

**ASIAN DEVELOPMENT BANK**

**TAR: MLD 36079**

**TECHNICAL ASSISTANCE**

**TO THE**

**REPUBLIC OF MALDIVES**

**FOR**

**CAPACITY BUILDING FOR REGIONAL DEVELOPMENT**

**December 2003**

## **CURRENCY EQUIVALENTS**

(as of 01 December 2003)

Currency Unit	–	rufiyaa (Rf)
Rf1.00	=	\$0.078
\$1.00	=	Rf12.80

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
MPND	–	Ministry of Planning and National Development
RDMO	–	Regional Development Management Office
RDP I	–	Regional Development Project I
TA	–	technical assistance

## **NOTES**

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

1. The people on the outer islands of the Maldives are heavily disadvantaged in terms of income, employment opportunities, and access to basic social services. The Asian Development Bank (ADB) is helping the Government of the Maldives improve living conditions through its comprehensive program for regional development. In connection with the proposed Regional Development Phase II sector loan, technical assistance (TA)<sup>1</sup> is needed to build capacity to support the regional development program, which will mobilize resources to enhance sustainable growth and poverty reduction in the outer atolls.

2. The Fact-Finding Mission visited the Maldives from 6-12 October 2003. It reached an understanding with the Government on the TA goals, purpose, output, methodology, key activities, implementation, financing arrangements, and terms of reference. The TA framework is in Appendix 1.

## II. ISSUES

3. The Maldives consists of around 1,190 islands, with only 199 suitable for human habitation. Of the inhabited islands, 78 have less than 1,000 people, and 118 have a population of 1,000 - 4,000. Only four islands have over 4,000 people. Around 80% of the total landmass is less than 1 meter above sea level. In 2000 the population was around 270,000 and is growing at around 1.9% per annum. About 27% of the population (73,000) lives on the island of Male (2 square kilometers [km<sup>2</sup>]), the capital city, making its population density of around 36,500/km<sup>2</sup> one of the highest in the world.

4. The Maldives has achieved impressive improvements in social indicators over the past several decades. Despite the positive national figures, however, large disparities in economic and social development opportunities exist between Male and the outer atolls, where most of the poor live. The 1998 vulnerability and poverty assessment<sup>2</sup> shows that 42% of the population has an income of Rf15 (\$1.20) per day or less. More than 90% of households living below the poverty line reside on the atolls. The income ratio between Male and the rest of the country is about 2:1. The disparities in access to social infrastructure and services are estimated at 4:1.

5. This socioeconomic imbalance results in strong rural-to-urban migratory pressure from the subsistence economies of the outer atolls to the public sector-dominated cash economy of Male, simultaneously retarding growth in the outer atolls and straining Male's infrastructure and environment. In recent years a consistent policy and program approach to outer-atoll development has involved increasing local government capacity, investing in atoll infrastructure and social services, and encouraging cash-generating enterprises. The success of these programs has been modest as a result of the following factors: (i) inadequate capacity for in-country education and a limited private sector have caused a large skill gap to develop; (ii) the private sector is still in its infancy and unable to provide on-the-job training in many areas; (iii) post-secondary institutions are unable to provide quality certificate and diploma programs in areas critical to regional development as qualified teachers are in short supply, thereby limiting

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<sup>1</sup> The TA for Capacity Building for Regional Development first appeared in *ADB Business Opportunities*, (Internet edition), on 7 May 2003.

<sup>2</sup> United Nations Development Programme. 2001. *Human Development Report*. New York.

the number of quality programs offered;<sup>3</sup> (iv) a top-down approach has resulted in lack of ownership in projects, most of which were determined by government and/or donor agencies, following lengthy gestation periods; and (v) atoll capacities and operational resources have proven inadequate. Most projects have thus failed due to lack of maintenance and care by the beneficiaries. In some cases, design capacities did not anticipate the level of demand for services, and installed capacities were exceeded before the estimated time for expansion.

