



**The World Bank**

Maldives: PFM Systems Strengthening Project (P145317)

REPORT NO.: RES52215

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF THE  
MALDIVES: PUBLIC FINANCIAL MANAGEMENT SYSTEMS STRENGTHENING PROJECT  
APPROVED ON JUNE 26, 2014  
TO THE  
REPUBLIC OF MALDIVES

GOVERNANCE GLOBAL PRACTICE

SOUTH ASIA REGION

Regional Vice President:	Martin Raiser
Country Director:	Faris H. Hadad-Zervos
Regional Director:	Mathew A. Verghis
Practice Manager:	Hisham Ahmed Waly
Task Team Leader:	Winston Percy Onipede Cole



**ABBREVIATIONS AND ACRONYMS**

AF	Additional Financing
AGO	Auditor General’s Office
BER	Budget Execution Reports
DLIs	Disbursement Linked Indicators
ESG	Environmental, Social, and Governance
FAD	Fiscal Affairs Department
FPP	Financial Programing Policy
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MIRA	Maldives Inland Revenue Authority
MoF	Ministry of Finance
MDTS	Medium-term Debt Strategy
MTEF	Medium-term Expenditure Framework
MTFF	Medium-term Fiscal Framework
NBS	National Bureau of Statistics
NPC	National Pay Commission
NRR	Nation Resilience and Recovery
NSAP	National Strategic Action Plan
PAS	Public Accounting System
PCB	Privatization and Corporatization Board
PDO	Project Development Objective
PFA	Public Finance Act
PFDS	Public Finance Development Service
PFM	Public Financial Management
PFR	Public Finance Regulation
PSIP	Public Sector Investment Project
SDR/XDR	Special Drawing Rights
SOE	State-Owned Enterprises
TPAD	Treasury and Public Accounts Department



**BASIC DATA**

**Product Information**

Project ID P145317	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 26-Jun-2014	Current Closing Date 31-Jul-2022

**Organizations**

Borrower Republic of Maldives	Responsible Agency
----------------------------------	--------------------

**Project Development Objective (PDO)**

Original PDO

The proposed project development objectives (PDO) are to enhance budget credibility, transparency, and financial reporting of central government finances.

Current PDO

The PDO (project development objectives) for the proposed AF is to enhance budget credibility, transparency, and financial reporting of public sector finances. The PDO remains relevant and the likelihood of achieving it remains high in view of the project’s implementation progress, disbursement performance, and results achieved to date.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-62200	07-Jun-2018	31-Jul-2018	28-Sep-2018	31-Jul-2022	6.00	5.27	.51
IDA-D2950	07-Jun-2018	31-Jul-2018	28-Sep-2018	31-Jul-2022	6.00	3.32	2.37
IDA-H9510	26-Jun-2014	17-Aug-2014	02-Oct-2014	31-Jul-2022	6.50	6.03	0



### Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

### A. Overview

1. **This amended Restructuring Paper seeks Country Director’s approval to:** (i) cancel US\$2.4 million in uncommitted project proceeds (US\$1.9 million in Technical Assistance and US\$0.5 million in Results-based Financing), (ii) reallocate funds between project components and disbursement categories, and (iii) slightly amend the Results Framework to replace one intermediate result indicator which has proven difficult to achieve, mostly impacted by the slowdown in project implementation due to COVID-19.

### B. Background

2. **The original Credit of US\$6.5 million was approved in June 2014.** The fiscal challenges during preparation of the project were linked to institutional weaknesses in public financial management (PFM) in addition to a volatile political environment that took significant toll on the whole of budget policy and management. Part of the solution is technical, which the Public Financial Management (PFM) Systems Strengthening Project aims to support.
3. **The original Credit was extended by two years, from July 31, 2019, to July 31, 2021, with Additional Financing (AF) in the amount of US\$12 million to support the Maldives’ PFM reforms aimed at improving budget credibility and fiscal transparency.** The AF covered a financing gap under the parent project and scaled-up the support to the areas of planning and budgeting, debt and cash management, financial reporting, procurement, and State-Owned Enterprises (SOE) monitoring and oversight. The AF extended activities by supporting the roll out of reforms in selected line ministries and adding new beneficiaries, namely the Auditor General’s Office (AGO), the National Pay Commission and the National Bureau of Statistics (NBS). The project components and sub-components are summarized in Table 1.

