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**Country programmes and related matters**

**Country programme outline for Maldives (2003-2007) \***

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\* The collection and analysis of current data required to present the Executive Board with the most up-to-date information has delayed submission of the present document.



## I. Situation analysis

### Development goals and priorities

1. In two decades, the Republic of Maldives has made impressive strides in many aspects of human development. Real gross domestic product (GDP) increased by a robust 7 per cent to 9 per cent per annum, resulting in this dramatically improved situation. The Government's commitment to sustainable human development is also reflected in its allocation of 40 per cent of public expenditures for social services in 2001. The human development index (HDI) for Maldives is 0.739, ranking it 77th out of 162 countries, and the gender development index (GDI), at 0.735, is second only to that of Sri Lanka in South Asia.<sup>1</sup> The Government's long-term development vision was articulated in 1999 in the President's "Vision 2020" statement<sup>2</sup>, which affirms that Maldives aspires to be a top-ranking, middle-income developing country in less than 20 years. The sixth national development plan 2001-2005 (6NDP)<sup>3</sup> translates the Vision into medium term development objectives including: macroeconomic stability driven by the private sector; providing an enabling environment for growth favouring the poor; and an equitable distribution of benefits from economic development, including gender equity.

### Current problems and challenges

2. Maldives now faces the challenge of its impending graduation from least developed country (LDC) status. The country has been able to maintain around \$20 million per annum in grants over the past five years. However, traditional indicators fail to capture the true vulnerability of Maldivians. The economy is very open, depends on just two sectors (fisheries and tourism), imports almost everything consumed and thus remains susceptible to external shocks. Furthermore, the geographical dispersion of the islands and of the population impedes availing of economies of scale. The Government has attempted to overcome this problem by committing to a major public investment in regional development within Maldives. However, the benefits of this investment will materialize only in the long term and it will be difficult to place a

monetary value on it. Economic diversification will be a long term process, while prospects for sustaining GDP growth at past rates are uncertain. The main natural asset -- low-lying islands with beautiful coral reefs is vulnerable to sudden, as well as long term environmental damage. Before long, climate change could compromise the very survival of the nation.

3. High and rising per capita income masks significant income disparities among the 270,000 Maldivians. The 1998 vulnerability and poverty assessment (VPA)<sup>4</sup> estimated per capita household income for the atoll population at only \$647 per year. As many as 42 per cent of Maldivians live on less than \$1.17 per day while 22 per cent subsist on \$0.83 per day. While the economy is heavily dependent on expatriate labour, the potential human resources of women and youth remain underutilized. Opportunities for pursuing even secondary school education are limited. Malnutrition has emerged as a serious concern and 23 per cent of the children are stunted. At one point the annual population growth rate rose to 3.4 per cent, although it has now declined to 1.9 per cent. A consequence of the earlier growth rate spurt is that Maldives currently has a very young population; about 43 per cent being below the age of 15. This has important implications for many sectors, especially employment, education and health.

## II. Past cooperation and lessons learned

4. In January 2002 an independent team reviewed the second country cooperation framework (CCF)<sup>5</sup>. The review used the new guidelines for evaluation, to analyze the activities and results.

5. The United Nations Development Programme (UNDP) pursued its *Atolls Development Programme* (ADP), initiated under the second CCF, by consolidating achievements in three atolls, particularly Noonu, while expanding its reach to a new site, Shaviyani. By means of a process of social mobilization, this poverty alleviation programme raised community cohesion and awareness and built capacities among island residents to improve their communities and incomes. Following community priorities, the programme supported electrification, sanitation, rainwater harvesting, pre-schooling and building of jetties. It also introduced a microcredit and savings scheme, providing island residents with access to

<sup>1</sup> [http://www.undp.org/hdr2001/indicator/cty\\_f\\_MDV.html](http://www.undp.org/hdr2001/indicator/cty_f_MDV.html)

<sup>2</sup> <http://www.planning.gov.mv/vision2020.htm>

<sup>3</sup> <http://www.mv.undp.org/docs/6NHDR/index.htm>

<sup>4</sup> <http://www.mv.undp.org/docs/VPA1998/index.htm>

<sup>5</sup> <http://www.mv.undp.org/docs/CCF2Review.pdf>

resources and banking services through a mobile banking system. Two applied research projects, hydroponics and pearl culture, the latter funded by the Government of Japan, explored new avenues for income generation in island communities. An information and communications technology (ICT) component is helping to improve the policy framework, establish pilot ICT centres in the islands and liberalize the internet service provider (ISP) market. The Noonu Atoll sub-programme, especially, has generated several unqualified successes in social mobilization, which can be adapted and implemented elsewhere.

