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PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY PROGRAMMES  
AND PROJECTS

FIFTH COUNTRY PROGRAMME FOR MALDIVES

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
January 1992-December 1996	Carry-over from fourth cycle	180 000
	IPF 1992-1996	6 820 000
	Other resources programmed	<u>1 500 000</u>
	Total	<u>8 500 000</u>

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## I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

### A. Current socio-economic situation

1. Maldives covers a vast area of 98,000 square miles, yet its actual land area is under 300 square miles. Of the 1,200 islands making up the country, only 200 are inhabited. While only 4 of these have a population of over 4,000, 90 contain fewer than 500 persons. Diseconomies are thus extreme and development planning must also pay particular attention to the vulnerability of the economy to external shocks.
2. The country made very impressive economic progress in the 1980s. A 10 per cent annual growth in gross domestic product (GDP) was maintained, which gave a GDP per capita growth of 6.5 per cent (due to the high population growth rate of 3.5 per cent). Since 1986, the debt service ratio has recorded a significant decline, falling from 20.8 to 5.8 per cent. The most important area of growth has been fisheries, the largest source of employment, which generated 70 per cent of the country's export revenue. Earnings from tourism have also doubled over the last 15 years.
3. The impressive economic gains have directly benefited the population, and life expectancy at birth is currently estimated at 64 years. The Human Development Report - 1991 gave Maldives a Human Development Index of 0.534 and a rating of 93, i.e., 30 places higher than the gross national product (GNP) ranking. A modern education system is now in place and will address the human resource needs of the expanding economy, in which women are enjoying preferential treatment in recruitment in the civil service. However, the shortage of both skilled and unskilled labour may result in a severe mismatch of skills in the 1990s.

### B. National development objectives and strategies

4. The Third National Development Plan (1991-1993) has three objectives: (a) to improve the living standards and quality of life for all Maldivians; (b) to ensure that benefits of development are shared more equitably among the population; and (c) to achieve greater self-reliance, which is essential for future growth.
5. GDP growth, projected at 8 per cent per annum during the 1991-1993 period, is expected to be fuelled by a further expansion of fisheries, tourism and services. Agriculture is not expected to expand beyond subsistence except for a few cash crops. Increasing self-reliance and diversifying the economy require measures to promote a manufacturing industry mainly for the export market. Expansion of the nascent industrial sector will focus on three industrial promotion zones equipped with a full range of infrastructure required for manufacturing.
6. An appropriate legal and financial framework, coupled with clear policy guidelines, will enable the private sector to play a role in the economic life

of the nation as an agent of growth and as an instrument of diversification. The 1989 amendment of the foreign investment law is to be revised to make foreign investment in Maldives more attractive. New opportunities for the private sector will open up through divestment of some government and parastatal activities.

7. The social sector strategy aims at quantitative expansion and improved quality of services. Plans include a continued emphasis on the equitable distribution of essential primary health care services, including immunization. Major improvements in the areas of water supply and sanitation are foreseen. In education, priority will continue to be given to the universalization of primary education, school construction and upgrading, adult education, vocational/technical training, teacher training, curriculum development and distance learning.

8. To accelerate the pace of development in the outer atolls, the Third Plan strategy envisions new tourism zones, expansion of domestic aviation facilities, improved interisland shipping services, integrated rural development programmes in the atolls, rural-based credit programmes, expansion of fisheries, expanded health care and education services and the development of port and harbour facilities.

9. The Plan also provides for more concerted efforts to conserve and manage the environment with specific focus on the development capacities for effective environmental management.

10. A perspective plan will be prepared to establish a vision for a clear and consistent policy framework for long-term socio-economic development in the country.

## II. EXTERNAL COOPERATION

### A. Role of external cooperation

11. External resources have been vital in achieving socio-economic progress in Maldives. The Public Investment Programme envisages an investment level of over \$280 million for 1991-1993. Of this, 84 per cent, or \$235 million, is expected from external sources; \$80 million has already been mobilized and the remaining \$155 million was incorporated in the presentation to the fourth round-table meeting held on 29 October 1991.

12. Disbursement of external assistance increased significantly during the 1988-1990 period, when the average annual disbursement was \$29 million, compared to \$15 million from 1985 to 1987. Between the two plan periods, the share of grant assistance increased from 71 per cent to 84 per cent. Bilateral aid constituted 70 per cent of external assistance. United Nations Development Programme (UNDP) cooperation constituted about 3 per cent of the total external assistance disbursed between 1988 and 1990. In order to sustain the impressive economic performance, the annual disbursement of

external assistance is targeted to reach \$74 million during the 1991-1993 period.

