



MALDIVES

ISMAIL SHAFEEU, Governor

My delegation and I would like to convey our gratitude to the Government and people of the Republic of Korea for their generous hospitality and excellent arrangements for the 37th Annual Meeting of the Asian Development Bank (ADB). I would particularly like to congratulate the Government and people of Jeju who are shaping this beautiful island of Jeju towards a world-class destination for tourism and conventions.

It is our pleasure to welcome Luxembourg and Palau to ADB.

Fellow Governors, when we met in Shanghai in 2002, all of us were sensitive to the challenges we were facing post 9/11. This was particularly true for small countries and countries that are heavily dependent on the external environment for development and growth.

More than two years later it is obvious that the global economy is still being negatively impacted upon by the post-conflict developments, particularly in Iraq and the continuing uncertainties for security and stability in the Middle East.

These external factors are hugely magnified when seen from the perspective of the Maldives, as it depends so heavily on tourism for its overall development and economic growth. We were also seriously affected by the impact on international travel due to the SARS epidemic in Asia, particularly for markets that originate from the near and far East.

I am, however, pleased to note that the degree to which these global developments impacted on Maldives' tourism was less than we feared; and with very aggressive marketing efforts we were able to restore the growth of tourism during most of 2003 and the outlook for 2004 is also promising. Nevertheless, we are conscious that we may not be as lucky every time.

While Maldives is experiencing growth marginally better than global averages, we still remain extremely vulnerable to external shocks and fluctuations in the price of essential goods, such as fuel in the world market. The recent hike in world oil prices will have a marked effect on our competitiveness, as we are highly dependent on imported fuel for the generation of energy.

Our fisheries industry is starting to reap the benefits of private sector involvement in the last three years and, similarly, the ongoing restructuring of the financial sector has demonstrated positive outcomes through better credit facilities and lower interest rates.

The Government has made a conscious decision to move towards a medium-term expenditure framework in planning our public sector budgets and is liberalizing the housing and construction areas to catalyze economic growth domestically.

The recent inauguration of HulhuMale'city marks a milestone in our development. This island, created totally by reclaiming shallow areas around Male' International Airport, is aimed at relieving the chronic housing shortage on our capital city. A housing development finance corporation has concurrently been set up.

ADB has contributed in its various programmes towards these objectives.

We wish to congratulate President Tadao Chino on his able leadership through focus and dedication, which is demonstrated by the continued responsiveness of ADB to international development needs. The personal efforts of President Chino, as well as the efforts of the management and staff of ADB in the developing member countries (DMCs) and indeed in my own country, Maldives, are proof of their commitment to poverty eradication and the improvement of the quality of life of the people of the DMCs.

We also take note of the focus of the ADB Management in the pursuit of results-oriented programs and its continued efforts to harmonize operations with other multilateral financial institutions.

Fellow Governors, small island states and economically vulnerable countries continue to need grant aid and concessionary borrowing, especially for capacity building and poverty alleviation. Towards this end we have full confidence in the international community and ADB, that the recently concluded negotiations on the Asian Development Fund (ADF) replenishments will allow ADB commitments to be maintained at current levels.

In conclusion, Mr. Chairman, I wish to extend my delegation's appreciation for your hard work towards the organization and conduct of this 37th Annual Meeting.