**Table 1: Summary of project components/sub-components**



Parent Project	USD	Additional Financing	USD	Total
<b>Component 1: Policy-based fiscal strategy and budget credibility</b>	<b>1,450,000</b>	<b>Component 1: Policy-based fiscal strategy and budget credibility</b>	<b>2,730,000</b>	<b>4,180,000</b>
1.1. Strengthening the legislative and institutional framework for PFM	440,000	1.4. Enhancing medium-term fiscal framework and evidenced based budgeting (HIES)	1,370,000	
1.2. Enhancing the Medium-Term Fiscal Framework	600,000	1.5. Strengthening Debt and Cash Management	950,000	
1.3. Strengthening Debt and Cash Management	410,000	1.6. Strengthening Management of the Capital Budget	410,000	
<b>Component 2: Controlled Budget Execution</b>	<b>4,400,000</b>	<b>Component 2: Controlled Budget Execution</b>	<b>6,085,000</b>	<b>10,485,000</b>
2.1. Strengthening the PAS	3,550,000	2.3. Strengthening PAS and Asset Management	2,100,000	
2.2. Enhancing the Control Environment	850,000	2.4. Payroll Management and Control	1,655,000	
		2.5. SOE Governance and oversight	1,880,000	
		2.6. Procurement Reform	450,000	
<b>Component 3: Project Management</b>	<b>550,000</b>			<b>550,000</b>
		<b>Component 4: Accounting, Reporting and Internal Audit</b>	<b>1,700,000</b>	<b>1,700,000</b>
			<b>415,000</b>	<b>415,000</b>
		<b>Component 5: External Scrutiny and Audit</b>	<b>1,070,000</b>	<b>1,070,000</b>
		<b>Component 6: Project and Change Management</b>		
<b>Contingency</b>	<b>100,000</b>			<b>100,000</b>
<b>Total</b>	<b>6,500,000</b>	<b>Total</b>	<b>12,000,000</b>	<b>18,500,000</b>

**C. Status**

- The likelihood of achieving the PDOs is ‘satisfactory’**, with three out of the four PDO indicators met (deviation between aggregate expenditure out-turn and the original approved budget; public access to key fiscal information; and comprehensiveness of debt data recording and reporting), and one partially met (70 percent disclosure against a target of 100 percent for SOE financial reporting) .
- Implementation progress has improved from ‘moderately satisfactory’ to ‘satisfactory’**. The project has now met 91 percent of Disbursement Linked Indicators (DLIs) value, up from 48 percent in 2021 (i.e., 11 out of 12 DLI targets). The total *disbursement* for the parent project and additional financing as of July 21, 2022 is US\$14.51 million (equivalent to 82.88 percent of the total project value). The overall undisbursed balance stands at US\$3 million. The project overall *budget utilization* has increased from 74 percent in March 2022 to 82 percent in June 2022, and forecasted to close at 86 percent.
- Below are key selected deliverables to date for the parent project and AF components:**

**Component 1: Policy-based Fiscal Strategy and Budget Credibility**

- A high-level committee comprising of members from relevant departments reviewed the Public Finance Regulation (PFR). The committee revised the full PFR and submitted to the Attorney General’s Office - (a) Budget Appropriation and Virement Rules was published in May 2019, (b) Public Finance Act (PFA) 6th amendment published and draft PFR sent to Attorney General’s Office, (c) 7th amendment to PFA submitted to the Peoples Majilis and the necessary guidelines are being developed by the legal and the relevant departments, (d) Committee comprising Legal Department and Public Enterprises Monitoring Department at the Ministry of Finance (MoF) reviewed the Privatization and Corporatization Board (PCB) Act which is currently on Parliaments’ legislative agenda for consideration.