6. A recent internal review of the effectiveness and capacity of regional development management offices (RDMOs) and island and atoll offices identified the key constraint on provision of basic services on atolls: the shortage of adequately trained human resources. Most national and local government staff as well as civil society involved in planning have not been exposed to modern participatory planning techniques. The staff need to acquire the knowledge to identify public and private sector economic opportunities that will stimulate sustainable development. The staff also require exposure to modern methods of environmental planning and management. To ensure that existing and future projects are adequately managed, training in project management, including accounting, budget planning, and scheduling techniques, is also required.

7. Although several donor agencies, including the Islamic Development Bank, United Nations Development Programme (UNDP), and World Bank are active in the Maldives, ADB's Regional Development Project<sup>4</sup> was the first that directly supported the Government's strategy for regional development by providing basic infrastructure and institutional support to the northern and southern development regions. In July 2002 ADB approved a preparatory TA for Regional Development Phase II, which builds on the lessons learned through Regional Development Project I (RDP I) and provides continued support to the Government's efforts to develop the outer atolls. The support, which is urgently needed to help control environmental deterioration, focuses on providing social infrastructure to improve living conditions of disadvantaged atoll people by offering them opportunities for self-reliance and cash generation through rapid provision of basic social and economic services, and by building local capacity to support local development initiatives<sup>5</sup>. UNDP's program focuses on empowering local communities, through which local governance may be strengthened and communities helped to take charge of activities affecting most Maldivians. Community empowerment will form the basis for a strong partnership between the Government and communities to resolve many developmental challenges being addressed by the Government, notably through the regional development program. ADB's experience, however, is that line agencies and local governments continue to face severe human resource limitations and scarcity of skilled and experienced staff, thereby impeding effective program implementation. ADB<sup>6</sup> and the World Bank are helping

<sup>3</sup> ADB 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Postsecondary Education Development*. Manila (Loan 1637-SRI) seeks to build the capacity and quality of post-secondary institutions in the Maldives.

<sup>4</sup> ADB. 1999. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Regional Development Project*. Manila (Loan 1695-SRI) is in its last phases. All main infrastructure components are in place, and the project is expected to be completed by December 2004. The project includes a balance of institutional, infrastructure, and environmental improvements in 13 focus islands. The main components are (i) construction of RDMOs in the northern and southern development regions; (ii) upgrading of a 17 km road from Gan to Hithadhoo; (iii) enhancement of rainwater collection and sanitation; (iv) establishment of solid waste management; (v) opening up of ocean-to-lagoon water flows, and (vi) environmental monitoring.

<sup>5</sup> Loan 1695-MLD (ADB. 1999. Regional Development Phase II will focus on the south-central, central and north-central development regions.

<sup>6</sup> ADB has been helping the Government establish sound organizational structures, regulations, and procedures through Loan 1915-MLD(SF) (ADB. 2002. *Strengthening of the Public Accounting System Project*. Manila); and Information and Communication Technology support through Loan 1882-MLD(SF) (ADB. 2001. *Information Technology Development Project*. Manila).

strengthen implementation capacity and coordination of national and local governments and provide long-term training for staff in the relevant institutions and agencies.

### **III. THE TECHNICAL ASSISTANCE**

#### **A. Purpose and Output**

8. The TA will continue to support the Government's goal of regional development to spread development benefits equitably throughout the Maldives. RDP I showed that due to scarcity of skilled and experienced staff, line agencies and local government have limited capacity, resulting in delay in project implementation. The TA therefore aims to improve capacity of staff in key project sectors. The TA's primary purpose is to help atoll offices, existing RDMOs, and island communities provide integrated basic services and carry out participatory planning. The final TA output will be increased awareness of environmental and planning issues and increased capacity for local management of project activities and community infrastructure and services. The TA will coordinate closely with the World Bank-assisted Integrated Human Development Project and the ADB-supported Employment Skills Development Project to improve and develop the capacity of key personnel in key economic sectors.

