

Due Diligence Report on Involuntary Resettlement and Indigenous Peoples

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MLD: Kulhudhuffushi Harbor Expansion Project

Prepared by the Ministry of Housing and Infrastructure of the Government of Maldives for the
Asian Development Bank

CURRENCY EQUIVALENTS

(as of 4 April 2016)

Currency unit	–	Maldivian Rufiyaa (MVR)
MVR1.00	=	\$0.06515
\$1.00	=	MVR 15.35

ABBREVIATIONS

ADB	-	Asian Development Bank
DDR	-	Due Diligence Report
EA	-	Executing Agency
EPA	-	Environmental Protection Agency
GOM	-	Government of the Maldives
IA	-	Implementing Agency
IP	-	Indigenous People
MFT	-	Ministry of Finance and Treasury
MHI	-	Ministry of Housing and Infrastructure
RP	-	Resettlement Plan

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I. Project Background

1. Maldives consists of 1,190 coral islands, scattered over a 90,000 square kilometers of territory in the Indian Ocean; making it one of the world's most dispersed country in the world. The country's total population is around 402,000 in 2014.¹ Ninety-six percent of the population is distributed across 188 administrative islands, 123 of which are by less than 1,000 people. These unique geographic and demographic characteristics pose major development challenges in the country in terms of infrastructure development as well as provision of basic social services and access to equitable economic opportunities.

2. The census data in 2014 shows that 38% of the Maldives' population lives in and around Male, which is the capital city as well as the urban center in the Central region. Male currently remains as the country's fastest growing and the most populated island, with rapid expansion of both public and private sectors and establishments of major health and educational facilities. The ever increasing internal migration to Male and growth of the urban area can be attributed to inequalities and disparities of economic development activities between the capital and the rest of the atolls. The International Fund for Agricultural Development noted that between 1997 and 2005, the median per capita income per day in Male increased from 1.7 times to 2.3 times the income of people living in the atolls.²

3. Lack of transport connectivity is a major constraint to the country's sustainable and inclusive development in remote atolls, particularly in the Northern region which has high number of inhabitants living below the poverty line.³ Imbalance in accessibility to opportunities, enterprise, markets and services in the Northern region is one of the constraints faced by the Government of Maldives (the government) in achieving the broad based economic growth, which is one of the major development goals under the 7th National Development Plan (NDP) and the subsequent government manifesto from 2013-2018.

4. To address the widening regional socio-economic disparity in the Northern region, the government is developing the Kulhudhuffushi Island as a sustainable urban center where developments of various services and socio-economic activities in the region will be concentrated. Kulhudhuffushi is one of the major population centers in the region with a total population of around 8,200 in 2014. Currently, Kulhudhuffushi is home to the regional hospital that provides general medical and specialist services, dental services, emergency services and intensive care units. The island also hosts a range of education facilities such as primary schools, secondary schools, and a vocational training center, all designed to cater for the approximately 2,500 students from Kulhudhuffushi and other nearby islands.

5. Kulhudhuffushi receives a daily influx of residents from other islands who make visits to commute for work, access the health and education facilities or for recreational purposes. From the transport perspective, it acts as a key regional maritime connection and cargo interchange point for the Northern region. With the on-going development of Kulhudhuffushi as the urban center, the government reckoned that the existing inter-island connectivity in the region will be inadequate to allow efficient access to the services and opportunities as mandated in the 7th NDP. It is therefore envisioned that additional harbor capacity with more efficient operation will

