles for transparent selection, staff performance and management, guidelines governing recruitment, contract structure, twinning and mentoring, training as well as a bond clause. After expiration of the contract, staff will have to serve the ministry for an additional three-year contract in a comparable capacity.

The CoE will comprise 16 staff. 5 SAP functional experts under the authority of the Finance Controller and 4 IT technical experts, under the authority of a Chief Information Officer (CIO). Other experts will support public expenditure management, legal, internal audit, economic and fiscal, debt and asset management. The Bank is committed to support the CoE through the project up to a maximum of M\$1.5 during a period of two years.

19. Sub-component 2.2. Payroll Management and Control. The combination of an important and growing wage bill with a scarcity of qualified and motivated staff to perform critical public financial management functions is undermining the gains of the PFM reforms. The AF will help address the following key constraints. First, MoFT has inadequate control of the wage bill, which is steadily increasing in a relatively unpredictable and uncontrollable fashion, and lacks adequate analysis on which to base appropriate policies. The AF will enhance the quality of data on HR accessible to MoFT and enhance its capacity to develop wage policy initiatives. Second, it is very difficult to attract and retain highly skilled IT and PFM staff required to operate the new Public Accounting System / SAP as well as other critical finance functions. Many of these skills are in high demand in the Maldives both from the private and parastatal sectors leading to high staff turnover. This undermines the sustainability of the PAS and MoFT's expected support to line ministries. These scarce skills shortages will be addressed through the establishment of the Center of Excellence under sub-component 2.1. They will also be addressed through support to the National Pay Commission (NPC) and the Civil Service Commission to deliver on its mandate: review and evaluation of the pay classification structures in the Maldivian public sector; recommendation of a standardized and consolidated pay classification structure; starting with



the core finance functions and to develop specific cadres for the core finance jobs.

20. Sub-component 2.3. State-Owned Enterprise (SOE) governance and oversight. SOEs play an important role in the economy and in the current ambitious public investment program. They are increasingly exposed financially and represent a growing contingent liability for the Government. The recently created Privatization and Corporatization Board (PCB) aims to provide strategic guidance and oversight to these SOEs in cooperation with MoFT, which houses the secretariat. The effectiveness of this critical oversight function is undermined by the lack of appropriate staffing. The AF will help strengthen the secretariat through the CoE as well as through technical assistance and institutional reforms reflected in a DLI. The AF will provide: policy advice and support to the strengthening of the PCB in light of international experience and support; the roll out of the online monitoring and reporting system of SOEs' financial and non-financial performance, including the follow up on audit recommendations; to the design and implementation of an SOE fiscal risk and contingent liability assessment and monitoring tool; to the implementation of the new corporate governance code and the roll out of the SOE corporate governance training program for Board members, managers and oversight staff, in cooperation with the Capital market development authority; and, increased transparency and disclosure of SOE performance and oversight, in line with the Corporate governance principles and access to information policy. At the request of the PCB, these various work streams will be supported by a long-term consultant housed in the CoE.

21. Sub-component 2.4. Procurement reforms. The sub-component will strengthen the policy and regulatory framework, including for SOEs, build capacity through a certified training course of line ministries and SOEs, and modernize information systems. The ongoing e-GP readiness assessment will inform the feasibility and prerequisites for the development of an e-procurement, including in terms of supportive legal framework and electronic signature and integration with PAS. Based on the outcomes of this assessment, the project can support the formulation and implementation of a procurement reform Strategy and roadmap. implementation options. Furthermore, the project will support the pilot testing of green procurement.

22. Component 3. Accounting, reporting and internal audit. The AF will finance a readiness assessment and develop a roadmap which will identify the key features necessary to strengthen the capacity of the IA unit of MoFT. This plan will align IA practices to international IA standards in the public sector and in support the adoption of a coherent IA framework across the government, which would involve increased methodological consistency between the MoFT and some of the more advanced line ministries and agencies in this area. The AF will also support the establishment of an accounting reform action plan which will aim at full implementation of the IPSAS modified accrual accounting for the issuance of whole-of-government financial statements, in line with recent diagnostics and recommendations in this area as well as plan for subsequent key steps in terms of comprehensiveness of accounting data, better recording of financial and physical assets and liabilities and define a credible timeline for the progressive move towards accrual accounting.

