



# Initial Poverty and Social Analysis

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Project Number: 57002-001  
May 2023

## Maldives: Enhancing Climate Resilience and Food Security Project

## **CURRENCY EQUIVALENTS**

(as of 10 May 2023)

Currency unit	–	Rufiyaa (Rf)
Rf1.00	=	\$0.0649
\$1.00	=	Rf15.41

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
CBO	–	community based organizations
COVID-19	–	Coronavirus disease
CSO	–	civil society organizations
EGM	–	effective gender mainstreaming
GEN	–	gender equity
HDI	–	human development index
LFPR	–	labor force participation rates
NGE	–	no gender elements
SGE	–	some gender elements
TA	–	technical assistance

## **NOTE**

- (i) In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Maldives	Project Title:	Enhancing Climate Resilience and Food Security Project
Lending/Financing Modality:	Project Grant	Department/ Division	South Asia Department/ Urban Development and Water Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

#### A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

Climate change represents a major threat to ways of life on Maldives' islands. Recognizing the significant risk of climate change on the country's sustainable development and its impact on the poorest, most marginalized, and most remote communities,<sup>a</sup> Maldives' Nationally Determined Contribution commits the country to enhanced adaptation efforts in the areas of: (i) agriculture and food; (ii) infrastructure resilience; (iii) public health; (iv) water security; (v) coastal protection; (vi) safeguarding coral reef biodiversity; (vii) tourism; (viii) fisheries; (ix) early warning and systematic observation; and (x) disaster risk reduction and management.<sup>b</sup> The country's fisheries and agricultural policy aims to achieve national food security and sustainable socio-economic development by strengthening the agriculture sector through the enhanced capacity of the farmers.<sup>c</sup> The proposed project aligns with these strategic documents and the Asian Development Bank's Water Sector Directional Guide 2030<sup>d</sup> by enhancing weather observatory and early warning systems, protecting coastal zones, supporting drainage systems and climate-smart agriculture, and strengthening institutional capacity. The project fits in the framework set by the Strategic Action Plan, which outlines long-term development objectives that include: (i) enhancing sustainable economic activities; (ii) progressing on health, education, and social protection; (iii) building resilience to climate change and natural hazards; and (iv) ensuring good governance,<sup>e</sup> and Climate Change Policy Framework, which puts emphasis on climate change mainstreaming for the country's sustainable development.<sup>f</sup> By supporting the country's effort in building resilience against climate change and enhancing readiness against disaster risks, the proposed project fits within the country partnership strategy's strategic objective of improving the quality of life of island communities while ensuring environmental sustainability.<sup>g</sup>

#### B. Poverty Targeting:

☒ General Intervention ☐ Individual or Household (TI-H) ☐ Geographic (TI-G) ☐ Non-Income MDGs (TI-M1, M2, etc.)

The detailed project designs will incorporate gender-responsive and socially inclusive features including targeted capacity development to address the needs of the poor, women, and disadvantaged groups,<sup>h</sup> particularly those disproportionately affected by climate change impacts.

#### C. Poverty and Social Analysis

**1. Key issues and potential beneficiaries.** Maldives has made progress in reducing relative poverty to 8.2% in 2016 from 21% in 2003 and 15% in 2010.<sup>i</sup> In 2021, Maldives' Human Development Index (HDI) was 0.747, an increase from 0.700 in 2011, placing it in the high human development category and ranked 90 out of 191 countries and territories.<sup>j</sup> Despite the good progress made in social inclusion, it is likely that more people would fall into poverty due to the coronavirus disease (COVID-19) pandemic.<sup>k</sup> While the full socioeconomic impact of the COVID-19 pandemic is yet to be known, the predominately tourism driven economy has been hard hit by the stringent mobility restrictions. A recent study conducted by the Ministry of Economic Development has assessed that 31% of people employed in the tourism sector reported redundancy and/or complete loss of income, 30% reported unpaid leave, and 39% reported receiving partial pay.<sup>l</sup> On top of the recent socioeconomic challenges, the people of Maldives are extremely vulnerable to sea level rise, coastal storms, and flooding that would have dire social and economic consequences, notably for the poorer and most vulnerable, given that more than 80% of the land area of the country below one meter above mean sea level and approximately 44% of the settlement footprint of all islands and the vast majority of the country's critical infrastructure within 100 meters of the coastline (endnote f). Given its heavy dependence on food imports from other countries in Asia, Maldives is vulnerable to reduced food production and supply disruption due to climate induced events. The project aims to improve the resilience of the people in Maldives against climate change by providing infrastructure, enhancing weather observatory and early warning systems, promoting climate smart agriculture, and developing the capacity of communities and institutions.

