



**ASIAN INFRASTRUCTURE
INVESTMENT BANK**

**The Maldives Strengthening Fiscal Management and Sustainability Program
P000815**

**ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT
(ESSA)**

ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB)

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The Maldives Strengthening Fiscal Management and Sustainability Program

ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

Table of Contents

ACRONYMS	iii
1. Overview	1
1.1. Background	1
1.2. Objectives of the Environment and Social Systems Assessment (ESSA)	2
1.3. ESSA Process	2
2. RBP Description	4
2.1. An Overview of Government Program	4
2.2. Screening and Exclusion of High ES Risk Activities	5
2.3. Identifying and Assessment of the Expected ES Effects of the RBP	5
3. Assessment of Borrower’s ES Management Systems	8
3.1. Policy and Legal Framework for Managing the ES Effects of the RBP	8
3.2. Assessment of Institutional Capacity for Addressing ES Effects	9
4. Stakeholder Engagement and Grievance Redress	13
4.1. Stakeholder Engagement, Consultation, and Information Disclosure during ESSA preparation	13
4.2. Grievance Redress Mechanism (GRM)	13
5. Recommendations and Actions	14
5.1. Conclusions of ESSA	14
5.2. ES Actions in the RBP Action Plan	14
5.3. RBP Implementation Support and Monitoring	17
Supporting Annexes and Reference Documents	18

ACRONYMS

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AGO	Auditor General’s Office
ARISE	Accelerating Renewable Energy Integration and Sustainable Energy
ASPIRE	Accelerating Sustainable Private Investments in Renewable Energy
CCET	Centre Collaborating with UNEP on Environmental Technologies
DFI	Development Finance Institutions
DLIs/DLRs	Disbursement-Linked Indicators/Disbursement-Linked Results
ECM	External Communication Mechanism
EIA	Environmental Impact Assessment
ES	Environment and Social
ESEL	Environmental and Social Exclusion List
ESIA	Environmental and Social Impact Assessment
ESP	Environmental and Social Policy
ESSA	Environmental and Social System Assessment
GBV	Gender-based Violence
GRM	Grievance Redress Mechanism
IDA	International Development Association
IETC	International Environmental Technology Centre
IGES	Institute for Global Environmental Strategies
IVA	Independent Verification Agencies
LWC	Labor and Employment Conditions
MCI	Ministry of Construction and Infrastructure
MDB	Multilateral Development Bank
MIRA	Maldives Inland Revenue Authority
MOEJ	Ministry of Environment Japan
MOF	Ministry of Finance
MOCCEE	Ministry of Climate Change, Environment and Energy
MVR	Maldivian Rufiyaa
NAP	National Adaptation Plan
NDC	Nationally Determined Contributions
OHS	Occupational Health and Safety
PBG	Policy-based Grant
PFM	Public Financial Management
POISED	Preparing Outer Island for Sustainable Energy Development
PPM	Project-affected People’s Mechanism
PSIP	Public Sector Investment Program
PV	Photovoltaic
RBF	Results-Based Financing
RBP	Result-Based Project
RBP AP	RBP Action Plan
SDFP	Sustainable Development Finance Policy
SOE	State-Owned Enterprises (SOE)

SUPs	Single-use plastics
UNEP	United Nations Environment Program
USD	United States Dollar
WB	World Bank

1. Overview

1.1. Background

As an International Development Association (IDA)-eligible country, the Maldives is subject to the World Bank's (WB) Sustainable Development Finance Policy (SDFP) due to the high risk of external debt distress, which restricts external non-concessional borrowing. The government is facing significant external debt servicing obligations. High expenditure levels primarily constrain its overall fiscal performance due to increased subsidies and sustained high levels of capital spending, specifically for the Public Sector Investment Program (PSIP). Moreover, the country has seen a slow and steady recovery in tourism after the impacts of COVID-19, which adversely impacted the country's revenue generation. Nonetheless, the government is implementing measures to address these challenges, including subsidy reforms, revenue mobilization, and economy diversification, to restore fiscal sustainability while addressing its vulnerabilities to climate change.

Multilateral Development Banks (MDBs), such as the WB and Asian Development Bank (ADB), have helped the country overcome fiscal challenges by providing grants and concessional loans. In particular, the Maldives has received support for COVID-19 response and recovery efforts, infrastructure development, sustainable tourism, and fiscal management. It also received policy advice and technical assistance to support public financial management, revenue mobilization, expenditure rationalization, and debt management. MDBs have been working closely with the Maldivian Government to develop and implement reforms that strengthen fiscal sustainability while addressing its vulnerability to climate change.

ADB has provided a policy-based grant (PBG) of USD18.7 million to the Maldives under the Technical Assistance Program titled Strengthening Fiscal Management and Sustainability Program (Subprogram 1). This Subprogram 1 prioritizes legal and regulatory changes as well as institutional frameworks to set the stage for effective fiscal consolidation aimed to enhance fiscal management and sustainability through technical expertise, policy advice, and capacity-building. It covered various areas, such as tax policy and administration, budget formulation and execution, public expenditure management, debt sustainability analysis, fiscal risk management, and climate change policies. The AIIB's Program (the Program), on the other hand, aims to reinforce ADB's Subprogram 1 implementation, focusing on green taxation, domestic saving, climate change mitigation, and adaptation towards a more robust fiscal sustainability response. The ADB's and the AIIB's programs are complementary and mutually reinforcing regarding design and results, i.e., enhancing fiscal sustainability and supporting climate-resilient investments. The Program has been designed to support and help monitor implementation of the key policy actions under ADB's PBG. AIIB's proposed Program will provide a results-based loan financing to support a portion of a defined Government programs. It is 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). The proposed Program will support the Government's programs and consist of the following two results areas – Green Taxation and Climate Mitigation and Adaptation. Result Area 1 will mainly support two Government programs related to green taxation: (i) widening of the coverage of tourism green tax beyond hotels to include integrated resorts etc.; and (ii) levy a tax on plastic bags as part of the commitment to phasing out single-use plastics (SUPs). The tourism Green Tax will exclusively go to the Government-established "Green Fund" which will finance climate-related projects as well as other green projects. Meanwhile, Result Area 2 will support Government programs to address climate change, including: (i) increasing the capacity of renewable energy (Solar PV); (ii) establishing new waste management facilities; and (iii) implementation of coastal protection measures in priority islands.

Operational sustainability. The Ministry of Finance (MOF) has extensive experience implementing programs and projects financed by MDBs and local funds. Its role as the executing agency will be critical in ensuring the Program's sustainability, especially in allocating budgets and monitoring expenditures for implementing the activities towards the timely achievement of Disbursement-linked Indicators (DLIs) / Disbursement-linked Results (DLRs). The Program will also benefit from the close coordination of the main implementing agencies, including Ministry of Climate Change, Environment and Energy (MOCCEE), Ministry of Construction and Infrastructure (MCI), and others. The government has also established its financial management systems and accountability mechanisms, which would help facilitate transparency and efficient use of funds. Moreover, the results monitoring framework and verification protocols for each DLIs/DLRs are well-defined to monitor progress and measure the achievement of results. These measures collectively contribute to the operational sustainability of the RBF program, enabling its effectiveness and long-term impact.

Economic analysis. Since the Program supports a set of wider government programs, the economic analysis of the Program is not as straight-forward as a typical infrastructure project. Nevertheless, focusing solely on the support to renewable energy component of the Program has already revealed a substantial benefit of the Program. The monetized benefit from the increased solar PV capacity is estimated to be USD50.3 million in 10 years using an economic discount rate of 9.2 percent, exceeding the Program's size of USD15 million. This benefit calculation covers the fuel cost savings due to displaced diesel energy generation and the reduction in GHG emission. For more information on the Program's benefit from various other elements such as the enhancement of green taxation coverage, the plastic bag levy, bulk procurement of medicine, coastal protection, and waste management, please refer to Annex 4.

1.2. Objectives of the Environment and Social Systems Assessment (ESSA)

The overall objectives of the ESSA are to (i) promote Environment and Social (ES) sustainability in the Results-Based Project (RBP) design; (ii) avoid, minimize, or mitigate ES adverse impacts (iii) promote informed decision-making relating the Program's ES effects; and (iv) help clients strengthen their ES systems (if needed) and develop adequate capacity to manage the ES risks and impacts.

1.3. ESSA Process

Below are the main steps and coverage which applies to every ESSA:

- Review of the government program and Identification of critical information for AIIB funded part of the program.
- Screening and assessment of the potential ES effects of the activities supported by the RBP.
- Screening out of high ES risk activities and those not in line with Environmental and Social Exclusion List (ESEL), as per the Bank's Environment and Social Policy (ESP).
- Assessment of the existing ES management systems applicable to the RBP, which can be done using information collected both from primary and secondary sources (e.g., assessments done by another international financing institutions).
- Assessment of the applicability of relevant national laws and legal frameworks.
- Assessment of the institutional capacity and implementation practices of relevant agencies involved in the management of ES impacts within the RBP, including constraints (staffing,

budget, etc.) that would affect ES management of the RBP.

