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Implementation Status & Results

Maldives

Maldives - Pension and Social Protection Administration (P104743)

Operation Name:	Maldives - Pension and Social Protection Administration (P104743)	Project Stage:	Implementation	Seq.No:	9	Status:	ARCHIVED
Archive Date:	23-Aug-2014						

		Country:	Maldives	Approval FY:	2009
Product Line:	IBRD/IDA	Region:	SOUTH ASIA	Lending Instrument:	Specific Investment Loan

Implementing Agency(ies): Maldives Pension Administration Office, Treasury and Public Accounting Department, National Social Protection Agency

Key Dates

Board Approval Date	12-May-2009	Original Closing Date	31-Dec-2012	Planned Mid Term Review Date	20-Feb-2013	Last Archived ISR Date	27-Jan-2014
Effectiveness Date	22-Oct-2009	Revised Closing Date	30-Jun-2015	Actual Mid Term Review Date	17-Mar-2013		

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

Revised PDO: to support the implementation of the National Pension Act, to strengthen institutional capacity of key agencies responsible for implementing the National Pension Act, and to develop the processes and platforms required for the delivery of social protection programs.

Has the Project Development Objective been changed since Board Approval of the Project?

◉ Yes ○ No

Component(s)

Component Name	Component Cost
TA and Capacity Building for Implementation of New Pension Program	3.45
Public awareness campaign	0.35
Public Accounting System	2.00
Administration of Health Insurance, Disability and Targeted Assistance	2.00
Pay-out of pension liabilities	8.00

Overall Ratings

	Previous Rating	Current Rating
Progress towards achievement of PDO	Satisfactory	Moderately Unsatisfactory
Overall Implementation Progress (IP)	Moderately Satisfactory	Moderately Unsatisfactory
Overall Risk Rating	Moderate	Substantial

Implementation Status Overview

The project implementation had not made anticipated progress since November 2013. Two examples of unexpected slow progress are the procurement of consultancy services for

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the Social Protection Information System (SPIS) under Component D and the commencement of services by the contracted SAP consultant for the Public Accounting System (PAS) under Component C. Lack of progress in these areas are particularly concerning given the critical contribution of the two consultancies to the final deliverables of the project. The delay significantly raises the risk that by the project closing date of June 30, 2015, the two main project outputs might not be fully delivered. The slow progress is also reflected in the project disbursements. By the end of April 2014, about 60% of the total project funds was disbursed, only 4 percentage points higher than six months ago and much lower than the target agreed on during the last mission. Furthermore, several agreed activities were either delayed or not carried out at all. Therefore the highest priority must be given to the remaining activities and a joint monthly “virtual” review meeting shall be organized between the Bank task team and the implementation teams to closely monitor the implementation status for each component to ensure that the agreed actions be implemented within the associated timelines. The yearly and component wise budget plan and the procurement plan were reviewed jointly by the Bank team and the implementation teams during the mission and revised respectively.

Locations

No Location data has been entered

Results

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
New Systems under MPAO operational, including the establishment of new office of the MPAO, governance structures, MIS and provisions for outsourcing.	☐	Text	Value	None	The MIS is fully functional. The expansion to self-employed workers on voluntary basis but encouraged by contribution incentive hasbeen approved	Key GoM cash transfers administered through MPAO
			Date	31-May-2009	30-May-2014	30-Jun-2015
			Comments			
Increased public awareness about the new pension system	☐	Text	Value	none	64 information sessions were organized for 4435 participants.	Significant improvement in understanding of the pension system as reflected in the end-line survey.
			Date	31-May-2009	01-May-2014	30-Jun-2015
			Comments			
Generation of payroll data for civil service personnel used for assessing mandated contributions for the new pensions system.	☐	Text	Value	None	12 new agencies were covered since last mission	100% of GoM agencies in Male use HR module for PAS.
			Date	31-May-2009	31-May-2014	30-Jun-2015
			Comments			
Development and implementation of management information systems and processes for targeting, disability administration abd health insurance	☐	Text	Value	None	The System Requirements Specifications for MIHIS agreed by stakeholders; SPIS development vendor was selected	New MIS systems and processes fully implemented; relevant staff trained. Strategy for integrated

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						national social protection systemdeveloped.
			Date	31-May-2009	01-May-2014	30-Jun-2015
			Comments			
Payout of accrued pension rights to public sector workers retiring during the project period	☐	Text	Value	None	Three DLI targets for Jan 2014 met	Payout of rights of all those retired between Oct 2013 - Mar 2014 completed.
			Date	31-May-2009	25-May-2014	30-Jun-2015
			Comments			

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Key Policy Decisions in MRPS implementation made	☐	Text	Value	None	The expansion plan was approved	Draft amendments to relevant laws in order to unify parallel pension systems and rationalize benefits.
			Date	31-May-2009	28-Feb-2014	30-Jun-2015
			Comments			
Progress in implementing a new contributory retirement program, measured by the number of accounts opened and maintained by the newpension authority	☐	Text	Value	None	73,332 active accounts	85,000
			Date	31-May-2009	31-May-2014	30-Jun-2015
			Comments			
Progress in implementing a new basic pension scheme measured by the number of payments made and by strengthening the automatic clawback mechanisms	☐	Text	Value	none	17792 beneficiaries	Automatic linkages with other programs to improve administration of claw-back
			Date	31-May-2009	31-May-2014	30-Jun-2015
			Comments			
Regular reporting of contributions and balances to members, including recognition bonds (RB)	☐	Text	Value	None	Online access to individual member account information	On-line access to individual accounts and complaints procedure fully implemented.
			Date	31-May-2009	30-May-2014	30-Jun-2015
			Comments			
Reporting and compliance procedures defined and implemented, including regular monthly reporting of basic pension benefits paid and contributions collected	☐	Text	Value	None	Reporting by MPAO to CMDA implemented	MPAO targets inspection on high risk compliance cases.
			Date	31-May-2009	31-May-2014	30-Jun-2015
			Comments			