6. *Environment.* At the beginning of the second CCF it was a struggle to implement the enabling activities that comprise the first step in securing Global Environment Facility (GEF) funds. Implementation was severely delayed, in large part by the complex procedures of GEF, requiring considerable inter-ministerial cooperation, together with the introduction of national execution modalities. Nevertheless, these problems have been partially addressed and key enabling activities are being concluded. Based on wide consultations, the national biodiversity action plan was completed, as was the national greenhouse gas inventory.

7. UNDP provided *capacity building* assistance in areas outside of its core mandate during the second CCF cycle. Activities supported were in: (a) customs; (b) civil aviation; (c) drug rehabilitation, financed by the Government of Italy and (d) meteorology. Although worth while and effective, these initiatives utilized a large portion of UNDP resources.

8. Finally, *advocacy work in gender and HIV/AIDS* was carried out jointly by the United Nations system through two working groups under the Resident Coordinator. A European Union funded and United Nations Population Fund (UNFPA) executed project on empowering women was implemented, and the group published an overview document, "Gender and Development in the Maldives: A Review of 20 Years." In 2000 UNDP supported a situation assessment on HIV/AIDS, while an upcoming rapid situation assessment on drug use will provide key data on this area, informing both a revised HIV/AIDS control policy and the design of an HIV/AIDS public awareness strategy.

9. Three *major lessons* were learned under the second CCF. Firstly, future programmes require greater focus and a shift away from the more generalized approach taken earlier, which scattered both human and financial resources. By strengthening this focus, greater impact can be had with regard to the key goals of poverty reduction and people's participation in development in Maldives.

10. Secondly, the flagship ADP programme can be replicated and sustainable if social mobilization serves increasingly as the underlying "operating system" for atoll development, through which initiatives on poverty reduction issues can be undertaken more efficiently and in an integrated fashion. Specifically, the environment component under the second CCF can be integrated into the ADP, as can such areas as health, education and the empowerment of women and youth.

11. The final lesson involves UNDP's need to reorient from a downstream focus for its activities to one more centred on policy support. The complementary strategies of increased upstream policy analysis, strengthened partnerships with Government and non-governmental organizations (NGOs)/community-based organizations (CBOs) and increased efforts toward decentralized governance will be pursued, to further efforts toward meeting national priorities. The common ground of the strategies will be interactive working with the Government and the people of Maldives to deliver assistance effectively.

### III. Proposed programme

12. The overall goal for all United Nations agencies, as represented in the United Nations Development Assistance Framework (UNDAF) 2003-2007, is the balanced and equitable development of Maldives through reduction of disparities. The country programme 2003-2007, formulated after extensive consultations with the United Nations country team, the Government, NGOs and multilateral and bilateral donors, particularly the Asian Development Bank (ADB) and the World Bank, reflects this goal. The *overall objectives of the country programme are to reduce poverty and disparities*. These objectives will be pursued in conjunction with the 6NDP, the UNDP Regional Cooperation Framework, the millennium development goals (MDGs) and the UNDAF 2003-2007. In fact, by focusing on development for less privileged populations in the outer islands and on poverty monitoring, the country programme will contribute directly to the UNDAF.

13. Based on the lessons learned, UNDP has chosen three programme areas for this country programme. The main programme areas thus are: (a) to *fight poverty* by consolidating, extending and mainstreaming the experience in decentralized development planning achieved in the ADP; (b) to strengthen the Government's capacity to *monitor and track* its *poverty alleviation* programme and (c) to provide strategic policy initiatives to support the Government's short, medium and long term *policy formulation* on development management.

14. Building on the idea of enhanced *decentralized development planning*, the main objectives of the ADP will be : (a) strengthening social cohesion in island communities through capacity building, training and support to community-based initiatives; (b) establishing dynamic civil society groups (community-based and non-governmental) able to contribute meaningfully to community development, poverty reduction and local problem-solving and (c) catalyzing, through microcredit, income generation and poverty reduction, initiatives that address the employment challenges, especially those, brought about by the rapid increase in high school graduates. Four new objectives have been added to strengthen those already existing : (a) strengthening community choice to improve coordination and allocative efficiencies in Government development programmes; (b) improving operational efficiencies in implementation of such programmes by local communities; (c) introducing key elements of a sustainable ecosystem management approach; and (d) supporting ICT in the outer islands. The main thrust of UNDP's poverty reduction activities thus will occur under the ADP.