#### **B. Methodology and Key Activities**

9. The TA will engage an accredited university, consulting firm, or agency affiliated with an accredited university to carry out four 1–2-month courses in Male and on the focus islands. Each course will accommodate at least 10 students. A committee chaired by a representative of the Ministry of Planning and National Development (MPND) and composed of representatives of the ministries of atoll administration, education; human resources; health; home affairs, housing, and environment; and finance and treasury; and of the Maldives College of Higher Education will select the participants in a transparent manner. They will be chosen from RDMOs, selected line ministries and agencies, atoll and island offices, as well as island and women's development committees. Students will not be restricted from attending more than one course. The Government will send the final list of participants to ADB for confirmation before fielding consultants. Upon completing the course, participants will receive a completion certificate. Each course will be equivalent to a transferable semester credit, which will be recognized by any international university should the participants decide to pursue higher-level studies. All participants should carry out their responsibilities for at least a year in their respective ministries, focusing on regional development; in one of the offices on one of the islands; or in the island communities (through a community-based organization or NGO, for example).

10. To strengthen the partnership with overseas educational staff, expand and improve course offerings, upgrade local staff capacity, and ensure follow-up training, the TA will coordinate with the Maldives College of Higher Education to include courses offered under the TA into the institution's distance learning program and set up a collaborative program with a university overseas.

11. As part of the interested university's proposal, four courses will be developed: (i) participatory community development planning, to include integration of statistics into the planning process to analyze trends and opportunities; (ii) regional economic planning of interisland systems, to include the identification of financing sources to stimulate development and private sector involvement; (iii) environmental management in island communities, to

include water quality and sanitation, solid waste management, and coastal zone management; and (iv) project management and accounting, to include project planning, and awarding and management of contracts such as for civil works and financial management. A recommendation is that RDMO, atoll, and island office staff participating in the regional economic planning course also take the participatory community development planning course.

12. MPND will evaluate each course based on participants' feedback and course administrators' reports. Lessons learned will be incorporated in subsequent course design.

### **C. Cost and Financing**

13. The total cost of the TA is estimated at \$415,000 equivalent, of which \$256,500 will be foreign currency costs, and \$158,500 local currency costs. ADB will finance \$350,000 equivalent, which includes all foreign currency costs, and \$93,500 of local currency costs. The remaining \$65,000 will be contributed by the Government and will include office accommodation, lecture venue, counterpart staff remuneration, and transportation. The TA will be financed on a grant basis by ADB's TA funding program. The detailed cost estimates and financing plan are in Appendix 2.

### **D. Implementation Arrangements**

14. The Ministry of Finance and Treasury will be the TA Executing Agency and MPND will be the TA Implementing Agency. The domestic consultant will be assisted by the project monitoring unit under Loan 1695-MLD Regional Development Project (footnote 4). MPND will ensure that adequate space, furniture, equipment, and counterpart staff for the courses are provided on the focus islands and in Male where the courses are to be held. The Maldives College of Higher Education could provide lecture room facilities for the course to be held in Male.

15. The consulting team will include four international consultants (6.5 person-months total) and one domestic consultant (3.0 person-months total). The team will include a participatory community planning specialist, an economic and development planning specialist, an environmental specialist with knowledge of island environmental systems, and a project management specialist. All consultants will be selected and engaged through an academic or research institution or firm associated with an academic or research institution, following ADB's *Guidelines on the Use of* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The simplified technical proposal format and the quality-based selection method will be used. The consultants will procure equipment through direct purchase, in accordance with ADB's *Guidelines for Procurement*. The outline terms of reference is in Appendix 3.

16. The TA will start in March 2004 and be completed by July 2004. Each course administrator will submit a report summarizing course activities, progress of participants, and their feedback. The domestic consultant will then prepare the following: (i) an inception report, no later than 3 weeks after the first course starts, detailing the participant selection process; (ii) a midterm report, two months after TA inception; and (iii) a draft final report, four weeks after inception, evaluating each course and summarizing the findings, issues, and constraints encountered throughout the TA. The Government and ADB will comment on the draft final report. The final report will be submitted within three weeks after receiving comments from the review.

#### **IV. THE PRESIDENT'S DECISION**

17. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$350,000 on a grant basis to the Government of Maldives for the Capacity Building for Regional Development, and hereby reports this action to the Board.

### TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<b>Goal</b> Improve environmental and land management through a community-based approach to support the Government's regional development objectives, and improve living standards	Environmental and public health standards met  Sanitation and solid waste systems improved  Island development plans complied with	National, atoll, and island statistics  Site surveys, contract supervision reports, and scheme completion reports  Project performance management system	
<b>Purpose</b> Improve staff capacity to carry out regional economic planning, participatory planning, environmental management, and project management	More skilled teachers in planning, environmental management, and project management  Capacity of more local counterpart staff enhanced  Environmental data improved  Delays in project implementation reduced	Enhanced capacity of staff of atoll and island offices and island and women's development committees  More qualified staff appointed to work on donor-assisted projects  State of the environment report  Project performance data	Available O- and A-level graduates are capable of undertaking such courses.  Education and training will lead to improved coordination between government agencies and communities.
<b>Outputs and Activities</b>  Advising and training of students in regional economic planning of interisland systems  Advising and training of students in participatory community	At least 10 staff/students per course (equivalent to a semester course) reached and trained; raised public awareness of and appreciativeness of the public agencies and civil-society groups	Technical assistance (TA) reports, feedback from program, field interviews	Communities participate more in planning.  Communities and the Government can and will conduct dialogue on sustainable regional development initiatives.  Recommended institutional arrangements for regional development are discussed and the agreed-on approach



Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>development planning</p> <p>Advising and training of students in environmental management of island communities</p> <p>Advising and training of students in project management</p>			<p>developed.</p> <p>The Government is willing to empower communities.</p> <p>Trained staff are lost to other jobs.</p> <p>The Government lacks the budget and means to create staff posts.</p>
<p><b>Inputs</b></p> <p>TA budget</p> <p>International consulting services</p> <p>Domestic consultant</p> <p>Asian Development Bank (ADB) financing</p>	<p>\$415,000</p> <p>6.5 person-months</p> <p>3 person-months</p> <p>\$350,000</p> <p>Equipment (computer, printer, overhead projector) and rental of lecture rooms</p> <p>Training and course materials</p> <p>Counterpart funds/inputs:</p> <p>Office accommodation and utilities</p> <p>Remuneration and per diem of counterpart staff</p> <p>Transportation</p>	<p>ADB review mission, progress and completion reports</p> <p>\$31,500</p> <p>\$40,000</p> <p>\$35,000</p> <p>\$15,000</p> <p>\$15,000</p>	<p>Consultants are recruited on time.</p> <p>Counterpart staff are adequate.</p>

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank Financing<sup>a</sup></b>			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	130.0	0.0	130.0
ii. Domestic Consultants	0.0	6.5	6.5
b. International and Local Travel	20.0	10.0	30.0
c. Reports and Communications	4.0	2.0	6.0
2. Equipment <sup>b</sup>	21.5	10.0	31.5
3. Transportation and Accommodation Allowance for Participants	0.0	50.0	50.0
4. Training and Course Materials	40.0	0.0	40.0
5. Miscellaneous Administration and Support Costs	3.0	3.0	6.0
6. Representative for Contract Negotiations	5.0	0.0	5.0
7. Contingencies	33.0	12.0	45.0
<b>Subtotal (A)</b>	<b>256.5</b>	<b>93.5</b>	<b>350.0</b>
<b>B. Government Financing</b>			
1. Office Accommodation, Utilities, Lecture Rooms	0.0	35.0	35.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	15.0	15.0
3. Transportation	0.0	15.0	15.0
<b>Subtotal (B)</b>	<b>0.0</b>	<b>65.0</b>	<b>65.0</b>
<b>Total</b>	<b>256.5</b>	<b>158.5</b>	<b>415.0</b>

<sup>a</sup> Financed by ADB's technical assistance funding program.

