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**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

PERFORMANCE AND LEARNING REVIEW

OF THE

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE REPUBLIC OF MALDIVES

FOR THE PERIOD FY2016-2020

May 15, 2018

**SRI LANKA AND MALDIVES Country Management Unit
South Asia Region**

**The International Finance Corporation
South Asia Region**

The Multilateral Investment Guarantee Agency

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The last Country Partnership Framework was discussed by the Board on April 26, 2016.

FISCAL YEAR

January 1 – December 31

CURRENCY EQUIVALENTS

(Exchange Rate Effective May 10, 2018)

Currency Unit = Maldives Rufiyaa (MVR)

US\$1.00 = 15.46 MVR

| | IDA | IFC | MIGA |
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ABBREVIATIONS AND ACRONYMS

| | | | |
|---------|--|--------|---|
| AF | Additional Finance | JICA | Japan International Cooperation Agency |
| AIIB | Asian Infrastructure Investment Bank | LFS | Labor Force Survey |
| ASA | Advisory Services and Analytics | MCEP | Maldives Clean Environment Project |
| ASPIRE | Accelerating Sustainable Private Investments in Renewable Energy | MIGA | Multilateral Investment Guarantee Agency |
| CAPI | Computer Assistance Personal Interviewing | MoFA | Ministry of Fisheries and Agriculture |
| CAT-DDO | Catastrophe Deferred Drawdown Option | MoFT | Ministry of Finance and Treasury |
| CCAP | Climate Change Adaptation Project | MVR | Maldives Rufiyaa |
| CGE | Central Government Entity | MW | Megawatt |
| CPF | Country Partnership Framework | NCBP | Non-Concessional Borrowing Policy |
| CPS | Country Partnership Strategy | PEF | Pandemic Epidemic Facility |
| DPF | Development Policy Financing | PFM | Public Financial Management |
| EEDP | Enhancing Education Development Project | PLR | Performance and Learning Review |
| FDI | Foreign Direct Investment | PV | Photovoltaic |
| FSAP | Financial Sector Assessment Program | SCF | Strategic Climate Fund |
| FY | Fiscal Year | SREP | Scaling-up Renewable Energy Program |
| GDP | Gross Domestic Product | STELCO | State Electric Company Limited |
| GST | Goods and Services Tax | STEP | Tracking of Exchanges in Procurement |
| HIES | Household Income and Expenditure Survey | TA | Technical Assistance |
| IDA | International Development Association | UNDP | United Nations Development Programme |
| IFC | International Finance Corporation | UNICEF | United Nations International Children's Emergency |
| IMF | International Monetary Fund | USD | United State Dollar |
| IOM | International Organization for Migration | WBG | World Bank Group |
| IOTC | Indian Ocean Tuna Commission | WHO | World Health Organization |
| | | | |

THE REPUBLIC OF MALDIVES
PERFORMANCE AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP FRAMEWORK

Table of Contents

| | |
|--|-----------|
| I. OVERVIEW | 1 |
| II. MAIN CHANGES IN COUNTRY CONTEXT | 1 |
| III. SUMMARY OF PROGRAM IMPLEMENTATION | 5 |
| V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP FRAMEWORK | 9 |
| VI. RISKS TO THE COUNTRY PARTNERSHIP PROGRAM | 11 |

Annex 1: Maldives Updated CPS Results Matrix – Outcome and Milestones

Annex 2: Maldives CPF Results Matrix – Summary of Proposed Changes to the Original Results Framework

Annex 3: Maldives CPF FY2016-2019 Original Results Matrix – Status Update

Annex 4: Maldives Indicative Activities (Financing and ASA – FY2016-2020)

Annex 5: Consultations Summary

I. OVERVIEW

1. **This Performance and Learning Review (PLR) assesses the implementation progress of the World Bank Group (WBG) Country Partnership Framework (CPF) for the Republic of Maldives (FY2016-2019)**, which was discussed by the WBG Board of Executive Directors on April 26, 2016. The CPF strategic goal is to enable more inclusive and sustainable growth in the Maldives. Its three objectives are enhancing employability and economic opportunities, strengthening natural resource management and climate resilience, and improving public financial management (PFM) and policy making. The CPF is guided by the government's development priorities outlined in the 2013 Manifesto. The PLR proposes to strengthen the WBG's engagement to support the government's development strategy with the increase in IDA resources available under IDA18 (FY2018-2020). It also proposes to extend the CPF period by one year to cover FY2016-2020 so that the new CPF may be prepared once the new government is in place after the elections in 2019. This would also coincide with the next IDA cycle.

2. **The WBG is making progress in achieving the CPF objectives, although it faces implementation constraints.** Initiatives to improve quality and access to education and access to finance are contributing to the first objective - enhancing employability and economic opportunities. There is mixed progress under the second objective - strengthening natural resource management and climate resilience. Results from two operations approved in June 2017 will take time to materialize and some projects have experienced significant implementation delays due to institutional capacity and coordination issues, and a challenging procurement environment. There has been good progress under the third objective - improving the efficacy of PFM.

3. **The WBG proposes adjustments to the CPF to better support the government's emerging priorities related to the implementation of its Greater Malé development strategy and efforts to improve fiscal sustainability.** The government has been making progress in re-balancing fiscal expenditure, for which continued efforts is needed. The Greater Malé development strategy involves investments in larger islands for improved basic service delivery, protection of households from the impact of climate change and natural disasters, and creation economic opportunities to promote voluntary consolidation of its population. In this context, the WBG would focus more on Maldives' fiscal, economic, institutional, and physical resilience. The WBG also proposes to restructure the existing CPF objectives as CPF Focus Areas in line with general CPF practice.

4. **Under the restructured CPF framework, the WBG will maintain implementation flexibility given the country context.** The World Bank (WB) plans to deliver its support through more integrated, complementary operations and analytical work, including possible use of development policy financing (DPF) to support reforms for fiscal sustainability where the policy dialogue has strengthened. It will work toward stronger partnerships with other stakeholders to reduce the pressure on government counterpart capacity. IFC will focus on key development gaps related to inclusion, infrastructure and sustainability.

II. MAIN CHANGES IN COUNTRY CONTEXT

A. New and Emerging Country Development Issues

5. **The government is rapidly implementing the Greater Malé development strategy.** The Maldives consists of about 1,190 coral islands grouped into 26 atolls, spread over roughly 90,000 square kilometers. Its population is dispersed across the islands, many of them quite remote, and physically vulnerable to rising sea levels. In this context, the government is proceeding with the Greater Malé development

strategy to promote voluntary migration to larger islands. Under this strategy, the government is developing infrastructure, housing, and public services; and promoting economic development on the larger islands. The implementation of this strategy is costly and has led to an increase in debt as elaborated under the section on Recent Economic Developments and Outlook.

6. **The government has been taking a more proactive approach to fiscal and public financial management reforms.** In the last two years, the Maldives implemented some measures to strengthen their fiscal position including reduction of electricity subsidies, and maintenance of civil service hiring freeze. Thereby, it has increased resources for public investment and contained the debt/GDP ratio. The government has also taken steps to improve budget credibility and transparency. Fiscal out-turns are published monthly by the Ministry of Finance and Treasury (MoFT). MoFT is rolling out a new integrated financial management information system to support commitment controls and improve information and fiscal transparency. The Auditor General has published the audit reports on public debt and guarantees.

7. **Maldives' access to finance and trade is expanding.** During IDA18 (FY2018-2020) Maldives may be able to access more than double the amount of core IDA resources compared to its IDA17 (FY2015-2017) commitment of USD38.8 million, including USD16.5 million in IDA Regional Integration Window. Maldives is also eligible for financing from the IFC and for political risk insurance from MIGA covering foreign investments, including through the IDA18 IFC-MIGA Private Sector Window. In addition, all IDA countries, including the Maldives, can use Catastrophe Deferred Drawdown Option (CAT-DDO) and Pandemic Epidemic Facility (PEF), which was not possible during IDA17. Beyond IDA, there are new lenders such as the Asian Infrastructure Investment Bank that may extend non-concessional financing. Maldives successfully issued its first sovereign bond for USD200 million, rated B2 by Moody's and B+ by Fitch Rating, in the international market in June 2017. Maldives has actively sought investors and trade partners. In December 2017, the Maldives signed a free trade agreement with China.

8. **The operating environment has become more complex.** Since the Board discussed the CPF in April 2016, the political landscape has changed. Recent events have led to the country declaring a state of emergency¹, closure of Parliament and political unrests in the main capital, Malé. These points of strain are expected to continue in the run up to presidential and parliamentary elections in 2018 and 2019 respectively. Some public institutions face capacity and resourcing challenges and remain fragile. Additionally, the independence of the legislative, executive and judicial branches could be improved in accordance with the 2008 Constitution. Maldives is a relatively young democracy going through a complex process of establishing a new political structure as articulated in the Constitution

B. Recent Economic Developments² and Outlook

9. **Construction will continue to drive near-term growth, while tourism remains the single largest contributor to the Maldivian economy.** Since late 2014, construction has become the main driver of growth, growing at 17 percent in 2016. After peaking at 10.1 percent growth in 2013, the tourism sector slowed down between 2014 and 2016, due to a decline in tourist arrivals especially from China and Russia. Tourism bed night growth started to recover in 2016 and reached 10.6 percent in 2017. According to WB staff estimates, real GDP growth in 2017 was around the same as in 2016 of 6.2 percent.

¹ The state of emergency occurred February 4 to March 22, 2018

² World Bank staff estimates are based final 2017 fiscal data, preliminary estimates of 2017 GDP and balance of payments. These numbers are subject to change when final 2017 data is published.

10. **The government has made progress in rebalancing fiscal expenditure to accommodate the increase in capital expenditure.** The fiscal balance declined from 10.6 percent of GDP deficit in 2016 to 2.5 percent of GDP deficit in 2017. This change has been driven mainly by a reduction in public investment and in spending on food subsidies and on the Aasandha health care system. Excluding the Public Sector Investment Program, the underlying current fiscal balance shifted from a deficit of 2.0 percent of GDP in 2015 to an estimated surplus of 5.7 percent of GDP in 2017, reflecting revenue increases and current expenditure reforms.