15. The strategy will be twofold. First, *scaling up* the programme in the atoll communities that already benefit from it. This will include: (a) firming up extension services for social mobilization and local planning; (b) improving the focus and relevance of income generating activities being advocated; and (c) strengthening atoll development committees (ADCs), island development committees (IDCs) and women's development committees (WDCs), along with atoll development funds. ADCs, IDCs and WDCs are the primary partners of the ADP for the prioritization and approval of loans, bottom-up development planning exercises, and environmental management and biodiversity conservation. Second, *scaling out (expanding)* the philosophy and methods

of social mobilization to other atoll communities, based on the Noonu ADP experiences. Scaling out means: (a) sequencing activities and their adaptation to the particular circumstances of atolls that wish to benefit from the services provided; (b) creating a system of horizontal communications and exchanges of best practices among atoll and island communities; and (c) leveraging UNDP funds to ensure adequate resources are made available to extend the Noonu model as rapidly as absorption by new atolls permits.

16. Following preparatory work started under the second CCF, community targeted elements of important environmental programmes will be integrated into the ADP delivery mechanism. With GEF funding, such issues will include community ecosystem management, coral reef conservation, solid waste management and renewable energy pilots.

17. *Sustainability in the ADP.* At the practical level, the strategy for the ADP will: (a) make the social mobilization model more robust and relevant to the situation of individual atolls; (b) integrate it into the Government's regional development and population consolidation programmes, in particular by ensuring that development programmes reflect local as well as national preferences; and (c) initiate, in other atolls, gender-sensitive social mobilization activities and reinforce civil society and community-based groups, allowing them to access community-managed credit and setting the stage for participatory planning, budget preparation and implementation. Pilot research activities in pearl culture, hydroponics and other mariculture areas will provide new, profitable ventures for atoll income generation. The programme will seek to encourage Noonu Atoll staff to support dissemination of best practices through visits, staff exchanges, workshops and electronic networking.

18. *Strengthening of Poverty Monitoring and Tracking.* Results of the VPA 1998 highlighted the need for improvement in poverty data collection, analysis and monitoring. Objectives of this component are, therefore, to build capacity in the Government to utilize data from existing and planned surveys for poverty monitoring and policy formulation, to establish a poverty monitoring framework, and to support additional data collection. Activities to be undertaken include: (a) support for improved accuracy of gender-disaggregated data through validation surveys and analysis of information on vulnerability and poverty, using existing data and planned surveys; and (b) small, limited quantitative and qualitative studies, including gender-sensitive client

surveys, beneficiary assessments and quality-of-life studies, to overcome information gaps on poverty as well as to provide feedback to Government and its partners on the quality and efficiency of public services. A second VPA is envisaged during this cycle to provide the first comparative basis for poverty data and analysis.

19. The *strategic policy initiatives* component will be particularly vital, given Maldives' situation of embarking upon the delicate transition from LDC status. At this juncture, it is imperative that policy initiatives be handled skillfully and analytically, and that a flexible, uncommitted pool of funds be available to provide a rapid response to new policy initiatives within UNDAF priorities, if necessary. This programme component caters to these needs, providing a unique opportunity to inform strategic development nationally and promote consistency among development strategies. In particular, UNDP will support the development of high quality information research and analysis across various sectors and the generation of capacities for policy analysis.

20. As such, the strategic policy initiative component will seek to support strategic policy formulation in key areas that: (a) are of immediate concern and need to be set on a fast track by Government and the development community. For example, help will be provided to improve the policy framework for developing a microcredit and savings scheme that is sustainable and meshes with the development of cooperatives; (b) embody a strong advocacy objective, such as preparation for the next round of discussions on Maldives' status as an LDC and a borrower in the international capital market; (c) will assist in catalyzing action on programmes, such as mobilization of GEF funds and priority implementation of key national environment policies; (d) provide additional platforms for improving income generation, such as integration of women and youth in the labour market and the tourism sector; (e) address key economic, social and environmental vulnerabilities to external shocks; and (f) initiate long-term policy and programme formulation in accordance with Vision 2020, the 6NDP and the Government's foreign aid strategy.