- Financial Programming and Policy (FPP) model developed, staff trained on using the model and FPP used for fiscal strategy formulation. Methodological manual is now in place for preparing and reviewing the medium-term fiscal framework (MTFF).
- MoF institutional framework changed. A screening guideline for public investments and new initiative were developed and used for the National Strategic Action Plan (NSAP) and Nation Resilience and Recovery (NRR) Plan.
- Rolling medium-term debt strategy (MTDS) is now submitted to Parliament within the prescribed time under the Fiscal Responsibilities Act. The MTDS is included in published Fiscal and Debt Strategy Reports.
- A *Cash Management Committee* was formed in 2017 with representatives from Maldives Inland Revenue Authority (MIRA) and Maldives Monetary Authority (MMA). MoF is regularly updating the cash flow forecasts. *Debt Sustainability Analysis (DSA)* was developed in collaboration with the Fiscal Affairs Department (FAD).
- Developed and rolled out medium-term expenditure framework (MTEF). MTEF model was used to update the fiscal strategy for 2018-2020 onwards.
- A Fiscal Risk Statement was published in May 2021. As part of the tax expenditure analysis undertaken by FAD, MoF published exemption on import duties in the 2021 Budget Report. The United States Agency for International Development (USAID)-funded project is also supporting modelling and tax incidence analysis.
- Household Income and Expenditure Survey (HIES) 2019 is available on website in its complete form, along with infographics for specific sections. The FAD of the MoF has been using HIES 2019 dataset in various policy analysis.
- Upgraded the debt recording and management system in a unified debt database. Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) data has been migrated and validated in *Meridian* which is now 'live'.
- All new projects and programs submitted by budgetary units are reviewed using a screening guideline for public investments and prioritized by using internal standard criteria set by FAD. New policy initiatives are budgeted based on the NSAP and NRR Plan.

## Component 2: Controlled Budget Execution

- Personnel data compiled from Civil Service system ("*Viuga*") and SAP system, and now regularly updated by line ministries via the "*Bandeyri*" Portal. This will assist in the long term in decision-making regarding pay increases and budget planning.
- SAP training for staff – 14 Civil servants have completed SAP certification in the following modules: Business Planning and Consolidation (BPC)-five, Human Capital Management (HCM)-one, Advanced Business Application Programming (ABAP)-one, Materials Management (MM)-one, Business Objects Business Intelligence (BOBJ)-two, Financial Accounting (FI)-two, BASIS (the technical foundation that enables SAP applications to function)-two.
- SAP Business Intelligence (BI) budget execution reports (BERs) are available by line agencies and central MoF users. The BER now includes a column for payments at commitment stage. As part of the plans to improve the chart of accounts, FAD is planning to improve the comprehensiveness of published budget reports in 'open data' format. BER for second quarter of 2021 was subjected to internal audit.
- A public procurement policy unit has been established in MoF. Bid committees are formed through <https://bandeyri.egov.mv> and minutes of meetings and procurements awarded by the bid committees are available through Bandeyri portal.
- Developed harmonized procurement guidelines, national standard procurement documents, contractual documents, and user guides. A phased strategy is being considered in which the generic documents would be disseminated first, followed by the specific Standard Bidding Documents (SBDs).
- PCB analyzes the financial status of SOE and public companies controlled by the Government. Audit of SOEs is now done by private audit firms based on terms of reference approved and assignment supervised by AGO. The audit opinion is signed-off by AGO and reports based on audit outputs are submitted to parliament. PCB uses the



published audited financial statements to conduct annual financial performance reviews and make recommendations. The SOE Gateway <https://soegateway.finance.gov.mv/soes> provides a one-stop-shop to improve transparency of SOEs. Corporate Governance Review 2021 of SOEs published.

- Public Accounting System (PAS) is now used by all ministries. With the [Asset Management Policy - Ministry of Finance](#) now issued, *Asset Register* is now maintained in SAP. This disclosure of the Asset Registry for the fiscal year-ended 2021 financial statements will allow the project to meet the disclosure target for the financial statements to have notes on Asset Register.
- The Public Finance Development Service (PFDS) was established to carry out development activities to strengthen the services provided by the Ministry to key beneficiaries. By establishing “Scheme of PFDS Unit, the Ministry is expecting to attract and retain critical staff with marketable skills to mitigate the very high turnover of critical staff, which is one of the objectives in establishing the PFDS Unit<sup>1</sup>.
- In 2019, the National Pay Commission (NPC), issued the “Maldives Public Service Job Family Model” that provides a standardized system of classifying occupations and professions across the public service organizations of the Maldives. The Civil Service Commission (CSC) and the NPC has established a civil service registry with gender disaggregated data. The provision of this quality data enabled the development of wage policy.
- The electronic government procurement (e-GP) readiness assessment concluded that Maldives has overall favorable alignment of essential factors, both in the public and private sectors, for implementing e-procurement initiatives by building on recent experiences to move the process forward.
- The Maldives National University (MNU) developed a new procurement curriculum with a two-week training program for 450 government employees. As of June 2022, 286 participants of which 53 percent are male and 47 percent are female were registered from various agencies. The Procurement Level 1 Certificate that will be issued after the two-weeks course will be a pre-requisite for a planned Advance Certificate.

