

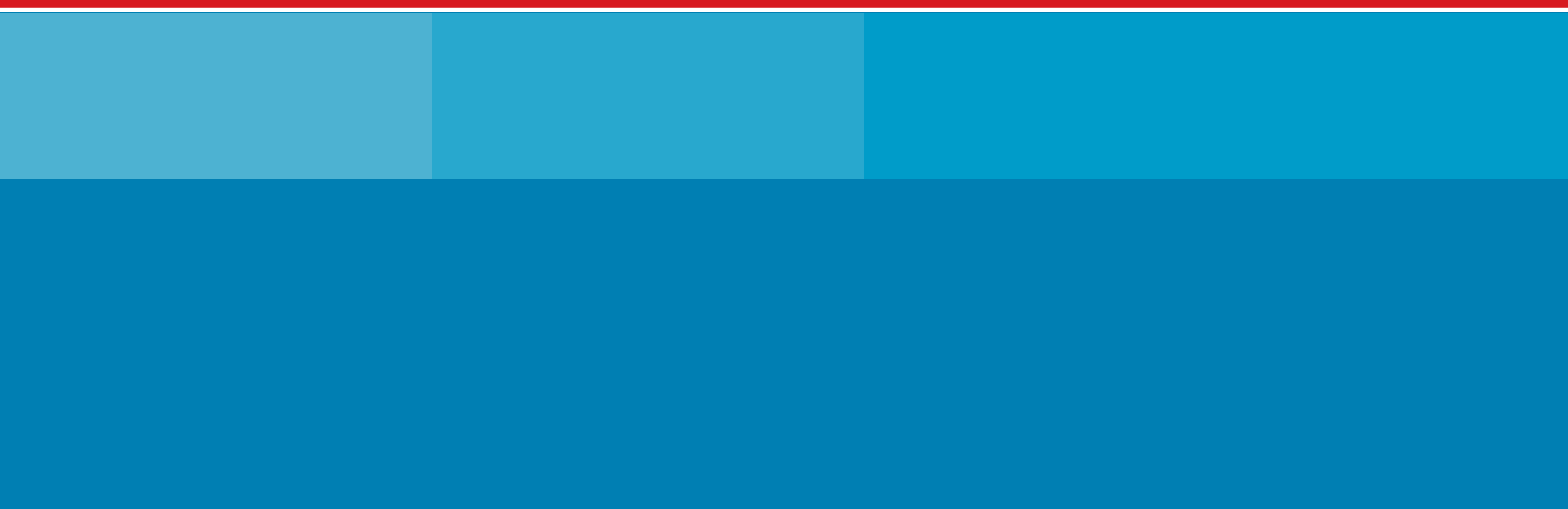


Government of Maldives

Ministry of Planning and National Development

Seventh National Development Plan 2006 - 2010

Creating New Opportunities



Creating New Opportunities

Ministry of Planning and National Development



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Foreword by the President



The Maldives has enjoyed rapid economic growth over the past 25 years, based on a highly successful development of a tourism industry, a prosperous fishing industry, and an expanding service sector.

The Indian Ocean tsunami of December 2004, wrought much destruction on our country and has set back the high levels of economic growth and social development achieved in recent years. With the grace of the Almighty Allah, the commendable tireless efforts of the people and the government of the Maldives have ensured the national economy on a strong footing, having recovered from the effects of the tsunami. The strong Maldivian tradition of community cohesion and support, coupled with swift and well-organised government response supported by the donors, resulted in a speedy and successful relief effort to *build back better*. I pay tribute to each and everyone involved.

Although much remains to be done in terms of the repair and reconstruction of homes and rebuilding of infrastructure, the fact is that a great deal has also been achieved in getting lives and livelihoods back to normal. I am particularly happy that, despite the devastation caused by the tsunami, and as a country progressing towards our graduation from the LDC list, we are on course to attain the Millennium Development Goals.

The tsunami has also reinforced the established policy of encouraging voluntary population movements to less vulnerable islands, which has now assumed even greater urgency than in the past. This policy aims to mitigate the risks posed by future tsunamis and rising sea levels, help realise economies of scale in the provision of public and private services in the atolls, strengthen service quality in the atolls and improve welfare of the people.

The Maldives is on a threshold of a major transformation, the challenges for this generation is evermore to explore and place new ways to manage the developmental process of the country. To attain the aspirations of the people, there are a number of vital areas that we have to focus on. The Seventh National Development Plan - Creating New Opportunities - spells out the developmental agenda for the next five years, in order to advance the core policies of the government to develop and strengthen mechanisms for the pursuit of social, economic developments, prosperity, stability and peace for the Maldivian people.

I am pleased to note that the 7th NDP was developed after wide-ranging consultations with the key stakeholders. I also note that all agencies of the Government contributed to the development of this Plan. *The strongest message from the consultation with the community was that Maldivians want a national agenda based on the principles of social justice with particular emphasis on invigorating Islamic faith and moral values, and promoting national unity and stability.* I appreciate that the 7th NDP reflects those aspirations. The institutions agenda, social agenda and economic agenda link

with the spatial development agenda together to form the comprehensive blueprint for the way we want the Maldives to develop over the next five years.

I recognise with appreciation the leadership of Minister Hamdun Hameed and the efforts made by officials of the Ministry of Planning and National Development to formulate the 7th NDP. I would also like to thank the many organisations and many individuals for their valuable contribution to this Plan. I look forward to everyone working together to achieve the results outlined in this Plan. May Almighty Allah bless the work we do to bring further progress and prosperity to our people.

Maumoon Abdul Gayoom



Message from Minister of Planning and National Development



I have great pleasure in presenting the Seventh National Development Plan - Creating New Opportunities (7NDP). The formal release of the 7NDP is the culmination of the government agencies and community working together for nearly two years to develop the key strategic plan which will guide development of the Maldives from 2006 to 2010.

Following the devastating impact of the tsunami and the initiation of a comprehensive political reform process, it has been an important time for establishing the future development goals for our nation. The formulation of the 7NDP began in July 2005 with the establishment of sector committees and the commencement of the full and inclusive participatory consultative process. The six regional consultations have been invaluable in ensuring that the 7NDP responds to the needs and aspirations of the Maldivians.

The 7NDP is designed create new opportunities to place the Maldives as a high class medium income nation in the ladder of development. We want the Maldives to be a modern, optimistic, forward looking nation built on strong pillars of ethics, morals and unity. Together we have developed a plan that will help ensure economic prosperity, ecological sustainability, social integrity, and greater democracy for us and for future citizens.

We have designed 7NDP with results in mind. The 7NDP establishes four priority development areas, and sets 12 specific goals and 88 targets that will guide decision-making and investment over the next five years. The goals and targets set are realistic and most of them are based on real evidence collected through official statistics. The 7NDP specifies the policies and strategies that are needed to achieve the goals as well as the agencies responsible to implement the policies.

Threaded through all of the policies and strategies are the core principles of national ownership, building trust and confidence, providing opportunity for all, gender equality, environmental sustainability, respecting and promoting human rights; enabling participation; and achieving results. We will be monitoring progress using SMART indicators that will pave the way for evidence based policy making and adaptive public sector management in the future.

The resource envelope needed for creating new opportunities envisaged in the 7NDP is over Rf 48 billion. The planned investments require significant upscaling of public funding and considerable international capital flows. Thus responsibility and accountability is required to ensure that resources are mobilised, disbursed and invested wisely and intelligently. The Ministry of Planning and National Development and the Ministry of Finance and Treasury will ensure responsibility and accountability from all government agencies in order to secure maximum returns from the resources.

I extend special thanks to all those who have participated in the consultative process and contributed to the development of the 7NDP. The contributions have helped shape the future of the Maldives. The contributions are not for just today, but for the future of the nation. We have together planned the path we want to take to provide new opportunities for all.

The formulation process of 7NDP is only the foundation for the new opportunities. The real task is in seizing the opportunities and sustaining momentum. May Almighty Allah grant the people of the Maldives the wisdom and perseverance to realise the objectives of the Plan, and the unity to work together for the betterment of our communities and our nation.

Hamdun Hameed

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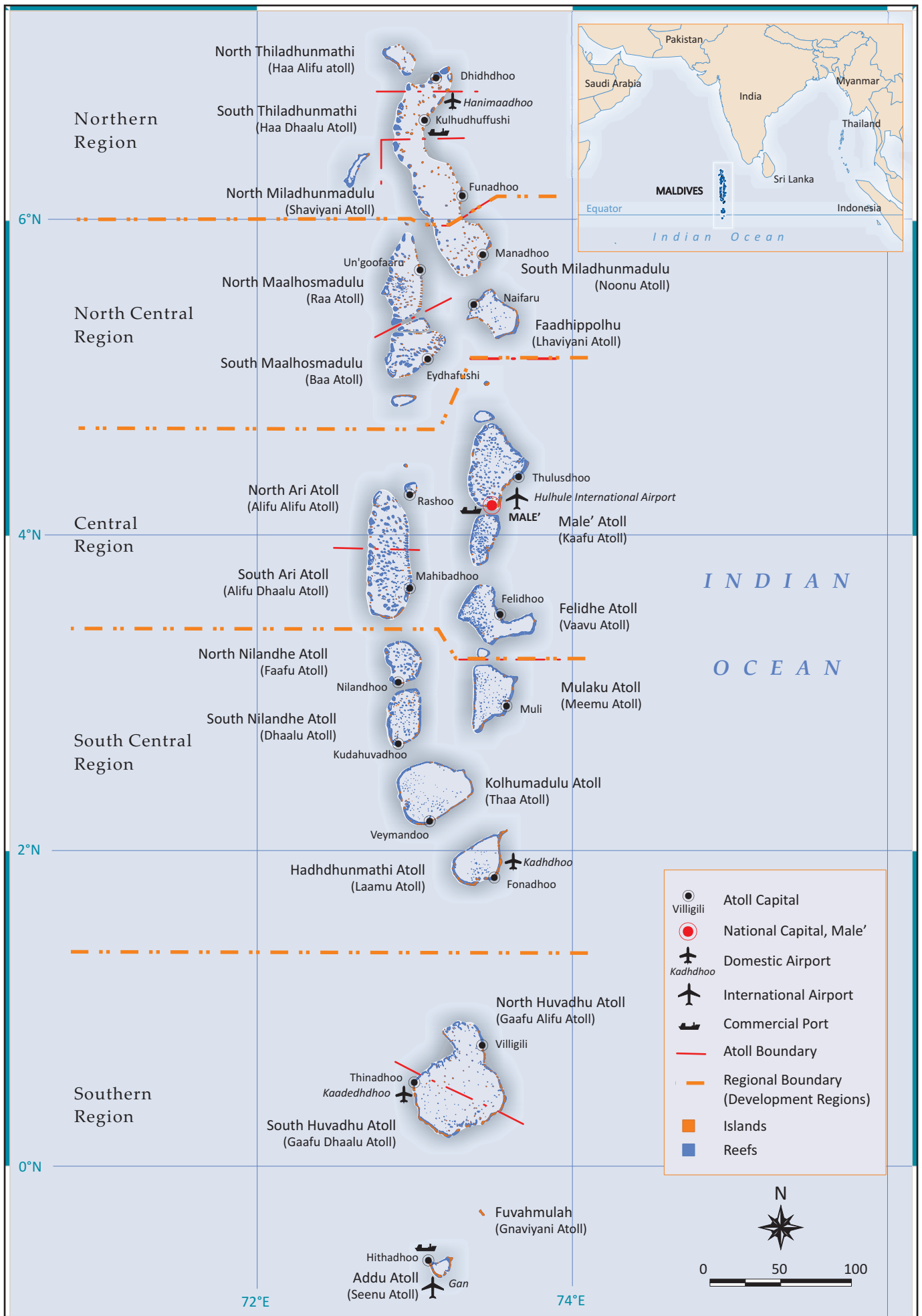
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Acronyms

ADB	<i>Asian Development Bank</i>	DPR	<i>Debt Portfolio Review</i>
ADR	<i>Alternative Dispute Resolution</i>	DR	<i>Disaster Response</i>
AMCC	<i>Aid Management and Coordination Committee</i>	DSA	<i>Debt Sustainability Analysis</i>
AOC	<i>Air Operators Certificate</i>	ECCD	<i>Early Childhood Care Development Centres</i>
ASA	<i>Air Services Agreement</i>	EDB	<i>Economic Development Board</i>
BML	<i>Bank of Maldives Limited PLC</i>	EDC	<i>Educational Development Centre</i>
BoP	<i>Balance of Payment</i>	EEZ	<i>Exclusive Economic Zone</i>
CBD	<i>Convention of Biological Diversity</i>	EIA	<i>Environmental Impact Assessment</i>
CBOs	<i>Community Based Organisations</i>	EIF	<i>Electoral Information System</i>
CBS	<i>Community Broadcasting Services</i>	EMIS	<i>Educational Management Information System</i>
CDM	<i>Clean Development Mechanism</i>	EMS	<i>Environment Management System</i>
CDR	<i>Central Development Region</i>	EVM	<i>Electronic Voting Machines</i>
CDs	<i>Certificate of Deposits</i>	FDI	<i>Foreign Direct Investment</i>
CEDAW	<i>Convention on the Elimination of all forms of Discrimination against Women</i>	FISB	<i>Foreign Investments Service Bureau</i>
CIS	<i>Collective Investment Schemes</i>	GBV	<i>Gender Based Violence</i>
CMCGI	<i>Capital Market and Corporate Governance Institute</i>	GDP	<i>Gross Domestic Product</i>
CMDA	<i>Capital Market Development Authority</i>	HA	<i>Humanitarian Assistance</i>
CRC	<i>Convention on the Rights of the Child</i>	HCO	<i>Hanimaadhoo Climate Observatory</i>
CSP	<i>Civil Service Pensions</i>	HDFC	<i>Housing Development Finance Corporation</i>
DBI	<i>Doing Business Indicators</i>	HPSN	<i>Home for People with Special Needs</i>
DER	<i>Department of External Resources</i>	HRCM	<i>Human Rights Commission of the Maldives</i>
		HRMS	<i>Human Resource Management System</i>

<i>HVI</i>	<i>Human Vulnerability Index</i>	<i>NDMC</i>	<i>National Disaster Management Centre</i>
<i>ICCPR</i>	<i>International Covenant on Civil and Political Rights</i>	<i>NDP</i>	<i>National Development Plan</i>
<i>ICESCR</i>	<i>International Covenant on Economic, Social and Cultural Rights</i>	<i>NDR</i>	<i>Northern Development Region</i>
<i>ICT</i>	<i>Information Communication Technology</i>	<i>NGOs</i>	<i>Non-Governmental Organisations</i>
<i>ICZM</i>	<i>Integrated Coastal Zone Management</i>	<i>NNCB</i>	<i>National Narcotics Control Bureau</i>
<i>IDCs</i>	<i>Island Development Communities</i>	<i>NPC</i>	<i>National Planning Council</i>
<i>IFIs</i>	<i>International Financial Institutions</i>	<i>NRRP</i>	<i>National Recovery and Reconstruction Plan</i>
<i>ILO</i>	<i>International Labour Organisation</i>	<i>NSCC</i>	<i>National Statistics Coordinating Committee</i>
<i>INDOEX</i>	<i>Indian Ocean Experiment</i>	<i>OB</i>	<i>Outdoor Broadcasting</i>
<i>IYCF</i>	<i>Infant and Young Child Feeding</i>	<i>OCE</i>	<i>Office of Commissioner of Elections</i>
<i>LDCs</i>	<i>Least Developed Countries</i>	<i>ODA</i>	<i>Overseas Development Assistance</i>
<i>LFPR</i>	<i>Labour Force Participation Rate</i>	<i>PAC</i>	<i>Project Appraisal Committee</i>
<i>MACI</i>	<i>Maldives Association of Construction Industry</i>	<i>PDC</i>	<i>Population and Development Consolidation</i>
<i>MAPA</i>	<i>Maldives Association of Performing Arts</i>	<i>PDCC</i>	<i>Population and Development Consolidation Committee</i>
<i>MAT</i>	<i>Maldivian Air Taxi</i>	<i>PPCC</i>	<i>Population Programs Coordination Committee</i>
<i>MCH</i>	<i>Male' Commercial Harbour</i>	<i>PRSP</i>	<i>Poverty Reduction Strategy Paper</i>
<i>MCS</i>	<i>Monitoring Control and Surveillance</i>	<i>PSIP</i>	<i>Public Sector Investment Program</i>
<i>MDGs</i>	<i>Millennium Development Goals</i>	<i>PWDs</i>	<i>People With Disabilities</i>
<i>MFT</i>	<i>Ministry of Finance and Treasury</i>	<i>SAFTA</i>	<i>South Asian Free Trade Area</i>
<i>MIA</i>	<i>Male' International Airport</i>	<i>SCDR</i>	<i>Southern Central Development Region</i>
<i>MIFCO</i>	<i>Maldives Industrial Fisheries Company</i>	<i>SDR</i>	<i>Southern Development Region</i>
<i>MIS</i>	<i>Management Information System</i>	<i>TMA</i>	<i>Trans Maldivian Airways</i>
<i>MMA</i>	<i>Maldives Monetary Authority</i>	<i>UNDP</i>	<i>United Nations Development Program</i>
<i>MNDF</i>	<i>Maldivian National Defence Force</i>	<i>UNEP</i>	<i>United Nations Environment Program</i>
<i>MOC</i>	<i>Maldives Olympic Committee</i>	<i>UNICEF</i>	<i>United Nations Children's Fund</i>
<i>MOUs</i>	<i>Memorandum of Understandings</i>	<i>WB</i>	<i>World Bank</i>
<i>MPA</i>	<i>Maldives Ports Authority</i>		
<i>MPF</i>	<i>Maldives Partnership Forum</i>		
<i>MPND</i>	<i>Ministry of Planning and National Development</i>		
<i>MPS</i>	<i>Maldives Police Service</i>		
<i>MRR</i>	<i>Minimum Reserve Requirement</i>		
<i>MSE</i>	<i>Maldives Securities Exchange</i>		
<i>NAG</i>	<i>National Art Gallery</i>		
<i>NAPA</i>	<i>National Adaptation Plan of Action</i>		
<i>NCA</i>	<i>National Centre for the Arts</i>		
<i>NCDR</i>	<i>Northern Central Development Region</i>		
<i>NCDs</i>	<i>Non-Communicable Diseases</i>		

Context

The Seventh National Development Plan (7NDP): Maldives - Creating New Opportunities, sets out the development agenda of the Maldives for the five year time frame 2006 - 2010. The 7NDP is based on the strengths from the 6NDP as well as the lessons learnt from the previous plans. The 7NDP will continue the policies to realise the Vision 2020, the Millennium Development Goals (MDGs) as well as the Democratic Reform Agenda proposed by His Excellency President Mr. Maumoon Abdul Gayoom.

The 7NDP envisions a sustainable development path anchored on economic growth, social equity, environment protection and good governance. Creating new opportunities will enable the economy and society to leap forward within the next five years. Rapid economic growth will be achieved as we expand opportunities for world class tourism and move towards more high value added economic activities and industries, both foreign-owned and local. High value employment opportunities will be created and sustained to improve quality of life for all and eliminate income poverty. Critical infrastructure deficits in areas such

as transport, housing, sanitation, water, and energy will be tackled resolutely to establish prosperous and liveable places. The natural environment will be protected and preserved for the enjoyment and safety of the present and future generations. Significant investments in education, health, social security, and families will make the people educated, healthy and resilient. The investments planned for the democratic reform agenda will strengthen the pillars for a free, fair and just nation.

The immediate top priority of the Government of the Maldives is to “build back better” following the 2004 December tsunami the worst natural disaster ever to hit the Maldives. The tsunami recovery and reconstruction policies and strategies elaborated in the National Recovery and Reconstruction Plan (NRRP) are given priority in the 7NDP.

The 7NDP provides strategic direction. It takes into account long-term developmental goals and perspectives in sectoral master plans, strategic plans of Government offices, as well as Atoll and Island Development Plans prepared prior to the

formulation of the 7NDP. As such this is a coordinated and coherent Plan designed to lead to budget and development performance integration over the next five years. The 7NDP also provides the strategic policy framework for further development of sectoral and strategic plans.

The Government fully recognises that everyone has the right to public information. The 7NDP has emerged from a country-driven nation wide process and is the result of wide consultations involving all stakeholders, including Government ministries and agencies, Atoll and island communities, civil society organisations including NGOs and private sector organisations and international development partners. In addition, throughout the Plan implementation process the Government will ensure that the right to public information is facilitated, realised and protected at all levels of governance and key national development processes.

The structure of the Seventh National Development Plan is as follows:

- ▶ Part I: Principles, Vision and Goals
- ▶ Part II: Economic Development
- ▶ Part III: Spatial Development
- ▶ Part IV: Social Development
- ▶ Part V: Governance
- ▶ PART VI: Financing, Implementation and Monitoring



Part I

Guiding Principles, Vision and Goals





IMAGE: THE PORTRAIT GALLERY

Guiding Principles

The key principles underpinning the 7NDP are:

- ▶ National ownership
- ▶ Enhance trust and confidence
- ▶ Provide economic opportunity for all
- ▶ Promote gender equality
- ▶ Ensure environmental sustainability
- ▶ Respect and promote human rights
- ▶ Enable private and civil society participation
- ▶ Achieve results

The rationale behind these principles is outlined in this chapter.

National ownership

The Government's aim is to formulate a nationally owned plan for sustainable development. This is achieved through meaningful stakeholder participation and effective sharing of information. Extensive stakeholder consultations conducted throughout the Maldives provided the basis for the policies and strategies of the 7NDP. The Plan provides information on agreed upon priorities and

the opportunity for participation in the national development process.

Enhance trust and confidence

Enhancing trust and maintaining public confidence in the leadership, public policies and government processes is a key principle of the 7NDP. Good governance is one of the pillars of the 7NDP and government decision making shall be subject to full public disclosure and accountable to the people for its actions and operations.

Provide economic opportunity for all

The Government and development partners recognise the need for a comprehensive development agenda that contains policies, strategies and targets to improve the quality of life for the people living in the Maldives, particularly the poor, the disadvantaged and the vulnerable groups. The 7NDP is designed to promote equal opportunity and fairer distribution of income and wealth.

Promote gender equality

Specific interventions to address gender equality are an integral part of the 7NDP and all policies shall support gender equality in the development process. Special attention is given for the empowerment of vulnerable groups through expansion of capabilities and opportunities. The Plan promotes sexual and reproductive health; right to information and family planning; equal access to economic assets such as land and housing; equal access to social protection; opportunities to pursue vocational and tertiary education; equal labor market opportunities; freedom from violence; and increased representation at all levels of governance.

Ensure environmental sustainability

Consistent with the principles of Agenda 21, the development policies to be pursued in 7NDP should not compromise the ability of future generations to achieve non-declining per capita well being. Thus the Plan shall ensure the optimal use of the available natural resources and pave the way for the protection of critical natural capital such as coral reefs and fish breeding grounds. The new development programs shall consider the carrying capacity of the environment; assess the significant environmental impacts and identify impact mitigation measures where appropriate.

Respect and promote human rights

The 7NDP is citizen centred and guided by the principle of respecting and protecting human rights. The policies and strategies are targeted to address the most critical needs of the people and to promote and protect human rights. The Plan addresses economic and social rights such as the rights of each Maldivian to health, education, shelter, security and decent work as well as the political and civil rights of the population.

Enable private and civil society participation

The 7NDP aims at creating an enabling environment for the private sector to play an increasing role in the development of the Maldives. The 7NDP is market based and actively promotes competition, innovation and resilient private-public partnerships. Economic, social and environmental services shall be delivered by agents having comparative advantages and who can deliver them at the least cost to society be it private businesses, national government, or civil society. The Government is committed to ensure fiscal discipline and shall follow the principle of cost-recovery in providing public services.

Achieve results

The 7NDP is a results-based Plan that includes the sequencing and resourcing for clearly defined medium and long term priorities. In preparing the Plan, the Government has included those policies and strategies which can be afforded within the nation's available resources over the period 2006 to 2010. The Plan also includes priorities that will be implemented if concessional external financing becomes available over the next five years. The Plan has sought to set specific targets for the outcomes or outputs of the strategies, programs and projects that will be undertaken and requires adequate monitoring of progress in attaining these targets.

Opportunities

The key opportunities for the sustainable development of the nation are:

- ▶ Unique, diverse and rich natural capital
- ▶ Strategic geographic location
- ▶ Robust macroeconomic growth and stability
- ▶ Young population and growing human capital
- ▶ Quality produced capital and infrastructure
- ▶ Cohesive and unified society
- ▶ Stronger institutions for democratic governance

These opportunities are described in this chapter.

Unique, diverse and rich natural capital

The Maldives is endowed with 1192 beautiful tropical islands and a marine environment pristine and rich in biological diversity. The coral reefs of the Maldives are significant on a global scale being the 7th largest in the world and covering an area of 8,920 square kilometers. This unique natural capital is the foundation on which eco-tourism is

flourishing for tourists seeking a remote but luxurious location offering sun, sandy beaches and rich marine life. These unique natural attributes, coupled with investments in human capital and produced capital made the tourism industry grow steadily over the last 33 years and tourism is now the main source of income for the Maldives. Most of the country's small islands still remain unused and there is considerable scope for carefully planned expansion of the tourism industry in the coming years in response to market signals.

The Maldives being an archipelagic state has a vast Exclusive Economic Zone (EEZ) of 850,000 square kilometers in the Indian Ocean which provides rich fishing grounds. Maldivians continue to utilize marine resources for both local consumption and exports, and are renowned for their environment friendly traditional fishing methods. The overseas demand for Maldivian fish products is growing and there is room for further diversification of the fishing industry. There is also high potential for mariculture development in reef and oceanic fisheries.

Although Maldives is one of the smallest sovereign states in terms of land area there is opportunity for more efficient use of land. More than seventy percent of the total land is presently utilized for human settlement and economic activities. Yet, there is still land available on larger inhabited islands and few uninhabited islands that could be better utilized to provide opportunity for economic development.

Strategic geographic location

The Maldives is a chain of coral atolls located in a north to south direction on the Laccadives-Chagos submarine ridge in the Indian Ocean to the south-west of the Indian sub-continent. The Maldives is located in the maritime trade route from the Indo Chinese Far East to the Middle East and Africa. As evident from the history of the Maldives the people excelled in regional trade. The geographical proximity of the Maldives to the world's second largest consumer market and the strategic location is a great opportunity to strengthen the role of the Maldives in international and regional trade.

Robust macroeconomic growth and stability

For the past 20 years (1987 to 2006) the compound economic growth rate was 7.5 percent per annum, which is one of the fastest economic growth rates in the world. At US\$ 2,674 the Maldives had the highest real GDP per capita in South Asia in 2006 and was almost 20 percent above the average of all developing countries. The macroeconomic indicators of the country were sound during the 6NDP period with moderate inflation, while the country's GDP and per capita income increased steadily. However, the impact of the 2004 tsunami on the economy was swift and

dramatic, resulting in a fall in GDP of 4.6 percent in 2005. Recovery from the effects of the tsunami is proceeding steadily and strong economic growth is expected over the Plan period, 2006 to 2010. The growth rate in 2006 was 19.1 percent. The macroeconomic growth and fiscal prudence of the past provides the momentum for speedy recovery of the economy.

Young population and growing human capital

The Maldives has a growing stock of human capital embodied in the knowledge, skills, competencies and health of the population. The median age of the population is 21 years and 33.7 percent is between 18 to 35 years. The high proportion of young people in the population provides the potential for a productive labor force.

Near universal enrolment in primary schools, a gross enrolment ratio of 105.9 percent in secondary schools and an adult literacy rate above 93.8 percent provide the foundation for a skilled labor force. By the end of the 6th Plan period, girls to boys enrolment ratio of 1.14 in lower secondary education and 0.93 in higher secondary education was achieved. This paves the way for a gender balanced labor force in the future. Furthermore, most people are bilingual bringing economic and social advantages in a globalized economy.

The impressive declines in infant mortality, under five mortality and maternal mortality rates, over the last two decades laid the foundation for a growing healthy population. Infant mortality declined from 34 per 1000 live births in 1990 to 12 per 1000 live births by 2005. Under five mortality rate stood at 48 per 1000 live births in 1990 but by 2005 the rate has been reduced to 16 per 1000 live births. Maternal mortality rate

which stood at around 500 per 100,000 live births in 1990 had declined to 72.49 per 100,000 live births in 2005. The young, skilled and healthy population provides the opportunity for greater productivity, higher earning power and higher rates of innovation.

Quality produced capital and infrastructure

The Maldives has spent time and resources constructing facilities and infrastructure that can, in turn, be used to enhance future income and the capacity for future well-being. Maldives has more than 90 world class tourist resorts and hotels, over 14,770 fishing dhonis and 3 fish processing plants. The Maldives has 100 percent telecommunications coverage across the archipelago and the world's largest sea plane operation serving over 50 destinations. The Maldives also has 2 international airports, 3 regional airports and 3 international sea ports. Access to electricity is near universal in the inhabited islands.

Cohesive and unified society

The people of Maldives have a distinctive national identity characterized by a common religion, history and culture, and a unique language and script. These features have allowed mutual trust and solidarity to grow and Maldivians have enjoyed long periods of socio-political stability and harmony. This has provided the bedrock for sustained economic growth and social development, and is a key asset that needs promotion to attract new investments.

Stronger institutions for democratic governance

On 9 June 2004, the President proposed a comprehensive reform agenda that will reshape the political and legal institutions, providing unheralded freedom to the people of the Maldives. The proposed reforms include introduction of a multi-party political system, amendment of the constitution, separation of powers to ensure independence of the judiciary, and promotion and protection of human rights. In the past, informal institutions such as close-knit social networks and mutual trust tremendously contributed to coordination of development activities and supported collective action in the Maldives. The proposed reforms to the key formal institutions coupled with these existing informal institutions promises much for the development of the Maldives and further integration of the Maldives in the global community.

Challenges

The key challenges that constrain sustainable development in the Maldives are:

- ▶ Devastation caused by tsunami
- ▶ Vulnerability of low lying islands and fragility of reef ecosystem
- ▶ Smallness, remoteness and wide dispersal of island communities
- ▶ Over-reliance on tourism
- ▶ Extreme dependency on imported fuel
- ▶ Disparities in income and access to infrastructure and services
- ▶ High levels of female and youth unemployment
- ▶ Drug abuse
- ▶ Poorly developed financial market
- ▶ Weak legal framework for development
- ▶ Eroding moral values and social norms

The way these challenges constrain development is outlined below.

Devastation caused by tsunami

The Asian tsunami of 26 December 2004 had a devastating impact on the Maldives. The Government's NRRP 2005 estimated the total cost of recovery and reconstruction at US\$ 393.29 million. The international community immediately responded to the Government's appeal by pledging funds to support tsunami recovery and reconstruction. By mid July 2005, donor commitments for reconstruction amounted to US\$ 380.52 million, leaving a funding gap of US\$ 70.55 million, placing a significant strain on the national budgets in 2005 and 2006. It is estimated that most of the recovery and reconstruction effort will take place in the period 2005 to 2008.

Despite the generous support provided by the international community, the Government is still seeking to mobilise further donor assistance in order to meet the funding gap. Ranked among the top five countries in aid utilisation, the Government of the Maldives is confident that the country can meet all disbursement requirements to achieve a rapid and sustainable recovery.

Vulnerability of low-lying islands and fragility of reef ecosystem

Global warming and the associated sea level rise threaten the fragile ecosystems of the Maldives where 80 percent of islands are less than 1 meter above mean sea level. The tsunami of 26 December 2004 truly exposed the vulnerability of the Maldives. Most of the islands that suffered damage had little or no coastal protection. The islands are fully exposed to the dangers of wave action, erosion and flooding. While a tsunami of the magnitude experienced in December 2004 is an extremely rare event, with the predicted sea level rise, flooding may become a more frequent phenomenon. As one of the key adaptation measures for the predicted climate change, the Government is proposing a “Safer Islands Strategy”, whereby communities living on smaller, less populated and potentially more vulnerable islands would be resettled on larger islands with better natural protection and enhanced by coastal defences. The Government has developed a National Adaptation Programme for Action that identifies the most urgent and immediate adaptation needs of the country with regard to predicted climate change.

As the reef and coral environments are sensitive to natural and anthropogenic disturbances, the Government needs to constantly manage the development process in a sustainable manner that ensures the protection and preservation of the fragile ecosystems.

Smallness, remoteness and wide dispersal of island communities

The dispersed nature of the population is a unique challenge to the development of the Maldives. The 194 inhabited islands of the country are scattered over an archipelago more than 800 km long, and 131 inhabited islands have fewer than 1,000 people. This extreme dispersal of the population combined with poorly developed transportation systems, result in severe diseconomies of scale and makes the provision of basic infrastructure and delivery of social services costly. The cost of providing and maintaining socio-economic services in the Maldives is often 4-5 times higher than in other small island developing states.

To address the challenges posed by remote and dispersed population, the Government is pursuing the Population and Development Consolidation (PDC) program. Under this program the Government seeks to resettle populations through incentives to migrate from islands that are environmentally vulnerable and/or have populations fewer than 1000.

Over reliance on tourism

The Maldivian economy is heavily dependent on tourism and tourism driven economic sectors. The tourism sector alone contributes close to 30 percent of the country's GDP, while tourism related sectors such as transport and telecommunication, construction, financial and business services account for an additional 30 percent of GDP. Tourism is extremely vulnerable to external events such as economic performance in source markets, growing international competition from similar destinations, fluctuations in world oil prices, natural disasters, and international conflicts and terrorism.

Diversification of the economic base is required to ensure stable and sustainable economic development. Given the small size of the population, the domestic market is too small to stimulate significant economic growth from domestic demand alone. The Maldives will use its strategic location and proximity to the South Asian markets to expand trade, ports and logistics, and business and financial services.

Extreme dependency on imported fuel

The Maldives has no non-renewable energy resources that it can utilise to meet its energy demands. The country thus relies on imported petroleum based fuels to provide for power generation, transportation, lighting and food preparation. The high dependence on imported fuel makes the Maldives extremely vulnerable to increases in world oil prices. The Government has formulated a national energy policy to address the nation's energy security and ensure cleaner development.

Disparities in income and access to infrastructure and services

One of the major challenges facing the country is to ensure that the benefits of growth and development are equitably distributed among its highly dispersed population. Despite efforts made to reduce geographical disparities in income, the Second Vulnerability and Poverty Assessment (VPA II) shows that income inequalities between Male' and the atolls are increasing. There is also an emerging trend that shows that the northern atolls are becoming poorer compared to the southern atolls. Significant disparities still exist in access to social and physical infrastructure and services, including health, water and sanitation across the atolls.

To address these geographical inequalities, the government initially implemented a regional development policy focusing on developing individual islands as regional growth centres. There is now a shift in policy focus to develop urban areas to include clusters of islands, as a means to increase access to social and economic services.

High levels of female and youth unemployment

Although regular formal labor market surveys are not conducted in the Maldives, recent data points to seriously high levels of youth and female unemployment. According to VPA II, 40 percent of the young women and over 20 percent of the young men are unemployed. Census 2006 also showed gender disparity in labor force participation with 52 percent of the female population being economically active compared to 73 percent males.

In addition to addressing gender disparity in labor force participation, creating employment opportunities, particularly for school leavers, will be a serious challenge in the coming years. Education statistics indicate that in the Plan period over eight thousand students will complete secondary education every year. It is estimated that about half of these school leavers will enter the labor market.

The government will formulate a National Employment Strategy targeted at new job creation, improving the skills of young people, better job matching, and setting out a legal framework for promotion of right to decent work, occupational health and safety, and protection of the rights of employers and employees. While making new investments in human resources development, attention will also be given to obtain optimum return on investments in human capital.

Drug abuse

An alarming increase in drugs and substance abuse has been observed in recent years among young people. The number of drug abuse cases reported to the Police has more than tripled between 2001 and 2006, from 216 cases in 2001 to 783 in 2006. More than 1,290 people were arrested in 2006 in drug related offences. More than 46 percent of the reported drug abusers were aged between 16-24 years.

Though trafficking of drugs is a relatively recent phenomenon in the Maldives, it is fast becoming a major threat to the development of the country. Addressing drug abuse and trafficking is a top priority of the Government. The National Campaign to Root-out the Drugs Menace requires concerted efforts and highly effective coordinated actions.

Poorly developed financial market

Access to and the high cost of finance was cited as the top reason constraining investment in the Maldives in a recent Investment Climate Assessment survey carried out by the World Bank.

The financial system in the Maldives is dominated by the banking sector. The local bank, Bank of Maldives Limited PLC (BML) has the most number of bank branches in the country, with branches in twelve atolls at the end of 2005. Branches in six more atolls are planned for 2006. To a limited extent, it also carries out development banking activities. The narrow capital base of the BML at Rf 36.52 million in paid up capital at the end of 2005, limits its capacity to extend credit services and its ability to raise debt finance on the international market. The other participants in the banking sector are branch offices of the State Bank of India, Bank of Ceylon, Habib Bank Limited and the Hong Kong Shanghai Banking Corporation. These branches located in Male', mainly cater to

the tourism industry and trading businesses, and do not undertake any development banking activities, limiting the availability of capital and financing for business development in the country. Furthermore, there are no credit rating agencies in the country, constraining the banks' ability to assess the creditworthiness of their customers.

The non-bank financial sector consists of four Insurance companies, a housing finance institution and a finance leasing company. The same issues that face the banking sector curtail these institutions' activities in the country. On the capital market side, the Government in 2005 initiated the establishment of a Capital Market Development Authority (CMDA) which will regulate the issuing of capital to the public and ensure full disclosure and accountability of listed companies. By end of 2006, three companies were listed on the Maldives Securities Exchange (MSE) and a fourth company is expected to be listed in early 2007.

The limited and narrow financial sector of the country poses a critical challenge for the development of the economy. As part of the overall strategy to develop this sector, and thus provide an impetus for growth in other sectors, the Government will explore the feasibility of a financial institution dedicated to development, and will also revise the legislations regulating the licensing and operation of new financial institutions.

Weak legal framework for development

Lack of adequate modern legal frameworks is a serious challenge to advancing development. Lack of laws on the independence of civil service from political pressures, quality of public service provision, and the competence of civil servants is straining the effectiveness of Government.

Government organisational issues range from unclear delineation of functions among agencies, proliferation of technical and policy committees, duplication and overlapping of government missions, functions and programs.

The lack of a legislative framework on development planning and budgeting causes loss of credibility in the government's commitment to development policies and plans. The lack of laws to regulate economic sectors hampers private sector development while there is an urgent need for laws on education, health care, employment, pensions and social security to further develop social and economic services. The 7NDP presents the urgent development legislative needs of the Maldives over the Plan period.

Eroding moral values and social norms

Institutions, social networks and trust are critical for national development. When institutions function well, they enable people to work with each other and secure a future for them and the communities to which they belong. In the Maldives some institutions have not been performing as they should, resulting in mistrust and an uncertain future. Weak legal institutions have constrained protection of private property and enforcement of contracts leading to delays in business transactions, high inefficiency and excessive costs. Weakening family ties, social norms and moral values are eroding social insurance; increasing crimes and causing social conflicts. Vulnerable social groups such as the elderly and the disabled are facing increasing risk of marginalisation. Crime levels have increased as shown by the number of arrests increasing from 2,596 in 2000 to 3,703 in 2006. Incidents of theft, assault, drugs and sexual offences are reported in the newspapers on an almost daily basis. Weakening social norms and moral virtues is undermining reciprocity, caring and mutual respect for each other and creating a fragmented society.

There is a critical need to reverse the trend of eroding moral values and social norms. The Government will pursue a coordinated strategy to instil values and reinforce morality in the society, and undertake the necessary reforms to strengthen the legal, political and judicial institutions that underpin societal values.

Vision 2020 and MDGs

The 7NDP is an expression of the Government's policies and strategies to realise the Vision 2020 and the Millennium Development Goals.

Vision 2020

The Maldives Vision 2020 outlined by His Excellency President Maumoon Abdul Gayoom in his Independence Day address to the nation on 26th July 1999 envisions that:

- ▶ the Maldives should become one of top-ranking among middle-income nations in less than two decades.
- ▶ Maldivians will continue to enjoy justice, equality, the rule of law and peace and security, under stable democratic governance.
- ▶ Maldives will become a more urbanised and equitable society, with a highly educated population engaged in an increasingly diverse range of productive activities. Maldivians will enjoy satisfactory living conditions and employment opportunities for all, particularly youth.
- ▶ the country will have a more diversified economy with export-oriented trade in services and industrial development and will become a hub of regional free trade.
- ▶ gender equality will be achieved.
- ▶ good quality medical care and 10 years of formal schooling will be available to all.
- ▶ the Maldivian society will be a more caring one, with familial ties even stronger than at present.
- ▶ protective measures will be taken to combat global environmental threats and environmentally-friendly lifestyles will be adopted.