**2. Impact channels and expected systemic changes.** Improved disaster management infrastructure, food security, and information base as well as enhanced knowledge of climate adaptation measures and disaster risks will reduce the vulnerability of people's assets and reduce disruptions of livelihood and economic activities during extreme weather events.

**3. Focus of (and resources allocated in) the transaction TA or due diligence.** A team of consultants will undertake a thorough climate risk assessment and identify targeted climate change adaptation interventions in the areas of flood management, coastal protection, food security, weather observatory system, and capacity development through intensive consultation with the government and relevant stakeholders. Transaction TA will also ensure project readiness including support to procurement activities and gender equality and social inclusion.

**4. Specific analysis for policy-based lending.** Not Applicable.

### II. GENDER AND DEVELOPMENT

**1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?**

Maldives ranks 117th among 146 countries in the 2022 Global Gender Gap Index. The country is one of the most vulnerable nations to climate change and its gendered impacts are high on the poorest and those living in geographically remote island communities. Key gender issues remain in women's low Labor Force Participation Rates (LFPR) (Male LFPR 77.1%; Female LFPR 45.6% (2019)).<sup>m</sup> Informal employment is more prevalent among women (44% compared to men, 36%).<sup>n</sup> Women's average monthly earnings are less than those of men in all industries, even in agriculture and forestry where men earn 77.79% more than women.<sup>o</sup> Significant disparities and issues also remain in women's representation in decision making and inclusion of women and other vulnerable group's voice in resilient island development planning and adaptation strategies both at the local and national levels. The proposed project aims to address these gender issues in climate change adaptation and building resilient island communities for sustainable development of the country.

**2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women access to and use of opportunities, services, resources, assets, and participation in decision-making?** ☒ Yes ☐ No

The proposed project will significantly contribute to gender equality, social inclusion, and empowerment of women, and will create a progressive local environment for gender mainstreaming in climate change mitigation and adaptation.

**3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?**

☐ Yes ☒ No

The project is not expected to have an adverse impact on women and/or girls.

**4. Indicate the intended gender mainstreaming category:**

☐ GEN (gender equity) ☒ EGM (effective gender mainstreaming)  
☐ SGE (some gender elements) ☐ NGE (no gender elements)

### III. PARTICIPATION AND EMPOWERING THE POOR

**1. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design.** The main stakeholders of the project include: (i) the Ministry of Finance as the executing agency; (ii) project management unit which will be formed within the Ministry of Environment, Climate Change and Technology with focal staff assigned from the Maldives Meteorological Service, and Ministry of Fisheries, Marine Resources and Agriculture; (iii) local government; (iv) relevant civil society organizations (CSOs) and community based organizations (CBOs); (v) beneficiaries including the women, poor, people with disability and disadvantaged groups; and (vi) project affected people.

**2. Who are the key, active, and relevant CSOs in the project area?** Participation of Maldives-based CSOs, including women's groups and associations and organizations of/for people with disability (OPDs), is envisaged during processing to seek their inputs on the project design. Stakeholder analysis including identification of active and relevant CSOs to seek their inputs and participation during project preparation, implementation and operation will be conducted during due diligence.

**3. Are there issues during project design for which participation of the poor and vulnerable is important?**

☒ Yes ☐ No If yes, what are these issues? The project targets women including the poor and disadvantaged groups. Their participation will be ensured through continuous consultations throughout the project cycle. Relevant CSOs and CBOs such as women's groups and associations and OPDs will also be consulted.

**4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?** Resources will be allocated to mobilize the participation of the women, poor, disadvantaged and relevant CSOs and CBOs. The project will also develop a participation plan targeting the women, poor, people with disability, and disadvantaged groups meaningful participation and inclusion in the process. The project will meet with the key local officials, CSOs, CBOs, and local communities and affected people to obtain their inputs for the project design. There will be opportunities for meaningful engagement with the CSOs and CBOs in the project design, implementation, operation and maintenance. CSOs will be scoped during project processing for their capacity to delivery or partner with government on delivering the outreach program including disaster risk reduction such as in mangrove restoration activities.