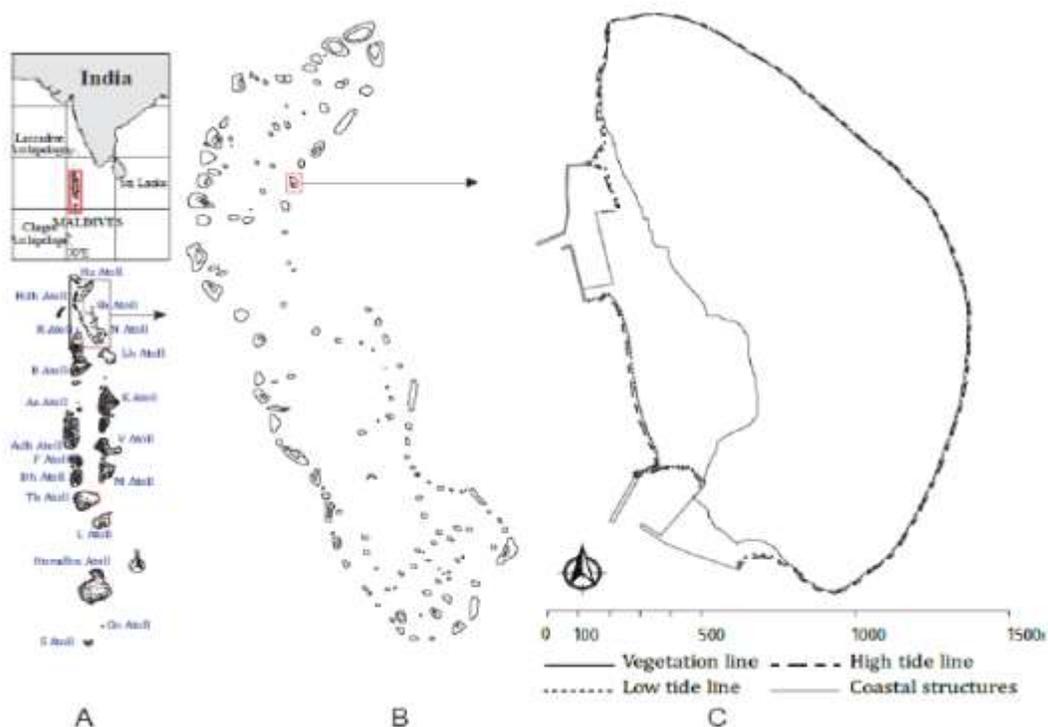
¹ National Bureau of Statistics. 2014. *Population and Housing Census*. Maldives.

² International Fund for Agricultural Development. Rural Poverty Portal.
<http://www.ruralpovertyportal.org/country/home/tags/maldives>

³ Department of National Planning, 2012. *The Household Income and Expenditure Survey*. Maldives.

be required at the Kulhudhuffushi harbor, which will benefit around 30,000 inhabitants living in the dispersed islands within a 30 km radius. Figure 1 shows the Northern Region of Maldives.

Figure 1: Northern Region and Location of Kulhudhuffushi



6. The existing harbor in Kulhudhuffushi is a multi-purpose harbor, and is used for passenger, bulk cargo, fishery, and transport of agricultural commodities. The proposed additional capacity to the harbor will be required to prevent congestion, to reduce delays in accessing a berth and mooring facilities in the basin, and especially to prevent from discouraging new transport links either at a regional or national level. At present there are around 150 vessels operating out of the harbor every day. It is estimated that additional capacity that caters to 100 vessels per day would be required to support the urban center development. The government plans to increase the harbor capacity by developing a new passenger and cargo harbor to cater to larger vessels, and through more efficient and sustained harbor operation. The new passenger harbor will also facilitate long distance passenger service from the Central and Southern regions as recommended in the Maldives' Maritime Transport Master Plan.

7. This harbor expansion project will bring about inclusive socio-economic benefits to the inhabitants in the Northern region. The project will not only help reduce the disparity between the Central and Northern regions but also potentially strengthen economic integration with neighboring countries in the longer term. This project supports the strategic objective established in ADB's Interim Country Partnership Strategy (2016): enhance movement of people and goods, including at a regional level.

8. The impact of the project is consistent with the Government's 7th NDP that is access to services enhanced. The outcome will be inter-island connectivity in the Northern region

improved. The output of the project will be harbor capacity in Kulhudhuffushi increased, through the extension of the existing multi-purpose harbor with the addition of passengers and cargo harbor.

II. Objectives of Due Diligence Report and Methodology

9. The objective of the Due Diligence Report (DDR) is to confirm that the project does not trigger ADB's Safeguard Policy Statement (2009)'s Safeguard Requirements 2 regarding involuntary resettlement or Safeguard Requirement 3 regarding Indigenous Peoples.

