



Asian Development Bank & Maldives

FACT SHEET

Table 1. Maldives: Development Indicators

Non-MDG	
Population in millions	0.31 (2008)
Annual population growth rate (%)	1.8 (2006–2008)
Adult literacy rate (%)	97.0 (2007)
Percent of population in urban areas	36.5 (2007)
MDG	
Percent of population living on less than \$1.25 a day	...
Percent of population living below the national poverty line	16.0 (2005)
Under-5 mortality rate per 1,000 live births	30 (2007)
Percent of population using an improved drinking water source	83 (2006)

... = data not available, MDG = Millennium Development Goal.

Sources: ADB, 2009. *Basic Statistics 2009*. Manila.
UNESCO, 2009. Institute for Statistics Data Centre.
World Bank, 2009. World Development Indicators Online.

Poverty reduction in the Maldivian context primarily means decreasing regional disparities in living conditions, since poverty is related to the remoteness of the islands and the lack of services in the atolls.

The tsunami that struck in December 2004 considerably constrained the Government's development momentum. Although the loss of lives was comparatively small, the disaster resulted in total damages of nearly \$0.5 billion, equivalent to some 62% of the country's gross national product. The Maldives is currently facing a large fiscal deficit, primarily due to large public expenditures, including subsidization of social services. Tourism and fisheries, the two main economic sectors, have now recovered from the tsunami but the fiscal situation remains difficult and limits the Government's economic options.

The Government's Seventh National Development Plan covering 2007–2011 envisions a sustainable development path anchored on economic growth, social equity, environmental protection, and good governance.

Relationship with ADB

The Maldives has received lending of \$116.31 million for 19 loans and \$19.53 million for 56 technical assistance (TA) activities since joining the Asian Development Bank (ADB) in 1978.

ADB's Board endorsed, in October 2007, the Country Partnership Strategy (CPS) for the period 2007–2011. In agreement with the Government, ADB's future engagement will be selective and focused. In addition to providing much-needed assistance for capacity development, ADB's investment operations will be limited to three sectors: energy, transport, and private sector development, with an emphasis on micro-, small-, and medium-sized enterprises.

ADB's current portfolio comprises eight ongoing loans with a net loan amount of \$53.95 million (as of 31 December 2008). The loans include Postsecondary Education Development, Domestic Maritime Transport (approved in 2007), Information Technology Development, Outer Islands Electrification, Employment Skills Training, Tsunami Emergency Assistance Project, Regional Development Project (Phase II): Environmental Infrastructure and Management, and the Private Sector Development (approved in 2008).

Impact of Assistance

ADB's development association with the Maldives for the last several years has assisted development of infrastructure facilities, supported sector policy reforms, provided assistance for capacity development for various line ministries, and supported private sector development.

ADB has been by far the main contributor to the power sector, having extended five loans of over \$31 million and seven TA projects totaling \$1.5 million since 1984. A small grant was also earmarked for the rehabilitation of the power sector after the 2004 tsunami. While the capital of Malé received the greatest share of earlier assistance, consistent with its strategy of supporting

balanced regional development, ADB shifted its focus to rural electrification in the outer islands, where the majority of the country's poor reside and an inadequate electricity supply has constrained economic and social development. In addition to successfully augmenting the country's power supply, first in Malé and subsequently in the outer atolls, ADB's sector strategies have been instrumental in developing and strengthening the sector's institutions. Recognizing the need to develop environmentally sustainable energy resources, ADB is facilitating the introduction of renewable energy technologies that contribute to environmental conservation. ADB's assistance to the sector has brought increased electrification, sector reform, and the strengthening of sector regulatory capacity. Working with the Government, ADB also assists in the structuring of public-private partnerships in the sector.