- Assessment of the program system performance at all levels, including planning, implementation, and monitoring of the RBP
- Recommendation of actions to improve the performance of existing systems to make sure they are adequate to identify, manage, mitigate ES risks and impacts, consist with the core principles of RBF modality¹.

¹ The core principles of RBF modality are defined by Paragraph 15.1 of AIIB ESP (2022 version).

2. RBP Description

2.1. An Overview of Government Program

The Program will support the implementation of four key government expenditure programs, namely Fiscal Reforms, Waste Management, Coastal Protection, and Renewable Energy.

The Program supports the government's **Public Financial Management (PFM)** Reform Strategy and Action Plan 2022 – 2026. This strategy aims to strengthen fiscal discipline, ensure debt sustainability, and modernize the management of public finances through eight reform areas: fiscal and macroeconomic reforms, strengthening debt and cash management, enhancing state-owned enterprises (SOE) governance, procurement reforms, external audit of the public sector, strengthening the public accounting system and asset management, program performance-based budgeting, and public investment management and public-private partnerships. Within this broader reform agenda, the Program specifically focuses on reforms related to fiscal and climate resilience, particularly the Green Taxation, which is incorporated in Result Area 1 of the Program: Green Taxation.

The **Waste Management** expenditure program aims to establish and upgrade waste management centers on at least 22 islands and develop comprehensive waste management systems in the Zone 1 islands between 2023 and 2025. Waste management centers encompass installation of waste sorting facilities, in order to separate recyclable waste from non-recyclable. The Program does not anticipate establishment or extension on any of existing landfills. In addition the Program encompasses procurement for separate waste collection from the population. This initiative is designed to help the Maldives reduce of amount of waste disposed at existing landfills, increase the share of recyclable waste, and achieve environmentally sound management of chemicals and waste throughout their life cycles, adhering to international standards. The goal is to significantly reduce the release of pollutants into the air, water, and soil, thereby minimizing their adverse impacts on human health and the environment. The Program supports the subset of this initiatives focused on establishing waste management centers, including waste collection and transfer points, waste storage and sorting facilities, which are included in the Result Area 2.

Under the **Coastal Protection** initiative, funded by the Green Fund, the Government aims to execute measures to safeguard the coastlines. A priority list of islands was developed based on criteria such as population, area, economic activity, risk to infrastructure, proximity to infrastructure, and estimated direct impacts of climate change. Upon completion, these efforts are expected to benefit approximately 46,000 residents across these islands. As part of the broader coastal protection agenda, the Program specifically includes the establishment of coastal protection measures, classified under Result Area 2: Climate Mitigation and Adaptation. For each of selected location an ESIA will be conducted in order to avoid or mitigate the impacts on biodiversity and coastal ecosystems. The Program will not affect any critical habitats.

The Program will also support the Government's efforts to increase the share of **renewable energy** in the national energy mix, ensuring access to affordable, reliable, sustainable, and modern energy for all under the Renewable Energy initiative. Key projects under this initiative include the Small-Scale Waste to Energy project, the Maldives Clean Environment Project, the WB's Accelerating Renewable Energy Integration and Sustainable Energy (ARISE) project, the Accelerating Sustainable Private Investments in Renewable Energy (ASPIRE) project, and the ADB's Preparing Outer Island for Sustainable Energy Development (POISED) project. This initiative is designed to address the climate challenges and vulnerabilities faced by the Maldives as an island nation. By shifting to renewable energy sources, the Maldives aims to reduce its

reliance on fossil fuels and significantly lower its carbon footprint. Under Result Area 2, the Program will specifically support the installation of solar photovoltaic (PV) systems in houses and buildings.

2.2. Screening and Exclusion of High ES Risk Activities

As part of the ESSA, the Project Team confirms that the Program does not include **any High ES risk activities** and **activities under the Environmental and Social Exclusion List (ESEL)**, as well as excluded activities under the sector strategies (e.g., AIIB's Energy Sector Strategy) as defined in the AIIB's Environmental and Social Policy (ESP) and the Interim Guidance Note.

The ESP provides that "activities which the Bank determines are of high ES risk are not eligible for financing under the RBF and are excluded from the RBP."

High ES risk activities therefore include: (i) all Category A activities; and (ii) all Category B activities that are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or Project-affected people.

ES Categorization. AIIB ESP, including the ESEL and provisions related to Results-Based Financing (RBF), are applicable to this Program. This is a Category B as per AIIB's ESP, as particularly the activities related to coastal protection might have a limited number and scale of adverse environmental and social impacts in relation to civil works undertaken. The Bank, upon discussion with the Government of the Maldives (the "Government") and in coordination with the ADB on the findings of the ADB-led policy dialogue, has reviewed the set of actions agreed with the Government under the ADB's PBG, and the applicable national environmental and social systems applied by various implementing agencies for the expenditure programs covered by the Program. All the implementing agencies responsible for the different expenditure programs have already developed and applied their ES risks and impact assessment systems, with support from the ADB.

AIIB's ESP requires the initial review of the environmental and social risks and impacts of the Program for Category B projects. On the basis of this review, AIIB, in consultation with the Client, determines the appropriate instrument for the Client to assess the Program's environmental and social risks and impacts, on a case-by-case basis. An Environmental and Social Impact Assessment (ESIA) or another similar instrument may be determined as appropriate for the Program.

ESIA is not required by the national legislation for the waste management facilities anticipated by the Program considering its size, scale, and condition. However, ESIA is required by national legislation for any higher risk activities as expansion of the existing landfills or for setting any new ones, which are not eligible under this Program.

2.3. For coastal protection program, an ESIA shall be conducted to ensure that all potential impacts of civil works for sea defense structures (e.g., seawalls, offshore breakwaters) involved will be assessed. This is in accordance with the types of projects required to undertake EIA following the Environmental Impact Assessment Regulation (No. 2012/R-27). Installation will avoid areas of critical habitats. **Identifying and Assessment of the Expected ES Effects of the RBP**

The Program encompasses a number of budget expenditure programs, each of them expected to provide a net environmental benefit. Due diligence conducted has confirmed that expenditure programs covered by the Program have limited to no environmental and social risks. Therefore, the ES category is B. This is consistent with ADB assessment conducted for the underlying ADB's PBG.

Under Result Area 1 (Green Taxation), activities to be supported by the Program will only involve the widening of coverage of tourism green tax, i.e., taxation on tourist resorts, and single-use plastics (SUPs), which have no anticipated adverse ES impacts. For Result Area 2 (Climate Mitigation and Adaptation), which consists of programs addressing climate change issues, such as the waste management expenditure program (procurement of separated waste collection of municipal solid waste, establishment of waste sorting centers within existing landfills) and renewable energy initiative (installation of rooftop solar PVs), no significant ES risks anticipated due to activities' minimal footprint. On the contrary, these interventions will generally contribute to lesser climate footprint and overall net positive impacts. The ES effects are further detailed in succeeding discussions. The only program where some environmental risks are possible is the coastal protection measures, which anticipate civil works and potential impact on ecosystems.

Environmental aspects (risks and adverse impacts). Environmental risks and possible adverse impacts are limited to possible impacts on biodiversity and ecosystem related to some anticipated civil works for coastal protection. These possible adverse impacts are expected to be quite marginal due to the very small size of footprint. The rest of the expenditure programs (i.e., reduction of single-use plastics, introduction of a green tourism tax, enactment of the Climate Emergency Act, and the Energy Act, solar rooftop support) do not anticipate any significant environmental risks or adverse impact. These activities are expected to deliver a net positive environmental impact, including climate mitigation or pollution prevention (e.g., reduction of plastic waste or reduced air pollution due to lower use of fossil fuels).

Nevertheless, each site selected for coastal protection will undergo a thorough ESIA in compliance with the national ES Framework with site-specific risks and adverse impacts mitigation measures set up for each of investments sites. ESIA will be conducted by reputable international consultant with experience and track record of similar assignments, for investments supported by international development agencies. Selection of locations suggested for any coastal protection will avoid any critical habitats or sites where any significant adverse impacts on marine or coastal ecosystems are identified.

Climate Change. All budget expenditure activities covered by the Program are considered Paris-aligned for climate mitigation as they feature in the joint MDB "aligned list" and meet accompanying conditions. Coastal protection expenditures align with the Paris Agreement's adaptation objectives, as the activities' main purpose is to address national climate vulnerabilities. The rest of the budget expenditures covered by the Program are considered aligned with the adaptation objectives of the Paris Agreement. The activities are not exposed to climate risks (e.g., reduction of single use plastics, widening the coverage of green tourism tax, enactment of the Climate Emergency Act, and the Energy Act). Additionally, the Program includes highly diversified climate resilience measures integrated into its design to address identified program vulnerabilities (e.g., for solar rooftop renewables).