Millennium Development Goals (MDGs)

At the September 2000 United Nations Millennium Summit, the Maldives promised with other nations of the world to achieve the MDGs. The MDGs are the world's time-bound and quantified targets for addressing extreme poverty. The goals and targets are listed below.

The Maldives has already achieved the MDGs of halving extreme poverty and providing universal primary education. The country is also on track to achieve the MDG targets of reducing child mortality and improving maternal health. However, ensuring environmental sustainability and achieving gender equality still remain as challenges. The Maldives is fully committed to ensure that all MDG targets in the Maldives are met across all the atolls. In the 7NDP public investments have been scaled up for policies and strategies needed to reach the MDGs by 2015.

Goal 1: Eradicate extreme poverty and hunger

Target 1: Halve between 1990 and 2015, the proportion of people whose income is less than \$1 a day

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Goal 2: Achieve universal primary education

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Goal 3: Promote gender equality and empower women

Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2015, and in all levels of education no later than 2015

Goal 4: Reduce child mortality

Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Goal 5: Improve maternal health

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate

Goal 6: Combat HIV/AIDS, malaria, and other diseases

Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Goal 7: Ensure environmental sustainability

Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Target 11: Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers

Goal 8: Develop a global partnership for development

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Target 13: Address the special needs of the Least Developed Countries

Target 14: Address the special needs of landlocked developing countries and small island developing states

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technologies

Results, Goals and Targets

The basic task of the 7th National Development Plan is to eliminate poverty and bring non-declining well-being to all Maldivians. In order to achieve this task the national development agenda emphasises re-building of the nation to achieve four broad results through attaining 12 goals. By 2010 the performance targets under these 12 goals will become the measurable key outcomes of the 7NDP.

Economic

A Strong diverse economy with secure employment for all

Goal 1: Create an environment conducive for growth and generate employment

Performance Targets:

- ▶ Ensure an annual economic growth rate of seven percent or higher
- ▶ Ensure fiscal responsibility by having progressively declining fiscal deficits during the Plan period
- ▶ Ensure listing of at least 10 SOEs on the stock exchange
- ▶ Maintain ODA at not less than 5 percent of Government revenue
- ▶ Pay down debt to ensure external debt remains sustainable and in accordance with the debt policy and strategies of the Maldives
- ▶ Achieve full legal and operational autonomy for the Maldives Monetary Authority
- ▶ Keep weighted average inflation less than or equal to 6 percent
- ▶ Create at least 15,000 new and additional high quality, good paying jobs in the Atolls

Goal 2: Enhance trade, support businesses and build competitive industries

Performance Targets:

- ▶ Increase export of goods as a percent of GDP by 40 percent by 2010
- ▶ Increase FDI share in the capital account of BoP to 3.5 billion by 2010
- ▶ Support at least 2,500 entrepreneurs through loans and other incentives
- ▶ Increase tourist bed capacity in the Maldives to 30,000 beds
- ▶ Ensure average occupancy of more than 80 percent
- ▶ Increase local participation in the tourist resort labour market from 56 percent to more than 60 percent
- ▶ Increase share of non-skipjack tuna fish catch to 15 percent of annual catch
- ▶ Increase production of tertiary processed fish products to more than 50 percent of annual production
- ▶ Increase the share of contribution from Agriculture sector to GDP not less than 5 percent
- ▶ Replace imports of at least 6 agricultural products which are commonly used in Maldives
- ▶ Increase the share of contribution from construction sector to GDP, not less than 7.5 percent
- ▶ Increase the ratio of sports participation of the population to 5 percent

Spatial

Prosperous, liveable and sustainable places

Goal 3: Invest in strategic and state of the art infrastructure, to enable ease of movement, enhanced access to services, and build competitive advantage

Performance Targets:

- ▶ Develop access in all inhabited islands
- ▶ Reduce travel time from all inhabited islands to an airport to less than 60 minutes
- ▶ Establish at least 43 Air Services Agreements
- ▶ Extend high quality affordable broadband coverage throughout the country
- ▶ Provide access to computers and the Internet for 100 percent of the secondary level students
- ▶ Provide access to 24 hours electricity for 100 percent of the households
- ▶ Ensure 10 percent of the energy mix is from renewable sources

Goal 4: Create a sustainable built environment that ensures preservation of cultural heritage, and provides opportunities for equitable access to recreational and other infrastructure

Performance Targets:

- ▶ Propose revisions to the Land Act (1/2002) to enable sustainable land management
- ▶ Develop and approve Land Use Plans for all inhabited islands
- ▶ Ensure over 15 to 20 percent of land is made available for leisure and recreation
- ▶ Increase visitor numbers to designated heritage sites

Goal 5: Protect the natural environment and make people and property safer

Performance Targets:

- ▶ Ensure 75 percent of all inhabited islands have adequate solid waste management facilities
- ▶ Give protected status to 5 percent of the coral reef areas
- ▶ Develop 10 safer islands
- ▶ Increase access to safe drinking water for 100 percent of the population
- ▶ Ensure all islands with population over 2,000 have adequate sewage treatment facilities

Social

Educated, Healthy and Resilient People

Goal 6: Invest in people through providing equal opportunity for education, life long learning, skills training and talent development

Performance Targets:

- ▶ Provide universal access to 10 years of education by 2010
- ▶ Increase the proportion of students who achieve minimum entrance requirement for tertiary education annually from 25 percent to 50 percent (5 A-C at O'L with Islam and Dhivehi and or 3 at A'L with Islam or Dhivehi) by 2010
- ▶ Increase the percentage of trained Maldivian teachers from 70 to 80 percent and graduate Maldivian teachers from 3 to 10 percent by 2010
- ▶ Develop a national curriculum for secondary level which is relevant to the Maldives local context by 2010
- ▶ Increase the pass rate in secondary level English language from 13 to 25 percent by 2010
- ▶ Maintain net enrolment in early childhood care and development at over 85 percent
- ▶ Double the proportion of working age population with higher education qualifications from 3.3 to 6.5 percent
- ▶ Reduce youth unemployment from 16 to 10 percent

- ▶ Enhance the NCA School program to include formal classes in dance, drama, and art and craft
- ▶ Establish the Maldives Arts Council, comprising of associations for actors and film-makers, musicians and songwriters, artists and craftsmen, dancers and choreographers

Goal 7: Improve access to housing and health care and enhance well-being

Performance Targets:

- ▶ Increase percentage of children consuming fruits and vegetables daily from 30 percent to 60 percent
- ▶ Increase the proportion of population of over 18 years with BMI between 18.5 and 24.9 from 48 percent to 55 percent
- ▶ Reduce the proportion of adolescent population who consume tobacco from 25 percent to 15 percent
- ▶ Provide midwifery trained personnel and basic obstetric care on every inhabited island
- ▶ Reduce peri-natal mortality rate from 19 to below 15 per 1,000 live births
- ▶ Make available all essential medicines to 100 percent of the population
- ▶ Increase public confidence on the integrity and quality of health services by 25 percent from 2006 baseline
- ▶ Repair and reconstruct all houses affected by the tsunami by end of 2008
- ▶ Enable a supply of 4,500 new and additional housing units
- ▶ Develop and implement a National Housing Policy to improve access to housing finance and housing affordability

- ▶ Ensure annual budgetary allocations for improvement of housing affordability, especially for the low-income
- ▶ Reduce by 10 percent the proportion of arrestees testing positive for illicit drugs, from its current level
- ▶ Maintain zero growth in the current proportion of drug abusers who use the intravenous route

Goal 8: Empower women and advance protection for children, elderly, people with disabilities, poor and other vulnerable groups

Performance Targets:

- ▶ Eliminate gender disparity in tertiary education
- ▶ Increase female Labour Force Participation Rate from 52 percent to 60 percent
- ▶ Reduce gender based violence through advocacy and sensitisation programs
- ▶ Provide access to social protection services for children, women and family through establishment of Social Protection Centres in all Atolls
- ▶ Ensure 100 percent participation in the Defined Contribution (DC) pension scheme of employees in the formal sector by 2010
- ▶ Achieve universal health insurance coverage by 2010
- ▶ Ensure that social assistance schemes for vulnerable groups are developed by 2010
- ▶ Ensure the availability of legal and regulatory tools to protect the rights of people with disabilities by 2010
- ▶ Ensure the availability of home and community based care programs for the aged by 2010

Governance

Free, Fair and Just Nation

Goal 9: Safeguard the values, rights and freedoms necessary to allow all to live a life of dignity

Performance Targets:

- ▶ Ensure that more than 98 percent of the public have high confidence that they are free from physical violation of their person and from fear of violation
- ▶ Ensure that more than 95 percent of the public have high confidence that elections held in the Maldives are free and fair
- ▶ Extend coverage of national radio and TV to 100 percent of the households
- ▶ Ensure that more than 95 percent of the public have high confidence that the media and literature are free from political censorship
- ▶ Achieve high public confidence level of more than 95 percent that there is adequate separation of powers in the Maldives

Goal 10: Promote access to justice, rule of law and maximise public safety

Performance Targets:

- ▶ Ensure that more than 95 percent of the public have high confidence that all public officials are subject to the rule of law and to transparent rules in the performance of their functions
- ▶ Ensure that more than 95 percent of the public have high confidence in the legal system to deliver fair and effective justice
- ▶ Ensure that more than 95 percent of the public have high confidence that the judiciary in the Maldives is independent and not subject to interference by the Government
- ▶ By 2009, demonstrate enhanced police responsiveness to victims of crime and enhanced capacity to investigate crimes
- ▶ By 2010, ensure more than 50 percent of businesses and communities report satisfaction or high satisfaction with police service

Goal 11: Strengthen local governance and public administration

Performance Targets:

- ▶ Establish an effective elected governance system for Atolls and islands
- ▶ Increase public confidence in the honesty and accountability of Government officials by 50 percent from 2006 level
- ▶ Ensure that 95 percent of private businesses have high confidence that favouritism by public officials in the award of contracts and projects is minimal

Goal 12: Protect sovereignty, enhance security and strengthen international relations

Performance Targets:

- ▶ Issue secure national identity cards to all citizens
- ▶ Respond within 12 hours to terrorist and other threats, which endanger the sovereignty and national security of the Maldives
- ▶ Further enhance and upgrade the present coastal surveillance capability to protect and secure the Exclusive Economic Zone and its natural resources
- ▶ Reach and respond to disasters and disaster threat situations within six hours of incident anywhere in the country
- ▶ Reach and respond to fire situations within 10 minutes in Male' and 15 minutes in the greater Male' area
- ▶ Reduce the customs clearance time to maximum two days
- ▶ Establish a biometric record system to enhance security of Maldivian Passports

Poverty

The most commonly used indicator of income poverty, the headcount ratio has shown continuous decline over the Vulnerability and Poverty Assessment Survey periods. In 1997 the proportion of population having less than Rf 15 per person per day was 40 percent, while by 2004 it had come down to 28 percent and further declined to 16 percent in 2005. Income levels of ten deciles from poorest to richest also show that per capita income increased for every decile over the same period. Taking the \$1 PPP per day only one percent of the population, around 2,000 people live in poverty in the Maldives. Although the Vulnerability and Poverty Assessments (VPAs) show that from 1997 to 2005 the Maldives had made significant progress in increasing income levels, poverty reduction still remains a key challenge to development.

Even though overall income levels has been increasing, income inequality between Male' and the Atolls has increased. Between 1997 and 2004, the Gini coefficient between Male' and the Atolls increased from 0.12 to 0.18. The Tsunami Impact Assessment (2005), indicates that tsunami may

have interrupted this trend by reducing incomes of the richest part of the population in Male'. While looking at the Regional differences for the Atoll population in 2004, income levels are higher and poverty levels are lower in the Southern Atolls compared to the Northern Atolls, suggesting an emerging income inequality between the Southern and Northern Atolls. Income levels increased from Rf 21 to Rf 32 per person per day in the Southern Atolls while income level remained unchanged at Rf 21 in the Northern Atolls.

Over the eight years since the first VPA the overall poverty situation has improved dramatically, but the panel analysis shows that over this period a significant number of people fell into poverty. A much larger part of the population turned out to be vulnerable than previously envisaged. Therefore, the policies and strategies in the 7NDP are not only aimed at reducing poverty but also geared to help prevent people from falling back into poverty.

Vulnerability

The profile of poor households shows that such households are larger in size, have a larger share of women and are more likely to be headed by a female. The VPA surveys shows that in the Atolls, every one in three female headed households fall under the Rf 15 poverty line, while the proportion is one in four for male headed households. Furthermore, members of these households are likely to have less education and poorer health. The likelihood of being poor is also higher when engaged in agriculture, fishing and local manufacturing and lower if engaged in tourism, trade, transport or government sectors. Additionally, the vulnerability of all island communities increases as environmental problems such as beach erosion and sea swelling increases which creates unprecedented challenges to development.

Education and Health

In the Atolls, the quality of education was given the highest priority by households in both VPA and in the TIA surveys. Clearly, more needs to be done to improve the quality of education in the islands. Another remaining problem, which for small island communities is the difficulty faced by the population to get medicine when needed. This problem is directly related to the huge diseconomies of size for the small island communities. Despite these constraints, since 1997, the Maldives has seen a sharp decline in infant mortality and a rise in life expectancy. Between 1997 and 2005 the overall Infant Mortality Rate (IMR) per thousand live births came down from 27 to 12. Moreover, there is no difference between Male' and the Atolls, with the rate for the Atolls coming down from 31 to 12. Most infant deaths now occur within the first week after birth. Between 1997 and 2005, life

expectancy at birth increased from 69 to 72 for males and 70 to 73 for females and improvements in the Atolls were of the same order of magnitude.

Urbanisation

Continuing migration from the islands is resulting in very high population densities in Male'. According to the 2006 Census, more than one-third of the Maldivian population is now living in Male', compared with only one-quarter ten years ago. Much needed relief may be coming from the development of Hulhumale', but the fast rate of urbanisation may quickly undo some of the benefits of the new development. Therefore, efforts to establish urban areas in the regional divisions of the country that provide an alternative to Male' should be strengthened and improved. Many young secondary school graduates are ambitious and have high expectations. Therefore they prefer to seek employment in Male' or close to Male', where urbanisation is at peak. Urbanisation combined with increasing unemployment may lead to unfulfilled expectations and disillusion, especially among the youth, and to increasing tension in Male'.

Employment

Employment is a means through which poverty situation can be addressed most effectively. Current labour force participation rate is 62.6 percent in 2006, which is an increase of 15 percent from 54.6 percent in 2000. Key challenges that lay ahead are the disparity between male and female participation rates and the high youth unemployment which stands at 16.2 percent in 2006. Creation of new job opportunities at Atoll level for both female and youth would considerably improve the poverty situation in the Maldives.

Malnutrition

The National Nutrition Survey conducted in 1994 estimated prevalence of underweight in children at 43 percent. Ten years later, the VPA showed the prevalence of underweight in children under five years of age at 27 percent. The present estimates indicate that one out of four children may be underweight by 2015. Regional comparison of malnutrition show significant Atoll variation. Taking stunting as an indicator of malnutrition, the highest observed rates of malnutrition are found in Gaafu Alifu Atoll at 55 percent. The lowest observed incidence of stunting is found amongst children in Dhaalu Atoll at 5 percent, while in Male' it is 17 percent. Many health experts suggest that the underlying factor for the high malnutrition is not largely due to unavailability of healthy food but due dietary habits amongst Maldivians. Understanding the true causes of malnutrition is pivotal as policies could be designed to address the issue.

Physical Infrastructure

The physical isolation of remote islands often creates rather intractable transport problems. Changes in transport in general, which showed an increase in vessel size in parallel with a reduction in frequency of services to the Atoll capitals and Male', may increase vulnerability in many islands. The drinking water shortages are increasing on many islands. While technical solutions are available in the form of desalination plants, the operation of such facilities may not be economically feasible on all the islands.

Poverty Reduction

The 7NDP provides the agenda for poverty reduction in the Maldives and specifies the country's macroeconomic framework, structural and social policies and programs over the five year horizon to promote broad-based growth and reduce poverty. It identifies the financial resources that can be made available for the implementation of the Plan, and the framework for monitoring and assessment. As such, the 7NDP serves as the Government's Poverty Reduction Strategy Paper (PRSP).

The government's key thrust for poverty reduction would be the creation of an economic environment conducive to new and better employment opportunities for the most vulnerable groups. The main objective of the Regional Development (RD) policy through Population and Development Consolidation (PDC) program is to address disparities between Male' and Atolls.

Regional Development

Although the speed of economic, physical and social development has been remarkable in the Maldives, the spatial patterns show significant imbalances between Male' and the atolls. Health, education and employment opportunities are concentrated in the vicinity of Male' and as a result there has been significant migration to Male' urban region which includes Male', Hulhumale and Villingili. Presently one third of the population live in Male' urban region and has led to heavy population congestion in Male' creating many social issues. The Vulnerability and Poverty Assessment reports also show that inequalities among atolls are increasing. For example, there is higher incidence of income poverty in the northern atolls compared to the southern atolls. The previous approach of Atoll Development to combat this has not been effective and thus Regional Development program is a new approach to development.

The Regional Development policy is aimed to achieve a better balance of social, economic and physical development between atolls by focusing

on promoting key areas in each region and invest the necessary social and physical infrastructure to cater for that region. Strong regional economic linkages combined with a developed transport network will boost the growth of the regions. Over the 7th National Development Plan period the government will vigorously implement Regional Development. This is indicated in the 2007 Government budget as well, where 45 percent of the Public Sector Investment Program (PSIP) was directly dedicated to promoting Regional Development.

Regional Development seeks to plan more coherently for the development of the atolls. The goals of Regional Development are to:

- ▶ increase the range of economic and employment opportunities in the atolls;
- ▶ make the atolls more prosperous, liveable and sustainable; and
- ▶ make the population living in the atolls healthier, more educated and more resilient.

Bringing together the location of houses, employment, infrastructure and transport in a given region and in the right way can dramatically enhance people's access to the essential services they need. At the same time it also enhances the attractiveness of the area of investment, business activity and economic development.

Regional Development policy will provide a guiding framework for use in the spatial planning of investment by both the public and private sectors. The policy and prioritised areas will be shared for future planning and the implementation of activities of all Ministries and private sector investments. Regional Development will guide the plans and activities of those involved in providing infrastructure such as ports, harbours, housing, tourist resorts, fish processing and public transport. A clear framework of regional investment opportunities and development plans will also enable the international marketing of the Maldives for investment. A publicised framework will build up the confidence of investors in the future prospects of various atolls of the Maldives.

The rate at which regional development can be implemented will be subject to overall macro-economic and budgetary considerations.

Five Regions

Under the Regional Development Policy, the 20 atolls of the Maldives are grouped into five development regions. During the 6NDP period the government established two development regions: the Northern Development Region (NDR) covering Haa Alif, Haa Dhaal and Shaviyani Atolls and the Southern Development Region (SDR) that includes Gaafu Alifu, Gaafu Dhaalu, Gnaviyani and Seenu Atolls, and Regional Development Management Offices in both regions. Major infrastructure projects carried out included the construction of a

13.5km road stretching from the capital of Seenu atoll, Hithadhoo to the airport in S.Gan.

Furthermore the islands of S.Vilingili was identified to be developed as a resort and negotiations with investors were initiated. Also the much needed harbor of Fuvahmulah was funded under the project. Efforts to improve the economy of the north included the identification and development of a yacht marina in HDh atoll.

During the 7NDP period the Government will establish three new development regions to cover the remaining 13 atolls. These three regions will be Northern Central Development Region (NCDR), Central Development Region (CDR), and the Southern Central Development Region (SCDR).

Under Regional Development, "urban areas" will be developed within regions to enable greater access to and more efficient provision of services. An urban area is a cluster of islands located close to each other all with the potential for development. When regular transport is provided between the islands within an Urban Area, then the facilities on any one island can be shared by all within the Urban Area. This enables more efficient provision of public services and better utilisation of the scarce land resources by avoiding duplication of services on closely located islands.

Population and Development

Consolidation (PDC)

The Population and Development Consolidation (PDC) is a key strategic component of the Regional Development Policy that aims to support the economic and social development of the atolls and regions of the Maldives to achieve their full potential. The main objective of the PDC program is to alleviate one of the most pressing challenges to the nation's development; the wide dispersal of small communities. Islands with larger populations

are more sustainable and less socially vulnerable. Of the 195 inhabited islands, 16 have populations less than 200; 128 islands (two thirds of inhabited islands) have populations less than 1,000. Only 5 islands have populations above 4,000, including Male' with a population of over 100,000. Smaller communities are in an extremely vulnerable situation, as the unit cost of providing social infrastructure and facilities are high, and thus these islands do not have adequate facilities. Access to islands and adequate coastal protection in the face of climate change are much needed infrastructures, which cannot be delivered to all sustainably. Thus the smaller islands have always tended to be on the lower end of development scale and higher on the vulnerability index. This poverty trap is worsened by the fact that they have to pay highly for transport to travel to avail of services.

Population Development Consolidation marks a change in the Government's approach towards the development of the atolls from an atoll development focus to a regional development focus. The former Atoll Development Programs aimed to develop infrastructure and services on all inhabited islands on an equitable basis as much as possible. This approach was not sustainable due to budget limitations and diseconomies of scale in the provision of resources. The ineffectiveness of the Atoll Development Program is evident when analysing the current population distribution of the country. Nearly one third of the country's population now live in Male' and of this nearly 58% are migrants. This is the consequence of vast inequalities existing in the composite availability of educational, health services and employment opportunities between Male' and other islands.

Why consolidate?

The economic benefits that will emerge from consolidation are undoubted. With the fall in infrastructure expenditure per person, the government can afford to increase the quality of essential services available on the island. Larger populations will encourage small to large businesses and home industries to develop. More opportunities for investment supported by adequate infrastructure will boost the local economy.

Studies conducted by MPND have found that people were less socially vulnerable on the more populous islands. A composite Human Vulnerability Index (HVI) calculation, consisting of 12 living standard dimensions, indicated that the vulnerability index clearly rose for smaller populations. With higher rates indicating higher level of vulnerabilities, populations of less than 200 had an average index of 5.3 while populations of greater than 1000 had index of 4.0. Islands with more than 2000 inhabitants had an average HVI of 2.4 while islands with over 4000 had an average index of 2.1. In other words, vulnerabilities were lower and living standards were higher on islands with larger populations. The only exceptions are two overcrowded islands.

The effect of consolidation was seen in the aftermath of tsunami when displaced communities were temporarily relocated to other islands. A study conducted only 6 months after tsunami found that the average income of the host population increased by 30 percent after the influx of the displaced families to their island. A number of islands had requested to host populations from other islands, a clear indication of the general acceptance and motivation towards consolidation.

What is the concept and process of consolidation?

The concept of population and development consolidation was first proposed by His Excellency President Maumoon Abdul Gayoom at the Atoll Chiefs' Conference in August 1998, as a strategic option for sustainable development and protection from the environmental threat of sea-level rise to the many vulnerable inhabited islands of the Maldives.

Further articulated by the Ministry of Planning and National Development, the concept or strategy acknowledged that the wide dispersal of small populations across too many small and vulnerable islands presented a major challenge to sustainable development and environmental protection, and proposed to achieve economies of scale through consolidating populations to economically viable sizes on the larger islands with potential for physical expansion and economic growth.

Consolidation of population and development can be achieved in three modes; neighbouring islands on the same reef can be physically joined through reclamation or linked by causeway; regular ferry services can be established linking close clusters of islands; and facilitate the relocation of small populations in remote and small islands to islands with better infrastructure, services and expansion potential. The most frequent attention is drawn to the third mode of relocation.

The current stipulated policy is that any relocation should be voluntary and would only be facilitated when the whole community formally lodges the decision to move. Another essential prerequisite is the explicit agreement and co-operation between the relocating community and potential host community. In most of the relocations carried out the communities have mostly opted to stay within the atoll.

Each relocating family will receive a house for an occupied house and Rf 50,000 (US\$ 3,900) as relocation compensation. Rising construction costs and transportation costs have led to a steady increase in the price of a house over the years. The cost of a three bed-room house has risen from \$23,400 in 2005 to \$28,300 in 2007, which highlights the need to speed up the PDC.

Is the consolidation program being implemented?

The first steps were the dissemination of basic principles of PDC across the country, and its advocacy to the different sectors of the government, followed by the development of a pilot housing finance scheme by the Maldives Housing and Urban Development Board, now the Ministry of Housing and Urban Development.

Though there were environment-driven relocation programs undertaken in the past, the first pilot project for voluntary relocation under the population and development consolidation strategy was physically begun in two islands in 2003-2004. The 48 houses constructed under this pilot project had barely been completed when the disastrous tsunami struck in December 2004. These houses were thus first used as temporary shelters, though most have now been awarded to relocating families.

Prior to the tsunami, nineteen islands had formally requested for relocation, and a few more communities were in the process of deliberation. The first practical move of relocating an entire community to a host island under the PDC was impelled by the tsunami, and took place just one month later in January 2005. Since then, three more islands communities have been relocated, five islands are in partial relocation, four communities are on their original islands awaiting

housing construction elsewhere, and five more are expectant of relocation through link-up with a tourism development investment.

The policy of spearheading the consolidation program through link-up with tourism development was adopted by the government in 2006, to encourage the corporate and private sector participation in the PDC program and thereby alleviate the burden on the government. Under this policy, the vacated islands will be awarded for resort development to developers who offer to provide the costs of relocation and host island development.

Experiences and lessons learnt

Government savings due to the relocation are long-term as the immediate cost of relocation is high. Apart from the housing and compensation expenses, the government must also upgrade the services and facilities available in the host Island to meet the growth in population. This requires coordination and commitment from all sectors to ensure a successful and smooth integration of communities.

The social integration of communities has not always been as smooth as desired, mostly due to the slow delivery of upgrading and expansion of facilities on the host island. Resentment from some host community builds up overtime as a result of non-realisation of the perceived benefits to the host Community. Both communities expect that the services and facilities on the host Island will be upgraded to meet the demands of the increase in the population. Delays in host island development creates social tension due to increased competition for income generating opportunities and housing plots, and due to sharing limited facilities and services on the island. It is therefore necessary to upgrade the facilities in the host Island in parallel with the relocation program.

The large upfront cost of relocation has lead to delays in facilitating relocation. Delays are especially harmful for small communities, because the economy of these islands comes to a halt as soon as the community decision to relocate is taken. Construction of new houses, expansion of services on islands, and even the repair of damage to one's own home may be put off in the anticipation of being relocated. Added to this is the increasing pressure to build up infrastructure on the island, leading to mixed signals and decisions. Therefore it is critical to speed up the relocation process.

PDC as an adaptation to Climate Change

In addition to having sufficient social and economic services, it is more crucial than ever that the islands that are being relocated to be environmentally safe and adapted to climate change. Thus in parallel with PDC the government adopted the “Safer Islands Program” after the tsunami of 2004.

The Safer Island Development Program (SIDP) targets to provide the infrastructure necessary to adapt to climate change and to be better prepared for natural disasters. A Safer Island will have better coastal protection, elevated public buildings for vertical evacuation, emergency supplies, appropriate harbour and also more reliable communications systems. These islands should also serve the neighbouring islands in case of disaster. This overarching policy will be the backbone of long term development and is also in line with the policy of building back better after the tsunami. Ideally consolidation should take place on these Safer Islands.

Way forward

Despite the large upfront costs of relocation the government gives a clear priority to consolidate the smaller and most vulnerable communities, and a number of programs are now underway. Given the rising costs of construction and increasing awareness of climate change effects, it is more crucial than ever to implement PDC program and SIDP quickly and generate sufficient funding for the program.

PDC is a key strategic tool to achieve regional development as it creates larger population centres and enables the access to essential services to more communities.



IMAGE: THE PORTRAIT GALLERY

Part II

Economic Development

A strong diversified economy with
secure employment for all

Goal 1:

Create an environment conducive for growth and generate employment

Goal 2:

Enhance trade, support businesses and build competitive industries

Summary of Goals and Performance Targets

Goal 1

Create an environment conducive for growth and generate employment

- ▶ Ensure an annual economic growth rate of seven percent or higher
- ▶ Ensure fiscal responsibility by having progressively declining fiscal deficits during the Plan period
- ▶ Ensure listing of at least 10 SOEs on the stock exchange
- ▶ Maintain ODA at not less than 5 percent of Government revenue
- ▶ Pay down debt to ensure external debt remains sustainable and in accordance with the debt policy and strategies of the Maldives
- ▶ Achieve full legal and operational autonomy for the Maldives Monetary Authority
- ▶ Keep weighted average inflation less than or equal to 6 percent
- ▶ Create at least 15,000 new and additional high quality, good paying jobs in the Atolls

Goal 2

Enhance trade, support businesses and build competitive industries

- ▶ Increase export of goods as a percent of GDP by 40 percent by 2010
- ▶ Increase FDI share in the capital account of BoP to 3.5 billion by 2010
- ▶ Support at least 2,500 entrepreneurs through loans and other incentives
- ▶ Increase tourist bed capacity in the Maldives to 30,000 beds
- ▶ Ensure average occupancy of more than 80 percent
- ▶ Increase local participation in the tourist resort labour market from 56 percent to more than 60 percent
- ▶ Increase share of non-skipjack tuna fish catch to 15 percent of annual catch
- ▶ Increase production of tertiary processed fish products to more than 50 percent of annual production
- ▶ Increase the share of contribution from Agriculture sector to GDP not less than 5 percent
- ▶ Replace imports of at least 6 agricultural products which are commonly used in Maldives
- ▶ Increase the share of contribution from construction sector to GDP, not less than 7.5 percent
- ▶ Increase the ratio of sports participation of the population to 5 percent

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Public Finance

Government revenues are dominated by import duties at an average of 32.3 percent followed by resort lease rents at 25.1 percent. On the expenditure side education accounts for 13.2 percent followed by health and welfare at 11.4 percent. Between 2002 and 2004, the Government budget was in surplus, maintained at 0.3 percent of GDP in 2002, and increasing to 2.6 percent of nominal GDP in 2004. The budget for 2005 was a balanced budget. However, the tsunami disaster in December 2004 required a supplementary budget, resulting in a deficit of 8.3 percent of nominal GDP in 2005. In 2006, the budget deficit stands at 1.8 percent of nominal GDP.

The tsunami recovery and reconstruction programs placed considerable pressure on public finances causing public expenditure to increase by 50 percent in 2005, and 41.5 percent in 2006, highlighting the need for further strengthening of fiscal management, addressing both revenue mobilisation and spending prioritisation.

To enhance the revenue base the Government will focus on streamlining and widening the tax base of the economy, as well as new areas which can generate further revenue.

There is also an apparent need for a modern accounting and financial management system for recording the increasing volume and complexity of Government financial transactions, and for control of Government procurement and asset management. Presently, Government ministries and agencies maintain a large number of bank accounts in which public monies are held. A more efficient and cost effective system of cash management needs to be established.

Disclosure of information on audited annual public accounts of revenue and expenditure will improve transparency and accountability. There is a need for the Government to give a statement of accounts each year of its stewardship of the country's public finances, with audited public accounts of expenditure, revenue, borrowing, lending and the granting of any financial guarantees in the previous financial year.

In the 6th Plan period the Government initiated strengthening of fiscal management through enactment of a Public Finance Act (3/2006). Presently, there is need for legislation to cover financial administration, audit and the introduction of new revenue measures.

Policies and Strategies

Policy 1: Reform the budget preparation process to improve fiscal management

Strategies

- 1.1** Integrate investment plans and medium term expenditure framework to the budgeting process in line with National Development Plan goals and targets
- 1.2** Apply economic affordability to budget proposals and each agency to effectively monitor performance against clear targets
- 1.3** Formulate the Public Sector Investment Program and capital budget on a multi-year rolling framework and estimate recurrent cost implications for capital projects
- 1.4** Strengthen capacity of Finance Ministry and other Government agencies to implement budget reforms
- 1.5** Propose legislation on fiscal accountability to improve fiscal discipline and transparency

Policy 2: Identify and pursue alternative means of financing Government debt

Strategies

- 2.1** Phase out automatic financing from MMA and introduce market-based instruments such as treasury bills and bonds

Policy 3: Improve public financial administration to promote fiscal transparency and accountability

Strategies

- 3.1** Commission a modern, computerised Public Accounts System for improved monitoring of expenditure and revenue collections, efficient cash management and facilitate the auditing
- 3.2** Provide a legal basis for public financial administration by proposing legislation on public finance, audit, public enterprise, tax administration, and business profits
- 3.3** Improve the administration of import duties by proposing amendments to the Import-Export Act to include authorisation of import duties in a new Import Act
- 3.4** Increase transparency and frequency of disclosure of Government revenue and expenditure

Policy 4: Widen the tax base and promote voluntary tax compliance

Strategies

- 4.1** Educate public on taxation and promote voluntary compliance
- 4.2** Build a comprehensive tax-payer visible online database
- 4.3** Develop a Maldives-wide internal revenue system
- 4.4** Identify and introduce alternative and innovative tax systems

Policy 5: Introduce technologically advanced operational tools for public finance and taxation services

Strategies

- 5.1** Strengthen human resource and organisational capacity
- 5.2** Establish a document management and electronic archive system
- 5.3** Implement a Human Resource Management System (HRMS)

State Owned Enterprises

There are currently 23 State Owned Enterprises (SOEs) in the Maldives, with several of them operating in areas where there is potential for further private sector participation. The Government has initiated privatisation in some areas and there is a need to speed up this process to ensure that the Government does not crowd out the private participation in these sectors.

Currently there is no code of practice for corporate governance and there is room for considerable improvement in the governance of all SOEs. It is important that a stronger sense of responsibility for the companies' actions be inculcated within the Board of Directors and their role in the functioning of the company be strengthened. Other good corporate governance practices such as the establishment of the audit and remuneration committees also need be pursued.

There is no legislation to govern the operations of SOEs which makes it difficult to regulate these enterprises. Such legislation is also important to provide the legal basis that will ensure SOE accountability to its stakeholders.

Policies and Strategies

Policy 1: Promote corporate governance

Strategies

- 1.1** Strengthen the competency of SOE Boards
- 1.2** Strengthen corporate governance within SOEs through the establishment of Board committees such as audit and remuneration committees
- 1.3** Propose legislation on Public Enterprise Accountability
- 1.4** Improve the performance of public enterprises by providing accounting, auditing, procurement and other governance standards and guidelines

Policy 2: Reduce the level of Government intervention in the operations of SOEs

Strategies

- 2.1** Increase corporate ownership among Board and management within SOEs
- 2.2** Empower SOE Boards and ensure transparency and disclosure of Board decisions

Policy 3: Reduce Government ownership in SOEs and promote private and joint private/public ownership

Strategies

- 3.1** Increase private sector participation in public enterprises by partial divestiture of the Government shareholding
- 3.2** Encourage SOEs to go public and list on the stock exchange

Aid Coordination and Management

Grant aid to the Maldives declined from Rf 167 million in 2001 to Rf 14.1 million in 2004. Loan assistance, on the other hand, increased from Rf 299 million in 2001 to Rf 609.5 million in 2004. This was expected, especially as the United Nations decided to graduate the Maldives from its Least Developed Countries (LDCs) list on 20 December 2004.

The tsunami disaster that struck the country in 2004 saw a large amount of foreign aid flows coming into the country, specially grant aid of Rf 766 million in 2005 and declining to Rf 380.5 million in 2006 as tsunami recovery and reconstruction activities are expected to be completed in 2007 and 2008. There is still a funding gap of US\$ 70.6 million in the National Recovery and Reconstruction Plan as at end of 2006. Additional resources need to be mobilised for the Maldives to fully recover from the damage caused by the tsunami disaster.

The substantial decline in ODA from donor countries highlights the pressing need for strengthened aid management and coordination. There is the need to increase access to other sources of financing, such as technical assistance and private sector funding, while ensuring that the current aid flows into the country are utilised effectively. In order for this to be achieved, awareness and capacity of staff in the aid coordination institutions to better understand the context within which aid management and coordination takes place needs to be strengthened.

There is also a lack of coordination between the Government and donors to give strategic direction to development coordination. There is a need to have regular coordination meetings with the Donor agencies in order to streamline the aid management function and reduce any duplication within the process.

Policies and Strategies

Policy 1: Mobilise financing for the National Recovery and Reconstruction Plan

Strategies

- 1.1** Strengthen efforts for aid mobilisation to meet the funding gap
- 1.2** Strengthen project implementation mechanisms to speed up recovery and reconstruction programs

Policy 2: Strengthen and streamline the Aid Coordination and Management Framework of the Maldives

Strategies

- 2.1** Streamline the national Aid Coordination and Management Framework within the Government
- 2.2** Establish a mechanism for continuous dialogue between the Government and donors
- 2.3** Establish and strengthen a tracking system for donor resources pledged and committed to the Maldives

Policy 3: Access new and alternative sources of development financing

Strategies

- 3.1** Enable private sector to access sector specific funding from International Financial Institutions (IFIs)
- 3.2** Mobilise new technical assistance and facilities from IFIs
- 3.3** Develop the institutional frameworks necessary to access finance and technology transfer opportunities as provided for under international conventions and multilateral agreements to whom the Maldives is a party

External Debt Management

The Government of Maldives needs to formulate a clear debt strategy for meeting its funding requirements, achieve its cost and risk objectives and maintain sustainable debt levels. Clear and transparent policies with regard to external debt need to be set in order to have measurable goals with which debt position can be assessed so as to improve the quality of decisions made in the project selection process.

Currently there is no periodic debt sustainability analysis or sensitivity analysis being carried out. Work on improving debt management capacity started in November 2004 and continued during 2005 and 2006.

There is a need to formulate a mechanism where information on public debt is disseminated in a systematic manner in accordance with international best practices. In addition, the new Public Finance Act (3/2006) requires prudential management of loans and guarantees and reporting of new debt obligations to the Parliament within 30 days of incurring such debt.

There is a need for the development of a consolidated legal framework for both public and private debt management (foreign and domestic) with clear guidelines on the roles and responsibilities.

Policies and Strategies

Policy 1: Strengthen debt management to ensure economic stability

Strategies

- 1.1** Formulate a National Debt Policy and develop the associated debt strategy to achieve the objectives of this policy
- 1.2** Conduct periodic Debt Sustainability Analysis (DSA), sensitivity analysis and Debt Portfolio Review (DPR)
- 1.3** Incorporate the debt management strategies along with the DSA/ DPR analysis in the project selection process

Policy 2: Promote and ensure transparency and accountability in debt management

Strategies

- 2.1** Create a comprehensive debt accounting system and publish audited accounts
- 2.2** Propose legislation on debt management in line with Public Finance Act
- 2.3** Consolidate current laws on public borrowing, guarantees, private external debt reporting and monitoring

Monetary Policy, Banking and Finance

An efficient central bank is necessary to ensure economic stability with maximum possible growth through pursuing monetary and exchange rate policy and to supervise the financial sector to guarantee continued public confidence in the country's financial institutions. In keeping with international best practice, the Maldives Monetary Authority (MMA) needs to be made a fully independent central bank which makes monetary and exchange rate policy decisions solely on economic criteria.

The financial system in the Maldives is dominated by the banking sector, with one local commercial bank and branches of four foreign commercial banks. The non-bank financial sector consists of four insurance companies, a housing finance institution and a finance leasing company. No specialised financial institutions exist in the Maldives to meet the investment needs of the tourism, fisheries, agriculture, trade, construction and other sectors. Given the limitations in the

financial market further competitive expansion of the financial sector is critical.

Financial instruments available to regulate monetary policy, finance the fiscal deficit and to mobilise private savings into public and private investment are presently limited to Maldives Monetary Authority (MMA) Certificates of Deposit (CD) and the term deposits of the commercial banks. Hence, there is a strong need for a wider range of instruments such as Treasury Bills and Treasury Bonds to meet these diverse financing needs.