### **Component 3: Project Management**

- An international management implementation support consultant and later a local consultant to support project coordination, monitoring and evaluation (M&E) activities.
- Relevant training required to strengthen the skills of the project coordinating staff and other incremental operating costs relating to project coordination.

### **Component 4. Accounting, Reporting and Internal Audit**

- The AGO review of the State Internal Audit Function (SIAF) in 2021 concluded that SIAF conforms partially with the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF).
- Even though a readiness assessment was not done, based on the strategic action plan that was prepared, internal audit function has been rolled-out to few large ministries/agencies that handle budget of over MVR1 billion which accounts for about 80 percent of the budget.
- The Treasury and Public Accounts Department (TPAD) has prepared a credible plan for first-time adoption of accrual-basis International Public Sector Accounting Standard (IPSAS). With year ending 2023 as the transition year and assertion of compliance in fiscal year ending 2025.
- Steps are being taken towards professionalization of the PFM cadre starting with recruitment of a professionally qualified Chief Public Accountant reporting to the Financial Controller’s Office (FCO). Chief Accounts Executives

---

<sup>1</sup> 16 PFDS positions: 5 SAP functional experts under the authority of the Finance Controller and 4 IT technical experts, under the authority of a Chief Information Officer (CIO). Other experts will support SOE governance, ICT, internal audit, economic and fiscal, debt and asset management.



are subjected to technical examination requiring pass mark of seventy percent before posting to line departments for which posting has been done to the ministries of planning, housing, health, and education.

#### Component 5. External Audit of the Public Sector

- International Standards of Supreme Audit Institutions (ISSAI)-compliant Financial Audit Manual (FAG) produced that sets guidelines for policy and procedures and a Financial Audit Guide that provides guidelines to auditors undertaking financial audits.
- AGO through a working group benchmarked its current audit methodologies against the *INTOSAI ISSAI Compliance Assessment Tool (iCAT)* for Financial Audit. Areas identified for enhancement was used to update the FAG which is applied to those accounts that are prepared under the IPSAS (cash-basis) accounting principles which are mainly applied by central departmental bodies.
- International Financial Reporting Standards (IFRS) compliant financial statement audit guide for SMEs within SOEs and IFRS-compliant Financial Statement Audit Guide was produced and used in two pilot audits as part of the training process.
- On and off-field technical assistance provided to conduct two IT audits of the SAP-based Tax and Revenue Management (TRM) used in Maldives Inland Revenue Authority (MIRA) and the SAP-based PAS.
- AGO is publishing audit reports of SOEs on AGO website with some on the SOEs own website.
- Capacity building of the Public Accounts Committee (PAC) members of parliament attended United Kingdom Parliament sessions during a study tour while AGO and MoF staff attended National Audit Office, Chartered Institute of Public Finance and Accountancy (CIPFA) and Financial Reporting Council meetings.

#### Component 6. Project and Change Management

- Several adverts to secure the services of an institutional development firm to develop strategy for competency framework for critical PFM functions and support development and implementation of change management and communication strategy were unsuccessful.
- Cross-cutting training and capacity building provided to the following project stakeholders: all the MoF departments, such as National Tender (NT), Debt Management Department (DMD), TPAD, Internal Audit Department (IAD), Resource Mobilization Department (RMD), PCB, and Corporate Affairs Department.

#### D. Rationale

7. **The COVID-19 pandemic that led to several rounds of countrywide shutdowns contributed to implementation challenges.** It was difficult to hire consultants to provide the much-needed in-country technical assistance which caused significant disbursement lag. A detailed implementation plan with monthly milestones to meet the remaining DLIs and utilize the technical assistance component was prepared and closely monitored together with the key procurement activities which were at various stages of procurement/implementation. Implementation picked up after filling the position of project director which was vacant for 12 months.
8. **Based on the forecasted unutilized balance of US\$2.4 million (Table 2), on July 17, 2022, MoF submitted a request to cancel US\$2.4 million.** The cancelled amount is available for recommitment within IDA20.





