



Asian Development Bank & Maldives

FACT SHEET

Table 1. Maldives: 2013 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

| Loans | | Technical Assistance | Grants | Total |
|-----------|--------------|----------------------|--------|-------|
| Sovereign | Nonsovereign | | | |
| – | – | 0.85 | – | 0.85 |

– = nil.

^a Excludes cofinancing.

Table 2. Maldives: Cumulative Lending, and Grants Financed by ADB Special Funds, By Sector (1966–2013)^a

| Sector | No. | Total Amount (\$ million) | % ^b |
|--|-----------|---------------------------|----------------|
| Education | 2 | 12.30 | 6.73 |
| Energy | 4 | 30.30 | 16.57 |
| Finance | 2 | 12.00 | 6.56 |
| Industry and Trade | 3 | 17.52 | 9.58 |
| Multisector | 4 | 32.18 | 17.60 |
| Public Sector Management | 3 | 41.50 | 22.70 |
| Transport and ICT | 5 | 31.03 | 16.97 |
| Water Supply and Other Municipal Infrastructure and Services | 1 | 6.00 | 3.28 |
| Total | 24 | 182.83 | 100.00 |

Total Disbursements \$155.2 million

ICT = information and communication technology.

^a Excludes dropped or canceled loans prior to signing. Covers both sovereign and nonsovereign loans, and grants financed by Asian Development Fund and Other Special Funds. Other Special Funds include Asian Tsunami Fund, Asia Pacific Disaster Response Fund, Climate Change Fund, and Pakistan Earthquake Fund.

^b Total may not add up because of rounding.

Table 3. Maldives: Cumulative Nonsovereign Financing by Product

| | Amount (\$ million) |
|--------------------|---------------------|
| Number of Projects | 2 |
| Loans | 12.00 |
| Equity Investments | 4.50 |
| Guarantees | – |
| B Loans | – |
| Total | 16.50 |

– = nil.

The Maldives consists of over 1,100 mostly thinly populated or uninhabited islands, stretching 900 kilometers (km) north–south in the Indian Ocean. Only Malé, the capital city island, has a population of more than 50,000, while 15 other islands have populations exceeding 2,000. Since the country joined the Asian Development Bank (ADB) in 1978, ADB has provided 22 sovereign and nonsovereign loans, amounting to \$158.38 million, \$24.45 million for 2 grants, and \$27.55 million in funding for 68 technical assistance projects as of 31 December 2013.

When the Maldives joined ADB, it was among ADB's least developed member countries, with low average income levels. The Maldives has enjoyed sustained growth in the decades since, driven largely by its luxury tourism industry. As of January 2011, it graduated to middle-income status, and average incomes are now among the highest in South Asia. However, broad income disparities between Malé and the outer islands remain.

Meanwhile, as a small, island economy, the Maldives is extremely vulnerable to external shocks and the negative impacts of climate change.

ADB-Supported Projects and Programs

ADB-supported cross-sector projects and programs include public sector management, transport and information and communication technology (ICT), education, and energy. All assistance has come from ADB's Asian Development Fund (ADF), a concessional financing vehicle for developing member countries.

ADB-assisted projects have upgraded the country's commercial and domestic harbors, and strengthened the quality of power supplies to the capital and the outer islands, boosting growth and reducing regional economic disparities. Assistance has been provided for the ICT sector, resulting in increased competitiveness and improved connectivity.

In education, a postsecondary education development project has laid the groundwork for the first university in the country. In the wake of the devastating Indian Ocean tsunami of 2004, ADB's Tsunami Emergency Assistance Project helped the country's recovery by rapidly disbursing funds for the purchase of imported materials and equipment, carrying out repairs and upgrades to damaged infrastructure, and supporting livelihood restoration, particularly in the fisheries sector.

However, a sharp rise in government spending after the tsunami, as well as an expansion of the number of civil service employees, has led to an increasingly unsustainable fiscal deficit. ADB has implemented the Economic Recovery Program since 2009 to support the government's efforts to restore fiscal imbalances, while also establishing an enabling environment for private sector development. ADB supported the establishment of the Maldives Inland Revenue Authority in 2010, and subsequently followed up with the introduction

Table 4. Maldives: Project Success Rates

| Sector | % ^a | No. of Rated Projects/ Programs |
|-------------------------|----------------|---------------------------------|
| Education | 100.0 | 2 |
| Energy | 75.0 | 4 |
| Multisector | 50.0 | 4 |
| Transport and ICT | 80.0 | 5 |
| Total | 73.3 | 15 |
| Year of Approval | | |
| 1980s | 75.0 | 4 |
| 1990s | 80.0 | 5 |
| 2000s | 66.7 | 6 |

ICT = information and communication technology.