10. Specifically, the DDR will (i) determine whether the development of harbor project is free of any involuntary resettlement impacts, e.g., land acquisition, displacement, and (ii) ascertain if there would be any adverse impacts on income and livelihood on any of indigenous people.

11. The DDR also details the consultation process where the Grievance Redress Process was discussed with people living along the project corridor. The field visits were undertaken by the Project Preparatory Technical Assistance (PPTA) team's Social Development Specialist between November and December 2015.

12. Special public consultations were arranged in Kulhudhuffushi with relevant stakeholders, including members of the community from youth groups to women's groups, NGOs, Women's Development Committee, School administration and teachers, bank officials, entrepreneurs, business owners and members from Kulhudhuffushi Island Council. As part of the consultation primary and secondary stakeholders of the project were identified. A list of these stakeholders is presented in Annex 2.

13. The consultations focused on impacts on community buildings and lands as well temporary disruption of livelihood, if any, from the proposed harbour development.

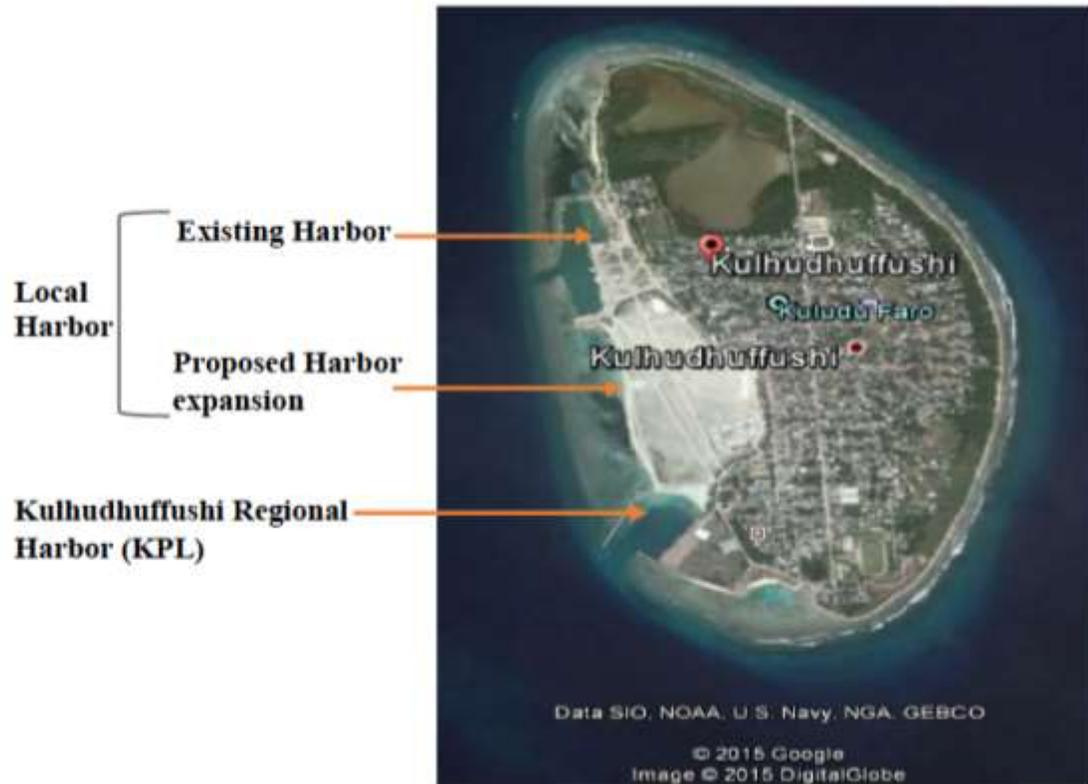
14. During public consultations, information of project was explained by the representatives of MHI. Grievance Redress Mechanism was explained in local language (Dhivehi) along with list (names, address and contact numbers) of key persons at MHI to be contacted in case of a grievance.