Table 2: Projected budget absorption up to July 2022

Details	Adjusted Budget (US\$)	Cumulative Projected Actual (US\$)	Balance (US\$)	Forecast Jul '22 %	Jun '22 %	Mar '22 %	Nov '21 %
1. Disbursement Linked Indicator (DLI) (IDA-62200) - US\$218,334 adjusted for FX difference.	5,781,666	5,266,057	515,609	91	91	86	47
2. Technical Assistance (TA) (IDA-D2950) - US\$268,794 adjusted for FX difference.	5,731,206	3,755,814	1,975,391	66	54	40	29
3. Parent Project (IDA-H9510) (SDR 4,300,000.00, received in US\$6,030,066.25) - Adjustment of \$469,934 for FX difference	6,030,066	6,030,066	0	100	100	93	92
<b>Totals</b>	<b>17,542,938</b>	<b>15,051,937</b>	<b>2,491,000</b>	<b>86</b>	<b>82</b>	<b>74</b>	<b>57</b>
Foreign Exchange Difference	957,062						
	<b>18,500,000</b>						

9. **The project is out of time to meet DL12 which requires 100 percent of new MoF cadre to be recruited according to the revised pay structure for finance cadre.** This is because the Government has decided on a gradual approach to implement the new harmonized pay structure by starting with the health sector. Also, DL12, which is valued at Special Drawing Rights (SDR/XDR) 350,000, is not scalable. This means that, to fulfil the disbursement condition, the 16 PFDS will have to be fully recruited on the new harmonized pay structure. In addition, there is remaining balance on DL11 (SDR 36,667) for the two vacant PFDS positions.
10. **With regards to the technical assistance component, the project has not been successful to hire suitable consultants for some activities.** The portion of activities “under implementation” that will go beyond the project closing date will be paid directly by the Government.

## II. DESCRIPTION OF PROPOSED CHANGES

### A. Proposed changes

11. **It is proposed that SDR 1,400,000 from IDA-D2950 and SDR 350,000 from IDA-6220) be cancelled - Table 3.** The AF is disbursed through two modalities: input-based financing (US\$6 million, IDA-D2950) and results-based financing (US\$6 million, IDA-D2950) against the achievement of targets for DLIs.



Table 3: Forecast of budget absorption up to July 2022

Amounts in USD	IDA-H9510	IDA-D2950	IDA-62200	Total
	Parent Project	AF TA	AF DLI	
Historical USD value	6,500,000	6,000,000	6,000,000	18,500,000
Historical disbursed value	6,030,066	3,215,450	5,266,057	14,511,573
Undisbursed present value	-	2,508,275	514,225	3,022,500
Revalued grant/credit amount	6,030,066	5,723,725	5,780,281	17,534,073
<b>Cancellation</b>	-	(1,900,000)	(500,000)	(2,400,000)
<b>Current grant/credit value</b>	<b>6,030,066</b>	<b>3,823,725</b>	<b>5,280,281</b>	<b>15,134,073</b>
Expenditure incurred up to 31 Dec 2021	5,970,782	1,820,470	2,800,711	10,591,963
<b>Expenditure ratio as at 31 December 2021</b>	<b>99%</b>	<b>32%</b>	<b>48%</b>	<b>60%</b>
Outstanding advances as at 30 June 2022	2,080	108,510	-	110,590
Undisbursed funds (present USD value)	-	2,508,275	514,225	3,022,500
Available for utilization until closing date	<b>2,080</b>	<b>2,616,785</b>	<b>514,225</b>	<b>3,133,090</b>
Expenditure incurred as at 30 June 2022	57,204	1,283,966	2,465,345	3,806,515
Expenditure projected till 31 July 2022	2,080	650,929	-	653,009
Total projected expenditure as at 31 July 2022	<b>6,030,066</b>	<b>3,755,365</b>	<b>5,266,057</b>	<b>15,051,488</b>
Projected unutilized balance as at 31 July 2022	-	68,361	14,225	82,585
Expenditure ratio expected by 31 July 2022 before cancellation	100%	66%	91%	86%
<b>Expenditure ratio expected by 31 July 2022 after cancellation</b>	<b>100%</b>	<b>98%</b>	<b>100%</b>	<b>99%</b>
	XDR	(1,400,000)	(350,000)	(1,750,000)