#### B. Aid coordination arrangements

13. Aid coordination in Maldives rests with the External Resources Section of the Ministry of Foreign Affairs. The substantive programming aspects are dealt with by the Ministry of Planning and Environment while individual ministries and other concerned entities are responsible for implementation.

14. The country utilizes the UNDP-convened round-table meetings and associated dialogue to cooperate with development partners. The fourth round-table meeting, held in October 1991, generated greater donor response than the three previous ones.

15. The UNDP Resident Representative, as Resident Coordinator, assists the Government in the coordination of the technical cooperation provided by the United Nations system. Following up on the 1989 round-table meeting, two donor consultations were held involving the United Nations and other donors, one devoted exclusively to environmental concerns.

16. As a direct follow-up to the 1989 round-table meeting, the UNDP Trust Fund for Maldives was established as a vehicle for mobilizing donor assistance from the non-resident development partners. This Trust Fund is being used as a source of technical cooperation for the purposes of policy preparation and review, programme development and financing and aid management and coordination.

### III. THE COUNTRY PROGRAMME

#### A. Assessment of ongoing country programme

17. The fourth country programme covered the period 1988-1991 with an indicative planning figure (IPF) allocation of \$3.12 million, supplemented by the Special Measures Fund for the Least Developed Countries (SMF/LDC) resources of \$510,000. Of the sizeable United Nations Capital Development Fund (UNCDF) programme (\$7 million for the areas of health and education infrastructure, port construction and fishing boat mechanization), the major part will be carried forward to the fifth country programme period. The mid-term review of the country programme held in March 1991 confirmed that the objectives of the programme continue to be valid and consistent with the major development priorities of the country. They are, however, broad in scope and achievable fully only over several country programmes.

18. Training for capacity-building has proved to be effective. Projects in regional and atoll development have strengthened efforts to decentralize economic decision-making and reinforce integrated atoll development. Particularly appropriate were activities in support of socio-economic

development of the outer atolls, management development and administrative reform, diversification of the economic base with respect to marine products, environmental protection and management and aid coordination. The ongoing assessment of the status of women in the socio-economic life of Maldives, funded by the United Nations Development Fund for Women (UNIFEM), and the management improvement project, funded by the Management Development Programme (MDP) and the Government of Japan, promise to generate significant impact in human resource development.

19. With respect to implementation, long-term advisory services to cover manpower shortages proved to be only partially effective, depending on the quality, experience and orientation of the experts and the availability of the counterparts. Training was found to be most effective when based on manpower plans. Mobile in-plant training with short- to medium-term trainers proved very effective in tourism. Careful project formulation, including lengthy discussions with implementing agency counterparts, emerged as an important element in developing quality projects.

## B. Proposals for UNDP cooperation

### 1. Preparatory process

20. The mid-term review marked the start of consultations within the Government as well as between it and UNDP about the strategy, substance and matching of the UNDP mandate with national objectives. The education, tourism and fisheries sector reviews provided direct inputs to the new country programme and the UNDP advisory note was received by the Government as an important element in the programming process.

### 2. Strategy for UNDP cooperation

21. The fifth country programme for Maldives reflects the Third National Development Plan (1991-1993), the objectives of which will be achieved by concentrating on the following: (a) economic management; (b) infrastructure; (c) social development; (d) institutional strengthening; and (e) environmental management. The relative strengths and comparative advantages of UNDP have been taken fully into account in planning the country programme, especially in the critical areas of human resource development, integrated atoll development and environmental management. The six areas of focus set out in Governing Council decision 90/34 of 23 June 1990 have also been fully considered, bearing in mind the need for the programme to follow closely the national framework, as indicated in General Assembly resolution 44/211 of 22 December 1989. The establishment of the Aid Management and Coordination Committee, composed of representatives of the Ministry of Foreign Affairs, the Maldives Monetary Authority, the Ministry of Finance and the Ministry of Planning and Environment, will provide the institutional framework for national coordination and will open up the possibility of joint programming, particularly of United Nations system resources.

22. In view of the scarcity of skills available in the country, there will be particular emphasis during the fifth country programme on the acceleration of capacity-building. UNDP will concentrate on three areas: (a) human resource development for capacity-building; (b) decentralization and integrated development in support of growth with equity; and (c) management development for sustainable development. These themes are at the core of all development planning in Maldives.