Policies and Strategies

Policy 1: Enhance the use of monetary policy instruments in a manner conducive to achieving price stability and balanced economic growth

Strategies

- 1.1** Continue reviewing the exchange rate peg as an instrument of price stability.
- 1.2** Reduce periodically the Minimum Reserve Requirement (MRR) which the MMA places on commercial banks
- 1.3** Continue to issue Treasury Bills to replace Certificates of Deposit (CDs) to absorb excess funds in the banks and SOEs as the main instrument of monetary policy
- 1.4** Formulate a structured plan for the repayment of the outstanding Government debt to MMA and convert all newly accumulated debt to Treasury Bills

Policy 2: Strengthen the MMA Act (6/1981), achieve full operational autonomy for MMA, and enhance legislation and capacity regarding monetary management and the financial sector

Strategies

- 2.1** Amend the MMA Act (6/81) to provide for the creation of a full time governor and a more technical board of directors to ensure that the authority becomes a fully independent central bank

- 2.2** Propose legislation to govern the banking and financial services industry

- 2.3** Enhance the human resource capacity of the MMA to enable it to effectively perform its regulatory and supervisory functions, conduct economic research and improve analytical capacity to enable better macroeconomic management

Policy 3: Strengthen the capacity of financial institutions and broaden and deepen the financial sector

Strategies

- 3.1** Facilitate the introduction of new financial institutions
- 3.2** Encourage existing financial institutions to introduce and promote new financial products
- 3.3** Revise the existing licensing criteria and guidelines and regulations for banks and other financial institutions and publish the revised guidelines and regulations
- 3.4** Examine the feasibility of establishing a development finance institution that could meet the long-term financing needs of local industry and facilitate the development of the institution
- 3.5** Introduce intra-operability for electronic payments between financial institutions
- 3.6** Improve the legal system and contract enforcement

Policy 4: Enhance customer service efficiency of MMA

Strategies

- 4.1** Acquire adequate physical space and facilities
- 4.2** Install automatic cheque clearing facility at MMA
- 4.3** Streamline the current cash handling, processing, storage, and destruction procedures and introduce automated functions
- 4.4** Reduce the heavy reliance on cash for payments settlement and reduce the cost of financial transactions by introducing the mobile phone payments system

Capital Market Development

The commercial banks' reluctance to lend longer term to the private sector is reflected in interest rates that are unattractive to make them a realistic source of project financing for most borrowers. This restricts economic development in the country. A capital market could mobilise medium and long term savings from the local population, for longer term financing of capital investment in the country. It gives established businesses alternative options to raise finance: for the private sector a new source of investment capital to fund their development; and for the Government an established market to offer shares in Government owned companies.

Maldives being a small island developing state there are many impediments to capital market development. However, there is an essential role that Capital market can play in the financial and economic sophistication of country.

As such, to lay the foundation of a Stock Exchange in the Maldives, the Securities Trading Floor (STF) was established on 14th April 2002. Two years later, on 14 April 2004 the Maldives Securities

Depository was established to introduce a scripless trading system to further facilitate wider participation of investors in the market.

Upon the establishment of the Capital Market Development Authority (CMDA) under the Securities Act (2/2006) on the 26th January 2006, the Securities Trading Floor and the Securities Depository were transferred to the CMDA.

The CMDA's vision is "to have a thriving capital market in the Maldives, which finances business investment and development and promote the expansion of the Maldivian economy". The mission is "To facilitate the fair and orderly development of the capital market so that businesses have access to capital and at the same time investors are provided with investment opportunities."

Policies and Strategies

Policy 1: Continue to develop a viable capital market for Maldives

Strategies

- 1.1** Spin-off the Securities Trading Floor run by the CMDA to form a fully fledged stock exchange
- 1.2** Spin-off the Securities Depository run by the CMDA as an independent autonomous institution
- 1.3** Strengthen the settlement and clearing process by facilitating the development of an appropriate trading platform and automated trading system
- 1.4** Provide more scope for business expansion of dealers and brokers and other market intermediaries
- 1.5** Pursue appropriate strategic international alliances and participate in relevant capital market regulatory forums
- 1.6** Coordinate with international rating agencies to establish a local credit rating agency

Policy 2: Ensure effective regulation of the capital market

Strategies

- 2.1** Implement the Securities Act and enforce laws and regulations governing the capital market
- 2.2** Propose legislation to strengthen regulatory framework for a Collective Investment Scheme (CIS) to pave the way for development of unit trusts and other capital market institutions

Policy 3: Enhance protection of investors

Strategies

- 3.1** Ensure high standards of financial reporting and continuous disclosure of accurate and timely information by issuers and market intermediaries and other market participants
- 3.2** Introduce a Code of Corporate Governance as part of the stock exchanges' listing rules
- 3.3** Enhance awareness and accountability for fiduciary duties and obligations of company directors of listed companies
- 3.4** Introduce incentives and awards system for the implementation of the corporate governance framework.
- 3.5** Continue to enhance the role of the Capital Market and Corporate Governance Institute (CMCGI) to increase professionalism of market participants

Policy 4: Increase and provide diversified investment opportunities

Strategies

- 4.1** Develop a corporate bond market in order to provide a cost efficient alternative method of financing and investment, encourage secondary market trading of bonds, and promote the development of a benchmark yield curve
- 4.2** Encourage companies to go public by listing on the stock exchange by offering appropriate incentives
- 4.3** Increase and allow foreign participation in the capital market
- 4.4** Increase public awareness on stock exchange as an attractive option for investment and saving

Employment

In 2006 the total economically active population was 128,836. The Labour Force Participation Rate has improved from 54.6 in 2000 to 62.6 in 2006. The Census 2006 shows that female and male Labour Force Participation Rate is 52 and 73 respectively. There still exists a significant disparity between male and female participation rates. Youth unemployment rate in 2006 is 16.2 percent, this remains a critical challenge that needs to be addressed in upcoming years. In addition, there is an urgent need to establish job matching services to provide employment advice to job seekers and employment exchange services for employers and employees.

In 2006 the proportion of those employed in tertiary sector accounted for 60 percent while the secondary and primary sectors shared 24 percent and 12 percent. The number of expatriate workers increased from 27,716 to 53,901 between 2000 and 2006. In 2006, 30.5 percent of expatriates were engaged in construction sector, 20.6 percent in Tourism and 15.4 percent in community, social and personal services.

Over the next three years, it is projected that 29,237 young people will complete secondary education. A significant number of school leavers will continue to tertiary education and at least 40 to 60 percent of them will potentially enter the labour market annually. The expanding labour force demands an urgent national training needs assessment.

The Maldives currently lacks a clear framework that defines the legal rights of employees and employers. Workers do not have the right to organise collectively and there is no formal mechanism for resolving employment-related disputes between employees and employers.

Policies and Strategies

Policy 1: Conduct training needs assessments and deliver skills development programs

Strategies

- 1.1** Prepare a human resource needs assessment, and design, develop and deliver training through the Employment Sector Councils in the key sectors of tourism, fisheries and agriculture, transport and the social sectors
- 1.2** Develop and implement a national apprenticeship scheme to train school leavers

Policy 2: Strengthen the employment legal framework in line with International Labour Organisation (ILO) standards

Strategies

- 2.1** Enact an Employment Act which would include provisions on unfair dismissal, equal pay, sexual harassment and all forms of discrimination including on grounds of disability
- 2.2** Conduct a nationwide awareness campaign to make the public, institutions and agencies with employment responsibilities familiar with new provisions in the Employment Act
- 2.3** Undertake a joint study with the Human Rights Commission and private sector organisations to improve working conditions in accordance with national and international human rights standards

Policy 3: Increase employment opportunities for Maldivians

Strategies

- 3.1** Establish Employment Services Centre in Male', and job centres in Atolls and job information kiosks in growth centres to provide employment advice to job seekers and employment exchange services for employers and employees
- 3.2** Set up a Labour Market Information System to collect and analyse labour market data for policy development
- 3.3** Mainstream persons with disabilities in all current and new programs to increase employment opportunities for Maldivians in line with the National Policy on Disability

Policy 4: Promote youth interest in employment

Strategies

- 4.1** Conduct awareness campaigns to inform young people of the range of occupations available and the merits of training and education with a view to changing attitudes towards employment

Policy 5: Establish a mechanism to facilitate resolution of employer-employee disputes

Strategies

- 5.1** Establish a Labour Relations Commission to research and provide policy advice on industrial and employment related issues
- 5.2** Establish an Employment Tribunal to resolve employment-related disputes

Goal 2

Enhance trade, support businesses and build competitive industries

- ▶ Increase export of goods as a percent of GDP by 40 percent by 2010
- ▶ Increase FDI share in the capital account of BoP to 3.5 billion by 2010
- ▶ Support at least 2,500 entrepreneurs through loans and other incentives
- ▶ Increase tourist bed capacity in the Maldives to 30,000 beds
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- ▶ Replace imports of at least 6 agricultural products which are commonly used in Maldives
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- ▶ Increase the ratio of sports participation of the population to 5 percent

Trade and Investment

The Maldives is well positioned to take advantage of long political stability, high economic growth, social harmony and strategic geographical location to act as a point for distribution of goods to the Middle East, East Africa, South Asia and Southeast Asia. Private sector dynamism and a sound investment climate are critical for embracing these opportunities.

The Doing Business Indicators (DBI) prepared for the first time in 2004, places Maldives in a fair position for investments. The entry regulations of the Maldives has one of the lowest cost of registering a company at 15.6 percent of per capita income, in comparison to the rest of the South Asia at 45 percent. The cost of firing is also the lowest for South Asia, standing at 20 times the weekly wage. In the Maldives it takes 194 days to enforce contracts compared to 375 days in the South Asian Countries, and the country still lags far behind the global best practice of 27 days to enforce a contract.

Full development of the private sector requires that investors, particularly foreign investors, suppliers

and clients have confidence that the investment environment in the Maldives is fair, honest and open. More transparency is required on the strategic sectors for foreign investments. The Government will establish a governance framework for investment that provides rules for the creation and operation of public and private companies, accounting and reporting standards including audit standards for private and public companies. Special attention will be given to develop the institutional framework for enforcement of contracts and judgments of the courts.

The World Trade Organization (WTO) obligations require transparency in application of trade standards. Introducing standards is a part of quality management that is important for increasing the level of confidence of buyers of Maldivian products and will be an important feature of the export promotion strategy.

The Government will establish a coordination mechanism with the private sector and stakeholders through setting up of an Economic Development Board (EDB) as an apex body. Cross

sectoral advisory groups on: (i) Export Development; (ii) Business Facilitation; (iii) Services Trade; and (iv) Competitiveness will report to the EDB. There is currently little coordinated support for small businesses and start-ups in the Maldives. An SME development coordinating mechanism is required to target enterprises, devise assistance packages, encourage creativity and innovation, introduce new business activities and increase overall business dynamism. Linkages with other sectors combined with regional, Atoll and SME development need to be explored urgently.

Policies and Strategies

Policy 1: Strengthen the framework for trade and economic development

Strategies

- 1.1** Mainstream trade in the Government's economic development agenda and economic policy formulation domestically and internationally
- 1.2** Promote awareness on how trade sector development can be incorporated across the Government's economic and development agenda
- 1.3** Facilitate private sector participation in formulating and developing a Trade Policy
- 1.4** Establish an Economic Development Board
- 1.5** Enhance customer relations and efficient business support services
- 1.6** Develop guidelines to strengthen institutional capacity, staff training and productivity

Policy 2: Provide a stable, transparent and attractive investment environment

Strategies

- 2.1** Establish a Commercial Arbitration Tribunal
- 2.2** Establish a mechanism for rating business risk
- 2.3** Create a Good Corporate Governance Index
- 2.4** Propose legislation on Money Judgement Enforcement
- 2.5** Propose necessary legislation and develop institutions to promote technology transfer, innovation and creativity for businesses
- 2.6** Establish a Maldives Association of Accountants to regulate the accounting profession and to establish private sector accounting standards
- 2.7** Formulate, monitor and enforce consistent rules and regulations to govern business activities

Policy 3: Market and promote Foreign Direct Investment (FDI) in the Maldives

Strategies

- 3.1** Identify sectors for attracting FDI
- 3.2** Identify locations and land available within the Maldives for FDI
- 3.3** Formulate and publish a National Foreign Investment Policy and strategy
- 3.4** Review and revise the royalty regime to attract FDI

- 3.5** Introduce a structured marketing program to promote FDI
- 3.6** Provide clear, effective and user friendly investment related information to the foreign investors
- 3.7** Attract FDI for significant, long-term strategic investments and large scale infrastructure development such as transshipment ports and airports to support long-term economic growth
- 3.8** Upgrade FDI Data Management System at FISB

Policy 4: Promote export development

Strategies

- 4.1** Introduce a quality assurance system for Maldivian goods and services
- 4.2** Alleviate supply and market bottlenecks in the export of goods and services

Policy 5: Support the development of Small and Medium Enterprises (SMEs)

Strategies

- 5.1** Introduce private sector development programs for Small and Medium Enterprises by providing technical assistance to start-up enterprises
- 5.2** Facilitate the establishment and growth of SME's, through providing access to business support services at the Hulhumale' Business Park/Industrial Zone
- 5.3** Encourage technology transfer, innovation and creativity for businesses

Policy 6: Institute market organisation and policy support for fair trading and promoting healthy competition

Strategies

- 6.1** Formulate competition rules that would address unfair competition and help avoid market failures
- 6.2** Regulate agriculture and commodity imports, develop import replacement programs in consultation with the private sector and introduce organic food labeling
- 6.3** Monitor markets and prices to maintain competitiveness

Policy 7: Increase access to regional and international trade markets

Strategies

- 7.1** Enter into strategic trade agreements to promote market access
- 7.2** Strengthen trade negotiation capacity by being an active player in international trade

Tourism

Tourism is the most significant industry in the Maldives. In 2006 tourism contributed to 27 percent of GDP, 51.5 percent of foreign currency earnings, 91 percent of total service receipts of the country, and 33.3 percent of the Government revenue.

With the Government's policy on taking tourism to people, development of tourist resorts has been initiated in all Atolls. As of December 2006, registered tourist bed capacity in the Maldives has reached 20,500 mark, with 89 resorts (17,800 beds), 116 live-aboard safari vessels (1,599 beds); 9 hotels (713 beds); and 21 guest houses (391 beds).

Tourists from Europe account for more than 76 percent of the total tourist arrivals to the Maldives. Asian countries constitute 19.5 percent of the market share, followed by America with 1.8 percent, Oceania with 1.3 percent, Africa with 0.7 percent and Middle East 0.7 percent. The Government is committed to steadily increase the number of tourist arrivals and maintain a healthy

occupancy level, by intensifying marketing initiatives targeted at new and emerging markets, whilst keeping the focus on traditional markets as well; and also increase the bed capacity to meet the demand.

The tourism industry contributes considerably to the creation of employment opportunities. The industry directly accounted for more the 22,000 jobs during the year 2006. However, only 54 percent of these employment opportunities are taken by locals. Various social and cultural factors, combined with scarcity of adequately trained Maldivians and the presence of alternative employment opportunities hinders local employment in the industry. The Government will implement measures to encourage greater local participation in the tourism sector.

Irrespective of the potential benefits associated with tourism development, the narrow financial sector of the country and the lack of investment finance opportunities is a major impediment to the development of the tourism sector. Although the

tourism sector accounts for 52.5 percent of the total bank credit, the financial resources available locally is not enough to meet the demands of the industry. As a result, Maldivians often rely on foreign investors for financial institutions in return for a significant share of the investment. An increasing number of investments in the tourism sector are entirely made by foreign parties as Maldivians are unable to secure investment funding on their own. An urgent need exists to identify sources of financing for locals to invest in the tourism sector.

The Government is eager to capitalise on the positives dimensions of past tourism development experience and improve on the lessons learnt. In this regard the future tourism development will also be well planned and would focus on both maximising and optimising the benefits of tourism.

Policies and Strategies

Policy 1: Facilitate sustainable growth and increase investment in the industry, while enhancing public share of economic benefits from tourism

Strategies

- 1.1** Improve investment climate to facilitate Maldivian and foreign investments
- 1.2** Increase public revenue from tourism through revising tax regulations and by increasing the supply of tourist beds according to projected demand
- 1.3** Retain economic benefits through improved linkages with economic activities of island communities
- 1.4** Strengthen the collection and dissemination of economic and financial data related to the tourism sector

Policy 2: Increase employment opportunities and, open opportunities for gainful public and community participation in the tourism industry

Strategies

- 2.1** Promote careers in tourism for school and college graduates
- 2.2** Increase awareness of the potential benefits of community-based tourism
- 2.3** Increase number and ratio of Maldivians participating in the tourism industry

- 2.4** Create an enabling environment to ensure a wider distribution and retention of the benefits of tourism among Maldivian
- 2.5** Promote heritage and cultural centres in Male' and inhabited islands
- 2.6** Establish greater backward linkage with fishing and agriculture

Policy 3: Develop and maintain supporting infrastructure required for the growth of the tourism industry

Strategies

- 3.1** Enhance the national air-transport network by improving existing airport facilities and developing additional domestic airports to serve the needs of tourism expansion
- 3.2** Ensure that needs of all airport users are met in a timely and cost effective manner
- 3.3** Expand the capacity of Gan International Airport to accommodate tourism growth in the Southern Zone
- 3.4** Upgrade Hanimaadhoo Airport to accommodate tourism growth in the Northern Zone
- 3.5** Enhance the national marine-transport network, storage facilities, and distribution logistics for the tourism industry
- 3.6** Further development of harbour facilities for bunkering of safari vessels
- 3.7** Introduction of emergency evacuation transport and communication infrastructure for resorts
- 3.8** Encourage public and private sector investment in tourism infrastructure and development projects
- 3.9** Strengthen the preparedness of the tourism industry to resort-specific crisis and industry-wide disaster situations
- 3.10** Optimise the operation and utilisation of Information Communication Technology (ICT) for smoother operation of tourism and other related establishments
- 3.11** Upgrading of central and regional hospitals and Atoll medical facilities to provide medical care at standards acceptable to international health insurance providers who provide insurance for tourists
- 3.12** Strengthen surveillance and security for the safety of all tourists

Policy 4: Ensure environmental sustainability in development and operation of all tourism products, and strive for global excellence in environmentally-responsible tourism

Strategies

- 4.1** Strengthen the environment regulatory regime pertaining to tourism related products and facilities
- 4.2** Promote environmental conservation through marketing and awareness programs
- 4.3** Strengthen environmental monitoring of coral reefs, dive sites and marine protected areas
- 4.4** Encourage and facilitate resorts to implement Environment Management System [EMS]

Policy 5: Continue to brand Maldives as a unique destination with innovative products and retain Maldives positioning as top ranking destination in traditional and emerging source markets

Strategies

- 5.1** Identify and encourage innovative product development to enhance product diversity and strengthen the market position of the Maldives tourism products
- 5.2** Strengthen coordination of marketing activities with the tourism industry
- 5.3** Maintain a steady increase in tourist arrivals by continuing to market the Maldives in traditional markets and marketing aggressively in new and emerging markets
- 5.4** Promote Maldives in affiliation with strategic international travel-trade partners
- 5.5** Optimise the use of Information Communication Technology (ICT) in tourism marketing and promotion

Policy 6: Continue to strengthen the legal and regulatory framework and the institutional capacity of the Tourism Ministry

Strategies

- 6.1** Strengthen the legal regime to address emerging issues in the industry
- 6.2** Strengthening governance and democratisation in tourism industry
- 6.3** Strengthening the institutional capacity of Tourism Ministry

Fisheries

Prior to 1970 Maldives exploited its marine resources with sailing vessels, exporting fish to Sri Lanka. Fish production tripled over 25 years as a result of the first major technological developments: vessel mechanisation, and the introduction of fish freezing and canning. During the past ten years vessel technology has further evolved. Strong demand for fresh and selected frozen fish products and the increasing availability of air and refrigerated transport have opened-up new markets for Maldivian products, causing another doubling of production.

The fisheries sector remains dependent on a few fish species; skipjack tuna constitutes some four-fifths of total production. Global markets for some skipjack products have proven particularly volatile, reflecting substantial variations in supply and demand. Other fish resources, such as species inhabiting coral reefs, cannot sustain heavy exploitation. Past efforts to exploit these resources have been excessive and need immediate control and reduction.

In the Maldives, fishing is critically important for livelihoods. Pole and line tuna fishing and fish processing units suffered losses during the tsunami. Damages included the loss or destruction of 120 fishing vessels, partial damage to 50 vessels, as well as losses of reef fishing equipment and cages. Overall, nearly 400 small scale fish processors lost equipment.

The fisheries sector has recovered steadily from the tsunami disaster in the second half of 2005 due mainly to continuing overseas demand for Maldivian fish products and the opening of new fish processing capacity. By the end of 2005, the industry had recovered fully with production reaching 192,000 tons, an increase of 21 percent on 2004. This is mainly due to high volumes of fish catch in the Southern Atolls. Output is forecast to increase by a further 8 percent in 2006 and the prospects are reasonable for similar growth up to 2010.

Maldives Industrial Fisheries Company (MIFCO) was restructured during the 6NDP in order to address financial and management concerns. The Government has decided to make a further partial divestiture of its shareholding in MIFCO and will continue to consider options for the future direction of the company during the 7NDP period.

The private sector has already demonstrated that it can play a critical role in the sector and make substantial investments in the process of diversification of the industry. Nevertheless, it has demonstrated some reluctance to invest in some areas and activities, citing lack of transparency in the regulatory framework for all operators. For some, limited access to credit has proven an obstacle to investment.

Unskilled and semi-skilled expatriate labour has proven cheaper than local labour, prompting local processors to use expatriate workers to satisfy their requirements.

The data and analysis needed to properly manage the fishing sector and fish resources increasingly requires international cooperation, and should effectively combine biological, technical, economic and market research.

The rapid expansion of the fishing fleet, increasing vessel sizes, demand for ice and port infrastructure, private investments in processing, and changes in global fish markets have recently created major imbalances between catching capacity, infrastructure requirements and processing capacity and unprecedented complexity and uncertainty in the fishing sector.

Policies and Strategies

Policy 1: Support diversification of fish harvesting and post harvest industry to reduce economic vulnerability to external shocks and ensure Maldivian competitiveness in international markets

Strategies

- 1.1** Develop regulations, guidelines and manufacturing codes to support non-skipjack tuna fisheries
- 1.2** Increase public awareness and disseminate information on commercially viable fish stocks
- 1.3** Provide capital investments, technical support and training for the diversification of fisheries from skipjack tuna and non-skipjack tuna fisheries
- 1.4** Support private sector investments in post harvest production to add value to offshore fleet landings
- 1.5** Strengthen marketing of export fish products to promote increased exports
- 1.6** Strengthen the national quality assurance system for new markets that require very high and consistent quality standards

Policy 2: Encourage and continue investments in the skipjack industry to optimise economic and social benefits from the industry

Strategies

- 2.1** Explore the possibility of expanding the capacity for tuna canning and packing in other forms in order to reduce tuna exports in frozen form
- 2.2** Further strengthen the Maldivé Fish industry through improved processing and packing technologies and processes
- 2.3** Support optimal expansion of skipjack tuna fishing fleet and capacity through establishing support infrastructure and fishing capacity processes for maintaining and guiding
- 2.4** Increase utilisation of fish waste from skipjack processing to develop value added products for domestic and export markets

Policy 3: Support and facilitate the establishment and development of a mariculture industry

Strategies

- 3.1** Develop and implement a comprehensive research and development program for a sustainable mariculture industry, including establishment of mariculture research and dock station
- 3.2** Foster commercialisation of promising mariculture research and technology through demonstration projects, field trials and information dissemination

3.3 Provide and encourage investment to initiate mariculture enterprises

3.4 Provide extension and on-the-job training to potential farmers and entrepreneurs to support mariculture development

Policy 4: Continue restructuring of the sector to ensure the optimal location of future investments and improve the balance between catching and processing capacity

Strategies

- 4.1** Develop a 15 year Master Plan for the sector
- 4.2** Formulate and implement a regulatory framework to effectively enforce fisheries legislation
- 4.3** Establish a Fisheries Regulatory Authority to undertake regulatory functions of the sector
- 4.4** Develop and implement appropriate revenue regimes to maximise net economic returns from the fisheries sector

Policy 5: Increase human resource capacity to support sector development and diversification

Strategies

- 5.1** Develop and implement skills training and extension program for fishing communities to increase their capacity to obtain jobs in primary and secondary production sub-sectors
- 5.2** Establish a fisheries training institute to effectively deliver industry relevant vocational training and extension services
- 5.3** Build institutional capacity of the Ministry of Fisheries, Agriculture and Marine Resources to improve its competency, efficiency and effectiveness
- 5.4** Develop and adopt appropriate certification systems to professionalise industry jobs
- 5.5** Develop and implement incentive programs to encourage and facilitate participation of youth and women in the sector

Policy 6: Ensure sustainable socio-economic development of fishing communities to maximise social and economic benefits

Strategies

- 6.1** Implement fisheries community development programs that provide extension, other services and support to communities; formulate schemes to improve their access to knowledge, technology and finance

- 6.2** Strengthen the ability of communities through marketing cooperatives that produce traditional products to more effectively market their fish
- 6.3** Create support programs in cooperation with private partners, to test market existing and new 'traditional' products in new markets

Policy 7: Strengthen and expand research capacity to broaden our knowledge base for effective development and management of the marine resources

Strategies

- 7.1** Promote and undertake collaborative research with local, regional, and international centres of excellence
- 7.2** Create enabling conditions to increase research funding, both from private and Government sector
- 7.3** Develop research infrastructure to facilitate and expand sector relevant research
- 7.4** Develop and implement mechanisms to undertake industry relevant research
- 7.5** Strengthen fishery data collection processes, analysis and reporting

Policy 8: Ensure sustainable management of marine resources for the benefit of present and future generations

Strategies

- 8.1** Formulate and implement management plans for sustainable utilisation of commercially and ecologically important marine species, ecosystem and habitats
- 8.2** Develop and implement a national monitoring control and surveillance (MCS) program to strengthen resource management
- 8.3** Participate and contribute in regional and international fisheries management organisations and initiatives to uphold national interests
- 8.4** Explore and undertake a pilot initiative to move towards a devolved resource management regime
- 8.5** Develop and implement effective participatory processes and mechanisms to ensure greater transparency and increased participation of private sector, CBOs, NGOs, and public interest groups in decision-making
- 8.6** Integrate sound scientific research into resource management planning

Agriculture

The contribution of the agriculture sector to GDP has continued to decline in the past decade. It contributed 2.6 percent of GDP in 2005. However, the sector still holds considerable importance to the island communities in terms of food security, nutrition and employment opportunities.

Agriculturally suitable land has been estimated as less than 30 sqm, which is one of the lowest in the developing world. This has resulted in the economy being highly dependent on imports to meet its food requirements; 90 percent of the country's demand for food is met from imports. This makes the national food security situation vulnerable, Maldives imported about US\$ 37 million worth of vegetable products alone in 2004, a 17.5 percent increase compared to 2003, which represents 5.9 percent of the total imports to the country. This is a sizeable amount which is a significant drain on the country's foreign exchange. Thus, it is of strategic importance that agricultural import substitution measures are promoted both to minimising the external leakages as well towards attaining greater food security.

For commercial farming purposes 32 uninhabited islands are leased for 21-year periods. In addition 75 percent of inhabited islands have some degree of agricultural activity. The total agricultural production in long-term leased islands during the year 2004 stood at 1,111 metric tons of which water-melon was the dominant produce (33.6 percent), followed by papaya (26 percent) and coconut (11.5 percent) which represents approximately 72 percent of the total production. Some of the other major agricultural products include cucumber, banana and eggplant. Products from some inhabited and uninhabited islands include: mango, pumpkin, ridged pepper, luffa (sponge gourd), passion fruit, tomato, guava, pond apple, chilli and cabbage. Food crops such as breadfruit and root crops such as taro and cassava are grown on some islands. Staple food items such as sugar, rice, wheat flour and potato are imported together with sugar and edible oil.

The Ministry of Fisheries, Agriculture and Marine Resources currently has two agriculture centres located in the North and South of the country.

Both centres play an important role in providing agriculture support and extension services to rural communities. Training, research and extension capabilities of the centres need to be strengthened.

Forest area in the country has been estimated to be three percent of the total geographic area (or about 1000 ha), but in the absence of a national forest inventory it is suspected that this figure underestimates the amount of forest, particularly on uninhabited islands.

The littoral forests and mangroves are used by local communities to supply wood for boat building, fire wood and other needs. The demand for fire wood has decreased over the years due to the introduction of other types of fuel sources such as kerosene and cooking gas which are easily available in many places.

The agricultural sector was one of the worst hit by 2004 tsunami. Salinisation of soil and salt water intrusion into the aquifers severely damaged crops, trees and plants on all of the affected islands. The tsunami damaged field crops in 2,103 farms, destroyed backyard crops and agricultural tools in 11,678 homesteads, and damaged more than 700,000 fruit trees in the inhabited islands. The damage to land and groundwater resources was reported severe in 35 agricultural islands and saline water intrusion affected 112 inhabited islands. Salt can cause long-term damage to plants as it is highly soluble, mobile and can be easily absorbed through the root system. It can also destroy the structure of soil thus causing longer-term impacts. In this sense, the tsunami could have long-term negative impacts on livelihoods of the most vulnerable island communities and on the nutrition status of the population.

Policies and Strategies

Policy 1: Ensure sustainable development of agriculture and forestry development

Strategies

- 1.1** Assess land, water and forestry assets and resources and develop mechanisms for regularly monitoring the condition and consumption of terrestrial natural resources
- 1.2** Strengthen agricultural and forestry statistics for proper planning and strengthening the agriculture sector
- 1.3** Develop a legal framework to regulate the agriculture and forestry development
- 1.4** Optimise the use of land and water resources
- 1.5** Develop a framework for forestry development
- 1.6** Formulate and implement management plan for sustainable utilisation of uninhabited islands

Policy 2: Strengthen human resource capacity for agriculture sector development

Strategies

- 2.1** Promote garden farming for own consumption, particularly on outer islands where land scarcity is more acute and many women are not active economically
- 2.2** Promote semi-commercial farming targeted to the smaller-scale of private growers or resort owners

- 2.3** Develop vegetable and fruit farming at commercial scale on selected agricultural island leased to private entrepreneurs for this purpose
- 2.4** Promote agribusiness through enterprise development for value addition, and higher employment and income
- 2.5** Collaborate with banking and financial institutions to facilitate access to investment and credit amenities
- 2.6** Adopt environment friendly methods and practices to ensure long-term sustainability

Policy 3: Enhance capacity for technology generation and dissemination

Strategies

- 3.1** Develop the Regional Agricultural Centres as dynamic resources centres for technology generation and dissemination
- 3.2** Strengthen the extension system and farmer training programs
- 3.3** Strengthen vocational institutions for agriculture and agribusiness education at national institutes through the national framework for vocational education at the relevant faculty for vocational training

Policy 4: Develop systems, networks and physical infrastructure for strengthening marketing and trade and to encourage commercial agriculture

Strategies

- 4.1** Establish a national agricultural marketing framework and regional markets with strong linkages with agribusiness enterprise for commercial agriculture development
- 4.2** Strengthen farm-to-market transport links and infrastructure
- 4.3** Institute a market information system
- 4.4** Streamline the supply chain
- 4.5** Promote farmers' organisation

Policy 5: Ensure food security and improve the nutritional status of the rural and urban populace

Strategies

- 5.1** Carry out national campaign on food and nutrition by developing food recipes and food processing and preparation technology in collaboration with the Ministry of Health
- 5.2** Disseminate food and nutrition education

Construction

There has been a noteworthy increase in construction sector contribution to GDP in recent years, from 3.2 percent of GDP in 2000, to 5.3 percent of GDP in 2006. The contribution of the construction industry to the economy is expected to increase significantly over the 7NDP period, mainly due to the reconstruction activities following the tsunami, an increase in the number of public sector infrastructure contracts and resort construction activities.

This industry has experienced dynamic changes in the recent past. These changes reflect the aspirations of the private sector to promote the construction industry as a properly regulated industry, and the Government's efforts, to promote and regulate the growth of the construction industry. The private sector, with the support of the Government has established the Maldives Association of Construction Industry (MACI), aimed towards creating a structured industry.

The Government's role in the construction sector is now being transformed, from project implementation oriented to development, regulation and promotion of the country's construction industry. The Government will also continue to guide the development, management and maintenance of public infrastructure.

There is a critical need to develop the legal framework for the construction sector. The Government will consolidate the building code, revise regulations on registration of construction sector professionals and introduce construction standards.

The Faculty of Engineering Technology of the Maldives College of Higher Education (MCHE) provides vocational education relevant to the sector. The Faculty offers long term courses in civil engineering, building construction, and construction management. Short term courses are offered in areas such as masonry and plastering, plumbing, tiling and supervision.

Presently the sector is dominated by a few large companies active in Male', although numerous smaller contractors are also active in the market. Other key challenges include the lack of skilled people, weak capacity of the contractors to bid for public sector projects, limited access to finance, and difficulties in further strengthening MACI.

Policies and Strategies

Policy 1: Increase private sector participation in promoting the construction industry

Strategies

- 1.1** Set up a "Construction Industry Development Board" which will inform and advice the Government on all construction related issues in order to further develop the industry
- 1.2** Promote private sector through increasing the role and involvement of MACI in promoting the industry while facilitating increased private participation in MACI including the building material suppliers
- 1.3** Enable the set up of professional associations and increase role and involvement of such associations in promoting the industry, including financial assistance to such recognised associations (Architects' Association of Maldives and Association of Engineers)

Policy 2: Develop and implement regulations required for the construction industry

Strategies

- 2.1** Draw up and implement the Building Code of the Maldives
- 2.2** Draw up building control regulations to implement the building code and licensing regulations of professionals
- 2.3** Draw up and implement updated guidelines to regulate the authority and conduct of professionals practicing design and maintain a register of such persons
- 2.4** Restructure existing guidelines to regulate the authority and conduct of professionals working in the construction industry in general and maintain a register of such persons
- 2.5** Strengthen existing guidelines in order to categorise contractors and regulate their conduct while maintaining public registers of the parties
- 2.6** Facilitate the drawing up of procurement guidelines for construction related projects
- 2.7** Enable formulation of construction industry related health and safety regulations and establish database of health and safety issues
- 2.8** Formulate regulations and set up a system of arbitration for construction related issues
- 2.9** Propose legislation to regulate professionals, contractors and to manage issues in the construction industry

- 2.10** Prepare a Government white paper on policies and direction of the construction industry and review the white paper annually

Policy 3: Improve quality and standard of construction

Strategies

- 3.1** Introduce and promote codes of good practice and recognised standards in construction
- 3.2** Standardise documents and procedures used in the construction industry such as forms of contracts and project management guidelines
- 3.3** Introduce regulations and mechanisms to regulate the import and production of materials used in the construction industry to maintain safety standards
- 3.4** Collect, collate and disseminate statistics vital to develop and manage the construction industry

Policy 4: Increase human resource capacity in the construction sector

Strategies

- 4.1** Seek new and additional financing for construction related training programs
- 4.2** Introduce short term training programs for managerial and technical staff of both public and private sector through collaboration with national and international training institutes and government agencies

- 4.3** Introduce basic standards of skills certification for the construction industry and the means of training
- 4.4** Enable the Maldives College of Higher Education to deliver high quality academic programs related to construction through improving course curricula, structure and level of courses conducted and strengthening the research and testing laboratory of the College

Policy 5: Introduce international standards for construction and adhere to them

Strategies

- 5.1** Join relevant inter- governmental organisations and treaties
- 5.2** Affiliate with foreign national bodies, training institutes and funding agencies in the construction field in order to regulate, improve and standardise the construction sector and seek opportunities abroad
- 5.3** Participate in relevant international seminars and workshops to understand latest trends in the regulation, improvement and standardisation in the global construction industry with a view to introducing such in the Maldives

Policy 6: Formulate and enforce standards for reclamation development and maintenance of roads, drainage and coastal infrastructure

Strategies

- 6.1** Create and maintain a national registry of all coastal infrastructures
- 6.2** Create and maintain a national registry of roads, bridges and drainage systems
- 6.3** Prepare guidelines and standards for roads, drainage and coastal infrastructure development and maintenance, across the nation

Policy 7: Ensure sufficient and more equitable office space allocation for the different Government offices

Strategies

- 7.1** Develop and maintain a national registry of all Government buildings
- 7.2** Formulate and implement a Space Allocation Policy
- 7.3** Prepare maintenance procedures and guidelines for public buildings

Policy 8: Streamline Government spending on building and infrastructure development projects through a structured monitoring system for Public Sector Investment program

Strategies

- 8.1** Prepare guidelines for public infrastructure project fund allocation
- 8.2** Prepare and strengthen monitoring capacity for fund disbursement during the project management phase
- 8.3** Create and maintain a data base relating to building and other civil works construction and material rates
- 8.4** Prepare guidelines for the design, constructions and maintenance of infrastructure development projects

Sports

The number of Maldivians engaged in different types of sports is increasing. The most popular sports today include football, volleyball, basketball, athletics, swimming, surfing, badminton, table tennis and tennis. Water sports such as wind-surfing and diving are mostly popular with tourists in the resorts and they seem to be gaining popularity among young Maldivians. The Government recognises the need to promote sport as a means for economic development. This requires the development of professionals to teach, coach and manage sports activities, development of sports infrastructure, sensitise the public and school children on the importance of education and lifelong learning through sports and physical activity, and establishment of a fully coordinated sports development system with public private partnership.

The Maldives Olympic Committee (MOC) created in 1979 deals with high performance sports and is responsible for organising the participation of Maldivian sportswomen and sportsmen in Olympic

and other international sporting events. In the Olympics, Maldivians usually participate in swimming and athletics events. The MOC also facilitates training and provides funding to local sporting bodies and plays an active role in organising a number of national sporting events annually.

The clubs and associations play a vital role in organising sports activities. They increase interest in sports by organising a number of tournaments and events at national level. In addition, community and island development organisations as well as youth centres organise sporting and recreation activities at island and atoll level.

The Youth and Sports Development Centre currently conducts courses in physical education and sports fitness recognised by the Maldives Accreditation Board. Trained professionals usually work in schools, sporting organisations as well as in the tourist resorts. Over the past years, there has been an increasing demand for aerobic instructors

in Male' and the Atolls. Strengthening the Youth and Sports Development Centre is essential to increase the number of trained sporting professionals.

The Maldives has professional athletes in some sports, including football and volleyball for which national competition structures have been developed to support high performance athletes to participate in international competitions. However, the country lacks a comprehensive and systematic selection system to identify and train talented athletes to participate in national and international events.

Today, sports are mainly financed by the Government. Private sector sponsoring of sporting events is still marginal in the Maldives. The expansion of sporting and recreational activities in the Maldives depends on the ability to develop marketing strategies to bolster private sector participation for financing and promoting sporting events. Moreover, more needs to be done to encourage the private sector to invest in sport as a tourist product. This would not only benefit the tourism industry, but would also have a significant impact on the promotion of sports as a social and recreational activity for Maldivians of all ages.

Policies and Strategies

Policy 1: Promote high performance sports by encouraging participation in international sports events

Strategies

- 1.1** Develop and strengthen the administrative infrastructure to promote high performance sports nationally and internationally
- 1.2** Identify and develop talented athletes in selected sports for professional and international participation
- 1.3** Develop a national competition structure for selected sports to sustain high performance athletes for international competitions through clubs and national teams

Policy 2: Facilitate the promotion of Maldives as a recreation destination and competition venue for sport tourism

Strategies

- 2.1** Commission a task force to explore the development of sport tourism in the Maldives.
- 2.2** Facilitate identification and development of sport tourism
- 2.3** Encourage the private sector to invest in sports as a tourism product

Policy 3: Train professionally competent persons to teach, coach and manage various sports

Strategies

- 3.1** Develop and institutionalise an in country sports education training program in order to develop the human resource needs of the sports sector and sustain national sports development
- 3.2** Develop professionally trained local staff in physical education, sports fitness and recreation to provide quality services in schools, institutions, sports clubs, associations, tourism industry and other related industries

Policy 4: Sensitise school children and parents on the importance of improving education and lifelong learning through sport

Strategies

- 4.1** Encourage each and every student to take part in at least one sport through out schooling
- 4.2** Increase opportunities to participate and compete in school sports and competitions

Policy 5: Increase private and public sector participation in sports and physical activity

Strategies

- 5.1** Develop a nation wide program to increase participation of the private sector for the development of sports and physical activity
- 5.2** Develop a fully coordinated sports development system to provide a structured environment allowing for coordination, knowledge and expertise sharing and cost-effectiveness



IMAGE: THE PORTRAIT GALLERY

Part III

Spatial Development

Prosperous, liveable and sustainable places

Goal 3

Invest in strategic and state of the art infrastructure, to enable ease of movement, enhanced access to services, and build competitive advantage

Goal 4

Create a sustainable built environment that ensures preservation of cultural heritage, and provides opportunities for equitable access to recreational and other infrastructure

Goal 5

Protect the natural environment and make people and property safer



Summary of Goals and Performance Targets

Goal 3

Invest in strategic and state of the art infrastructure, to enable ease of movement, enhanced access to services, and build competitive advantage

- ▶ Develop access in all inhabited islands
 - ▶ Reduce travel time from all inhabited islands to an airport to less than 60 minutes
 - ▶ Establish at least 43 Air Services Agreements
 - ▶ Extend high quality affordable broadband coverage throughout the country
 - ▶ Provide access to computers and the Internet for 100 percent of the secondary level students
 - ▶ Provide access to 24 hours electricity for 100 percent of the households
 - ▶ Ensure 10 percent of the energy mix is from renewable sources
-

Goal 4

Create a sustainable built environment that ensures preservation of cultural heritage, and provides opportunities for equitable access to recreational and other infrastructure

- ▶ Propose revisions to the Land Act (1/2002) to enable sustainable land management
 - ▶ Develop and approve Land Use Plans for all inhabited islands
 - ▶ Ensure over 15 to 20 percent of land is made available for leisure and recreation
 - ▶ Increase visitor numbers to designated heritage sites
-

Goal 5

Protect the natural environment and make people and property safer

- ▶ Ensure 75 percent of all inhabited islands have adequate solid waste management facilities
- ▶ Give protected status to 5 percent of the coral reef areas
- ▶ Develop 10 safer islands
- ▶ Increase access to safe drinking water for 100 percent of the population
- ▶ Ensure all islands with population over 2,000 have adequate sewage treatment facilities

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Transport

The under-developed status of the country's transport network is a major constraint to the sustainable development of the nation. The transport needs of the country have been assessed and a draft Transport Master Plan was released in June 2005. However, since this document is found inadequate, it is now open for further consultation for the development of a new National Transport Master Plan.