11. **The current account deficit has widened reflecting large imports for investment.** It has increased from 3.2 percent in 2014 to an estimated 21.5 percent of GDP in 2016, driven by the large increase in investment-related imports, with FDI inflows reflecting investment into opening 13 resorts in 2017, and project loan disbursements into large infrastructure projects. Due to the bond issuance and capital inflows, gross official reserves recovered from USD467 million at end-2016 to USD586 million at end-2017, although usable reserves (after netting out short-term foreign currency liabilities to domestic banks) are only USD206 million, equivalent to about 1.1 months of goods imports.

12. **Public debt has continued to rise, and the risk of external debt distress is assessed as high by the joint World Bank-IMF Debt Sustainability Analysis.** Public debt excluding guarantees is estimated to have reached 61.9 percent of GDP (it was estimated at 59.7 percent of GDP in 2016). The public debt is attributed to external projected-related borrowing and the sovereign bond, while domestic T bills were redeemed. The country faces refinancing risk from the Eurobond combined with a low level of reserves and fiscal risks through guarantees. The vulnerability of the overall debt portfolio remains elevated, due to the short maturity of domestic debt. Public debt is expected to increase and then taper off towards 2020 with the completion of large construction projects. Maldives has accumulated a large volume of external loans on non-concessional terms and issued guarantees on non-concessional debt to finance infrastructure development including for the bridge between Malé and Hulhumalé, expansion of the main international airport, and housing construction. This has impacted the terms of the IDA financing in line with the IDA Non-Concessional Borrowing Policy (NCBP)³.

13. **The economic outlook is subject to a number of risks.** Maldives's economy faces exogenous risks such as a downturn in global economy, concerns about global terrorism, health pandemic, or natural disasters that may impact global travel. It also faces the risk of an increase in global commodity prices (*e.g.* of fuel prices) that will impact the economy given its heavy reliance on imports. In addition, with tourism being one of the largest contributor to the economy, any shocks to this sector may have a wider impact. It may lead to a reduction in fiscal revenue and in ancillary sectors that may require a fiscal adjustment to rebalance the fiscal accounts and the balance of payments; at the time that this PLR was prepared, data to measure the impact of the state of emergency was not available. There is also a risk of fiscal slippages, especially delays in controlling current expenditure and the realization of contingent liabilities through guarantees. Since 2017, the Maldives has been classified as a fragile state with the IMF based on two successive weak Country Policy and Institutional Assessment ratings that brought its three-year average below the 3.20 threshold.⁴ Table 1 captures the medium-term macro-fiscal framework for the Maldives.

³ The IDA Non-Concessional Borrowing Policy requires that Maldives, as an IDA grant eligible country, ensures a minimum grant element (35%) of its external borrowing.

⁴ The Maldives is not considered fragile by the World Bank in FY18.

Table 1. Medium-term Macro-fiscal Framework (Percent of GDP, unless otherwise indicated)

| | 2015 | 2016 | 2017e | 2018f | 2019f | 2020f |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Real GDP growth (%) | 2.2 | 6.2 | 6.2 | 5.5 | 4.5 | 4.9 |
| GNI per capita (USD, Atlas method) | 8,190 | 8,740 | | | | |
| CPI inflation (%) | 1.0 | 0.5 | 2.8 | 2.8 | 3.0 | 3.0 |
| Exchange rate (MVR/USD, average) | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 |
| | | | | | | |
| Revenue and grants | 27.8 | 28.4 | 28.6 | 27.7 | 26.8 | 25.9 |
| Tax | 19.9 | 20.5 | 20.8 | 20.1 | 19.3 | 18.7 |
| Non-tax | 6.8 | 7.5 | 7.2 | 7.2 | 7.0 | 6.9 |
| Grants | 1.0 | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 |
| Expenditure and net lending | 34.9 | 39.0 | 31.0 | 32.9 | 31.5 | 29.9 |
| Current | 27.2 | 24.9 | 21.3 | 22.0 | 21.2 | 20.4 |
| Capital | 7.7 | 14.1 | 9.8 | 10.9 | 10.3 | 9.5 |
| Fiscal balance | -7.1 | -10.6 | -2.5 | -5.2 | -4.8 | -4.0 |
| Primary fiscal balance | -4.9 | -8.8 | -0.8 | -3.1 | -2.7 | -2.0 |
| Current fiscal balance | -2.0 | 0.3 | 5.7 | 4.3 | 4.3 | 4.3 |
| Total public debt | 54.4 | 59.7 | 61.9 | 63.3 | 64.7 | 65.0 |
| | | | | | | |
| Current account | -7.6 | -24.4 | -21.3 | -19.8 | -19.5 | -19.3 |
| Tourism exports | 64.3 | 59.2 | 56.4 | 57.1 | 54.6 | 52.5 |
| Imports | 47.4 | 49.5 | 50.4 | 49.0 | 46.2 | 43.8 |
| Primary income | -8.3 | -8.3 | -7.9 | -8.1 | -7.7 | -7.2 |
| Secondary income | -8.6 | -14.9 | -8.6 | -8.7 | -8.9 | -9.2 |
| Financial account | 12.0 | 15.9 | 19.6 | 18.2 | 19.4 | 18.9 |
| FDI inflows | 7.5 | 10.8 | 15.8 | 8.6 | 6.8 | 6.5 |
| Net public borrowing | -0.5 | 3.0 | 5.2 | 4.5 | 2.8 | 3.3 |
| Net private borrowing | 3.6 | -6.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investment (net) | 1.5 | 8.2 | -1.4 | 5.1 | 9.9 | 9.2 |
| Official reserves (months of imports) | 3.6 | 2.7 | 3.0 | 2.8 | 2.8 | 2.6 |
| Usable reserves (months of imports) | 1.3 | 1.1 | 1.1 | 1.1 | 1.0 | 0.9 |

Note: Current fiscal balance is defined as total revenue and grants minus total expenditure excluding Public Sector Investment Program. Usable reserves are defined as official reserves held by MMA excluding short-term foreign currency liabilities to the banking sector.

Source: Ministry of Finance and Treasury, National Bureau of Statistics, Maldives Monetary Authority, WB staff projections.

C. Poverty Reduction and Shared Prosperity

14. **The incidence of poverty has declined but there are disparities.** The poverty headcount based on the national poverty line declined from 23 percent in 2003 to 16 percent in 2010. However, regional disparities exist: the poverty rate is highest in the Central, North, and Southern atolls. Malé is home to the largest share of poor individuals due to sustained migration from the smaller atolls. The latest poverty numbers were not yet released at the time this document was prepared.

15. **Maldives's growth has not been inclusive especially for young Maldivians.** Nearly half the population was under the age of 25 and in 2014. The unemployment rate for 15 to 24-year old was 25.3 percent (in the atolls, as high as 34 percent), more than double the rate for 25 to 64-year old's, and 44 percent of all unemployed youth resides in Malé. Youth face limited access to higher education, while those who are educated hold out for white collar jobs. Among the unemployed youths between the ages of 15 to 24 years old, focus is needed on those who are "Not in Education, Employment or Training" (NEETS). The combination of high unemployment and limited job opportunities for youths make them vulnerable to negative social influences such as drug abuse, gang-related activities, and extremist ideologies.

16. **Good progress has been made in women's health and education.** Maldives has performed well in promoting health and nutrition for women. Average life expectancy is 78.3 years, higher than for men (76.5 years) and above the regional average of 68.2 years.⁵ The proportion of women receiving prenatal care and of births attended by skilled staff reached 99.1 percent and 94.8 percent respectively in 2009 compared to the regional averages of 75 percent and 50 percent.⁶ In education, the Maldives have done exceptionally well across key indicators of gender equality such as literacy and primary school completion where women and men are on par. Maldivian women have traditionally been active in the labor market. Nevertheless, female labor force participation may be improved, where women's unemployment rate was estimated at 25 percent versus 9 percent for men.

17. **The Greater Malé development strategy aims to improve living conditions and livelihoods opportunities.** By implementing the Greater Malé development strategy to improve infrastructure, availability of quality housing, and public services on larger islands, the government is establishing the foundations for more economic opportunities. The government is also focusing on measures to mitigate the impacts of economic shocks and natural disasters, especially on the poor and vulnerable people.

III. SUMMARY OF PROGRAM IMPLEMENTATION

A. Overall Portfolio Performance

18. **The IDA portfolio has experienced implementation delays.** There are four investment operations with a total net commitment of USD52 million⁷ as well two large trust fund projects in the portfolio (see Annex 4). Two projects are rated unsatisfactory and one is performing poorly⁸; they have experienced implementation delays due to capacity, ownership and coordination, and procurement issues. Overall disbursement was 38 percent in FY2017.

19. **Advisory services and analytic work (ASAs) supporting policy dialogue and capacity building has also experienced delays.** ASAs for Maldives include resource mapping, macro monitoring and analysis, Financial Sector Assessment Program, non-bank mobile money, youth and gender, health financing sustainability, social protection support and poverty reduction. These ASAs seek to inform policy reform

⁵ World Development Indicators 2017.

⁶ Ibid.

⁷ Enhancing Education Development Project (P131331) is closing June 2018.

⁸ Sustainable Fisheries Resources Development Project (P157801) and the Maldives: Climate Change Adaptation Project (P153301) are in problem status as of May 30, 2018. The Renewable Energy Project ASPIRE (P145482) has been performing poorly.

and sector dialogue, and support institutional capacity building. Limited institutional capacity and over-stretched government counterpart resources have contributed to ASA delays.

20. **IFC has one active project in its portfolio, which continues to do well.** IFC’s only project is a 2008 equity investment in a housing finance institution. IFC continues to review opportunities for private sector engagement. MIGA has no outstanding exposure in the Maldives.