23. Component 4. External Audit of the Public Sector. The Bank through an IDF grant has supported initiatives such as the introduction of performance audit and strengthening of audit methodology. The Auditor General's Office (AGO) has shown interest in support to improve its alignment with international standards for supreme audit institutions (ISSAI) and with international good practice (through a peer review based on the SAI-PFM assessment tool notably). Other areas of support relate to: performance audit, with introduction of pilot citizen participatory audit; audit of SOEs, traditionally outsourced but increasingly internalized; and strengthening of the relationship with the Public Accounts Committee



(PAC) of Parliament. The AGO activities will be managed by MoFT's Project Implementation Unit (PIU).

24. Component 5. Project and change management. The capacity of the Project Implementation Unit (PIU) to manage the project has increased substantially with a high-level project coordinator and dedicated staff. Progressively, this team has improved internal communication and conducted team building activities. Now that the project is moving towards a more complex agenda with more diversified stakeholders, the PIU will develop a communication plan and change management capacity to support implementation of reforms. It will also provide cross cutting training and capacity building.

Consistency with the Country Partnership Strategy

25. The proposed AF is aligned with the Maldives CPF FY16-19, which aims to contribute to enabling more inclusive and sustainable growth through better use of the country's assets, including human capital, natural assets and financial resources. The third objective of the CPF is to "improve the efficacy of public financial management and policy making". The Bank aims to "continue setting up and strengthening the foundations for credible, sound, and effective PFM and public procurement systems".

E. Implementation

Institutional and Implementation Arrangements

26. The proposed AF will retain the same management structure as the Public Financial Management Systems Strengthening Project. The Project Management Unit (PMU) led by the Project Director will provide overall leadership, with responsibility for the management, coordination and monitoring of results indicators. The PFM Working Committee – chaired by the Project Director and comprising of the heads of each relevant MOFT division responsible for the implementation of each sub component – meets monthly or more often if required. The Program Management Unit (PMU) team is seamlessly connected to the regular business of MOFT, while enjoying a status that preserves the full dedication of its staff to the management and results achievements of the project. The project benefits from a governance structure which allows for the inclusion in the decision-making process of the MoFT leadership team through the PFM Working Committee and more broadly of non-MoFT stakeholders through the PFM steering committee.

27. This AF combines investment and results-based disbursement modalities. Disbursements will be made on the achievement of targets for Disbursement-linked Indicators (DLIs) against an identified Eligible Expenditure Program. The Bank in collaboration with the PMU will monitor the progress and validate the achievement of DLIs. They will review the relevant documents provided by MOFT including IUFRs and the evaluation reports on CoE performance. Progress will be assessed against the baseline data to measure performance, which will inform the disbursements for the following year.

28. The DLIs are:

DLI # 1: Increased sustainability of PFM reforms and key MoFT functions through establishment of a CoE: USD 1.5 m.

DLI#2: Strengthen control of the wage bill and staffing of core financial functions: USD 1.5 m.

DLI #3: Improve oversight and monitoring of SOEs: USD 1.5 m.

DLI #4: Increasing Transparency and external accountability: USD 1.5 m.



F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project interventions will be focused in the Island of Male, the capital of the Maldives, located at the southern edge of North Male Atoll. All project counterpart agencies are based on the Male Island

G. Environmental and Social Safeguards Specialists on the Team

Bandita Sijapati, Social Safeguards Specialist
Mokshana Nerandika Wijeyeratne, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

There will be no safeguard issues impacts associated with project interventions. The project will not finance any physical interventions nor partake in any activities that will lead to irreversible environmental impacts.

The borrower has confirmed that the project will not lead to the generation of any e-waste during computer hardware



(server) upgrades planned under Component b (i) , the old servers will be used as backup servers within the institution.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Not Applicable

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Not Applicable

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Not Applicable

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Not Applicable

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

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Implementing Agencies

Ministry of Finance and Treasury

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APPROVAL

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