

January 22, 2001

## **MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT**

### **1. MALDIVES - COUNTRY ASSISTANCE EVALUATION**

This report was prepared in response to requests from several CODE members over the past year for brief evaluations that would serve as background for CAS discussions - raising questions but without necessarily providing in depth analyses of Bank experience. The cost of this evaluation is a fraction of the direct cost of a full country assistance evaluation, but overhead and managerial costs are similar. This CAE has been discussed with the Region and there are no significant differences in view. The report has also been shared with the Government. A draft of this evaluation was distributed to CODE in June 1999. This report is now being re-issued for the purpose of public disclosure.

The Republic of Maldives is a chain of 1200 low-lying islands in the Indian Ocean. Nearly 200 of the islands are inhabited by a population of 260,000. The Maldives has extensive fishery resources, is an attractive tourist destination, and expects to have preferential access to South Asian markets in 2001. On the negative side, the Maldives faces a range of development constraints typical to small island states. These include a small domestic market, a narrow and fragile resource base, a shortage of skilled personnel, difficult inter-island transport, high unit costs of social and economic infrastructure provision, and high vulnerability to external shocks and natural disasters.

The Maldives has achieved significant social and economic progress over the past two decades, following good macroeconomic and public investment policies as well as a largely favorable external environment. Driven by sustained growth in tourism, GDP grew an average of 8% a year since 1980, lifting the Maldives from being one of the 20 poorest countries in the 1970s to a lower middle-income country today (with a per capita income of \$1200). Encouraging social achievements have accompanied the high economic growth rates: access to basic social services, literacy, health indicators, and life expectancy have all improved significantly. To date the Maldives has maintained a significant public sector presence in commercial activities to help maintain stability and promote even income distribution. However, there is some question as to the efficacy of this strategy as there continue to exist marked regional disparities in income and access to basic social services. Key challenges ahead recognized by the government are to broaden its economic base to reduce vulnerability to external shocks; reduce regional disparities; and ensure protection of its fragile natural environment.

The Bank has played a positive, albeit limited, role in the Maldives over this period. Since 1979, six projects were financed and five formal economic reports produced. The Bank made a significant contribution to manpower development through two education projects and supported growth in tourism by helping upgrade the airport in Male. The Bank's economic reports provided a valuable periodic external overview of the economy. In fisheries, three Bank projects helped modernize the fishing fleet and strengthen public sector capacity in collecting, processing, and exporting fish. These achievements helped realize a significant increase in fish catch levels between 1980 and 1994. However, growth in the sector has since stagnated and employment has declined. A key question remains as to what extent the public sector monopoly is inhibiting growth in the sector. While Bank support in fisheries was responsive to government requests, in retrospect, the Bank could have done more to help introduce competition in the sector rather than only strengthen the monopolistic public sector presence. For this reason, while the outcome of Bank assistance over the decade is rated *satisfactory*, sustainability is considered *uncertain* and institutional development impact *moderate*.

To help the Maldives reduce its vulnerability to external shocks and consolidate its economic and social gains, the Bank - in close collaboration with other donors - should play a role in helping: (i) phase the public sector out of direct commercial activities, while strengthening the government's capacity to monitor and regulate private activity; (ii) establish an efficient targeted safety net to replace the current public sector involvement in commercial activities to meet social transfer objectives; (iii) prepare a public expenditure review to help improve revenues and expenditures as part of a strategy to deal with the eventual phase-out of concessional external financing; and (iv) integrate environmental protection policies into all aspects of economic development in the Maldives.

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**MALDIVES**  
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## Abbreviations and Acronyms

ADB	Asian Development Bank
CAE	Country Assistance Evaluation
CAS	Country Assistance Strategy
ESW	Economic and Sector Work
FIAS	Foreign Investment Advisory Service
GDP	Gross Domestic Product
GNP	Gross National Product
GOM	Government of the Maldives
ID	Institutional Development
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
NGO	Non-Governmental Organization
OED	Operations Evaluation Department
PAR	Performance Audit Report
PBD	Planning and Budgeting Department
SAARC	South Asian Association for Regional Cooperation
SAR	South Asia Region
TA	Technical Assistance
UNDP	United Nations Development Program

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## 2. Developments in the Maldives since 1980

2.1 *Opportunities and constraints* The Republic of Maldives is a chain of 1200 small, low-lying coral islands in the Indian Ocean. Nearly 200 of the islands are inhabited by a population of 270,000.<sup>1</sup> The Maldives has exclusive economic rights over some 900,000 sq. km. of sea surrounding the islands, which contains vast fishery resources. Sandy white beaches, clear lagoons, and a variety of species of tropical fish make the Maldives a very attractive tourist destination. Access to South Asian markets under an anticipated free trade agreement in 2001 offers potential for small-scale manufactured exports. On the downside, the Maldives faces a range of development constraints, many of which are typical to small island states. These include a small domestic market; a narrow and fragile resource base; a shortage of skilled manpower; difficult inter-island transport and communication; high unit costs of social and economic infrastructure provision; heavy dependence on external trade; and vulnerability to external shocks and natural disasters.

2.2 *Sound macroeconomic policies, enhanced by favorable external conditions.* The Maldives became fully independent in 1965. In 1978, President Maumoon Abdul Gayoom was elected into office and has since been re-elected five consecutive times. Since 1980, the Government of the Maldives (GOM) has pursued generally prudent macroeconomic policies. In two periods - in 1983-84 and again in the early 1990s - loosened fiscal control led to high fiscal deficits, increased domestic borrowing, and inflation. GOM reacted in both cases with stabilization programs that brought macroeconomic balances under control. Since 1989, several liberalization measures have been taken including the reduction of import quotas and duties; removal of government monopolies on dried and salted fish exports and on some import distribution activities; amendment of the foreign investment law to encourage foreign investment; and removal of sectoral limits on commercial bank lending. GOM has maintained a consistent public investment program aimed at expanding access to basic social and economic infrastructure; stimulating tourism; and increasing capacity in fisheries. Public expenditure on health and education tripled from less than 10% of total expenditure in the late 1970s to close to 30% in 1997. The need to improve access to primary and secondary education has been particularly emphasized. Two key external factors - economic conditions in Europe (the source of most tourists) and international fisheries prices - were generally favorable through most of this period.

2.3 *Sustained high growth and improvements in social conditions.* The good macroeconomic policies pursued by GOM, combined with favorable external conditions, resulted in an average GDP growth between 1980 and 1997 of over 8% a year. This growth has moved the Maldives from being one of the 20 poorest countries in the world in the 1970s (with a per capita income of less than \$100) to a lower middle-income country today (with a per capita income of \$1200). Sustained growth in tourism stimulated the import-distribution, construction, and transportation sectors and these four sectors now account for nearly 60% of GDP, up from 40% in the late 1970s. Primary production (dominated by fisheries) in turn declined from nearly 40% of GDP to less than 19% in 1997. A small manufacturing base, consisting of tuna canning and garment factories, has remained steady at around 6% of GDP. Encouraging social improvements accompanied the high growth rates and structural changes in the economy. Primary education is nearly universal. Illiteracy declined from around 18% in the 1970s to 7% in the mid-1990s. Infant mortality decreased from over 100 per thousand in the 1970s to 46 per thousand in 1996

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<sup>1</sup> All figures in this report are drawn from documents produced by the World Bank or the Government of the Maldives. In some instances, Bank staff estimates are used.

and the maternal mortality rate has been halved since 1987. Average life expectancy rose from 54 years in 1977 to 65 years in 1996.