Investments conducted under the Coastal Protection program qualify at 100 percent as climate adaptation finance under the enabling category of activities, as they contribute directly to reducing climate vulnerability and exposure to sea level rise and extreme weather events (sea storms) as the main climate hazards which the Maldives are exposed to. The rest of the expenditure activities

qualify as climate mitigation finance as they feature on the list of joined MDB climate mitigation finance tracking methodology.

Social Aspects. According to the implementing agencies, the expenditure programs will not involve any land acquisition or resettlement. Since waste management facilities will be established in existing landfills, no additional land is necessary for acquisition. Provisions of the ESF related to Indigenous People are not triggered since no specific Indigenous People falling under definition of the World Bank are identified. The Bank has undertaken research on the subject by reviewing assessments conducted by peer MDBs and International Development Agencies and agrees with conclusions in the WB's report on Additional Financing Appraisal Environmental and Social Review Summary². The Report explicitly states in section of *ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities: Not Relevant as there are no persons in the Maldives which fall into this category*. Further on it is confirmed "as not relevant as there are no persons in the Maldives which fall into this category".

This is in accordance with the requirements specified in paragraph 15.1 (e) and (f), which are not applicable to this operation. Adverse social impacts are limited to health and safety concerns associated with some of the initiatives under Result Area 2, specifically during implementation stage as detailed in the next paragraph. The rest of expenditure activities, especially for Result Area 1, will generally contribute to better community health and safety in relation to climate sustainability due to taxation mechanisms promoting energy efficiency of tourist establishments, as well as the commitment to phasing out of SUPs.

Occupational Health and Safety (OHS), Labor and Employment Conditions (LWC). Setting up of waste sorting centers for recyclable waste within existing landfills may expose workers to health and safety risks, e.g., exposure to hazardous wastes and chemicals. Occupational health and safety risks may also occur during installation of solar PVs on rooftops of houses and buildings, specifically the risks of working at height. The national legislation require that installation works are conducted by installation companies accredited for this type of works. Accreditation procedures encompass mandatory requirement and certification on OHS. As to ensure ES sustainability, the Borrower shall also look into the risks on solar supply chain by conducting due diligence on LWC.

Exposure to risks of working on water and drowning are expected for workers to be involved with the construction of coastal protection measures. However, given the scale of the programs, very minimal impacts are anticipated which can be mitigated by proper application of OHS measures and waste management on sites. National legislation require accreditation from contractors procured for coastal protecting work. Accreditation process encompasses procedures for compliance with OHS consistent with the AIIB ESP.

Gender Aspects. Implementation of some initiatives under Result Area 2, i.e., solar PV installation, coastal protection activities, and establishment of waste management facilities, may have gender considerations on workforce, including risks of gender-based violence (GBV). Proper gender and social inclusion measures across activities can help prevent the aforementioned risks related to gender.

² World Bank: <https://projects.worldbank.org/en/projects-operations/project-detail/P180777>

3. Assessment of Borrower's ES Management Systems

The Bank ESP and the RBF Interim Guidance Note set out core principles and elements which provide a systematic guide to assess the Borrower's systems and their capacity to plan and implement effective measures for ES risk management. The core principles and elements serve as a basis for the provision of the Bank's implementation support through the lifecycle of the RBP.

The scope of the ES systems assessment will depend on the RBP's context, sector, and the scope of the RBP activities. This section describes the Borrower's ES management systems in place to manage all identified ES effects, especially risks and adverse impacts. This section describes the main elements of applicable Borrower systems and provides an analysis of the acceptability of these systems, considering the level of risk and the extent to which Borrower systems and practices are aligned with core principles and elements outlined in the Bank's ESP and the Interim Guidance Note.

The ESSA Report was prepared based on review of national policies and regulatory framework, interviews with all the key institutional stakeholders, including Environmental Protection Agency, Ministry of Environment Climate Change and energy, and desk based research on performance of national system reflecting information available on public domains, particularly on activities related to waste management, and costal protection.

The ESDD activities conducted encompassed extensive dialogue with different departments of the Ministry of Environment and Climate Change, responsible for both setting-up national environmental policy and regulatory framework, with the national Environmental Protection Agency as well as for undertaking review of the processes related to activities anticipated by the Program. The processes reviewed encompass procurement of consultant and contractors for underlying Program activities, accreditation and license requirements, E&S assessments of risks and adverse impacts, design of mitigation measures, implementation, monitoring and completion.

3.1. Policy and Legal Framework for Managing the ES Effects of the RBP

3.1.1. Description of the applicable ES policy and legal framework

The list of relevant applicable national laws and regulations related to ES planning, implementation and monitoring of the RBP are provided in **Annex 2**.

The national legal framework to address environmental and social impacts has been developed with support from various Development Finance Institutions (DFIs) in the past reflecting general ESP provisions and requirements from MDBs (the WB, ADB, European Investment Bank, European Union). All of the implementing agencies involved in the Program have good experience and a positive track record of working with MDBs. The Bank review confirms that the existing national system including on the scope of the ES legal framework, implementation capacities and past performance is adequate to address the identified environmental and social impacts and risks of the proposed project.

3.1.2. Assessment of Applicable ES Policy and Legal Framework vis-a-vis Core Principles for RBF

This subsection provides the Project Team's assessment of the extent to which the applicable ES management systems are consistent with the core principles and elements described in the ESP and the Interim Guidance Note.

The national requirements on environmental protection are mainly stipulated in the Environmental Protection and Preservation Act (Law 4/93) which provides that all developmental projects in

Maldives with potential environmental impacts should have an Environmental Impact Assessment (EIA) conducted prior to its commencement. This serves as the main legal instrument of the Republic of Maldives in protecting and preserving the environment.

To better facilitate the conduct of EIA, the Environmental Impact Assessment Regulation (No. 2012/R-27), including various amendments, were enacted. Detailed guidelines on the EIA process are enclosed in this regulation, from project planning, application for Environmental Decision Statement, screening and scoping process, actual assessment, and up to the review of EIA and issuance of Environmental Decision Statement.

The Bank has systematically compared the government legal framework with the core principles and elements of AIIB policies, with details presented in **Annex 4**. The assessment confirms the adequacy of the applicable national system including the legal framework and the implementation capacities of relevant implementing agencies to address the identified environmental and social impacts and risks under the project.

3.2. Assessment of Institutional Capacity for Addressing ES Effects

The MOF will be the overall implementing agency for the Program responsible for coordination among the implementing agencies for each DLI and will also implement specific DLIs/DLRs in coordination with Maldives Inland Revenue Authority (MIRA). Multiple implementing agencies will be responsible for different DLIs/DLRs, including MOCCEE and MCI. The proposed independent verification agencies (IVA) is the Auditor General's Office (AGO), a statutory and apex body responsible for all audit of all Government institutions in the Maldives. Below table provides the specific roles and responsibilities of each implementing units:

Table 1. Institutional Arrangements

DLI	Institution	Roles and responsibilities for the Program
All DLI	MOF	<ul style="list-style-type: none"> Overall responsible implementing unit to oversee and monitor the timely implementation of the Program activities. Coordinate with the relevant agencies implementing the Program for any issues and concerns related to implementation. Allocate sufficient budget for the Government programs.
DLI#1 and DLI#2	MOF	<ul style="list-style-type: none"> MOF will be responsible for implementing DLI 1 and 2. MOF will coordinate with MIRA for collecting data related to Green Tax revenue and with the Maldives Custom Service for collecting data related to import of SUPs.
DLI#3 and DLI#4	MOCCEE	<ul style="list-style-type: none"> MOCCEE is mandated to implement programs and projects related to environment, climate change, and energy. In particular, MOCCEE will implement and monitor the implementation of renewable energy and waste management centers. Provide guidance to meet the requisite supervision schedule and reporting during the Program implementation.

DLI#5	MCI	<ul style="list-style-type: none"> • MCI will lead the implementation of DLI 5, particular for the construction of shore protection line in designated atoll/islands. • MCI will ensure that requisite documents and assessments are completed before any construction.
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In addition to the roles of implementing units presented in Table 1, MOCCEE in collaboration with the national Environmental Protection Agency will take charge in managing ES risks and impacts of activities supported by the Program. This is in line with the main mandate of the Ministry which is to implement government policies, regulations, programmes and projects related to the provision of clean water and appropriate sewerage services, provision of clean and affordable energy services, provision of clean and healthy environment free from pollution, protection of the islands from coastal erosion, advocate for the rights of small islands states in the fight against climate change, mobilize finance to adapt and mitigate the negative impacts of climate change, coordinating sustainable development goals within the government, and protection and preservation of natural environment.