III. Due Diligence Findings

A. Involuntary Resettlement

15. The area where the expanded harbor is to be developed is already allocated in the Land Use Plan of Kulhudhuffushi. The Land Use Plan allocates separate areas for industrial and commercial uses in Kulhudhuffushi, separating it from the residential areas. The Land Use Plan for the waterfront area allows sufficient space for the development of the passenger harbor. The Land Use Plan is included as Annex 1. The project site is reclaimed land, which was reclaimed under a government initiative in 2010. The project site is government land. Figure 2 shows the proposed project location on the West Coast of the island, between the existing local harbor to the North and the Kulhudhuffushi regional harbor, also referred to as Kulhudhuffushi Port Limited (KPL), to the South.

Figure 2: Kulhudhuffushi Harbor Area and Proposed Development



16. The project area does not have any households occupying the land and there are no government records showing any privately owned land. Site visits also visually confirmed that there are no titleholders or non-titleholders living on the land where the harbor will be developed. There is currently no agricultural activity or any improvements that have been made in this area, except the community often uses the area for recreational purposes (swimming). Construction will be confined to the distinct project site, there will be no temporary disruption of livelihood of any household or group of community in Kulhudhuffushi during construction period. It is concluded that no resettlement issues have been identified or are expected. In view of the above, it is clear that there is no need for a resettlement plan for this project.

B. Indigenous Peoples

17. The population of Maldives is ethnically homogenous and there are no indigenous minority groups or sub-groups in Kulhudhuffushi who would be affected by the project. In view of this, it is evident that there is no impact on indigenous people from the proposed project.

IV. Grievance Redress Mechanism

18. Grievance Redressal Committee (GRC) will be established at two-levels, one at the project site level and another at PMU level, to receive, evaluate and facilitate the resolution of displaced persons' concerns, complaints and grievances. The GRC is aimed to provide a trusted way to voice and resolve concerns linked to the project, and to be an effective way to address displaced person's concerns without allowing it to escalate resulting in delays in project

implementation. The GRC will aim to provide a time-bound and transparent mechanism to voice and resolve social and environmental concerns linked to the project. The response time prescribed for the GRCs would be four weeks. The GRC is not intended to bypass the government's inbuilt redressal process, nor the provisions of the statute, but rather it is intended to address displaced persons concerns and complaints promptly, making it readily accessible to all segments of the displaced persons and is scaled to the risks and impacts of the project.

19. **First Level of GRC:** The project site level GRCs will function on site where the harbor expansion is being implemented. The GRC will be chaired by the Resident Engineer and the members will comprise of the following as members, including 2 women members.

- Island Council representative
- NGO representative / Person of standing from the community
- NGO representative / Person of standing from the community
- Contractor representative

20. **Second Level GRC:** Project Steering Committee

- Senior Official, Ministry of Finance and Treasury
- Senior Official, Ministry of Housing and Infrastructure
- Senior Official, Ministry of Economic Development

