



Asian Development Bank & Maldives

FACT SHEET

Table 1. Maldives: 2011 Loan, Technical Assistance, and Grant Approvals (\$ million)

Loans				
Sovereign	Nonsovereign	Technical Assistance	Grants	Total
–	–	1.13	–	1.13

– = nil.

Table 2. Maldives: Cumulative ADB Lending by Sector as of 31 December 2011^a

Sector	Loans (no.)	Amount (\$ million)	% ^b
Education	2	12.30	8.05
Energy	4	30.30	19.83
Finance	2	12.00	7.85
Industry and Trade	1	7.50	4.91
Public Sector Management	3	41.50	27.16
Transport and ICT	5	31.03	20.31
Water Supply and Other Municipal Infrastructure and Services	1	6.00	3.93
Multisector	3	12.18	7.97
Total	21	152.81	100.00
Total Disbursements		\$117.2 million	

ICT = information and communication technology.

^a Includes sovereign and nonsovereign loans.

^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.

Partnerships

The Asian Development Bank (ADB) has partnered with the Government of the Maldives since 1978. The government's policy 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 small- and medium-sized enterprises (SMEs). In this context, the country partnership strategy has been prepared in close consultation with the United Nations, the World Bank, and other development partners. To support the government in implementing the economic reforms, ADB has closely coordinated with the International Monetary Fund (IMF) to prepare its Economic Recovery Program. Both the Economic Recovery Program and IMF's Stand-By Arrangements were approved in December 2009.

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 in domestic and balance of payments accounts. Fiscal reforms and recent shifts in government priorities and policies have resulted in additional operational challenges. For example, it is a challenge for the government to implement a newly introduced business profit tax, and to carry out decentralization to establish provincial governments.

Future Directions

ADB's country partnership strategy (CPS), 2007–2011, took a sequenced approach to providing a holistic set of capacity development interventions in the first phase of the CPS. A series of readiness filters are applied to assess the feasibility of resuming support for new investment projects. The second phase of ADB's assistance provides strategic support for investments and reform in transport, power, and the development of SMEs. In the Maldives interim country partnership strategy, 2012–2013, human skills development will be an increasingly important sector for ADB's assistance to ensure a prepared and capable workforce.

Context

The Maldives has received \$172.80 million for 22 loan and grant projects, and \$24.31 million for 61 technical assistance activities since joining ADB. ADB's current portfolio comprises six ongoing loans and grants with a net loan amount of \$59.50 million (as of 31 October 2011).

In October 2007, ADB's Board of Directors endorsed the CPS, 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 microenterprises and SMEs, with an emphasis in private sector development. In December 2011, ADB approved the Maldives interim CPS, 2012–2013.

ADB-Supported Projects and Programs

ADB has focused on helping the Government of the Maldives develop infrastructure facilities, make policy reforms, develop capacity for various line ministries, and expand the private sector.

ADB has been one of the main contributors to the power sector, having extended four loans of more than \$30 million and seven technical assistance projects totaling \$1.8 million since 1984. ADB has recently shifted its focus to rural electrification in the outer islands, where the majority of the country's poor reside.

ADB has played a leading role in addressing issues related to the transport sector. To date, this assistance has focused on maritime transport, for which ADB has provided five regular loans. In 2002, ADB provided technical assistance to develop an overall master plan for the maritime sector. Building on this, the recent operations in the sector will help ensure sustained, equitable, and regionally balanced economic growth by providing better access to markets and social services for the outer atoll population. In August 2011, ADB approved technical assistance to address the regulatory framework necessary to oversee the maritime transport sector.

To facilitate private sector development, ADB approved a \$12 million private sector operation for the Housing Development Finance Corporation in April 2008 and, in June 2008, a technical assistance loan of \$7.5 million for microenterprise and SME development.

To restore fiscal imbalances and return the Maldives to its high growth trajectory, the government has decided to implement a far-reaching economic reform program. To support the government, the ADB Board of Directors approved the Economic Recovery Program in December 2009. At the core of the program is a very strong effort to bring down the fiscal deficit.

Table 4. Maldives: Development Indicators

Non-MDG	
Population in millions	0.33 [2011]
Annual population growth rate (%)	1.7 [2009–2011]
Adult literacy rate (%)	98.4 [2006]
Population in urban areas (%)	40.5 [2010]
MDG	
Population living on less than \$1.25 (PPP) a day (%)	1.5 [2004]
Population living below the national poverty line (%)	15.0 ^a [2010]
Under-5 mortality rate per 1,000 live births	15 [2010]
Population using an improved drinking water source (%)	98 [2010]

MDG = Millennium Development Goal, PPP = purchasing power parity.

^a Based on half the median of Atoll expenditure per person per day (Rf. 22).

Sources: ADB. 2012. *Basic Statistics 2012*. Manila; United Nations Educational, Scientific and Cultural Organization (UNESCO). 2012. Institute for Statistics Data Centre; World Bank. 2012. World Development Indicators Online.

Table 5. Maldives: Economic Indicators, 2007–2011

Economic Indicator	2007	2008	2009	2010	2011
Per capita GNI, Atlas method (\$)	4,610	5,440	5,230	5,750	...
GDP growth (% change per year)	10.6	12.2	(4.7)	5.7	7.5
CPI (% change per year)	7.4	12.3	4.0	4.7	9.7
Unemployment rate (%)
Fiscal balance (% of GDP)	(3.6)	(11.2)	(21.0)	(16.1)	(10.2)
Export growth (% change per year)	1.2	45.2	(49.0)	6.5	(4.3)
Import growth (% change per year)	18.3	26.6	(30.3)	14.9	17.4
Current account balance (% of GDP)	(28.4)	(34.2)	(21.6)	(22.3)	(31.9)
External debt (% of GNI)	59.1	52.5	57.3	53.0	...