Relative to its functions, the MOCCEE has 13 departments (with a total of 81 staff) which includes separate departments dealing with (i) climate change, (ii) energy, (iii) waste management and pollution control, and (iv) water and sanitation³. Each department encompasses highly trained professionals with good educational background and track record of experience relevant to the subject. Any specific assessments (ESIA) are to be conducted by reputable international consultants with track record and relevant expertise. These external consultants are procured in an open, competitive way following provisions for procurement of services as set up at national level.

The national ES framework applied by designated implementing agencies to all the budget expenditure programs supported by the Program has been developed with support from international development agencies and MDBs (particularly the WB and ADB) based on their ESPs and the United Nations Environment Program (UNEP) ES guidelines for sustainable finance. The Republic of Maldives has an extensive record of successful initiatives led by IDA which intend to contribute to environmental and social sustainability efforts such as implementation of coastal protection projects, with projects across 15 islands in Maldives completed by the the Coastal Protection Unit in the Ministry of Environment and Energy since 2013, with support from the World Bank⁴ and development of waste management strategy and action plan in partnership with the Institute for Global Environmental Strategies (IGES) Centre Collaborating with UNEP on Environmental Technologies (CCET) in collaboration with United Nations Environment Programme - International Environmental Technology Centre (IETC) and with the financial support from the Ministry of Environment Japan (MOEJ)⁵ which was aimed at building capacity for sustainable waste management.

One of the examples of successful coastal protection is a project aiming to build resilience on selected islands of Addu City and Laamu Atoll. The overall value is USD 66 million, with USD 25.1 million from the GCF, USD 35.4 million contribution by JICA, and USD 5.5 million by the

³ Official Website of Republic of Maldives - Ministry of Climate Change, Environment and Energy: <https://www.environment.gov.mv/v2/en/>

⁴ <https://www.worldbank.org/en/news/feature/2019/07/11/maldives-ventures-into-the-tlue-economy>

⁵ <https://ccet.jp/sites/default/files/2019-04/IGES%20final%207th%20march%202019.pdf>

Government of Maldives. The project was presented as a flagship case of climate adaptation and environmental sustainability at the Conference of Parties 28 in Dubai in November 2023⁶.

Success of the project was highly recognized by the Blue Marine Foundation, aiming at ocean and biodiversity protection⁷.

Both coastal protection and waste management have been included as area of intervention and technical assistance in the multi-annual programme 2021-2027, between the EU and the Government of Maldives⁸.

Implementation of the national waste management program has received extensive support from the EU, UNDP⁹, UNEP and the IGES Centre¹⁰. Extensive technical assistance was provided under the EU – Switch Asia Programme¹¹. EU waste

The existing national ES systems were found as fully functional, with adequate and sufficient in-house implementation capacities. Support if and where necessary is sought for specific E&S assessments, from credible external consultancy firms. The Bank confirms on the consistency of national systems and on the compliance with the AIIB's ESP.

For activities with anticipated adverse ES impacts, i.e., coastal protection, the designated implementing agency will conduct the assessment necessary (i.e., ESIA). Following public disclosure and consultations and in accordance with the national ES Framework, implementation will proceed in locations where there is no significant impacts or potential adverse impacts are mitigated.

The Bank confirms that the Program's implementing agencies have already implemented policies addressing health and safety, diversity and inclusion, anti-bribery, anti-corruption, and equal opportunity policies with elements of gender-positive inclusion and in compliance with the Bank's ESP principles. Provisions addressing these considerations have been integrated into procurement policies for any external contractors, procured by Program's implementing agencies responsible for budget expenditure programs covered by the Program.

The national ES framework, which designated implementing agencies apply to all the budget expenditure programs supported by the Program, has already incorporated adequate provisions on OHS and LWC. The national ES Framework has been developed with support from international development agencies and MDBs (particularly the WB and ADB) based on their ESPs and the UNEP ES guidelines for sustainable finance. The existing national ES systems are fully functional, have sufficient implementation capacities to address the limited environmental social impacts of the project in line with the AIIB's ESP. The only ES aspect that requires a follow-up with the Government and coordination with the ADB is related to LWC on procurement of Solar

⁶ <https://www.environment.gov.mv/v2/en/category/coastal-protection>

⁷ [Maldives Marine Protected Area | Restoring Maldives Coral Reef \(blumarinefoundation.com\)](https://www.blumarinefoundation.com/)

⁸ https://international-partnerships.ec.europa.eu/system/files/2022-01/mip-2021-c2021-8994-maldives-annex_en.pdf

⁹ : <https://www.undp.org/maldives/news/leading-charge-sustainable-waste-management-ev-adoption>

¹⁰ <https://ccet.jp/sites/default/files/2019-04/IGES%20final%207th%20march%202019.pdf>

¹¹ EU Switch Asia Program: <https://www.switchtogreen.eu/the-eu-funded-switch-asia-programme-supports-the-maldives-in-its-goal-to-phase-out-single-use-plastic/>

PV technologies and supply chain management in compliance with AIIB policy and practice. Procurement of solar PV technologies will incorporate provisions for due diligence on LWC, including request for adequate representations from suppliers for any utility-scale sub-projects, or, if feasible, for any non-utility scale sub-projects. The above will not apply to suppliers and contractors of Solar PV investments that have been cleared previously on LWC by other MDBs.

The national ES system incorporates gender-positive considerations for each of the investment programs supported by the Program. For investments that are gender-agnostic (like renewable energy, coastal protection, and medical drug procurement), the gender considerations include the application of an inclusive, non-discriminatory labor policies, protection against sexual harassment, training, and awareness-raising campaigns undertaken at the level of relevant implementing agencies. Also, Results Framework indicators will include gender indicators (e.g., number of gender-related training/participants, gender pay gap reduction at implementing agencies, or similar).

4. Stakeholder Engagement and Grievance Redress

4.1. Stakeholder Engagement, Consultation, and Information Disclosure during ESSA preparation

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 led by ADB. Stakeholder consultations and information disclosures are conducted in compliance with the national legislation and as part of permitting procedures.

Various national regulations mandate the freedom of people to access information and the right to participate in the consultation process. Specifically for ES system management, under the Environmental Impact Assessment Regulations or the Regulation No: 2012/R-27, all relevant stakeholders should be invited to participate in the scoping phase of EIA process and that stakeholder and public consultations shall be undertaken as part of the EIA process. Moreover, during EIA review stage, public hearing could be required for highly controversial projects.

Further, it is mandated by the Decentralization Act (Act No: 24/2019) for any development project in an island to consult with the council and other relevant authorities within the island. This also states that EIA reports prepared for any project needs to be shared with the council.

4.2. Grievance Redress Mechanism (GRM)

All of the implementing agencies responsible for budget expenditure programs covered by the Project have fully functional GRM mechanisms and whistle-blower policies in place. The Bank will follow up with the government that the existing GRM will put gender-sensitive considerations in place and track and report any gender-related grievances during the Program implementation.

AIIB's Policy on the Project-affected People's Mechanism (PPM) applies to this Program. The PPM has been established by AIIB to provide 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 the GRM or the processes of AIIB's Management. Information on AIIB's PPM is available at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html> .

The Bank's PPM will be disclosed on the External Communication Mechanism (ECM) section of the MoF as the main implementing agency and as the main counterparty to AIIB with a reference to Program activities. implementing agencies responsible for implementation of specific program-supported activities will make a reference to the ECM of the MoF at their GRM web pages.

5. Recommendations and Actions

5.1. Conclusions of ESSA

Although there are limited adverse ES risks and impacts associated with activities under the waste management expenditure program, coastal protection initiative, and renewable energy initiative, impacts are insignificant due to scale of activities and can be normally avoided, mitigated, and managed given the capacity and adequacy of the existing national ES management system of the Republic of Maldives. Overall, all the programs under both results areas will generate net positive impacts to the environment and communities.

5.2. ES Actions in the RBP Action Plan

The only outstanding gap identified between counterpart systems (including the implementation practices of the agency) and the guiding ESP principles applicable for RBF and covered by the ESSA is the concern on LWC in the supply chain of specific technologies, such as Solar PV. To address such gap, appropriate legally binding actions and measures shall be incorporated into the RBP Action Plan with specific details in respect to institutional responsibilities, timelines, indicators, and budget for the completion of actions as summarized in below table. This is recommended in order to help counterparts improve their ES systems performance within their own defined procedures, which provides specific mitigation measures to address certain ES impacts, or organizational measures to improve overall implementation effectiveness.