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Effective supervision by the CMDA of the pension program administration and framework for new investment instruments	☐	Text	Value	none		Framework for new investment instruments defined and implemented.
			Date	31-May-2009	31-Oct-2013	30-Jun-2015
			Comments			
Development and implementation of new process for annuitization in MRPS.	☐	Text	Value	None		Policy on annuitization evaluated by the MPAO Board.
			Date	31-May-2009	31-Oct-2013	30-Jun-2015
			Comments			
Assessment of options for determination of disability and required systems	☐	Text	Value	None		Disability administration provisions fully implemented; relevant staff trained.
			Date	31-May-2009	31-Oct-2013	30-Jun-2015
			Comments			
Development of options and piloting of new approach to targeting of social benefits	☐	Text	Value	None		New targeting system full implemented for at least one social protection program.
			Date	31-May-2009	31-Oct-2013	30-Jun-2015
			Comments			
Direct project beneficiaries	☒	Number	Value	0.00	76000.00	95000.00
			Date	31-May-2009	31-Oct-2013	30-Jun-2015
			Comments			
Female beneficiaries	☒	Percentage Sub Type Supplemental	Value	0.00	32.00	33.00
Beneficiaries of Basic Pension scheme	☐	Number Sub Type Breakdown	Value	0.00	15792.00	17000.00
			Date	31-May-2009	30-May-2014	30-Jun-2015
			Comments			
Contributors of the MRPS scheme	☐	Number Sub Type Breakdown	Value	0.00	73332.00	85000.00
			Date	31-May-2009	30-May-2014	30-Jun-2015
			Comments			

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Data on Financial Performance (as of 22-Jul-2014)

Financial Agreement(s) Key Dates

Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date

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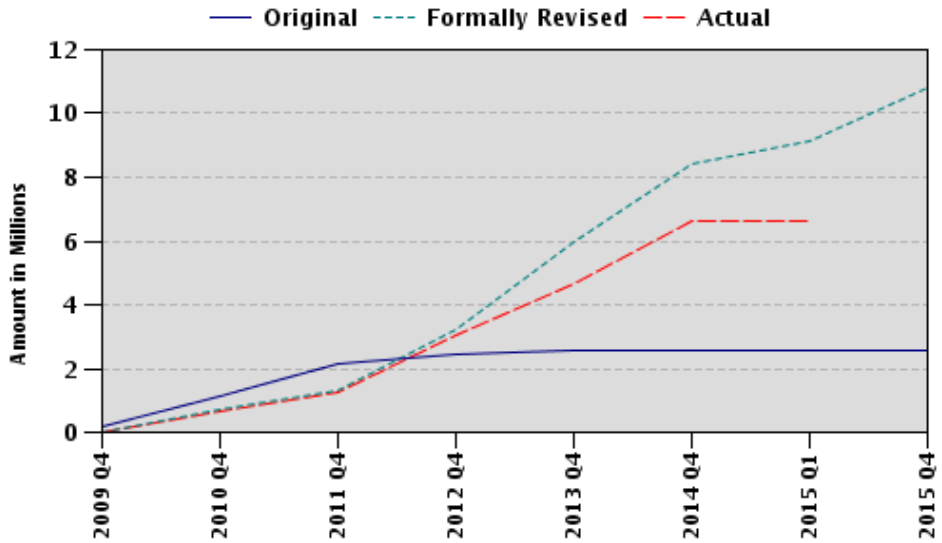
Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P104743	IDA-46110	Effective	12-May-2009	12-Aug-2009	22-Oct-2009	31-Dec-2012	30-Jun-2015
P104743	IDA-H6940	Effective	02-Jun-2011	07-Aug-2011	03-Nov-2011	30-Jun-2015	30-Jun-2015

Disbursements (in Millions)

Project	Ln/Cr/Tf	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P104743	IDA-46110	Effective	XDR	2.60	2.60	0.00	2.60	0.00	100.00
P104743	IDA-H6940	Effective	XDR	7.60	7.60	0.00	4.05	3.55	53.00

Disbursement Graph



Key Decisions Regarding Implementation

The rating on Project Development Objectives (PDO) is being downgraded to Moderately Unsatisfactory. Because the PDO is to support the implementation of the MPA, two issues of great concern to the Bank have put the achievement of the PDO in jeopardy. One concern is the continued payment of “double pensions” to civil servants who retired after establishment of the contributory Maldives Retirement Pension Scheme (MRPS) as mandated by the Maldives Pension Act (MPA) 2009. The Bank has raised this issue repeatedly over the past several years as these payments run counter to the spirit of pension reform that this project is supporting. The continuation of the “double pensions” has negative fiscal implications, costing approximately 20 million Rufiyaa additional per month or US$15.65 million per year. The second concern is with the Senior Citizen Allowance (SCA), which was recently introduced and significantly disrupts the Maldives pension system, as established under the MPA 2009. The SCA provides a top-up benefit in addition to the existing Old Age Basic Pension (the non-contributory pension pillar) and undermines the objective of providing only an income floor for old citizens aged 65 and above under that pillar. The SCA also impinges on the pension system’s fiscal sustainability, adding a cost of approximately 41 million Rufiyaa per month or US$26.6 million per year.

Restructuring History

Level two Approved on 25-Jun-2012, Level 2 CD Decision on 06-Feb-2014

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Related Projects

P125700-Maldives - Pension and Social Protection Additional Financing