An efficient maritime domestic transport network is critical for the holistic development of the nation. From 1995 to 2005, harbour construction projects in 74 islands, channel deepening projects on 14 islands, and eight land reclamation projects were completed. Of the 198 inhabited islands in the Maldives 105 have proper harbours and access facilities. In order to develop the domestic maritime transport network, the Government will ensure all inhabited islands have proper access facilities.

Although a number of ferries are operated by island communities, private parties and the Maldives Transport and Contracting Company, the scheduled ferry services network in the Maldives are still very

limited. A feasibility study on ferry services has been carried out and establishment of proper ferry services is in the implementation stage.

Cargo-cum-passenger vessels carry most of the inter-island cargo and passenger traffic. Cargo vessels usually berth at the North Harbour in Male'. The congestion in the North Harbour is a serious problem for ship operators, cargo and shop owners. The average time at harbour is seven days for "front loading" cargo vessels while it is 17 days for "side loading vessels".

Male' Commercial Harbour (MCH) has been the only international sea port until 2005 when two regional sea ports (one in Khulhudhuffushi in the North and one in Hithadhoo in the South) were commissioned for international service. The Male' Commercial Harbour can accommodate vessels up to 15,000 GT (10.5 m draught) and has 1.7 ha of open storage (up to 819 loaded TEU containers) and 0.3 ha of closed storage area. The annual cargo throughout reached 1,234,700 freight tonnes in 2004. The Government will invest significantly to further develop port facilities in the

vicinity of Male'. The regional ports in the Northern and the Southern Regional Development Centres are in operation since December 2005, and all possible efforts will be made to ensure that these ports are efficiently and effectively utilised.

Recently, land transport has become an issue of major concern, especially in the capital Male'. The increase in the number of passenger vehicles, especially motor cycles and cars, is threatening the safety on roads and the quality of the environment. Concerns have also been raised about the type and extent of fuel used for land transport. The introduction of a public transport system and the use of renewable energy sources have been identified as a solution.

Throughout the inhabited islands a complex network of roads are found and are built generally with coral sand. The two most significant inter-island roads are found in Addu Atoll and Laamu Atoll, both approximately 14 km in length. Priority should be given to proper traffic engineering designs, construction of safe roads and establishing road safety measures.

Safety in both maritime and land transport has been a major concern for the country. The number of accidents on the roads has increased from a total of 270 in 2005 to a total of 558 in 2006, while maritime accidents has remained at an unacceptable rate of one accident in each three days for the past five years. The Government, therefore, gives priority to reduce the number of land and maritime accidents, and curtail the number of deaths and property loss.

Due to the geography of the country, air transportation is crucial for the development of the country. In addition to the two international airports in Hulhule and Gan, there are three regional airports Hanimaadhoo, Kaddhoo and Kaadeddhoo. A policy decision has been taken to increase the number of domestic airports. These

new airports will be developed and operated through private sector participation. Island Aviation Services, a 100 percent state owned company offers daily scheduled services to the four regional airports and transported approximately 110,000 passengers in 2005. Two private companies, Maldivian Air Taxi (MAT) and Trans Maldivian Airways (TMA) provide sea plane operations for transfer of tourists from Male' International Airport to tourist resort islands. They operate more than 40,000 flights a year and transported approximately 400,000 passengers in 2005.

With increasing globalisation, international connectivity is critical for sustaining economic growth. Male' International Airport (MIA) at Hulhule with a runway of 3200 m by 45 m is the main gateway to the Maldives. In 2006 more than 35 airline companies operated 10,470 international flights. The total number of international arrivals reached 734,733 while there were 113,854 transit passengers. Cargo freight that came into the Maldives was 20,350,648 kg while 15,118,680 kg of cargo was exported. In order to upgrade facilities and relieve congestion a new development phase is underway at MIA. The regional airport in Gan in the south was upgraded recently to international standard and direct international flights are expected to operate by end of 2007.

Policies and Strategies

Policy 1: Ensure that the transport system meets the mobility needs of the people

Strategies

- 1.1** Continue access improvement program for inhabited islands
- 1.2** Facilitate the development of adequate harbours throughout the country
- 1.3** Establish a sustainable harbour maintenance program
- 1.4** Enable access to finance for private and public enterprises to establish Inter-Atoll and Intra-Atoll Ferry Services
- 1.5** Enable private and public enterprises to invest in public transportation schemes in the Atolls
- 1.6** Enable and provide support to private and public enterprises to develop and operate domestic airports
- 1.7** Ensure the travel needs of local passengers are integrated and catered for in the sea plane operations
- 1.8** Enable private and/or public enterprises to establish the conceptualised land link between Male' and Hulhule

Policy 2: Facilitate efficient and convenient movement of goods

Strategies

- 2.1** Reconfigure Male' North Harbour to facilitate speedier and frequent turnover to eliminate congestion in the North Harbour area
- 2.2** Attract Inter-Atoll passage to Male' South West Harbour by providing improved harbour facilities and services including warehousing
- 2.3** Harmonise harbour charges between Male' North Harbour and Male' South West Harbour to relieve the congestion
- 2.4** Establish ports and logistics cluster to facilitate the movement of goods, including food and consumer products to all the inhabited islands, and strategically locate regional ports and storage facilities for easy access and prompt distribution
- 2.5** Enable the private and public enterprises to develop a dry-docking facility for ship repair and maintenance

Policy 3: Increase the international connectivity of the Maldives to enable sustained economic growth through global travel and trade

Strategies

- 3.1** Upgrade the infrastructure at Male' International Airport and enhance airport logistics as outlined in the Airport Master Plan

- 3.2** Introduce new services and modern facilities at the Male' International Airport to cater for the growth in tourist arrivals
- 3.3** Upgrade airport facilities to meet the needs of business travellers and commercially important persons
- 3.4** Upgrade facilities at Gan International Airport to enable efficient international operations
- 3.5** Expand and upgrade existing Male' Commercial Harbour to relieve congestion in the container yard and storage area to cope with the forecasted traffic
- 3.6** Expand and upgrade Cargo Terminal at Male' International Airport to conventional air cargo handling standards
- 3.7** Facilitate the development of a transshipment port in the country
- 3.8** Enable the development of an efficient and sustainable new commercial port in the Male' Urban Region to cater for the growing volume of imported goods and their distribution

Policy 4: Ensure affordability, sustainability and acceptable standard of service for each mode of travel

Strategies

- 4.1** Regulate transport pricing to ensure that the rights of both travellers and service providers are protected

- 4.2** Introduce incentives, public education, and awareness programs to give priority and regard to ensure access for people with special needs, school children, and elderly people in public transportation system
- 4.3** Encourage all transport sector service providers to introduce cost recovery measures to ensure sustainable and efficient development of the sector
- 4.4** Provide temporary transport subsidies for establishing and operating regional sea ports
- 4.5** Introduce cost recovery mechanisms for harbours

Policy 5: Enhance safety measures to minimise transport related deaths and injuries

Strategies

- 5.1** Develop, implement and enforce safety measures and programs that promote safe behaviour and practices in air, sea, and road transport
- 5.2** Develop and enforce national safety standards for all modes of transport
- 5.3** Introduce incentives for improving safety and third party certification of safety compliance
- 5.4** Strengthen the capacity of the law enforcement agencies such as Traffic Police and Coast Guard
- 5.5** Ensure safer handling and transportation of fuel and dangerous goods within the country

- 5.6** Ensure the proper installation, maintenance and repair of navigation aids to facilitate night and all weather transport activities
- 5.7** Promote and encourage insurance coverage for vessels and vehicles
- 5.8** Enforce the ratified international conventions, laws, resolutions, codes and annexes to conventions and propose ratification of additional international laws and resolutions, and adopt those that are applicable to domestic transport networks
- 5.9** Develop, promote and support public awareness, education and information dissemination that advance safe behaviour, safe operations and safe practices in road, sea and air transport

Policy 6: Promote transport solutions that conserve energy, reduce pollution from vehicles and vessels, and protect the natural and built environment

Strategies

- 6.1** Introduce innovative transport pricing schemes and regulatory measures to address the problem of traffic congestion and air pollution in urban areas
- 6.2** Develop and enforce emission standards for road vehicles
- 6.3** Reduce marine pollution from vessels through proper implementation and monitoring of rules and regulations
- 6.4** Establish a marine reception facility and a contingency plan for sludge, used oils, and garbage from both domestic and international shipping vessels

Policy 7: Increase the national capacity to ensure strategic direction and efficient management of the transport sector

Strategies

- 7.1** Undertake phased studies on Transport Sector Development Needs including both land, air and sea transport systems in the country
- 7.2** Develop sub-sectoral Master Plans for Land, Sea and Air transport that articulate long term vision and strategic objectives
- 7.3** Invest in human capital through identifying critical core competencies, and implementing recruiting, training, coaching and monitoring programs to ensure competency
- 7.4** Broaden the scope of maritime training and upgrade the courses and facilities at the Centre for Maritime Studies
- 7.5** Expand the use of information technology to enable faster, simpler and more efficient ways for the public and the private sector to transact with the transport sector
- 7.6** Corporatisation and privatisation of Maldives Ports Authority (MPA) to separate port regulatory functions such that the management of ports will function purely as a commercial entity
- 7.7** Restructure the management of Regional Airports as commercial entities
- 7.8** Assess the efficiency and effectiveness of the present island road maintenance units and ways for improvement and expansion of these units

Policy 8: Improve the quality of the country's International Shipping Services and Logistics to enhance its contribution to the National Economy

Strategies

- 8.1** Propose legislation on Merchant Marine
- 8.2** Endeavour to develop human resources and man power required to improve the efficiency of ship operators, ship chandlers and implement consistent training programs to increase the number of certified officers, engineers and able seamen
- 8.3** Establish new, and improve on the existing, bunkering facilities required for the international shipping services
- 8.4** Establish dry-docking facilities within strategic locations in the country
- 8.5** Extend ship survey facilities to cater for foreign flag vessels
- 8.6** Encourage ship insurance service to protect the crew, cargo and the property

Civil Aviation

In 2006 there were 77,887 aircraft movements recorded at Male' International Airport, 3.38 percent increase compared to 2005, with 1.45 million passenger movements through international flights, 43.7 percent increase in compared to 2005 and 0.17 million passenger movements domestically, 37.9 percent increase compared to 2005.

The Government's objective is to enhance the contribution of aviation to the development of the country, and to provide aviation in a safe, orderly and economic manner. The aviation policy of the Maldives is based on the Convention on International Civil Aviation (the Chicago Convention). The Civil Aviation Act 02/2001 stipulates that all relevant rules and regulations have to be at or above that promulgated in the Annexes to the Chicago Convention Standards and Recommended Practices (SARPs). Each contracting state is audited to ascertain the level of compliance with ICAO Annexes under the Universal Safety Oversight Programme (USOAP). In 2005,

assessment of the level of compliance was extended to all 18 Annexes except Annex 9 and Annex 17.

Local regulations will also have to reflect the aviation security conventions (Tokyo, Hague, Montreal and any subsequent Protocols) and amendments that may be issued to Annex 17 (Security) to the Chicago Convention. The ICAO Universal Security Audit Programme (USAP) is an initiative to establish a global aviation security system and provides for the conduct of universal, mandatory and regular audits of the aviation security systems in all ICAO member States.

The Maldives was audited under this program in 2006 and the corrective action plan had been sent to ICAO in October 2006. Maldives acceded to the Montreal Convention on "Unification of Certain Rules for International Carriage by Air" in October 2005. Under this Convention, passengers, baggage and cargo carried will be 'compensated' in the case of accidents leading to death, injury, loss etc. This Convention also raises the compensation levels that

were included in the Warsaw Convention as amended by the Hague Protocol, which Maldives is a party to.

In order to protect the rights of passengers the Government will submit a draft bill on passenger protection to the People's Majlis.

In August 2005, rules for the grant of an Air Operators Certificate (AOC) were amended to include a pre-appraisal of financial feasibility. This is a new program in response to start up airlines being granted licences for operation without an evaluation of financial plan which has lead to premature cessation of services. Regulations will also be issued to empower Civil Aviation Department (CAD) to conduct appropriate financial surveillance on existing carriers should there be signs of service deterioration.

Maldives has concluded 28 Air Services Agreements (ASA). The country also has signed 12 Memorandum of Understandings (MOUs) or interim ASAs. Whilst, the major European markets are 'connectible' through ASAs with 7 Western European countries; there is further potential from the European market such as the Scandinavian countries. As there are no ASAs with Japan and Hong Kong, scheduled operations direct from these countries is not possible limiting access to generating markets in the east.

Inadequate capacity in CAD is a serious constraint. For an effective oversight organisation, it is imperative that appropriately trained and experienced personnel are available. The government will submit a draft bill for the formation of a Civil Aviation Authority with the requisite remuneration levels and autonomy.

Policies and Strategies

Policy 1: Maintain aviation safety standards, rules and audit mechanisms to be at par or above that prescribed by ICAO SARPs and Guidance Material

Strategies

- 1.1** Review and update local aviation safety rules and regulations annually or as required
- 1.2** Ensure compliance with aviation safety regulations through regular systematic audits
- 1.3** Work with regional and international organisations to enhance and maintain capability and capacity

Policy 2: Maintain aviation security standards to be at par or above that prescribed by ICAO SARPs and Guidance Material

Strategies

- 2.1** Review and update of local aviation security rules and regulations
- 2.2** Ensure compliance with aviation security regulations through regular systematic audits
- 2.3** Work with regional and international organisations to enhance and maintain capability and capacity

Policy 3: Facilitate the development of a sustainable Air Transportation System

Strategies

- 3.1** Streamline the process for appraisal of financial feasibility of Air Operators Certificates applicants
- 3.2** Develop rules and regulations for passenger rights protection
- 3.3** Establish Air Services Agreements with more countries
- 3.4** Develop provisions for assessment of sustainable operators through financial surveillance on Maldivian Air Operators Certificate holders

Policy 4: Strengthen sector capacity through retention of professionals and human resource development for the standardised delivery of regulatory services

Strategies

- 4.1** Prepare and implement a comprehensive training schedule for long term, short term and recurrent training
- 4.2** Facilitate aviation training through the identification of appropriate training organisations and providing information
- 4.3** Submit a draft bill for the formation of a Civil Aviation Authority with requisite remuneration levels
- 4.4** Formulate a comprehensive human resource management plan

Telecommunication

Telecommunications now play a key role in linking the widely dispersed communities of the Maldives and an important part in the country's economic development. Access to telephone service was provided to all the inhabited islands by the year 1999. The sector's contribution to Gross Domestic Product increased from 4.2 percent in 1995 to 8.8 percent in 2006.

By end of 2006, there were 32,181 fixed telephone lines for a telephone penetration of 11 percent (a measure based on users per capita), the highest in the South Asian region and second highest among the LDCs. At least two payphones have been installed on each inhabited island. According to the 2000 Census, 23 percent of homes in the Maldives had a fixed telephone line. This is up from an estimated 13 percent in 1990.

Mobile phone service has become the main means of communication in the Maldives with close to 100 percent coverage. By end of 2006, there were 271,053 mobile subscribers (of whom 89 percent were pre-paid customers) at a density of 90 percent. This is the highest in South Asia as well as

among the LDCs. Mobile phone service is likely to continue to be the solution for achieving higher levels of universal service in the Maldives. The main challenge would therefore be to increase and maintain the quality and affordability of this service and facilitate the use of value added m-services.

Maldives was first connected to the Internet on 14th October 1996 through a 64 kbps satellite connection. By the end of 2005 Maldives had nine 53 mega bits per second (Mbps) of asymmetrical international Internet connectivity, all through satellite. By end of 2006, broadband Internet services through ADSL, satellite Internet and other wireless means are available providing flexible packages to the users. In terms of regional comparisons, Internet prices are still high in the Maldives and this inhibits the development of a vibrant Internet community.

Maldives was connected to the outside world by submarine optical fibre cables during the last quarter of 2006, reaching an important milestone in international telecommunications. Dhiraagu and WARF (a company established by Wataniya Telecom

Maldives, Focus Infocom and Reliance of India) laid a separate cable connection each which terminates to the international optical fibre network in Sri Lanka and India respectively. This connectivity would enhance the quality of international services, particularly the Internet service, and bring down the tariffs significantly.

Dhiraagu has been the incumbent telecommunications provider since it began operation in October 1988 as a joint venture company, 55 percent owned by the Government and 45 percent by Cable and Wireless of the United Kingdom. Dhiraagu provides fixed (including national and international long distance), mobile and Internet services with exclusivity for fixed services until end of 2008. Other services are open to competition although only one license for Internet service and one for mobile service has been issued.

The first Telecommunication Policy was published in 2001 and the Maldives Telecommunications Regulation was issued in 2003. The Telecommunications Authority of Maldives (TAM) was established in September 2003 as industry regulator. The existing regulation does provide sufficient powers to regulate the industry. However, a Telecommunications Act is required to provide the transparency and accountability needed to regulate a dynamic and competitive sector such as telecommunications. This would provide confidence to both the investors and consumers.

The disparity in service provision in Male' and the rest of the country remains a major challenge to overcome. The unique geography of the Maldives has posed significant challenges in delivering services throughout the country. The new Telecom Policy (2006-2010) provides direction towards achieving national infrastructure development to cater for higher capacity that is needed to deliver broadband services throughout the country.

Policies and Strategies

Policy 1: Ensure telecommunications charges are non-discriminatory, affordable and cost oriented.

Strategies

- 1.1** Implement "one service one tariff" concept to have a uniform tariff structure throughout the Maldives
- 1.2** Make the telecommunications charges comparable and competitive to the regional countries / selected economies / peer groups

Policy 2: Expand and develop the telecom infrastructure to provide basic, enhanced and broadband services throughout the country

Strategies

- 2.1** Provide basic telecommunications service to all
- 2.2** Enhance existing networks to support higher capacity to adequately meet the Information Communication Technology (ICT) needs of the country
- 2.3** Introduce alternative technologies that provide high capacity to improve national connectivity
- 2.4** Provide high speed Internet services throughout the country
- 2.5** Establish a nationwide emergency telecommunications and early warning system

- 2.6** Provide effective telecommunication facilities to the fishermen and vessels travelling within the territorial waters.
- 2.7** Establish reasonable communication means for people with special needs
- 2.8** Increase international capacity by connecting Maldives to international submarine optical fibre network
- 2.9** Bring customer services closer to the people

Policy 3: Ensure autonomy of the Regulatory Authority by law with clearly defined powers and resources to effectively carryout its duties to protect the interests of both the consumers and the operators

Strategies

- 3.1** Enact a Telecommunications Act providing increased transparency in the regulation of telecommunications
- 3.2** Increase transparency and accessibility of the regulatory procedures and processes of the Regulatory Authority
- 3.3** Strengthen the regulatory framework for telecommunications and information technology.
- 3.4** Facilitate the safe use of telecommunications and information technology

Policy 4: Increase competition in the provision of existing services and new services

Strategies

- 4.1** Further strengthen competition in the Internet market
- 4.2** Increase infrastructure competition
- 4.3** Increase competition in international services

Policy 5: Facilitate the use and development of telecommunication technology in the Maldives in a way that embrace its full benefits

Strategies

- 5.1** Increase awareness on telecommunications
- 5.2** Encourage to develop telecommunication applications
- 5.3** Improve public accessibility to services through the development and use of m-services

Information Communication Technology

There were an estimated 12,000 PCs in the country at the end of 2006. Import taxes on PCs are a moderate five percent compared to an average of 21 percent for other products. According to the Population and Housing Census 2006, the percentage of homes with a personal computer (PC) was approximately 27 percent. Like other Information Communication Technology (ICT), the geographic distribution of PCs is uneven when comparing Male' to the rest of the country. Home PC penetration in Male' is an estimated 50 percent compared to 15 percent in the atolls.

According to the Population & Household Census 2006 approximately eight percent of homes in the country had Internet access by the end of 2006; furthermore dial-up Internet access is available throughout the Maldives, where a telephone line is accessible. Nationwide “pay as you go” dial-up Internet access is available, and the same rate is charged regardless of location. Mobile phone usage in the Maldives is very high, with a teledensity for mobile phones at approximately 85 percent with mobile phones increasingly being used to access the Internet.

Internet penetration is among the highest in the region, number two in South Asia. An official survey of Internet usage is critical in order to explore and tackle the challenges of digital divide facing the country.

The use of ICT within Government is widespread and Government employees use the Internet primarily for research and email. Whilst the majority of the Government agencies in Male' have broadband Internet connectivity, majority of the islands are not equipped with Broadband Internet access and usually depend on dial up for Internet access.

Usage of databases is popular and exists in almost every ministry. There is some duplication and most ministries still continue to keep hard-copy records of documents already in electronic format. The Ministry of Finance and Treasury is currently in the process of developing a centralised Public Accounting System, which will be used in the management of the public finances across the Government. Most ministries have a presence on the web.

Policies and Strategies

Policy 1: Enable all students to use computers for communication, information dissemination and research

Strategies

- 1.1** Ensure that each secondary school has a computer lab for learning purposes and that each secondary school has sufficient capacity to maintain and operate the computer lab effectively
- 1.2** Develop a national curriculum for primary and secondary education focusing on ICT skills and usage
- 1.3** Explore and test case opportunities in e-learning specifically on the post-secondary level while building partnerships with national and international learning institutions to deliver the program
- 1.4** Explore the opportunities and impacts of ICT based alternative educational delivery systems
- 1.5** Mainstream ICT into other curricula as a tool for learning

Policy 2: Develop adequate human resources to match the market demand for ICT

Strategies

- 2.1** Develop a framework for the accreditation and recognition of IT professional certifications
- 2.2** Strengthen the capacity of the accreditation board to develop and implement measures of quality assurance and control in a transparent, fair and accountable manner.
- 2.3** Ensure that once the Maldives College of Higher Education makes the transition to a national University it has the appropriate academic standard and quality control measures to deliver internationally recognised courses in ICT

Policy 3: Increase strategic use of ICT in non-ICT businesses

Strategies

- 3.1** Facilitate the use of ICT in national and international trade specifically E-Commerce.
- 3.2** Secure access to finance for private companies, notably for SMEs, for ICT investments
- 3.3** Introduce e-payment facilities within the country facilitating e-commerce

Policy 4: Enable significant growth of the national ICT sector through increased national and international market opportunities

Strategies

- 4.1** Facilitate, promote and hold ICT trade shows, expositions etc as a means of stimulating awareness including software alternatives
- 4.2** Develop a “technology park” with the aim to facilitate the development of the ICT industry, encourage ICT incubation and start-ups and to facilitate innovation and research.
- 4.3** Develop and implement targeted promotion and facilitation strategies of Maldivian ICT sector.

Policy 5: Strengthen the institutional capacities of Ministries and Government agencies to become model users of ICT

Strategies

- 5.1** Enable use of one application for common functions by all Government agencies
- 5.2** Develop electronic procurement system, providing consistency, transparency and coordination of bidding process
- 5.3** Provide appropriate ICT infrastructure to connect Atoll and regional Government offices with the central Government in Male'.

- 5.4** Establish open and interoperable standards for the sharing of information between and within Government agencies and for the provision of services to the public
- 5.5** Provide adequate training and ensure that there is sufficient capacity to use and maintain information systems in Government offices.
- 5.6** Develop standards and guidelines for general ICT usage in the Government

Policy 6: Develop and implement e-Government to enable easy access and interaction with elementary Government information and services using ICT

Strategies

- 6.1** Strengthen existing successful initiatives and further explore opportunities to expand affordable and sustainable health services to non-urban islands using ICT.
- 6.2** Develop user friendly on-line application to allow citizens to apply for public services online, with an emphasis on selecting the services that would yield the most benefits to the citizens.
- 6.3** Setup and manage a central demand driven citizen centric Government portal that provides information and services and allows citizens to transact with the Government
- 6.4** Reengineer the current Government processes in order to make them more efficient and citizen centric
- 6.5** Explore the opportunities and impacts of ICT to provide health services through telemedicine

Policy 7: Reduce the cost of access to ICT services to ensure affordability

Strategies

- 7.1** Establish a pricing mechanism for ICT services which is inline and competitive with prices for ICT services from countries within this region and other developing countries
- 7.2** Establish prices for ICT services which will be same across the country regardless of the geographic location

Policy 8: Provide the legal infrastructure to facilitate the use of ICT

Strategies

- 8.1** Propose legislation on Electronic Transactions, Computer Crime and Data Protection
- 8.2** Develop capacity in the legal apparatus in order to enforce the various Acts enacted for ICT legal infrastructure

Policy 9: Enable general public to use ICT effectively

Strategies

- 9.1** Conduct awareness programs to promote better use of ICT
- 9.2** Develop a National ICT Literacy Program Curriculum that includes Internet skills
- 9.3** Increase the penetration of PCs through a budget PC program

Policy 10: Promote the use of ICT in the preservation and protection of the cultural heritage

Strategies

- 10.1** Promote development of local content
- 10.2** Preservation of cultural content through digitisation
- 10.3** Coordinate with international organisations to facilitate the inclusion of Thaana support in various products

Energy

The provision of electricity supply has improved over the last decade. Although there were seven islands without electricity in 1997, by 2006, all inhabited islands had some form of electricity supply with majority of them having 24 hour power supply.

At present the State Electric Company Ltd (STELCO) provides electricity to 28 islands. They include Male', Hulhumale, Villingili and islands where the population sizes justify their investment. For the remaining inhabited islands electricity provision is either through community or privately owned electricity generators. In 80 percent of these islands power is provided by the Island Development Committees.

It is difficult to assess the total installed capacity of the country as accurate data is not available from the non-STELCO operators and resort islands. Virtually all electricity is generated by diesel generators, some in the MW range, such as in the STELCO power plant in the capital Malé, while the generators on the islands and resorts range from a few kW to hundreds of kW. About 60 percent of all

electricity used in the Maldives is consumed in the resorts.

In 2006 the total installed capacity of STELCO is 52MW. Approximately 72 percent of the total STELCO power production of 185,553 MWh in 2006 was consumed by the Male' urban region. With the increase in the number of high-rise air-conditioned buildings in Male' and the increasing use of electrical appliances in residential and commercial sectors, the demand for electricity has been rising steeply in the recent years. In Malé, the electricity consumption exceeded the 100 million kWh mark in 2004, and still continues to increase by more than 11 percent per annum.

It is anticipated that the power requirements of Malé may reach twice the currently installed capacity within the next 5-7 years. However, possibility of expanding the power station to cater for this growth on the congested Malé island is very limited. Hence the only possible alternative is to explore the possibility of housing a power generation system off Malé that could extend the supplies to Malé and nearby islands.

Access to electricity also has a strong urbanrural bias in Maldives due to the absence of a uniform electricity tariff structure. Great disparities exist in terms of affordability, availability and quality of services between islands. Addressing these causes and providing reliable, affordable and equitable service to all inhabited islands is a key challenge.

It is not feasible to develop adequate power infrastructure in all inhabited islands due to the dispersed nature of islands and also due to the smallness of both the population and the size of the islands. This hampers the development of the energy sector which creates a system of “minigrids,” and not one national power grid. The power supply systems in most of the islands have been developed by the island communities with some financial assistance from the government.

In many cases power system developments in these islands have not met proper power generation standards, and at present they are also in need of upgrading to meet the increasing needs of these communities. It is also common to find powerhouses located within the residential areas, which causes discomfort and exposure to major health risks. Additionally, the poor power system management skills, coupled with lack of specialised utility financial management and professional engineering skills for planning, design, construction supervision, and operation and maintenance have been one of the major obstacle to developing sustainable power supply systems in the islands.

The tsunami of 26th December 2004 destroyed diesel generators, distributions networks, and fuel storage facilities of many islands exposing the fragile nature of the Maldivian power infrastructure.

The country relies on imported petroleum based fuels for all its energy needs. Diesel accounts for more than 80 percent of total primary energy demand and almost all electricity generation. This

extreme dependency on imported fossil fuels means that Maldives is very vulnerable to rising world oil prices. The oil prices in the local market have increased tremendously over the past few years, adding to the burden of imports and threatening to be a serious constraint on future growth.

There is an urgent need to use alternative sources of power generation and reduce dependency on imported fuel for power generation. There is potential for utilization of renewable energy sources such as solar, wind and biomass for energy needs. At present, the commercial use of renewable energy applications are limited to solar photovoltaic panels in navigation lights and telecommunication systems in the atolls.

A study conducted in 2004 concluded that 10-15 percent of energy requirements (excluding transport) could be met by exploitation of renewable resources. Efforts are underway to electrify 3 islands using Renewable Energy Technologies by the year 2007. The successful completion of these pilot projects would help facilitate the nation wide implementation of Renewable Energy Technologies throughout Maldives.

The capacity of the Energy Ministry needs to be enhanced to strengthen policy formulation, establish standards to monitor and regulate energy usage, and facilitate private sector participation and research and development activities.

Policies and Strategies

Policy 1: Provide a continuous, reliable and affordable energy supply to all islands

Strategies

- 1.1** Rehabilitate damage caused by the 2004 tsunami to island power infrastructure
- 1.2** Upgrade electricity generation to 24 hour supply in all inhabited islands
- 1.3** Introduce market incentives and life line tariffs to ensure affordability of energy supply throughout the country
- 1.4** Ensure that strategic and emergency reserves and required logistics for petroleum products are in place in selected supply centres.
- 1.5** Establish a regional power grid for Male' urban region
- 1.6** Strengthen the power sector privatisation program already initiated

Policy 2: Promote energy conservation and efficiency and improve quality of services provided

Strategies

- 2.1** Promote energy efficiency in electricity production, distribution and usage
- 2.2** Promote demand side management with focus on key energy users such as public buildings
- 2.3** Improve energy efficiency and adopt standards for exhaust emissions from all sources
- 2.4** Conduct a public awareness campaign to promote energy efficient products and practices
- 2.5** Include provisions in the proposed new building code to achieve energy savings in all types of new buildings

Policy 3: Enhance national energy security by promoting renewable and environmentally sound sources of energy

Strategies

- 3.1** Introduce and demonstrate sustainable solar and wind energy applications
- 3.2** Develop power generation capability from household waste
- 3.3** Encourage and promote the use of bio-fuels
- 3.4** Promote the use of household and industrial appliances that depend on renewable energy sources

Policy 4: Strengthen the institutional framework of the energy sector

Strategies

- 4.1** Strengthen regulatory functions of the energy sector
- 4.2** Provide training for power house operators
- 4.3** Facilitate and promote the role of private enterprises in the development of the energy sector
- 4.4** Establish a transparent and participatory mechanism to determine energy tariffs and pricing
- 4.5** Develop the capacity for research on energy production, distribution and usage
- 4.6** Establish standards to monitor regulate and evaluate energy usage in the country
- 4.7** Develop a policy framework for limiting power sector subsidies



IMAGE: THE PORTRAIT GALLERY

Goal 4

Create a sustainable built environment that ensures preservation of cultural heritage, and provides opportunities for equitable access to recreational and other infrastructure

- ▶ Propose revisions to the Land Act (1/2002) to enable sustainable land management
- ▶ Develop and approve Land Use Plans for all inhabited islands
- ▶ Ensure over 15 to 20 percent of land is made available for leisure and recreation
- ▶ Increase visitor numbers to designated heritage sites

Land Development

Land tenancy in the Maldives can be separated into three categories: (i) land held under waqf (trust principles under Islamic Shari'ah); (ii) land owned by private individuals; and (iii) land owned by the State that is granted to individuals for residential, commercial or other purposes. By far the vast majority of the land is held under the last category, while land under the second category, though very limited in extent, has been increasing, particularly in Malé and the other urban areas. New tenancies under the first category have all but stopped.

Previously, under land tenure arrangements land did not belong to individuals, rather, land was owned by the State and only the State could grant permission for a private individual to construct dwellings or buildings. However, the situation has changed and it is possible for individuals to acquire ownership of land by purchasing it from the Government. The system does, however, require that in acquiring or transferring ownership, the rights of all owners and inheritors are respected. It is possible for individuals to conduct commercial

land transactions and land can be used as collateral for investment purposes, and there are provisions covering mortgages and repossession in cases of default.

The recent Land Act (1/2002) that enabled these changes is based on the traditional view of land, and its focus is on the processes and procedures for holding, acquiring and transferring land, mainly for residential purposes. Moreover, the laws and regulations are still very new and untested, and need further modifications and streamlining to enable them to be fully supportive of the transformation of land as a commercial and economic investment and opportunity.

The responsibility for the planning and management of land depends on its primary-use designation, usually at the island-level for urban areas; inhabited islands; tourist resorts; agriculture; airports and administrative uses. The agencies responsible for land management often apply different and uncoordinated policies, directives and guidelines when allocating land for the different

uses. This has led to a lack in consistency and some confusion regarding what are Government sanctioned and acceptable land allocation and tenure policies and arrangements.

It is important that a National Land Administration Policy framework be formulated and laws and regulations enacted that are equitable, predictable and precise. Efficient, economical and fair dispute settlement mechanisms are also a crucial element in any national policy with regard to settling land disputes between private parties and between the Government and private parties.

There is a need for a National Land Management Policy that would enable a more coherent, better integrated and consistent approach to land development. Such a policy should establish principles for the transfer, allocation and development of land which would allow for economic growth and incorporate good urban and settlement planning practices. In particular, the policy must include a framework for environmentally sustainable land management.

Policies and Strategies

Policy 1: Develop land legislation and administration procedures, including tenure and transfers and land development and building controls

Strategies

- 1.1** Review and revise the existing Land Act (1/2002) to enable development of land as an economic resource.
- 1.2** Develop consolidated planning regulations and procedures including passage of a Planning Act

Policy 2: Optimise the use of land and facilitate its use as an economic resource.

Strategies

- 2.1** Develop a comprehensive National Land Management Policy
- 2.2** Streamline the roles and mandates of the ministries responsible for land management to eliminate conflicting or uncoordinated land allocation policies, directives and guidelines
- 2.3** Create a national land registry database, accessible to all stake holders, with internationally recognised standards and internal controls

- 2.4** Conduct a capacity building program for land management sector
- 2.5** Prepare integrated land use and settlement development plans for all inhabited islands including Male'

Policy 3: Strengthen physical surveying capacity

Strategies

- 3.1** Prepare guidelines and regulations for physical surveying
- 3.2** Maintain the physical survey of all inhabited islands of the country
- 3.3** Complete the Male' Cadastre and for other urban centres

Policy 4: Create and develop new land to address the land shortage constraints

Strategies

- 4.1** Develop guidelines and criteria for new land development
- 4.2** Execute a coordinated land reclamation program for residential and industrial use
- 4.3** Encourage the participation of the private sector in the creation and development of new land

Leisure and Recreation

The number of Maldivians engaged in different types of sports is increasing. The most popular sports today include football, volleyball, basketball, table tennis, athletics, swimming, surfing, badminton and tennis. Jogging, aerobics classes, and weight training are popular in Male' and gaining interest in other islands. Water sports such as wind-surfing and diving are popular in the tourist resorts.

The Government recognises the role of sports and recreational activities in promoting healthy lifestyles and behaviours and strengthening social relations. In this respect the "Sports for All" program was launched in 2001, which was successful in increasing the interest and participation in sports among Maldivians. The program needs to be further expanded and decentralised in order to reach islands' communities. Achieving the goal of providing sports for all Maldivians during the 7NDP requires a significant increase in the number of professionals trained in sporting and recreation activities, as well as the development of adequate sporting and

recreational infrastructure in the Atolls.

Despite recent efforts made to upgrade and expand sports facilities, there is still a need to develop sporting and recreational infrastructure, especially in the Atolls. Core infrastructure exists in Male' (Male' Sports Complex, Maldives Centre for Social Education, Government's Employee's Recreational Centre, etc.) and there are two regional stadiums in Seenu Hithadhoo and Haa Dhaal Kulhudhuffushi. The recent construction of the national grounds (Galolhu Stadium), with offices and accommodation facilities enables the Maldives to host national and regional events. However, the provision of space for sporting facilities, including beach sports facilities as well as open spaces for recreational activities, especially in the islands is a key challenge.

Policies and Strategies

Policy 1: Increase opportunities for sport participation as a lifestyle activity

Strategies

- 1.1** Develop a nation wide program to increase participation of people of different ages in a sports activity.
- 1.2** Create awareness on the health benefits of physical activities and the importance of recreational sports for healthy living.

Policy 2: Increase access to sports and recreational facilities for Maldivian regardless of their age, sex or physical aptitude

Strategies

- 2.1** Provide sports facilities and open parks in population centres and establish staff and centralised multi-purpose venues in regional centres
- 2.2** Develop youth friendly environment and facilities such as skating, bowling and outdoor games
- 2.3** Designate safe swimming areas in all inhabited islands and establish related facilities

Heritage

The Maldives is rich in heritage sites, although in the past few decades the significance of preserving Maldivian cultural heritage has been fully understood and accepted by Maldivians.

Nevertheless, research and documentation of Maldivian cultural heritage and history is still embryonic in the country. Due to limited funding, the high cost of transportation and the lack of qualified people, the task of discovering and preserving the cultural heritage of the Maldives is challenging. Although a book providing a tentative list of heritage sites in the Maldives has been recently published, there is no official inventory of Maldivian heritage sites and statements of significance that would allow an adequate management of these sites. A systematic inventory of Maldivian heritage sites is necessary to ensure their preservation.

The country also lacks the legal framework to regulate issues associated with heritage management in the Maldives. The heritage Act which is proposed to be passed during this Plan period will provide the basis for a better protection of the Maldivian cultural heritage. Many historical

sites have been ravaged by men and nature, especially the recent Tsunami and only fragments of the pre-Islamic era can be found. There is today more than before an urgent need to conserve the various heritage sites dispersed throughout the country. Some of the damages incurred by the Tsunami needs to be repaired and immediate conservation has to be undertaken rapidly. This includes the repairing of the damaged artificial breakwater at Laamu Atoll, conserving the mosque in Kolhufulshi, the demarcations of pre-Islamic sites as well as heritage sites damaged in Baarah, Maroshi, Huraa, Maaemboodhoo, Kinbidhoo and Nilandhoo.

There is an ever increasing tendency to promote heritage values among Maldivians as values of a heritage site forms the central core of its management. Thinking globally, Maldives is gearing to step into the world heritage arena and quite soon will have a tentative list submitted to the world heritage committee. This will be the first steps in placing Maldivian heritage site on the world heritage register.

Policies and Strategies

Policy 1: Preserve and promote the cultural heritage of the Maldives

Strategies

- 1.1** Develop, promote and facilitate public awareness, education and information on Maldivian culture and heritage
- 1.2** Establish a new and better equipped National Museum
- 1.3** Conserve heritage sites and heritage objects
- 1.4** Carry out repair and conservation work on all heritage sites
- 1.5** Increase publication and dissemination of documents on Maldivian culture and heritage

Policy 2: Strengthen the legal framework for the protection of Maldivian cultural heritage

Strategies

- 2.1** Develop and implement Heritage Act to regulate heritage management in the Maldives
- 2.2** Undertake an official inventory of Maldivian heritage sites and prepare heritage studies to assess the significance of individual sites, in order to preserve heritage sites

Policy 3: Develop institutional and technical capacity for conservation, excavation and research into Maldivian heritage, culture and related areas

Strategies

- 3.1** Train specialists in heritage management, history, archaeology, museology, archives management, preventive conservation, anthropology and linguistics
- 3.2** Enhance the capacity of the National Centre for Linguistic and Historical Research (NCLHR) and provide adequate physical space and facilities for the efficient operation of the NCLHR

Goal 5

Protect the natural environment and make people and property safer

- ▶ Ensure 75 percent of all inhabited islands have adequate solid waste management facilities
- ▶ Give protected status to 5 percent of the coral reef areas
- ▶ Develop 10 safer islands
- ▶ Increase access to safe drinking water for 100 percent of the population
- ▶ Ensure all islands with population over 2,000 have adequate sewage treatment facilities

Environmental Management

The economic and social well-being of the population depends largely on maintaining a high level of environmental integrity and sound environmental management is fundamental to ensuring sustainable development in the Maldives. Environmental Impacts Assessments (EIAs) for all development projects is mandatory under the Environment Act 4/93. EIA would be used as a key tool to ensure sustainable development.

