



# Ministry of Finance

Republic of Maldives

## Maldives Competitiveness and Growth Project (MCGP) (P179286)

### ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

28<sup>th</sup> February 2023

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Republic of Maldives (the Recipient) will implement the Maldives Competitiveness and Growth Project (the Project), with the involvement of Ministry of Finance (MoF) as the Implementing Agency, as set out in the Financing Agreement. The International Development Association (hereinafter the World Bank) has agreed to provide financing for the Project, as set out in the referred agreement.
2. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards (ESSs) and this Environmental and Social Commitment Plan (ESCP), in a manner acceptable to the World Bank. The ESCP is a part of the Financing Agreement. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the referred agreement.
3. Without limitation to the foregoing, this ESCP sets out material measures and actions that the Recipient shall carry out or cause to be carried out, including, as applicable, the timeframes of the actions and measures, institutional, staffing, training, monitoring, and reporting arrangements, and grievance management. The ESCP also sets out the environmental and social (E&S) instruments that shall be adopted and implemented under the Project, all of which shall be subject to prior consultation and disclosure, consistent with the ESS, and in form and substance, and in a manner acceptable to the World Bank. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the World Bank.
4. As agreed by the World Bank and Recipient, this ESCP will be revised from time to time if necessary, during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to Project performance. In such circumstances, the Recipient through the Ministry of Finance and the World Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the World Bank and Recipient Minister or the State Ministers of Finance. The Recipient shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
<b>MONITORING AND REPORTING</b>			
A	<p><b>REGULAR REPORTING:</b> Prepare &amp; submit to the Bank regular monitoring reports on the environmental, social, health and safety issues &amp; performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&amp;S documents required under the ESCP, stakeholder engagement activities, functioning of the grievance mechanism(s).</p> <p>Collaborate with other agencies and third parties, such as the Implementing Agency (IA), supporting partner agencies and consultants, who are responsible for managing specific risks and impacts and implementing mitigation measures to establish such mitigation measures to gather inputs for reporting.</p>	<p>Submit, in conjunction with the Project’s progress reports, quarterly reports to the World Bank throughout project implementation, commencing after the signing of the Financial Agreement. Every three months during the operation’s implementation.</p>	<p>Environmental and Social Safeguards Specialist (ESSS), Communications Officer (CO), Project Director (PD) and Environmental and Social Focal Points (ESFPs) from the implementing agency and supporting partner agencies listed under ESS 1.1</p>
B	<p><b>INCIDENTS AND ACCIDENTS</b></p> <p>Promptly notify the World Bank of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), gender-based violence (GBV), and accidents that result in death, serious or multiple injury.. Provide sufficient detail regarding the scope, severity, and possible causes of the incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by any contractor and/or supervising firm, as appropriate.</p> <p>Subsequently, at the World Bank’s request, prepare a report on the incident or accident and propose any measures to address it and prevent its recurrence.</p>	<p>Notify World Bank no later than 48 hours after learning of the incident or accident.</p> <p>Provide subsequent report to the World Bank within 30 days after the incident has been reported to the Bank.</p>	<p>ESSS, CO, PD, ESFPs, MoF</p>
<b>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</b>			
1.1	<p><b>ORGANIZATIONAL STRUCTURE:</b></p> <p>Establish and maintain a Project Management Unit (PMU) with qualified staff to support management of E&amp;S risks of the Project. One (1) Environment and Social Safeguards Specialist (ESSS) and Communications Officer (CO) to be recruited at PMU level.</p> <p>The PMU will coordinate with Environmental and Social Focal Points (ESFPs) nominated from the key supporting partner agencies, which are the Privatization and Corporatization Board (PCB), Ministry of Economic Development (MoED) and the Maldives Monetary Authority (MMA)/Credit Information Bureau (CIB).</p>	<p>Establish and maintain a PMU as set out in the Financial Agreement at MOF as the overarching PMU. PCB, MoED and MMA will have focal points assigned on E&amp;S.</p> <p>An ESFP from MoF has been seconded for project preparation as of December 2022. A permanent ESSS should be hired/seconded within 90 days of the signing of the Financial Agreement.</p>	<p>MoF, PCB, MoED, MMA/CIB</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
1.2	<p><b>ENVIRONMENTAL AND SOCIAL GUIDELINES IN PROJECT OPERATIONS MANUAL:</b></p> <p>Adopt and implement the Environmental and Social Guidelines included in the Project Operations Manual (POM). The Guidelines will include guidance on key steps to be followed in line with the process of E&amp;S due diligence to be followed for TA activities and communications program under Component 1, the processes and technical guidance to be followed during the development of digital platform and advisory services for SMEs under Component 2.1, and the business support activities that will support the SME growth acceleration program under Component 2.2.</p> <p>This E&amp;S Guideline in the Project Operations Manual shall include sub-project and TA associated eligibility criteria and exclusion list and guidance on designing assessment and mitigation measures in accordance with relevant ESSs.</p> <p>An exclusion list, including projects that have significant environmental impacts according to the national legislation and regulations concerning the environmental impact assessment from the Environmental Protection Agency (EPA) of the Maldives and projects listed in the IFC excluding list will be prepared as a part of the Project's Operations Manual.</p> <p>For all TA activities, the E&amp;S Guidance Manual will provide guidance on measures to incorporate reference to the E&amp;S Standards in Terms of References (TORs) to ensure that activities and outputs are consistent with the ESF and requirements of the ESSs.</p>	Prior to project commencement with the finalization of the Project Operations Manual.	ESSS, ESFPs, CO, PD, MoF
1.4	<p><b>STUDY TERMS OF REFERENCES FOR TECHNICAL ASSISTANCE:</b></p> <p>Ensure that the studies and technical assistance programs for SOEs and SMEs are carried out in accordance with terms of reference acceptable to the World Bank, and consistent with the ESSs. Thereafter ensure that the outputs of such activities comply with the terms of reference.</p>	At the time Terms of References are prepared for clearance by the World Bank.	ESSS, ESFPs, PD, MoF, PCB, MoED, MMA/CIB
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>			
2.1	<p><b>LABOR MANAGEMENT PROCEDURES:</b></p> <p>Adopt and implement the Labor Management Procedures (LMP) for the Project, including, inter alia, provisions on working conditions, management of workers relationships, occupational health and safety (including personal protective equipment, and emergency preparedness and response), code of conduct (including relating to SEA and SH), forced labor, child labor, training of workers (include on SEA/SH), and applicable requirements for contractors, subcontractors, and supervising firms.</p>	LMP will be prepared and adopted by project effectiveness and thereafter the LMP will be implemented throughout project implementation.	MoF, PCB, MoED, MMA/CIB