Indicative Table for ES Actions and Measures

No .	Identified Gaps	ES Actions	Institutional Responsibilities	Timing	Completion Indicators	Action Type (DLI-DLR/AP)	Budget (If required)
1	LWC in supply chain of specific technologies (Solar PV)	Utility-scale sub-projects*: Borrower to: (1) include in the SPVGs tender or purchase documents the representations in Schedule 6 to this Loan Agreement; and (2) require its SPVGs suppliers to obtain similar confirmations from their SPVGs sub-suppliers. Non-utility scale sub-projects where SPVGs	MOCCEE	Prior to investment in specific utility-scale Solar-PV investments, not previously cleared on LWC by other MDBs	Representations confirming compliance with Bank's ESP from suppliers and contractors	Action Plan	None

		<p>procured directly from suppliers: Borrower to: (1) conduct due diligence on LWC risks as appropriate to its circumstances and within the reasonable exercise of its control; (2) if feasible, request its SPVGs suppliers to require a similar level of due diligence of their SPVGs sub-suppliers; and (3) maintain records relating to the SPVGs for the Bank's or its independent auditor's review.</p> <p>Non-utility scale sub-projects where SPVGs procured directly indirectly: Borrower to: (1) on best-effort basis and in a manner appropriate to its circumstances, identify the source of the SPVGs and conduct reasonable</p>					
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		due diligence of LWC risks; (2) if feasible, request its SPVGs suppliers to require a similar level of due diligence of their SPVGs sub-suppliers; and (3) maintain records relating to the SPVGs for the Bank's or its independent auditor's review.					
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5.3. RBP Implementation Support and Monitoring

5.3.1. The Client's Role

The Borrower is responsible for implementing the Program, monitoring implementation progress, evaluating the indicators, and performing relevant commitments as per the legal documents, including the RBP Action Plan. Such responsibilities involve the Borrower keeping the ES management systems effective, implementing monitoring plans, and identifying and solving problems in a timely and effective manner. During the RBP implementation, the MoF will fulfill the below obligations:

- Ensure that implementing agencies responsible for specific project-supported activities will follow their existing ESMS and ensure that ES risks and impacts are properly and adequately managed.
- Implement the agreed ES actions as per the RBP AP and maintain the ES management systems and implementation capacity as recommended by the ESSA.
- Submit semi-annual progress reports on the RBP AP implementation to prove continuous compliance with the applicable ES management mechanism.
- Monitor, evaluate, and audit system performance regularly, if necessary.
- Review GRM performance, procedures, and results regularly and include specific grievance cases in the progress reports.
- Consult the Bank for any change made to the ES systems during program implementation.

5.3.2. The Bank's Role

The Bank will work with the Borrowers to structure the support that the Bank provides in relation to the Program's ES aspects during implementation. Implementation support usually includes the following:

- Reviewing implementation progress and achievement of Program results and DLIs/DLRs.
- Helping the Client resolve implementation issues and carry out institutional capacity building.
- Monitoring the performance of applicable ES systems, including the implementation of agreed ES strengthening measures in the RBP Action Plan.
- Monitoring changes in RBP risks as well as compliance with the provisions of legal covenants.
- In collaboration with the Client, adapting management practice in a manner consistent with RBF principles to improve the Program implementation or to respond to unanticipated challenges.

Supporting Annexes and Reference Documents

Annex 1: Indicative matrix to define RBP and screen ES effects

Areas in Gov't programs	Activities in Gov't programs	Relevance to Key RBP Result Areas	Potential ES Effects (Risks, impacts and benefits)	ES Categorization	Conclusion	Justification
<p>Area 1 Green Taxation</p>	<p>Activity 1: Widening of the coverage of tourism green tax beyond typical tourist resorts and hotels to guesthouses and integrated resorts, and</p> <p>Activity 2: Levy a tax on plastic bags as part of the commitment to phasing out single-use plastics</p>	<p>This results area will support government programs in addressing issues related to climate change - enactment of the Climate Emergency Act to adopt climate adaptation measures for coastal protection and achieve net zero emission by 2030; The MCCEE, and Ministry of Construction and Infrastructure (MCI) are the main implementing agencies under this Result Area. This includes enactment of Climate Emergency Act (Law No. 9/2021) to achieve net zero emission by 2030 and the Maldives Energy Act to promote renewable energy and reduce subsidized fossil fuel-generated electricity. In particular, this will support the installation of solar photovoltaic (PV) in houses and buildings in designated islands/atolls. This result area also supports the country's</p>	<p>No environmental risks or adverse impact. These activities are expected to deliver a net positive environmental impact, including climate mitigation or pollution prevention (e.g., reduction of plastic waste or reduced air pollution due to lower use of fossil fuels).</p>	<p>ES Categorization: B</p>	<p>Include the proposed activity in the RBP</p>	<p>No ES risks with net positive ES impacts</p>

Areas in Gov't programs	Activities in Gov't programs	Relevance to Key RBP Result Areas	Potential ES Effects (Risks, impacts and benefits)	ES Categorization	Conclusion	Justification
		National Adaptation Plan (NAP), particularly in increasing the climate resilience of inhabited islands through shore protection measures				
<p>Area 2</p> <p>Climate Mitigation and Adaptation</p>	<p>Activity 1: Installation of solar photovoltaic (PV) in houses and buildings in designated islands/atolls.</p> <p>Activity 2: Supports the country's National Adaptation Plan (NAP), particularly in increasing the climate resilience of inhabited islands through coastal protection measures.</p>	<p>This results area will mainly support government programs related to green taxation implemented by the Maldives Inland Revenue Authority (MIRA) - (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. The levy imposed on plastic bags is part of the Waste Management Act (Law No. 23/2022), requiring all commercial entities to charge Maldivian Rufiyaa (MVR) two for each plastic bag sold. The same law bans</p>	<p>Possible biodiversity and ecosystem impacts related to some of anticipated coastal protection activities. Each site selected for coastal protection will undergo a thorough ESIA in compliance with the national ES Framework with site-specific risks and adverse impacts mitigation measures will be set up for each of investments sites.</p>	<p>ES Categorization: B</p>	<p>Include the proposed activity in the RBP</p>	<p>Minimal ES risks with net positive ES impacts</p>

Areas in Gov't programs	Activities in Gov't programs	Relevance to Key RBP Result Areas	Potential ES Effects (Risks, impacts and benefits)	ES Categorization	Conclusion	Justification
		single-use plastic production and importation in Maldives and stipulates establishment of waste management centers. This practice aims to contribute towards improving the country's waste management efforts.				

Annex 2: Indicative list of ES regulations

The Bank can tailor the list accordingly based on the definition of RBP and the ES screening results. Relevant laws and regulations to the RBP will be collected and assessed.

- **Law No: 13/2022 (Convention on International trade in Endangered species of wild Fauna and Flora)**
 - Regulation No 2023/R-97 (Regulation of confiscation of species in contravention to Law no:13/2022 (International Trade Controls on Endangered Species Act), its disposal and handling at holding facility)
 - Regulation No 2023/R-98 (Regulation on Permits and Registration under CITES).
- **Regulation No 2021/R-25 (Protected Species Regulation)**
 - Regulation No 2021/R-11 (1st Amendment to Protected Species Regulation)
 - Regulation No 2022/R-34 (2nd Amendment to Protected Species Regulation)
 - Regulation No 2022/R-36 (3rd Amendment to Protected Species Regulation)
 - Regulation No 2022/R-128 (4th Amendment to Protected Species Regulation)
 - Regulation No 2023/R-169 (5th Amendment to Protected Species Regulation)
 - Regulation No 2023/R-175 (6th Amendment to Protected Species Regulation)
- **List of applicable national laws and regulations related to protected areas**
 - Law No 4/93 (Environment protection and Preservation Act of the Maldives)
 - Law No 12/2014 (1st Amendment to Environment protection and Preservation Act of the Maldives)
 - Law No 19/2021 (2nd Amendment to Environment protection and Preservation Act of the Maldives)

- Law No 23/2021 (3rd Amendment to Environment protection and Preservation Act of the Maldives)
 - Regulation No: 2018/R-78 (Protected Area Regulation)
 - Regulation No 2018/R-107 (1st Amendment to Protected Area Regulation)
 - Regulation No 2018/R-106 (Management of protected Areas of Fuvahmulah City)
 - Regulation No 2019/R-1065 (1st Amendment to Management of protected Areas of Fuvahmulah City)
 - Regulation No 2024/R-40 (2nd Amendment to Management of protected Areas of Fuvahmulah City)
 - Regulation No 2018/R-105 (Management of protected Areas of Addu City)
- **List of applicable national laws and regulations related to land acquisition and resettlement**
 - Law number 1/2002 (Land Law)
 - Law Number 3/2006 (Public Finance Act)
 - Law number 7/2010 (Decentralization Act)
 - 2023/R-158 Public Finance Regulation
- **List of applicable national laws and regulations (including regulations set up at institution level by various implementing agencies responsible for specific project-supported activities) related to gender/gender based violences**
 - Law Number 8/2010 The Rights of Persons with Disabilities Act
 - Law Number 4/2000 (Family Law)
 - Law Number 9/1991 Child Rights Protection Act
 - Law number 18/2019 (Juvenile Justice Act)
 - Law Number 12/2009 (Special Provisions Act to Deal with Child Sex Abuse) Offenders
 - Law Number 3/2012 (Domestic Violence Act)
- **List of applicable national laws and regulations related to natural resource access**
 - Law No 77/78 (Sand mining Act)
- **List of applicable national laws and regulations related to land or resources or restrictions on land use**
Law Number 1/2002 (Maldives Land Law)
- **List of applicable national laws and regulations related to cultural resources**
Law number 16/2011 (Heritage Act of Maldives)