Maldives has very rich biological diversity, particularly in the coral reef ecosystem. The economy and livelihoods of the people are closely linked to the well being of these ecosystems and biodiversity conservation is a top priority. Coral bleaching caused by rising sea surface temperature, over-fishing of certain species, sand mining, coral mining, reef reclamation and improper disposal of waste into the sea are some of the pressures that coral reef ecosystems face. Terrestrial biodiversity on the coral islands is limited but is an integral part of the life in Maldives. While removal of large trees for agricultural purpose, wood or landscaping is a

threat to terrestrial biodiversity, added to this are threats such as salinisation of freshwater aquifers.

The low lying islands of the Maldives are very sensitive to the impacts from predicted climate change and extremely vulnerable to natural disasters as demonstrated by the December 2004 tsunami. The predicted sea level rise of 0.09 m to 0.88 m in the period 1990 to 2100, combined with increased extreme weather occurrences, makes the Maldives one of the most vulnerable countries to climate change and sea level rise. The small sizes of the islands forces human settlements and vital infrastructure to be located near the coast and thus at high risk. There is an urgent need to include the climate change predictions in future land use planning and community development plans. The Maldives is a party to the United Nations Framework Convention on Climate Change (UNFCCC) and is the first country to sign the Kyoto Protocol. Maldives has prepared a National Adaptation Programme of Action and the adaptation policies have been integrated in the

relevant chapters of this plan. A Technology Needs Assessment to address climate change related concerns has also been completed.

Beach erosion coupled with inundation is one of the major environmental concerns of Maldives. Almost all islands experience varying degrees of erosion. Coastal developments need to be very carefully considered in order to avoid increasing vulnerability to flooding, high waves that could further aggravate the existing erosion problems. The effectiveness and multiple benefits of natural systems and 'soft engineering' for island protection should be explored.

Management of solid waste is one of the most pressing environmental issues in the Maldives. It is estimated that 175 tonnes of solid waste was generated per day in 2000 in the Maldives, and it is predicted to increase to 381 tonnes by 2010 and to 666 tonnes by 2020. A national waste management strategy and development of national comprehensive policies on solid waste management are currently being prepared.

The solid waste from Male', Villingili, and Hulhumale is presently managed in Thilafushi. Two regional waste management facilities were established in HDh. Kulhudhuffushi and S. Hithadhoo under the Regional Development Project - Phase I. Island waste management facilities were established in N. Velidhoo and N. Holhudhoo under UNDP assistance. The Australian & Canadian Red Cross Societies and UNDP will construct 96 Island Waste Management Centres by mid 2007. Additionally UNDP, World Bank, EU, Atoll Ecosystem Conservation Project and Government of Maldives support establishment of waste management centres in the inhabited islands. A sustainable waste management system needs to be developed based on construction of simple composting, recycling and waste

incineration facilities at island level combined with integrated regional waste management facilities. This system should also be tailored to manage solid waste generated from resorts in those regions.

Solid wastes generated in the Maldives include hazardous wastes such as asbestors, oil/fuel, fertilisers, pesticides and healthcare wastes. There are no regulations for the use and disposal of hazardous substances in the Maldives and there are no facilities to store hazardous waste. Safe disposal and management of hazardous waste, particularly healthcare waste is an issue that needs to be properly addressed. Maldives is a party to the Basel Convention and has annual reporting obligations. Since there is no system to monitor generation and movement of hazardous waste within Maldives, a hazardous waste communication system needs to be developed urgently. There is a need to monitor import and usage of chemicals and other toxic products into Maldives.

Although air in the islands of the Maldives has been of pristine quality, trans-boundary air pollution is a growing concern. The Indian Ocean Experiment (INDOEX, 1997/98) revealed an Atmospheric Brown Cloud in the Indian Ocean consisting of sulphates, nitrates, organics, black carbon, fly ash amongst several other pollutants. Urban air quality in Malé is also becoming poorer due to emissions from vehicles, power generation and construction related activities. Ambient air quality monitoring is carried out only at the Hanimaadhoo Climate Observatory (HCO) established in the north. In order to obtain wider coverage and collect comprehensive data, two more stations are required.

In order to improve the quality of environmental services to the islands, capacity needs to be developed at Atoll and island levels to undertake environmental administration. Additional investment is required to enhance the capacity and skills through provision of training on environmental best practices and providing island offices with sufficient equipment, operating budgets and guidelines to initiate environmental monitoring, enforcement and conduct proactive environmental assessment and management.

Policies and Strategies

Policy 1: Strengthen EIA process to ensure environmental and socio-economic impacts associated with new developments are accounted for in decision making

Strategies

- 1.1** Develop new EIA regulation and implement them for all development undertaken in the Maldives
- 1.2** Disseminate new EIA regulation to proponents and consultants, including provision of training as necessary to solicit the required standard of EIA reporting
- 1.3** Implement an EIA consultant and assessor accreditation system that ensures consistent standards are maintained
- 1.4** Ensure greater integration of EIA within Government decision-making processes to ensure a consistent approach to “good development practice”
- 1.5** Introduce public consultation and public disclosure provisions to ensure that the affected community is properly informed about development decisions
- 1.6** Publish an annual national report that provides both quantitative and qualitative insights into the outcomes of the EIA processes.
- 1.7** Strengthen EIA monitoring and surveillance

Policy 2: Conserve biological diversity for natural, traditional, cultural and economic needs of the people

Strategies

- 2.1** Establish a strong information base for biodiversity conservation and create public awareness
- 2.2** Develop policies, laws, regulations, guidelines and standards for biodiversity conservation
- 2.3** Designate protected areas and species and develop conservation management plans
- 2.4** Support and participate in international efforts to conserve local and global biodiversity
- 2.5** Review National Biodiversity Strategy and Action Plan
- 2.6** Mainstream Biodiversity Conservation into all national development and sectoral policies
- 2.7** Implement obligations under the Convention of Biological Diversity (CBD)
- 2.8** Participate in other biodiversity related international conventions and bodies

Policy 3: Position Maldives to adapt to the impacts of climate change and sea level rise

Strategies

- 3.1** Implement national obligations under the United Nations Framework Convention on Climate Change (UNFCCC)
- 3.2** Mitigate greenhouse gas emission to reduce emissions and improve local environmental quality
- 3.3** Develop and implement appropriate adaptation measures to climate change impacts
- 3.4** Establish a strong information base on climate change in the Maldives
- 3.5** Implement obligations under the United Nations Convention to Combat Desertification
- 3.6** Implement National Adaptation Plan of Action (NAPA)

Policy 4: Ensure a protected and safe coastal environment for all Maldivians

Strategies

- 4.1** Develop capacity for integrated coastal zone management (ICZM) at island level
- 4.2** Strengthen the ICZM information base (database, research, analysis, awareness)
- 4.3** Strengthen policy, regulations and guidelines to improve ICZM
- 4.4** Develop adaptation and mitigation measures for coastal erosion

Policy 5: Enable management of solid waste to prevent impact on human health and environment through approaches that are sustainable and locally appropriate.

Strategies

- 5.1** Establish clearly defined roles and responsibilities, principles and practices, enforcement provisions and waste reduction targets.
- 5.2** Establish at least five regional solid waste management facilities throughout the Maldives
- 5.3** Establish island waste management centres and provide equipment to all inhabited islands
- 5.4** Establish waste collection and transfer services to remove hazardous, residual and recyclable wastes from inhabited islands for safe disposal, storage or processing elsewhere.
- 5.5** Develop cost sharing arrangements to recover the cost of providing waste management services
- 5.6** Encourage private sector participation in solid waste management activities through public private partnerships and other relevant mechanisms
- 5.7** Establish an environmental awareness program that focuses on reduce, reuse, recycle, and sustainability issues for the management of island wastes, and community responsibility for waste management

- 5.8** Invest in innovative technology for energy generation and waste minimisation

Policy 6: Develop the mechanisms for the appropriate management of hazardous wastes including chemicals, healthcare waste and waste oil

Strategies

- 6.1** Provide infrastructure, equipment and support for the safe handling, collection, storage and transfer of hazardous wastes at national, regional and island level
- 6.2** Develop industry based guidelines and standard operating procedures that support the safe handling, collection, storage and transfer of hazardous wastes
- 6.3** Establish a contaminated land investigation and clean up program on inhabited islands.
- 6.4** Monitor import and usage of chemicals and other toxic products into Maldives
- 6.5** Implement obligations under the Vienna Convention and Montreal Protocol

Policy 7: Reduce pollution to safeguard human health, protect the environment and promote sustainable development.

Strategies

- 7.1** Undertake monitoring for ambient air quality and acid rain
- 7.2** Undertake monitoring of emissions from point and mobile sources, and establish standards for such sources of pollution

- 7.3** Undertake air pollution damage assessments to raise awareness among the public and decision-makers

- 7.4** Develop and implement a national oil spill contingency plan

- 7.5** Develop and implement regulations and codes of practice for handling, transportation and storage of petroleum products

- 7.6** Promote sustainable development and implement a National Sustainable Development Strategy

Policy 8: Improve the quality of environmental services provided to the islands

Strategies

- 8.1** Strengthen environmental governance at national level
- 8.2** Strengthen environmental governance at the local administrative level
- 8.3** Monitor, assess and report on the state of the environment
- 8.4** Strengthen environmental inspection and licensing procedures
- 8.5** Strengthen capacity for environment management
- 8.6** Increase national awareness on issues of environmental concern

Disaster Preparedness and Disaster Risk Reduction

Over the past six years, 142 inhabited islands have experienced severe weather events, ranging from strong winds, rainfall related flooding, storm surges, tidal flooding or rough seas causing damage to coastal infrastructure. Over the same period, 90 inhabited islands have experienced flooding. Amongst these 37 islands are known to have regular flooding incidences - flooding over six times or more during past 6 years.

Maldives does not have classification of its own for cyclones as cyclones are infrequent in the Maldives. In terms of cyclonic winds and storm surge the Northern Atolls are at greater risk and very low risk in Southern Atolls.

The islands of the Maldives also face severe beach erosion hazard. Out of all inhabited islands 97 percent reported significant erosion between 1998 and 2004, 64 percent reported severe erosion or erosion as a crisis, while 34 percent reported having moderate erosion or erosion as an area of concern.

The Maldives was among the most severely affected countries hit by the Asian Tsunami at 9.20 am on 26th December 2004. Waves ranging from 1.2 to 4.2 m were reported from all the Atolls of the Maldives. Over 35 inhabited islands were badly damaged. 29,580 residents were displaced while around 12,000 were made homeless. An assessment undertaken jointly by the World Bank-ADB-UN System and the Government estimated total damages of \$470 million which is equal to 62 percent of Maldives GDP.

According to the Disaster Risk Profile of the Maldives (2005), Maldives has tsunami hazard largely from the East though there is relatively low hazard from the North as well. Islands along the Eastern fringe of the Eastern Atolls are at greater risk while islands along the western fringe of western Atolls have relatively low tsunami risk.

The tsunami of December 2004 exposed the true vulnerability of the Maldives and the difficulties it faces in providing disaster management and mitigation services to the population scattered across 198 islands and over 100 islands developed

as tourist resorts or industrial islands. The country lacked coherent plans for disaster management and there were no tested frameworks for establishment of operation centres. Hence, it took several hours to establish the coordination mechanisms and operations on ground.

When the 2004 tsunami struck, the roles and responsibilities of various Government agencies for disaster management had not been adequately defined and the concept of disaster risk management not institutionalised. Therefore, from the lessons learned from the tsunami, there is a need for longer term planning and institutionalisation of preparations and preparedness for future disasters. This should involve establishing legal framework for NDMC, preparation of standard operating procedures for the centre and assistance to participating agencies to develop disaster management plans.

Because of the geographic dispersion of the country and the impossibility of placing central Government resources for disaster response on all Atolls, it is essential that island communities be closely involved in disaster planning, mitigation and preparedness measures so that they are adequately provided for their own first response.

Policies and Strategies

Policy 1: Institutionalise disaster management and mitigation and enhance national disaster management capacity

Strategies

- 1.1** Establish a legal framework for national disaster management
- 1.2** Establish national and regional Emergency Operation Centres
- 1.3** Develop Standard Operating Procedure (SOP) for the NDMC
- 1.4** Build the capability to predict and provide early warning and strengthen disaster information base and monitoring to enable better disaster preparedness
- 1.5** Identify roles and responsibilities of various ministries and departments in disaster management and mitigation

Policy 2: Make Maldivians safe and secure from natural disasters through information dissemination and, planning and coordination of national response actions

Strategies

- 2.1** Inform the public about hazards through establishment of national early warning system and making public information on natural disasters available online
- 2.2** Develop national and Atoll level response plans for disaster management and mitigation
- 2.3** Develop a Biological Incident Management Plan
- 2.4** Develop an Oil and Hazardous Material Incident Management Plan
- 2.5** Develop disaster response plans for all tourist resorts and hotels
- 2.6** Develop natural disaster response plans for airports

Policy 3: Alleviate and eliminate risks to life and property from natural or man-made hazardous events

Strategies

- 3.1** Protect the critical infrastructure such as airports, communication and power
- 3.2** Develop land use plans and building codes to ensure safety of people and structures
- 3.3** Undertake hazard mapping for all inhabited islands
- 3.4** Encourage resettlement in safer and better protected islands

Policy 4: Deliver prompt and efficient relief and support in the event of a hazard

Strategies

- 4.1** Strengthen and decentralise national disaster management
- 4.2** Ensure contingencies for social security are provided
- 4.3** Ensure buffer food stocks, water and emergency supplies are available at strategic locations throughout the country

Water Resources Management

Traditionally, the groundwater aquifers of the islands have been the major source of fresh water for the Maldivians. Due to the scarcity of available groundwater and surface water, rainwater is an important source of freshwater for Maldivians, especially in the Atolls. According to the Vulnerability and Poverty Assessment Survey, 90 percent of the households in the Atolls used rainwater as the principal source of drinking water in 2004. In Male', 100 percent of the population has access to piped desalinated water as a source of drinking water.

In the recent years, heavy reliance is placed on desalination using increasingly expensive imported diesel oil for fresh water supplies, especially in Male'. The total population of the Maldives having access to desalinated water is 28 percent, covering the population of Male' urban region and several other islands affected by the tsunami. As of 2003, desalinated water consumption in Male', (including Villingilli) has increased to 1370.8 thousand metric tons. As of 2006, average desalinated water consumption in Male', Hulhumale and Villingili

was 5960, 176, and 240 cbm/day respectively.

Among the achievements that have been made in the sanitation sector, all the households in Male' now have access to toilet facilities. The percentage of Atoll population without access to toilet facilities has decreased from 82 percent in 1990 to 12 percent in 2006. However, although the sanitation situation has shown a marked improvement, many toilets still discharge sewage and human waste directly into the ground leading to ground water contamination.

The aquifers have been increasingly subject to depletion and deterioration from sea water intrusion and pollution, particularly due to the absence of environmentally-sound sewerage systems. Saltwater intrusion from the 2004 tsunami has further depleted the quality of the aquifers.

The 2004 tsunami also caused significant damages to the water and sanitation sector. Emergency water and sanitation requirements were initially identified for 2,200 affected households in 69

islands. It has been estimated that over 90 percent of the toilet facilities may have been lost on the heavily impacted islands. Furthermore, the groundwater still used in many islands for cooking and washing was highly contaminated in the heavily impacted islands. Additional funds are needed to rehabilitate water and sanitation facilities.

Policies and Strategies

Policy 1: Ensure the availability of safe drinking water and environmentally sound sewerage disposal facilities throughout the country

Strategies

- 1.1** Develop a plan and strategies to provide safe drinking water on all inhabited islands
- 1.2** Encourage the collection and storage of rainwater by providing at least 2500 litre water capacity to all households in the Atolls
- 1.3** Provide adequate desalination facilities at Atoll capitals and development focus islands as supplementary sources of drinking water when rainwater is unavailable
- 1.4** Provide adequate and sustainable sewerage systems on all densely populated and development focus islands
- 1.5** Undertake a study on the preservation of the Maldives natural water resources
- 1.6** Conduct awareness campaigns on the guidelines and regulations for water usage, water quality standards, sewerage and waste water treatment and disposal of solid waste

Policy 2: Ensure sustainable availability of water for socio-economic development

Strategies

- 2.1** Establish water collection and storage facilities for agriculture and industrial activities.
- 2.2** Develop mechanisms to allocate revenues generated from the islands to the further development of water supply in the respective islands
- 2.3** Establish mechanisms and facilitate an environment conducive for private sector participation and investment in the sector.

Policy 3: Ensure effective development of the water sector with full ownership of the beneficiary islands

Strategies

- 3.1** Develop privatisation policy for water and sewerage services
- 3.2** Develop national water and sanitation policy and master plan
- 3.3** Undertake human resource needs assessment and facilitate training and educational opportunities for the sector
- 3.4** Enhance water sector development in local governance and increase sector presence in the islands and Atolls
- 3.5** Introduce Atoll based financing mechanisms to provide household rainwater harvesting facilities, sewerage, and innovative water solutions

- 3.6** Develop institutions at the national and regional level to meet the growing needs and challenges of the sector
- 3.7** Establish mechanisms to increase sector involvement and build partnership with international organisations and regional forums

Policy 4: Strengthen the legal framework of the water sector

Strategies

- 4.1** Enact the Water and Sanitation Act of the Maldives
- 4.2** Formulate and implement guidelines, regulations and quality control standards for drinking water (based on the WHO drinking water standard), desalinated water, water consumption, import and export of water, domestic sale of water and bottling of water
- 4.3** Develop and implement sanitation guidelines, standards and design criteria for treatment and disposal of sewage and waste water
- 4.4** Strengthen enforcement protocols, procedures and capacity at water and sanitation regulatory authorities

Policy 5: Strengthen the water and sanitation research

Strategies

- 5.1** Assess usage of alternative energy sources such as solar and wind power for operation and maintenance of reverse osmosis desalination as well as sanitation services.
- 5.2** Develop an inventory of natural water catchments areas including wetlands and marsh areas
- 5.3** Establish mechanisms to conduct research on waste water disposal technologies and assess health and environmental impacts of using treated waste water for different purposes
- 5.4** Establish linkages with international institutions on water research
- 5.5** Explore the feasibility of establishing a National Water Research Institute





IMAGE: THE PORTRAIT GALLERY

Part IV

Social Development

Educated, Healthy and Resilient People

Goal 6

Invest in people through providing equal opportunity for education, life long learning, skills training and talent development

Goal 7

Improve access to housing and health care and enhance well-being

Goal 8

Empower women and advance protection for children, elderly, people with disabilities, poor and other vulnerable groups



Summary of Goals and Performance Targets

Goal 6

Invest in people through providing equal opportunity for education, life long learning, skills training and talent development

- ▶ Provide universal access to 10 years of education by 2010
- ▶ Increase the proportion of students who achieve minimum entrance requirement for tertiary education annually from 25 percent to 50 percent (5 A-C at O'L with Islam and Dhivehi and or 3 at A'L with Islam or Dhivehi) by 2010
- ▶ Increase the percentage of trained Maldivian teachers from 70 to 80 percent and graduate Maldivian teachers from 3 to 10 percent by 2010
- ▶ Develop a national curriculum for secondary level which is relevant to the Maldives local context by 2010
- ▶ Increase the pass rate in secondary level English language from 13 to 25 percent by 2010
- ▶ Maintain net enrolment in early childhood care and development at over 85 percent
- ▶ Double the proportion of working age population with higher education qualifications from 3.3 to 6.5 percent
- ▶ Reduce youth unemployment from 16 to 10 percent
- ▶ Enhance the NCA School program to include formal classes in dance, drama, and art and craft
- ▶ Establish the Maldives Arts Council, comprising of associations for actors and film-makers, musicians and songwriters, artists and craftsmen, dancers and choreographers

Goal 7

Improve access to housing and health care and enhance well-being

- ▶ Increase percentage of children consuming fruits and vegetables daily from 30 percent to 60 percent
- ▶ Increase the proportion of population of over 18 years with BMI between 18.5 and 24.9 from 48 percent to 55 percent
- ▶ Reduce the proportion of adolescent population who consume tobacco from 25 percent to 15 percent
- ▶ Provide midwifery trained personnel and basic obstetric care on every inhabited island
- ▶ Reduce peri-natal mortality rate from 19 to below 15 per 1,000 live births

- ▶ Make available all essential medicines to 100 percent of the population
- ▶ Increase public confidence on the integrity and quality of health services by 25 percent from 2006 baseline
- ▶ Repair and reconstruct all houses affected by the tsunami by end of 2008
- ▶ Enable a supply of 4,500 new and additional housing units
- ▶ Develop and implement a National Housing Policy to improve access to housing finance and housing affordability
- ▶ Ensure annual budgetary allocations for improvement of housing affordability, especially for the low-income
- ▶ Reduce by 10 percent the proportion of arrestees testing positive for illicit drugs, from its current level
- ▶ Maintain zero growth in the current proportion of drug abusers who use the intravenous route

Goal 8

Empower women and advance protection for children, elderly, people with disabilities, poor and other vulnerable groups

- ▶ Eliminate gender disparity in tertiary education
- ▶ Increase female Labour Force Participation Rate from 52 percent to 60 percent
- ▶ Reduce gender based violence through advocacy and sensitisation programs
- ▶ Provide access to social protection services for children, women and family through establishment of Social Protection Centres in all Atolls
- ▶ Ensure 100 percent participation in the Defined Contribution (DC) pension scheme of employees in the formal sector by 2010
- ▶ Achieve universal health insurance coverage by 2010
- ▶ Ensure that social assistance schemes for vulnerable groups are developed by 2010
- ▶ Ensure the availability of legal and regulatory tools to protect the rights of people with disabilities by 2010
- ▶ Ensure the availability of home and community based care programs for the aged by 2010



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Education

Maldives has established a national system of public education with a common national curriculum for grades 1-7. Universal primary education has been achieved and a net enrolment ratio of 100 percent for both girls and boys indicates gender parity in enrolment at this level. In 2005, the net enrolment for both girls and boys in lower and higher secondary was 64.6 percent and 7.2 percent respectively. Currently the Government is working towards 10 years of universal basic education by 2010.

With the success in achieving a high level of primary enrolment, attention has been diverted to improving the quality of education. Among the identified bottlenecks are a high proportion of untrained teachers at primary level, heavy reliance on expatriate teachers at secondary level, scarce learning materials and equipment at both levels and the limitations in the infrastructure to cater for the extension of basic education to cover the three years for lower secondary.

Access to secondary education is being universalised and with the sparsely dispersed

population, the education sector is challenged to be creative in finding cost effective ways to cater for the education needs of the smaller islands. Double-shift system is the norm in all schools which limits providing the full curriculum for the primary and secondary cohorts.

The existing secondary curriculum is drawn up based on the British education system and students sit the international exams (GCSE / GCE O'Level Cambridge) at the end of grade 10 and A'Level Edexcel examinations on completion of grade 12.

Working towards the goal of universalising 10 years of basic education, the Government's focus is now on extending basic education for three more years. With this addition, most island schools make use of classrooms set for primary pupils, without adequate infrastructure or resources to meet the requirements of secondary level education. Crucial subject areas such as science, humanities, life skills, physical education, music or technology are missed out, limiting exposure to a broad and balanced curriculum. A secondary curriculum thus has to be developed which is relevant to the needs of the

society and the needs of the graduate set to continue higher education or join the workforce. This new curriculum should aim to develop the full potential of the individual. To provide for this, infrastructure and resources have to be developed and plans have to be made to move to single session schooling. Also, a local examination or examination system has to be introduced to provide a profile of every student completing 10 years of basic education, to provide evidence of their standard of achievement when completing 10 years of basic education.

There are 232 schools in the country, of these 187 schools cater for grades 1-10, while 22 schools cater for grades 1-12. Eighty percent of schools lack basic teaching and learning resources and facilities. Seventy five percent of secondary school teachers are expatriates. 184 schools have supervisors or a trained head.

The primary and secondary schooling presently provides general transferable skills. Without further training, school leavers are unequipped with the skills required for the labour market. There is need to improve the quality and availability of vocational and technical education for young people. There is also a need to improve access to adult and continuing education.

Although education is a basic right of the child there is no legal framework in place so far. The process of proposing legislation on education is planned.

In recent years, the Government has also included within its policy focus Early Childhood Care and Development (ECCD). Island communities have been mobilised to establish pre-schools and a support system with learning materials and equipment have been instrumental in the rapid increase in enrolment at this level. Increased efforts have also been made in training teachers to cater for this expansion.

In 2006 there were 176 pre-schools. Currently, and all but 12 islands in the country have a pre-school. Pre-schools in the islands run by communities do not have the required facilities and trained staff to cater for the needs of pre-school aged children. In 2006, it was estimated that there are 225 trained and 320 untrained teachers in the pre-schools.

Policies and Strategies

Policy 1: Ensure that all children have access to 10 years of basic education

Strategies

- 1.1** Develop infrastructural support to provide essential physical facilities for the increased enrolment and create additional capacity needed to move to single session schooling
- 1.2** Provide teaching and learning resources and materials to all schools and give priority to the least served schools
- 1.3** Establish residential learning centres in development focus islands or alternatively provide financial support to ensure access
- 1.4** Provide every pupil access to the full curriculum inclusive of Science, Physical Education and Practical Arts
- 1.5** Ensure that every pupil who completes each key stage has achieved minimum competencies in literacy and numeracy of the required key stage
- 1.6** Ensure that every student at the end of basic education achieves a minimum of three passes of A-C at the examinations

- 1.7** Develop the necessary human resources to provide psychosocial support in all schools
- 1.8** Encourage and promote private and community participation in all aspects of the provision of basic education and facilitate the establishment of private schools
- 1.9** Propose legislation on Education

Policy 2: Increase quality, and effectiveness in the provision of basic education

Strategies

- 2.1** Improve physical facilities of schools by providing additional space for library, laboratory, ICT and classrooms for secondary level students and toilets and staffroom facilities for staff
- 2.2** Increase the number of trained local teachers for all levels of schools
- 2.3** Train locals for positions of leadership in schools
- 2.4** Strengthen and further develop the Professional Development Unit
- 2.5** Strengthen the professional support provided for teachers and school leaders
- 2.6** Provide a range of on-going professional development programs to develop teacher's content knowledge and teaching skills
- 2.7** Ensure access to a library or resource room for every child
- 2.8** Develop and sustain Teacher Resource Centres and model schools in every atoll

- 2.9** Create and sustain model secondary schools in identified focus islands
- 2.10** Support and encourage schools to develop innovative approaches to raising standards, with freedom for the more successful schools to lead the way
- 2.11** Promote team building by encouraging the establishment of learning communities and collaborative work among teachers and school leaders across schools
- 2.12** Build teachers' capacity for better handling of student behaviour
- 2.13** Provide induction to all newly qualified teachers and newly appointed teachers

Policy 3: Increase efficiency and effectiveness of the supervision system

Strategies

- 3.1** Continue whole school supervision/inspection programs
- 3.2** Review the progress and problems in schools and make proposals for improvement and monitor to ensure those problems are being or have been resolved
- 3.3** Build capacity of the assessment and supervision sections
- 3.4** Strengthen school self-evaluation and monitoring capacity of school heads and middle management

Policy 4: Improve organisational productivity and strengthen organisation and management of the Ministry of Education and its departments

Strategies

- 4.1** Review and if required, re-structure the organisational framework of the specialised sections and departments of the MoE and train managers to improve productivity of services
- 4.2** Conduct regular reviews of major policy issues from all sections of the MoE and its departments
- 4.3** Promote a culture of detailed planning through objectives among the sections and departments of the MoE
- 4.4** Ensure greater harmonisation in translation of policies into sustainable plans, programs and activities
- 4.5** Develop and apply standards, guidelines and frameworks for operationalising of activities
- 4.6** Analyse and review current financial resource distribution patterns within the sector
- 4.7** Develop a unit-cost related formula for spending on schools
- 4.8** Improve the logistical arrangements for payments of salaries, allowances and other finances to schools in the Atolls
- 4.9** Expand the use of ICT at all levels of administration to create a responsive and flexible management system

- 4.10** Create a more comprehensive Educational Management Information System (EMIS) within MoE
- 4.11** Develop and promote use of the sector website as a catalyst to inform and for being informed
- 4.12** Develop measures to retain trained personnel in the sector
- 4.13** Review teacher recruitment procedures and develop a mechanism to appoint good quality teachers
- 4.14** Formulate policy on professional development for educators
- 4.15** Draw up a sector-wide all inclusive Human Resource Development plan
- 4.16** Provide staff development opportunities for all members of staff
- 4.17** Recognise and award meritorious work in the sector to improve/maintain degree of commitment to the job

Policy 5: Review the national curriculum to meet national needs and improve the implementation of the national curriculum in schools

Strategies

- 5.1** Revise the primary curriculum to develop an outcome-based curriculum relevant to the Maldivian context
- 5.2** Build national capacity in curriculum development, curriculum implementation and material production

- 5.3** Strengthen Educational Media Services to provide virtual learning online through upgrading equipment and training staff
- 5.4** Provide technical support to improve the quality of teaching/learning and assessment in the primary years
- 5.5** Improve the delivery of science teaching and provide science education for every secondary student
- 5.6** Develop a broad and balanced curriculum for secondary schools and increase relevance of education to the local environment. Incorporate knowledge skills, citizenship, as well as life skills, and career guidance to support and encourage students to become active citizens in contributing to their nation
- 5.7** Expand and diversify the secondary school curriculum to include skill based courses
- 5.8** Develop the national capacity for conducting national assessments of learning
- 5.9** Strengthen research development capacity of Educational Development Center (EDC) for researching the national curriculum and its assessment
- 5.10** Establish a national system of assessment and examination at two stages within the basic education program
- 6.2** Develop textbooks, workbooks and teachers' guides for revised curricula with special emphasis to remove existing foreign content and incorporate content, examples, photographs and illustrations of greater relevance to the local context
- 6.3** Conduct orientation workshops and seminars on revised curricula and teaching/learning materials
- 6.4** Increase greater teacher participation in curriculum development and revision
- 6.5** Conduct effective orientation programs for newly appointed expatriate teachers to assist them to understand the local environment with a view to encouraging them to relate the content of their lessons to the local context
- 6.6** Revise teacher education curricula through liaising with Faculty of Education (FE) to reflect recent changes in school curricula
- 6.7** Conduct workshops for teachers in preparing and using locally available low-cost teaching aids
- 6.8** Integrate the concept of education and work into the curriculum
- 6.9** Advise students completing basic education on choice and selection of what job opportunities and higher education opportunities are available for them

Policy 6: Increase relevance of education to the local environment

Strategies

- 6.1** Conduct curriculum revision with a view to further integrate into the curriculum Maldivian culture, tradition, values and key concepts about the environment
- 6.11** Arrange visits for students to work sites and training centres
- 6.12** Increase awareness through formal and non-formal education on the need for the protection of the environment

- 6.13** Develop teaching/learning materials and provide the subjects Environmental Science for older students to enhance student's consciousness about the consequences of environmental degradation and possible consequences of sea-level rise and need for environmental protection
- 6.14** Strengthen tree planting programs in schools and encourage home gardening through clubs at school

Policy 7: Promote health, nutrition, safety and life skills among school children

Strategies

- 7.1** Provide technical and financial support to introduce the health-promoting schools initiative to all schools
- 7.2** Strengthen school based data collection on child nutrition and increase competency of teachers on nutrition education
- 7.3** Educate young people about the harmful effects of drug abuse and the effects of crime. Work with related agencies to provide targeted support for young people most at risk
- 7.4** Develop school-community capacity in promoting physical development and love for physical education, recreation and sports
- 7.5** Develop school-community capacity in promoting healthy habits
- 7.6** Promote child rights and implement anti bullying policies in all schools
- 7.7** Ensure that every Maldivian child can swim and is competent in water safety and survival

- 7.8** Provide trained health personnel to schools
- 7.9** Create school-community awareness on safe behaviours for reproductive health
- 7.10** Create school-community awareness in disaster preparedness
- 7.11** Ensure that all schools have adequate plans and resources in place in readiness to act in times of disaster and its after effects

Policy 8: Ensuring equitable access to basic education for all young people and continuing education for adults

Strategies

- 8.1** Maintain high levels of literacy across communities
- 8.2** Expand the ongoing second chance skills upgrading program for those who were unable to complete formal schooling.
- 8.3** Design and deliver a set of credit earning and articulated adult education and continuing education courses to meet learner and market needs
- 8.4** Prepare print and audio visual materials for raising community awareness
- 8.5** Provide technical vocational programs for school and out of school youth

Policy 9: Increase and expand education opportunities for gifted and talented children as well as those with special needs

Strategies

- 9.1** Provide opportunities for gifted and talented pupils through the introduction of a program for gifted and talented youth
- 9.2** Conduct a needs assessment of students with special needs to improve early detection and intervention, as well as provide access to education for children with disabilities
- 9.3** Recruit and train adequate number of teachers for special education
- 9.4** Equip selected schools with the necessary infrastructure, teaching aids and user friendly facilities for special education
- 9.5** Strengthen the monitoring mechanism of inclusive programs to ensure effective program implementation

Policy 10: Expand and improve comprehensive early childhood care development

Strategies

- 10.1** Develop policy guidelines for Early Childhood Care Development Centres (ECCD)
- 10.2** Provide technical and financial support to existing ECCD to expand access and improve quality of learning

- 10.3** Develop curricula guidelines and teaching resources, including audio-visual materials, and disseminate to pre-schools
- 10.4** Liaise with FE to develop training programs for pre-school teachers

Policy 11: Develop infrastructural support in line with the expansion of services provided by the sector

Strategies

- 11.1** Construct new schools to cater for the increased enrolment
- 11.2** Upgrade and expand existing schools to create additional capacity provide for breadth and balance in the basic education curriculum
- 11.3** Continue upgrading of buildings in previously community schools to similar standards as that in government schools
- 11.4** Construct a building for education and training with utmost urgency (by 2008) to provide much needed space to house all sections of EDC
- 11.5** Obtain new premises for DPE by 2010
- 11.6** Construct new classrooms at CCE by (2010) for the increased enrolment of young people following upgrading courses and vocational and technical courses

Policy 12: Increase trained manpower through education and training for sector development

Strategies

- 12.1** Maximize utilization of overseas fellowships for education and training
- 12.2** Maximize utilization of opportunities to gain relevant experiences abroad through participation in attachment programs, workshops and seminars
- 12.3** Provide overseas training for curriculum developers
- 12.4** Train personnel to design and carry out educational research particularly related to effectiveness of curriculum
- 12.5** Train and develop local examiners for Islam, Dhivehi, Maths and English at secondary and for developing continuous assessment items for primary grades in all subjects
- 12.6** Develop personnel at the department of examinations in order to help them cope with increasing demands on its services
- 12.7** Strengthen the role of heads of schools by granting more responsibility and providing opportunities for shadowing other principals and thereby learning from best practices

Higher Education

Strengthening and expansion of higher education and training is central to achieving the prime objectives of reducing vulnerability and poverty. Human development and utilisation of the human resource potential of the nation through wider employment opportunities are essential constituents of any National Development Plan.

With the advancement of the education system, demand for post-secondary education and training is expected to increase exponentially over next five years. This unprecedented demand is fuelled by complementary forces of rapid expansion of secondary education coupled with escalating skill requirements by the industry and job market.

Policy direction and substantive support are essential to facilitate and energise the public and private providers of education services in meeting the need for higher education and training while ensuring that the knowledge, attitudes and skills imparted through these avenues are in line with the requirements of the market and the national development priorities.

Considerable efforts are needed to increase higher education and training opportunities in accordance with the escalating demand and national human development needs. At present, access to higher education opportunities is improbable to the great majority of the population primarily due to the limited presence and capacity of higher education service providers within the country as well as the high cost of pursuing higher education abroad.

The Maldives College of Higher Education, being the epitome of higher education institutions, needs to take the leap forward to become the first university in the country, not only to symbolise the country's educational accomplishments but to respond to the growing need for better education.

At the same time, strengthening of the College of Islamic Studies is essential in deepening our understanding of Islamic principles, and in enhancing and preserving the status of Islam in the country.

The path ahead is not devoid of arduous challenges. Exorbitant rental and scarcity of

physical space transpires a formidable barrier to private sector participation in higher education provision. The fact that only a minority of the population can afford to study abroad signifies the need to strengthen and expand the scholarship and loan assistance schemes. Online and distance modes of education, though suit the geography of the country, remain largely untapped due to lack of proper infrastructure and policy guidelines for its development and quality assurance.

Technological advancement causes a constant inflationary pressure on the skill requirements of the labour force. Acquisition of specific job skills on top of a well rounded general education is increasingly becoming the minimum requirement for a fighting chance in the job market.

Prompt expansion of technical and vocational education that is geared towards to needs of the job market is essential to realise the full productive potential of the labour force. In the pursuit to expand the national productivity frontier, it is essential to first establish institutional mechanisms to monitor the needs of the labour market; develop guidelines and standards for technical and vocational education service providers; and encourage private sector participation in service provision.

While attempting to expand access to post-secondary education and training, it is essential to develop and strengthen the mechanisms to assure the quality of the provision in order to ensure that the qualifications are recognised by the industry and the national and international community.

To achieve this end, the Maldives Accreditation Board has to be positioned to play a stronger monitoring role across the whole spectrum of post-secondary and technical and vocational education through capacity building and strengthening its links with the industry, the education service

providers and the accreditation authorities worldwide.

Given the growing importance of vocational education, developing a vocational qualifications framework is essential to facilitate the development and substantiation of vocational education as an alternative pathway for career development and post-secondary education.

There needs to exist a strong match between the requirements of the job market, the outcomes of the education and training programs, and the aptitudes and interests of the graduates in order to fully capitalise on the human resource potential of the nation.

Achieving a strong fit between these facets calls for development of stronger institutional research and diagnostic capacity to assess national training and development needs; devise and implement national human resource plans and policies; and instigate systematic career guidance and counselling.

Policies and Strategies

Policy 1: Expand and increase higher education opportunities

Strategies

- 1.1** Transform the Maldives College of Higher Education into a university
- 1.2** Increase the number of scholarships offered by the government and private sector
- 1.3** Ensure efficient and transparent management of the National Fund for Higher Education and Training

- 1.4** Enable private sector and foreign institutions to offer higher education courses in the Maldives
- 1.5** Restructure and strengthen the College of Islamic Studies
- 1.6** Provide adequate physical space to private sector institution to expand their services
- 1.7** Develop guidelines for the establishment of online, virtual and distance education

Policy 2: Increase the skill base of the labour force to meet market demands

Strategies

- 2.1** Develop and implement guidelines and standards for vocational and technical education service providers
- 2.2** Tailor training opportunities to meet skill shortages through continuous monitoring of the skilled occupations requirements of the labour market
- 2.3** Encourage the private sector to participate in vocational and technical education training provision
- 2.4** Strengthen the basic skills development programs for Government staff

Policy 3: Strengthen and assure the instructional quality of post secondary education

Strategies

- 3.1** Strengthen the capacity of Maldives Accreditation Board
- 3.2** Develop policy guidelines to improve the quality of services provided by higher education and training institutions
- 3.3** Revise the existing Maldives National Qualification Framework
- 3.4** Develop a Vocational Qualification Framework
- 3.5** Ensure that Maldivian qualifications are recognised internationally

Policy 4: Strengthen and expand higher education and research to match the development needs of the nation

Strategies

- 4.1** Institutionalise career guidance and strengthen career counselling
- 4.2** Continuously assess national training and research needs to contribute to quality of social and economic lives
- 4.3** Formulate a national Human Resource Plan and mobilise adequate funds for speedy implementation
- 4.4** Establish a national research body to facilitate development policy research

Youth Development

In the Maldives, youth is defined as young people between 18 and 35 years old. Youth makes up more than one third of the Maldivian population (33.7 percent) and will continue to expand during this Plan period. The age structure of the population represents both a wealth and a challenge for the Maldives and has important implications in terms of social services delivery, employment, urbanisation and other development issues.

Youth unemployment and the associated social alienation are major concerns for the Maldivian society. According to the VPA II of 2004, about 40 percent of the young women and over 20 percent of the young men are unemployed, not only because they lack the skills required in the labour market but also because of limited job opportunities and the scarcity of “attractive” jobs, especially in the Atolls. Prompt and innovative measures need to be taken to provide employment and further educational opportunities for young people. For example, emphasis needs to be put on self-employment and creating an entrepreneurial culture among youth as many capable young

people lack the technical and financial support they would require to start their own business.

Despite concerns raised by youth unemployment, according to the 2005 “Youth Voices-Facts, Opinions and Solutions” survey, the majority of Maldivian youth is not depressed and disillusioned, but rather behaves as responsible citizens contributing to national development. Also, the majority of the youth aspires to attain higher education and have the blessing of loving, caring and supportive families.