In addition to the power sector, ADB has played a leading role in addressing issues related to the transport sector. To date, this assistance has focused mainly on maritime transport, but starting with the CPS (2007–2011), ADB will be adopting a multi-modal approach for assistance to the transport sector. ADB has provided five regular loans

Table 2. Maldives: Economic Indicators, 2004–2008

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	2,620	2,590	3,030	3,200	...
GDP growth (% change per year)	9.5	-4.6	18.0	7.2	5.7
CPI (% change per year)	6.4	3.3	3.5	7.4	12.3
Unemployment rate (%)
Fiscal balance (% of GDP)	-1.6	-10.9	-6.8	-7.9	-15.7
Export growth (% change per year)	19.1	-10.7	39.4	1.2	52.6
Import growth (% change per year)	36.3	16.1	24.4	18.3	32.3
Current account balance (% of GDP)	-15.7	-36.4	-33.0	-39.1	-50.6
External debt (% of GNI)	51.7	53.2	54.4	56.5	...

... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila.

ADB staff estimates.

World Bank. 2009. World Development Indicators Online.

Table 3. Maldives: 2008 Loan, TA, and Grant Approvals (\$ million)

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
7.5	7.5	–	–	15.0

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$116.3 million

Cumulative Disbursements (as of 31 Dec 2008) : \$71.5 million

Table 4. Maldives: Cumulative ADB Lending as of 31 December 2008

Sector	Loans (no.)	Amount (\$ million)	% ^a
Education	2	12.30	10.57
Energy	4	30.30	26.05
Finance	2	12.00	10.32
Industry and Trade	1	7.50	6.45
Law, Economic Management, and Public Policy	1	5.00	4.30
Multisector	3	12.18	10.47
Transport and Communications	5	31.03	26.68
Water Supply, Sanitation, and Waste Management	1	6.00	5.16
Total	19	116.31	100.00

^a Total may not add up because of rounding.

to the sector, while a component for harbor infrastructure rehabilitation is included under the Tsunami Emergency Rehabilitation Assistance Project. The Interisland Transport Project aimed to introduce a reliable, publicly operated transportation service between Malé and the outer atolls to improve the efficiency and safety of interisland transport. The development of Malé Commercial Harbor has been supported through two ADB loans. The latest loan, approved in March 2007, aims to remove congestion at Malé North Harbor (the lifeline for the transportation of goods between Malé and the outer atolls), strengthen port management functions, and facilitate the inclusion of user charges. Past ADB assistance has been useful in reducing isolation and transport costs, two factors that contribute to inequity and inequality between the outer atolls and Malé.

In 2002, ADB provided technical assistance to develop an overall master plan for the maritime sector. This was the first-ever attempt to segregate sector policy and regulatory framework from sector specific investments. Building on this, the most recent operation for the sector will help ensure sustained equitable and regionally balanced economic growth by providing enhanced access to markets and social services for the outer atoll population. This will enable improvements to the country's main inter-atoll transport hub, the highest ranked land and sea infrastructure investment priority in the current national development plan, which is supported by institutional and capacity-building initiatives in the domestic maritime transport sector. The expanded capacity of Malé North Harbor will improve connectivity, reduce transport costs, and facilitate interisland trade.

This expanded capacity is expected to increase Malé North Harbor's contribution to GDP by 0.1% by 2015. The increase in interisland trade is expected to result in a 10% volume increase in key outputs of domestic agricultural produce sold in Malé North Harbor markets by 2014. Capacity building within the Ministry of Housing, Transport and Environment will focus on the areas of

- strategic planning and policy analysis;
- establishment of harbor usage charges;
- maritime safety regulations, and vessel inspection and registration procedures; and
- project performance and impact monitoring.

Capacity building within the Ministry of Housing, Transport and Environment will focus on enhancing its ability to manage, operate,

Table 5. Maldives: Project Success Rates

By Sector	Percentage ^a	No. of Rated Projects
Energy	100.0	3
Multisector	50.0	2
Transport and Communications	66.7	3
Total	75.0	8
By Year of Approval		
1980s	75.0	4
1990s	75.0	4

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2008.