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
2.2	<p><b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b></p> <p>Establish and operate a grievance mechanism for Project workers (including handling SEA/SH risks), as described in the LMP and consistent with ESS2.</p>	Establish grievance mechanism prior to engaging project workers and thereafter maintain and operate it throughout project implementation.	MoF, PCB, MoED, MMA/CIB
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.1	<p><b>PREPARATION AND IMPLEMENTATION OF E-WASTE MANAGEMENT GUIDELINE:</b></p> <p>Update, adopt, and implement the E-waste Management Guideline to manage all electronic waste, consistent with ESS 3.</p> <p>During the procurement process insertion of clauses/specifications in procurement contracts will be carried out. The ESSs will ensure that the clauses are reviewed by the Bank’s procurement and environmental and social specialists prior to signing of contracts.</p> <p>All minimum standards and guidance provided in the E-waste Management Guidelines will be followed during project implementation during the procurement and use of electronic equipment.</p> <p><b>MONITORING OF E-WASTE GUIDELINE:</b> A status update of the implementation of the E-Waste Management Guidelines will be prepared and submitted as per the agreed timeline.</p>	<p>Update and adopt the E-waste Management Guideline within two months of signing the Financial Agreement.</p> <p>Will be implemented throughout project implementation and reviewed during the MTR and annual reporting.</p> <p>Every 6 months during implementation of the E-Waste guideline.</p>	ESSS, ESFPs, MoF
<b>ESS 4: COMMUNITY HEALTH AND SAFETY</b>			
4.1	Relevant aspects of this standard shall be considered, as needed, under action 1.2 above as part of the due diligence activities and recommend corrective measures through the Project’s technical support.	Throughout project implementation.	MoF
<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY</b>			
5.1	Relevant aspects of this standard shall be considered under 1.2 above when conducting feasibility studies as part of the due diligence process for SOEs to explore options, assess risks & mitigation measures and provide recommendations to allow foreign investors to own shares in SOEs that own land and address any legacy issues. As described in 1.3,ESS5 requirements will be included in the Operations Manual.	At the time of preparation of Private Participation Plans for the selected SOEs.	MoF
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>			
6.1	<b>NOT CURRENTLY RELEVANT</b>		