## IV. Programme management, monitoring and evaluation

21. Because all components of the programme are intricately linked, the programme itself will need to be managed in an *adaptive* style, in such a way that lessons learned in one component are applied and integrated into other activities. All programme components will emphasize sustainable human development in a gender-sensitive way.

22. *National execution* has worked well in Maldives and concurs with the thinking of the Government. Capacities in different ministries have been sufficient for effective and relatively efficient delivery of results. UNDP will renew its efforts to build capacities within Government, particularly with new Government partners, although capacity building in general will be integrated into the strategic policy component and will be focused on major areas of intervention. In view of the high numbers of stakeholders engaged in UNDP funded programmes, new mechanisms will be designed to increase coordination. UNDP intends to maintain its close partnership with United Nations Volunteers (UNV) and NGOs.

23. Under national execution, a crucial role is reserved for ministries directly involved in ensuring that development cooperation complements national plans and efforts. At all stages of planning, implementation, monitoring and evaluation of its programme, UNDP will continue to substantively engage the Ministry of Planning and National Development (MPND), Ministry of Foreign Affairs and Ministry of Finance and Treasury.

24. UNDP has increasingly internalized *results-based management* (RBM) and a stronger performance culture as its basic philosophy of planning, monitoring and evaluation. In compliance with RBM, performance of the programme will be monitored by tracking outcome and output indicators, as summarized in the Annex. This will continue to be the case with regard to the individual programmes and projects in the new cycle as well.

25. Finally, UNDP core funding may prove insufficient for programme objectives. UNDP will internally pursue an aggressive policy for securing funding from services for policy and programme development and global thematic trust funds. During project preparation, additional funding, including Government contributions, will be sought in order to leverage UNDP funds and technical cooperation among developing countries (TCDC), to ensure a wider dissemination of best

practices. With its opportunities for South-South co-operation, TCDC in particular adds value to the programme. In addition, the country programme will benefit from regional programmes, in particular, the strong regional follow up to the 2001 United Nations General Assembly Special Session (UNGASS) declaration on HIV/AIDS. A robust partnership and resource mobilization strategy, as agreed with the Government, will be formulated.

## Annex: Results and resources framework for Maldives (2003-2007)

<i>Strategic areas of support<sup>6</sup></i>	<i>Intended outcomes</i>	<i>Indicators of outcome or purpose</i>	<i>Outputs, including key output indicators, where needed</i>	<i>Resources by strategic areas of support</i>
<b>UNDAF Objective 1. Governance and social mobilization</b>				
<b>G1-SG3-SAS1</b> Social cohesion through development planning and other decision making processes at the sub-national level	Planning efforts at island level enhanced and reformed to incorporate community level perspectives and aspirations, reflecting a sustainable ecosystem management approach.	Island and atoll plans incorporated views of women and youth. Island and atoll plans prioritize environmental problems. Knowledge networking to inform planned activities in the community island; and atolls plans are linked with the regional plan. Planned activities are subjected to environmental impact assessment (EIA) and HIV impact assessment (HIA) tools Active public-private partnerships on conservation issues. Atoll ecosystems health indicators are consistently monitored and show improvements. Plans disseminated in remote databases or public domain.	Model for local development planning, integrating sustainable ecosystem management approach compiled, based on Noonu experience Gender sensitive participatory rapid appraisals conducted in targeted islands Island and atoll development plans and atoll biodiversity conservation plans developed and implemented in targeted atolls Protected conservation sites developed and established in targeted atolls Atoll development of www portal	Regular: \$568,397 Other: \$1,000,000  Subtotal \$1,568,397
<b>G1-SG3-SAS2</b> Decentralization policies and allocation of resources to the sub-national levels	Local development plans reflect national development directions and feed into national budget planning process and utilization.	An integrated system of national/atoll/regional/island planning is adopted nationally. Island plans systematically receive funding through the public sector investment programme (PSIP) and from local and external donors. Increasingly effective inter-ministerial coordination mechanisms.	A system is proposed that integrates local/atoll/regional/ national planning and financing mechanisms. The system is piloted and capacities for managing the system are enhanced. Locally identified development projects are financed and implemented effectively.	Regular: \$273,482  Subtotal \$273,482
<b>G2-SG2-SAS1</b> Access to productive resources and assets	For islanders, increased access to finance for income generating activities and community	Number of islands where microfinance is offered. Female labour force participation rate. Youth unemployment rate. Increased diversity of potential income generating	Community based financial services with special provisions for the poor started in target atolls. Livelihood opportunities showcased to islanders in areas of hydroponics, pearl culture, mariculture,	Regular: \$126,022 Other: \$1,100,000

<sup>6</sup> UNDAF Objectives and Strategic Areas of Support (SAS) are given and cannot be rephrased in the context of this country programme outline.