2.4 *Challenges ahead.* The government has recognized a number of issues that remain to be addressed for the Maldives to consolidate its impressive economic and social gains. These include the need to broaden the Maldives' production base - both within tourism and fisheries, as well as to other industries - to reduce the vulnerability of the economy to external shocks. The detrimental impact on prices and competition resulting from the large direct role played by the public sector in commercial activities is a further key concern. The financial sector remains shallow and there are concerns that the legal and regulatory framework inhibits greater foreign investment. Despite targeted government efforts, marked regional disparities in income continue to exist and difficult inter-island transport and limited access to basic infrastructure and social services in some of the outer islands are concerns. Strengthened fiscal management, particularly broadening the narrow tax system and prioritizing expenditures, is expected to help ensure sustainable social and economic investments. Urban congestion is emerging as a serious problem in Male, where the number of people has more than doubled in the past decade. Consistent attention to preserving the Maldives' fragile marine resources will also be necessary to ensure sustainable growth.

### **3. Bank Assistance to the Maldives**

3.1 *Relevant objectives.* The Maldives became a member of the World Bank in 1978. The first lending operation was approved in 1979 and the first Bank economic report was completed in 1980. GOM objectives supported by the Bank in the early 1980s were to accelerate economic growth rates and ensure a more equitable distribution of its benefits among the atolls. The Bank identified fisheries and tourism as the key growth sectors, while improvement in agricultural methods was seen as a means of saving foreign exchange. In FY89, the Bank began supporting human capital development through expansion of access to secondary and tertiary education. In the early 1990s, private sector development was added as a central objective. Present Bank objectives in the Maldives, as defined in the most recent CAS (1995), are to help: (i) sustain strong economic growth to raise incomes and reduce poverty, especially in the outer atolls; (ii) broaden access to, and improve the quality of, social service delivery; (iii) enhance the role of the private sector; and (iv) strengthen institutional capacity. These assistance objectives were and remain highly appropriate for the Maldives, although as discussed below, a greater emphasis on protecting the Maldives' fragile natural environment would have enhanced Bank assistance.

3.2 *Selective lending with satisfactory project outcomes.* Bank lending in the Maldives has been concentrated in two sectors – fisheries and education. Six loans were provided since 1979, for a total commitment of \$47.3 million (of which \$44.6 million has been utilized). Three of these loans were in fisheries (approved in FY79, FY83 and FY92), two in education (FY89 and FY95), and one supported the upgrading of the airport in Male (FY90). Two major project initiatives to develop the outer atolls and to develop manpower training capacity were dropped in the late 1980s, when the Bank and GOM failed to reach agreement on the scope of these projects. All five completed projects were rated satisfactory at completion. Three of four projects rated for sustainability were considered likely to be sustainable, and three of four were considered to have had a substantial institutional development impact. Evaluations of completed operations indicate that GOM was fully committed to the success of each project and implemented them well. Borrower performance ratings for preparation, appraisal, and compliance were rated satisfactory in each project. Bank performance was satisfactory in each operation with the exception of the

appraisal of the last fisheries project. As discussed below, this was rated unsatisfactory due to inadequate attention to structural issues in the fisheries sector.

3.3 *Good ESW, although with some omissions and friction on its content and tone.* Formal Bank ESW on the Maldives consists of five Country Economic Memorandums (CEMs), produced in 1980, 1984, 1991, 1994, and 1999 (forthcoming). CAS presentations were made to the Board in 1991 and 1995. Although sparse, the Bank's economic work has played a valuable role in providing a periodic external overview of development progress and challenges ahead. The CEMs have been of good quality and contained recommendations across a range of sectors that remain valid with hindsight. In retrospect, however, two key omissions can be identified in the Bank's work: none of the two CEMs of the 1980s identified private sector development as a priority and none of the first four CEMs highlighted the importance of policies to protect the Maldives' fragile natural environment. These issues were subsequently covered - the central theme of the 1991 CEM was private sector development and the green cover FY99 CEM dwells extensively on environmental issues. GOM has stated that it appreciates the Bank's economic reports and would like more Bank ESW. However, there has been regular friction in the past between the Bank and GOM on the content and tone of Bank reports. GOM has argued that Bank reports have been too negative or failed to adequately recognize progress made by the government. One draft CEM in the late 1980s was dropped when GOM strenuously objected to it on this grounds. The Bank's position has been that its reports have been largely accurate and objective but that GOM has been reluctant to accept references to shortcomings in past performance or economic policy because of fears that the reports will negatively affect both internal and external confidence in the country. While these concerns are valid, OED supports the Bank's view that the value of its reports is in their objectivity and that this must be maintained.

3.4 *Limited emphasis on environmental issues, until recently.* None of the first three economic reports identified preserving the Maldives' fragile environment as a major issue and the Bank's two CASs did not present this as an objective. The negative consequences of a limited emphasis on environmental issues can be observed in Bank projects. Under the two education projects, there was some use of coral reefs in the construction of school buildings, which is an unsustainable approach. The airport-upgrading project did not include a sewage treatment component, resulting in waste from the airport being discharged untreated into the sea. The first two fisheries projects did not address the inadequacy of information on fish resources in the Maldives. The PAR for the Fisheries II project reported that while skipjack tuna stocks in the wider economic zone are abundant, bait fish and fish catch in the atoll areas were reaching maximum sustainable yields. The third fisheries project made a positive step by including provisions to strengthen fish catch data collection and analysis. The current CEM also appropriately highlights environmental issues and it is expected that future Bank assistance will pay particular attention to this area. For example, in preparing the proposed third education project, written assurances have been obtained from GOM that coral will not be used in civil works.

3.5 *Mixed impact on women.* Maldivian women enjoy relatively high levels of economic freedom: in UNDP's Gender Empowerment Measure, the Maldives has the highest rank in South Asia. Traditional economic activities for women have been processing dried fish, coir-rope and handicraft-making, weaving, subsistence agriculture, and collecting firewood. However, both economic change and cultural restrictions have resulted in declining female participation in the formal labor market (declining from 60% in 1978 to 21% in 1995). The Bank's fisheries projects recognized the need to protect female employment in fisheries as far as possible, while creating opportunities in other sectors in the longer-term. However, women's employment in fisheries has declined significantly. With the introduction of the collection systems fishermen began to sell



their catch rather than bring it home to be smoked and dried by women. This increased household incomes, but reduced the participation of women. In tourism, women are observed to be playing a much smaller role than women in tourist industries in other countries. Only 100 out of 5000 Maldivian employees in the tourist sector are women. This is attributed to social norms that discourage Maldivian women from interacting closely with foreign visitors in the resort hotels. This is an issue that has been recognized by the Bank, but without prescriptions due to its socio-cultural nature. In education, Bank-financed projects have been particularly sensitive to their impact on women and they have helped realize a significant increase in girls' secondary school enrollment.