B. Overview of Program Implementation

21. **Progress toward most CPF objectives has been satisfactory.** The CPF identified 17 indicators across three objectives. Table 2 summarizes the status of progress toward reaching the targets. Of the 17 original CPF indicators, 5 have been achieved, 6 are on track to be achieved, and 6 indicators are off-track.⁹ Of those off-track, one relates to a target the government no longer regards as a priority and another lacks adequate specificity.

Table 2. Assessment of Progress against CPF Objective Indicators (Annex 3 provides a detailed update)

| CPF Objective Indicators | Number of Objective Indicators | | | |
|---|--------------------------------|----------|--------------|-------|
| | Achieved | On track | Not on track | Total |
| Objective 1: Enhancing employability and economic opportunities for Maldivians | 2 | 5 | 2 | 9 |
| Objective 2: Strengthening natural resource management and climate resilience | 1 | 1 | 1 | 3 |
| Objective 3: Improving the efficacy of public finance management and policy making | 2 | 1 | 2 | 5 |
| Total | 5 | 7 | 5 | 17 |

22. **The WB has committed to integrating the corporate priorities of gender, citizens’ engagement, and climate change, as well as governance into its operations.** In FY2018, the WB South Asia Region has committed to achieving 100 percent of operations being gender tagged. Based on a gender assessment completed in 2016, the WB is prioritizing interventions to promote economic empowerment and education/skills development for women. The WB is also integrating citizen engagement in all investment operations. Addressing climate change is a WBG priority, for which the WB South Asia Region has committed to reaching a target of at least 28 percent climate co-benefit in its operations in FY2018. For the Maldives, conserving the unique natural environment is especially critical for the tourism sector and strengthening preparedness and resilience to climate change is necessary as many of the islands are low lying. In this regard, three out of six operations in the portfolio focus on natural resource management. Through its operations and ASAs, the WB is promoting capacity building to strengthen institutions and their governance, including the Public Financial Management project.

⁹ The Results Matrix in Annex 3 summarizes recent progress against the original indicators and milestones in the CPS.

CPF Objective 1: Enhancing employability and economic opportunities for Maldivians

23. **Objective 1 is mostly on track to be achieved, supported by the WB's engagement in the education sector.** The Enhancing Education Development Project closing in June 2018, has been the main operation contributing to building human capital for employment. Through this project, the WB is meeting its gender action plan to ensure that female students also benefit from quality enhancing activities¹⁰. At the strategic level, the government has prepared a Master Plan for Higher Education, and assistance is ongoing to strengthen the organizations responsible for overseeing quality at tertiary as well as primary and secondary education. The WB has also provided ASAs to analyze the labor market. The analytical work on the Maldivian labor market focusing on youths and women using the latest Household Income and Employment Survey (HIES) should inform future labor policies and programs. However, the indicator "Government policy or programs informed on youth or gender" does not define the target program or policy and is too broad to assess so it will be dropped.

24. **The WB is also financing measures to improve inclusion in the financial and fisheries sectors.** In the financial sector, the WB has been carrying out ASAs for the development of a financial sector strategy and for promoting nonbank-led mobile money to improve financial inclusion of the bottom 40 percent of the population. The indicator to launch an operable nonbank-led mobile money solution by 2017 was achieved. The government is expected to adopt a financial sector development strategy in 2018. The Sustainable Fisheries Resource Project was approved in June 2017 with results pending implementation. The revised Results Matrix drops the objective indicator related to the sustainable development of guest houses, as no ASAs or lending materialized to contribute to this indicator.

CPF Objective 2: Strengthening natural resource management and climate resilience

25. **Progress has been mixed in achieving Objective 2.** The operations contributing to this objective are: Climate Change Adaptation Project (CCAP), Accelerating Private Investments in Renewable Energy Project (ASPIRE), and Maldives Clean Environment Project (MCEP). Both CCAP and ASPIRE are experiencing implementation delays and have been rated unsatisfactory. The CCAP is a three-year project begun in 2015 focusing on wetland management, solid waste management, and coral reef monitoring. It has attained the target of building capacity of island representatives in the atolls by 50 percent by 2017. It partially achieved the target to establish two waste management centers (one out of two) by 2018. The ASPIRE project, which aims to promote renewable energy has encountered significant delays due to contractual agreement issues, limited availability of appropriate roof space to meet the technical standards to install solar panels, and challenges in project ownership between the responsible ministry and the power purchasing body, State Electric Company Limited (STELCO). The target for increasing PV generation through private sector investment is 10MW by 2019; as of April 30, 2017 one operation of 1.5MW is being processed. The MCEP was approved in June 2017 with results pending implementation.

Objective 3: Improving the efficacy of PFM and policy making

26. **Objective 3 is mostly on track with some key exceptions.** Through the PFM project and related ASAs, the WB is contributing to increased budget transparency, better expenditure management

¹⁰ As of April 2018, the total number of students benefiting from access and quality enhancing activities is 66,600 of which, 49% (32,635) are female, Target was 50,000 students, including 48% female students by 2018.

(including the universal health coverage program, Aasandha), stronger procurement procedures, improved debt reporting, and development of the recently approved medium-term debt strategy. The indicators to provide public access to monthly in-year budget execution reports¹¹ within one month of completion, and the requirement for the government to approve a medium-term debt management strategy based on cost and risk analysis were achieved. However, the CPF is not on track in strengthening the internal audit function. The WB has been promoting data-driven policy making by supporting data collection, analysis and use of social-economic data. While the objective indicator for carrying out a new HIES by 2017 was achieved, a methodological problem in the consumption data collection has delayed analyses and release of new poverty line estimates.

C. Evolution of Partnerships and Leveraging

27. **The WBG is coordinating its efforts with the IMF and other development partners.** The WB and the IMF hold regular consultations on macroeconomic issues and collaborate on debt management and fiscal issues. It meets regularly with other development partners including the UN and the ADB to exchange information and coordinate activities. Given the Maldives' financing needs, the WB and IFC are working to identify opportunities to bring in private financing. The government has expressed interest in IFC investments and MIGA support for foreign investments in affordable housing finance, tapping the IDA18 IFC-MIGA Private Sector Window.

28. **The Maldives has not complied with IDA's Non-Concessional Borrowing Policy.**¹² As such, IDA financing in FY2018 is on a 50 percent grant and 50 percent credit basis, as opposed to the traditional 100 percent grant typical for countries at high risk of debt distress. A reassessment of the terms for lending for FY2019 is ongoing. Depending on the outcome, IDA may remove the restrictions on IDA terms or introduce additional measures, which may impact the volume of IDA lending to the Maldives. The WB may help the government use available core IDA financing to crowd-in resources, by co-financing with more expensive resources thereby increasing the grant element of financing from other partners (such as the Asian Infrastructure Investment Bank). The WB is contributing to strengthened debt management through the PFM project.

IV. EMERGING LESSONS

29. **Experience thus far in implementing the CPF suggests the importance of adaptability of WBG support.** The Maldives is implementing the Greater Malé development strategy at a rapid pace to address the unique development challenge of providing access to basic services to those living in sparsely populated islands. For this purpose, the country is accumulating debt including non-concession debt. This is occurring within a complex country context. It has been important for the WB to stay engaged and to maintain a continuous dialogue with the government on the country's more immediate development challenges - fiscal sustainability, need for cost effective and efficient way to provide basic services across its population, preparedness to natural disasters - and to determine the most suitable financing support. The proposed adjustments in Section V reflects this dialogue.

30. **The WB needs to consider the weak project implementation capacity in the project design, implementation, and in its internal working arrangements.** Based on the 2016 Country Portfolio

¹¹ They are the same as the Fiscal Development Report in the context of the Maldives.

¹² The IDA Non-Concessional Borrowing Policy requires that Maldives, as an IDA grant eligible country at high risk of debt distress, needs to ensure a minimum grant element (35%) of its external borrowing.

Performance Review, the main challenges are weak implementation and coordination capacity. Being a small state, the government staff number is necessarily small. Thus, while there may be counterpart staff with requisite skills, there are not a sufficient number of them. There are also budgetary constraints in adding staff to the project management units. The project design should consider these constraints. The WB should also hold regular meetings with government counterparts to review systemic implementation issues and resolve them. The WB also needs to better support the government in implementation. The Global Practices and the Country Management Unit are working together to ensure that task team members or team leads/co- leads are based in Sri Lanka or in the region. This allows for more frequent cost-effective visits, thereby addressing issues in real time with the clients.

31. Procurement is especially difficult in small states like the Maldives and requires continued attention. There is a limited market of contractors and suppliers given the relatively small size of most contracts. Maldives' scattered geography translates into higher costs, thus rendering contract bidding even less attractive. In addition, the constraints in country procurement capacity combined with the existing procurement system and approval processes have increased the delays and uncertainty for contractors and suppliers. Procurement delays have led to cost escalations in projects. Through the PFM project, the WB supports improvement in local procurement processes, which may in part address delays.

32. The implementation challenges call for maintaining a WB portfolio tightly focused on the CPF objectives. With the resources available under IDA18 resources, the WB is proposing a set of activities that reinforce each other to achieve maximum development impact. To improve project readiness for implementation the WBG and the government is agreeing on a rolling- program of support of three years, making adjusting the program to the government's emerging development priorities and to operational context of a proposed operation. The agreement maintains flexibility to respond to unforeseen shocks (e.g. natural disaster) by, for instance, building into individual operations Contingency Emergency Response Components.

33. IFC opportunities in the Maldives are limited. The small market, the dominance of the public sector in infrastructure development and lack of transparency in aspects of the regulatory environment (e.g. in licensing land for new investments) discourage private sector participation. To this end, IFC will remain selective and engage only in projects where it has a comparative advantage and significant additionality, where the private sector is welcome (e.g., in private-public partnerships), and where the business environment is conducive.