Table 6. Maldives: Portfolio Performance Quality Indicators for Sovereign Lending, 2007–2008

Number of Ongoing Loans (as of 31 Dec 2008)		8	
	2007 (\$ million)	2008 (\$ million)	
Contract Awards/Commitments	4.1	4.5	
Disbursements	5.1	2.7	
Loans at Risk (%)	28.6	50.0	

and maintain maritime transport infrastructure in Malé in a sustainable manner through harbor management and financial management training. ADB's sectoral assistance has been vital, given the geographic setting of the country, and has evolved from pure infrastructure assistance to include elements of sector reform, capacity development, and rationalizing the role of different government entities in the sector.

To facilitate private sector development, ADB approved a \$12.0 million private sector operation for the Housing Development Finance Corporation in April 2008, and in June 2008 a TA loan of \$7.5 million for micro, small, and medium-sized enterprise development. The assistance to the Housing Development Finance Corporation will help develop the mortgage market and relieve housing congestion in Malé, while assistance to the small and medium-sized enterprises (SME) sector will aid development of SME business plans.

In summary, in over nearly three decades of assistance, ADB has made important contributions to the economic development and poverty reduction in the Maldives.

Future Directions

The Government's Seventh National Development Plan (NDP) aims to

- build back better (tsunami recovery);
- eliminate extreme poverty, increase equity, and promote gender equality;
- diversify the economy;
- improve physical infrastructure (energy, transport, communication) in the atolls;
- improve social infrastructure (education and health) in the atolls;
- provide better employment skills training;
- protect the environment; and
- provide equal justice, human rights, and good governance.

ADB's CPS (2007–2011) is fully aligned with the goals and objectives of the Seventh NDP and has been closely aligned with those of its development partners. In Phase I of the CPS, TA loans

Table 7. Cumulative Nonsovereign Operations Portfolio Distribution by Top Countries, 1983–2008^{a,b}

Country	No. of Projects	Total ADB Approvals (\$ million)
India	37	2,268
People's Republic of China	21	1,694
Indonesia	15	879
Philippines	28	768
Pakistan	27	721
Kazakhstan	5	550
Thailand	10	319
Viet Nam	8	305
Sri Lanka	13	280
Bangladesh	8	242
Afghanistan	6	208
Lao People's Democratic Republic	1	100
Other DMCs	13	87
Azerbaijan	4	66
Nepal	4	59
Regional	36	930

DMC = developing member country.

^a Includes nonsovereign projects processed by the Private Sector Operations Department and various regional operations departments of ADB. Regional operations departments started nonsovereign operations in 2007.

^b Net of facilities cancelled in full before signing.

Source: Private Sector Operations Department.

will be provided to strengthen economic and financial management in areas, such as internal audit capacity, tax administration, developing a multiyear fiscal framework, debt management, and strengthening project management capacities. Capacity development support will also be provided for structuring public–private partnerships in transport, power, and other areas, including improving the enabling environment for SMEs in the private sector. A series of readiness filters will be applied to assess the feasibility of resuming support for new investment projects. Once readiness is secured, the second phase of assistance will include strategic support for investments and sector reform in transport, power, and SME development.

Operational Challenges

Capacity constraints continue to adversely affect the management of the development process, including projects financed by development partners. The weak macroeconomic situation has resulted in large economic imbalances on the domestic and balance of payments accounts. Recent shifts in government priorities and policies have resulted in additional operational challenges. For example, it is a major challenge for the Ministry of Finance and Treasury (MOFT) at the central level and for sector ministries to implement the current government policies for decentralization and public–private partnerships.