3.6 *Donor Coordination.* UNDP maintains the largest physical donor presence in the country and has assumed the principal role in donor-coordination. Donor Round Table Meetings are organized every four years. Due to the Bank's limited ESW program, the Bank has relied on other donors for sector work (particularly ADB and UNDP) and on the IMF for macro-economic updating. Other donors, including OPEC, IFAD, and NORAD have followed the Bank's lead in fisheries. ADB, which is the largest donor in the Maldives, is presently focusing on fiscal management; social and economic infrastructure in the outer islands; and environmental issues. Japan is the largest bilateral donor and has focused on physical infrastructure development, including the sea wall, schools, and telecommunications. The Islamic Development Bank also provides significant lending assistance for sectoral projects. Since the mid-1980s, a number of bilateral donors (Germany, EEC, Saudi Fund, Danida) have supported an effective water supply and sewerage program that has provided access to safe water to some 86% of the population in the outer atolls. The Kuwait Fund financed a tourist master plan in the early 1980s that set the basis for rapid expansion in the sector. IFC has an investment in a resort hotel. With encouragement from GOM, IFC plans to explore investments in water-transport and provide advisory services to develop small business, non-bank financial services, multi-modal transport, and fisheries.

3.7 *Costs and benefits of the selective Bank role in the Maldives.* In the Maldives, the Bank selected and then focused on a few areas in its assistance strategy – education, fisheries, and economic reporting every 4 - 5 years. This strategy has been generally effective and GOM, with the assistance of other donors, has progressed effectively in areas not supported by the Bank. However, there have also been costs associated with the Bank's limited role. In particular, Bank assistance has lacked a strategic nature that fully incorporates inter-sectoral and inter-objective linkages. As discussed below, in some cross-cutting areas – especially private sector development – progress has been slow and a greater Bank role in these areas may have enhanced overall development in the Maldives. To a large extent, selectivity on the part of the Bank was determined by the small borrowing capacity of the Maldives and a correspondingly limited Bank administrative budget for non-lending services. Due to the small size of the country, Bank assistance to the country is at a high per capita cost. In addition, the average completion cost per project in the Maldives was higher than those of Pacific Island countries (PICs) due to the inability to consolidate Bank activities across several countries, as is done in the Pacific.

## **4. Achievement of Objectives**

### **Contribution to Sustaining Growth**

4.1 *Despite effective implementation of fisheries projects, growth in the sector has declined.* In fisheries, three successive projects (totaling \$18.2 million) aimed at modernizing the fishing

fleet and increasing public sector capacity in the sector. Results of the projects include: (i) mechanization and restructuring of the artisan fishing fleet; (ii) establishment of a state-owned modern refrigeration and canning plant at Felivaru; (iii) establishment of the state-owned Kooddoo fisheries complex, comprising a harbor, tugboat, cold storage, and collector vessels; and (iv) improvements in public institutional capacity to collect, process, and market fish. These achievements helped increase capacity and efficiency in public sector fisheries as well supported GOM's social objectives of ensuring that all regions benefited from fishing income and that minimum prices for fishermen were ensured. However, despite estimates of considerable untapped potential in fisheries, growth rates in the sector have steadily declined from 5.6% in 1986-1989 to 2.8% in 1990-1993 and to just 1.2% a year in 1994-1997. Fisheries share in GDP has shrunk from 30% in the 1970s to 10% today. While this outcome can be partly attributed to fluctuating world tuna prices and fish migratory patterns, there are also serious questions as to whether the structure of the fisheries sector in the Maldives is the most efficient and whether the public sector apparatus has the resources or incentives to tap the vast fisheries resources in the economic zone.

4.2 *The dominant role of the public sector in fisheries is a major concern.* While private individual fishermen do the fishing in the Maldives, the state-owned Maldives Industrial Fisheries Company (MIFCO) has a monopoly on the processing, distribution, and export of canned and frozen fish. The private sector is allowed to compete in only two specialized markets: dried/salted fish (largely to Sri Lanka) and yellow fin tuna (mainly to Japan). GOM's rationale for retaining a monopoly in fisheries has been that (i) privatization will lead to a private sector monopoly; (ii) the private sector may not be active at times of declining fish prices, with consequent implications for employment and export earnings; and (iii) the private sector would focus on areas in the Maldives with the most fish stocks, with consequent adverse implications for employment and incomes in marginal areas. However, it is unclear that the public sector is achieving either its social or economic objectives. Following introduction of motorized and larger fishing vessels, employment in fisheries has declined and incomes have been increasingly concentrated among owners of larger vessels. In terms of growth, increased export earnings is attributed to rapid expansion of the private sector in the dried/salted fish markets. Exports of fresh/frozen fish, which is largely in the domain of the public sector, declined from 51% of total exports in 1986 to 25% in 1997. The ICR of the third fisheries project reported that after private sector activity in dried/salted fish began, the public sector cold-storage and canning facilities financed by the Bank were underused. MIFCO currently carries a heavy debt burden and does not seem to have the investment resources, institutional capacity, or incentives to increase its efficiency and growth. On the other hand, the strong performance of the private sector in the dried/salted fish markets raises the question as to what extent growth in canned tuna and frozen fish exports is being suppressed by the public sector monopoly.

4.3 *Questionable relevance of Bank interventions in fisheries.* With hindsight, Bank lending in fisheries might have done more to help liberalize the fisheries sector rather than only strengthen the role of the public sector. To some extent, Bank assistance to expand the public sector presence in the 1980s reflected best practices in agriculture at the time. However, the FY92 Third Fisheries project should have done more to promote a more competitive environment. The 1991 CEM recommended that "*greater private sector participation in fish processing activities should be encouraged by opening up the sector to foreign investment, sale of selected [public sector] assets, and removal of export restrictions on canned and frozen tuna products*". The appraisal team for the Fisheries III project raised this issue but acquiesced to GOM's firm contrary position and proceeded with the project without pressing for restructuring in the sector. In retrospect, a more relevant sector strategy would have been to enable market forces in fisheries, while strengthening GOM's oversight role in the industry, and at the same time providing targeted direct safety net transfers to protect the poorest regions and fishermen.

As a consequence of the questionable sector strategy supported by the Bank, despite a long Bank presence and effective implementation of the three fisheries projects, the main objective of stimulating and sustaining growth in the fisheries sector has yet to be achieved.