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

Sources: ADB. 2012. *Asian Development Outlook 2012*. Manila; ADB staff estimates; World Bank. 2012. World Development Indicators Online.

Table 6. Maldives: Project Success Rates

Sector	% ^a	No. of Rated Projects/Programs
Education	100.00	1
Energy	75.00	4
Transport and ICT	75.00	4
Multisector	66.67	3
Total	75.00	12
Year of Approval		
1980s	75.00	4
1990s	80.00	5
2000s	66.67	3

ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program performance 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 2011.

Table 7. Maldives: Portfolio Performance Quality Indicators for Sovereign Lending, 2010–2011

	Number of Ongoing Loans (as of 31 Dec 2011)	
	2010 (\$ million)	2011 (\$ million)
Contract Awards/Commitments ^{a,b}	4.4	3.8
Disbursements ^a	25.9	7.0
Number of Ongoing Grants (as of 31 Dec 2011) ^c		
	2010 (\$ million)	2011 (\$ million)
Contract Awards/Commitments ^{a,b}	–	–
Disbursements ^a	(0.8)	0.1
Project at Risk (%)	25.0	

() = negative number, – = nil.

Note: Totals may not add up because of rounding.

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

^b Excludes policy-based lending/grants.

^c Includes only ADF and other ADB Special Funds.

Cofinancing

Cofinancing operations enable ADB's financing partners, government or their agencies, multilateral financing institutions, and commercial organizations, to participate in the financing of ADB projects. The additional funds are provided 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 the ADB's Trade Finance Program.

By the end of 2011, cumulative direct value-added official cofinancing for the Maldives amounted to \$3.9 million for three investment projects and \$0.8 million for two technical assistance projects.

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 a total of \$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 2011 totaled \$10.6 million, representing 0.2% of ADB's total nonsovereign portfolio.

Procurement

From 1 January 1968 to 31 December 2011, contractors and suppliers were involved in 197,338 contracts for ADB loan projects worth \$109.78 billion. During the same period, contractors and suppliers from the Maldives were involved in 215 contracts for ADB loan projects worth \$41.35 million.

From 1 January 1968 to 31 December 2011, consultants were involved in 12,179 contracts for ADB loan projects worth \$4.81 billion. During the same period, consultants from the Maldives were involved in 10 contracts for ADB loan projects worth \$2.57 million.

From 1 January 1968 to 31 December 2011, consultants were involved in 24,484 contracts for ADB technical assistance projects worth \$3.42 billion. During the same period, consultants from the Maldives were involved in 31 contracts for ADB technical assistance projects worth \$0.25 million.

Table 8. Maldives: Share of Procurement Contracts

Item	2010		2011		Cumulative (as of 31 Dec 2011)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods and Works	17.49	0.27	1.64	0.02	41.35	0.04
Consulting Services	0.02	0.00	0.06	0.01	2.82	0.03

0.00 = less than 0.01%.

Table 9. Maldives: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2007–31 December 2011

Contractor/Supplier	Sector	Contract Amount (\$ million)
Maldives Transport and Contracting Company	Transport and ICT	3.73
Power Engineering Pvt., Ltd.	Energy	2.15
Hoarafushi Advancement Society	Education	0.41
Focus Computers Pvt., Ltd.	Transport and ICT	0.27
Center for Career and Technical Education	Education	0.19
Rainbow Enterprises Pvt., Ltd.	Education	0.19
Sirius Enterprises	Water Supply and Other Municipal Infrastructure and Services	0.18
Center Enterprises Pvt., Ltd.	Education	0.14
Poseidon Simulation AS	Education	0.12
Maldives College of Higher Education	Education	0.09

ICT = information and communication technology.

Table 10. Maldives: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Loan Projects, 1 January 2007–31 December 2011

Consultant	Number of Times Contracted	Contract Amount (\$ million)
AH & Associates	1	0.003
Live and Learn Environmental Education (L&LEE)	1	0.26
Individual consultants	4	0.04

About the Maldives and ADB

ADB Membership

Joined 1978

Shareholding and Voting Power

Number of shares held:	426 (0.004% of total shares)
Votes:	39,916 (0.30% of total membership, 0.46% of total regional membership)
Overall capital subscription:	\$6.54 million
Paid-in capital subscription:	\$0.32 million

Gaudencio Hernandez, Jr. is the Executive Director and **Siraj Shamsuddin** is the Alternate Executive 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 South Asia 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 2011, lending volume was \$12.61 billion (104 projects), with TA at \$148 million (212 projects) and grant-financed projects at \$614 million (23 projects). In addition, \$7.7 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 2007 to 31 December 2011, ADB's annual lending volume averaged \$11.34 billion. In addition, TA and investment grants funded by ADB and special funds resources averaged \$755.3 million and \$175.0 million in TA over the same period. As of 31 December 2011, the cumulative totals excluding cofinancing were \$179.7 billion in loans for 2,423 projects in 42 countries, \$5.0 billion in 186 grants, and \$3.3 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