12. The cancellation of related technical assistance will directly affect attainment of the following, which will be dropped from the Financing Agreement and Results Framework:

- Sub-component 1.5: strengthening debt and cash management - provision of technical assistance to improve cash flow projections to meet the expenditure requests on a timely basis, smoothen the cash flow fluctuations and contribute to the preparation of domestic borrowing plans.
- Sub-component 2.6: procurement reforms - provision of technical assistance for the pilot testing of green procurement.
- Intermediate result indicator: Inclusion of CPA techniques in Performance Audit is proposed to be replaced by “International Financial Reporting Standards (IFRS) compliant Audit Guide”. This will complement the reforms for SOEs by using the IFRS-compliant audit guide in at least one pilot audit of SOE.

13. It is proposed to drop the DLI2 related Disbursement Linked Result (DLR) valued at SDR 350,000 to be achieved in Year 4 (by June 30, 2021), for “100% of new MoF cadre recruited are subject to the revised pay structure for finance cadres”. There is insufficient time left to follow the laid down civil service recruitment procedures, which takes time.



**III. SUMMARY OF CHANGES**

	<b>Changed</b>	<b>Not Changed</b>
Results Framework	✓	
Components and Cost	✓	
Cancellations Proposed	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Loan Closing Date(s)		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓



IV. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Policy-based fiscal strategy and budget credibility	2.73	Revised	Policy-based fiscal strategy and budget credibility	3.53
Controlled budget execution	6.08	Revised	Controlled budget execution	9.59
Accounting, reporting and internal audit	1.70	Revised	Accounting, reporting and internal audit	1.40
External scrutiny and audit	0.42	Revised	External scrutiny and audit	0.16
Project and Change Management	1.07	Revised	Project and Change Management	1.42
<b>TOTAL</b>	<b>12.00</b>			<b>16.10</b>

CANCELLATIONS

Ln/Cr/Tf	Status	Currency	Current Amount	Cancellation Amount	Value Date of Cancellation	New Amount	Reason for Cancellation
IDA-62200-001	Disbursing	XDR	4,200,000.00	350,000.00	28-Jul-2022	3,850,000.00	UNDISBURSED BALANCE AT CLOSING
IDA-D2950-001	Disbursing	XDR	4,200,000.00	1,400,000.00	28-Jul-2022	2,800,000.00	UNDISBURSED BALANCE AT CLOSING
IDA-H9510-001	Disbursing	XDR	4,300,000.00	0.00	28-Jul-2022	4,300,000.00	

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed

IDA-62200-001 | Currency: XDR



iLap Category Sequence No: 2	Current Expenditure Category: EEP under Pt 2 and 3 of proj			
	4,200,000.00	3,813,333.00	3,850,000.00	100.00
<b>Total</b>	<b>4,200,000.00</b>	<b>3,813,333.00</b>	<b>3,850,000.00</b>	

IDA-D2950-001 | Currency: XDR

iLap Category Sequence No: 1	Current Expenditure Category: Gds,Wks,NCS,CS,Trng,IOC			
	4,200,000.00	1,977,043.28	2,800,000.00	100.00
<b>Total</b>	<b>4,200,000.00</b>	<b>1,977,043.28</b>	<b>2,800,000.00</b>	

**DISBURSEMENT ESTIMATES**

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2014	0.00	0.00
2015	263,760.00	263,760.00
2016	570,192.00	570,192.00
2017	674,592.00	674,592.00
2018	918,552.00	918,552.00
2019	2,500,000.00	2,500,000.00
2020	3,300,000.00	3,300,000.00
2021	3,400,000.00	3,400,000.00
2022	933,333.32	4,472,904.00



**Results framework**

COUNTRY: Maldives

Maldives: PFM Systems Strengthening Project

**Project Development Objectives(s)**

The PDO (project development objectives) for the proposed AF is to enhance budget credibility, transparency, and financial reporting of public sector finances. The PDO remains relevant and the likelihood of achieving it remains high in view of the project’s implementation progress, disbursement performance, and results achieved to date.