4.4 *Positive contribution to tourism development.* Rapid growth in the tourist industry has driven the Maldives' economy over the past decade. Consistently high growth rates have stimulated growth in transportation, import-distribution, and construction. Bank financial support in the sector consisted of a \$7.5 million contribution to the Male Airport Upgrading Project, which extended the runway, expanded the terminal building, and developed aircraft parking areas. Since completion of the project, the Male Airport Authority has emerged as a self-sustaining agency that does not require GOM funds for its investments and operations. Each of the Bank's CEM's also identified constraints to tourism, many of which have been addressed by GOM. However, a major concern in the development of the tourist industry is that due to its enclave nature, its direct impact on local employment and income distribution has been very limited. There remains a need to promote greater linkages with local activities. Other outstanding issues identified by the Bank are the limited length of land leases and the need to renegotiate rents every 5 years, which may discourage investment; the lack of access to long-term finance for potential investors; and the potential disincentive effects of GOM's flat \$6 per person per night tax on the tourism industry.

### **Contribution to Expanded Access to Social Services**

4.5 *Significant contribution to manpower development.* Since the late 1980s, the Bank has played a significant role in the post-primary education sector in the Maldives and encouraging results have been seen. Bank financial assistance consisted of the FY89 Education and Training Project (\$8.2m) and the FY95 Education Project (\$13.4m). A third education project is scheduled for FY00. A key achievement of these projects was in increasing access to secondary education. The number of children enrolled in secondary school doubled between 1993 and 1998 and the present gross secondary school enrolment ratio (grades 8-10) is 46.2%, which is on par with the South Asia region average. Under the Bank-financed program, the first secondary school outside Male was built in 1992 and construction of other regional secondary schools was begun. A one-year transition program for entering secondary school students was introduced, during which children who are taught in *Dhivehi* in primary school learn English, which is the medium for secondary school instruction. This has helped reduce a bias in education that favored the English speaking elite. Prior to 1998, no local tertiary education was available in the country and the Bank financed an increase in the number of fellowships abroad from less than 200 in 1989 to almost 500 in 1996. Reports indicate that all trainees returned to the Maldives after completing their studies, joining both the public and private sectors. In 1998, the Maldives College of Higher Education was established to provide technical and vocational tertiary education. The Bank has helped develop the management and teacher education departments of the college. Bank-financed studies on the teacher and labor markets strengthened the knowledge base in the education sector and GOM has consistently implemented recommendations of these studies. Challenges remain to increase the quality of primary education and further expand access to quality secondary education as well as to increase the efficiency and managerial autonomy of tertiary institutions.

### **Contribution to Private Sector Development**

4.6 *Limited Bank role in private sector development.* Although private sector development was identified as a major Bank objective in 1991, the Bank has played only a limited role in this area. An institutional development grant in 1994 was approved to help the Ministry of finance

better track the financial performance of public corporations and assess the scope for reform and divestiture. In addition, both the FY91 and forthcoming FY00 CEMs identified a range of issues inhibiting a more dynamic role for the private sector in the economy. However, implementation of the Bank's recommendations has been only partial. While GOM has made progress in enabling private sector participation in some sectors, the state still plays a dominant role in the production and distribution of private goods and it officially prohibits competition and dictates prices in some sectors. A monopolistic or significant public sector role is present in canned and frozen tuna; import and distribution of basic foodstuffs; utilities; construction; transport; and banking. None of the Bank's projects contained components aimed at improving the competitive environment or liberalizing markets. In particular, as discussed above, despite a significant involvement in fisheries, the Bank did not press for greater competition or for phasing out the direct public sector role. The third fisheries project proposed a study to examine expanding the role of the private sector in fisheries, but this study was not undertaken. Unfortunately, OED's 1994 audit of the Fisheries II project also did not question the lack of competition in the fisheries sector.

4.7 *A more market-friendly strategy to promote income distribution should be explored.* The main reason for limited progress in private sector development has been GOM's concerns that in a small country like the Maldives, privatization can lead to detrimental private monopolies that may upset stability and have adverse income distribution implications. As discussed above, one of the objectives of public involvement in fisheries is to protect disadvantaged regions as well as ensure minimum income levels for fishermen. Likewise, the public monopoly on the import of basic foodstuffs ensures reasonable price levels and delivery of food in adverse conditions. To date, rapid growth in tourism has driven the Maldives economy and suppressed the need to alter or excessively question this strategy. However, the strategy has also led to a vulnerable economy that is dependent on a single sector for economic growth. In addition, it has not been successful in achieving its main objective of ensuring equitable development: marked regional disparities continue to exist in terms of household income as well as access to social services. Although fisheries and agriculture now account for only 16% of GDP, as much as 75% of the population still depend on these two activities for their livelihoods.

## **5. Outcome: Satisfactory**

5.1 *Valuable Bank contribution, with some limitations.* The Maldives has achieved significant social and economic progress over the past two decades, raising its per capita income from under \$100 to over \$1200. High growth rates have been accompanied by significant improvements in social indicators. These positive outcomes have been the result of good macro-economic management and public investment policies by GOM, combined with largely favorable external conditions. At the same time, the Maldives economy possesses a vulnerability caused by dependence on a single, enclave-type sector for growth. Marked regional disparities continue to exist, despite a strategy to ensure equitable income distribution through public ownership of commercial assets. The Bank played a positive, though limited, role in the Maldives over this period, constrained by the size of the country and a correspondingly small administrative budget. The Bank made a significant contribution to manpower development and played an effective supporting role in upgrading the airport as part of GOM's tourism infrastructure development strategy. The Bank's economic reports provided valuable periodic external assessments of the economy. In fisheries, the Bank financed a modernization of the fishing fleet and expansion in public sector capacity that helped double fish catch levels. However, high growth levels in fisheries have not been sustained and with increased capital-intensity, employment in the sector is declining. There is some question as to whether the public sector approach the Bank supported

was the most efficacious. In retrospect, a more appropriate strategy is likely to have been to enable competition and market forces as far as possible, while strengthening GOM's regulatory and oversight capacity and targeting direct safety net transfers to the most vulnerable.

## **6. Institutional Development Impact: Moderate**

6.1 *Positive impact, although a large outstanding agenda remains.* Each of the Bank's projects contained components aimed at upgrading the capacity of public agencies administering the projects (MOF, MEHRE). The Bank also provided a \$0.24 million Institutional Development grant in 1994 to support capacity building for public enterprise reform. Institutional development under the education projects was substantial. As one example, the fellowship program was centralized under the National Scholarship Program. This development has helped ensure that recruitment and training criteria that best match training with economic needs are applied and that best candidates are selected for training. Results to date indicate that the quality of candidates and responsiveness of training programs to national needs have increased. The Ministry of Education has also adopted and maintained a strong policy-oriented and strategic focus in the education sector, which has been a critical element in progress to date. A liberal expatriate labor policy has helped alleviate the shortage of skilled personnel. On the downside, the Bank has not had a consistent presence in the Maldives and the breadth of its impact has been limited. In particular, progress in addressing a range of institutional issues identified by the Bank that impede the efficiency of resource allocation (i.e. official monopolies; business law; the foreign investment regime; the land-lease regime) has been slow (although there are recent indications of progress in the tourism sector). While Bank staff assessments have also questioned the adequacy of the institutional framework for financial accountability in the Maldives, the Bank has not been able to have an influence in this area.

