Re: Additional Financing for the Pension and Social Protection Administration Project and Amendment to the Original Financing Agreement (Additional Financing Grant Number H694-MV and Amendment Credit Number 4611-MV)

Amendments to the Financing Agreement

Honorable Minister:

We refer to the Financing Agreement for the Additional Financing for the Pension and Social Protection Administration Project and Amendment to the Original Financing Agreement between the Republic of Maldives (the Recipient) and the International Development Association (the Association) dated August 7, 2011, (the Financing Agreement). We also refer to your letter dated December 13, 2011 requesting an amendment to the Financing Agreement.

We are pleased to inform you that the Association, after due consideration, has acceded to the above request. Accordingly, the Financing Agreement is hereby amended as follows:

1. Article 3.01 of the Financing Agreement is replaced by the following:

   “3.01 The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall (a) carry out (i) Part A.1 and A.2 (a) of the Project through MOHF, (ii) Part C of the Project through MOFT, and (iii) Part D of the Project through NSPA, and (b) cause Parts A.2(b), A.2(c), B and E of the Project to be carried out by the Project Implementing Entity, all in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.”

2. Part D of Schedule 1 to the Financing Agreement is replaced by the following:

   “Part D: Administration of Health Insurance, Disability, and Targeted Assistance

   1. Provision of technical advisory services, goods, and training to the NSPA to, *inter alia*:
(a) develop a targeting system to be used by the Recipient and operated by
NSPA to focus limited resources on the poor;

(b) develop disability coding, design a disability registry, and develop systems
to administer related benefits; and

(c) design efficient systems in support of the new National Social Health
Insurance Scheme Act and strengthen the capacity to administer and
monitor the new health insurance scheme;

all including, inter alia, the development of (i) manuals and standard operating
procedures; (ii) specifications for management information system; (iii) training
plans for the roll out of the systems; (iv) monitoring and evaluation systems; and
the carrying out of outreach campaigns.

2. Development of a strategy for an integrated social protection system in Maldives,
including provision of technical advisory services to the Recipient for, inter alia,
strengthening the national identification system; building and implementing the
individual identification mechanisms to be used across various governmental
programs.”

3. Part I.B. of Schedule 2 to the Financing Agreement is amended by inserting the following
Paragraph 3 immediately after paragraph 2:

“3. (a) The Project Implementing Entity shall within two (2) months of signing this
Letter of Amendment submit to the Association a proposal for Incentives
Allowance including the criteria satisfactory to the Association under which such
allowances are to be paid during the year; such proposal shall be revised and
approved by the Association on a bi-annual basis.

(b) The Project Implementing Entity shall not pay Incentive Allowance until
the Association is satisfied with each proposal referred to in paragraph (a) above.

(b) The Project Implementing Entity shall not pay Incentive Allowance until
the Association is satisfied with each proposal referred to in paragraph (a) above.

4. The following definitions are inserted in Section I of the Appendix to the Financing
Agreement in alphabetical order and the other paragraphs renumbered accordingly:

“Incentive Allowance” means a monthly supplement to the base pay of the Project Staff
which is payable monthly based on meeting the agreed criteria satisfactory to the
Association.

“National Social Health Insurance Scheme Act” means the Recipient’s Act No. 15/2011,
which came into effect on December 29, 2011.

“NSPA” means the National Social Protection Agency established under the National
Social Health Insurance System Act as a statutory body to establish and manage the
national social health insurance scheme.

“Project Staff” means the Recipient civil servants working in the implementation of the
Project who are eligible to receive an Incentive Allowance as agreed to in writing
between the Recipient and the Association.”
5. The Original Financing Agreement is amended by replacing the definition of “Operating Costs” in Section I of the Appendix to said Agreement by the following:

“Operating Costs” means reasonable expenditures directly related to the Project (which expenditures would not have been incurred absent the Project) including expenditures for Project staff travel and per diem, office rental, utilities and supplies, procurement notice publications, translation services, and maintenance of office equipment, and Incentive Allowances to Project Staff, but excluding salaries of officials of the Recipient’s public service.”

It is the Association’s policy to make publicly available this Letter of Amendment to the Financing Agreement. By confirming its agreement below, the Recipient consents to disclosure of this Letter of Amendment after it has become effective.

Except as specifically amended hereby, all other terms and conditions of the Financing Agreement shall remain unchanged and in full force and effect.

Please confirm your agreement with this Amendment Letter by countersigning, dating and returning to us the enclosed copy of this letter. Upon receipt by the Association of the countersigned copy of this letter, the amendments shall become effective as of the date of such countersignature.

Yours sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Diarietou Gaye
Country Director for Sri Lanka & Maldives

AGREED AND CONFIRMED:

REPUBLIC OF MALDIVES

By

Authorized Representative

Name: Abdulla Jihad
Title: Minister of Finance and Treasury
Date: 11 July 2012
Ref: 13-N1/PRIV/2012/496

11 July 2012

Ms. Diarietou Gaye  
Country Director for Sri Lanka and Maldives  
World Bank, Maldives Country Office  
2nd Floor Hithigasdhoshuge Aage  
Hakuraa Goalhi, Henveiru  
Male’, Rep. of Maldives

Dear Ms. Gaye,

Sub: Additional Financing for the Pension and Social Protection Administration Project and Amendment to the Original Financing Agreement (Additional Financing Grant Number H694-MV and Amendment Credit Number 4611-MV)

Amendments to the Financing Agreement

Reference is made to your letter 27 June 2012 with regard to the captioned subject.

We are pleased to enclose herewith the counter signed Amendments to the Financing Agreement under the captioned.

Yours sincerely,

Aminath Ali Manik  
Director General