**5. What level of CSO participation is planned during the project design?**

M Information generation and sharing M Consultation L Collaboration NA Partnership

### IV. SOCIAL SAFEGUARDS

**A. Involuntary Resettlement Category** ☐ A ☒ B ☐ C ☐ FI

**1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?** ☒ Yes ☐ No

Involuntary resettlement impacts are expected to be minimal and limited to temporary impacts and/or minor disturbances during construction works. Private land acquisition is not anticipated as government lands will be prioritized during site selection. Due diligence to be undertaken by consultants and ADB staff in close coordination with the implementing agency will determine resettlement impacts during project processing.

**2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?** ☒ Resettlement plan

**B. Indigenous Peoples Category** ☐ A ☐ B ☒ C ☐ FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? ☐ Yes ☒ No There are no reported indigenous peoples in project areas. This will be reconfirmed during project due diligence.
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ No
3. Will the project require broad community support of affected indigenous communities? ☐ Yes ☒ No
4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? ☒ None

#### V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?
- ☒ Creating decent jobs and employment (M) ☒ Adhering to core labor standards (M) ☐ Labor retrenchment
- ☒ Spread of communicable diseases, including HIV/AIDS (L) ☐ Increase in human trafficking ☐ Affordability
- ☐ Increase in unplanned migration ☐ Increase in vulnerability to natural disasters ☐ Creating political instability
- ☐ Creating internal social conflicts ☒ Others, please specify: COVID-19 (M)
2. How are these additional social issues and risks going to be addressed in the project design? Core labor standards to be included in contracts. Health and safety plans will include preventive measures for COVID-19. Poor and vulnerable including women will be given preference for project construction. Contractors, construction workers and communities around project sites will be made aware of communicable diseases.

#### VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks? Are the relevant specialists identified? ☒ Yes ☐ No
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis; and the participation plan during the transaction TA or due diligence? Poverty, social, and gender analysis will be undertaken during PPTA. Social safeguards experts, gender equity and social inclusion experts, institutional development experts and livelihood experts shall be mobilized.

- <sup>a</sup> World Bank. 2015. *Maldives Systematic Country Diagnostic: Identifying Opportunities and Constraints to Ending Poverty and Promoting Shared Prosperity*. Washington, DC.
- <sup>b</sup> Government of Maldives, Ministry of Environment and Energy. 2016. *Second National Communication of Maldives to the United Nations Framework Convention on Climate Change*. Malé.
- <sup>c</sup> Government of, Ministry of Environment. 2020. *Update of Nationally Determined Contribution of Maldives*. Malé.
- <sup>d</sup> ADB. 2022. *Strategy 2030 Water Sector Directional Guide—A Water-Secure and Resilient Asia and the Pacific*. Manila.
- <sup>e</sup> Government of Maldives, The President's Office. 2019. *Strategic Action Plan 2019-2023*. Malé.
- <sup>f</sup> Government of Maldives, Ministry of Environment and Energy. 2015. *Climate Change Policy Framework*. Malé.
- <sup>g</sup> ADB. 2020. *Maldives Country Partnership Strategy 2020-2024*. Manila.
- <sup>h</sup> Disadvantaged groups refer to those who historically have been unable to fully access and/or benefit from social, economic, and political rights, opportunities, and resources due to their identities and/or because of their vulnerability.
- <sup>i</sup> Government of Maldives, National Bureau of Statistics. 2018. *Household Income and Expenditure Survey 2016*. Male; and Government of Maldives, Ministry of Finance and Treasury. 2012. *Household Income and Expenditure Survey*. Malé.
- <sup>j</sup> United Nations Development Programme. 2022. *Human Development Report 2021/2022*. New York.
- <sup>k</sup> Government of Maldives, National Bureau of Statistics. 2022. *National Multidimensional Poverty in Maldives 2020*. Malé.
- <sup>l</sup> Government of Maldives, Ministry of Economic Development. 2020. *Rapid Livelihood Assessment-Impact of COVID-19 Crisis in the Maldives*. Male.
- <sup>m</sup> Government of Maldives, Bureau of Statistics. 2019. *Household Income and Expenditure Survey*. Male.
- <sup>n</sup> Government of the Republic of Maldives, Bureau of Statistics. 2019). *Informal Employment - Household Income & Expenditure Survey*. Malé.
- <sup>o</sup> ADB. 2014. *Maldives Gender Equality Diagnostic of Selected Sectors*. Manila.