V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP FRAMEWORK

34. The WBG proposes adjustments to the CPF objectives and approach in view of country developments and implementation experience. The Systematic Country Diagnosis (October 2015) and CPF strategic goal remain valid. However, the government's efforts to achieve poverty reduction and shared prosperity have evolved with the rapid implementation of the Greater Male' development strategy. Moreover, the government has increased its efforts to promote fiscal sustainability and better financial management, and to strengthen its attention to climate resilience. Accordingly, the WBG proposes to update the CPF objectives as described in the subsequent paragraph. In doing so, it will align the structure of the CPF with other WBG CPFs. The PLR also proposes to extend the CPF period from three to four years, which will facilitate the preparation of the next CPF with the new government and align with the new IDA cycle. The WBG will incorporate the emerging lessons by providing integrated support over a longer planning horizon to help address implementation constraints. Annex 2 provides a detailed summary of all proposed changes to the CPF results framework.

35. **The adjustments would reflect more integrated support by the WBG to strengthen Maldives' fiscal sustainability, preparedness and resilience to natural disasters (financially and physically), and human capital.** This would entail potentially using DPF to reinforce and extend the government's fiscal sustainability initiatives that had not been envisioned during the CPF preparation when the policy dialogue on fiscal management was evolving. It would also involve the WB providing a CAT-DDO combined with a PEF, both new tools of support for IDA countries, to increase financial preparedness for exogenous shocks. In addition, the WB is considering new investment project financing to improve employment opportunities and to extend climate resilient physical infrastructure in more urban areas. Below is a summary of the updated focus areas, that update the original CPF objectives Annex 4 reflects the indicative pipeline of operations from FY2018 to 2020.

36. **Under Focus Area 1, the WBG will contribute to improving economic opportunities for Maldivians, especially for youth and women, under Focus Area 1.** Building on the Enhanced Education Development project, the WB will support youth and women's employment through a future operation that is expected to strengthen market relevant skills development. This focus area aligns with IDA18 Special Themes "Jobs and Economic Transformation".

37. **Under Focus Area 2, WBG would contribute to strengthening Maldives' preparedness and resilience to climate change, natural disasters, and other shocks.** To strengthen Maldives financial preparedness against such exogenous shocks, the WB plans to provide CAT-DDO and PEF that would provide important bridge financing to mitigate the immediate economic impact of a climate shock or health epidemic. The WB is also proposing to finance a project to strengthen urban infrastructure resilience, to support the government's Greater Malé development strategy. This initiative that has emerged through ongoing dialogue with the government will complement existing projects to address solid waste and natural resource management. IFC will promote renewable solutions, resource efficiency solutions and climate change adaptation and mitigation measures, where opportunity arises. This focus area aligns with IDA18 Special Themes "Climate Change".

38. **Under Focus Area 3, the WB proposes to address the immediate challenges of improving fiscal sustainability and budget credibility.** The Maldives needs to strengthen its fiscal position and management of its public debt, which is projected to rise in the medium term as the country invests in large infrastructure projects. Building on an active policy dialogue with the government to improve the macro-fiscal framework, the WB is discussing the potential of a programmatic DPF to support to fiscal sustainability and budget credibility. Such support would be complemented by the ongoing PFM project with proposed additional financing to increase the capacity for PFM, budget management, and procurement. Together, these initiatives may contribute to better managing non-concessional borrowing. This focus area aligns with IDA18 Special Themes "Governance and Institutions".

39. **IFC will address inclusion, infrastructure, and sustainability where opportunities arise, contributing to focus areas 1 and 2.** To promote inclusion, IFC will work with financial intermediaries to enable models of digital finance and gender parity. To address the infrastructure gap, IFC will support key affordable housing projects, climate resilient infrastructure and adaptation/resource efficiency projects contributing to population consolidation efforts. Lastly, on sustainability, IFC aims to reduce the cost of electricity by promoting renewable energy solutions.

VI. RISKS TO THE COUNTRY PARTNERSHIP FRAMEWORK

40. **The overall risk rating for the program is substantial.** The WBG financed operations face a range of risks in the Maldives. Table 3 indicates the ratings for the specific risk categories. In a broad sense, these risks stem from the combination of the Maldives’ economic and physical vulnerabilities as a small isolated island state and persistent institutional weaknesses.

Table 3. Summary of Systematic Operations Risk-rating

| Risk Categories | Ratings |
|--|--------------------|
| Political and Governance | High |
| Macroeconomic | High |
| Sector Strategies and Policies | Substantial |
| Technical design of project and program | Moderate |
| Institutional capacity for implementation and sustainability | Substantial |
| Fiduciary | Substantial |
| Environment and Social | Substantial |
| Stakeholders | Moderate |
| Other (climate, natural disasters, pandemics) | Substantial |
| Overall rating | Substantial |

41. **Political and governance risks are assessed as high.** Project preparation and implementation may be impacted by the complex operational environment. Recent events point to strains in the run up to parliamentary and presidential elections in 2018 and 2019 respectively. In other countries facing similar challenges, the WBG has experienced a slowdown in decision making and implementation of project activities. As such, this risk is now determined to be high. This risk may not be fully mitigated. Nevertheless, the WB will address the risk through continued dialogue and follow-up on implementation issues.

42. **Macroeconomic risk is assessed as high.** The Maldives’ economy is vulnerable to exogenous shocks, which may impact WBG financed activities. Given the economy’s reliance on tourism and fisheries and its import dependence for key inputs, any changes in income from tourism or fisheries or spikes in the price of key commodities will have a significant impact on economic activity. These could spill over to the implementation of the CPF, as the government shifts its resources to respond to such shocks. Maldives’ macroeconomic risk has increased in recent years due to a high level of debt, widening current account deficit, and low level of reserves. As such, this risk is now determined to be high. The proposed CPF program includes an integrated package of financing to help strengthen the macro-fiscal framework, promote greater financial preparedness to withstand shocks to its economy, and manage external debt.

43. **Sector strategies and policies risks are assessed as substantial.** The WBG support may be impacted by the pace of government’s implementation of its strategies and policies, which are affected by weak institutional capacities. In certain cases, particularly in the case of the DPF operations, incomplete reforms will significantly challenge the ability to have it approved.

44. **Institutional capacity for implementation and sustainability is assessed as substantial.** As noted under Emerging Lessons, limited capacity and weak coordination among government agencies are key challenges in the Maldives. In this regard, it is important for the WB to continue to consider implementation capacity in the project design and implementation arrangements. The WB will endeavor

to address implementation arrangements early on during project preparation. It fields more regular and frequent country visits of task team leaders or co-leaders to support the government in addressing institutional capacity issues. Institutional capacity also impacts fiduciary, environment, and social safeguards as discussed in the subsequent paragraphs.

45. **Fiduciary risk is assessed as substantial.** The ongoing PFM Systems Strengthening project is supporting PFM and procurement processes that affect project implementation. The proposed additional financing to the project will continue this support. However, as noted under Emerging Lessons, the overall procurement environment in the Maldives may still affect speed of project implementation.

46. **Environment and social risks are assessed as substantial.** The WB will work closely with government counterparts to consider environmental management and social risks of projects, and ensure appropriate follow-up. As the WB rolls out the new Environmental and Social Framework in the latter half of 2018, it will provide capacity building support to apply the new framework, as well as apply the existing safeguards policies to ongoing projects.

47. **Other risks assessed as substantial relate to climate change, natural disasters, and pandemics.** Preparedness for climate change and natural disasters is an essential element to WB operations in the Maldives. The Maldives is vulnerable to rising sea levels due to climate change and to natural disasters, particularly flooding. While natural disasters cannot be avoided, disaster preparedness and response readiness are critical. The WB is supporting disaster risk management and proposes to continue this effort through the options of extending a CAT-DDO and PEF. In addition, the WB is incorporating a contingency emergency response component in all new IPF operations to finance post-disaster related needs as and when they arise.

Annex 1: Maldives Updated CPF Results Matrix – Outcome and Milestones

| CPF Objectives and Indicators | Supplementary Progress Indicators | WBG Program |
|--|---|---|
| Focus Area 1: Promoting Economic Opportunities for Maldivians | | |
| Objective 1: Improved access and quality of primary through secondary education systems | | |
| <p>1.1 Student retention rates through higher secondary education (grades 1-12) <i>(reformulated)</i></p> <p>Baseline: 20% (2015) Target: 27% (2017)</p> <p>1.2 Number of students benefitting from access to quality-enhancing activities (including female) <i>(reformulated)</i></p> <p>Baseline: 22,000 -47% (2015) Target: 50,000- 48% (2018)</p> | <p>1.1.1 National Assessments of Learning Outcomes completed <i>(existing)</i></p> <p>Baseline: First national assessment of cognitive achievement in English and Mathematics completed (2015) Target: Two national assessments of cognitive achievement in English and mathematics completed (2017)</p> <p>1.1.2 Percent of atolls establishing and incorporating a quality assurance self-evaluation system in the school improvement plan <i>(reformulated)</i></p> <p>Baseline: 40% (2015) Target: 80% (2018)</p> | <p>Financing: Ongoing</p> <ul style="list-style-type: none"> ✓ Enhancing Education Development Project <p>Financing: Indicative</p> <ul style="list-style-type: none"> ✓ Enhancing Employability Attributes <p>ASA: Ongoing/Indicative</p> <ul style="list-style-type: none"> ✓ Enhancing Labor Market Participation and Resilience for Youth in the Maldives Through Behavioral Approach |
| Objective 2: Increased economic benefits from fishing industry | | |
| <p>2.1 Number of additional people benefitting from improved management and diversification of fishery sector <i>(new)</i></p> <p>Baseline: 0 (2017) Target: 400 (o/w 15% women) (2020)</p> <p>2.2 National income gained through mariculture production <i>(new)</i></p> | <p>2.1.1 Maldives complies with Indian Ocean Tuna Commission (IOTC) regulations <i>(new)</i>¹³</p> <p>Baseline: 78% (2017) Target: 80% (2020)</p> | <p>Financing: Ongoing</p> <ul style="list-style-type: none"> ✓ Maldives Sustainable Fisheries Project <p>ASA: Ongoing/Indicative</p> <ul style="list-style-type: none"> ✓ Sustainable Fisheries Support |

