

## **Toward Risk-Aware and Climate-resilient communities (TRACT)**

**Strengthening climate services and impact-based  
multi-hazard early warning in Maldives**

**Annex 9a  
Legal Due Diligence**



## 9.A Legal Due Diligence

### **Details of any government or regulatory approvals, licenses or permits required for implementing and operating the project/programme, the relevant issuing authority, and the date of issuance or expected date of issuance.**

The Project Cooperation Agreement with the National Executing Entity (EE), *i.e.*, Ministry of Tourism and Environment (MTE) which is its own separate legal entity and is capable of entering into contracts in its own name. As for the legal agreements with Technical Partners will require the entities to obtain any relevant local licences or permits as may be required for implementation of project activities. Please note, there is no requirement of any approvals, licences or permits for the National EE (MTE) and other parties involved in project implementation to enter into the PCA and to provide its share of the co-financing.

For the transfer of Funds from the National EE to final recipients (secondary national service providers), a memorandum of understanding (MoU) will be established to facilitate the transfer. This agreement is subject to legal approval<sup>1</sup> between the National EE and the respective secondary national service providers. No approval or licences are required for funds to be transferred from GCF to UNEP and from UNEP to the EE, for the transfer of Funds from the National EE to final recipients (secondary national service providers), a memorandum of understanding (MoU) will be established to facilitate the transfer. This agreement is subject to legal approval between the National EE and the respective secondary national service providers. There are no approvals, licences or permits required in order for any unused funds and investment income (for UNEP only) to be transferred from the EE to UNEP and from UNEP to GCF.

For project implementation, approvals are required before signing any project agreement with the national service providers who include These will include inter alia Maldives Meteorological Service (MMS), National Disaster Management Authority (NDMA), Maldivian Red Crescent (MRC), and Maldives Business Center Corporation (BCC). The current process involves obtaining legal clearance<sup>2</sup> from the National EE for the final draft agreement, after which it is submitted to the Attorney General's Office in Maldives for approval. Once approved, final authorization to sign the document is sought from the President's Office. Any additional approvals or licenses are not mandatory. In the case of the Project's activities that involve interventions on land, please note the Land Ownership letter which is an annex to the Funding Proposal indicates all rights to implement the project on the land in question have been obtained.

### **Describe applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project/programme.**

Regarding applicable taxes, the UN typically enjoys certain tax exemptions in member countries, including the Republic of Maldives. These exemptions are part of the privileges and immunities granted to the UN under the Convention on the Privileges and Immunities of the United Nations (1946).

These exemptions generally include:

- *Exemption from Direct Taxes:* The UN, its assets, income, and property are usually exempt from all direct taxes.
- *Exemption from Customs Duties:* The UN is often exempt from customs duties and prohibitions and restrictions on imports and exports related to its official use.

Maldives, as a Member State of the UN, adheres to these international agreements and grants these exemptions to the UN and its officials operating within the country. Specific details about the implementation of these exemptions can be found in agreements between the UN and the Government of Maldives.

The GCF shall not be required to make any additional contribution for the payment of taxes during the implementation of the project in excess of the approved budget.

Please note, any transfer from GCF to UNEP is exempt from taxation. For the transfer between UNEP to the Executing Entity (EE) – the UN is exempted from certain taxes in Maldives. Additionally, taxes would

<sup>1</sup> Legal Approval: refers to obtaining formal authorization from a legal authority, regulatory body, or internal legal team to proceed with a specific action, contract, or project. It typically means that the matter has been reviewed for compliance with applicable laws, regulations, and policies, and has been officially sanctioned.

<sup>2</sup> Legal Clearance: refers to verifying that there are no legal obstacles preventing an action from moving forward. It often involves checking for potential legal risks, ensuring compliance with relevant laws, and confirming that necessary permissions or rights (such as intellectual property rights) have been secured.



not apply for internal transfers from the national executing entity (NDA) to secondary national agencies and lastly the project's expenditures are exempt from taxes.

UNEP in its role as the Accredited Entity (AE) will be responsible for the approvals for directly receiving GCF Proceeds in US Dollars or remitting financial reflows to the GCF, approval for signature of the Funded Activity Agreement (FAA), or any related approvals or consents required for implementing and operating the project in accordance with the Accreditation Master Agreement (AMA) and relevant standards.

All matters related to foreign exchanges will be subjected to the relevant foreign exchange rules and regulations issued by the Maldives Monetary Authority (MMA).

**Details of any insurance policies or requirements related to the project/programme.**

The Project Cooperation Agreements with the national EE and relevant Technical Partners will require the entities to obtain any insurance policies for assets and equipment and/or other activity as applicable.