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

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2013.

Table 5. Maldives: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2012–2013

| Number of Ongoing Loans (as of 31 Dec 2013) | 2012 (\$ million) | | 2013 (\$ million) | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2012 (\$ million) | 2013 (\$ million) | 2012 (\$ million) | 2013 (\$ million) |
| Contract Awards/Commitments ^{a,b} | 2.3 | 0.1 | – | 0.3 |
| Disbursements ^a | 20.0 | 0.6 | – | 0.1 |
| Number of Ongoing Grants (as of 31 Dec 2013)^c | | | | |
| Contract Awards/Commitments ^{a,b} | – | 0.3 | – | 0.1 |
| Disbursements ^a | – | 0.1 | – | – |
| Actual Problem Projects (%) | – | – | – | – |

– = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

of an ad valorem goods and services tax. In 2013, ADB continued to provide technical assistance to support the government's comprehensive tax reforms, with the aim of rolling out a modern taxation system.

Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved \$16.5 million for two private sector projects in the Maldives' finance sector. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2013 was \$5.7 million, representing 0.1% of ADB's total nonsovereign portfolio.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2013, cumulative direct value-added official cofinancing for the Maldives amounted to \$14.2 million for four investment projects and \$2.3 million for four technical assistance projects.

Table 6. Maldives: Projects Cofinanced, 1 January 2009–31 December 2013

| Cofinancing | No. of Projects | Amount (\$ million) |
|-----------------------------|-----------------|---------------------|
| Projects ^a | 1 | 10.30 |
| Loans | 1 | 10.30 |
| Technical Assistance Grants | 2 | 1.55 |

^a A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2009 to 31 December 2013 is available at www.adb.org/countries/maldives/cofinancing

Partnerships

Since 1978, ADB has been a major development partner of the Government of the Maldives. As an ADF-only recipient, the biennial country allocation of ADF for the Maldives during the period of 2013–2014 totaled \$8.08 million, while the planned biennial allocation for 2015–2016 is indicatively \$8 million. Currently, the Maldives is eligible for 100% grants, and the actual value of the loans and grants will continue to be determined by future debt stress classifications annually.

The government's policy aims to foster development partners that are specialized in providing assistance to certain sectors or thematic areas, with the aim of reducing duplication and overlap, and minimizing aid transaction costs. In this context, ADB has focused on capacity building in public sector financial management, and support for transport, energy, and micro, small, and medium-sized enterprises (SMEs). ADB's program has been developed in close consultation with the United Nations, the World Bank, and other development partners. ADB's \$35 million Economic Recovery Program in 2009, for example, was provided in conjunction with commitments of almost \$87 million from the International Monetary Fund, and \$13.7 million from the World Bank for the Maldives' economic stabilization and recovery programs.

Procurement

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 188,780 contracts for ADB loan projects worth \$122.11 billion. During the same period, contractors and suppliers from the Maldives were involved in 194 contracts for ADB loan projects worth \$59.28 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 12,432 contracts for ADB loan projects worth \$5.28 billion. During the same period, consultants from the Maldives were involved in nine contracts for ADB loan projects worth \$2.45 million.

Table 7. Maldives: Share of Procurement Contracts

| Item | 2012 | | 2013 | | Cumulative (as of 31 Dec 2013) | |
|---------------------|---------------------------------------|---------------|------------------------|---------------|-----------------------------------|---------------|
| | Amount (\$ million) | % of Total | Amount (\$ million) | % of Total | Amount (\$ million) | % of Total |
| | Goods, Works, and Related Services | 18.87 | 0.25 | 0.10 | 0.00 | 72.75 |
| Consulting Services | 0.19 | 0.03 | 0.38 | 0.07 | 3.84 | 0.04 |

0.00 = less than 0.01%.

Table 8. Maldives: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2009–31 December 2013

| Contractor/Supplier | Sector | Contract Amount (\$ million) |
|--|--|---------------------------------|
| Maldives Transport and Contracting Company | Transport and ICT | 3.73 |
| Hoarafushi Advancement Society | Education | 0.27 |
| Sirius Enterprises | Water Supply and Other Municipal Infrastructure and Services | 0.18 |
| Biz 4 Maldives Private Limited | Water Supply and Other Municipal Infrastructure and Services | 0.10 |
| Center for Career and Technical Education | Education | 0.06 |

ICT= information and communication technology.