¹³ IOTC Assessment (Annual)

| CPF Objectives and Indicators | Supplementary Progress Indicators | WBG Program |
|--|--|---|
| Baseline: 0 (2017) Target: USD 3million (2020) | | |
| Objective 3: Increased access to non-bank financial services | | |
| 3.1 Number of additional people using mobile net-work operator in targeted atolls/areas Baseline: 0 (2015) Target: 75,000 (25% of total population by June 2020) | 3.1.1 Operable nonbank-led mobile money solution launched (<i>existing</i>) Baseline: No solution (2015) Target: Operable solution in place (2018) 3.2.1 Strategy for Financial Sector Development adopted (<i>existing</i>) Baseline: No (2015) Target: Yes (2018) | ASA: Ongoing/Indicative ✓ Enabling a Non-Bank Mobile Money Solution ✓ FSAP Development Module ✓ FSAP follow-up |
| Focus Area 2: Building Resilience to Climate Change, Natural Hazards and other exogenous shocks | | |
| Objective 4: Improved environment management | | |
| 4.1 Increase in share of total waste collected at the selected island level (<i>new</i>) Baseline: 0% Target: 25% (2020) | 4.1.1 Number of operational waste management center established (<i>existing</i>) Baseline: 0 (2015) Target: 2 (2020) | Financing: Ongoing ✓ Maldives Clean Environment Project ✓ Environmental Management Project ASA: Ongoing/Indicative |
| Objective 5: Enhanced preparedness for disaster risk management and climate change | | |
| 5.1 Percentage of island representatives trained in improved climate adaptive planning capacity in several sectors (<i>reformulated</i>) Baseline: 0% (2015) Target: 50% (2018) | 5.1.1 Number of people in selected atolls ¹⁵ directly benefiting from training on mainstreaming environmental management and climate change into island development planning and monitoring (<i>existing</i>) Baseline: 300- 5% (2015) | Financing: Ongoing ✓ Climate Change Adaptation Project Financing: Indicative ✓ CAT-DDO/PEF ✓ Maldives Urban Resilience Project ASA: Ongoing/Indicative: |

¹⁵ Addu and Gnaviyani

| CPF Objectives and Indicators | Supplementary Progress Indicators | WBG Program |
|---|---|--|
| <p>5.2 Number of people benefitting from improved emergency response system¹⁴ (<i>new</i>)</p> <p>Baseline:0 (2017) Target: 200,000 (2020)</p> | <p>Target: 800- 15% (2018)</p> <p>5.2.1 National Emergency Coordination Center established (<i>new</i>)</p> <p>Baseline: Not established (2017) Target: 1 established (2020)</p> <p>5.2.2 Urban fire and rescue capacity strengthened (<i>new</i>)</p> <p>Baseline: up to 7 stories (2017) Target: up to 15 stories (2020)</p> | <p>✓ Renewable Energy Resource Planning and Geospatial Planning</p> |
| Focus Area 3: Strengthening fiscal sustainability | | |
| Objective 6: Improved efficiency in public financial management | | |
| <p>6.1 Monthly in-year budget execution report¹⁶ is available to public within one month of completion (<i>existing</i>)</p> <p>Baseline: None (2015) Target: Available for 2016, 2017, 2018 and 2019.</p> <p>6.2 Internal audit function is operational in central government entities (CGEs)¹⁷ with revenue and/or expenditures of more than MVR 500 million (<i>existing</i>)</p> <p>Baseline: 4 CGEs (2015) Target: 7 CGEs (2020)</p> | <p>6.1.1 Credible macro-fiscal framework used for national budget preparation (<i>existing</i>)</p> <p>Baseline: No (2015) Target: Yes (2019)</p> <p>6.1.2 Medium Term Debt Management Strategy based on cost and risk analysis developed and approved (<i>existing</i>)</p> <p>Baseline: No (2015) Target: Yes (2020)</p> <p>6.1.3 Official poverty line endorsed by government (<i>existing</i>)</p> <p>Baseline: No (2015) Target: Yes (2018)</p> | <p>Financing: Ongoing</p> <p>✓ PFM Systems Strengthening Project</p> <p>Financing: Indicative</p> <p>✓ AF- PFM Systems Strengthening Project</p> <p>✓ Budget Credibility and Fiscal Sustainability DPF</p> <p>ASA: Ongoing/Indicative</p> <p>✓ Medium Term Debt Strategy</p> <p>✓ Macro Monitoring and Analysis</p> |

¹⁴ Urban Resilience Project

¹⁶ They are the same as the Fiscal Development Reports in the context of the Maldives.

¹⁷ They are also referred to as accountable government agencies (AGA) in the Maldives.

Annex 2: Maldives CPF Results Matrix – Summary of Proposed Changes to the Original Results Framework

| Original CPF Objectives and Indicators | Revision | Rationale for Change |
|--|--|---|
| | New CPF Focus Area 1: Promoting Economic Opportunities for Maldivians | The original CPF had no focus areas per standard CPF in other countries. The focus area has been added to align with the WBG’s ongoing engagement in Maldives. |
| Objective 1: Enhancing Employability and Economic Opportunities for Maldivians | <i>Dropped</i> | The original objectives are too broad and at a higher level, which is difficult to attribute. This has been adjusted and transformed to become a focus area. |
| Indicator 1.1: Regulatory framework for sustainable development of the guest-house segment of the tourism sector developed Baseline: No (2015) Target: Yes (2019) | <i>Dropped</i> | The indicator 1.1 has been dropped as the anticipated operation was delayed, and the focus has shifted where the government is no longer interested in Bank support for regulatory framework for guest house segment of tourism sector. |
| Indicator 1.2: Pilot for community-based management schemes for sustainable marine resources launched Baseline: No (2015) Target: Yes (2019) | Dropped | The indicator has been dropped as it is an input indicator rather than an outcome indicator. |
| Supplementary indicator 1.2.1: Framework for community-based management schemes for sustainable marine resources drafted Baseline: No (2015) Target: Yes (2018) | Dropped | The supplementary indicator has been dropped as this is a project level intermediary indicator rather than supplementary indicator for CPF objective. |
| Indicator 1.3: Operable nonbank-led money solution launched Baseline: No solution (2015) Target: Operable solution in place (2018) | Unchanged | The indicator remained unchanged. It is placed under the new objective 3 “Increased access to non-bank financial services” and is the supplementary indicator 3.1.1. |
| Supplementary Indicator 1.3.1: Legal framework that enables and regulates | Dropped | The supplementary indicator has been dropped as it is an input indicator at a project level rather than at CPF level. |

| Original CPF Objectives and Indicators | Revision | Rationale for Change |
|--|---------------------|--|
| operable nonbank-led money solution drafted Baseline: No Target: Yes | | |
| Indicator 1.4: Strategy for financial sector development adopted | Unchanged | The indicator remains unchanged. It is placed under the new objective 3 to become supplementary progress indicator 3.2.1. |
| Indicator 1.5: Survival rates increased through higher secondary (grades 1-12) Baseline: 20% Target: 27% | Reformulated | The indicator has been simplified to improve clarity. It is aligned with the revised CPF objective 1 “Improved access and quality of primary through secondary education systems”, to become indicator 1.1. |
| Indicator 1.6: National Assessments of Learning Outcomes completed Baseline: First national assessment of cognitive achievement in English and mathematics commenced (2015) Target: Two national assessments of cognitive achievement in English and mathematics completed (2017) | Unchanged | The indicator remains unchanged. It is placed under the revised CPF objective 1 “Improved access and quality of primary through secondary education systems” to become supplementary progress indicator 1.1.1. |
| Indicator 1.7: Proportion of atolls in which a system of quality assurance and self-evaluation is established and findings are incorporated in the implementation of school improvement plans Baseline: 40% (2015) Target: 80% (2017) | Merged | Indicator 1.7 and supplementary progress indicator 1.7.1 were merged and simplified to align with the ongoing program of activities under the new CPF objective 1 and supplementary progress indicator 1.1.2. |
| Supplementary indicator 1.7.1: Proportion of atolls implementing school Professional Development Programs informed by and related to quality assurance reviews Baseline: 40% (2015) Target: 80% (2017) | Merged | Same as above. |

| Original CPF Objectives and Indicators | Revision | Rationale for Change |
|--|---|---|
| <p>Indicator 1.8: Number of students who will benefit from access to quality-enhancing activities increased-including percentage female Baseline: 22,000 -47% (2015) Target: 50,000 -48% (2017)</p> | Dropped | The indicator has been dropped to streamline number of CPF indicators and to be consistent with the new CPF objective 1. |
| <p>Indicator 1.9: Government policy or programs informed in youth or gender Baseline: No (2015) Target: Yes (2019)</p> | Dropped | The indicator has been dropped as the objective is too broad to assess progress or attribute to WBG activities. |
| <p>Supplementary indicator 1.9.1: Gender assessment disseminated Baseline: No (2015) Target: Yes (2016)</p> | Dropped | The indicator has been dropped as this is an input rather than an output or outcome indicator. |
| | <p>New Objective 1: Improved access and quality of primary through secondary education</p> | This new objective was subsumed under the original CPF objective. It reflects the WB’s engagement in improving quality and access to primary and secondary education, which contribute to improving economic opportunities |
| | <p>New Objective 2: Increased economic benefits from fishing industry</p> | This new objective was subsumed under the original CPF objective. It reflects WB’s engagement in the Sustainable Fisheries project, which promotes economic opportunities in the fishing industry – an important contributor to the economy. |
| | <p>New indicator 2.1: Number of additional people benefitting from improved management and diversification of fishery sector Baseline: 0 (2017) Target: 400 (o/w 15% women) (2020)</p> | A new indicator is added to reflect and monitor the new objective 2 “Increased economic benefits from fishing industry”. The indicator will help identify number of people directly benefitting from improved management and diversification in the fishery sector. The ongoing Sustainable |