## **7. Sustainability: Uncertain**

7.1 *Sustainability of investment projects.* Sustainability of Bank-financed investments in fisheries is uncertain. The public sector has not shown itself to be effective in commercial fisheries and the state organization that operates the assets (MIFCO) carries a high debt burden and non-performing assets that preclude it from being financially sustainable. The canning and freezing complexes are potential candidates for privatization, which would increase the likelihood of their sustainability. The airport authority is reported to be self-sustaining and is able to finance its own investments and operating costs. In secondary education, GOM recovers the costs of text-books from students (while maintaining a safety net scheme for the poorest), reducing the fiscal burden of the program. The sustainability of the scholarship program was enhanced by cost-recovery and bonding schemes. However, continued high spending in education and other social sectors will require a sustained emphasis on sound fiscal management and improved revenue generation measures. This is particularly the case given the likelihood of reduced concessional financing in the medium term due to the Maldives' middle-income status. At present, only limited information on expenditures is available and a fiscal expenditure review should help prioritize expenditures as well as broaden the revenue base.

7.2 *Sound, but narrow, growth base.* Overall, the Maldives achievements in economic and social development are likely to be sustained, subject to continued favorable external conditions and appropriate environmental protection policies. As discussed above, economic diversification,

both within tourism and fisheries as well as to other activities will broaden the sources of growth, public revenues, foreign exchange, and employment and help ensure sustainability. In tourism, the Maldives has been able to make some progress in diversifying the origin of its tourists to East Asia, although over 70% still are from Europe. Small-scale manufacturing and off-shore banking are potential growth avenues for the Maldives identified by GOM. With prudent debt management and access to grants and concessional financing, the Maldives has maintained a low debt service ratio (averaging 4% since 1990). However, with the rise in GDP per capita to above \$1200, it is likely to face reduced access to concessional financing in the medium term. For the moment, the Bank has exempted the Maldives from graduating to IBRD status (keeping it IDA-eligible) due to the economy's high vulnerability to external shocks.

## 8. Implications for Bank Assistance

8.1 *Future assistance.* The challenge ahead for the Maldives is to consolidate its economic and social gains by (i) broadening its economic base to reduce its vulnerability to external shocks; (ii) expanding access to basic social and economic infrastructure in the outer atolls; (iii) developing a sustainable and market-friendly social safety net; and (iv) ensuring that its fragile natural environment is protected. A Bank emphasis on collaboration with other donors will be essential to ensure optimal use of external resources. OED recommends that the Bank work closely with other donors to help the Maldives:

- *enhance the role of the private sector* by helping introduce competition and phase the public sector out of direct production activities, and by providing technical assistance to strengthen GOM's capacity to regulate private sector activities;
- *establish a more efficient safety net system* to replace current reliance on public ownership of commercial assets to meet social transfer objectives;
- *prepare a public expenditure review* to help improve revenues and expenditures as part of a strategy to deal with the eventual phase-out of concessional external financing; and
- *integrate environmental protection policies* into all aspects of economic development in the Maldives to prevent depletion of its natural resources and ensure a sustainable growth path.



**ANNEX TABLE 1:  
MALDIVES: KEY ECONOMIC INDICATORS**

Series Name	1960-1979	1980-1989	1990-1997	1990	1991	1992	1993	1994	1995	1996	1997
Exports of goods and services (% of GDP)		26.3	36.1	36.1							
Imports of goods and services (% of GDP)		71.7	94.4	94.4							
Trade (% of GDP)		98.0	130.5	130.5							
Export duties (% of exports)	1.5	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	
Import duties (% of imports)	2.5	11.2	14.8	14.0	15.2	15.5	15.1	15.1	14.8	13.8	
Manufactures exports (% of merchandise exports)	3.5	31.1									
Transport services (% of total service exports)	38.3	43.1	13.3	23.8	21.5	14.2	13.7	6.1	7.3	6.4	
International tourism, expenditures (% of total imports)		4.8	10.7	9.4	10.3	10.1	12.4	12.4	10.3	9.6	
International tourism, number of arrivals		100,800	257,429	195,000	196,000	236,000	241,000	280,000	315,000	339,000	
International tourism, receipts (% of total exports)		35.1	62.0	50.1	51.5	62.9	67.4	66.3	66.1	69.6	
Travel services (% of total service exports)	57.4	49.0	84.0	74.1	76.2	82.0	82.2	91.5	90.3	92.0	
Travel services (% of total service imports)	0.5	15.5	43.4	39.5	45.4	43.5	52.7	44.3	40.0	38.5	
Trade (% of GDP, PPP)		38.7	42.6	37.8	38.8	37.3	33.9	37.0	50.5	63.1	
Money and quasi money (M2) as % of GDP		40.1	43.4	38.6	39.9	37.4	43.5	46.1	46.6	51.9	
Money and quasi money growth (annual %)	14.4	18.9	22.7	18.7	24.9	13.0	36.3	24.2	15.6	26.0	
Claims on private sector (% of GDP)		22.7	17.3	18.3	14.7	12.7	16.7	18.2	20.5	19.9	
Domestic credit provided by banking sector (% of GDP)		65.5	50.1	48.8	46.9	44.6	57.5	55.6	52.1	45.0	
Domestic financing, total (% of GDP)		2.4	6.1	6.8	6.8	9.3	15.7	3.6	0.3	0.6	
Inflation, GDP deflator (annual %)		8.1	9.1	4.4	12.5	13.2	10.5	10.0	6.7	6.2	
Population density (people per sq km)	411.2	606.7	784.0	716.7	738.6	760.9	783.6	806.6	830.0	851.8	
Population density, rural (people per sq km)	3,484	4,567	5,686	5,311	5,458	5,608	5,759	5,913	6,067		
Population growth (annual %)	2.3	3.1	2.9	3.1	3.0	3.0	2.9	2.9	2.9	2.6	2.6
Population, total	122,153	182,000	238,586	215,000	221,580	228,280	235,080	241,990	249,000	255,530	262,230
Urban population (% of total)	14.7	24.6	26.6	25.9	26.1	26.3	26.5	26.7	26.9	27.2	27.5
Life expectancy at birth, female (years)	48.6	55.0	62.2	59.8		60.8			62.8	63.4	64.1
Life expectancy at birth, male (years)	51.2	57.6	64.1	62.4		63.4			64.5	64.8	65.2
Life expectancy at birth, total (years)	49.9	56.3	63.1	61.1		62.1			63.7	64.2	64.7
School enrollment, primary (% gross)			130.6			130.0	134.0		133.0	131.0	125.0
School enrollment, secondary (% gross)			44.0			44.0					
Secondary education, general pupils (% female)	46.9		49.4			49.1	49.6				
Public exp. on education, total (% of GNP, UNESCO)		4.4	9.5	6.3	11.6	12.0	8.1				
Mortality rate, infant (per 1,000 live births)	128.4	90.4	55.0	68.8		60.0			51.6	48.8	46.0
Safe water (% of population with access)			68.9				68.9				
Sanitation (% of population with access)		15.0	44.0				44.0				