The Government is developing a national transportation system as a means to overcome the transportation barrier throughout the nation and is focusing on consolidating and improving provision of basic infrastructure facilities in selected regional hubs. The presence of

Table 8. Maldives: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008

Contractor/Supplier	Sector	Contract Amount (\$ million)
Namira-Agas-Hayleys Consortium	Energy	5.13
Jausa Construction Maldives Pvt., Ltd.	Education	0.44
Focus Computers Pvt., Ltd.	Transport and Communications	0.27
Maldives College of Higher Education	Education	0.20
Rainbow Enterprises Pvt., Ltd.	Education	0.19
Center Enterprises Pvt., Ltd.	Education	0.14
Mooinc Pvt., Ltd.	Education	1.08
Clique Assoc. Trainers and Consultant Pvt., Ltd.	Education	0.06
Villa Shipping and Trading Company Pvt., Ltd.	Education	0.05
HUB	Education	0.04

Table 9. Maldives: Top consultants (individual consultant and consulting firm) involved in ADB loan projects, 1 January 2004–31 December 2008

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Live and Learn Environmental Education (L&LEE)	1	0.26
Maldivian Individual Consultant	1	0.02

Table 10. Maldives: Top individual consultants involved in ADB technical assistance projects, 1 January 2004–31 December 2008

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Maldivian Individual Consultants*	8	0.10

* Consultant may have one or more contracts within the period covered.

such facilities will serve as an incentive for the population to coalesce around these hubs. Toward this end, the Government plans to introduce strategies for financing and sustaining development through community empowerment.

Partnership

The tsunami triggered close coordination and cooperation between the Government and its development partners, including ADB, the United Nations Development Programme (UNDP), the World Bank, the International Monetary Fund, and the International Federation of the Red Cross and Red Crescent Societies. ADB was officially included in the Maldives UN Country Team led by UNDP. The Government's new strategy envisages development partners specializing in providing assistance to certain sectors or thematic areas to reduce duplication and overlap, and to minimize aid transaction costs. ADB will focus on capacity building in public sector financial management, and support for transport, power, and SMEs. In this context, the CPS has been prepared in close consultation with the United Nations, the World Bank, and other development partners.

ADB recognizes the important role that nongovernment organizations play in meeting the needs of the poor and disadvantaged. The ADB publication, *Women in the Republic of Maldives*, includes a chapter on nongovernment organization operations in the country.

Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial organizations—to participate in financing ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

As of year-end 2008, cumulative direct value-added cofinancing for Maldives amounted to \$2.9 million for two investment projects and \$0.78 million for two TA projects.

A summary of projects with cofinancing from 1 January 2004 to 31 December 2008 is available at www.adb.org/Documents/Fact_Sheets/Maldives/cofinancing.asp.

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which seven contracts were awarded to Maldivian consultants worth \$3.9 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB TA projects worth \$2.33 billion, of which 23 contracts were awarded to Maldivian consultants worth \$0.19 million.

A summary of procurement contracts awarded to companies and consultants from the Maldives for goods and works, and consulting services can be found at www.adb.org/documents/Fact_Sheets/Maldives/procurement.asp.

About Maldives and ADB

Maldives is the 37th largest shareholder among regional members and the 45th largest overall. It shares both positions with Kiribati, the Federated States of Micronesia, Nauru, and Tonga.

ADB Membership

Joined	1978
Shares held	142 (0.004%)
Votes	13,374 (0.30%)

Marita Magpili-Jimenez is the Executive Director and **Siraj S. Shamsuddin** is the Alternate Executive Director representing Maldives on the ADB Board of Directors.

ADB's operations in Maldives are managed through ADB's Manila Headquarters. ADB's South Asia Department provides the primary operational link to the government, private-sector, and civil-society stakeholders in its activities. The South Asia Department engages in policy dialogue and acts as a knowledge base on development issues in Maldives.

The Maldives government agency handling ADB affairs is the Ministry of Finance and Treasury.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

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Useful ADB websites

Asian Development Bank
www.adb.org

Country website
www.adb.org/maldives

Asian Development Outlook
www.adb.org/Documents/Books/ADO/2009/MLD.pdf

Annual Report
www.adb.org/Documents/reports/annual_report/2008/