| Original CPF Objectives and Indicators | Revision | Rationale for Change |
|---|---|---|
| | | Fisheries project will directly contribute to this progress. |
| | New indicator 2.2: Increase in additional national income through mariculture production Baseline: 0 (2017) Target: USD3 million (2020) | A new indicator related to improving economic opportunities and growth has been added. It is consistent with the new CPF objective 2 and the ongoing WB intervention. |
| | New objective 3: Increased access to non-bank financial services | This new objective was subsumed under the original CPF objective 1. It captures the WB's ongoing work in financial inclusion. |
| | New indicator 3.1: Number of people using mobile network operator in targeted atolls/areas Baseline: 0 (2015) Target: 75,000 (25% of total population) (2020) | To monitor progress against the new objective 3 (above), this indicator has been added. |
| | New Focus Area 2: Building Resilience to Climate Change, Natural Hazards and Other Exogenous Shocks | The original CPF had no focus areas per standard CPF in other countries. The focus area is based on the original CPF objective 2, and is aligned to the WBG's ongoing and emerging engagement related to climate change, natural hazards, and other exogenous shocks. |
| Objective 2: Strengthening natural resource management and climate resilience | Dropped | The objective was dropped as it was defined broadly and is more of a focus area. |
| Indicator 2.1: Percentage of targeted island representatives in Addu and Gnaviyani atolls who demonstrate improved capacities to plan and manage multisectoral measures Baseline: 0% (2015) Target: 50% (2018) | Reformulated | The indicator was reformulated to improve clarity and align with the new CPF objective 5, and is now indicator 5.1. |
| Supplementary indicator 2.1.1: Number of people in Addu and Gnaviyani atolls who | Unchanged | The supplementary indicator remains unchanged and is now under the new |

| Original CPF Objectives and Indicators | Revision | Rationale for Change |
|--|---|--|
| <p>directly benefit from Atoll/Island Councils and from training on mainstreaming environmental management and climate change into island development planning monitoring -including percentage female Baseline: 300- 5% (2015) Target: 800 – 15% (2018)</p> | | <p>objective 5 as supplementary progress indicator 5.1.1.</p> |
| <p>Indicator 2.2: Number of operational waste management centers in Fuvahmulah and Hithadoo atolls Baseline: 0 (2015) Target: 2 (2018)</p> | <p>Reformulated</p> | <p>The indicator has been revised to be aligned with the ongoing program for solid waste management. The indicator has been reflected under the new CPF objective 4: Improved environment management and is now supplementary indicator 4.1.1.</p> |
| <p>Indicator 2.2.1: Strategic options study on solid waste management completed Baseline: No (2013) Target: Yes (2017)</p> | <p>Dropped</p> | <p>The indicator is a project level input indicator and so is being dropped to streamline the number of indicators.</p> |
| <p>Indicator 2.3: PV generation in Maldives increased through private investment Baseline: 2 MW Target: 10 MW</p> | <p>Dropped</p> | <p>The ongoing program is not on track and there is uncertainty about the progress given that the work on increasing PV generation through private investment is in early stages of development.</p> |
| <p>Indicator 2.3.1: Standard contracts and guidelines developed for private-sector investment in PV generation in Maldives</p> | <p>Dropped</p> | <p>The indicator is a project level indicator, and so has been dropped.</p> |
| | <p>New objective 4: Improved environment management</p> | <p>This area was subsumed under the original CPF objective 2. The new CPF objective reflects WB’s ongoing engagement in environment management.</p> |
| | <p>New indicator 4.1: Share of total waste collected at the selected island level Baseline: 0%</p> | <p>A new indicator has been added to monitor the new CPF objective 4 which is consistent with the WB’s engagement in improving solid waste management in selected atolls.</p> |

| Original CPF Objectives and Indicators | Revision | Rationale for Change |
|---|---|--|
| | Target: 25 % (2020) | |
| | New objective 5: Enhanced preparedness for disaster risk management and climate change | A new CPF objective related to strengthening capacity and preparedness for disaster risk management and climate change has been introduced, to be consistent with greater focus on resilience. |
| | New indicator 5.2: Number of people benefitted from improved emergency response system Baseline: 0 (2017) Target: 200,000 (2020) | This new indicator has been introduced to monitor Maldives capacity for emergency response system. |
| | New supplementary indicator 5.2.1: National Emergency Coordination Center established Baseline: Not established (2017) Target: 1 established (2020) | This new supplementary progress indicator would build the foundation for National emergency coordination center. It is consistent with the indicative WB's Urban Resilience program. |
| | New supplementary indicator 5.2.2: Urban fire and rescue capacity strengthened Baseline: up to 7 stories (2017) Target: up to 15 stories (2020) | A new indicator has been added to reflect to align with WB's planned support to strengthen Maldives urban emergency fire and rescue capacity. |
| | New Focus Area 3: Strengthening fiscal sustainability | The original CPF had no focus areas per standard CPF in other countries. The focus area has been added to align with the WBG's support to strengthen fiscal sustainability. |
| Objective 3: Improving the efficacy of public financial management and policy making | Reformulated and New objective 6: Improved efficiency in public financial management | The original CPF objective 3 has been reformulated in line with the focus of WB support for strengthening fiscal sustainability and PFM, and is now objective 6. |
| | | |

| Original CPF Objectives and Indicators | Revision | Rationale for Change |
|--|----------------------------|--|
| <p>Indicator 3.1: Public access to monthly in-year budget execution reports¹⁸ provided with one month of completion Baseline: No (2015) Target: Yes (2019)</p> | <p>Reformulated</p> | <p>The indicator has been slightly reformulated to better capture the impact of budget efficiency and credibility through public access to monthly budget execution reports. The revised indicator is under the new CPF objective 6 “Improved efficiency in PFM” and now indicator 6.1</p> |
| <p>Indicator 3.1.1: Financial statement audits (conducted in accordance with international audit standards) reported in Parliament Baseline: 5 pilots (2015) Target: 9 pilots (2016)</p> | <p>Dropped</p> | <p>The supplementary indicator has been dropped as the pilot to audit financial statements is making slow progress, and further support is needed.</p> |
| <p>Indicator 3.2: Internal audit function is operational in central government entities (CGEs)¹⁹ with revenues and/or expenditures of more than MVR500 million Baseline: 4 CGEs (2015) Target: 7 CGEs (2019)</p> | <p>Unchanged</p> | <p>The indicator remained unchanged and is reflected under the new CPF objective 6, and is now indicator 6.1.</p> |
| <p>Supplementary indicator 3.2.1: Performance audits (conducted in accordance with international audit standards) reported to parliament Baseline: 1 pilot (2015) Target: 3 pilots (2016)</p> | <p>Dropped</p> | <p>The indicator is not on track as the Auditor General is not actively carrying out Performance audits. However, the WB will continue to monitor this activity through its ongoing program on PFM.</p> |
| <p>Supplementary indicator 3.2.2: Credible macro fiscal framework used for national budget preparation Baseline: No (2015) Target: Yes (2019)</p> | <p>Unchanged</p> | <p>The indicator remained unchanged and moved under the new CPF objective 6 and supplementary indicator 6.2.1.</p> |

¹⁸ They are the same as the Fiscal Development Reports in the context of the Maldives.

¹⁹ They are also referred to as accountable government agencies (AGA) in the Maldives.

| Original CPF Objectives and Indicators | Revision | Rationale for Change |
|--|--|---|
| <p>Indicator 3.3: Medium term debt management strategy based on cost and risk analysis approved by government Baseline: No (2015) Target: Yes (2017)</p> | <p>Merged</p> | <p>The indicator 3.3 and 3.3.1 have been merged to simplify and better define it. objectives. It is aligned with the WB's ongoing program, and is reflected as the new indicator 6.3.1.</p> |
| <p>Supplementary indicator 3.3.1: Medium term debt management strategy based on cost and risk analysis developed Baseline: No (2015) Target: Yes (2016)</p> | <p>Merged</p> | <p>Same as above.</p> |
| <p>Indicator 3.4: New HIES conducted Baseline: HIES 2009-10 (data constraints limited poverty measurement and analysis) Target: New and improved HIES conducted (2017)</p> | <p>Dropped</p> | <p>The indicator reflects WBG activities that is an input to a process and not an outcome. It has been dropped to be consistent with the revised CPF objective.</p> |
| <p>Supplementary indicator 3.4.1: New labor force Survey (LFS) (that analyzes sex-disaggregated data on the wage gap and its determinants) conducted Baseline: No LFS existent (2015) Target: Pilot LFS (with question on sex-disaggregated data in the wage gap and its determinants) conducted (2017)</p> | <p>Dropped</p> | <p>The indicator has been dropped as it is a process indicator rather than an outcome oriented indicator.</p> |
| <p>Indicator 3.5: Official poverty line endorsed by government Baseline: No (2015) Target: Yes (2018)</p> | <p>Reformulated into supplementary indicator 3.1.3.</p> | <p>The indicator has become a supplementary indicator, given the importance of updating the poverty numbers for targeting social protection support.</p> |
| <p>Indicator 3.5.1: National Social Protection Agency finalizes bundle package rate for medical admissions that consist of 40% of total overseas admissions and payouts Baseline: No (2015) Target: Yes (2018)</p> | <p>Dropped</p> | <p>The indicator has been dropped as it is a process indicator rather than an outcome oriented indicator.</p> |