Maldives is witnessing an alarming increase in drug abuse among adolescents and young people, with 46 percent of drug abusers being aged between 16 and 24 years. In addition to providing more employment and educational opportunities to young people, counselling and guidance are essential to keep young Maldivians away from drug and substance abuse.

Many young Maldivians marry and have children in their early or mid-twenties, sometimes without adequate understanding and awareness of family

life and parenthood-related issues. According to the Youth Policy 2003, 80 percent of marriages take place between young people, and divorces among young couples is more than 3.36 percent in 2006. Family breakdown and child education are major concerns among young couples that require guidance and advice to improve their marital and parenting skills.

Currently there are more than 250 national NGOs affiliated with the National Association of Youth NGOs of the Ministry of Youth and Sports. These organisations often survive due to private contributions and the commitment of their volunteers. More technical and financial support would allow youth NGOs present in Male' and the Atolls to play a greater role in improving the well-being of youth, by promoting healthy and responsible lifestyles, expanding cultural and recreational activities, and providing training to young people to create employment or self-employment opportunities.

Despite the large number of youth organisations in the Maldives, there is no forum to involve youth in decision making, especially in the Atolls. Young people need to get a greater exposure to public affairs and acquire self-confidence and leadership skills that would equip them to participate at all levels of Government, non-government and community decision-making. Preparing the young generation to exercise their rights and duties as an informed electorate in a multi-party democracy also presents major challenges.

Policies and Strategies

Policy 1: Create an entrepreneurial culture amongst young people

Strategies

- 1.1** Establish a youth entrepreneurship development program incorporating information, provision of relevant training and access to credit facilities
- 1.2** Network and advocate for the improvement of education and vocational training opportunities for marginalised young people
- 1.3** Work with youth NGO's, Island & Atoll offices to identify areas of training needed for the employment of young people

Policy 2: Promote healthy and responsible lifestyles amongst youth towards creating youth of high moral standard

Strategies

- 2.1** Increase awareness on the rights and responsibilities of youth
- 2.2** Implement youth friendly programs on moral and ethical issues
- 2.3** Provide life skills education and training for out of school youth
- 2.4** Ensure special attention is given to the development of preventive programs and reintegration of marginalised youth
- 2.5** Provide parenting skills training to young people

- 2.6** Provide marital skills to the youth
- 2.7** Establish easily accessible confidential marriage-counselling services

Policy 3: Facilitate youth participation and leadership in all social, economic and cultural spheres of the country

Strategies

- 3.1** Expand the cultural and recreational activities of young people through technical and financial support to youth organisations
- 3.2** Provide youth with leadership skills to allow them to participate at all levels of Government, non-government and community decision-making
- 3.3** Support exchange programs and visits for youth nationally and internationally to broaden their knowledge base
- 3.4** Promote volunteerism among youth

Policy 4: Develop Youth Work Profession

Strategies

- 4.1** Develop professionally trained locals to work in the youth field and to strengthen existing youth services
- 4.2** Develop youth programs and activities in the Atolls

Arts and Culture

The Arts, being comprised of many expressive disciplines, holds a unique position in the daily life of the community, and as such, plays a vital role in defining the identity of the people. Established in 2003, the MAPA School of Music and Drama, as the only institution for arts education, offered formal classes of music theory, piano and singing, but other forms of art such as dance, art and craft, and drama were not addressed adequately.

The National Centre for the Arts (NCA) was established in December 2005, with the role of enriching the nation by promoting and facilitating the improvement in quality of the arts and artists, and to assist performing and visual artists to conceive, produce and present their work in a manner that is of significance and benefit to themselves and to the community.

Restructured under the NCA, the NCA School of the Arts currently conducts formal classes in music and art, and short courses and workshops in cultural music and dance, contemporary dance, drama, calligraphy, make-up for film, video production and animation. It is important that more local teachers

be trained to take up key teaching positions within the NCA School of the Arts, and that training-related procedures at NCA are flexible, to facilitate the adaptability of new approaches and techniques.

In the area of performing arts, concerts are targeted primarily at promoting products and services, while the artists or the performances, are relegated to a secondary level of importance. Important steps envisaged are to host concerts, arts festivals, competitions and exhibitions with organised and maximised exposure of artists to potential clients.

To foster and encourage the development of self-regulatory mechanisms within the arts community, the Maldives Film Association has been established with assistance from the NCA, and work is currently underway to assist the establishment of other artists' associations.

One of the major obstacles faced by artists today is their individual financial limitations in acquiring modern facilities and equipment. Restructuring, reorganising and upgrading the existing facilities at NCA, and providing these for rent at subsidised

rates as a financially more feasible option, would be one of the areas that need to be developed.

A widely-accessible resource centre with audiovisual resources, study aids, periodicals, e-journal access, contemporary arts publications, and information on Maldivian arts and artists, is vital, since exposure to other cultures and world arts would undoubtedly encourage Maldivian artists to break away from pre-conceived notions, and enable them to look beyond the conventional concepts to reach heightened spheres of creativity.

The National Art Gallery, Maldives inaugurated in October 2005 will play a critical role in promoting local and international arts, as well as creating a stimulating exposure for Maldivian artists. The National Art Gallery's mandate includes the promotion of 'visual' or fine arts which include: painting, traditional crafts that have the potential to become 'art forms', etc. It is also important to note that 'art' as understood within the context of art schools or gallery systems exist in the Maldives in parallel to indigenous art forms.

The people of the Maldives have a distinctive national identity characterised by a unique language and script and a rich and old history that is believed to have links to the Naga and Yakka people who developed in pre-Buddhist civilisation in Sri-Lanka. With the spread of globalisation and the accompanying popular mass culture, especially among the Maldivian youth, general knowledge about the Maldivian cultural heritage, history and language is decreasing. Also, emerging cultural practices tend to widen the gap between young and older generations. In order to strengthen the sense of national identity and community that underlies social cohesion and harmony in the Maldives it is essential to link cultural practices of the adult generation to modern forms of culture among the youth and foster genuine interest in Maldivian culture, heritage, history and language.

In 2005, there was only one weekly radio program on Maldivian history and programs and documentaries focusing on Maldivian cultural heritage, history and the Dhivehi language were very rare on television. There is scope for further use of the media to increase public awareness on the significance of Maldivian culture, history and language. Also, although Dhivehi is taught at school until A level, students lack interest in the Dhivehi language because of the overall quality of teaching, textbooks and teaching methods.

The official language of the Maldives, Dhivehi, is of Indo-Aryan origin, with evidence that it had evolved as a separate tongue as far back as the fourth century. Despite its long history, there has been little research and documentation of Dhivehi literary heritage and there is a risk that much of its mainly oral literary tradition could be lost. Efforts recently made to compile a Dhivehi dictionary and grammar need to be further pursued. Moreover, the various dialects spoken in the Maldives are slowly being integrated into the standard Dhivehi and the dialects are being lost. There is an urgent need to record and document the various Dhivehi dialects, especially those from Southern Atolls Addu, Fuvamulaku, Huvadhu and Laamu.

Policies and Strategies

Policy 1: Promote and develop the arts, artists and artistic creativity

Strategies

- 1.1** Provide opportunities for youth and other individuals for the acquisition of knowledge, and the pursuit of excellence, in the Arts
- 1.2** Strengthen the institutional and human resource capacity of the National Centre for the Arts and the National Art Gallery
- 1.3** Enhance the technical capability of the National Centre for the Arts to further the advancement of the arts and artists
- 1.4** Provide a gateway to knowledge bases to foster and encourage artistic creativity and development
- 1.5** Promote the arts and artists to facilitate professional development opportunities
- 1.6** Provide security, including insurance, to the National Art Gallery's permanent collection and all exhibitions
- 1.7** Develop the permanent collection of the National Art Gallery (NAG) by collecting the works of Maldivian and international artists
- 1.8** Establish a regular program of exhibitions of Maldivian and international artists at the National Art Gallery
- 1.9** Establish a National Arts Complex, with dedicated facilities and equipment for the National Centre for the Arts, including exhibition halls for the National Art Gallery

Policy 2: Preserve and promote the culture, history and language of the Maldives

Strategies

- 2.1** Increase public awareness on culture, history and language in order to strengthen national unity
- 2.2** Increase emphasis on and improve quality of teaching Dhivehi language and history
- 2.3** Increase publication and dissemination of documents on Maldivian culture, history and language
- 2.4** Increase knowledge of Maldivian literature, language and history by organising national events, courses and competitions
- 2.5** Research and document Maldivian culture, heritage, history and language

Goal 7

Improve access to housing and health care and enhance well-being

- ▶ Increase percentage of children consuming fruits and vegetables daily from 30 percent to 60 percent
- ▶ Increase the proportion of population of over 18 years with BMI between 18.5 and 24.9 from 48 percent to 55 percent
- ▶ Reduce the proportion of adolescent population who consume tobacco from 25 percent to 15 percent
- ▶ Provide midwifery trained personnel and basic obstetric care on every inhabited island
- ▶ Reduce peri-natal mortality rate from 19 to below 15 per 1,000 live births
- ▶ Make available all essential medicines to 100 percent of the population
- ▶ Increase public confidence on the integrity and quality of health services by 25 percent from 2006 baseline
- ▶ Repair and reconstruct all houses affected by the tsunami by end of 2008
- ▶ Enable a supply of 4,500 new and additional housing units
- ▶ Develop and implement a National Housing Policy to improve access to housing finance and housing affordability
- ▶ Ensure annual budgetary allocations for improvement of housing affordability, especially for the low-income
- ▶ Reduce by 10 percent the proportion of arrestees testing positive for illicit drugs, from its current level
- ▶ Maintain zero growth in the current proportion of drug abusers who use the intravenous route

Health

The health policy of the Government is targeted to ensure access to primary health care to all citizens in an equitable manner. Health services shall be provided without discrimination on account of the person's gender or socio-economic status and should be affordable to all, especially the poor and disadvantaged. The establishment of social security mechanisms, including a health insurance scheme are considered as the cornerstones for improving access to health services, in particular for the most disadvantaged.

Major communicable diseases such as malaria and vaccine preventable childhood diseases are eliminated. Leprosy and Filaria have reached the regional elimination targets. Tuberculosis and HIV prevalence are low. Although mortality due to diarrhoea and acute respiratory infections are extremely low, they continue to cause significant morbidity to children and adults, indicating inadequate access to safe water and sanitation. Dengue and scrub typhus have emerged as major communicable diseases of public health concern. Focus on prevention and public health aspects of

health service together with access to primary health care at island level remain the main contributing factors to these achievements. High level of literacy and community participation were other significant contributors to these achievements.

With the control of communicable diseases and lifestyle changes associated with development, chronic non communicable diseases have emerged as the main cause of mortality in the country. Cardiovascular diseases, diabetes and cancer are the leading causes of death in the country. Thalassaemia and renal diseases are other common chronic diseases of concern. Added to this is the growing problem of accidents and injuries leading to death and disabilities. Although this epidemiological transition has occurred in the disease pattern, the country is burdened with emerging communicable diseases and high prevalence of malnutrition. Environmental health problems continue to be of public health concern.

The re-organisation of the health system with the introduction of Atoll hospitals at Atoll level and placement of doctors at health centers has enabled increased access to curative services for the island communities. However, there remains a challenge to continuously provide these services in a sustainable manner since the human capacity is lacking. An urgent need to train and provide better incentives to remote level healthcare workers need to be addressed.

Access to medicines is another major concern as pharmaceutical services in the country operate on a fully corporate basis by the private sector. Due to the smallness and remoteness of the islands, the operation of a pharmacy at island level on a corporate basis is not viable. Despite these challenges, a number of traditional practitioners develop their own forms of treatment through a tradition of transferred knowledge from forefathers. The demand for such services including other complementary forms of medicine is growing.

The provision of curative services at island levels has almost doubled the cost of health service delivery. Attempts have been made to introduce cost sharing mechanisms such as subsidised user fees. Welfare assistance is the only mechanism where by most needy can obtain financial assistance for health care. A few private medical insurance systems have also emerged in the last decade and the Government has initiated the process to develop social health insurance mechanism. It is imperative that all Maldivians get the benefit of participating in a affordable insurance scheme, especially the disadvantaged and the growing elderly population.

Private sector partnership needs to be further enhanced, to ensure public and private sector provides services that complement each other. The necessary policy direction and regulatory and

quality control mechanisms for enabling the development of such a partnership needs to be developed.

Above all there remains a challenge to instil public confidence in the health system. Quality improvement programs and accreditation of health facilities through international standards would remain a main goal of the health sector.

Policies and Strategies

Policy 1: Promote healthy lifestyles and healthy communities

Strategies

- 1.1** Improve health promotion capacity and skill base
- 1.2** Utilise evidence based methods and tools for health promotion
- 1.3** Promote healthy settings and intersectoral collaboration

Policy 2: Improve the nutrition intake, focusing on women and child nutrition

Strategies

- 2.1** Improve capacity and skill base for nutrition and dietary issues
- 2.2** Promote evidence based best practices for Infant and Young Child Feeding (IYCF)
- 2.3** Promote healthy dietary practices

Policy 3: Strengthen the Non-Communicable Diseases (NCDs) control program in the country focusing on common risk factors and appropriate care

Strategies

- 3.1** Promote healthy lifestyles focusing on risk reduction
- 3.2** Develop evidence base for NCDs and risk factors
- 3.3** Establish facilities, capacity and skills for addressing NCDs
- 3.4** Provide quality care for common NCDs

Policy 4: Strengthen the emerging and re-emerging Communicable Diseases control programs in the country

Strategies

- 4.1** Develop skill base for prevention, control and management of emerging and re-emerging diseases
- 4.2** Develop and sustain national capacity for diagnostic of emerging and re-emerging diseases
- 4.3** Prevent and control Tuberculosis
- 4.4** Prevent and control HIV/AIDS

Policy 5: Ensure safe motherhood and provision of quality reproductive health services

Strategies

- 5.1** Provide access to quality safe motherhood services
- 5.2** Improve quality newborn health care
- 5.3** Ensure easy access to safe, affordable and effective methods of family planning and information
- 5.4** Maintain current low prevalence of sexually transmitted infections
- 5.5** Raise awareness on adolescent sexual and reproductive health
- 5.6** Provide appropriate health care for victims of gender based violence
- 5.7** Raise awareness on reproductive morbidities and implement preventive measures

Policy 6: Improve the quality of healthcare delivery at all service levels

Strategies

- 6.1** Capacity building of service providers
- 6.2** Provide access to comprehensive health care including essential medicine
- 6.3** Standardise and regulate health services
- 6.4** Promote use of *dhivehi beys* and alternative forms of medicine

Policy 7: Increase public confidence in the National Health System

Strategies

- 7.1** Establish internal and external quality assurance mechanisms
- 7.2** Provide reliable information to citizens to enable informed health care seeking
- 7.3** Strengthen medical and nursing councils and professional bodies to enforce professional ethics and regulations
- 7.4** Develop patient safety programs and a system of community watch for improving services
- 7.5** Develop mechanisms for protection of rights of the patients and service providers
- 7.6** Strengthen partnerships for health, increase investments and develop human resource capacity

Housing

The tsunami of 26 December 2004 has amplified the issues in the housing sector. A total of 5,817 houses required repair while 2,980 required total reconstruction. The housing repair and reconstruction program is expected to be completed by the end of 2008.

Although a number of steps have been taken in the past to ease housing shortage in Malé, severe overcrowding still continues as in-migration has increased, especially after the tsunami. While the availability of new land on Hulhumale' will provide opportunities for housing provision in large numbers, its development alone would not provide the anticipated relief to housing pressures in Male'. As such parallel development of another urban centre with proper infrastructure and services, and economic opportunities is required to reduce overcrowding in Male'.

Allocation of houses from Hulhumale' is done in a manner that meets the needs of the population in terms of affordability. This means providing a range of housing solutions to suit different income groups

and household sizes. The first batch of 250 housing units in Hulhumale' was allocated in 2004. Two lots of land also have been awarded to private developers for development of condominiums. In 2006, a further allocation of 100 units, 64 row houses and 272 housing plots was made.

Development of the Hulhumale' project including low-cost housing options and the completion of essential infrastructure is a high priority. The high demand for housing in Male' increased the number housing units available for the higher income groups by 28 percent in 2004 compared to 18 percent in 2003. This provision is mainly facilitated by the private-sector through construction of houses and apartment blocks in Male'. While new housing units built for the lower income groups are minimal, the upper-income category of housing units are often made available through redevelopment of low-rent housing, thus further reducing options for those with limited means.

While housing finance is an issue throughout the country, island communities are also faced with

issues of high cost of building material, unavailability of building material on the islands, high cost of transportation of material to the islands. Some of the islands are also faced with issues of land shortage leading to issues of housing facilitation through the traditional system, where the Government provides land free of charge and the beneficiaries build the house. Hence, there is a need for facilitation of alternative forms of housing like flats, terrace houses, especially, on islands designated as urban centres and focus islands faced with land shortage. Housing in the Maldives is very expensive with prices in Male' exceeding 12 times average annual income. This is mainly due to the shortage of land, and high cost of construction resulting from the reliance on imported building materials, fittings and fixtures. In Malé the shortage of housing itself raises rents and prices.

The commercial banks and other financial institutions make only limited financing available to private sector developers and to individual home buyers. The total credit lent to the construction sector during the year 2004 amounted to Rf 238.6 million, which makes up only seven percent of the total bank credit and does not necessarily represent lending for only housing. The Housing Development Finance Corporation (HDFC) established, in March 2004, to provide financing in the residential and commercial housing sector, showed a loan portfolio of Rf 211 million as at end of December 2006.

To address the issues facing the housing sector a comprehensive national housing policy that addresses the medium to long-term demand and supply of housing, the availability of land and urban planning, housing finance, the availability of building materials and labour and urban services is needed urgently.

Policies and Strategies

Policy 1: Provide housing for those whose houses were damaged or destroyed by the tsunami

Strategies

- 1.1** Repair of damaged houses
- 1.2** Reconstruction of destroyed houses

Policy 2: Facilitate meeting the need for housing in Male' Urban Region and other Urban Centres

Strategies

- 2.1** Develop a range of social housing in Hulhumale' and other Urban Centres where applicable
- 2.2** Facilitate the private sector provision of housing including foreign investment in housing in urban areas

Policy 3: Increase housing affordability

Strategies

- 3.1** Develop and implement recommendations for housing finance
- 3.2** Study and develop possible options and recommendations for reducing the cost of housing
- 3.3** Encourage and facilitate the development of a wider range of housing options including basic housing units

- 3.4** Facilitate implementation of targeted savings mechanisms
- 3.5** Expand the housing finance operations of HDFC.
- 3.6** Encourage participation of commercial banks in housing finance
- 3.7** Facilitate introduction of housing and housing finance safety nets

Policy 4: Enable effective and efficient delivery of housing services

Strategies

- 4.1** Prepare and implement a National Housing Policy
- 4.2** Set up a Housing Facilitation Unit to inform and increase public awareness and promote viable housing options
- 4.3** Establish the institutional and legal framework for tenancy services to offer advice and information for landlords and tenants to protect rights of landlords and tenants, and to facilitate dispute resolution
- 4.4** Make information available online with a database to provide information on housing and land use conditions, indicators, policies and regulations and programs
- 4.5** Conduct a program of capacity building for the housing sector

Narcotics Control

Drug trafficking and abuse are causes of serious and growing concern for the socio-economic development of Maldives. The number of drug abuse cases reported to the Police has more than tripled between 2000 and 2004, from 220 to 697 cases respectively. Close to 50 percent of drug abusers are aged between 16-24 years. The Rapid Situation Assessment (RSA) of 2002, which included information from almost 4,000 individuals, showed that the most common drugs of initiation were “brown sugar” (43 percent) and cannabinoids (34 percent) and the most commonly abused drugs were opioids (76 percent) and cannabinoids (12 percent).

The RSA also showed that the drug abuse habit started as early as at 16.8 years of age, and the overwhelming majority of the drug abusers were male at 97 percent. Approximately 8 percent reported intravenous drug abuse in 2002. The interviewed gave several reasons for starting to take drugs, of which peer pressure was the most common followed by a desire to experiment.

The Maldives lies at a potentially strategic location not too far from the golden triangle, with hundreds of tourists arriving every day from Europe, the Middle East, South Asia and East Asia. It is well connected to the outside world with its international airport and ports. Hence, the Maldives is highly vulnerable for the trafficking of regionally available drugs to other parts of the world, commonly opiates (especially heroin) and cannabinoid derivatives. It is believed that drugs were first brought into the country in the mid-1970s and since then, drug abuse in the Maldives is reported to have increased more than 40-fold between 1977 and 2005.

The key economic, social and cultural issues that are believed to have influenced the recent escalation in substance abuse in the Maldives are the rapidly changing values and norms in the Maldivian society resulting in a generation gap between parents/adults and young people; the lack of knowledge and skills or support system needed by youth to cope with challenges of the modern world; the severe lack of suitable job opportunities

in the country; family-related problems, including the absence of fathers who are working on resort islands in many families.

Relative to the population size, although only a minority of the community uses drugs, its damaging effects on the society is collective. Drug abusers are a cause of not only emotional turmoil but also significant financial burden to their families. This in turn results in high costs for the society in terms of the resources that have to be spend for their rehabilitation and the resources that have to be allocated to address the increased crime. Although the relationship between crime and drug abuse has not been formally examined it is believed that drug-related crimes and associated gang violence have increased in Male' and some islands. More than 800 people were arrested in 2004 in relation to drug offences and it is believed that 80 percent of the prison inmates are, or have been drug abusers, adding several problems to the already difficult situation faced by the penitentiary system.

The current drug trafficking and abuse trends are not well documented and statements made by relevant authorities often rely on subjective observations and judgment. It is essential to collect and analyse reliable and comprehensive data and information on all aspects of the problem i.e. the drug abuse situation as well as production and trafficking illicit drugs.

In November 2005, the final draft of the first National Drug Control Master Plan has been formulated for the period 2006-2010. The overall objectives of the draft Master Plan are to substantially improve the knowledge base, enhance the coordination and management of drug control activities in order to significantly limit the supply of, as well as the demand for, illicit drugs in the country. The National Narcotics Control Bureau (NNCB) has the overall responsibility for

implementing, coordinating, monitoring and evaluating all activities associated with the Plan that involve a broad number of Governmental and Non-Governmental institutions within and outside the Maldives.

Because of the multi-faceted nature of drug abuse and related crimes, a comprehensive and coordinated multi-sectoral approach is required whereby all relevant ministries, agencies and institutions (National Narcotics Control Bureau, Maldives Police Service, National Security Service, Maldives Customs Service, Ministry of Health, Ministry of Education, Ministry of Justice, Ministry of Youth and Sport, NGOs, etc.) engage sufficient capacity, willingness and determination towards drug supply and drug demand reduction and prevention, including counselling and awareness raising of the dangers of drug abuse, particularly among young people, treatment and rehabilitation and detection and severe punishment of drug-related crimes.

Policies and Strategies

Policy 1: Reduce the supply of illicit drugs in the community

Strategies

- 1.1** Monitor and control drug trafficking by expanding surveillance activities, training additional personnel and acquiring equipment for drug trafficking control
- 1.2** Improve the capacity of the Maldives Police Service to detect and prosecute drug-related offences by increasing the staff of the Drug Enforcement Unit and by providing local and overseas training opportunities
- 1.3** Reform and strengthen the legal framework for drug control and introduce new regulations
- 1.4** Improve facilities for drug testing by establishing a forensic laboratory at the Police headquarters, field testing facilities in the atolls and laboratory services for qualitative and quantitative analysis

Policy 2: Prevent drug abuse through awareness raising and behaviour-change interventions

Strategies

- 2.1** Establish National Narcotics Control Bureau (NNCB) units in locations with large population in the atolls to provide drug counselling and preventive services, in collaboration with local NGOs

- 2.2** Improve the capacity of the National Narcotics Control Bureau to provide counselling and preventive services by training staff
- 2.3** Sensitize and educate the general public about the extent of the drug problem and means to prevent drug abuse
- 2.4** Encourage and facilitate NGO participation in drug prevention and treatment
- 2.5** Strengthen primary prevention efforts by ensuring that all secondary schools have life skills education programs that incorporate drug preventive education, provision of parenting skills courses, and promotion of peer education programs

Policy 3: Provide rehabilitation and treatment for drug abusers

Strategies

- 3.1** Expand the 'halfway house' program to provide individual and family counselling and life skills training to reintegrate drug users into the community
- 3.2** Establish a drug rehabilitation block at the Mafushi jail with appropriately trained staff to provide rehabilitation and treatment services for prisoners who are drug users
- 3.3** Decentralise drug rehabilitation services by establishing drug treatment and rehabilitation centres in the regions
- 3.4** Increase access to services by mainstreaming drug counselling and treatment in health centres and hospitals
- 3.5** Facilitate research, evaluations and needs analysis on drug abuse on a regular basis

- 3.6** Review and examine options for the introduction of harm reduction measures, particularly to deal with the increase in intravenous drug use
- 3.7** Facilitate the participation of private sector providers in drug treatment and rehabilitation

Policy 4: Improve coordination among agencies responsible for drug control

Strategies

- 4.1** Establish mechanisms for sharing intelligence among relevant agencies
- 4.2** Strengthen inter-sectoral collaboration to ensure that all relevant agencies follow common drug control policies and strategies
- 4.3** Strengthen institutional capacity to implement the Drug Control Master Plan

Goal 8

Empower women and advance protection for children, elderly, people with disabilities, poor and other vulnerable groups

- ▶ Eliminate gender disparity in tertiary education
- ▶ Increase female Labour Force Participation Rate from 52 percent to 60 percent
- ▶ Reduce gender based violence through advocacy and sensitisation programs
- ▶ Provide access to social protection services for children, women and family through establishment of Social Protection Centres in all Atolls
- ▶ Ensure 100 percent participation in the Defined Contribution (DC) pension scheme of employees in the formal sector by 2010
- ▶ Achieve universal health insurance coverage by 2010
- ▶ Ensure that social assistance schemes for vulnerable groups are developed by 2010
- ▶ Ensure the availability of legal and regulatory tools to protect the rights of people with disabilities by 2010
- ▶ Ensure the availability of home and community based care programs for the aged by 2010

Gender Equality

In the Maldives, there has been no institutional discrimination along gender lines in access to resources such as education and health services. Gender parity has been achieved in the literacy rates, enrollment and attainment in primary and secondary levels. However, there is gender disparity in technical and tertiary education, more so in the latter area. The ratio of women to men with tertiary qualification in 2000 was 38 percent compared to 58 percent in 2006. Nevertheless, the fact that the gap in tertiary education for men and women are narrowing is encouraging and evidence to the fact that progress is being made.

The Labour Force Participation Rate of women has increased from 34 percent in 2000 to 52 percent in 2006. The women's participation in labour force is highest in education (72 percent), health (68 percent), manufacturing (65 percent) and agriculture (64 percent) sectors. Although access to paid employment is lower for women than that of men, the proportion of women in paying jobs is increasing steadily. The share of women in paying jobs is lowest in the tourism sector.

While the statistics show positive trends, cultural and societal restrictions on mobility of women combined with limited child care facilities and support from the spouses for working mothers make it difficult to increase participation of women in economic activities. Therefore, subtle inequalities exist in terms of women's ability to utilise the available opportunities.

Except for the Constitutional denial of a woman's right to become the President of the country, there is no institutional discrimination against women to become a member of the Parliament. Facilitating the involvement of women in political decision making at national and local levels is vital to ensure policies and legislation to promote gender equality and empowerment of women. Though women's parliamentary representation has steadily increased in the past decade, they remain under-represented in almost all national legislatures. Women's share of seats in parliament tripled between 1990 and 2005, from 4 to 12 percent respectively. Out of the six seats held by women, two are held by elected members and four are appointed constitutionally by the President.

Efforts were made in recent years to increase awareness of gender issues. However, a lot more needs to be done to sensitise the communities, the Government's decision-makers, as well as women themselves about emerging concerns that restrict their advancements and well-being, their legal rights, and protective legislation and mechanisms that can be used.

Maldives ratified the Convention on the Elimination of all forms of Discrimination against Women (CEDAW), in 1993. Awareness of the duties and responsibilities of Maldives with regard to the conventions is low and much needs to be done to increase knowledge and domesticate the CEDAW into national laws.

An issue of great concern was identified by the recent survey on domestic violence. The finding that one in every three women were abused either physically, mentally or sexually, highlighted the need for support services for victims of domestic violence and violence against women and therefore, Gender Based Violence (GBV) remains a priority area of concern in this Plan. Violence against women still tends to be under reported in the Maldives and is understood in the community and in the legal system as a private matter rather than an infringement of human rights and a violation of CEDAW. It is critical to bolster the multi-sector support system to protect the rights of vulnerable women and ensure that outreach services are being established in the islands, with trained service providers.

Even though, strategies targeting gender equality and equity have also been incorporated in policies and strategies of other social sectors such as education, health, and employment, policies and strategies that specifically target gender issues are required to meet the demands of the CEDAW as well to bridge the gap between gender concerns and resolutions of these concerns.

Furthermore, because men can be powerful allies in the struggle for women's equality and empowerment, advocacy initiatives need to be designed to educate both women and men on the benefits of gender equality and joint decision-making.

Policies and Strategies

Policy 1: Develop mechanisms to increase economic and socio-political participation of women

Strategies

- 1.1** Facilitate participation in economic activities and ensure that women in low income groups are targeted in micro-credit schemes
- 1.2** Ensure that women's contribution is visible in the national accounting system
- 1.3** Conduct skills development and capacity building programs for Island and Ward Women's Development Committees (WDCs)
- 1.4** Undertake leadership and other capacity-building programs to enable women to seek political office and advance political careers
- 1.5** Sensitise and educate the public in general, and especially women about non stereotypical areas of employment and occupational development and counter negative social attitudes about women's capacity to participate equally in decision making processes at all levels

Policy 2: Support the strengthening of the justice and legal system to provide equal rights to women

Strategies

- 2.1** Conduct legislative reviews to guarantee equal opportunities and treatment to women and men in all sectors and at all levels
- 2.2** Promote the use of forensic evidence, expert opinion and victim and eye witness statements in cases of alleged abuse
- 2.3** Develop a community based support system to minimise long term impact of violence against women
- 2.4** Establish legislation and promote enforcement in conformity with CEDAW, by drafting a domestic law that conforms to CEDAW
- 2.5** Monitor the implementation of CEDAW across all sectors
- 3.4** Promote the collection and utilisation of gender disaggregated data for policy formulation, planning and resource allocation in all sectors
- 3.5** Research the situation of women and gender based violence in the Maldives
- 3.6** Establish a database to gather information on gender related issues, including incidents associated with gender based violence
- 3.7** Adopt an integrated, zero-tolerance approach to gender based violence, and advocate for the elimination of beliefs, attitudes and practices that reinforce violence against women
- 3.8** Promote active dialogue and engagement between members of the justice system, religious and civil institutions and communities to address women's rights at all levels
- 3.9** Liaise with higher education sector to facilitate equal opportunities in tertiary and vocational education for women

Policy 3: Strengthen institutional frameworks and mainstream gender concerns in national policies and programs

Strategies

- 3.1** Strengthen the capacity of the Gender Ministry to mainstream gender concerns
- 3.2** Strengthen the structure of the Gender Management System
- 3.3** Conduct sensitisation on gender concerns and disparities at all levels of the society

Child Protection and Family Services

Maldives is becoming an increasingly urban society. The rapid development bringing with it, urban ills such as overcrowding leading to disintegration of the family values, and increasing vulnerability of the poor and children. Interventions are needed to enable better participation and integration of these groups into the society. The Government of Maldives, realising their responsibility to ensure the rights and choices of the disadvantaged in the society, is committed to ensuring access for all to basic social services, even during financial and other crises. Special emphasis will be given to the vulnerable and disadvantaged groups.

Provision of social services will strengthen the capabilities and opportunities for the vulnerable families and adults to participate productively in the development of the Maldives, leading to a more inclusive process of development.

While ensuring healthy development of vulnerable families are vital for the social development of the country, ensuring children's rights and protection is crucial since children are the future of any country.

According to report on the situation of children and women in the Maldives (2000), one of the major reasons for the violation of the rights of the child in the Maldives was found to be 'strains on the Family Unit'. Although efforts were made in recent years to increase awareness of children's rights, a lot more needs to be done to sensitise the communities, the Government's decision-makers, as well as women and children themselves about emerging concerns that restrict their advancements and well-being, their legal rights, as well as protective legislation and mechanisms that can be used.

Maldives signed and ratified the Convention on the Rights of the Child (CRC) on 11th February 1991. The Year of the Maldivian Child was celebrated in 1991 and a National Conference on the Maldivian Child was also held in the same year. Subsequently, the Law 9/91, on the Protection of the Rights of Children was also passed. In 1992, the Unit for the Rights of the Child (URC) was established as the secretariat for the National Council for the Protection of the Rights of the Child. As clear, the Government has made significant efforts to

implement the commitments stipulated by the CRC, yet much remains to be done to harmonise the legal system with the CRC and to amend current laws that violate some of CRC's provisions.

Services available to children living in vulnerable situations also need to be expanded. The Villingili centre provides a home for children less than nine years who are unable to stay with their families. Currently, there is no alternative family care system for children who require short or long term placements outside their families, and there exists no emergency accommodation for girls.

The accessibility to support services for children and families in difficult situations is limited in the Atolls. It is essential to provide decentralised services and post adequately trained social service providers to assist vulnerable children in the Atolls.

Development of a Social Services Unit is proposed at the Ministry of Gender and Family (MGF) to address such issues.

The lack of empirical data on issues associated with child protection and social services makes it difficult to properly assess the present situation. With no established research institutions in the Maldives the MGF relies mostly on secondary data from other sectors and the census in order to gauge the developments on critical issues. The research capabilities of the MGF need to be strengthened in order to generate data on specific issues.

Policies and Strategies

Policy 1: Strengthen institutional framework to enhance child protection and family services

Strategies

- 1.1** Strengthen the capacity of the Child Protection and Family Services Units to ensure children and families have access to a wide range of support services that are more holistic and integrated
- 1.2** Improve data collection, analysis and research incorporating requirements of the Convention on the Rights of the Child
- 1.3** Develop and strengthen a multi-sector support system to protect the rights of children
- 1.4** Establish a forum for children's views to be aired and brought into the decision making process
- 1.5** Coordinate, monitor and evaluate child protection services provided by social service providers, NGOs and CBOs
- 1.6** Advocate for the elimination of violence against children

Policy 2: Establish support services for children and families in particularly difficult circumstances

Strategies

- 2.1** Establish Social Protection Service Centres at Atoll level to enhance the well-being of children, women and families and to provide alternative care for those unable to remain in their family home
- 2.2** Build professional capacity for the provision of decentralised social services to children and families in need
- 2.3** Improve access to support services for vulnerable children and families including access to specialised services and facilities, providing appropriate and confidential medical care, counselling and follow-up to ensure recovery and reintegration
- 2.4** Encourage NGOs and CBOs to provide support services to vulnerable children and families
- 2.5** Coordinate inter-ministerial intervention in providing services to children with special needs
- 2.6** Assess social services needs and ensure adequacy in quantity and quality in the delivery of services

Policy 3: Promote the health and well-being of families

Strategies

- 3.1** Develop mechanisms to effectively implement laws pertaining to the family
- 3.2** Promote the importance of maintaining and up holding familial relationships and promote pre marriage counselling through CBO's and NGOs
- 3.3** Promote the importance of family life and societal values
- 3.4** Provide guidance, monitor and evaluate family counselling services
- 3.5** Promote the sharing of domestic responsibilities between men and women by producing advocacy materials and conducting media campaigns
- 3.6** Conduct research on issues pertaining to the family and publicize information on the work and the provision of social services for families

Policy 4: Promote the enhancement of the child protection system to ensure that children are secure and free from abuse and neglect

Strategies

- 4.1** Conduct legal review to address effective legislative and enforcement systems to protect children from all forms of abuse, neglect, exploitation and violence, including exploitative child labour
- 4.2** Promote the use of forensic evidence, expert opinion and victim and eye witness statements in cases of alleged child abuse
- 4.3** Develop a community based support system to divert children from criminal activities
- 4.4** Undertake life-skills and awareness programs to inform children of their rights and mechanisms in place to reports cases abuse safely to concerned authorities

Social Security

The existing social security system of the Maldives is limited to basic services. It does not provide measures to prevent and manage risks to social and economic well-being faced by vulnerable groups such as the elderly, disabled, single parents and those living in poverty. The absence of such measures increases the vulnerability and poverty of these populations, which in turn threatens their livelihood and excludes or marginalises them from the development of the country. Therefore with the aim of protecting livelihoods and enhancing the potential of these groups to contribute to socio-economic development, the Government is undertaking significant reform of the social security system.

At present there is no effective retirement income system in the country. The only formal pension scheme that exists is the Civil Service Pension (CSP), which given the narrow pensionable wage used and the absence of inflation adjustment, does not return a reasonable level of retirement income. Furthermore, the non-contributory arrangement of the CSP scheme makes it fiscally unsustainable for

the Government and lays the burden of pension debt of the current generation on future generations. There is no formal pension scheme for the private sector and as such the availability of any retirement income for employees in the private sector is left to the benevolence of the employers. Thus the available types of retirement income in the private sector could range from participation in provident fund like schemes to cash gifts upon retirement. Those in the informal sector have no retirement incomes except for their own savings, which in most cases is almost nothing.

The only formal health care financing mechanism available to the poor is the welfare assistance administered by the Government which only provides limited financial assistance. Between 2004 and 2006 support provided through social security to people from poor income backgrounds to meet their health care costs locally and overseas increased from Rf 12.3 million to Rf 23.1 million. However, the cost of such assistance is not fiscally sustainable. Individual employers in the formal sector including the Government provide financing

assistance ranging from periodic medical allowances to participation in self managed schemes and private health insurance. Those who do not receive any medical allowance, those in the informal sector and those who are not in any form of income earning activity are worse off without any formal support mechanism to finance their health costs.

The current provision of social assistance to vulnerable groups is very limited. There is only one program that provides income support to people identified to be living in absolute poverty. This program also provides very limited income support to people with disabilities, the destitute elderly and disadvantaged families . However, with only 986 total beneficiaries, the majority of people in these vulnerable groups are left without any form of formal income support.

There is no policy to promote the rights of People With Disabilities (PWDs) in the Maldives. PWDs, especially mental disabilities are stigmatised and isolated from their communities. They lack the necessary tools to pursue their rights as they themselves and their communities do not know how to deal with their disabilities, resulting in the institutionalisation of PWDs, in some cases for their entire lifetime.

Likewise there is a growing concern that the elderly are also facing social exclusion. The Home for People with Special Needs (HPSN) accommodates 46 destitute elderly people, but there is a growing demand from families who face different socio-economic constraints to caring for their elderly family members in their homes, to accommodate them in the HPSN or to provide similar institutional care facilities. In order to make the right policy decision in the context of Maldives, it is necessary to undertake research on this subject and explore alternative avenues on how to care for the aged without socially excluding them.