<sup>b</sup> Includes costs of computers, printer, white boards, markers, and screens. The Government is responsible for all taxes and duties, if any. Equipment will be turned over to the centers of distance education on the focus islands and in Male to the Maldives College of Higher Education for the distance program after technical assistance completion. Provisional sums for equipment are to be financed at actual costs.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The team will comprise four international academic staff. The courses will combine lectures, participation, paper presentations, practical exercises and field visits. The courses will be internationally recognized semester courses providing participants with a unique and interdisciplinary understanding of interactions between human society and nature. The courses will enable the participants to progressively develop knowledge, competencies, and values to contribute to policy and practice. When designing the courses, the specialists should propose relevant topics in accordance with the training needs in the four subject areas.

### **A. Regional Economic Planning Specialist** (international, 1.5 person-months)

2. The specialist will have a background in development planning or a related field. Knowledge of island systems would be of advantage. The course will provide the following:

- (i) a core knowledge underlying the key forms and applications of planning, including zoning, growth management, economic development, and environmental concerns in island systems;
- (ii) a multisector perspective on and approach to planning, emphasizing not only public sector but also private sector development, nongovernment organizations, and intended beneficiaries' needs; and
- (iii) an analysis of the strategy and tools to develop employment and investment in local economies, using a focus island as a practical example.

### **B. Participatory Development Planning Specialist** (international, 1.5 person-months)

3. The specialist will have a background in participatory planning and practical experience with best-practice models. The course will enhance participants' technical capacity to undertake development planning and management at the island level and, more specifically, to do the following:

- (i) Gain deeper insight into emerging concepts and strategies for local development and management (structures of communities, their needs, how they are governed).
- (ii) Acquire the skills and knowledge to design and manage participatory development projects to reduce poverty and promote local development.
- (iii) Analyze issues and techniques in planning community infrastructure, emphasizing capital-intensive infrastructure systems. Analyze variations in demand for infrastructure associated with land-use types, intensities, and spatial form.
- (iv) Assess mutually exclusive options, least-cost analysis, and prioritization approaches.
- (v) Provide concepts and techniques of citizens' participation in planning techniques, to involve people in decision making. Emphasize promoting participation of disadvantaged groups.
- (vi) Acquire the skills to negotiate between conflicting needs, planners, and land-use plans for community growth and revitalization.
- (vii) Exchange project experience and ideas to reduce poverty and promote local development.

**C. Environmental Management Specialist** (international, 2.5 person-months)

4. The specialist will have a background in environmental management related to water supply, sanitation, solid waste management, and coastal zone management, and experience in environmental issues related to island ecosystems. The course will combine theory and practice of environmental management with a strong emphasis on field work and developing practical skills. Examples and case studies of good and bad environmental practices will be reviewed. The course will provide participants with the following:

- (i) knowledge of causes and issues of degradation of land (soil erosion, acidification) and water (salinization, bacterial contamination); water resource management; solid waste management; site rehabilitation; environmental impact assessment; application of information technology; and coastal resource management; and
- (ii) an interdisciplinary understanding of the interaction between human society and nature.

**D. Project Management Specialist** (international, 1 person-month)

5. The project management specialist will have experience with the private and public sectors and have carried out projects for consultants and contractors. The course will accomplish the following:

- (i) Present project management principles and the difference between operational activities and projects.
- (ii) Provide an understanding of basic cash-flow projections (for forecasting operation and maintenance costs) as well as how to assess the likelihood of financial sustainability and impact of a potential project on community resources.

6. The participants will acquire knowledge in the following:

- (i) costing of projects;
- (ii) planning and scheduling;
- (iii) assessment and management of risks;
- (iv) tendering, procurement, and award of contracts;
- (v) tracking of projects;
- (vi) financial management (including internal controls, maintenance of accounts and financial records, preparation of reports, etc.); and
- (vii) quality management.

**E. Education Specialist** (domestic, 3 person-months)

7. The consultant will manage the administrative details of the courses such as provision of participants' allowances, and ensure that course administrators have all infrastructure needed to conduct lectures. The consultant will also consolidate all reports and send them to the Asian Development Bank. The consultant will liaise with the course administrators and Maldives College of Higher Education to set up the distance-learning program for these for courses.