**Annex Table 2: Maldives and Comparator Countries: Key Economic Indicators, 1990-97**

	Maldives	Sri Lanka	Bhutan	Nepal	Fiji	Seychelles	Mauritius	Solomon Islands	Micronesia
Lending interest rate (%)	...	14.3	16.1	13.6	11.7	15.7	18.6	17.9	...
Domestic credit provided by banking sector (% of GDP)	50.1	37.3	8.2	30.8	44.5	63.5	57.7	33.7	...
Inflation, consumer prices (annual %)	...	12.3	10.7	9.6	4.2	1.4	7.8	10.8	...
Money and quasi money (M2) as % of GDP	43.4	31.8	27.4	35.5	52.5	44.1	71.2	28.5	...
Money and quasi money growth (annual %)	22.7	18.9	20.6	18.9	9.8	12.1	16.4	17.6	...
Export duties (% of exports)	0.0	0.8	0.2	1.1	1.7	...	1.4	7.1	...
Import duties (% of imports)	14.8	13.1	0.4	10.2	14.8	55.1	16.5	25.1	...
Tax revenue (% of GDP)	20.5	17.8	5.7	7.7	21.5	38.7	19.3	19.6	...
Taxes on goods and services (% of current revenue)	19.1	49.7	20.3	38.0	26.2	5.0	23.5	3.4	...
Taxes on income, profits and capital gains (% of current revenue)	1.7	13.0	8.6	10.0	33.5	10.9	12.9	30.6	...
Taxes on international trade (% of current revenue)	38.1	22.3	1.1	28.5	25.1	46.1	40.6	54.7	...
International tourism, expenditures (% of total imports)	10.7	2.9	...	7.3	4.3	10.1	6.1	6.8	...
International tourism, number of arrivals	257,429	359,286	3,429	324,286	297,286	110,143	373,286	11,287	...
International tourism, receipts (% of total exports)	62.0	5.6	3.6	20.3	26.5	43.1	16.2	4.0	...
Pupil-teacher ratio, primary	...	28.8	30.5	38.8	31.2	17.2	22.1	21.9	...
School enrollment, primary (% gross)	130.6	108.8	...	109.4	126.3	96.0	107.0	88.8	...
Health expenditure per capita (current US\$)	...	12.0	...	9.0	74.0	...	109.0	54.0	...
Illiteracy rate, adult female (% of females 15+)	7.0	14.7	73.7	86.4	10.7	...	23.3	...	...
Illiteracy rate, adult male (% of males 15+)	6.7	6.6	46.3	60.8	6.2	...	13.8	...	...
Illiteracy rate, adult total (% of people 15+)	6.8	10.7	59.7	73.5	8.4	21.0	18.6	...	...
Immunization, measles (% of children under 12 months)	94.6	83.6	76.7	69.2	87.8	93.4	82.5	76.0	90.0
Life expectancy at birth, total (years)	63.1	72.4	52.2	55.7	71.9	71.0	70.7	62.3	65.5
Mortality rate, infant (per 1,000 live births)	55.0	16.4	109.2	90.3	20.3	17.2	18.1	41.9	33.6
Safe water (% of population with access)	68.9	46.0	64.0	46.0	100.0	97.0	98.0	...	29.3
Sanitation (% of population with access)	44.0	52.0	41.0	20.0	92.0	92.3	100.0	...	38.5
Population growth (annual %)	2.9	1.2	2.8	2.6	1.4	1.5	1.1	3.2	2.1
Population density (people per sq km)	784.0	273.1	14.0	142.3	42.2	162.2	539.8	12.7	...
Urban population (% of total)	26.6	21.9	5.8	9.9	40.2	53.0	40.6	16.3	27.3
Claims on private sector (% of GDP)	17.3	23.0	6.6	17.3	38.3	12.7	16.4	15.3	...