Policies and Strategies

Policy 1: Establish an effective retirement income system

Strategies

- 1.1** Develop legislation on establishing a Defined Contribution (DC) pension scheme for Maldives
- 1.2** Reform the existing civil service pension scheme to a Defined Contribution scheme
- 1.3** Ensure the participation of the private sector in the Defined Contribution scheme
- 1.4** Undertake a study on pension options for informal sector workers
- 1.5** Explore avenues to develop other types of retirement income saving mechanisms

Policy 2: Promote health care financing through social health insurance

Strategies

- 2.1** Introduce a health insurance scheme for Government employees
- 2.2** Develop a national social health insurance scheme
- 2.3** Promote awareness on social health insurance

Policy 3: Promote social assistance for vulnerable groups

Strategies

- 3.1** Develop an income support scheme for People With Disabilities, people living in poverty and disadvantaged families
- 3.2** Provide a non-contributory flat benefit to the elderly
- 3.3** Develop fee-waivers for different services

Policy 4: Promote and protect the rights of People With Disabilities

Strategies

- 4.1** Conduct a national survey to assess the situation of People With Disabilities (PWDs) in the Maldives
- 4.2** Develop and implement a national policy for promoting the rights of people with disabilities by 2010
- 4.3** Develop legislation on promoting the rights of people with disabilities
- 4.4** Initiate the establishment of a National Council on Disability to coordinate the efforts of different agencies dealing with PWDs.
- 4.5** Facilitate the use of community-based rehabilitation for people with disabilities, in partnership with NGOs in Male' and the Atolls
- 4.6** Increase awareness among the people and Government's agencies of the rights of People With Disabilities

Policy 5: Promote welfare and well-being of the aged

Strategies

- 5.1** Conduct a study on the development of institutional and /or managed care facilities for the elderly
- 5.2** Promote home and community based care programs for the elderly



IMAGE: THE PORTRAIT GALLERY

Part V

Governance

Free, Fair and Just Nation

Goal 9

*Safeguard the values, rights and freedoms necessary to allow
all to live a life of dignity*

Goal 10

Promote access to justice, rule of law and maximise public safety

Goal 11

Strengthen local governance and public administration

Goal 12

Protect sovereignty, enhance security and strengthen international relations



Summary of Goals and Performance Targets

Goal 9

Safeguard the values, rights and freedoms necessary to allow all to live a life of dignity

- ▶ Ensure that more than 98 percent of the public have high confidence that they are free from physical violation of their person and from fear of violation
- ▶ Ensure that more than 95 percent of the public have high confidence that elections held in the Maldives are free and fair
- ▶ Extend coverage of national radio and TV to 100 percent of the households
- ▶ Ensure that more than 95 percent of the public have high confidence that the media and literature are free from political censorship
- ▶ Achieve high public confidence level of more than 95 percent that there is adequate separation of powers in the Maldives

Goal 10

Promote access to justice, rule of law and maximise public safety

- ▶ Ensure that more than 95 percent of the public have high confidence that all public officials are subject to the rule of law and to transparent rules in the performance of their functions
- ▶ Ensure that more than 95 percent of the public have high confidence in the legal system to deliver fair and effective justice
- ▶ Ensure that more than 95 percent of the public have high confidence that the judiciary in the Maldives is independent and not subject to interference by the Government
- ▶ By 2009, demonstrate enhanced police responsiveness to victims of crime and enhanced capacity to investigate crimes
- ▶ By 2010, ensure more than 50 percent of businesses and communities report satisfaction or high satisfaction with police service

Goal 11

*Strengthen local governance
and public administration*

- ▶ Establish an effective elected governance system for Atolls and islands
- ▶ Increase public confidence in the honesty and accountability of Government officials by 50 percent from 2006 level
- ▶ Ensure that 95 percent of private businesses have high confidence that favouritism by public officials in the award of contracts and projects is minimal

Goal 12

*Protect sovereignty, enhance
security and strengthen
international relations*

- ▶ Issue secure national identity cards to all citizens
 - ▶ Respond within 12 hours to terrorist and other threats, which endanger the sovereignty and national security of the Maldives
 - ▶ Further enhance and upgrade the present coastal surveillance capability to protect and secure the Exclusive Economic Zone and its natural resources
 - ▶ Reach and respond to disasters and disaster threat situations within six hours of incident anywhere in the country
 - ▶ Reach and respond to fire situations within 10 minutes in Male' and 15 minutes in the greater Male' area
 - ▶ Reduce the customs clearance time to maximum two days
 - ▶ Establish a biometric record system to enhance security of Maldivian Passports
-



Goal 9

Safeguard the values, rights and freedoms necessary to allow all to live a life of dignity

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- ▶ Achieve high public confidence level of more than 95 percent that there is adequate separation of powers in the Maldives

Religion

Islam is the official State religion of the Maldives. Adherence to the religion is the bedrock of social cohesion, tolerance and solidarity in the Maldives. Islam is the source of spiritual enlightenment for the population and Islam actively promotes pursuit of knowledge, healthy lifestyles and instills strong moral values and ethics. The religious institutions are significant providers of social services to the disadvantaged and Islam plays a significant part in every day lives of the Maldivians.

The Maldivians are a tolerant society and in the past there have not been grounds for conflict or discrimination based on religion or race. It will be critical to guard well the tenets of Islam and the religious harmony that prevails in the society.

Policies and Strategies

Policy 1: Enhance the enabling environment for people to practice religion

Strategies

- 1.1** Build landmark mosques, enhance facilities for praying and encourage people to pray
- 1.2** Improve the quality of Friday Khutbah
- 1.3** Promote recitation and enable understanding of Qur'an
- 1.4** Celebrate the month of Ramazan and ensure harmonised sighting of moon
- 1.5** Formulate a legislative framework on collection of Zakath from the corporate sector and rich, and strengthen the capacity for distribution of Zakath.

- 1.6** Facilitate attending Hajj and Umrah
- 1.7** Celebrate Eid and other occasions of religious significance
- 1.8** Facilitate funeral services in all inhabited islands
- 1.9** Promote and strengthen the application of the principles of Islamic system of Waqf

Policy 2: Facilitate the discovery and understanding of Islam

Strategies

- 2.1** Strengthen the role and institutional capacity of the Supreme Council for Islamic Affairs
- 2.2** Establish a National Committee for Islamic Fatwa
- 2.3** Increase understanding of Islam by educating the public on belief; ethics and values; Qur'an; Prophet Muhammad; worship; Islamic world; and world view on Islam
- 2.4** Strengthen teaching of Islam in schools to increase knowledge and understanding of the religion
- 2.5** Improve public access to information about Islam

Policy 3: Develop Muslim Art and Propagate Muslim Culture

Strategies

- 3.1** Protect and preserve Islamic heritage in the Maldives
- 3.2** Enable the development of Muslim Fine Arts, particularly architecture, calligraphy, paintings and photography
- 3.3** Facilitate the development of Muslim Dhivehi literature including fiction, non-fiction and poetry
- 3.4** Strengthen the capacity to develop Muslim movies, video and theater
- 3.5** Promote the development of Islamic audio materials
- 3.6** Build partnership with media to develop responsible journalism and broadcasting
- 3.7** Organise events to celebrate Islam

Policy 4: Contribute to international relations and Global Muslim Affairs

Strategies

- 4.1** Participate in international conferences and events
- 4.2** Raise funds and contribute to victims of war and natural disasters
- 4.3** Make public statements and organise events to show solidarity with Muslim

Human Rights

The Maldives is party to many international conventions on the protection of human rights and is committed adhering to international standards and instruments protecting and promoting human rights in the country. In this regard the Maldives, acceded to the International Covenant on Civil and Political Rights (ICCPR), its Optional Protocol, and the International Covenant on Economic, Social and Cultural Rights (ICESCR) in September 2006.

The Maldives is also a party to the International Convention on the Elimination of All Forms of Racial Discrimination; Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and its Optional Protocol; Convention on the Elimination of all forms of Discrimination Against Women, and the Convention on the Rights of the Child and its Optional Protocols.

The Government will ratify the International Convention for the Protection of All Persons from Enforced Disappearances and the UN Convention Against Corruption early in the Plan period.

There is an urgent need for targeted effort to ensure that the spirit and safeguards of these human rights conventions are better enforced and that the implementation is strengthened. In order to promote and ensure human rights, including civil, political, economic and cultural rights and for the protection of the rights of women, children and the disabled there is need to take stock of the current situation and past achievements. Such stocktaking will assist the Government in reporting to the UN Treaty Monitoring Bodies which is a demanding task that requires the cooperation of all agencies, ministries and civil society organisations. The Government is also committed to strengthening implementation mechanisms and increasing awareness of Government bodies and the public on human rights.

The Human Rights Commission of the Maldives (HRCM) was established as an independent and autonomous body in 2003. The role of the Commission is to protect, promote and sustain human rights in accordance with Islamic Sharia and the constitution of the Maldives as well as regional

and international treaties and covenants to which the Maldives is a party.

The amendment to the Human Rights Commission Act passed by the Parliament on 9 August 2006 and ratification of the new Act (Law No: 6/2006) by the President on 17 August 2006 further strengthen HRCM as a statutory body with power to sue and be sued against and to make undertakings on its own capacity. This amendment also made the HRCM compliant with the Paris Principles. The President, Vice President and members of the HRCM have since been elected, with the endorsement of the Parliament under the new Act.

The Commission is empowered to inspect any facilities under the control of the Government and to make recommendations for improvement of human rights. The Commission can also investigate complaints and recommend measures to the Government to remedy violations of human rights.

Recent studies on human rights in the Maldives show that there is a need to educate the public on their rights as well as avenues for complaints and redress in the country. There is also a need to strengthen the work of the civil society and facilitate the emergence of NGOs promoting human rights.

Policies and Strategies

Policy 1: Enhance the compliance with international human rights conventions

Strategies

- 1.1** Undertake stocktaking with all actors at national level and provide periodical reports to the international treaty bodies
- 1.2** Ratify the International Convention for the Protection of All Persons from Enforced Disappearances and the UN Convention Against Corruption
- 1.3** Review the benefits and costs of joining the ILO and promote accession to the eight key ILO instruments
- 1.4** Strengthen inter-sectoral treaty reporting mechanisms within the Government that would institutionalise periodic reporting to the UN treaty bodies

Policy 2: Create awareness of human rights issues among the Maldivian population

Strategies

- 2.1** Develop and implement an education and information plan to deliver human rights information, education and training to all sectors in Maldivian society
- 2.2** Promote tolerance and respect for human rights, through inclusion of human rights in the curriculum of all educational institutions at all levels throughout the country

- 2.3** Organise, conduct and review specialised human rights training programs
- 2.4** Undertake preventive measures on key areas where abuse of human rights takes place
- 2.5** Emphasize the human rights needs of the most disadvantaged groups by developing joint activities on the rights of people with disabilities, women, children and migrant workers with national, regional and international partners
- 2.6** Increase awareness and promote empowerment of women to prevent violence against women and the rights of the child
- 2.7** Increase awareness and legal protection of the rights of people with disabilities, women and children
- 2.8** Create awareness on the social and political advantages of a more equitable distribution of income and wealth
- 2.9** Adopt a rights-based approach in the planning of poverty reduction, housing, education, employment and social security schemes

Policy 3: Ensure human rights compliance in the judicial, penitentiary and police system

Strategies

- 3.1** Support the substantial reform of the Maldives Police Service
- 3.2** Provide effective remedies for human rights violations

- 3.3** Promote improved working conditions including pay levels and conformity with international labour standards in the public and private sector
- 3.4** Increase rehabilitation programs for the detainees at the prisons for drug related offences

Policy 4: Enhance the capacity of HRCM and human rights capacity among NGOs and other civil society organisations

Strategies

- 4.1** Encourage civil society participation in promoting human rights
- 4.2** Develop the capacity of the Human Rights Commission of the Maldives
- 4.3** Ensure that Maldivians have access to the services of the Human Rights Commission of the Maldives

Electoral Reform

A hallmark of a modern democracy is the capacity of the State to run free, fair and transparent elections for public offices. As political change continues in the Maldives, it is essential to maintain public trust in the electoral system.

Engaging in multi-party election is a completely new exercise for the Government, for the political parties, for the citizens and for the Electoral Commission and a number of reform and measures are needed. Some electoral reforms could only be brought after amendments to the Constitution while other reforms could be brought to the Election Law, which will not conflict with the Constitution.

It is key to promote sustainable and transparent electoral processes and institutions that allow all citizens to elect representatives freely and hold them accountable for commitments and results. Office of the Commissioner of Elections (OCE) proposes to modernise the electoral process by progressively integrating appropriate technology from electoral registration to declaration of results. In this regard, OCE intends to develop an Electoral

Information System (EIS) and procure Electronic Voting Machines (EVM).

Besides increasing the efficiency of the election process, the Electoral Information System is also intended for minimising human intervention, fraud and error and increase transparency and accountability in the whole process.

With the ongoing political reforms in the country and the additional roles assigned to the Office, it is required to create awareness in issues that relate to democracy, political parties, and elections. The present staff roll does not have the capacity to meet the increasing demands. Therefore, it is required to train more staff in the fields of Political Science, Law, Computing as well as Accounting and Public Administration.

Policies and Strategies

Policy 1: Increase efficiency and effectiveness in the electoral process

Strategies

- 1.1** Introduce a computerized Electoral Information System to reduce time taken for voting, counting and declaring polls and to reduce error and fraud in voting
- 1.2** Introduce Electronic Voting Machines for the conduct of public polls to ensure that elections are timely and efficiently run and that error and fraud is minimized
- 1.3** Improve the capacity of the Office of the Commissioner of Elections to administer the electoral system and to provide advise to the Government on electoral policy and law
- 1.4** Establish awareness and education programs on voting rights and electoral process

Freedom of Media

The majority of the Maldivian population relies on public broadcasting for programs which are essential to their daily lives (news, entertainment, religious broadcasts and weather forecasts). However, the range and coverage of programs is limited and there is a need to extend the range of broadcasts, particularly to the Atolls and islands, and to improve the content of programs.

It is expected that the media sector will go through radical transformations during the 7NDP in an environment where critical political and governance changes will occur in the country. The introduction of a multi-party political system and the increasing political participation of Maldivian citizens will deeply transform the media landscape in the coming years. Moreover, the Ministry of Information and Arts has initiated a series of legislative reforms and measures that can have a significant impact on freedom of expression, access to information and the independence of the media.

Opening up of the broadcasting sector for private broadcasters will be a significant milestone in media history as private broadcasting would be

initiated in the country for the first time. This would allow private parties to broadcast in the Maldives, governed by a Broadcasting Law. The creation of a National Broadcasting Corporation under the Broadcasting Law will amalgamate the State Media institutions, Television Maldives (TVM) and Dhivehi Raajjeyge Adu (DRA), allowing the State Media to migrate into a full-fledged public service broadcaster, enjoying editorial independence, independent management, statutory existence and guaranteed funding.

There is an increasing demand for community-based radio and TV in the Maldives. Community Broadcasting Services (CBS) have had a great success in the islands as they allow communities to enrich their lives by getting an opportunity to “localise” radio products and adapt the content to their needs for information, education and entertainment. In other countries, community radio has proved very successful in fostering community mobilisation and facilitation, mobilising the youth, enhancing freedom of expression and the right to

information, as well as communicating key messages of drug prevention, crime prevention, etc. Moreover, community radio has a better outreach, is more mobile, less costly and easier to operate.

There are several libraries in the Maldives, including the National Library in Male' and a number of small libraries scattered in the Atolls. However, these libraries are under-utilised and often provide services that are below standard, mainly due to poor organisation and systems in place, lack of trained staff and the inadequacy of space to store collections. There is an urgent need to upgrade the existing facilities of libraries, equip them with automated systems and train more librarians to fully exploit the potential of libraries in the Maldives.

It is believed that unregulated access to international satellite television and various media products such as imported movies, video games, books and magazines have a negative social impact, especially on children. The existing Film Censor Board has been functioning since 1956 and censors more than 17,000 films per year, out of which 50 percent are banned or confiscated due to stringent censorship rules. However, in a globalised environment, there is a need to adapt to modern media developments with flexibility and conceive smooth and practical ways to classify movies, publications and other media materials. The Classification Board that has been recently established intends to develop a classification system that takes into account contemporary challenges facing the Maldivian society.

The major challenge for enhancing the role of the media in the development of the country is the lack of human resource capacity, especially in a highly technological sector where professionals of the television, radio and print media need to keep pace with rapid changes in technologies and

systems. There is a need to assess the current human resources' needs of the media sector and to invest in long-term human resources plans.

Although efforts have been made in recent years to provide equitable access to the media, in particular in the atolls, infrastructure development remains a priority to meet the increasing demand for media products, in particular radio and television. Currently, only satellite signal is received in the islands and the distributing network is weak and not reliable. Existing facilities and equipments need to be upgraded and new installations have to be developed in order to ensure access to television and radio at an affordable price, especially in the Atolls. Moreover, investments are required to establish the necessary infrastructure for the production of TV and radio programs and news in the Atolls, and provide a venue for and facilitate media and arts activities in the Atolls. Furthermore, since the tsunami disaster, proper equipments and systems have to be established to ensure uninterrupted transmission, especially during emergencies.

Policies and Strategies

Policy 1: Improve the quality of broadcasting and provide equitable access to media, especially in the Atolls

Strategies

- 1.1** Improve the quality of television broadcasting by the establishment of a new Broadcasting Center at TVM, Male'
- 1.2** Establish TVM and DRA bureaus in 20 Atolls to facilitate news production in the Atolls

- 1.3** Improve the efficiency of radio broadcasting by construction of a new building for the Maldivian radio station, Dhivehi Raajjeyge Adu
- 1.4** Relocate existing AM/MW radio transmission facilities from Male' to Veyvah in Meemu Atoll to meet Male' urban planning requirements
- 1.5** Extend media and arts services in the Atolls through establishment of Atoll Media Centres for TV and radio programs, and facilitation of community broadcasting and media and arts activities
- 1.6** Construction of a library complex for separate establishment of National Library, Public Library and Children's Library to enable systematic dissemination of information and knowledge throughout the country
- 1.7** Broaden FM reach to nearby islands from Male' by erecting a 75-metre latticed steel self-supporting tower

Policy 2: Strengthen human resources capacity to enhance the provision of quality media services in the country

Strategies

- 2.1** Improve human resource capacity for TV program production and presentation
- 2.2** Provide professional development opportunities at DRA and provide opportunities for media personnel to obtain long-term and relevant studies abroad
- 2.3** Increase the human resource capacity of the National Library

- 2.4** Upgrade the human resource capacity at the Ministry of Information and Arts

Policy 3: Enhance technical capability to expand equitable access to media, particularly in the Atolls

Strategies

- 3.1** Provide access to TVM services to every household in the country by installing transmitters in 53 selected islands
- 3.2** Introduce Community Broadcasting Service (CBS) in 20 Atolls by setting-up adequate broadcasting equipment and facilities
- 3.3** Procure a fully equipped mobile field production vehicle for Outdoor Broadcasting (OB)
- 3.4** Improve radio broadcasting by providing Maldivian radio (DRA) with a mobile transmission facility as a stand-by to ensure uninterrupted transmission particularly during emergencies
- 3.5** Improve the efficiency of television broadcasting by procuring a satellite news gathering system
- 3.6** Improve the quality of television broadcasts in Male' and surrounding areas by installing digital transmission equipment

Policy 4: Develop E-infrastructure

Strategies

- 4.1** Automate the National Bureau of Classification to increase efficiency
- 4.2** Provide facilities for digitalizing TVM's video library, the National Library collection and the archives collection of the National Archiving Centre
- 4.3** Establish Internet broadband connection between TVM and broadcasting centres in the Atolls
- 4.4** Install staff productivity systems at DRA, Ministry of Information and Arts (MIA), TVM; and security monitoring systems for the National Library and TVM
- 4.5** Establish an e-monitoring system for the inventory and the monitoring of life and technical capacity of equipments.
- 4.6** Procure and install a character generator (CG/Ticker)
- 4.7** Establish a reliable platform to disseminate news and information via Internet

Policy 5: Improve the efficiency and quality of the media and promote the right to freedom of expression

Strategies

- 5.1** Propose legislation on Media Freedom, Freedom of Information, Registration of Newspapers and Magazines, and Media Council to enhance media freedom
- 5.2** Facilitate the formation of an independent Media Association and introduce a Media Code of Ethics
- 5.3** Propose legislation on Broadcasting and Cable Television Provision to facilitate the opportunity for private parties to broadcast and re-broadcast
- 5.4** Establish National Broadcasting Corporation to amalgamate the state media institutions, Television Maldives and Dhivehi Raajjeyge Adu, allowing the state media to migrate into a full-fledged public service broadcaster
- 5.5** Undertake programs to raise professionalism amongst journalists
- 5.6** Establish a media institute for media training, consultancy and research

Parliament

The single-chamber Peoples' Majlis is the legislative body of the Maldives. The main function of the Majlis is to pass laws; to approve the annual national budget and to scrutinise Government policy and administration and to debate major issues facing the country. The power to review and amend the Constitution of the Maldives is within the authority of the Peoples' Special Majlis.

The present Constitution is in force since 1 January 1998 has been found inadequate to accommodate the emerging aspirations of the society towards democratic reform, strengthening of good governance and empowerment of people. In June 2004, the Government of Maldives unveiled an ambitious political reform agenda to meet these aspirations. At the top of this agenda was the call by the President to revise the Constitution in accommodating the envisioned democratic reforms and thus election of People's Special Majlis (Constitutional Assembly) to undertake the mandate accordingly.

The newly elected People's Special Majlis began its work on 19 July 2004. Meanwhile, the permanent

legislative body, the People's Majlis was also elected for a new term in January 2005. The concurrent functioning of the two Majlis and active agendas they pursued increased tenfold the workload of the People's Majlis Secretariat which served the administrative and technical needs of both Majlis. This resulted in overstretching the resources available to the Secretariat and leading to shortages of staff and office space. To meet the rising demands the Secretariat has redoubled its workforce but the newly recruited staffs remain incompetent due to lack of training. The Secretariat is also constrained to achieve management efficiency due to lack of office space and congested working conditions.

The People's Majlis Secretariat has devised a two-track strategic plan to overcome the challenges it faces currently. These include institutional strengthening of the Majlis by constructing an office building and management of a three-tier human resource development program. Also, under the capacity development of Majlis, the Secretariat

has planned special programs for new parliamentarians such as orientation seminars, study visits abroad and participation in international conferences.

With the increasing measures of democratisation introduced in the country lately such as adoption of a new Rules of Procedure of People's Majlis, approval of registration of political parties, introduction of Question Time in the Majlis and establishment of a Human Rights Commission, the People's Majlis Secretariat also aims at increasing public confidence in the parliamentary process and system. To achieve this goal, the People's Majlis Secretariat has developed a number of public information programs and annual observance of a Constitution Day.

Policies and Strategies

Policy 1: Strengthen the institutional capacity of the Parliament

Strategies

- 1.1** Construct a new administrative block to meet the immediate needs of administration space
- 1.2** Develop the capacity of the parliamentary staff to meet the increasing demands of the parliament
- 1.3** Enable the capacity development of parliamentarians
- 1.4** Enhance the use of technology and automation as an on-going investment in infrastructure development in the parliamentary building

- 1.5** Provide secure, safe and well maintained building and precinct to facilitate the operation of the parliament
- 1.6** Strengthen the Parliamentary Library to provide access to information and research needs of the Parliament members and Parliamentary committees

Policy 2: Building public confidence in the Parliamentary process and system

Strategies

- 2.1** Strengthen the relationship between the media and the Parliament
- 2.2** Promote public knowledge and understanding of the work and role of parliament through dissemination of information regarding the parliamentary process and decisions
- 2.3** Increase public access to parliament proceedings
- 2.4** Promote good governance and democratization

Goal 10

Promote access to justice,
rule of law and maximise
public safety

- ▶ Ensure that more than 95 percent of the public have high confidence that all public officials are subject to the rule of law and to transparent rules in the performance of their functions
- ▶ Ensure that more than 95 percent of the public have high confidence in the legal system to deliver fair and effective justice
- ▶ Ensure that more than 95 percent of the public have high confidence that the judiciary in the Maldives is independent and not subject to interference by the Government
- ▶ By 2009, demonstrate enhanced police responsiveness to victims of crime and enhanced capacity to investigate crimes
- ▶ By 2010, ensure more than 50 percent of businesses and communities report satisfaction or high satisfaction with police service

Justice Reforms

Maldives lies in what was the trade route between Asia and Africa, and thus its history and society shows limited influences of a number of cultures. However, the effect of certain Arabic cultures is evident throughout the country. This is largely attributed to the traders, and the conversion of Maldives to Islam in the 12th century. Hence, the Maldivian legal system is largely based on the principles of Shariah law, and most personal law matters are dealt directly under Shariah law.

This is in contrast to the situation in Sri Lanka and India, the immediate neighbours of Maldives, which were under British colonisation. Maldives, on the other hand was only a British protectorate from 1887 to 1965, and did not receive a common law or British law culture. Moreover, the Maldivian legal system has evolved at a very slow pace. Therefore, currently there is wide gap between existing practices and what the international obligations require, exerting immense pressure on the legal system for swift changes. In this regard, building the capacity of the judiciary is one that is given high regard, not only to boost public confidence,

but also to conform to international standards, requirements and best practices.

As any other legal system, rule of law is the basis of the justice system. However, it is recognised that the legal system needs to be modernised so that it develops to cater to the changing circumstances. Many aspects of the legal system need to be revamped in order for it to function to ensure the rule of law, delivery of fair and expedient trials, access to justice and in accordance with recognised human rights standards. It should be reiterated that Government is fully committed to reform and to bring greater justice to the people of the Maldives.

Having an effective and accessible justice mechanism through which justice is administered in the outer islands is necessary, especially since almost three quarters of the population reside outside Male'. In addition, currently only two appellate tiers exist in the judicial system. Therefore, establishing additional appeal tiers is important to improve access and efficiency.

Island (Magistrate) Courts have the jurisdiction over civil, criminal, family and juvenile cases in that particular island subjected to few exceptions such as terrorism, murder, and political offences. Even though Magistrate Courts exist in all inhabited islands, weak human resource capacity, the limited jurisdiction of the courts and bureaucratic processes delay and makes justice inaccessible. The people from the outer islands have to travel to Male' either to seek redress for cases which do not fall under the jurisdiction of the Magistrate's Courts, or to appeal to the rulings of those Courts. Therefore, there is the need to develop institutional and human resource capacity of the courts to ensure better quality in the delivery of justice, and enhance equitable access to justice.

Policies and Strategies

Policy 1: Increase accessibility to judicial services, and provide efficient and timely services to the public

Strategies

- 1.1** Improve operation of the court system
- 1.2** Establish a communication and records management system in the Courts and the Ministry of Justice
- 1.3** Develop institutional and human resource capacity within the judicial system
- 1.4** Streamline the formulation of justice policies to facilitate policy decisions in an informed environment
- 1.5** Develop and regulate a body of legal professionals to ensure properly qualified people enter the legal profession and to regulate the conduct of the profession

- 1.6** Develop a mechanism to enhance the independence of the judiciary

Policy 2: Reform the Civil Justice System to provide a protective and transparent environment to encourage foreign and local investments in the Maldivian economy

Strategies

- 2.1** Increase public confidence in the civil justice system through promotion of public awareness on legal and dispute resolution services available to them
- 2.2** Establish an alternate dispute resolution (ADR) programs
- 2.3** Strengthen judgement enforcement
- 2.4** Review and revise the Family Law (Law No: 4/2000) to comprehensively address marital disputes, child right issues and reduce divorce
- 2.5** Formulate and strengthen appropriate legislation with regard to commerce, banking and monetary instruments
- 2.6** Introduce efficient and case management strategies in courts
- 2.7** Increase judicial awareness on emerging issues, principles of Shariah and international standards and best practices

**Policy 3: Develop an efficient and affordable
Criminal Justice System with emphasis on
fairness, equity and accessibility for all**

Strategies

- 3.1** Deliver justice fairly and effectively in to conform with the principles of Shariah and international standards and best practices
- 3.2** Establish a legal aid mechanism
- 3.3** Develop a juvenile justice system that provides for different levels of intervention at various points, and which maximises the opportunity for diversion from the system at the early stages of contact with the system
- 3.4** Increase judicial awareness on emerging issues, principles of Shariah and international standards and best practices

Police Services

The Maldives Police Service (MPS) was separated from the National Security Service and established as a civilian authority on 1 September 2004.

The Maldives Police Service seeks to implement a range of reform initiatives to enhance and sustain improved policing services throughout the Republic, particularly at the local service delivery level. Central to this strategy is enhanced community responsiveness, creation of safer communities, and enhanced transparency and accountability for service delivery, under circumstances where human rights are respected and equitable access to services is paramount.

The Maldives Police Service is poised to implement a raft of initiatives which will make a substantial contribution to human rights, gender equity and the enhancement of an environment conducive to more equitable access to justice throughout the Republic. These initiatives are also framed so as to enhance transparency, accountability and

corruption resilience. Finally, they will contribute to economic stability by building investor and tourism confidence in Maldives, concurrently reducing its vulnerability to exploitive ventures such as economic crime, transnational crime and terrorism.

Policies and Strategies

Policy 1: Improve confidence in, and respect within and for, the police

Strategies

- 1.1** Propose legislation that define roles, responsibilities and authorities of police
- 1.2** Adopt the Maldives Police Service Way Forward framework and implement the Strategic Intentions in all policing activities
- 1.3** Strengthen information exchange between police and the public to allow better reporting of incidents, crime and information
- 1.4** Create a culture of integrity and ethical behaviour within the Maldives Police Service
- 1.5** Strengthen information and intelligence systems to support intelligence-led policing

Policy 2: Provide accessible, responsive and quality policing services with a strategic regional focus

Strategies

- 2.1** Set up, expand and strengthen Regional Police Stations strategically to increase accessibility for all the Atolls and islands and improve the quality of services provided by Regional Police Stations (RPS)
- 2.2** Obtain adequate land and sea transport facilities for RPSs to deliver timely service

- 2.3** Obtain adequate communication system for RPSs to deliver timely service

Policy 3: Prevent and reduce crime and anti-social behaviour to protect people and their properties through community partnership and participation

Strategies

- 3.1** Develop and implement proactive programs to prevent crime, antisocial behaviour and re-offending
- 3.2** Introduce community policing in islands to manage community safety and fear of crime
- 3.3** Reduce road and water accidents and unsafe road and water behaviour through education and enforcement
- 3.4** Involve and increase the role of the media in crime prevention

Policy 4: Use modern methods to investigate, gather evidence and solve crimes

Strategies

- 4.1** Adopt evidence based investigation methods to solve crime
- 4.2** Acquire expertise, knowledge, and skills for contemporary methods of investigation
- 4.3** Provide knowledge, skills and expertise to officers dealing with sophisticated and complex crimes such as cyber crime, forgery, money laundering

- 4.4** Build the capacity in station management practices
- 4.5** Strengthen investigative practices at all levels of the organisation
- 4.6** Implement legislative change as it relates to the policing environment

Policy 5: Build organisational effectiveness and leadership to serve the public

Strategies

- 5.1** Develop and implement the Maldives Police Service Policy, Orders and Procedures Manual
- 5.2** Develop and implement an effective Governance Framework to direct and control the Maldives Police Services functions to achieve corporate goals
- 5.3** Revise the Maldives Police Services organisational framework to align it to the contemporary model of policing services
- 5.4** Identify the knowledge, skills and personal attributes required for the Maldives Police Service
- 5.5** Provide high quality internationally recognised training to all police officers
- 5.6** Enhance the role of women in policing to encourage and support women participation in front line roles, leadership and management positions
- 5.7** Improve the administration of policing by acquiring infrastructure necessary for operation of the organisation

Parole and Re-integration

At present there are few exits out of the criminal justice system. Sentences are disproportionate to crime and sentencing patterns are irregular. The disproportionately lengthy sentences combined with the unavailability of other exit mechanisms have created feelings of hopelessness as well as a perception of injustice amongst convicted population. Furthermore, absence of suitable programs to prepare inmates for societal and family life has resulted in increased levels of re-offending and high social costs.

The present penal system provides for the imposition of fines, house arrest, banishment, and imprisonment. However, a hierarchy of penalties is not evident in the penal system, and there are no published guidelines directing the selection of one option over the other. This results in inconsistencies in sentencing. Apart from the lack of consistency, some of the available sentencing options themselves have become outdated and ineffective as deterrent measures. In addition there is no legislation or published rules and regulations governing the administration of sentences.

There is an increase in the imposition of prison sentences which carries with it the risk of imposing harsher sentences and injustice in some cases. However, in a jail system without adequate facilities such as educational and life skill training, and where inmates are not segregated according to the nature of the offence committed or their age, even simple offenders are sometimes forced to become hardcore criminals. It is thus recognised that the current system is in urgent need for alternative forms of dealing with offenders with emphasis on seeking to implement restorative justice.

Statistics prior to the Government's release of about 80 percent of the prison population totalling 1,100 in September 2003 indicate a very high rate of imprisonment. The rate of imprisonment in August 2003 was about 300 to 400 per 100,000 of the adult population. A study conducted in 2002 by the Ministry of Home Affairs indicated 76 percent to be repeat offenders. In terms of current day statistics, jail population tripled in 2006. The mandatory sentencing in the Anti-narcotics Act has

resulted in 80 percent of the jail population in for offences related to drugs and nearly 30 percent with mandatory life under the same Act.

Women are detained in the same jail under the same management though in different physical location and them sometimes accompanied by their small children. Young male offenders are detained in a separate facility while no such facility exists for young female offenders. As the country has only one prison, segregation according to needs and types of crime is increasingly difficult.

Policies and Strategies

Policy 1: Create an enabling environment for successful rehabilitation of offenders and their reintegration into society

Strategies

- 1.1** Introduce clear exit mechanisms out of the criminal justice system
- 1.2** Ensure effective functioning of the Parole Board

Policy 2: Establish a fair, consistent and effective sentencing mechanism and administration of sentences

Strategies

- 2.1** Establish guidelines on passing fair and effective sentences which take into account relevant factors and circumstances surrounding the offence
- 2.2** Establish regulations which provide for the proper administration of sentences

Policy 3: Maximise rehabilitation and reintegration while minimising recidivism

Strategies

- 3.1** Review and reform the existing system of jail management
- 3.2** Strengthen the institutional and human resource capacity of the Department of Penitentiaries and Rehabilitation Services



Goal 11

Strengthen local governance
and public administration

- ▶ Establish an effective elected governance system for Atolls and islands
- ▶ Increase public confidence in the honesty and accountability of Government officials by 50 percent from 2006 level
- ▶ Ensure that 95 percent of private businesses have high confidence that favouritism by public officials in the award of contracts and projects is minimal

Local Governance

The goal of strengthening good governance and democracy in the Maldives also requires complementary reforms for the system of local Government at the Atoll and island levels. The Human Rights Survey indicated that a large majority of the population expressed dissatisfaction with local administration and expressed wishes for electing local Government councils. The Government is currently working on a framework for decentralised governance.

At present, with the exception of Constitutional provisions for the presidential appointment of Atoll Chiefs, the system of local administration is not based on law, but the interpretation of presidential or ministerial decrees and regulations. A law on local Government is needed to establish elected local councils and to clarify the roles, responsibilities and resources of these councils vis à vis the central Government.

While island communities in the Maldives have a long tradition of self-reliance, the current system of

local administration is highly centralised. Local officials are required to seek approval and decisions from central ministries on numerous matters, even minor ones. This causes delays and inefficiencies in service delivery, undermines community self-reliance, and has resulted in frustration among citizens, local officials and staff. To ameliorate these problems, steps are needed to delegate authority and decision making from the centre to Atolls and islands.

Under a centralised system of local administration, Government officials are primarily accountable to their parent ministries, not to the communities they serve. This undermines the ability of local officials to respond effectively to community demands. Local citizens have few means to remedy poor performance or misconduct. A system whereby local administrators answer instead to elected councils would largely remedy these problems.

Centralised administration also means that communities have little control over available resources for service delivery and local development. The current process of planning and budgeting does not provide adequate opportunities for citizen participation. Locally generated proposals may or may not be funded. Available resources may or may not be allocated according to local priorities. This has often lead to unmet expectations, further frustration and lack of interest among island communities in participating as members of IDCs, ADCs and other organisations for local development.

The public participation in planning and development is generally weak and ineffective. This is partly because the current system of local administration provides neither framework nor opportunities to practice it, and partly because few local officials and administrators are familiar with the process or have tried to implement it. Steps are needed not merely to promote participation, but to empower communities to regain and strengthen their traditional practice of self-reliance.

The establishment of local councils will require a concerted program of capacity building and technical support for elected councillors, administrative staff and community groups. Councillors will need advice and guidance on their roles and responsibilities. Administrative staff will need assistance in acquiring additional skills for undertaking expanded functions and tasks. Programs will be needed to ensure that all have a thorough understanding of the principles of good governance.

Policies and Strategies

Policy 1: Strengthen local governance by promoting decentralised Government and administrative reform

Strategies

- 1.1** Enact legislation to decentralise Government administration to islands and Atolls
- 1.2** Transfer responsibilities and resources from central Government to island and Atoll councils
- 1.3** Establish local councils
- 1.4** Enable local councillors and administrative staff to undertake their responsibilities and functions

Policy 2: Empower local communities to be self-reliant

Strategies

- 2.1** Promote the adoption of good governance principles by local councils
- 2.2** Introduce a system and process for participatory development planning
- 2.3** Enhance the provision of local public services to island communities
- 2.4** Establish a Training Institute for Local Governance and Development to build capacity of local councils and local administrators

Public Service Reform

The public sector plays a major role in the Maldivian society, providing a wide range of services and the public sector is the largest employer in the country. A well-trained and efficient public service is essential for the economic and social development of the Maldives.

Significant reforms of the public service have been under way for several years. However, there is a pressing need for the momentum of reform to continue.

The current constitution of the Maldives does not guarantee fully the independence of the Auditor General as well as the operational and financial independence of the Audit office. The Lima Declaration of Guidelines on Auditing Precepts of 1977 requires that the national audit agency be independent of the Government and that such independence be guaranteed in the national constitution. The legal basis of the public sector audit function should also be included in separate audit legislation and regulations. In order to strengthen the accountability of the Government it

is important that the constitution contain the necessary provisions that guarantee the independence of the Auditor General and operational and financial independence of his office.

A generally accepted principle of fiscal accountability such as is included in the International Monetary Fund's Code of Conduct on Fiscal Transparency is that the audited national public accounts should be submitted to the legislature as soon as possible after the end of each financial year. The Audit Office requires professional experienced staff for effective functioning.

Since the Anti-Corruption Board's inception, the Board and its functions have not been reviewed by an independent expert. An independent review is needed to increase its operational efficiency. Many cases brought before the Board arise from lack of awareness of the financial regulations of the public sector. There is a need to provide information to officials and others involved in financial

transactions with the Government, particularly in the Atolls, on the financial regulations. The public is generally unaware of the role and functions of the Board, which hinders timely reporting of corruption cases. Therefore, there is a need to increase awareness among the public of the Board's activities. For effective functioning of the Board there is an urgent need for sustained training and to recruit qualified personnel in investigative techniques and criminology.

The Public Complaints Bureau was established for the purpose of investigating complaints of injustice, undue influence and delay in the provision of services provided by various Government authorities and to take necessary action, to redress effects of such injustice under the influence and delays in accordance with established procedures. The Bureau was established by the President on the 1st of June 2004 in accordance with article 42 (e) of the constitution of the Republic of Maldives and Law No. 1/68 (Official Business Chapter 1). The Bureau functions directly under the President's Office. A total of 250 cases were reported to the Bureau from 1st June 2004 to end 2006

Policies and Strategies

Policy 1: Promote efficient and effective public service

Strategies

- 1.1** Establish an independent Civil Service Commission
- 1.2** Ensure a mission-oriented public service where all ministries have strategic plans and annual action plans in accordance with the policies and strategies identified in the 7NDP
- 1.3** Complete the linking of the public service promotion system to individual annual performance appraisals based on service duration, work experience and performance
- 1.4** Enhance government service delivery by introducing one-stop Government service centres
- 1.5** Strengthen information technology in service delivery
- 1.6** Out source and contract out Government services on a competitive and effective basis
- 1.7** Establish a Public Service Training Centre to train and upgrade the skills of public service employees

Policy 2: Enhance accountability and transparency in the public finances

Strategies

- 2.1** Propose legislation on Audit to guarantee the independence of the Auditor General in accordance with international best practices
- 2.2** Increase the human resource capacity of the Audit Office and introduce incentives for staff retention
- 2.3** Prepare an audit master plan with a human resources development plan to establish the strategic directions of the Audit Office
- 2.4** Establish public sector auditing standards in accordance with generally accepted auditing principles and enhance the operation of the Audit Office to bring it inline with the international standards
- 2.5** Establish a mechanism of regulating private sector auditors in the Maldives

- 2.6** Establish a good working relationship with the Public Accounts Committee of the Peoples Majlis to enhance transparency, accountability and good governance in the public sector
- 2.7** Introduce a strong performance audit mechanism to enable systematic performance of audit of all public bodies
- 2.8** Submit Auditor General's report to the People's Majlis and arrange the general public to access the reports prepared by the Auditor-General
- 2.9** Ensure comprehensive audit coverage of all Government accounts, institutions and trading bodies within a reasonable timeframe

Policy 3: Reduce the incidence of corruption in the Maldives

Strategies

- 3.1** Complete an independent functional review of the Anti-Corruption Board to increase its operational efficiency
- 3.2** Increase public awareness on financial regulations and corruption issues by conducting workshops throughout the country and pursuing publicity campaigns
- 3.3** Improve the capacity of the Anti-corruption Board through graduate level training and specialised investigative training

Policy 4: Serve the public by redressing grievances on administration in the public sector fairly and efficiently

Strategies

- 4.1** Publicise the role, functions and services provided by the Public Complaints Bureau
- 4.2** Provide appropriate channels for feedback and evaluation of Public Service
- 4.3** Foster partnerships and dialogue between Public Complaints Bureau and Government agencies
- 4.4** Identify weaknesses in the delivery of public services
- 4.5** Promote responsible and ethical behaviour in Public Service
- 4.6** Implement best practices in the redressal of complaints
- 4.7** Enhance capacity and performance of Public Complaints Bureau

National Statistics

The statistical system of the Maldives is decentralised, with various Government agencies generating statistics through, surveys and as byproduct of administrative and regulatory functions.

Without an appropriate legal framework for statistical activities, this inevitably leads to overlapping activities and inefficiency in utilisation of resources. Furthermore, it also easily leads to an excessive response burden resulting in low response rates and affects the quality of the information collected.

