

## **Annex 2 - Social Impact Assessment**

### **Introduction**

1. The tsunami spawned by the earthquake on December 26, 2004 in the Sumatra region of Indonesia, is the worst natural disaster in the history of Maldives and in the region.. Waves of 1 to 4 meters smashed the Maldivian archipelago devastating housing, livelihoods and productive assets on coastal islands. Eighty-two people are dead, and 26 people are missing. Some islands have become inhabitable, and over 12,000 people, about 5% of the population, is currently homeless. Social and economic impacts from losses in the tourism, fisheries and agriculture sectors on the lives of island communities is great, and exacerbated by shock and fear and increased vulnerability of these people to poverty.

2. The 290,000 people of the Maldives inhabit 199 of the 1,192 low-lying small coral islands that make up this archipelago. According Vulnerability Poverty Assessment 2004 data of the 199 inhabited islands, only 28 of these islands have a land area greater than one square kilometer. One third of the inhabited islands have a population of less than 500 and 78% of the inhabited islands have a population of less than 1,000. More than a quarter of the population lives in the capital, Male', with a total land area of less than one square mile. Although the people of the Maldives have made significant progress in human development over the last two decades, vulnerabilities of various kinds persist, especially among the 74% of the population that residing in the outer atolls. Income poverty as such has declined dramatically over the last seven years. In fact, the number of Maldivians currently surviving on less than one dollar PPP a day is negligible. Non-Income Poverty is however still a relevant phenomenon in the Maldives and is closely related to isolation and limited access to social services, such as health and education. The average poor person comes from a large household with a high dependency ratio, lacks formal education, and resides in atolls where income opportunities are limited by the high cost of transportation and inability to generate economies of scale in delivering services. Female headed households and households primarily occupied in agriculture are among the poorest.

### **Livelihoods**

#### ***Situation***

3. The social fabric of the tsunami hit islands in the Maldives has been seriously impacted by extensive physical damage, loss of life and livelihoods and displacement of people. The current displaced population is estimated to be about 12,482. About 6,681 people are internally displaced in their original resident islands and 5,801 are displaced on other islands. Eighty-two people have died and 26 are still missing. Out of the 199 inhabited islands of the Maldives, 13 islands were severely impacted with total destruction, 56 islands sustained major physical damage, and 121 islands were impacted by moderate damage due to flooding. The loss of lives, livelihoods and loss of or damage to homes and productive assets including agricultural land, fruit bearing trees, fishing vessels and equipment, as well as loss of employment on island resorts, has been exacerbated by the shock and fear caused by the tsunami, and increased the vulnerability of those who suffered these losses to poverty. Although these island communities have been traumatized, they have demonstrated a strong sense of independence, resilience and cohesion in mobilizing themselves into groups to remove rubble, initiate small scale reconstruction activities on mosques and houses, and distribute relief supplies. In a country of many small island communities, community organizations have traditionally played an important role in providing public or collective services. The capacity of communities represents one of the most important assets of reconstruction and a key organizing principle for targeted demand-driven recovery programming at the local level.

### ***Immediate Needs***

4. **Income Generation.** Creating employment and income generating opportunities is a critical dimension of the reconstruction process to restart the economy of tsunami affected islands, restore a sense of normalcy, and support the social and economic inclusion of the most vulnerable, including displaced populations, female headed households and the disabled, even if these opportunities are limited in duration. Immediate actions could be taken to implement community based employment programs that provide an income both in cash or kind through the rehabilitation of rural infrastructure and construction activities. These employment programs can be implemented through the Food-for-Work and LBES (labor based equipment supported) approaches. Actions should be taken to strengthen and extend community safety net systems and provide support to the poorest and most vulnerable groups in each community, as well as establish victim's assistance programs which include skills based training and microfinance activities (both of these activities can be continued in the medium term). Early policy action is also required to ensure that sectoral reconstruction efforts, such as infrastructure and housing rehabilitation, use labor-intensive methods wherever possible, to maximize their employment impact.

5. **Livelihood Support.** To assist displaced populations and those who have lost homes, assets and livelihoods, the Government of Maldives (GoM) has initiated a cash transfer program and proposed a livelihood support assistance program (see Annex 3).

6. **Empower Individuals and Communities.** While relief and livelihood support programs are important in the immediate aftermath of a natural disaster, they should be replaced as soon as possible with efforts to foster ownership and involvement of affected people. Relief assistance can create an environment conducive to competition for handouts and dependency. Greater local participation and contributions to the reconstruction effort lead to more sustainable development outcomes. For this purpose it is necessary to use the self-organizing potential on the islands. Traditionally a large proportion (on average 16% ) of the island community is involved in voluntary activities (VPA 2004 data). Very often initiatives and projects are undertaken completely on voluntary basis by the islanders to benefit the entire community<sup>1</sup>. To mobilize these resources would be a very important empowerment strategy and reduce the risk of dependency.

7. **Communication and Transparency.** Communication and information dissemination are important to the successful implementation of the tsunami recovery and reconstruction program. Policy initiatives and financial assistance will not be effective without a systematic process to convey their content swiftly and equitably to the affected communities, to assess and hear their suitability and sustainability within communities, and to make appropriate adjustments based on community feedback. In view of this, there is a clear and immediate need for GoM to devise a communications strategy to support the recovery program and ensure an effective dialogue between the government, affected communities and other partners. An effective grievance redressal mechanism would a necessary corollary of such a strategy.