- **List of applicable national laws and regulations related to wastes management**
 - Law no: 24/2022 (Waste Management Act)
 - Regulation No: 2013/R-58 (Waste Management Regulation) Please note that this regulation will repeal upon formulating regulation under Law no: 24/2022 (Waste Management Act).
 - Regulation No: 2013/R-58 (1st Amendment to waste Management Regulation)
 - Regulation No 2014/R-29 (2nd Amendment to waste management regulation)
 - Regulation No: 2017/R-90 (3rd Amendment to waste management regulation)
 - Regulation No: 2018/R-63 (4th Amendment to waste management regulation)
 - Regulation No: 2021/R-190 (5th Amendment to waste management regulation)
 - Decree No 2023/13 (list of single use plastic)

- **List of applicable national laws and regulations related to community health and safety**
 - Telemedicine guideline for healthcare professional
 - 2012/R-41 (Smoking in prohibited areas)
 - 2019/R158 Packaging and labeling of Tobacco Products
 - Law number 29/2015 (Health Services Act)
 - Law Number 13/2015 (Health care Professions Act)
 - Law Number 7/2012 (Public health protection Act)

- **List of applicable national laws and regulations related to occupational health and safety**
 - Law No. 2/2008 (Employment Act 2008)

- **List of applicable national laws and regulations related to labor influx**
 - Law No. 1/2007 (Immigration Act)
 - Regulation No. R-07/2021 (Regulation on Employment of Foreign Workers)
 - Regulation No. R-58/2010 (Regulation on Work Visa)
 - Law No. 12/2013 (Anti-Human Trafficking Act 2013)

- **List of applicable national laws and regulations related to building safety**
 - Law Number 4/27 Construction Act
 - Construction Administrative Regulation
 - Construction Administrative Regulation 1st Amendment

- Building Code
- Building Code 1st Amendment
- Building Code 2nd Amendment
- Construction Industry Practitioners Regulation
- Construction Industry Practitioners Regulation 1st Amendment
- Construction Industry Practitioners Regulation 2nd Amendment
- Construction Industry Practitioners Regulation 3rd Amendment
- Construction Industry Practitioners Regulation 4th Amendment
- Construction Industry Practitioners Regulation 5th Amendment
- Construction Industry Practitioners Regulation 6th Amendment
- Construction Contractors Regulation
- Construction Contractors Regulation 1st Amendment
- Construction Contractors Regulation 2nd Amendment
- Construction Contractors Regulation 3rd Amendment
- Construction Contractors Regulation 4th Amendment
- Construction Site Health And Safety Regulation
- Regulations Of Construction Materials and Materials Testing Facilities
- Academic Regulation on Construction Sector Professional and Technical Programs
- Construction Industry Technical Association Regulation
- Regulation on submitting an appeal for a decision made through Constructions Act
- Regulation on submitting an appeal for a decision made through Constructions Act 1st Amendment
- Material Testing Regulation
- Material Import and Production Control Regulation
- Material Import and Production Control Regulation 1st Amendment
- Construction Regulation for Islands and Lagoons with no Planning Regulation
- Construction Regulation for Islands and Lagoons with no Planning Regulation 1st Amendment
- Construction Regulation for Islands and Lagoons with no Planning Regulation 2nd Amendment
- Guideline for Consultant's Registration
- Guideline on Electronic Submission for permits required under Construction Administrative Regulation
- Civil Engineering Academic Standards for Accrediting Undergraduate Level Programmes

- **List of applicable national laws and regulations related to traffic and road safety**
 - Law No. 5/2009 (Road Traffic Act 2009)
 - Regulation No. 2016/R-138 (Regulation on Road Traffic 2016)
 - Regulation No. 2010/R-12 (Regulation on Issuance of Driving Licenses 2010)
 - Regulation No. 2011/R-40 (Regulation on Vehicle Registration and Licensing 2011)
 - Regulation No. 2015/R-168 (Regulation on the Use of Mobile Phones While Driving 2015)
 - Regulation No. 2014/R-113 (Regulation on Traffic Signs and Signals 2014)
 - Regulation No. 2017/R-87 (Regulation on Speed Limits 2017)
 - Regulation No. 2018/R-112 (Regulation on Roadworthiness of Vehicles 2018)
 - Regulation No. 2019/R-45 (Regulation on Pedestrian Safety 2019)
- **List of applicable national laws and regulations related to labor and working conditions, including child labor and forced labor**
 - Law No. 2/2008 (Employment Act)
 - Law No. 12/2013 (Anti-Human Trafficking Act 2013)
 - Regulation No. R-07/2021 (Regulation on Employment of Foreign Workers)
 - Regulation on Occupational Health and Safety 2015
 - Regulation No. R-07/2011 (Regulation on Employment Agencies 2011)
 - Minimum Wage decree
- Indicative applicable laws and regulations at Sectoral/Program Level:
 - Regulation No 2012/R-27 (Environment Impact assessment Regulation 2012)
 - Regulation No 2013/R-18 (1st Amendment to Environment Impact assessment Regulation 2012)
 - Regulation No 2015/R-174 (2nd Amendment to Environment Impact assessment Regulation 2012)
 - Regulation No 2016/R-66 (3rd Amendment to Environment Impact assessment Regulation 2012)
 - Regulation No 2017/R-7 (4th Amendment to Environment Impact assessment Regulation 2012)
 - Regulation No 2018/R-131 (5th Amendment to Environment Impact assessment Regulation 2012)

Annex 3: Summary of Public Consultation Events and Stakeholder Engagement during the ESSA – on the basis of information provided by the Implementation Entities

The PSIP projects carried out by the Ministry (MCI) & Ministry of Climate Change, Environment and Energy (MOCCEE) must go through the mandatory EIA process which includes Public Consultation and Stakeholder Engagement activities. However, they did not have the information available compiled in a readily shareable manner at present. Stakeholder consultations will follow the process

set up by the existing legislation Annex A above) upon identification of locations selected by the implementing agencies in coordination with the Ministry of Environment. Following selection of the location for costal protection the process encompasses the following steps:

Consultations/ Stakeholder Activities	Undertaken by	Indicative Time (date)	Summary of outcomes of any Consultation Activities
Project site visits	MCI	Project Initiation Stage	<ul style="list-style-type: none"> • Proper understanding of the project need/requirement and initial project design
Meetings with Island Councils/community	MCI	Project Initiation Stage	<ul style="list-style-type: none"> • Understanding of the project need/requirement. • Design of project implementation plan • Design and budgeting for the project. • Review of consultation process. Response on feedback received. • Assessment of sustainability impacts.
Project Stakeholder Consultation <ul style="list-style-type: none"> • Scoping meeting with all stakeholders • Individual meeting with stakeholders 	Mostly this process is undertaken by the project EIA Consultant in line with national requirements	EIA Stage	<ul style="list-style-type: none"> • Proper understanding of the project need/requirement. • Determines whether or not the project necessary. • Better decision-making process • Identify short- and long-term impacts. • Appropriate and sustainable design and implementation plan for the project. • Minimize the significant negative impact to acceptable level. • Identify measures to prevent or reduce the environmental and social impacts. • Identify individual stage holder concerns prior to project implementation
Stakeholder Engagement	MCI/Contract	Implementing Stage	<ul style="list-style-type: none"> • Continuous and reflecting the Project progress. • Continuous and addressing grievances through project implementation

Annex 4: Indicative checklists for assessing the ES management systems against core principles and core elements

Criteria set out in the ESP (Core Principles)	Criteria set out in RBF IGN (Core Elements)	Indicative Checklists
Core Principle 1: Promote environmental and social sustainability in the RBP's design.	(a) Operate within an adequate legal and regulatory framework to guide ES impact assessments, mitigation, management and monitoring at RBP level.	<ul style="list-style-type: none"> • What relevant ES laws, regulations, procedures, decrees, or other mandatory legal instruments (national, regional, and sectoral/program levels) are applicable to the RBP activities and their associated risks and impacts? <ul style="list-style-type: none"> ○ Enlisted in Annex 2 above • Are critical adjustments and measures to the regulatory framework needed before the start of the RBP?