The Statistical Regulation of Maldives implemented since 1999, states the responsibilities with respect to census and surveys. The purpose of the regulation is to standardise data collection, compilation, publication and utilisation of statistical data in the Maldives. In addition, this regulation ensures the confidentiality of information, aims to minimise respondent burden and to avoid overlap of data collection operations. At present, a Statistics Coordinating Committee

(SCC) with representation from all the major producers of statistics within the Government agencies, functions to strengthen statistical coordination.

As part of the implementation of the regulation, all the statistical surveys carried out in the country needs approval from a prescribed authority. Experience in the implementation of the statistical regulation has shown that, the decentralised structure of the statistical system requires much stronger coordination between the various Government agencies that should be codified in a Statistics Act. Such an act will provide the legal framework to enable the improvements in data flows and to improve the response rate of census and statistical surveys conducted.

The importance of statistics for planning, monitoring and evaluation is now recognised more than ever before. Good statistics are essential to paint an objective picture of a country's economic and social condition. Statistics play a crucial role in supporting development policies and enable in

measuring the impact of interventions. In this regard, internationally and regionally agreed development goals such as the UN Millennium Development Goals (MDGs) and SAARC Development Goals (SDGs) demand good official statistics to track their progress.

While the statistical system in the country is decentralised by activity, it is highly centralised in a geographical sense. Outside the capital Male', there are no dedicated statistical officers. Statistical work in the Atoll and island offices is undertaken by general administrative staff who lack background in statistics.

The small population size of the islands and Atolls often make it difficult to employ dedicated statistical staff, but the increased needs for statistical information make it necessary that staff carrying out the functions have a good understanding of statistics.

In order to enable the country to abide by the “UN fundamental principles of official statistics”, and to cater for the ever increasing demand for statistics, for national planning and monitoring, as well as for international comparison, it is important to invest in statistical development.

An efficient and appropriate framework for the organisation and development of statistics and training of staff working in the statistical offices is essential for the statistical system to function properly. The availability and quality of data collected and the underlying analysis are critically dependent upon the statistical capacities of relevant Government agencies within the country.

It is believed that availability of trained personnel working in the statistical offices will enable the Government to produce accurate, relevant statistics in a timely manner, to enable the country to develop more responsive and effective economic growth and poverty reduction policies and programs.

Policies and Strategies

Policy 1: Develop legal and institutional framework to strengthen national statistics

Strategies

- 1.1** Propose a legislation on national statistics to improve the response rate of census and surveys and quality of national statistics
- 1.2** Strengthen the coordination of statistical agencies by improving the performance of National Statistics Coordinating Committee (NSCC)
- 1.3** Enforce rules and regulations to standardise the collection, analysis and publication of statistics
- 1.4** Prepare a National Strategy for the Development of Statistics

Policy 2: Ensure the availability of statistics and indicators required for development planning, monitoring and evaluation

Strategies

- 2.1** Strengthen the quality and frequency of the national accounts to provide better quality and timely economic growth estimates and forecasts
- 2.2** Strengthen the quality and frequency of price statistics to provide a clear picture of the inflation in the country, and assess changes in the consumption pattern of the population
- 2.3** Conduct population and housing censuses to assess achievements of development goals
- 2.4** Monitor regularly the progress of MDG and SDG indicators
- 2.5** Assess the vulnerability and poverty situation to monitor and evaluate the success of the poverty reduction strategies
- 2.6** Generate production and other statistics from establishments in different industries, on a regular basis to get the data required for the compilation of national accounts, and update the weights of the production and producer price indices

- 2.7** Promote coordination and rationalisation among users and providers of economic, spatial, social and governance statistics at national and local levels to ensure effective monitoring and evaluation of NDP

Policy 3: Build the national capacity to improve the quality and availability of the required statistics

Strategies

- 3.1** Establish and improve quality of in-country training courses and workshops in statistics
- 3.2** Provide training at graduate level for statisticians at Government agencies
- 3.3** Place statistical officers at the regional, Atoll and island levels
- 3.4** Enable cost effective and efficient data collection at the island and Atoll levels



IMAGE: THE PORTRAIT GALLERY

Goal 12

Protect sovereignty, enhance security and strengthen international relations

- ▶ Issue secure national identity cards to all citizens
- ▶ Respond within 12 hours to terrorist and other threats, which endanger the sovereignty and national security of the Maldives
- ▶ Further enhance and upgrade the present coastal surveillance capability to protect and secure the Exclusive Economic Zone and its natural resources
- ▶ Reach and respond to disasters and disaster threat situations within six hours of incident anywhere in the country
- ▶ Reach and respond to fire situations within 10 minutes in Male' and 15 minutes in the greater Male' area
- ▶ Reduce the customs clearance time to maximum two days
- ▶ Establish a biometric record system to enhance security of Maldivian Passports

National Registration

A fully functioning national system of registration of births and deaths is essential for the identification of all citizens within the society, for conducting all programs where the state interacts with individual citizens and for demographic planning purposes.

National identity cards have been issued since 1984 but the current registration system is ad hoc and is in need of strengthening. The registration mechanism currently in place is implemented by different Government agencies - birth registration by Male' Municipality & Island Offices, deaths by Ministry of Health, and ID card by DNR. The Ministry of Health also maintains birth records through collection of registration forms issued by the midwife or hospital doctor. DNR collects information from all these sources in order to maintain records of citizens.

As there is no law on national registration, all citizens are not legally required to possess an ID Card. But the services of some other Government agencies requires people to have ID cards to identify themselves. Therefore, this has contributed to a large number of people applying for ID Cards.

Policies and Strategies

Policy 1: Strengthen the national registration system

Strategies

- 1.1** Establish the legal framework for the national registration system
- 1.2** Centralise the registration of births and deaths, as well as the national identity card, in the Department of National Registration including transfer of births and deaths registration from the Ministry of Health
- 1.3** Strengthen the capacity of the DNR to verify applicants' identities for issuing of the national identity card
- 1.4** Improve customer service delivery by providing an improved customer service area in the central registration office
- 1.5** Establish a collection point in each island (with population of more than thousand people) and in High Commissions of chosen countries to receive applications and for collection of identity cards
- 1.6** Improve the organisational capacity of the Department of National Registration through strengthening the management structure and staff development
- 1.7** Ensure greater security of national identity cards

National Security

The protection and defence of national sovereignty and independence of Maldives is the ultimate goal of Ministry of Defence and National Security. Terrorism is now a global threat and therefore, the availability of highly-trained and well-equipped force to respond at short notice is needed to counter terrorist and other threats to national sovereignty and independence, protect territorial integrity, prevent the disruption of economic activities and preserve the Maldivian way of life. The availability of timely and accurate intelligence is a crucial tool in combating terrorism and other threats to the national interests. The activities of intelligence services will be carried out in conformity with local and international human rights standards.

The Coast Guard of the Maldives National Defence Force is mandated to protect the Exclusive Economic Zone of the Maldives and its resources and conduct maritime defence of the nation. It also has the responsibility to conduct search and rescue operations in response to maritime accidents

involving lives and property. As a small nation with a vast Exclusive Economic Zone, protection of the zone by patrolling and surveillance and by responding to encroachments is burdensome but essential for national security and the long-term viability of the fishing industry. Establishing operation centers in strategic locations is important to provide faster and better service to the public whenever and wherever needed. These centers need to be equipped with appropriate long and near range coastal vessels to meet the Search and Rescue (SAR) and patrolling requirements. Building of a network of information sharing and surveillance with private fishing and transportation vessel operators of the country is also crucial to further strengthen this task.

The December 2004 tsunami had a devastating impact on the people, social and economic infrastructure of the Maldives. The National Disaster Management Centre (NDMC) was established to handle the emergency rescue and response operations and to coordinate the

rehabilitation and reconstruction efforts. The NDMC is headed by the Minister of Defence and National Security.

It is also important to strengthen the capability to respond to fire incidences in all parts of the country. Introducing fire services to all urbanised and highly populated areas of the country, and to provide these stations with trained firemen and suitable equipments and facilities are needed. Hence, expansion and strengthening of Regional Fire Service must go on as a joint effort between Ministry of Atolls Development and Ministry of Defence and National Security.

Policies and Strategies

Policy 1: Improve the capacity to respond to threats to the sovereignty and independence of the Maldives

Strategies

- 1.1** Increase the response capability of MNDF to protect and preserve the national sovereignty and independence of the Maldives
- 1.2** Protect the Maldives Exclusive Economic Zone, particularly against illegal fishing
- 1.3** Strengthen maritime rescue capability
- 1.4** Introduce aerial surveillance capability
- 1.5** Increase the anti-terrorist capability of the Maldives National Defence Force by training and equipping a special unit of company strength

- 1.6** Establish a secure telecommunication system and enhance information communication technology, acquire emergency transport vessels for island evacuations and equipment and machinery for disaster response and management

- 1.7** Propose legislation on National Security

Policy 2: Provide adequate infrastructure and facilities for training and development and improve services in Atolls and Male'

Strategies

- 2.1** Develop the human resources of MNDF by further strengthening the institutional, educational and physical infrastructure of Defence Institute for Training and Education and its establishments
- 2.2** Increase the capacity to enhance defence services in the Atolls by building operational, administrative, accommodation and mess facilities for a company strength unit at each Headquarters
- 2.3** Increase the disaster response capacity of MNDF Coast Guard, Fire and Rescue Service and Regional Headquarters

Policy 3: Strengthen response capacity for fire service

Strategies

- 3.1** Increase the response capacity of MNDF Fire and Rescue Service to provide effective fire service to “Greater Male” area by establishing and equipping fire stations in Villimale and Hulhumale
- 3.2** Introduce Regional Fire Service in all remaining Atolls and establish and equip fire stations, train firemen and provide operational assistance to these fire stations
- 3.3** Provide facilities for a fire station, fire fighting training and related service in Male’

Policy 4: Provide adequately for the recruitment, welfare and service conditions of MNDF personnel

Strategies

- 4.1** Provide administrative facilities for the Ministry of Defence of National Security to replace facilities transferred to the Maldives Police Service
- 4.2** Provide accommodation for servicemen and their families
- 4.3** Improve medical services for servicemen and their families

Policy 5: Strengthen defence cooperation with friendly countries

Strategies

- 5.1** Conduct minimum 2 or more Humanitarian Assistance/Disaster Response (HA/DR), defence and security exercises annually with neighbouring and friendly forces
- 5.2.** Expand the capacity and capability of the Defence Attaché/Advisor Offices currently established at the Maldivian High Commissions
- 5.3** Exchange bilateral visits of key defence officials

Customs Services

Import duties make the largest contribution (33 percent) to domestic Government revenue. Therefore, an efficient customs service is a vital part of the Government apparatus. The customs service plays an important role in controlling the entry and exit of illicit drugs and other prohibited or restricted products. The activities of the service are also important in combating the spread of terrorism.

The increase in trade volume has impelled Customs to find alternative methods to be compliant with the service standards. Customs has to play an active role in the expansion of the regional ports in the north and the south. Automating customs procedures has proven to be the ideal solution for the protection of revenue, safeguarding integrity and provision of timely service.

The dual challenges posed by terrorism and drug trafficking has created an urgent need to evaluate the efficiency of border control particularly at the sea ports and airports of Maldives which are the main areas of focus of Maldives Customs Service.

Policies and Strategies

Policy 1: Improve the efficiency of the Customs Service

Strategies

- 1.1** Improve the efficiency of cargo clearance and revenue collection by upgrading the cargo management system to the ASYCUDA World system
- 1.2** Introduce a risk management system to allow speedy clearance for compliant passengers and goods, to maximise the detection of breaches of the Customs regulations
- 1.3** Improve the capacity of the Customs Officers and the quality of training offered at the Customs Academy
- 1.4** Implementation of Customs-Trade related international standards such as the revised Kyoto Convention and Framework of Standards

Policy 2: Adopt an integrated Customs Border Security System

Strategies

- 2.1** Enhance enforcement capabilities of Customs by introducing up to date and high tech equipment and instruments such as x-ray detection, surveillance camera, and information networks
- 2.2** Increase surveillance and enforcement activity to reduce the entry of illicit drugs into the country
- 2.3** Establish intelligence information sharing network among the law enforcement agencies and related Government line ministries

Immigration Services

Maldives is a peace loving nation that enjoys relaxed immigration procedures and visa waiver programs while crossing international borders. However, Maldives is situated in a region where international threats such as transnational crimes, drug trade and people fleeing from justice is emerging as concerns.

The international ports should be equipped and people should be fully trained to identify the intent of the person and scrutinise the documents carried in order to stop non-bonafide travellers using our borders to reach other destinations.

If these issues are not addressed immediately with the current trend in the undesirable activities occurring around the world, Maldives might be indirectly related or named in an unwanted situation where a person assuming Maldivian nationality has been involved. This might lead to the loss of the relaxed immigration procedures and visa waiver programs which the Maldivians enjoy now.

The Maldives should prepare itself to protect the identity of the nationals to such a level that no foreigner could assume the identity of a Maldivian and an instant verification mechanism should be in place if a doubt occurs anywhere in the world.

A larger number of unskilled jobs in the construction and related industries are filled by expatriate workers from neighbouring countries. In search of better pay and living conditions increasing number of workers switch employers. This is in many instances done by evading rules and regulations set out by the Government which makes them illegal workers. Controlling illegal workers require strengthening of deterrence, apprehension and removal process of the Immigration Department.

Policies and Strategies

Policy 1: Ensure a common data platform for secure, accurate and quick service for National Registration and Immigration

Strategies

- 1.1** Establish a secure electronic data link between the National Registration and Immigration and put in place a memorandum of understanding to share the data between the two organisations
- 2.2** Establish an automatic identity verification system in real-time for all passport applications through this electronic data link

Policy 2: Strengthen means to minimise non bona fide travellers and illegal workers

Strategies

- 2.1** Equip the international ports with high-tech document identifying machinery to capture the advanced security features embedded in the international travel documents
- 2.2** Train staff and expose them to the modern techniques utilised in the production of counterfeit travel documents
- 2.3** Acquire on the job training programs in busy ports of the world to familiarise with the advanced techniques and equipments used to identify non bona fide travelers and fraudulent travel documents

- 2.4** Establish good working relations and contact points with countries strategically important in protecting our borders
- 2.5** Share relevant information on transnational criminals through electronic links within the local law enforcement agencies
- 2.6** Strengthen the deterrence, apprehension and removal process of illegal workers

Policy 3: Ensure that Maldivians carry secure travel documents that command safe and easy passage in crossing international borders

Strategies

- 3.1** Redesign the Maldivian passport to adapt the currently available advance security features
- 3.2** Establish a biometric record system to ensure that the passport is issued to a genuine Maldivian
- 3.3** Establish a secure international database accessible to recognised law enforcement agencies to verify Maldivian nationals from any part of the world

Maldives in International Arena

A modern, efficient foreign service is essential for protecting and promoting the country's interests abroad. The Maldives presently maintains six missions abroad in Colombo, Delhi, London, New York, Kuala Lumpur, Tokyo and will open new posts in Beijing, Riyadh, Washington, and Brussels in 2007.

The foreign policy of the Maldives has served us well and has received the respect of the international community. There is a need to strengthen and clearly articulate strategic objectives and targets of the Maldives Foreign policy. In addition the Government aims to continue its work to strengthen the diplomatic machinery and foreign service training in order to promote Maldives' interests and meet the challenges of globalisation.

Policies and Strategies

Policy 1: Modernise the Maldives foreign service

Strategies

- 1.1** Prepare a sector master plan that set out clear objectives and targets for implementing the Government's foreign policy
- 1.2** Structure the operations of the Ministry of Foreign Affairs by building a professional Foreign Service cadre
- 1.3** Establish a Foreign Service training institute to train foreign service officers and support personnel of the Maldivian foreign affairs community, preparing Maldivian diplomats and other professionals to advance Maldivian foreign affairs interests overseas

- 1.4** Upgrade information technology in the Ministry of Foreign Affairs to improve communications between Male' and the missions overseas
- 1.5** Promote and protect the country's national interests abroad and expand outreach, and establish more frequent dialogue with the most important bilateral partners, and more active participation in international organisations

Policy 2: Strengthen public diplomacy

Strategies

- 2.1** Establish a semi-autonomous policy Institute to provide a think-tank function and provide fresh ideas on Maldivian foreign and strategic policy choices, and to promote awareness of Maldivian issues among the international community
- 2.2** Strengthen the advocacy and information sharing role of the of the Ministry

Part VI

Financing, Implementation
and Monitoring



Financing the 7NDP

The 7NDP Resource Envelope

The 7NDP will be a results-based plan, in which the policies and accompanying strategies meet specific outcomes and the resources available to implement these are identified.

In general, financing for the implementation of the 7NDP is expected to be sourced through the country's own public and private sectors and assistance from development partners. However, the Government faces serious fiscal challenges in the aftermath of the tsunami disaster and its ambitious development plans, which may not be sustainable in the medium to long-term. The Government is fully aware of these challenges and constraints, and will take steps to redress the imbalance over the medium term. These steps include sourcing additional sustainable measures, such as implementation of a Business Profits Tax, which is expected to be in place by 2009, and ensuring a fiscal path with progressively declining deficits.

Policies and strategies in the 7NDP which are funded from the national budget have therefore been subjected to the requirement to keep the budget within fiscally responsible and sustainable limits.

The Government has based its decisions on inclusion of policies and strategies in the Plan on these assessments and on its relative priorities for the various sectors. Inclusion of policies and strategies has also been based on their consistency and cohesiveness with national goals and objectives.

Macroeconomic Development Forecasts (2006-2010)

The Maldivian economy has been one of the most notable in the South Asia region, with growth rates registering at an average 7 percent over the decade prior to the 7NDP period, high per capita incomes at approximately US\$ 2,800, almost universal literacy rates, declining child mortality and significant progress in other social and economic areas. The proportion of population having less

than Rf 15 per person per day was 40 percent in 1997, and has come down to 16 percent in 2005. The current account deficit as a percentage of GDP averaged in the lower single digits, while fiscal balances were reasonable averaging at 3 percent of GDP in the 10 years prior to the tsunami disaster and the start of the 7NDP period.

The damage sustained by the tsunami disaster of 2004 caused a major contraction in tourism, the main revenue source for the government. Tourism tax declined by 16 percent in 2005 compared to 2004, and revenues from import duties, the largest contributor to tax revenue and a large proportion of which is made up of tourism related imports, also registered a lower growth rate of 10 percent in 2005, compared to the 39 percent increase in 2004. The demand on the government to ensure immediate relief and quick recovery from the disaster led to a 35 percent increase in government expenditure in 2005, which coupled with the revenue loss, led to an increase in the fiscal deficit

from 1.6 percent of GDP in 2004 to 10.9 percent of GDP in 2005.

While direct expenditure related to recovery and reconstruction from the tsunami disaster has been gradually reducing over the period 2005 to 2006, the government has embarked on a significant development trajectory, with a large capital expansion program. In 2006, this was related to expansion in the health sector and the transfer of all private schools in the Atolls to the government in order to ensure quality of and access to education. The resultant fiscal balance for 2006 was 7 percent of GDP, although this was originally projected to be 18 percent of GDP.

The budget estimated for 2007 is expansionary as well, with a large capital component, and fiscal balances estimated at 28 percent of nominal GDP. Expenditure in the 2007 budget is estimated to be 45 percent above the provisional estimates for 2006, with a capital component equivalent to 38 percent of GDP.

Table 1: Macroeconomic Indicators during the 7NDP

	2005	2006	2007 (est)	2008 (est)	2009 (est)	2010 (est)
Real GDP (Rf m)	7,928	9,434	10,129	10,888	11,737	12,629
Real GDP growth (%)	(4.6)	9.1	7.3	7.5	7.8	7.6
Nominal GDP (Rf m)	9,597	11,888	13,580	14,985	16,574	18,226
Consumer prices (%)	3.3	3.6	4.4	3.8	3.9	4.1
Government Revenue and Grants (Rf m)	4,613	7,299	8,097	7,042	7,136	8,285
Total Government Expenditure and Net Lending (Rf m)	5,658	8,144	11,802	9,200	8,800	9,850
Total Government Expenditure (Rf m)	5,775	8,215	11,876	9,274	8,874	9,924
Fiscal Deficit (Rf m)	(1,045)	(846)	(3,705)	(2,158)	(1,664)	(1,565)
Fiscal Deficit (as % of GDP)	(11)	(7)	(28)	(14)	(10)	(9)

Sources: MPND, MFT

Note: 1/ The estimated figures are under review at the time of publication of the Plan

The economy has shown remarkable resilience in recovering from the damage caused by the tsunami. The tourism sector rebounded sharply, mainly due to the increased marketing efforts undertaken by the Maldives Tourism Promotion Board and the private sector to attract tourists back to the country. The outcome of these programs resulted in tourist arrivals at the end of 2006 being almost level with that of 2004. Tourist arrivals are expected to increase by 9 percent in 2007 with an equally positive growth trajectory for the next three years.

Recovery in the tourism sector combined with strong growth in the construction sector and increased fish exports resulted in GDP growth of 19 percent in 2006. Prospects for 2007 look promising at 7.3 percent, reflecting a return to normal growth levels registered prior to the tsunami.

Overall, strong growth in GDP in real terms of around 19 percent occurred in 2006 as the key sectors of the economy recovered from the 2004 tsunami. For 2007 to 2010, it is expected that growth rates of 7 percent will be achieved. Some possible risk factors facing the growth potential are a downturn in the world economy or an influenza pandemic, affecting the tourism sector and other export sectors.

At the commencement of the 7NDP period, the Government considers that the current fixed rate of exchange of the Rufiyaa against the US dollar is the appropriate policy but it will continuously review the policy during the Plan period in the light of domestic and foreign developments and make policy responses as required.

Relatively high inflation was recorded in the period 2004 to 2006 as a result of strong domestic demand and increasing import prices. However, inflation is expected to be lower at around 2.5 percent in the latter part of the 7NDP period.

The 7NDP Outlays

Government revenue projections 2006-2010

The provisional fiscal outcome for 2006 was better than budget forecasts. This was mainly due to the additional revenue generated from higher tourism tax receipts and import duties. Similarly, actual expenditure (capital and recurrent) was less than budget forecasts. In addition, the rapid increase in tourism development planned for the short and medium-term, including a vast expansion of tourist resorts from the current number of 87 to an anticipated 133 by the end of 2008 generated considerably higher revenues from lease rents in 2006 and this is expected to continue in subsequent years. Also the economy will benefit from a broadening of fishery activities with greater participation of the private sector.

Revenue from the tourism sector for 2006 is estimated at Rf 1.7 billion, and projected to increase to Rf 2.13 billion by 2010. The Government will also introduce new measures such as a business profits tax to bolster its revenue position during the 7NDP. It is expected that such new revenue measures will offset any loss in import duty receipts under new tariff arrangements when the SAFTA provisions come into effect.

Revenue from non-tax sources is also significant during the 7NDP period, accounting for 55 percent of domestic revenue in 2006 and 44 percent in 2010. This is largely accounted for by tourism lease rent payments, work permit fees, and transfer payments from state owned enterprises.

By the start of the 7NDP period, donors had committed to providing grants of Rf 3,300 million for tsunami reconstruction. It is expected that these grants will be received and expenditure will take place between 2005 and 2007. Other donor grants have been declining for a number of years

and this trend is expected to continue as the Maldives graduates from LDC status. It is expected that these grants will average around Rf 172 million during the latter part of the Plan period.

Expenditures projections 2006-2010

Total annual funding estimated to be available for the ongoing expenses of government and to meet expenditure on new policies under the 7NDP are shown in Table 2.

Increases in expenditure have been required in 2005, 2006 and 2007 to meet post-tsunami reconstruction costs. It is estimated that reconstruction expenditures will total Rf 2,360.9 million in 2006 and Rf 561.4 million in 2007.

For the 7NDP period, expenditure is expected to decline in 2008 from 2007 levels, mainly due to the levelling off of domestic revenue, and the decision by the government not to borrow extensively for expenditure purposes. Expenditures will however be increased considerably by 2010, as domestic revenues are augmented by the introduction of the Business Profits Tax in 2010.

Fiscal deficits 2006-2010

The fiscal deficit is expected to peak in 2007 as a result of continuing tsunami reconstruction costs and the government's expansive development agenda. However, in order to contribute to and maintain macroeconomic stability, the Government of Maldives has made a conscious decision to move towards progressively declining fiscal deficits.

Deficits are hence projected to be approximately 14, 10 and 9 percent of GDP for the years 2008, 2009 and 2010 respectively. The effect of these deficits will be to limit the scope for implementing new policies in during the 7NDP.

The government is conscious of the fact that such ambitious deficit reduction may not be attainable with fiscal adjustments alone. Proposed revenue measures, such as the introduction of a business profit tax in 2010, the development of a trans-shipment port in the Northern part of Maldives, restructuring or privatisation of ailing state-owned enterprises and the development of a proper banking sector, among others, is to be aggressively pursued during the 7NDP period.

Table 2: Funding Allocations to Sectors under the 7NDP (Rf million)

Sector	2006	2007	2008	2009	2010
Economic	388	414	270	258	289
Spatial	600	2,026	1,144	1,095	1,224
Social	4,654	6,096	4,668	4,467	4,995
Governance	874	1,142	1,201	1,149	1,285
Administration	1,491	1,893	1,688	1,615	1,806
Interest on Public Debt	208	306	303	290	324
Total	8,215	11,876	9,274	8,874	9,924

Source: MFT

Note: 1/ These MFT estimates are under review at the time of publication of the Plan

External borrowing is expected to decline in the next few years with some net repayments by 2010, while the domestic debt is expected to subside considerably after peaking in 2008. Automatic financing of deficits from the Maldives Monetary Authority was also phased out in 2006, with the introduction of Treasury Bills.

Sector resource needs in the 7NDP

Based on revenue and financing expected to be available the Government proposes to make funding available through the national budget for new policies and strategies under the 7NDP to the various economic, social, spatial and governance sectors.

In setting priorities for the various sectors, the Government took into account historical trends as well as the immediate development needs of the country.

External Financing

Financing for 7NDP should be provided in a way that maximises the availability of new and additional resources and uses all available funding sources and mechanisms. These include, among others:

- (a) The multilateral development banks and funds:
 - (i) The Maldives will explore all avenues to optimally utilise the opportunities provided by the World Bank and its development financing arms;
 - (ii) Regional and subregional development banks. The regional and subregional development banks and funds, particularly the Asian Development Bank (ADB) is envisaged to play an increased and more

effective role in providing resources on concessionary or other favourable terms needed to implement 7NDP;

- (iii) Clean Development Mechanism (CDM) under the Kyoto Protocol is a potential source of financing for transport and energy sectors; and
- (iv) The Global Environment Facility, managed jointly by the World Bank (WB), United Nations Development Program (UNDP) and United Nations Environment Program (UNEP), whose additional grant and concessional funding is designed to achieve global environmental benefits, is an opportunity to cover the agreed incremental costs of relevant activities under 7NDP.
- (b) The relevant specialized agencies, other United Nations bodies and other international organizations, which have designated roles to play in supporting national Governments.
- (c) Multilateral institutions for capacity-building and technical cooperation.
- (d) Extending the bilateral assistance program by assessing additional opportunities from donor countries.
- (e) Private funding and voluntary contributions through non-governmental channels, which have been running at about 10 percent of ODA, is a further avenue that needs to be tapped.
- (f) Higher levels of foreign direct investment and technology transfers will be encouraged through national policies that promote investment and through joint ventures and other modalities.

Institutional Structure

The Government is committed to carrying out all of the policies and strategies of the 7NDP with continued active and effective participation of non-governmental organizations, the private sector, as well as local groups and communities.

The Government's ability to implement individual policies and strategies will be subject to the financial climate remaining favourable until 2010 to allow availability of sufficient resources for implementation. The Government will remain flexible in adapting the 7NDP to changes in financial, economic, social and environmental circumstances.

In order to fully implement the 7NDP, there is a need for institutional arrangements within the Government system. In the spirit of reform and revitalisation of governance in the Maldives, implementation of 7NDP shall be based on a citizen centred and results oriented approach and consistent with the principles of democracy, transparency, accountability, and cost effectiveness.

All the ministries and agencies of the Government have a key role to play in the implementation of

7NDP. To ensure proper coordination and avoid duplication in the implementation of 7NDP, there should be an effective division of labour between various parts of the Government based on their mandates, their respective competence and comparative advantages. In order to facilitate evaluation of agencies' performance and promote information of their activities, all ministries of the Government should be required to elaborate and publish their activities concerning the implementation of the 7NDP in their annual reports. In addition, serious and continuous reviews of their policies, programs, budgets and activities will also be required.

The institutional structure envisaged below is subject to availability of financial resources and the evolving government structure. In addition, there has to be an effective link between substantive action and financial support through the annual budget, and the Ministry of Planning and National Development and the Ministry of Finance and Treasury will work very closely with effective cooperation and exchange of information.

The National Planning Council

The National Planning Council (NPC), in the context of its role under the Presidential Decree and the ongoing restructuring and revitalisation of the Government, would assist the Cabinet by overseeing government-wide coordination in the implementation of 7NDP and making recommendations in this regard. In addition, the Council would undertake the task of directing government-wide coordination and integration of 7NDP policies and programs and would make appropriate recommendations to the Cabinet, and individual ministries and agencies. Appropriate steps would be taken by the NPC to obtain regular reports from ministries on their master plans, strategic plans and action plans and programs. The NPC would organise an annual review of the implementation of the 7NDP and government-wide activities to ensure co-ordination and motivation, making full use of its high-level and coordination segments.

The Cabinet

The Cabinet, as the highest governmental mechanism, is the principal policy-making and appraisal organ on matters relating to the 7NDP. The sectoral ministries have endorsed the individual policies and strategies in the 7NDP and the Ministers affirmed their full commitment to the implementation of the policies and strategies and meet the agreed targets. The Cabinet would organise regular review of the implementation of 7NDP through its existing Cabinet sub-committees structure. In fulfilling this task, the Cabinet will consider the timing, format and organisational aspects of such a review and may even consider independent reviews and appraisal.

Ministry of Planning and National Development

The Ministry of Planning and National Development (MPND) would play an important role in the implementation and monitoring of the 7NDP.

A National Development Planning Act is required to strengthen the development planning process. This will enable development planning to be carried out with authority, ensure full integration of development concerns and expectations at island and Atoll levels are addressed in the development planning process, and ensure effective inter-agency coordination in the implementation and monitoring of development programs. Introduction of a National Development Planning Act will also make the development assessment and decision-making processes simpler, clearer and more consistent with the needs and aspirations of the people. As such, during the Plan period the MPND will formulate and submit a National Development Bill to the Majlis for its consideration.

The MPND would provide strong and effective leadership as the focal point of the institutional arrangements within the Government for the successful implementation of 7NDP. Therefore, a highly qualified and competent secretariat support structure will be established within the MPND, drawing, on the expertise gained in the 7NDP formulation process for the implementation of the Plan. The National Planning Division of the MPND would be adequately staffed and provided the necessary information and communication technologies to ensure effective follow up. This secretariat support structure should provide support to the work of both the National Planning Council and inter-agency sectoral committees.

In keeping with current practice, implementation of policies and strategies will be subject to the

procedures for preparation of the annual Budget and the Public Sector Investment Program (PSIP). Accordingly, Ministries' project proposals for inclusion in the PSIP will be scrutinised according to the Project Submission, Appraisal, and Approval Procedure specified in the President's Office Directive of 1997 (Directive No: 72/97). The projects proposed by sectoral ministries and agencies will be appraised and approved by the Project Appraisal Committee (PAC) established at the MPND. As part of the reviewing and screening process the PAC will place emphasis on the proposals' consideration and alignment to the policies and strategies of 7NDP, regional development programs, population and development consolidation policy, and good governance issues.

Thus, to promote balanced regional development and to strengthen the implementation of the Population and Development Consolidation (PDC) programs, the MPND will formulate and submit a Bill on Population and Development Consolidation to the Majlis for its consideration. The PDC Bill will be aimed at promoting the development of urban areas through a coordinated, coherent and mutually beneficial framework that provides the focus for increased public investment for Regional Development and PDC programs.

The Sectoral Committees

To assist in preparing the 7NDP, the Government established four consultative committees: Economic; Social; Infrastructure and Environment; and Governance and Human Rights. The membership of these committees include international development partners, industry and social organizations and NGOs, as well as Ministries. The Government would continue the work of the four established consultative committees during the 7NDP implementation period. The committees would have the following

key functions:

- (a) To advise the government on the prioritisation of policies and strategies over the Plan period;
- (b) To monitor progress in the implementation of 7NDP activities throughout the government system through analysis and evaluation of reports from all relevant ministries, departments and agencies of the government;
- (c) To consider information provided by ministries, departments and agencies, including, for example, information on activities undertaken to implement 7NDP, the problems they face, such as problems related to financial resources and capacity constraints;
- (d) To review the progress in the implementation of policies and strategies contained in 7NDP, including those related to provision and allocation of financial resources to sectors;
- (e) To receive and analyse relevant input from competent non-governmental organizations, and private sector, in the context of the overall implementation of 7NDP;
- (f) To enhance the dialogue, within the Government system, with non-governmental organizations and the private sector; and
- (g) To provide appropriate recommendations to the National Planning Council on the basis of an integrated consideration of the reports and issues related to the implementation of 7NDP.

In addition to the inputs from the sectoral four committees, the MPND would work closely with the other advisory Committees such as the Population and Development Consolidation Committee (PDCC), and Population Programs Coordination Committee (PPCC) to achieve the broader objectives of the 7NDP.

Ministries and Agencies

The Ministries and agencies are vested with the responsibility for implementing the various policies and strategies outlined in the Plan. In doing so the Ministries and agencies will in all operations adhere to principles of good governance and ensure accountability and transparency. The implementation of the plans will take due regard of the governments commitment to meaningful participation of the groups and communities affected by the plans and will ensure that the process of implementation takes due regard of the rights, needs and interests of all parties especially the most vulnerable communities and groups.

Monitoring the progress of the Plan's implementation will be undertaken by the MPND, with policy guidance as required from the NPC. Ministries and agencies will be required to discuss with the MPND their intentions for Plan implementation each year and to share with the MPND their reports on Plan progress.

Ministry of Finance and Treasury

Ministry of Finance and Treasury, like Ministry of Planning and National Development, also has a crucial role to foster the Government's collective thrust in support of the implementation of 7NDP.

Its role includes the following:

- (a) Acting as the lead agency to ensure that the macroeconomic environment and fiscal policies support the implementation of the 7NDP;
- (b) Streamlining the annual national budget allocations to conform to the goals, policies and strategies of the 7NDP;
- (c) Mobilising donor resources on behalf of Government ministries, where appropriate,

through the use of the windows provided by the World Bank and other multilateral banks'

- (d) Actively collaborating with Department of External Resources in the donor round-table mechanisms;
- (e) Assisting government agencies, in coordinating the mobilization of domestic financial resources apart from the annual budget; and
- (f) Promoting and strengthening the role and involvement of state owned enterprises in the implementation of 7NDP.

Department of External Resources

The success of the implementation of the 7NDP is dependent upon an effective link between substantive action and financial support, and this requires close and effective cooperation between the Government, United Nations agencies and the multilateral financial organizations. The Department of External Resources (DER) will be responsible in forging such cooperation. Not only is there a need to strengthen existing coordination mechanisms but also to forge new partnerships and explore new opportunities to associate with donors.

The Aid Management and Coordination Committee (AMCC) established under the President's Office Directive No: 72/97, also has an important role to play in the implementation of the Plan. The AMCC is mandated to identify potential donors for projects approved by the PAC and to follow-up on securing donor assistance for the projects.

In order to properly promote the Maldives development needs which are outlined in the 7NDP to the donor and national communities, the Government held the Maldives Partnership Forum (MPF) in the first half of 2006 and is planned to be

held annually. The purpose of these forums would be to familiarize the international and national communities with the country's development needs during and after the tsunami reconstruction phase and to assist donors in identifying policies and strategies in which they would like to participate with the Government and with the Maldivian private sector and civil society.

Regional, Atoll and Island Offices

Regional, atoll and island level implementation will be an important part of the successful outcomes of the 7NDP. The regional development management offices, atoll offices, and island offices within their respective mandates, can contribute to this process by:

- (a) Promoting regional, atoll and island level capacity-building for development planning;
- (b) Preparing island development plans, atoll development plans and regional development plans conforming to the policies and strategies of the 7NDP; and
- (c) Advocating the strategic directions of the 7NDP on population and development consolidation, safer islands, and regional development.

The regional development management offices, as appropriate, should play a leading role in coordinating regional and atoll level activities by Ministries and other government agencies.

The corporate sector

The 7NDP recognises that an equal partnership between the private sector and Government is crucial to achieve the goal articulated in the President's Vision 2020 for the country to "be one of the top-ranking nations amongst middle-income developing countries". Ensuring that a true

partnership emerges during the 7NDP period, a radical shift in perceptions, attitudes and approaches will be required by both the Government and the private sector.

To unleash the full potential of the private sector in the Maldives, the 7NDP includes policies and strategies to:

- (a) Improve corporate governance and transparency;
- (b) Promote responsible business practices;
- (c) Maximise the potential of public-private partnerships, with a view to increasing private investment in the national economy and to provide opportunities for SMEs to participate in a more competitive environment; and
- (d) Develop linkages within the domestic and international private sectors to share knowledge, expertise, resources, and technology.

Non-governmental organisations

Non-governmental organizations are important partners in the implementation of 7NDP. Relevant non-governmental organizations would be given opportunities to make their contributions and establish appropriate relationships with the Government agencies. Support would be provided for developing non-governmental organizations and their self-organized networks.

Special effort would be made to establish open and effective means to achieve the participation of non-governmental organizations. Non-governmental organisations will be consulted in the planning, review and evaluation of the implementation of 7NDP.

Monitoring and Evaluation

The priorities, responsibilities and accountabilities for national development over the period 2006-2010 have been identified in the previous chapters of the 7NDP. Monitoring and evaluation is a must to ensure higher performance and greater accountability. The Government will thus give priority for continuous monitoring of progress on the 7NDP. The Government will establish the modalities for annual monitoring as well as mid-term review and a final review of the outcomes of the 7NDP.

Annual monitoring

Ministries and agencies will be expected to report on Plan progress in their annual reports, as well as providing annual progress updates to the National Planning Council and to their sector consultative committees. The MPND will coordinate the monitoring of Plan progress by seeking annual reports from Ministries and agencies on implementation status and performance indicators achieved.

In order to monitor results and performance appropriate measures have to be developed concerning inputs, outputs, outcomes, efficiency and effectiveness. The MPND will conduct national workshops to agree on the performance indicators that will be used for annual monitoring as well as the methodologies for data collection and reporting.

The Ministry of Planning and National Development will be required to annually report on overall progress in the implementation of the 7NDP. All the different ministries and agencies of the government will be required to provide data to prior agreed formats and methodology.

Mid-term review and final review

The Ministry of Planning and National Development is required to undertake a mid-term review of the Plan in mid 2008 and a final review of its outcomes in 2010. The mid-term review will be expected to assess the efficiency and effectiveness with which the Ministries and

agencies are carrying out the Plan and will also review whether the Government should make any policy revisions to the Plan in the light of any changed circumstances over its first two-and-a half years. The mid-term review will assess progress in light of the two overriding objectives of the 7NDP namely a Plan that is both results and human rights based. The latter calling for particular attention in the review to the implementation of the plan in a manner that respect and promotes non-discrimination and equity, the right to participation and accountability mechanisms. The review process itself should also be exemplary in this regard. The first requiring attention to the extent to which the inputs and activities performed actually translate into improved outcomes according to the overriding goals of poverty reduction, enhanced governance and human rights protection, reduced disparities and more equity.

Performance based budgeting

As the budget is one of the critical areas to a review of government performance, results based budgeting has an important role in ensuring the successful implementation of the results based 7NDP. It is proposed that over the 7NDP period, the size of the budget allocated to government ministries and departments will be related to past performance. Making targets explicit and using performance information provides stability to budget process.

To ensure that allocation of resources is combined with the setting of results in the 7NDP, the Ministry of Planning and National Development will continue its quarterly monitoring of the PSIP and expenditures under the Plan. Furthermore, the Ministry of Planning and National Development will work very closely with the Ministry of Finance and Treasury to match annual budget monitoring by the Ministry of Finance and Treasury to the

annual monitoring of 7NDP. These mechanisms would not prejudice the audit provisions of the Auditor-General's Office.

Automated easy monitoring

The Ministries of Planning and National Development and Ministry of Finance and Treasury will track progress at two levels. At the input level Ministry of Finance and Treasury would undertake ongoing monitoring using an expanded version of the Donor Assistance Database (DAD) that captures national inputs as well. At the outcome level, the Ministry of Planning and National Development will use the DevInfo Software developed by the United Nations Children's Fund (UNICEF) for development monitoring.

The MPND will enhance its own capacity to guide and oversee the implementation of the Plan, especially with regard to results and rights based planning and monitoring and the capacity building of related agencies and civil society.