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
<b>ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES</b>			
7.1	NOT CURRENTLY RELEVANT		
<b>ESS 8: CULTURAL HERITAGE</b>			
8.1	NOT CURRENTLY RELEVANT		
<b>ESS 9: FINANCIAL INTERMEDIARIES</b>			
9.1	NOT CURRENTLY RELEVANT		
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			
10.1	<p><b>STAKEHOLDER ENGAGEMENT PLAN (SEP) IMPLEMENTATION:</b>                      Adopt and implement Stakeholder Engagement Plan (SEP), consistent with ESS10, which shall include measures to, inter alia, provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.</p>	SEP will be prepared by Appraisal and Disclosed and thereafter implement the SEP throughout project implementation.	ESSS, ESFPs, CO, PD, MoF, PCB, MoED, MMA/CIB
10.2	<p><b>PROJECT GRIEVANCE MECHANISM:</b> Establish, maintain and operate a grievance mechanism (GRM) to ensure reception and timely response to any complaints made about the Project (including those from affected and interested groups from SOEs and SMEs, other stakeholders and the public), as described in the SEP.</p> <p>The GRM will also include special provisions for reporting and responding to the grievances and complaints related to sexual harassment, sexual exploitation and abuse, and gender-based violence.</p> <p>Ensure that all grievances reported including those outstanding are resolved and that decision-making processes demonstrate transparency, accountability, and efficiency and that grievance redress processes are conducted in a culturally appropriate manner.</p>	Grievance Redress Mechanism developed during project preparation as part of the Stakeholder Engagement Plan	ESSS, ESFPs, CO, PD, MoF, PCB, MoED, MMA/CIB
<b>CAPACITY SUPPORT</b>			
CS1	<p>The Recipient will deliver the following training programs:</p> <ol style="list-style-type: none"> <li>Fundamentals of ESF and Introduction to the World Bank’s ESF - targeted at ESSS, ESFPs, CO, PD</li> <li>Training on E-Waste Guidelines and Overall E-Waste Management for ESSS, ESFPs, PD, MoF, PCB, MoED and MMA/CIB</li> <li>Training on implementation of Stakeholder Engagement Plan for ESSS, ESFPs, CO, PD, MoF, PCB, MoED and MMA/CIB</li> <li>Gender Based Violence (GBV) and Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) for ESSS, ESFPs, MoF, PCB, MoED and MMA/CIB</li> </ol>	<p>Respective timelines for each program</p> <ol style="list-style-type: none"> <li>Within 1 month of having Project Staff in place at project implementation and prior to Midterm Review.</li> <li>Within 1st year of project implementation and prior to Midterm Review.</li> </ol>	ESSS, ESFPs, CO, PD, MoF, PCB, MoED, MMA/CIB and the World Bank

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<ul style="list-style-type: none"> <li>e) Trainings to SOEs on Environmental and Social Due Diligence Processes and Best Practice for better Environmental and Social Management in Operation-Focal points and Environmental and Social Safeguards staff in SOEs.</li> <li>f) Trainings to SMEs on Environmental and Social Due Diligence Processes and Best Practice for better Environmental and Social Management in Operation. - Representatives of SMEs, Representatives from GoM partners supporting SME Development</li> </ul>	<ul style="list-style-type: none"> <li>c) Within 1 month of having Project Staff in place at project implementation and prior to Midterm Review.</li> <li>d) Within 1 month of having Project Staff in place at project implementation and prior to Midterm Review.</li> <li>e) Twice over the lifetime of the Project targeting all SOEs</li> <li>f) Twice over the lifetime of the Project targeting all SMEs.</li> </ul>	