<i>Strategic areas of support<sup>6</sup></i>	<i>Intended outcomes</i>	<i>Indicators of outcome or purpose</i>	<i>Outputs, including key output indicators, where needed</i>	<i>Resources by strategic areas of support</i>
	infrastructure. Reformed policies and regulations expanding access to community-based financial services.	activities Effective community maintenance of community infrastructure A policy conducive to community based microcredit enacted. Microfinance providers work on basis of full cost recovery.	etc. Technical assistance provided with the aim to rationalize local financial services provision. Laws are adapted (if required) and regulations issued (banking law, cooperative law).	Subtotal \$1,226,022
G2-SG2-SAS3 Access to and utilization of ICT	The policy, legal and regulatory framework developed to substantially expand connectivity to ICT, particularly in the islands.	ICT policy enacted/Cyber law passed. Proportion of population with access to internet. Number of jobs in ICT-related sectors especially for youth and women. Government access and use of internet. Percentage of islands with at least one cyber café Number of tele-entrepreneurs/home-based tele-workers	Technical assistance to develop an ICT policy and cyber law. Nationwide consultations and awareness on connectivity and ICT particularly for women and youth. Atolls www portals established and expanding. ICT utilized for island planning and administration. Effective competition in ISP and mobile telephone services supported. Electronic networking in UNDP programmes.	Regular: \$89,160 Other: \$54,250  Subtotal \$143,410
<b>UNDAF Objective 2. Management of development</b>				
G1-SG4-SAS3 Aid Coordination and management	Development resource planning is increasingly aligned with national plans and priorities.	Government's foreign aid strategy is implemented. Donors are engaged in development financing along programmatic lines and under the Vision 2020. Government budget allocation is linked with external resource allocation and aid coordination.	Technical assistance provided to follow through 6NDP priorities into fundable programmes. Updated and on-line development assistance database. Resource mobilization strategy is designed. Technical assistance to roundtable.	Regular: \$255,047 Other: \$25,000  Subtotal \$280,047
G2-SG1-SAS2 Monitoring of poverty and inequality	Improved national capacity for monitoring of poverty and vulnerability.	Government poverty policies are based on firm statistical grounds and can be monitored quantitatively for success. Increased understanding of the conditions determining poverty in Maldives. Statistics section of MPND performs central function in country's data collection, compilation, analysis and dissemination.	Capacity building in statistics and data analysis. Validation of existing data and new data collection where necessary. Regular analytic reports on vulnerability situation in Maldives disseminated widely.	Regular: \$181,322 Other: \$394,250  Subtotal \$575,572

<i>Strategic areas of support<sup>6</sup></i>	<i>Intended outcomes</i>	<i>Indicators of outcome or purpose</i>	<i>Outputs, including key output indicators, where needed</i>	<i>Resources by strategic areas of support</i>
		<p>National surveys are conducted in a timely manner without overlap or hiatus.</p> <p>Data provided in a timely manner and in a usable format.</p> <p>Complementary data gathering and analysis is conducted in a timely manner and is used in national priority setting and decision-making.</p>		
<p>G3-SG1-SAS1</p> <p>National policy, legal and regulatory framework for environmentally sustainable development</p>	<p>Ecosystem management and biodiversity conservation objectives integrated into productive sector plans and activities.</p>	<p>Guidelines for environment-friendly coastal development, tourism development/island selection, fisheries and reef management are issued and enforced.</p> <p>Total economic value of natural systems reflected in decision-making processes.</p> <p>Environmental management is addressed in a multi-sectoral manner.</p>	<p>Human resource development for integrated atolls ecosystem management.</p> <p>Guidelines for different ministries researched and developed.</p> <p>Total economic value cost calculations.</p> <p>Multi-sectoral committees established and functioning.</p>	<p>Regular: \$72,570</p> <p>Other: \$572,500</p> <p>Subtotal \$645,070</p>