**ANNEX TABLE 3: MALDIVES: CHANGES IN THE STRUCTURE OF THE ECONOMY**

	1986	1987	1988	1989	Average 1986-1989	1990	1991	1992	1993	Average 1990-1993	1994	1995	1996	1997 est	Average 1994-1997
Real GDP Growth Rate	<b>8.6%</b>	<b>7.3%</b>	<b>10.3%</b>	<b>9.3%</b>	<b>8.9%</b>	<b>16.2%</b>	<b>7.6%</b>	<b>6.4%</b>	<b>6.2%</b>	<b>9.1%</b>	<b>6.6%</b>	<b>7.1%</b>	<b>6.5%</b>	<b>6.2%</b>	<b>6.6%</b>
<b>Percent of GDP</b>															
Agriculture	11.7%	11.1%	10.4%	9.8%	<b>10.7%</b>	8.9%	8.6%	8.4%	8.2%	<b>8.5%</b>	8.0%	7.7%	7.3%	7.0%	<b>7.5%</b>
Fisheries	16.6%	16.6%	16.1%	15.7%	<b>16.3%</b>	15.1%	15.1%	13.6%	12.4%	<b>14.0%</b>	11.8%	11.0%	10.8%	10.0%	<b>10.9%</b>
Coral and Sand Mining	1.9%	1.9%	1.8%	1.8%	<b>1.8%</b>	1.8%	1.8%	1.8%	1.8%	<b>1.8%</b>	1.7%	1.7%	1.7%	1.6%	<b>1.7%</b>
<i>Total Primary Sector</i>	<i>30.1%</i>	<i>29.7%</i>	<i>28.3%</i>	<i>27.3%</i>	<b><i>28.8%</i></b>	<i>25.8%</i>	<i>25.5%</i>	<i>23.7%</i>	<i>22.4%</i>	<b><i>24.3%</i></b>	<i>21.5%</i>	<i>20.5%</i>	<i>19.8%</i>	<i>18.6%</i>	<b><i>20.1%</i></b>
Construction	8.1%	6.9%	8.3%	8.4%	<b>7.9%</b>	8.6%	8.8%	9.1%	9.2%	<b>8.9%</b>	9.1%	9.3%	9.7%	11.2%	<b>9.9%</b>
Manufacturing	5.5%	5.7%	5.7%	5.7%	<b>5.6%</b>	5.7%	5.8%	6.0%	6.1%	<b>5.9%</b>	6.2%	6.3%	6.1%	5.9%	<b>6.1%</b>
<i>Total Secondary Sector</i>	<i>13.6%</i>	<i>12.5%</i>	<i>13.9%</i>	<i>14.1%</i>	<b><i>13.5%</i></b>	<i>14.2%</i>	<i>14.6%</i>	<i>15.1%</i>	<i>15.4%</i>	<b><i>14.8%</i></b>	<i>15.4%</i>	<i>15.6%</i>	<i>15.8%</i>	<i>17.0%</i>	<b><i>16.0%</i></b>
Distribution	15.9%	16.5%	16.7%	17.1%	<b>16.5%</b>	17.0%	17.4%	18.1%	19.1%	<b>17.9%</b>	19.1%	19.3%	19.3%	19.7%	<b>19.4%</b>
Transportation	5.2%	5.3%	5.3%	5.3%	<b>5.3%</b>	5.8%	6.3%	6.4%	6.6%	<b>6.3%</b>	6.6%	6.7%	7.1%	7.2%	<b>6.9%</b>
Tourism	17.2%	17.5%	17.4%	17.5%	<b>17.4%</b>	18.1%	17.4%	17.7%	17.1%	<b>17.6%</b>	17.8%	18.4%	19.1%	19.2%	<b>18.6%</b>
Real estate	4.3%	4.4%	4.4%	4.4%	<b>4.4%</b>	4.1%	4.2%	4.2%	4.2%	<b>4.2%</b>	4.3%	4.3%	4.1%	4.0%	<b>4.2%</b>
Other Services	5.1%	5.4%	5.6%	5.8%	<b>5.5%</b>	5.7%	5.8%	6.0%	6.1%	<b>5.9%</b>	6.3%	6.5%	6.4%	6.2%	<b>6.3%</b>
Government Administration	8.5%	8.6%	8.6%	8.6%	<b>8.6%</b>	9.2%	8.9%	8.9%	9.2%	<b>9.1%</b>	9.1%	8.9%	8.4%	7.9%	<b>8.5%</b>
<i>Total Tertiary Sector</i>	<i>56.2%</i>	<i>57.8%</i>	<i>57.8%</i>	<i>58.7%</i>	<b><i>57.6%</i></b>	<i>60.0%</i>	<i>60.0%</i>	<i>61.3%</i>	<i>62.3%</i>	<b><i>60.9%</i></b>	<i>63.2%</i>	<i>64.0%</i>	<i>64.4%</i>	<i>64.3%</i>	<b><i>64.0%</i></b>
<b>Annual Percentage Change</b>															
Agriculture	9.4%	2.5%	2.6%	3.0%	<b>4.4%</b>	5.8%	3.8%	4.0%	4.3%	<b>4.5%</b>	3.1%	4.0%	1.0%	1.9%	<b>2.5%</b>
Fisheries	1.1%	7.8%	6.5%	6.9%	<b>5.6%</b>	11.2%	7.8%	-4.5%	-3.3%	<b>2.8%</b>	2.0%	0.0%	4.0%	-1.3%	<b>1.2%</b>
Coral and Sand Mining	6.0%	6.5%	6.1%	6.4%	<b>6.2%</b>	20.1%	7.8%	3.6%	5.0%	<b>9.1%</b>	4.8%	4.5%	4.3%	0.0%	<b>3.4%</b>
<i>Total Primary Sector</i>	<i>4.5%</i>	<i>5.6%</i>	<i>5.0%</i>	<i>5.5%</i>	<b><i>5.1%</i></b>	<i>9.9%</i>	<i>6.4%</i>	<i>-1.0%</i>	<i>0.0%</i>	<b><i>3.8%</i></b>	<i>2.6%</i>	<i>1.8%</i>	<i>2.9%</i>	<i>0.0%</i>	<b><i>1.8%</i></b>
Construction	7.8%	-8.9%	32.8%	10.3%	<b>10.5%</b>	19.0%	10.1%	10.4%	7.8%	<b>11.8%</b>	5.5%	9.5%	11.0%	22.0%	<b>12.0%</b>
Manufacturing	7.8%	10.0%	9.8%	10.6%	<b>9.5%</b>	15.4%	10.1%	9.5%	9.0%	<b>11.0%</b>	8.2%	7.6%	3.5%	2.3%	<b>5.4%</b>
<i>Total Secondary Sector</i>	<i>7.8%</i>	<i>-1.2%</i>	<i>22.4%</i>	<i>10.4%</i>	<b><i>9.8%</i></b>	<i>17.5%</i>	<i>10.1%</i>	<i>10.0%</i>	<i>8.3%</i>	<b><i>11.5%</i></b>	<i>6.6%</i>	<i>8.7%</i>	<i>8.0%</i>	<i>14.4%</i>	<b><i>9.4%</i></b>
Distribution	6.6%	11.5%	11.5%	11.9%	<b>10.4%</b>	15.8%	10.0%	10.6%	11.8%	<b>12.1%</b>	7.0%	7.8%	6.9%	8.2%	<b>7.5%</b>
Transportation	142.4%	10.1%	10.0%	10.3%	<b>43.2%</b>	26.7%	16.3%	8.6%	8.3%	<b>15.0%</b>	7.7%	8.3%	13.2%	7.8%	<b>9.2%</b>
Tourism	2.8%	9.4%	9.4%	10.0%	<b>7.9%</b>	20.7%	3.2%	7.9%	3.0%	<b>8.7%</b>	10.8%	10.6%	10.8%	6.9%	<b>9.8%</b>
Real estate	8.8%	9.2%	9.1%	9.5%	<b>9.1%</b>	10.0%	7.9%	7.3%	6.4%	<b>7.9%</b>	8.0%	7.4%	3.4%	3.3%	<b>5.5%</b>
Other Services	-12.1%	13.5%	13.2%	14.7%	<b>7.3%</b>	13.0%	10.1%	9.5%	9.0%	<b>10.4%</b>	9.6%	10.0%	4.5%	4.3%	<b>7.1%</b>
Government Administration	20.9%	9.0%	9.1%	9.4%	<b>12.1%</b>	24.8%	4.4%	6.3%	9.0%	<b>11.1%</b>	5.5%	5.2%	0.0%	0.0%	<b>2.7%</b>
<i>Total Tertiary Sector</i>	<i>11.1%</i>	<i>10.3%</i>	<i>10.3%</i>	<i>10.9%</i>	<b><i>10.7%</i></b>	<i>18.8%</i>	<i>7.6%</i>	<i>8.6%</i>	<i>7.9%</i>	<b><i>10.7%</i></b>	<i>8.2%</i>	<i>8.5%</i>	<i>7.2%</i>	<i>6.0%</i>	<b><i>7.5%</i></b>