Table 9. Maldives: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Loan Projects, 1 January 2009–31 December 2013

| Consultant | Number of Times Contracted | Contract Amount (\$ million) |
|------------------------|----------------------------------|------------------------------------|
| AH & Associates | 1 | 0.00 |
| Individual consultants | 4 | 0.04 |

0.00 = less than \$10,000.

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 8,894 contracts for ADB grant projects worth \$4.54 billion. During the same period, contractors and suppliers from the Maldives were involved in 19 contracts for ADB grant projects worth \$13.47 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 2,433 contracts for ADB grant projects worth \$826.5 million. During the same period, consultants from the Maldives were involved in 29 contracts for ADB grant projects worth \$0.95 million.

Table 10. Maldives: Top Consultants Involved in ADB Grant Projects, 1 January 2009–31 December 2013

| Consultant | Number of Times Contracted | Contract Amount (\$ million) |
|------------------------|----------------------------------|------------------------------------|
| Individual consultants | 4 | 0.32 |

Table 11. Maldives: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2009–31 December 2013

| Consultant | Number of Times Contracted | Contract Amount (\$ million) |
|------------------------|----------------------------------|------------------------------------|
| Individual consultants | 22 | 0.31 |

From 1 January 1966 to 31 December 2013, consultants were involved in 28,709 contracts for ADB technical assistance projects worth \$3.3 billion. During the same period, consultants from the Maldives were involved in 43 contracts for ADB technical assistance projects worth \$0.44 million.

Operational Challenges

The Maldives' weak macroeconomic situation has resulted in operational challenges. Investments into the priority sectors in the country's national strategy have been insignificant. Large economic imbalances domestically and in the balance of payments accounts have seen the currency's exchange rate hover close to the upper limit of its official band of 20%. At the same time, obstacles to convertibility of the rufiyaa, coupled with the country's weak sovereign rating, remain deterrents to foreign investments. Furthermore, as the Maldives has been classed middle-income status, concessional aid has dried up significantly. Meanwhile, frequent changes of government policies have sent inconsistent signals. Capacity constraints and the highly dispersed geography of the island nation have also slowed implementation of projects financed by development partners.

Future Directions

According to the CPS 2007–2011, ADB took a sequential approach to the provision of ADB support to the Maldives, first concentrating on providing much-needed assistance in capacity development during the CPS period. In 2011, ADB developed an interim CPS for 2012–2013 and moved to the second phase of investment lending in SMEs, energy, and the transport sectors. The key thematic priorities include private sector development and capacity development for policy and project implementation.

Given the limited ADF country allocation for the Maldives, it is important that investments be highly focused. The priority sectors for the interim CPS, 2014 will focus on the energy and the transport sectors. The next full CPS, 2015–2019 will be aligned with the Government of the Maldives' development strategy, 2014–2018.

About the Maldives and ADB

ADB Membership

Joined 1978

Shareholding and Voting Power

| | |
|-------------------------------|---|
| Number of shares held: | 426 (0.004% of total shares) |
| Votes: | 39,873 (0.302% of total membership, 0.463% of total regional membership) |
| Overall capital subscription: | \$6.56 million |
| Paid-in capital subscription: | \$0.32 million |

Muhammad Sami Saeed is the Director and **Gaudencio Hernandez, Jr.** is the Alternate Director representing the Maldives on the ADB Board of Directors.

ADB's operations in the 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 department engages in policy dialogue and acts as a knowledge base on development issues in the 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 2013, lending volume was \$13.19 billion (101 projects), with TA at \$155.61 million (248 projects) and grant-financed projects at \$849.02 million (23 projects). In addition, \$6.65 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2009 to 31 December 2013, ADB's annual lending volume averaged \$12.19 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$801.70 million and \$165.66 million in TA over the same period. As of 31 December 2013, the cumulative totals excluding cofinancing were \$203.41 billion in loans for 2,629 projects in 44 countries, \$6.46 billion in 239 grants, and \$4.25 billion in TA grants, including regional TA grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

To access a complete list of development and economic indicators, visit:

Statistics and Databases
www.adb.org/data/statistics