Criteria set out in the ESP (Core Principles)	Criteria set out in RBF IGN (Core Elements)	Indicative Checklists
		<ul style="list-style-type: none"> ○ Not required • Do the relevant ES management systems include mechanisms, where appropriate, to ensure objective or independent assessment of ES impacts? <ul style="list-style-type: none"> ○ Yes. Already in place
<p>Core Principle 2: avoid, minimize or mitigate adverse impacts and promote informed decision-making relating to the RBP's environmental and social impacts.</p>	<p>(b) Incorporate recognized elements of good practice in ES assessment and management, including:</p> <p>(i) early screening of potential impacts;</p>	<ul style="list-style-type: none"> • Do the applicable ES management systems require early screening of potential ES impacts. <ul style="list-style-type: none"> ○ Yes • Do relevant procedures require ES screening/assessment of activities associated with the RBP? <ul style="list-style-type: none"> ○ Yes • Are ES screening procedures comprehensive? <ul style="list-style-type: none"> ○ Yes • Does screening lead to ES assessments that are proportional in depth and scope to the identified adverse impacts and risks (e.g., does it apply ES risk categories)? <ul style="list-style-type: none"> ○ Yes • Do screening procedures include opportunities for stakeholder involvement in the identification of priority ES risks and impacts? <ul style="list-style-type: none"> ○ Yes • Do these requirements specifically apply to the Program to be supported by the RBP operation? <ul style="list-style-type: none"> ○ Yes • Has screening for, and estimation of, ES effects been a part of the Borrower's program design? <ul style="list-style-type: none"> ○ Yes • Has RBP screening identified potential subprojects under the Environment and Social Exclusion List (ESEL)? If such activities have been identified, have the activities been excluded from the program? <ul style="list-style-type: none"> ○ No
	<p>(ii) consideration of strategic, technical, and site alternatives (including the “no action” alternative);</p>	<ul style="list-style-type: none"> • Do the applicable ES management systems require the consideration of alternatives or other forms of options assessments to avoid or minimize potential impacts and risks? I.e., are strategic, technical, and site-selection alternatives considered, including a “do nothing” option? <ul style="list-style-type: none"> ○ Yes • Which other forms of strategic planning, such as sectoral master planning, are used to identify ES risks and impacts? Do they consider relative ES costs and benefits? <ul style="list-style-type: none"> ○ Nationally Determined Contributions (NDC), Sector Specific Development Programmes • Has RBP screening considered site alternatives? <ul style="list-style-type: none"> ○ Yes

Criteria set out in the ESP (Core Principles)	Criteria set out in RBF IGN (Core Elements)	Indicative Checklists
	(iii) explicit assessment of potential, induced, and cumulative impacts;	<ul style="list-style-type: none"> • Do RBP procedures require the consideration of induced and cumulative impacts as part of screening, options assessment, and/or ES Impact Assessment? <ul style="list-style-type: none"> ○ Yes • Do the procedures allow for, or promote, the use of tools (such as strategic ES impact assessments and/or strategic management plans) to help identify and evaluate such impacts? <ul style="list-style-type: none"> ○ Yes • Do the procedures include measures for evaluating critical environmental issues such as transboundary pollution, biodiversity loss, international waterways, and climate change? If so, do they consider the implications to and from RBP activities (i.e., double materiality)? <ul style="list-style-type: none"> ○ Yes • Do RBP systems require assessing the risks from natural disasters and/or human emergencies? <ul style="list-style-type: none"> ○ Yes • Does the RBF assessment provide adequate opportunities to engage stakeholders on induced, cumulative, and transboundary impacts? <ul style="list-style-type: none"> ○ Yes
	(iv) identification of measures to mitigate adverse environmental or social risks and impacts that cannot be otherwise avoided or minimized;	<ul style="list-style-type: none"> • Do the applicable systems effectively promote the application of the mitigation hierarchy (e.g., avoid, minimize, mitigate, compensate/offset)? <ul style="list-style-type: none"> ○ Yes • Are mitigation/management measures under the system relevant and realistic? Do they require time-bound actions, clear targets, and clear assignment of responsibilities for implementation? <ul style="list-style-type: none"> ○ Yes • Do the applicable systems include clear and appropriate repercussions and remedies in case ES mitigation measures are not applied? <ul style="list-style-type: none"> ○ Yes
	(v) clear articulation of institutional responsibilities and resources to support implementation of plans; and	<ul style="list-style-type: none"> • Are RBP entities responsible for ES aspects adequately resourced and staffed—in terms of skills, qualifications, and number of staff—to ensure effective administration, planning, design, implementation, and monitoring functions? <ul style="list-style-type: none"> ○ Yes • If the RBP does not include sufficient in-house capacity for the Client, what other alternative arrangements (e.g., coordination with other agencies, use of consulting services) are available to promote program effectiveness? If present, what arrangements are in place to ensure effective and timely coordination? If none, what needs have been identified for supplementary support and/or capacity strengthening? <ul style="list-style-type: none"> ○ Where and if needed, Implementing Agencies rely on credible external consultants specialized and with good track record on specific ES assessments (e.g.,

Criteria set out in the ESP (Core Principles)	Criteria set out in RBF IGN (Core Elements)	Indicative Checklists
		<p>biodiversity) as needed.</p> <ul style="list-style-type: none"> • Are the RBP entities effective at applying their ES frameworks in practice? Are “adaptive management” processes in place to respond to unanticipated ES management issues? <ul style="list-style-type: none"> ○ Yes • Do RBP entities have access to contingency funds for unexpected impacts or budget shortfalls? <ul style="list-style-type: none"> ○ Yes • With the screening results on potential ES impacts, if the agency has any issues with budget for managing the potential impacts. <ul style="list-style-type: none"> ○ Budget support required and hence the main purpose of the Project
	(vi) responsiveness and accountability through stakeholder consultation, timely dissemination of the RBP information, responsive grievance redress mechanisms and access to independent accountability mechanisms.	<ul style="list-style-type: none"> • What mechanisms do program entities use to ensure that stakeholders are identified and that their views, concerns, and suggestions are systematically considered? <ul style="list-style-type: none"> ○ Stakeholder engagement in compliance with national regulations • Does the Borrower consult with stakeholders on various aspects of RBP design and operation? <ul style="list-style-type: none"> ○ Yes • What are the implementation practices of the agency in disclosing of relevant RBF information. <ul style="list-style-type: none"> ○ Following national regulations • What are the implementation practices of the agency in managing if complaints/grievances. <ul style="list-style-type: none"> ○ GRMs in place. Effective complaints management processes in place • Does the Borrower have specific laws or regulations on information disclosure and grievance address. <ul style="list-style-type: none"> ○ Yes. Specified in Annex 2 above
Core Principle 3: avoid, minimize, or mitigate adverse impacts on natural habitats and cultural resources resulting from the RBP.	(c) Identify and screen for adverse impacts on potentially important biodiversity and cultural resource areas and provides adequate measures to avoid, minimize, or mitigate adverse impacts.	<ul style="list-style-type: none"> • Has RBP screening identified potential impacts on modified, natural, or critical natural habitats? If such impacts involve the significant conversion or degradation of critical natural habitats, have the activities been excluded from the program? <ul style="list-style-type: none"> ○ No significant impacts. Project locations carefully selected to avoid any critical habitats or areas affecting ecosystems • Will the RBP activities affect environmentally sensitive habitat areas with local importance, such as streams, wetlands, ponds, and vegetated riparian areas? <ul style="list-style-type: none"> ○ No • Would RBP activities lead to the fragmentation of existing habitat areas, both at the level of localized Program activities and at larger landscape levels? <ul style="list-style-type: none"> ○ No • Do management plans require appropriate conservation and mitigation measures to be in place, including those required to maintain ecological services? <ul style="list-style-type: none"> ○ Yes

Criteria set out in the ESP (Core Principles)	Criteria set out in RBF IGN (Core Elements)	Indicative Checklists
	<p>(d) Support and promote protection, conservation, maintenance, and rehabilitation of natural habitats; avoid significant conversion or degradation of critical natural habitats; and</p> <p>if avoiding the significant conversion of natural habitats is not technically feasible, include measures to mitigate or offset the adverse impacts of RBP</p>	<ul style="list-style-type: none"> • Does the RBP include management measures to protect, conserve, or rehabilitate habitats that are at risk? Are these measures consistent with recognized international good practice, including internationally recognized standards of sustainable forest management and use? • Are monitoring measures in place to determine the extent to which habitats are affected under the RBP? <ul style="list-style-type: none"> ○ Yes • Have the relevant management authorities and other key stakeholders for such protected areas been consulted or otherwise involved in decisions that may affect the legal status or habitat values of the area? <ul style="list-style-type: none"> ○ Yes • If RBP activities may cause conversion or degradation of non-critical natural habitats, do Environmental Impact Assessment procedures include consideration of measures to avoid or minimize the severity of impacts? <ul style="list-style-type: none"> ○ Yes • Do plans require appropriate conservation offset measures to be in place, including measures to maintain ecological services? <ul style="list-style-type: none"> ○ Yes
	<p>(e) Take into account potential adverse impacts on cultural resources and provide adequate measures to avoid, minimize, or mitigate these impacts.</p>	<ul style="list-style-type: none"> • Does the screening review involve careful attention to avoiding impacts on resources of archaeological, paleontological, historical, architectural, religious, or cultural significance? <ul style="list-style-type: none"> ○ Yes • Is the mitigation hierarchy principle applied in the management of potential adverse impacts on physical cultural property, such as management measures to avoid, minimize, or mitigate? <ul style="list-style-type: none"> ○ Yes • Do Borrower systems include “chance find” procedures to take effect whenever RBP activities result in discovery of, or disturbance to, physical cultural resources? <ul style="list-style-type: none"> ○ Yes
<p>Core Principle 4: protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the</p>	<p>(f) Promote adequate community, individual, and worker health, safety, and security, through the safe design, construction, operation, and maintenance of the RBP or, in carrying out activities dependent on existing infrastructure, incorporate safety measures, inspections, or remedial</p>	<ul style="list-style-type: none"> • Does the RBP have a legal framework that addresses and promotes workplace safety? Are there mandatory measures that compel contractors and facility operators to operate equipment and facilities in a manner that protects individuals and communities? <ul style="list-style-type: none"> ○ Yes • Does the Borrower require measures to help protect individuals and/or communities from violence, intimidation, harassment, criminal activity, or other negative interactions with contractors, laborers, operators, or other workers associated with a Program activity? <ul style="list-style-type: none"> ○ Yes

