

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC3112

Date ISDS Prepared/Updated: 08/20/2007

I. BASIC INFORMATION

A. Basic Project Data

Country: Maldives	Project ID: P107981
Project Name: Maldives Mobile Banking Project	
Task Team Leader: Sriyani M. Hulugalle	
Estimated Appraisal Date: November 30, 2007	Estimated Board Date: February 28, 2008
Managing Unit: SASFP	Lending Instrument: Specific Investment Loan
Sector: Payment systems, securities clearance and settlement (90%);Banking (10%)	
Theme: Other financial and private sector development (P)	
IBRD Amount (US\$m.):	0.00
IDA Amount (US\$m.):	3.75
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
BORROWER/RECIPIENT	0.00
Consultative Group to Assist the Poorest	1.00
<u>Financing Gap</u>	<u>0.00</u>
	1.00

B. Project Objectives [from section 2 of PCN]

The objective of this project is to reduce the use of cash for payments in the country and also improve potential for universal access to formal financial services through an appropriate regulatory framework for branchless banking, an interoperable retail payment system, and introduction of competition in retail banking and greater access to banking through mobile phones and a network of banking agents on the islands.

C. Project Description [from section 3 of PCN]

The project will involve deploying EFT POS devices to a network of agents across the islands where there is no bank presence and implementing an entirely inter-operable mobile phone payments transaction engine providing mobile payments functionality to consumers and businesses. To process these payments, MMA would set up Maldives Interbank Payments Service (MIPS) that would house a payments transaction engine, and provide agent management services to banks. This entity would initially be housed in MMA, and would eventually be spun out as a separate company, most likely owned by member banks and mobile operators.

The project will also include assistance to banks, non banks and mobile operators to develop products and systems. Given the small population in the Maldives and therefore the limited ability to achieve economies of scale, it is critical that wherever possible the technology investments are shared and standardized in order to manage costs. Banks will be able to differentiate their offerings through innovative product design, customer service and branding but the back office systems will need to be an area of co-operation. It is also proposed that a proportion of the marketing budget is put into a fund to be used as a matching grant for banks or telcos who would like to work with the project to design appropriate products or financial education related to mobile banking.

CGAP intends to focus its support on the technical aspects of the project and also play an active role in the management and monitoring of the design and implementation of all elements of the project through short term and long term consultants.

A portion of CGAP and World Bank funding could be allocated to a challenge fund that would give matching grants to banks or mobile network operators (MNOs) who would like to work with the project to design appropriate products or financial education.

This project is being driven by the Maldives Monetary Authority and the key players will be the banks and the mobile operators. The government would like to increase competition in the retail banking sector in order to encourage improved service levels and greater diversity of products. The banks have articulated their understanding that it would be politically necessary to make an attempt to expand their retail banking business. The MOs have both said that they recognize the need to diversify their revenue streams beyond voice, which is reaching saturation.

D. Project location (if known)

Existing inhabited islands of chosen atolls, yet to be determined. Considering that the Maldives is located in a fragile ecosystem of islands, environmental protection is given high priority in the Government agenda.

E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]

The Republic of Maldives has very stringent environmental laws which are enforced strictly as the country's economy is dependent on tourism which is directly tied to the country's pristine ecology. However, this project would not result in any adverse environmental impacts due to the nature and the scope of the project and activities financed under the project. There will be no construction of buildings or any other form of civil works undertaken from the proceeds of this project.

F. Environmental and Social Safeguards Specialists

Mr Sumith Pilapitiya (SASDN)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

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

Environmental Category: C - Not Required

III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 09/14/2007
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: 09/14/2007
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS. Since this is a Category C project with no adverse environmental impacts, no safeguard policies are triggered. Therefore, there are no safeguard studies anticipated.

IV. APPROVALS

<i>Signed and submitted by:</i>		
Task Team Leader:	Ms Sriyani M. Hulugalle	08/07/2007
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Mr Frederick Edmund Brusberg	08/17/2007
Comments: Project is transferred to SASFP for safeguards oversight.		
Sector Manager:	Mr Simon C. Bell	08/18/2007
Comments:		

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