### ***Medium-Term Needs***

- Continue interventions initiated in the short term including support to vulnerable groups, community-based activities which support community infrastructure rehabilitation, microfinance, and SME.
- Scale up existing micro-finance schemes and start up new ones, especially for women.

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<sup>1</sup> Examples are the construction of schools, jetties, seawalls, mosques, social centers etc.

- Provide demand driven education opportunities at the community level which link in with and support skills development and microfinance activities.
- Continue to build and strengthen the local capacity of community based organizations, in combination with the mobilization and assistance of the local volunteers.
- Ensure co-ordination among multilateral agencies during the transition from relief to development, with a focus on sustainability leading to eventual self-reliance.
- Develop and implement national safety net program for the disabled and other vulnerable social groups.

## C. Displacement

### *Situation*

8. Out of a national population of 290,000 dispersed among 199 islands, about 12,482 people are currently displaced by the tsunami. About 6,681 people are internally displaced in their original resident islands and 5,801 are temporarily displaced in other islands. The islands of R. Kandholhudoo and M. Kohufushi are the most seriously impacted with displaced populations of over 1,000 people. Five islands, Th. Vilifushi, Th. Madifushi, L. Mundoo, Dh. Maaemboodhoo, Ga. Villingili, have displaced populations between 500-1000 people. Thirty-eight islands have displaced populations between 50-500 people. An estimated total of 4,130 houses are reported to be in need of complete reconstruction or repair. This includes 2,190 houses which are reported to be uninhabitable and needing complete reconstruction, and about 1,940 houses which are in need of repair to make them habitable. Given the spatial dispersion of the population (the average population per island outside the capital Male', is about 800) and the absolute scarcity of land, people whose islands are no longer habitable have been temporarily moved to "safe/host islands". In the North Maalhosmadulu Atoll (RAA), for example, most people from the severely impacted island of Kandholhudoo have been moved to 11 different safe islands in the atoll. For the most part, this relocation is expected to be temporary, however, in view of GoM's long-term strategy to regroup populations in selected "focus" islands to achieve economy of scale in delivering services, some people relocated to safe islands may be moved to proposed focus islands for long-term resettlement and not return to their original islands. GoM has indicated that there are also groups of displaced people who have indicated a reluctance to return to their original resident islands, or whose islands are no longer habitable and who may potentially be relocated to focus islands. Data is not yet available identifying numbers of people who will return to their original islands and who may move to focus islands.

9. GoM's focus island strategy is articulated in the Sixth National Development Plan (2001-2005). Under the proposed strategy, 85 focus islands have been selected to receive a higher level of services and incentives which would be offered to island communities through subsidies to move to these islands. The number of populated islands is expected to be reduced over the years from the current 199 to less than 100. The objective of the policy is to obtain economies of scale in delivering services, particularly in health and education, as well as transport, power and telecommunications. These focus islands are also to serve as growth centers, fostering employment and income generation opportunities by developing community based tourism and small scale enterprises. This initiative is supported by lending from the World Bank through the IHD project.

10. The relocation policy to focus islands is voluntary. The government has clearly stated that all relocation will be voluntary. Relocation has in the past been supported by resettlement grants amounting to Rf 300,000 per household resettled. According to GoM, there is high demand to relocate, and nineteen island communities have already requested relocation to focus islands. Even though the need for relocation has been aggravated due to the physical destruction by the tsunami, Maldivians are traditionally and socially bound to their islands. Relocation therefore might prove difficult (a) when the to

be relocated communities feel their island is still physically inhabitable or (b) when the community is at risk of falling apart, by relocating them to another island where they would be a minority or dispersing the community over several different islands. Nevertheless efforts to achieve successful relocation must be pursued, and installation of proper incentives and subsidies might help convince island communities to abandon their former social and economic base. While the overall thrust of the policy to reduce poverty directly and lessen regional income disparities is positive, there is a risk that these resettled households will be dependent on GoM not only for services, but also for livelihoods. Furthermore, GoM must have a clear strategy for addressing issues relating to those households who do not want to relocate to focus islands. The question of the possible adverse impact of livelihoods, asset values, standards of living and accessibility to basic services for those households who choose not to relocate along with the rest of their island community is to be addressed. This question is especially pertinent in the context of post-tsunami relocation, where people may need to be moved to focus islands on a much earlier time horizon than originally planned. Since GoM owns all land, and the ownership of the land holding is limited to a leasehold in perpetuity, without the right to sell or transfer land, issues related to land ownership and values are not applicable. The question posed above is also relevant in the context of the World Bank's social safeguard policy on involuntary resettlement. Involuntary resettlement is highly unlikely, however, if people choose to not voluntarily relocate to focus islands, and this leads to loss of livelihoods and assets then appropriate mitigation measures will need to be developed.

*Immediate*

- Initiate a detailed assessment of the displaced population, including gathering more concise data on number of people displaced, homeless, status of displacement – whether temporary or permanent. The assessment should include consultations with affected people to understand their needs and concerns about displacement, and options for returning to their original island, if possible, or relocation to other islands, including the possibility of relocation to focus islands. Specific focus should be placed on understanding the needs of vulnerable people, including the disabled, elderly, and female headed households.
- Develop a more systematic strategy for relocation of people whose islands may no longer be habitable, and facilitate integration with host populations on safe islands. A more clear strategy is also needed to address issues associated with people who may choose to not relocate to other islands, including options and mitigation measures.
- Undertake information dissemination/outreach activities to inform displaced populations about actions being undertaken by the government to facilitate their return to their original resident islands or relocation to other islands and to ensure an effective dialogue between the government, affected communities and other partners.