**Project Development Objective Indicators by Objectives/ Outcomes**

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>To enhance budget credibility, transparency, and financial reporting of public sector finances</b>								
Deviation between aggregate expenditure out turn and the original approved budget (Percentage)		18.74	10.00	9.00	8.00	7.00		5.00
Public Access to Key Fiscal Information (Text)		Documents not made available to the public: (1) Year-end state financial statements of the Republic of Maldives; (2) In-year budget execution reports; (3) Contracts awarded.	Public disclosure of (1) Annual budget documents made available in parallel to these being submitted to legislature.  (2) Resources available to primary service units annually.	Public disclosure of (1) Annual budget documents available in parallel to these being submitted to legislature.  (2) Resources available to primary service units annually.	Public disclosure of (1) Annual budget documents available to public in parallel to these being submitted to legislature.  (2) Resources available to primary service units annually.	Public disclosure of (1) Annual budget documents available in parallel to these being submitted to legislature.  (2) Resources available to primary service units annually.	Public disclosure of (1) Complete set of annual budget documents when they are submitted to legislature.  (2) Monthly in-year budget execution reports within one month of completion.	Public disclosure of the following key fiscal information: (a) Annual budget documentation, (b) In-year budget execution reports, (c) Year-end financial statements, (d) tenders above USD 100 000.



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
		Budget documents and resources available to primary service units are available in public domain.			(3) Quarterly in-year budget execution reports published within one month of completion,  (4) Year-end financial statements of the Republic of Maldives published within 6 months of completed audit.  (5) Contracts awarded above US\$100,000 published quarterly.	(3) Monthly in-year budget execution reports published within one month of completion.  (4) Year-end financial statements of the Republic of Maldives published within 6 months of completed audit.  (5) Contracts awarded above US\$100,000 published quarterly.	(3) Info concerning resources available to primary service units at least annually or available on request for primary service units with national coverage in at least 2 sectors.  (4) Year-end financial statements of the Republic of Maldives published within 6 months of completed audit.  (5) Contracts awarded above US\$100,000 published at least quarterly.	
Comprehensiveness of debt data recording and reporting (Text)		Annual statement of debt covering domestic and external debt is prepared, but there are gaps and	Domestic and foreign debt records are complete, except for payables to suppliers, updated and reconciled every 6	Domestic and foreign debt records are complete, except for payables to suppliers, updated and reconciled every 6	Domestic and foreign debt records are complete, except for payables to suppliers, updated and reconciled every 6	Domestic and foreign debt records are complete, including payables to suppliers, updated and reconciled quarterly.	Domestic and foreign debt records are complete, including payables to suppliers, updated and reconciled quarterly.	Domestic and foreign debt records are complete, includes payable amount updated and reconciled quarterly.



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
		reconciliation problems.	months.	months.	months.	Comprehensive management and statistical reports (covering debt service, stock and operations) are produced at least	Comprehensive management and statistical reports (covering debt service, stock and operations) are produced at least	Comprehensive management and statistical reports (covering debt service, stock and operations) are produced at least annually.
SOE financial reporting and disclosure (Percentage)		50.00						100.00

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>Policy-based fiscal strategy and budget credibility</b>							
Increased capacity on debt and cash management (Text)		Credible DMS does not exist.	100% of staff at Debt Management Dept trained on the job to update the DMS.  CFF model developed and 100% of relevant staff trained on CFF model.	100% of staff at Debt Management Dept trained on the job to update the DMS.  CFF model developed and 100% of relevant staff trained on CFF model.	100% of staff trained on debt and cash management  Credible DMS exists and implemented.  CFF plan exists: prepared	100% of staff trained on debt and cash management  Credible DMS exists and implemented.	Debt management strategy produced





Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
					for fiscal year and updated quarterly based on CFF model.	CFF plan exists: prepare for the fiscal year and updated quarterly based on CFF model.	
Increased capacity on macro fiscal planning (Text)		0% of staff trained on macro fiscal planning.  No credible MTFF and framework for assessing investment projects exists.	Methodology for preparation of macro fiscal framework exists.  Draft macro fiscal forecasting tool exists.  100% of EPP unit staff trained on methodology	Credible macro fiscal framework exists and used for budget preparation.  Final macro fiscal forecasting tool exists and used.  Draft framework exists for assessing economic viability and prioritization of public investment projects.  100% of staff at EPP untrained on the job to prepare the macro fiscal framework using the model.	Credible macro fiscal framework exists and used for budget preparation.  Final macro fiscal forecasting tool exists and used.  Final framework exists and used for assessing economic viability and prioritization of public investment projects  100% of staff at EPP trained to: (1) Conduct fiscal policy analysis to assess impact of tax and expenditure measures on poverty and macro aggregates: (2) Use the framework for capital project	Credible macro fiscal framework exists and is based on macro fiscal forecasting tool to assess economic viability and prioritization of public investment projects	Production of a Macro fiscal forecasting tool to inform the annual budget



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
					selection.		
<b>Controlled budget execution</b>							
Capacity building on procurement through the implementation of a new Procurement curricula (Text)		NIL	Procurement policy section established and functional.  Monitoring mechanism established under each procuring entity.	50% of contract awards meet required M&E standards.	75% of contract awards meet required M&E standards.	90% of contract awards meet required M&E standards.	15.00
BERs subjected to audit by internal auditors (Percentage)		0.00	10.00	25.00	50.00	75.00	100.00
Updated gender disaggregated statistics to inform fiscal policy (Text)		No recent data on household income/expenditures					Findings from HHIES have been published
Improved asset management (Text)		Asset registry not annexed to AFS					End year Financial Statements with asset registry
<b>External scrutiny and audit (Action: This Component has been Marked for Deletion)</b>							
Inclusion of CPA techniques in Performance Audit (Text)		No use of CPA					Two pilot Performance Audits conducted using CPA
<b>Action: This indicator has been Marked for Deletion</b>							
<b>Project and Change Management</b>							
Improved communication of PFM reforms (Text)		No PFM communication strategy	Communication strategy approved.	Communication strategy exists.	Communication strategy exists	Communication strategy exists	Communication strategy exists



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
			Five awareness and consultation workshops on business process improvement held.	Ten consultation workshops on business process improvement held in total by end of FY2.	All planned consultation workshops held for legal and business process review	All planned consultation workshops held for legal and business process review	All planned consultation workshops held for legal and business process review
			Five awareness and consultation workshops on the legislative review held.	Ten consultation workshops on the legislative review held in total by end of FY2	Five change management workshops for key stakeholders held in total by end of FY3.	Ten change management workshops for key stakeholders held in total by end of FY4.	Fifteen change management workshops for key stakeholders held in total by end of FY5. stakeholders held in total by end of FY5.
<b>Accounting, reporting and internal audit</b>							
Timely preparation of annual financial statements (AFS) (Text)		AFS not accepted by audit as complete and ready for audit.	100% of relevant staff trained in accounting standards and preparation of AFS and SAP training on generating reports.  Work initiated on software enhancement/functional upgrades required.	Comprehensive AFS with information on expenditures, revenue, financial assets and liabilities prepared and submitted to audit within 6 months from year end.  Necessary software enhancements and functional upgrades carried out.	Comprehensive AFS prepared and submitted to audit within 6 months from year end.* (*Per PEFA fieldguide, the actual date of submission is the date on which the external auditor considers the financial statements complete and available for audit.).  Functional upgrades and necessary integration with other systems to	System-generated AFS submitted to audit within 5 months from year end.	System-generated AFS submitted to audit within 4 months from year end.



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
					generate AFS via the system- completed.		
<b>External scrutiny and audit (Action: This Component is New)</b>							
International Financial Reporting Standards (IFRS) compliant Audit Guide (Yes/No)		No					Yes
<b>Action: This indicator is New</b>	<p><b>Rationale:</b>  <i>This will complement the reforms for SOEs by using the IFRS-compliant audit guide in at least one pilot audit of SOE. There are 15 Ministries, 19 Statutory Bodies and 195 Local Councils in the Maldives for which the Auditor General expresses an audit opinion on their financial statements. In addition, the AGO is response for the audit of State-Owned Enterprises (SoEs), however audit of the large SoEs are sub-contracted to private sector firms. The AGO issues about 250 audit opinions and reports each year.</i></p>						



**The World Bank**

Maldives: PFM Systems Strengthening Project (P145317)

---