

MALDIVES
ISMAIL SHAFEEU, Governor

It is a great honor and privilege for me to address this Thirty-Fourth Annual Meeting of the Asian Development Bank. I join fellow Governors in expressing appreciation to the organizers for the excellent arrangements made for this meeting. On behalf of my delegation and myself, I would like to thank the Government of the United States for hosting this meeting in this island paradise and the islanders for the warm hospitality accorded to us.

I would also like to congratulate President Chino and the Management and technical team at ADB for a successful year of operations in 2000 and welcome Turkmenistan as the 59th and newest member of ADB.

The year 2000 saw continued economic growth in the Asia and Pacific region. Many of the economies affected by the financial crisis of 1997 emerged stronger and have stabilized. The crisis exposed the weaker institutions, reform of which is essential for sustaining the recovery. In this regard ADB's role as a facilitator has been most welcome.

The efforts of ADB during 2000 in implementing the poverty reduction strategy are to be commended. The final outcome of the Seventh Replenishment of the Asian Development Fund (ADF) in September 2000 is a step in the right direction and will help ADB in carrying out much needed developmental work in the poorer developing member countries (DMCs).

Last year I expressed deep concern on the continued trend of net decreases in concessional lending: in ADF and the Technical Assistance Special Fund (TASF). This year I would like to note reversal in that trend. The increased ADF and TASF expenditures are a welcome change. Poorer and also smaller DMCs such as the Maldives need access to these concessional resources to sustain and consolidate our growth achievements to date. In the light of the ADB's focus on poverty reduction, there is a need to develop social financing modalities for DMCs' poverty interventions. We applaud the new policies on pro-poor and performance-based allocation of ADF resources. However, we would like to caution ADB on applying generalized assessment guidelines without taking into consideration the economic and environmental vulnerabilities of DMCs, especially the more vulnerable smaller island DMCs such as the Maldives.

After years of strong economic growth the Maldivian economy slowed down in 2000. GDP growth in 2000 is estimated to be a more modest 4.2 percent compared with an annual growth rate of 8.2 percent in 1995-1999. The reduced growth can be mainly attributed to under performance of the two key sectors of the economy, i.e., fishing and tourism, and the high oil prices since early 1999. The Government continued to exercise fiscal restraint and to implement monetary policy reform aimed at strengthening the foundations for sustained low inflationary growth. Additional measures included

broadening the revenue base, strengthening budgetary controls, and greater rationalization of the public sector enterprises. The Budget for 2000 showed a small deficit; however, the Government proposed a balanced Budget for the year 2001.

My Government strongly concurs with ADB's view that one of the strongest modes of poverty eradication is by low inflationary economic growth. We place much importance on sustainable development with strong emphasis on equitable development with the effects of our economic growth benefiting all rather than a few. It is with these hopes that the Government continues to follow flexible and pragmatic growth policies. I would like to note that my Government recognizes that these strides in growth could not have been achieved and indeed sustained without the assistance of multilateral donors such as ADB.

The outlook for 2001 and beyond is promising for Maldives. We are taking serious steps to regain our earlier growth rates. The two key sectors of the economy, tourism and fisheries, are on the recovery. Major emphasis has been put in the 2001-2003 national development plan to further develop the private sector, provide an environment conducive to developing the commercial sector, working on diversifying the economy with growth in export-oriented trade in services and fostering industrial development. Our aims and hopes for our people are for significant betterment in their standard of living and that they are better educated and more knowledgeable.

My country greatly appreciates ADB for its assistance in our development effort. Indeed we value the strong financial and technical support accorded by ADB to us. I take this opportunity to convey our gratitude to the President, Directors, and staff for their commitment to the development of the Asia and Pacific region and look forward to ever greater and fruitful cooperation with ADB.