



FARIS H. HADAD-ZERVOS
Country Director for Maldives, Nepal and Sri Lanka
South Asia Region

04-Mar-2024

Hon. Mohamed Shafeeq
Minister of Finance
Ministry of Finance
Ameenee Magu 20379, Mahe
Republic of Maldives

Honorable Minister:

Re: Maldives: Sustainable and Integrated Labor Services Project
(Grant No. E046-MV)
Amendment to Financing Agreement

Dear Honorable Minister:

We refer to: (i) the Financing Agreement (“Financing Agreement”) between the Republic of Maldives (“Recipient”) and the International Development Association (“Association”), dated July 4, 2022; and (ii) the Project Agreement of the same date between the Association and Maldives Pension Administration Office (“MPAO” or “Project Implementing Entity”), all for the above-mentioned Project.

We also refer to the letter dated January 7, 2024 from the Recipient, requesting the Association to restructure the Project resulting in certain amendments to the Financing Agreement. The Association concurs with your request and proposes to amend the Financing Agreement as follows:

1. Reference to “Ministry of Economic Development” or “MoED” is hereby deleted in the entire Financing Agreement.
2. Article 3.01 (a) is amended to read as follows:
 - “(a) Carry out Parts 1 and 3 of the Project through MoHELSD in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement; and”
3. Article 5.01 (a) is amended to read as follows:
 - “(a) The Project Operations Manual, in a form and substance satisfactory to the Association has been adopted and put into effect by MoHELSD and MPAO respectively.”

4. Part 1 (a) of Schedule 1 is amended to read as follows:

“(a) ***Establishment of policy and legal framework*** through: (i) providing technical assistance for the development of the UI and ES programs including supporting the development of the regulatory framework and related program rules; (ii) enabling the establishment of the Job Center as a separate office under the MoHELSD; and (iii) developing a climate resilience strategy to mainstream climate into MoHELSD programs.”

5. Section I.A of Schedule 2 is amended to read as follows:

“A. Institutional Arrangements.

1. The Ministry of Finance (MOF) shall be responsible for oversight over the Project. MoHELSD and MPAO shall be jointly responsible for the overall implementation of the Project.

2. To this end, the Recipient shall:

(a) on or before March 31, 2024, establish and thereafter maintain, throughout the implementation of the Project, the Project Steering Committee, with membership, functions, and terms of reference satisfactory to the Association, as set forth in the Project Operations Manual. Without limitation on the foregoing, the said committee shall be chaired by the Minister of MoHELSD or a senior official designated by the MoHELSD, and with representation from the MoF, NSPA, MPAO, President’s Office, and such other stakeholders as shall be specified in the Project Operations Manual, and shall meet at least quarterly or subsequently as frequently as necessary to: (i) support the PMU in providing strategic oversight and operational guidance for Project implementation and ensure sustainability of Project investments and interventions; (ii) facilitate inter-agency coordination to ensure adherence to the Project objectives; (iii) resolve disputes, or conflicts related to the Project, if any; (iv) approve any policy, regulatory and institutional recommendations from the Project; and (v) facilitate timely approvals for Project-related matters pertaining to agencies included in the committee, where relevant.

(b) pursuant to the provisions of the MoU to be entered into between MoHELSD and MPAO on or before March 31, 2024, carry out the day-to-day management of the Project through MoHELSD and MPAO for their Respective Parts of the Project and to this end maintain at all times during the period of implementation of the Project, a PMU within MoHELSD and MPAO respectively, each headed by a Project Director and with functions and resources satisfactory to the Association, and with competent staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association as further set forth in the Project Operations Manual and responsible for, *inter alia*: (i) preparing the Annual Work Plans and Budgets for endorsement by the Project Steering Committee; (ii) carrying out the overall coordination and supervision of the execution of the Project; (iii) overseeing and guiding the administration on all coordination, management, procurement, financial management, and environmental and social safeguards management activities under the Project; (iv)

carrying out the overall monitoring and evaluation of the Project; and
 (v) reporting to the said Project Steering Committee and liaising with the Association on any matters related to the progress of the Project and the use of the proceeds of the Financing.

6. The withdrawal table set forth in Section III.A of Schedule 2 is amended to read as follows:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) (i) Goods, non-consulting services, consulting services, Training and Incremental Operating Costs under Parts 1 and 3 of the Project (MoHELSD)	7,000,000	100%
(ii) Goods, non-consulting services, consulting services, Training and Incremental Operating Costs under Part 2 of the Project (MPAO)	950,000	100%
(2) (a) First tranche contributions towards the UI Solidarity Fund under Part 2(a) of the Project	3,650,000	100%
(2) (b) Second tranche contributions towards UI Solidarity Fund under Part 2(a) of the Project	5,800,000	100%
(3) Emergency Expenditures for the CER Component	0	100%
TOTAL AMOUNT	17,400,000	

7. Section IV of Schedule 2 is amended to read as follows:

“Section IV. Other Undertakings

- A. The Recipient shall cause MoHELSD and MPAO to enter into an MoU amongst themselves to formalize their respective Project co-implementation responsibilities under the Project.
- B. The Recipient, through MoHELSD, shall ensure that the collection, use and processing (including transfers to third parties) of any Personal Data collected under this Project shall be done in accordance with the best international practice, ensuring legitimate, appropriate, and proportionate treatment of such data.”

8. The following Definitions in the Appendix are amended to read as follows:

“Job Center” means the government agency under the MoHELSD responsible for facilitating the job market placement, upskilling and employability services.

“MoU” means the memorandum of understanding to be entered into between MoHELSD and MPAO as further provided for under Section IV.A of Schedule 2 of this Agreement.

“Project Operations Manual” means the Recipient’s Project operations manual, as the same may be revised from time to time with the prior written approval of the Association, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project including the responsibilities of the PSC, PMUs and the Project technical committees; (b) disbursement and financial management; (c) procurement; (d) details on the MoU between the MoHELSD and MPA; (e) environmental and social management; (f) monitoring and evaluation, reporting and communication; and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

“Project Management Unit” or “PMU” means the unit to be established within MoHELSD and MPAO respectively, and referred to in Section I.A.2(b) of Schedule 2 to this Agreement and Section I.A.1 of the Schedule to the Project Agreement respectively.

9. The following new Definition is incorporated in alphabetical order in the Appendix, and renumbered in accordance with such insertion:

“Ministry of Higher Education, Labour and Skills Development” or “MoHELSD” means the Recipient’s Ministry of Higher Education, Labour and Skills Development, or any successor thereto.

Except as specifically amended in this letter of amendment, all other provisions of the Financing Agreement shall remain unchanged and in full force and effect.

Please confirm your agreement to the foregoing by countersigning and dating the form of confirmation set forth below in the two originals, and returning one fully executed original of this amendment letter to us and retaining one original for your records. Upon receipt by the Association of: (i) the countersigned original of this amendment letter; and (ii) original letter amending the Project Agreement duly countersigned by the authorized representative of the Project Implementing Entity, the above amendments and the amendments to the Project Agreement shall become effective as of the date of the last countersignature of the two foregoing letters.


Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION



Faris H. Hadad-Zervos
Country Director for Maldives, Nepal and Sri Lanka

**AGREED:
REPUBLIC OF MALDIVES**

By:  _____

Name: Mohamed Shafeeq

Title: Minister of Finance

Date: 31-Mar-2024