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<p>RBP; (ii) exposure to toxic chemicals, hazardous wastes and other dangerous materials under the RBP; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.</p>	<p>works as appropriate; promote measures to address child and forced labor.</p>	<ul style="list-style-type: none"> • Does the Borrower have specific laws or regulations to avoid the use of child and forced labor in the implementation of Program activities? <ul style="list-style-type: none"> ○ Yes
	<p>(g) Promote the use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated under the RBP.</p>	<ul style="list-style-type: none"> • Does the Borrower have specific laws, regulations, procedures, standards, etc., to effectively evaluate and manage the potential effects of hazardous or toxic materials in the workplace? <ul style="list-style-type: none"> ○ Yes • Does the RBP include safety measures and standards for pre-existing civil works or works under construction that pose potential hazards to people or the environment? <ul style="list-style-type: none"> ○ Yes • Are emergency preparedness plans implemented and periodically reviewed? If plans are deficient, what safety measures or remedial works do Program entities need to undertake? <ul style="list-style-type: none"> ○ Yes. If and where applicable
	<p>(h) Promote the use of integrated pest management practices to manage or reduce pests or disease vectors; and provide training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with the relevant international guidelines and conventions.</p>	<ul style="list-style-type: none"> • Where relevant, do RBP systems promote the use of integrated pest management practices to manage or reduce pests or disease vectors? <ul style="list-style-type: none"> ○ Not applicable • Does the RBP include appropriate technical guidelines and training for the safe production, storage, transport, use, and disposal of hazardous pesticides or other chemicals? <ul style="list-style-type: none"> ○ Yes, where applicable
	<p>(i) Include adequate measures to avoid, minimize, or mitigate community, individual, and worker risks when the RBP is located in areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or affected by climate events.</p>	<ul style="list-style-type: none"> • As relevant, does the RBP include measures to ensure that people or the environment would not be put at increased risk from natural hazards? <ul style="list-style-type: none"> ○ Not applicable • Does the Borrower assess the climate change risks associated with RBP activities, such as the estimation of the RBP's GHG emissions or the inclusion of appropriate mitigation and/or adaptation measures under the RBP operation? <ul style="list-style-type: none"> ○ Yes
<p>Core Principle 5: manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and</p>	<p>(j) Avoid or minimize land acquisition and related adverse impacts; identify and address economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people lacking full legal rights to resources they use or</p>	<ul style="list-style-type: none"> • Does the RBP screen all planned activities to determine if they may require involuntary land acquisition, relocation of residences or businesses, or restrictions to natural resources? <ul style="list-style-type: none"> ○ Yes • Do RBP processes require identification and mitigation of all land-related impacts? Significantly, do systems adequately protect individuals and communities against "forced evictions"?

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<p>assist the affected people in improving, or at a minimum restoring, their livelihoods and living standards;</p>	<p>occupy;</p> <p>provide compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid before taking land or restricting access;</p> <p>provide supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment);</p> <p>restore or replace public infrastructure and community services that may be adversely affected by the RBP; and</p> <p>include measures in order for land acquisition and related activities to be planned and implemented with appropriate disclosure of information, consultation, and informed participation of those affected.</p>	<ul style="list-style-type: none"> ○ Yes • As relevant, does screening consider impacts on various property regimes, including common property resources, customary or traditional rights to land or resource use, those who lack title or any recognizable claim, and Indigenous Peoples rights? Accordingly, do the processes require identification and mitigation of all significant impacts affecting informal users or occupiers of land (or other resources)? <ul style="list-style-type: none"> ○ Not applicable • Do the RBP systems support livelihood restoration and support measures, including the necessary institutional provisions to ensure the effective implementation of such measures <ul style="list-style-type: none"> ○ Not applicable • If not, can the RBP provide supplemental payments to meet this requirement? • Does the Borrower's system recognize the need to restore or replace public infrastructure lost because of RBP activities? If not, what mechanisms are in place to address such concerns? <ul style="list-style-type: none"> ○ Not applicable • Do land acquisition procedures include appropriate requirements for the informed participation of affected people? Does information on land acquisition and/or resettlement provide sufficient notification of the rights of those affected, including rights to timely resolution of grievances? <ul style="list-style-type: none"> ○ Not applicable
<p>Core Principle 6: give due consideration to the cultural appropriateness of and equitable access to RBP benefits,</p>	<p>(k) Provide for identification, analysis and promotion of measures to address gender aspects (including children) and disability in RBP consultations, design and implementation processes.</p>	<ul style="list-style-type: none"> • Do ES impact screening procedures include participation of females, children, disable persons? <ul style="list-style-type: none"> ○ Yes • Do the conducted consultations on the RBP include females, children, and disable persons? <ul style="list-style-type: none"> ○ Yes • Does the stakeholder engagement on the RBP have separated consultations with

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giving special attention to the rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.		females, children, and disable groups. <ul style="list-style-type: none"> ○ Not necessary • Is the RBP AP including any actions to address the identified gender aspects and the issues of children and disable persons. <ul style="list-style-type: none"> ○ Yes • Are there any gender indicators in the DLIs of the RBP? <ul style="list-style-type: none"> ○ Not applicable
	(l) Provide for meaningful consultations if Indigenous Peoples are potentially affected (positively or negatively), to determine whether there is broad community support for the RBP.	<ul style="list-style-type: none"> • Do consultations include a representative cross-section of groups affected by the RBP (including women, Indigenous People, the poor, or other groups that might be underrepresented)? <ul style="list-style-type: none"> ○ Yes • Does screening identify different property regimes, including common property resources, customary or traditional rights to land or resource use, and the rights of Indigenous Peoples? <ul style="list-style-type: none"> ○ Not applicable • Are issues and concerns raised during the consultations resolved and documented systematically? <ul style="list-style-type: none"> ○ Yes
	(m) Provide for participation by the Indigenous Peoples in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge.	<ul style="list-style-type: none"> • Do RBP entities regularly review and consider consultation results to obtain or broaden community support? <ul style="list-style-type: none"> ○ Yes • Does the RBP exclude activities involving: adverse impact on natural resources to which Indigenous Peoples have traditional ownership or customary use rights; resettlement from or restriction to such communities' access to such lands; or the commercial exploitation of Indigenous Peoples cultural heritage? <ul style="list-style-type: none"> ○ Yes - excluded
	(n) Give attention to vulnerable groups and, if necessary, take special measures to promote equitable access to RBP benefits.	<ul style="list-style-type: none"> • Is there consideration of distributional equity, affordability, and cultural, racial, ethnic, or gender constraints to access or participation? <ul style="list-style-type: none"> ○ Yes • Does the incentive structure within RBP agencies promote outreach measures to encourage equitable and affordable access to Program benefits? <ul style="list-style-type: none"> ○ Yes • Does it consider how to alleviate cultural, racial, ethnic, financial, or physical barriers that hamper the participation of socially marginalized or disadvantaged groups? <ul style="list-style-type: none"> ○ Yes
Core Principle 7: avoid exacerbating social conflict.	(o) Consider conflict risks.	<ul style="list-style-type: none"> • Is the RBP being implemented in areas of recognized fragility or in post-conflict zones? <ul style="list-style-type: none"> ○ No • Do the screening and design of RBP activities consider the risks of creating or

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		exacerbating social conflict, including conflicts with ethnic or racial dimensions? <ul style="list-style-type: none"> ○ Yes • Are RBP agencies open to discussion with the Bank and consultation with stakeholders on potentially sensitive issues? <ul style="list-style-type: none"> ○ Yes