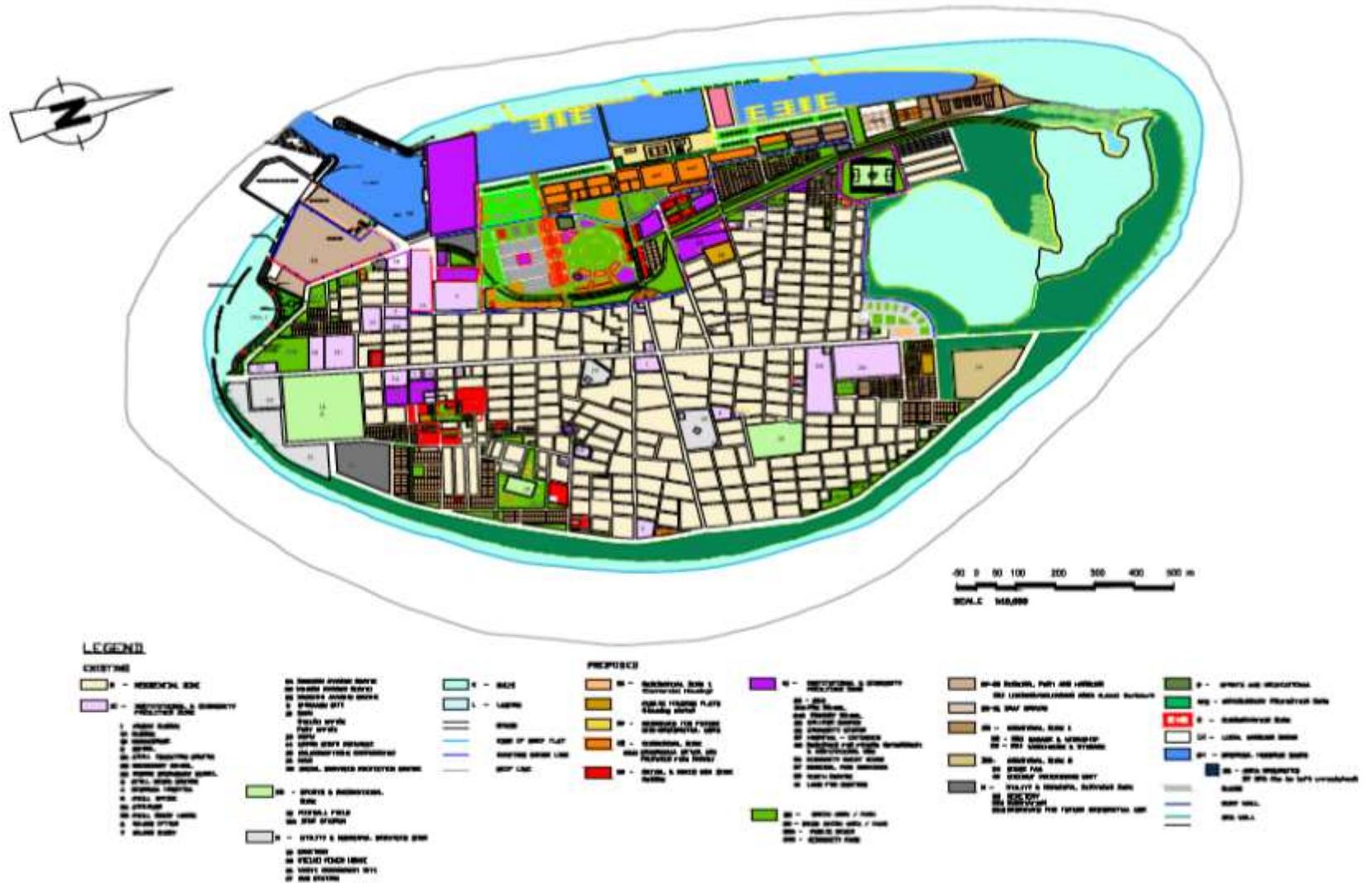
V. Measures During Implementation

21. The Social Development Specialist of Project Management Consultant will conduct semi-annual monitoring to verify that there are no impacts during implementation and that information disclosure and meaningful consultation are continued throughout construction period. The result will be compiled as part of the Semi-Annual Safeguard Monitoring Report prepared by the PMC. The Project Director will review the report and submit to ADB for review and disclosure.

VI. Conclusions

22. The results of this Due Diligence study conclude that, as per ADB Safeguard Policy Statement, the project is categorized as 'C' for both Involuntary Resettlement and Indigenous Peoples. As the construction will be confined to the distinct project site, there will be no temporary disruption of livelihood of any household or group of community in Kulhudhuffushi during construction period. In case any claims or complaints are submitted during the project implementation period, an effective and efficient Grievance Redress Mechanism will enhance provision of timely and sensible hearings and facilitate solutions.

Annex 1: Land Use Plan of Kulhudhuffushi



Annex 2: Stakeholder Analysis

Table 1 summarizes the main interests of each stakeholder group. Most of the primary stakeholders identified would benefit directly from this project and most the secondary stakeholders would benefit indirectly from this project.