Annex 3: Maldives CPF Original Results Matrix Status Update

| Strategic Goal: Enabling More Inclusive and Sustainable Growth | |
|--|---|
| CPF Objective Indicator | Supplementary Indicators |
| CPF Objective 1: Enhancing employability and economic opportunities for Maldivians | |
| <p>1.1. Regulatory framework for sustainable development of the guest-house segment of the tourism sector developed Baseline: No (2015) Target: Yes (2019)</p> <p><i>Status at PLR: Not on track. The anticipated project that would have contributed to this objective indicator did not materialize and this indicator has been dropped.</i></p> | |
| <p>1.2. Pilot for community-based management schemes for sustainable marine resources launched Baseline: No (2015) Target: Yes (2019)</p> <p><i>Status at PLR: On track. The Sustainable Fisheries Resource Project became effective in July 2017 and so it is too early to see results. The project intends to improve management of fisheries at the national and regional levels including supporting the establishment of mariculture in targeted remote atolls.</i></p> | <p>1.2.1. Framework for community-based management schemes for sustainable marine resources drafted Baseline: No (2015) Target: Yes (2018)</p> <p><i>Status at PLR: On track. Conceptual outline of the framework was drafted early 2017. The draft will be further improved using experience of the pilot mariculture activities in 2018. The new Bank-financed fisheries project will monitor the progress of community based management schemes.</i></p> |
| <p>1.3. Operable nonbank-led mobile money solution launched Baseline: No solution (2015) Target: Operable solution in place (2018)</p> <p><i>Status at PLR: Achieved. Two mobile network operators have launched mobile money wallets in April and October 2017. Non-bank led mobile money regulations in place since end of 2016.</i></p> | <p>1.3.1. Legal framework that enables and regulates operable nonbank-led mobile money solution drafted Baseline: No (2015) Target: Yes (2018)</p> <p><i>Status at PLR: On track. Payment System Act was submitted to parliament. E-money regulation is being drafted.</i></p> |
| <p>1.4. Strategy for Financial Sector Development adopted Baseline: No (2015) Target: Yes (2018)</p> | |

| Strategic Goal: Enabling More Inclusive and Sustainable Growth | |
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| CPF Objective Indicator | Supplementary Indicators |
| <p><i>Status at PLR: On track. The government accepted the Financial Sector Assessment Program (FSAP) recommendation regarding the need for a financial sector strategy. The Financial Sector Strategy will be drafted under the FSAP follow up technical assistance.</i></p> | |
| <p>1.5. Survival rates increased through higher secondary education (grades 1–12) Baseline: 20% (2015) Target: 27% (2017)</p> <p><i>Status at PLR: Achieved. The survival rate reached 30 percent mid-2017, exceeding the target.</i></p> | |
| <p>1.6. National Assessments of Learning Outcomes completed Baseline: First national assessment of cognitive achievement in English and mathematics commenced (2015) Target: Two national assessments of cognitive achievement in English and mathematics completed (2017)</p> <p><i>Status at PLR: On track. The first national assessment for learning outcomes for English, Mathematics and Dhivehi was completed. The second national assessment of learning outcomes for these subjects is currently in process.</i></p> | |
| <p>1.7. Proportion of atolls in which a system of quality assurance self-evaluations is established and findings are incorporated in the implementation of school improvement plans Baseline: 40% (2015) Target: 80% (2017)</p> <p><i>Status at PLR: On track. As of September 2017, 76 percent of the atolls have established a system of quality assurance of self-evaluations. Their findings are incorporated in the implementation of school improvement plans.</i></p> | <p>1.7.1. Proportion of atolls implementing school Professional Development Programs informed by and related to quality assurance reviews Baseline: 40% (2015) Target: 80% (2017)</p> <p><i>Status at PLR: Achieved. As of September 2017, 85 percent of the atolls implementing school Professional Development Programs informed by and related to quality assurance reviews.</i></p> |

| Strategic Goal: Enabling More Inclusive and Sustainable Growth | |
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| CPF Objective Indicator | Supplementary Indicators |
| <p>1.8. Number of students who will benefit from access to quality-enhancing activities increased—including percentage female Baseline: 22,000—47% (2015) Target: 50,000—48% (2017)</p> <p><i>Status at PLR: On track.</i> As of August 2017, 49,530 students, of which 49 percent are female, have benefitted from quality enhancing activities.</p> | |
| <p>1.9. Government policy or programs informed on youth or gender Baseline: No (2015) Target: Yes (2019)</p> <p><i>Status at PLR: Not on track.</i> The objective indicator is defined too broad to determine whether it is on track or not.</p> | <p>1.9.1. Gender assessment disseminated Baseline: No (2015) Target: Yes (2016)</p> <p><i>Status at PLR: Achieved.</i> The ASA was completed and the report, ‘Understanding Gender in Maldives: Toward Inclusive Development’ was published and disseminated in Male in 2016. A group named ‘Filmmakers Without Borders’ filmed some short movies with Maldivian youth (boys and girls) that told the story of youth and gender in the Maldives from the perspective of young people themselves, which were disseminated.</p> |
| CPF Objective 2: Strengthening natural resource management and climate resilience | |
| <p>2.1. Percentage of targeted island representatives in Addu and Gnaviyani atolls who demonstrate improved capacities to plan and manage multisectoral measures Baseline: 0% (2015) Target: 50% (2018)</p> <p><i>Status at PLR: Achieved.</i> Target was exceeded with 45 out of 71 targeted island representatives trained in planning and management of multisectoral measures.</p> | <p>2.1.1. Number of people in Addu and Gnaviyani atolls who directly benefit from Atoll/Island Councils and from training on mainstreaming environmental management and climate change into island development planning and monitoring—including percentage female Baseline: 300—5% (2015) Target: 800—15% (2018)</p> <p><i>Status at PLR: On track.</i> 492 persons trained of which 10% are women. Extra effort is being made by the project management unit to preferentially select women as project beneficiaries.</p> |
| <p>2.2. Number of operational integrated waste management centers in Fuvahmulah and Hithadhoo atolls Baseline: 0 (2015) Target: 2 (2018)</p> | <p>2.2.1. Strategic options study on solid waste management completed Baseline: No (2013) Target: Yes (2017)</p> |

| Strategic Goal: Enabling More Inclusive and Sustainable Growth | |
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| CPF Objective Indicator | Supplementary Indicators |
| <p><i>Status at PLR: On track. One waste management center is being established and operationalized. The second waste management center is being established but not operational yet.</i></p> | <p><i>Status at PLR: Not on track.</i></p> |
| <p>2.3. PV generation in Maldives increased through private investment Baseline: 2 MW (2015) Target: 10 MW (2019)</p> <p><i>Status at PLR: Not on track. The first operation of 1.5 MW project and guarantee agreement in Hulhumale is being processed. The work on installing PV panels to 1000 housing unit has started in Hulhumale.</i></p> | <p>2.3.1. Standard contracts and guidelines developed for private-sector investment in PV generation in Maldives Baseline: No (2015) Target: Yes (2017)</p> <p><i>Status at PLR: Contracts developed; sub-project awarded based on bid package developed; construction ongoing using developed contracts.</i></p> |
| CPF Objective 3: Improving the efficacy of public financial management and policy making | |
| <p>3.1. Public access to monthly in-year budget execution reports²⁰ provided within one month of completion Baseline: No (2015) Target: Yes (2019)</p> <p><i>Status at PLR: Achieved. Budget execution reports (BERs) are being produced daily and used for economic decision making. They are published monthly at the Ministry of Finance and Treasury (MoFT) website. The Budget documents for 2016 are published on the MoFT website</i></p> | <p>3.1.1. Financial statement audits (conducted in accordance with international audit standards) reported to Parliament Baseline: 5 pilots (2015) Target: 9 pilots (2016)</p> <p><i>Status at PLR: Not on track. Annual financial statements for FY15 produced and sent to Auditor General. Only one set of Financial Statements has been issued as a pilot (2013) and the government is working on the 2016 statement.</i></p> |
| <p>3.2. Internal audit function is operational in central government entities (CGEs)²¹ with revenues and/or expenditures of more than MVR 500 million Baseline: 4 CGEs (2015) Target: 7 CGEs (2019)</p> <p><i>Status at PLR: Not on track. Only 4 CGEs (57%) over MVR 500 revenue/expenditure have internal audit units. Budget Process Review (BPR) consultancy commenced to support internal audit</i></p> | <p>3.2.1. Performance audits (conducted in accordance with international audit standards) reported to Parliament Baseline: 1 pilot (2015) Target: 3 pilots (2016)</p> <p><i>Status at PLR: Not on track. Auditor General is not actively pursuing carrying out performance audits. The additional financing to the PFM project is expected to have a component on external audit that will support this work stream.</i></p> |

²⁰ They are the same as the Fiscal Development Reports in the context of the Maldives.

²¹ They are also referred to as accountable government agencies (AGA) in the Maldives.

| Strategic Goal: Enabling More Inclusive and Sustainable Growth | |
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| CPF Objective Indicator | Supplementary Indicators |
| <i>in verifying budget execution reports²². Year 2 target not met due to delay in the BPR consultancy.</i> | |
| | <p>3.2.2. Credible macro-fiscal framework used for national budget preparation Baseline: No (2015) Target: Yes (2019)</p> <p><i>Status at PLR: On track. The MoFT has received training on macro-fiscal modeling. The 2017 budget looks more realistic than previous budgets.</i></p> |
| <p>3.3. Medium-term debt management strategy based on cost and risk analysis approved by government Baseline: No (2015) Target: Yes (2017)</p> <p><i>Status at PLR: Achieved. MoFT approved a medium-term debt management strategy for 2018-20 in July 2017.</i></p> | <p>3.3.1. Medium-term debt management strategy based on cost and risk analysis developed Baseline: No (2015) Target: Yes (2016)</p> <p><i>Status at PLR: Achieved. MoFT developed a medium-term debt management strategy for 2016-18 after training provided by the WB in September 2015. The strategy draws on an assessment of the cost and the risk of the debt portfolio.</i></p> |
| <p>3.4. New HIES conducted Baseline: HIES 2009–10 (data constraints limited poverty measurement and analysis) Target: New and improved HIES conducted (2017)</p> <p><i>Status at PLR: On track. The Household Income and Economic Survey (HIES) 2016 data was collected and the WB team has collaborated with the National Bureau of Statistics to clean and analyze the data. The data has not yet been released at the time that this PLR was being prepared.</i></p> | <p>3.4.1. Pilot labor force survey (LFS) (that analyzes sex-disaggregated employment data and sex-disaggregated data on the wage gap and its determinants) conducted Baseline: No LFS existent (2015) Target: Pilot LFS (with questions on sex-disaggregated employment and wage gap data) conducted (2017)</p> <p><i>Status at PLR: On track. NBS implemented a pilot of the LFS in Male in November 2017.</i></p> |
| <p>3.5. Official poverty line endorsed by government Baseline: No (2015) Target: Yes (2018)</p> <p><i>Status at PLR: Not on track. The new HIES is currently being analyzed. There have been issues with the consumption data that was collected.</i></p> | <p>3.5.1. National Social Protection Agency finalizes bundle package rate for medical admissions that consist of 40% of total overseas admissions and payouts Baseline: No (2015) Target: Yes (2018)</p> <p><i>Status at PLR: Not on track.</i></p> |