**ANNEX TABLE 4: MALDIVES: COMPARATIVE AID INDICATORS**

Country	1997 Population (000s)	GNP per capita (1997)	Aid as a % of GDP (1991- 1996)	Aid per capita (\$) (1991-1996)	No. of Bank projects, 1979-99	Total Bank commitments, 1979-99 (\$m)	Average loan size (\$m)	Average annual Bank lending per capita (\$)	Bank lending as % of total LT debt disb. 1990-1996
<b>Maldives</b>	<b>262</b>	<b>1,150</b>	<b>18.0</b>	<b>155.1</b>	<b>6</b>	<b>47</b>	<b>8</b>	<b>9.0</b>	<b>20.7</b>
Fiji	815	2,470	3.0	64.3	7	103	15	6.3	33.8
Tonga	98	1,830	19.2	310.2	2	5	3	2.6	11.8
Samoa	173	1,150	28.8	282.5	9	42	5	12.2	23.9
Solomon Islands	401	900	15.9	125.5	6	34	6	4.2	48.0
Vanuatu	177	1,310	22.0	256.0	4	15	4	4.3	33.0
Mauritius	1,145	3,800	1.0	29.8	42	339	8	14.8	9.0
Sao Tome and Principe	138	270	129.1	442.3	9	62	7	22.3	37.5
Seychelles	78	6,880	3.9	242.2	2	11	5	6.9	5.3
India	960,879	390	0.8	2.3	318	42,742	134	2.2	27.4
Sri Lanka	18,488	800	6.1	36.1	67	2,238	33	6.1	22.7
Papua New Guinea	4,500	940	8.5	89.7	27	571	21	6.3	17.9
						0			
Africa	613,700	500			1,753	51,384	29	4.2	
SAR	1,288,600	390			714	64,688	91	2.5	
EAP	1,752,700	970			1,288	91,163	71	2.6	



**Annex Table 6: The Maldives: Bank Lending and Formal Economic and Sector Work****ESW**

<b>FY</b>	<b>Report Name</b>	<b>Report Type</b>	<b>Report No.</b>
FY80	The Economy of the Maldives: An Introduction	CEM	2739
FY84	Maldives - An Updating Economic Memorandum	CEM	4481
FY92	Maldives - Country Economic Memorandum	CEM	9920
FY95	Maldives - Updating Economic Memorandum	CEM	12585
FY95	Country Assistance Strategy Document	CAS	13997
FY99	Maldives - Policies for Sustaining Economic Growth (under preparation)	CEM	18340

**LENDING**

<b>FY</b>	<b>Project Name</b>	<b>Report Type</b>	<b>Project No.</b>
FY79	Fisheries	LEN	C0907
FY83	Fisheries II	LEN	C1320
FY89	Education and Training	LEN	C1981
FY90	Male Airport Upgrading	LEN	C2143
FY92	Fisheries III	LEN	C2327
FY95	Education	LEN	C2701

**ANNEX TABLE 7: COUNTRY ASSISTANCE COST INDICATORS**

	Average completion cost (SYs per project)	Average completion cost (\$ per project)	Supervision intensity: direct cost inputs divided by the no. of projects under active supervision (\$)	Supervision Intensity: SY inputs divided by no. of projects under active supervision	Average staffweeks per dropped project (SWs)	Average cost per dropped project (\$)	Cost per scheduled ESW report (\$)	Cost per unscheduled ESW report (\$)	Cost per ESW report (\$)
<i>Period/ Region or Country</i>	<i>Average FY90-98</i>	<i>Average FY90-98</i>	<i>Average FY90-98</i>	<i>Average FY90-98</i>	<i>Average FY92-98</i>	<i>Average FY92-98</i>	<i>Average FY90-98</i>	<i>Average FY90-98</i>	<i>Average FY90-98</i>
<b>Maldives</b>		<b>83,738</b>	<b>27,906</b>			<b>0</b>	<b>12,411</b>	<b>3,049</b>	
Bhutan		80,719	37,939			121	40,651	5,746	
Nepal		300,586	50,386			423,845	112,940	64,071	
Sri Lanka		298,755	44,396			89,029	136,230	44,470	
South Asia		426,073	57,338			149,340	197,652	70,332	
Fiji		37,218	25,053			67,700	48,858	15,475	
Mauritius		224,076	39,337			62,258	46,836	57,434	
Seychelles		31,200	22,908			6,779	6,317	15,150	
Solomon Islands		21,758	66,240			12,116	0	0	
Bank-wide		330,689	52,654			90,177	165,232	63,433	

**ANNEX TABLE 8: FISH PRODUCTION IN THE MALDIVES**

	1986	1987	1988	1989	<i>Average 1986-1989</i>	1990	1991	1992	1993	<i>Average 1990-1993</i>	1994	1995	1996	1997	<i>Average 1994-1997</i>
<i>In 000 Metric Tons</i>															
Fish Catch	59.3	56.9	71.5	71.2	<b>64.7</b>	76.4	80.7	82.0	89.9	<b>82.3</b>	104.0	104.6	105.4	107.4	<b>105.4</b>
Skipjack	45.5	42.1	58.6	58.1	<b>51.1</b>	59.9	58.9	58.6	58.7	<b>59.0</b>	69.4	70.4	66.5	69.0	<b>68.8</b>
Exports of Fresh/Frozen	17.8	13.7	19.7	19.7	<b>17.7</b>	17.1	10.1	5.5	9.9	<b>10.7</b>	7.4	4.0	14.9	17.3	<b>10.9</b>
Other Fish Exports	17.2	25.8	17.8	32.1	<b>23.2</b>	41.5	48.9	45.2	41.6	<b>44.3</b>	53.2	53.2	50.6	50.6	<b>51.9</b>
Total Exports	35.0	39.5	37.0	51.8	<b>40.8</b>	58.6	59.0	50.7	51.5	<b>55.0</b>	60.6	57.2	65.4	67.9	<b>62.8</b>
Total Exports (\$m)	15.2	17.3	24.2	30.9	<b>21.9</b>	33.3	39.9	31.4	29.2	<b>33.5</b>	36.7	36.9	48.7	58.2	<b>45.1</b>
<i>Growth rate</i>															
Fish Catch	-4%	-4%	26%	0%	<b>4%</b>	18%	6%	2%	10%	<b>9%</b>	26%	1%	1%	2%	<b>7%</b>
Skipjack	7%	-7%	39%	-1%	<b>9%</b>	17%	-2%	-1%	0%	<b>4%</b>	18%	1%	-6%	4%	<b>4%</b>
Exports of Fresh/Frozen	4%	-23%	44%	0%	<b>6%</b>	-4%	-41%	-46%	80%	<b>-3%</b>	-31%	-46%	273%	16%	<b>53%</b>
Other Fish Exports	-3%	50%	-31%	80%	<b>24%</b>	79%	18%	-8%	-8%	<b>20%</b>	20%	0%	-5%	0%	<b>4%</b>
Total Exports	1%	13%	-6%	40%	<b>12%</b>	44%	1%	-14%	2%	<b>8%</b>	10%	-6%	14%	4%	<b>6%</b>
Total Exports (\$m)	na	14%	40%	28%	<b>27%</b>	52%	20%	-21%	-7%	<b>11%</b>	10%	1%	32%	20%	<b>15%</b>
Fresh/Frozen as a % of Total exports	51%	35%	53%	38%	<b>44%</b>	29%	17%	11%	19%	<b>19%</b>	12%	7%	23%	25%	<b>17%</b>