Table 1: List of Stakeholders

Stakeholder	Level of Interest	Key Stakeholder Interests
General Public		
Community (general)	Primary	Improving the island's connectivity to regional and national markets and promoting local and visiting populations' accessibility to key services such as health, education, businesses, income generation, etc.
Women/ Women Development Committees	Primary	Improving access and as there a lot of female headed households in islands, improving access means better quality of life with an easy transportation system (specially for women needing specialist treatment during pregnancy and childbirth)
Agriculturalists	Primary	There is a Sunday Market in Kulhudhuffushi to sell locally grown vegetables and fruits by local farmers from nearby islands and having a passenger harbour would increase the reliability and would also limit the increase in costs so that products would still be affordable when costs passed on to customers
Local Transport Providers	Primary	At present also Kulhudhuffushiactsas a major passengerand cargo hub inthe Northern regionofthecountry. There are regular scheduled boats/ferries both carrying cargo and passengers. An improved accessibility through the passenger harbour project would widen the already existing local sea transport system.
Visitors seeking health services	Primary	There is a regional hospital in Kulhudhuffushi, which provides all the specialist facilities of health care including laboratory services and brings in visitors seeking health care services from nearby islands on a daily basis. Need for regular and reliable transport services that would ensure the visitors to return to their island on the same day.
Fish Processors	Primary	As above and require sufficient cargo capacity to be able to ship processed goods to Malé and thence overseas. Need regularity so that they are therefore able to accept supplies of fish for processing as and when available from fishermen.
Fishermen	Primary	As above. Fishermen require adequate harbours for protection of vessels, and depend on the fish processors having access to sufficient cargo capacity to be able to ship processed fish and therefore purchase from fishermen.
Retailers/ Small Businesses	Primary	To ensure reliable, adequate and timely supply of retail goods at a rate that enables adequate margin for profitability.
Construction Groups	Primary	To ensure reliable and timely supply of construction materials and ability to travel to meet contract requirements of time and location.

Students from nearby islands seeking education	Primary	Kulhudhuffushi has campuses of both Maldives National University and Villa College, which brings in students from the Northern region to the island. Need for regular and reliable services to enable home family visits during holidays, or visits by family during term time, at an affordable rate and ensuring the ability to return to school/university on time.
Local and Central Government		
Atoll and Island Councils	Primary	Elected atoll and local councils are responsible for working and lobbying with central government towards the needs of community such as accessing development resources, managing island affairs to maximize social and economic benefit, which is directly affected by transport capacity and reliability. An effective transport system positively impacts on the achievement of this role.
Ministry of Housing and Infrastructure	Primary	MoH is mandated with physical development planning policy and regulations, land-use planning in islands and improving accessibility infrastructure of inhabited islands.
Ministry of Environment and Energy	Primary	MEE is mandated with overall environmental policy and regulatory framework. All the developmental projects, including harbour development projects are initiated after conducting an Environmental Impact Assessment.
Ministry of Home Affairs/Local Government Authority	Primary	Local Government Authority is mandated with developing island management plans and overseeing the works of the elected atoll and island councils. Improved accessibility would improve the implementation of island development plans
Ministry of Economic Development	Secondary	Responsible for company registration, setting of freight rates for domestic staple items, regulating fair competition freights, regulating shop opening hours
Ministry of Tourism	Secondary	Now responsible for civil aviation which is sometimes integrated with and at times in competition with maritime transport.
Ministry of Defence/Maldives National Defence Force	Secondary	Responsible for policing and patrolling the waters of the economic zone of the nation. They are also responsible for passenger and freight movements and safety within the Port Areas.
Kulhudhuffushi Ports Authority	Secondary	Mandated with managing the Regional Ports Facility
Ministry of Education	Secondary	Responsible for the overall education policy and increasing educational opportunities for the people of Maldives. Reliable and affordable transportation is a necessary prerequisite for the ministry's commitments to make primary and secondary education accessible to all children.
Ministry of Health	Secondary	Responsible for the management of health services in the country – equitable access to health services is significantly affected by transportation services.
Ministry of Fisheries and Agriculture	Secondary	Responsible for development of the necessary infrastructure for the growth of the fisheries and agriculture sector