²² They are the same as the Fiscal Development Reports in the context of the Maldives.

| Strategic Goal: Enabling More Inclusive and Sustainable Growth | |
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| CPF Objective Indicator | Supplementary Indicators |
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Annex 4: Maldives Completed, Ongoing, and Indicative Activities (Financing and ASA-FY2017-FY2020)

| CPF Results Area | IDA/TF financing | ASA |
|--|--|--|
| <p>Focus Area 1 Promoting economic opportunities for Maldivians</p> | <p>Portfolio</p> <ul style="list-style-type: none"> Enhancing Education Development Project - Approved FY13, closing June 2018 (USD10 million) Maldives Regional Fisheries Project – Approved FY17, closing Dec 2022 (USD17.5 million) | <p>Completed</p> <ul style="list-style-type: none"> Youth and Gender Social Inclusion and Economic Empowerment in the Maldives – Completed FY16 Maldives FSAP Development Module – Completed FY17 |
| | <p>Pipeline (FY18-20) Enhancing Employability through Human Capital and Entrepreneurship Development – FY19 (USD15 million)</p> | <p>Ongoing</p> <ul style="list-style-type: none"> Maldives #C001 Enabling a Non-Bank Mobile Money Solution – Complete FY19 Enhancing Employability and Resilience for Youth in the Maldives through a Behavioral Approach – Complete FY19 |
| <p>Focus Area 2 Building resilience to climate change, natural disasters, and other exogenous shocks.</p> | <p>Portfolio</p> <ul style="list-style-type: none"> Climate Adaptation Project – Approved FY15, closing June 2018(USD4.2 million) Renewable Energy Project – Approved FY14, closing Dec 2019(USD27.6 million) Maldives Clean Environment Project – Approved FY17, closing Dec 2023 (USD18 million) | <p>Ongoing</p> <ul style="list-style-type: none"> Renewable Energy Resource Mapping and Geospatial Planning – Complete FY20 |
| | <p>Pipeline (FY18-20)</p> <ul style="list-style-type: none"> CAT-DDO/PEF - FY19 (USD10 million) * Maldives Urban Resilience Project – FY19 pipeline (USD15 million) | |
| <p>Focus Area 3 Strengthening fiscal sustainability</p> | <p>Portfolio</p> <ul style="list-style-type: none"> PFM (PFM) Systems Strengthening Project – closing Jul 2019 (USD6.5 million) | <p>Completed</p> <ul style="list-style-type: none"> Medium Term Debt Strategy – Completed FY16 TA to Universal Health Insurance prog – Completed FY17 Poverty& Shared prosperity program – Completed FY17 |

| CPF Results Area | IDA/TF financing | ASA |
|------------------|---|---|
| | <p>Pipeline (FY18-20)</p> <ul style="list-style-type: none"> • PFM Additional Financing – FY18 (USD12 million) * • Fiscal Sustainability Development Policy financing – FY19 (USD20 million) * | <p>Ongoing</p> <ul style="list-style-type: none"> • Health financing sustainability in Maldives – Complete FY18 • Maldives Social Protection Support TA – Complete FY19 • Maldives Macro Monitoring and Analysis Program – Complete FY19 • Programmatic Poverty Work FY18-20 – Complete FY21 |

Note: “*” Indicates new activities, which were not indicated in the original CPS

**Annex 5: Summary of the Joint Consultation Meetings on the PLR
Performance and Learning Review of the Country Partnership Framework for the Maldives FY16-19
January 21, 2017**

On January 21, 2017, consultations were held in Male, Maldives with the government, development partners and other stakeholders. The list participants are attached.

Government

- **General comments.** The government was generally comfortable with the draft assessment of, and proposed adjustments to, the Country Partnership Framework.
- **Country context.** Clarifications were sought regarding impact of elections preparation and implementation of WBG operations, as well as the exogenous factors that may impact tourism. In this regard, the World Bank noted that in many countries a slowdown in project preparation and implementation and associated decision making is experienced, especially in the immediate days preceding and following elections. As for the possible exogenous factors impacting tourism, they may include situations in the originating country (e.g. economic downturn in the originating country) and concerns related to global travel security. Regarding gender equity, the government clarified on the proactive measures to promote hiring of women in government and elsewhere to address the higher level of female unemployment.
- **Implementation challenges.** The stretched staff resources and constraints to adding qualified individuals for project management units (e.g. budget and space) to support implementation and monitoring of project activities were discussed. The Ministry of Environment is facing an acute challenge. In this regard, the possibility to use an existing PMU to support more than one project was raised. In addition, the possibility to centralize some project functions such as procurement was noted, which could be supported through the PFM Additional Financing. The issue of accessibility to STEP given its frequent maintenance and impact on projects (especially to close projects) was noted as a concern.
- **IFC support.** Regarding the limited support by the IFC raised by the government, it was noted that IFC is carrying out a review to determine sectors where it may potentially engage.
- **Proposed extension of the CPF period by one year.** The proposal was briefly discussed, including the rationale, which was broadly supported.

Development partners

- **General comments.** Participants appreciated the opportunity to get an overview of the WBG's program in the Maldives. Given the small island context, the importance of coordinating and sharing of information among development partners was considered particularly important. The monthly Development Partners meeting is an important venue in this regard. Interest was expressed in carrying out jointly or contributing to the future systematic country diagnostic by the WBG.
- **Development strategy.** There were questions raised about any analysis carried out on the environment and social impact of the Greater Male Development Strategy and the promotion of

population consolidation, basis for WBG's longer term development support in the absence of a national development plan, and promoting greater openness of government. The WBG noted that it has not been asked to carry out analysis on the Greater Male Development Strategy, where the Asian Development Bank is more actively engaged. It also clarified that the basis of the WBG support is the 2013 Manifesto, while individual projects are based on government request. The WBG shared with participants its efforts to support evidence based decision making, through support to the Household Income and Employment Survey. An observation was made that the WBG support seems to be more short-term focused, while there is a need to consider the longer-term development challenges, particularly to address climate change.

- **Macro-economic context.** Interest was expressed in the macro fiscal situation in the Maldives including ability for the country to repay and risks of non-payment and implications of borrowing from China. In this regard, the WBG commented on its ongoing engagement to strengthen public financial management, and support it has offered to address debt management. Regarding efforts to improve the country's social protection program, the WBG commented on technical assistance provided for health financing and insurance, social protection support, and future operations that is expected to improve the fiscal sustainability of the cash transfer program targeted to the poor. In response to a question on monitoring the use of project resources, the WB noted the ongoing implementation monitoring carried out for IDA and trust funded projects.

Other stakeholders

- **Macroeconomic context.** Concerns were raised about the impact of the country's non-concessional borrowing, how the WB's projects are contributing to the country's development, and ability to repay. The WB commented on its support for public financial management.
- **Addressing climate change.** Questions asked about the implementation challenges faced in projects addressing climate change and natural resource management, where the WB program is showing mixed progress. The WB commented on challenges faced such as the stretched capacity of government and procurement challenges including limited market for contractors and suppliers given the relatively small size of most contract and higher cost associated with working across islands.
- **Support for social development.** The need to support youth employment and to focus on specific group such as women and the disabled were discussed. In this regard, the WBG mentioned the future project focusing on creating jobs. Regarding promotion of human rights, the WB noted that the Environment and Social Framework integrates social aspects in those projects that it finances. Regarding data on employment, the WB commented on the challenge of defining unemployment (e.g. there may be jobs available but no interest in working in those jobs).
- **Constraints in housing finance.** Regarding the issue of housing finance and few products available to support purchase of houses, IFC commented on its ongoing investment for affordable housing.

**List of Participants
Government Officials**

| Project/Govt. Agency | Name | Designation |
|------------------------------|--|----------------------------------|
| ASPIRE - MEE | Akram Waheed | Engineer/ Specialist Coordinator |
| CCAP - MEE | Maumoon Khalid | Project Coordinator |
| | Ajwad Musthafa | Permanent Secretary |
| MCEP - MEE | Ahmed Murthaza | DG/Waste Management Department |
| | Ahmed Nizam | Project Manager |
| EEDP - MoE | Waleeda Mohamed | Project Coordinator |
| | Aishath Rizna | Senior Project Officer |
| PFM - MoFT | Abdulla Hassan | Project Director |
| Sustainable Fisheries - MoFA | Zaha Waheed | Project Director |
| | Adam Ziyad | Coordinator |
| | Aminath Lubna | Coordinator |
| MOFT | Arif Hilmy Zahidha Mahmoodh Mohamed Anas | |

Development Partners

| | Name | Position and Agency |
|---|----------------------|--|
| 1 | Saito Hiroshi | Country Rep, Japan International Cooperation Agency (JICA) |
| 2 | Aishath Nahuma | Program Officer, Japan International Cooperation Agency (JICA) |
| 3 | Arvind Mathur | Country Representative, WHO |
| 4 | Nasheeth Thoha | Assistant Resident Representative, UNDP |
| 5 | Shahida Abdul Rahman | Project Coordinator, IOM |
| 6 | Munir Safieldin | Country Representative, UNICEF |

Others:

| | Name | Position and Agency |
|---|----------------|---|
| 1 | Murthala Moosa | Representative - Advocating the Rights of Child |
| 2 | Safaath Zahir | Founder - Women in Democracy |
| 3 | Ahmed Tholal | Representative - Transparency Maldives |
| 4 | Safa Musthafa | Planning Strategist – Housing Development Corporation |