23. For sustainable development, the Government will ensure that all development programmes and activities are consistent with sound environmental management practices. It will prepare impact assessments for all major capital investment projects and monitor developments in global warming and sea-level rise with a view to assessing their implications for the future.

3. Proposed UNDP cooperation in selected areas of concentration

Human resource development for capacity-building

24. Education. The Government will continue to improve the quality of education and access to it at all levels in order to create the human resources needed for sustainable development. Immediate manpower and skill needs will be met in the areas of critical shortage, while capacity-building will be continued through institutional strengthening and education of trainers.

25. The number of students enrolled in secondary education will more than double over the next several years. This dramatic increase will be met through the Support for the Teacher Education Programme (STEP), which will also address the need for construction, staff development, in-service teacher education and headmasters' training. UNDP assistance will be utilized to support the expanded teacher-training programme while other activities will continue to be supported by the existing development partners (the Governments of Australia, Germany and Japan, the United Nations Educational, Scientific and Cultural Organization (UNESCO), UNCDF and the World Bank). In a related programme - the distance learning initiative, which began as a UNDP-supported pilot project - UNDP will assist in the establishment of a full-fledged, self-supporting national centre for open learning, which will supplement conventional education by offering secondary as well as adult education to people whose skills are urgently needed for national development but who are unable to benefit from conventional delivery systems. Technical cooperation is likely to be continued by the Government of Australia and of the United Kingdom through the Voluntary Service Overseas (VSO) and the United Nations Children's Fund (UNICEF).

26. Under two ongoing projects, UNDP is arranging training to match the vocational manpower needs of the economy; these efforts will be linked with the rural youth vocational training programme. The Government of India will provide assistance in establishing the physical and human infrastructure for vocational training in rural areas.

27. Tourism. In addition to contributing significantly to the national economy, the healthy growth in the tourism sector has created additional employment and has increased the need for more Maldivians to take up management positions at resorts. Capitalizing on their experience in existing parallel efforts, and as recommended in the tourism sector review, UNDP and the European Economic Community (EEC) will undertake a coordinated, comprehensive programme of promotion, development, marketing and training in tourism.

28. Health and labour. To ensure access to health facilities for all Maldivians, UNDP will collaborate in the organization of a nursing diploma course. Labour market information studies will be undertaken to match demand with supply of skills.

29. Institutional strengthening. For capacity-building in aid management, computerized aid coordination will continue to cope with expanding aid flows and a computerized system will be introduced for strengthening customs administration as imports expand.

#### Decentralization and integrated development in support of growth with equity

30. Integrated atoll development. Considerable work is being done on integrated atoll development to implement the high-priority policy of growth with equity. UNDP is assisting in strengthening the Ministry of Atolls Administration and in integrated atoll development, whereby local-level motivation, organization and income-generation activities are being pursued. A South Pacific subregional project on integrated atoll development, in cooperation with UNDP and in which Maldives is participating, has helped to build a rural infrastructure. Building on these activities, a decentralized integrated atoll development programme will be initiated with the objective of preparing and implementing a strategy with spatially disaggregated programmes aimed at accelerated and sustainable social and economic development in outer atolls/islands, thus reducing the attraction for people to move to Male, the capital.

31. Fisheries. In support of the fisheries development programme and in a cost-sharing arrangement with the World Bank, UNDP will provide technical cooperation for a third fisheries project in cooperation with the Government of Norway, the World Bank/International Development Association (IDA) and the Organization of Petroleum Exporting Countries (OPEC). This will assess the best means of changing the legal character of the Fisheries Project Implementation Department vis-à-vis its parent organization, the State Trading Organization (STO).

#### Management for sustainable development

32. Management. The management development priorities of the Government include efforts to: (a) maintain a credible and prudent macroeconomic and fiscal policy; (b) increase productivity; (c) ensure enhanced participation of women in economic activities; and (d) improve the efficiency and performance of the civil service by a programme of training, reform and reorganization.

33. The ongoing management improvement project established the Maldives Centre for Management and Administration with the cooperation of the Government of Japan and UNDP/MDP. This will be used as a nucleus to develop a national management development programme, including civil service reforms, productivity increases, financial management and strengthening of the audit office.

34. Planning. Support to the Ministry of Planning and Environment will continue with a view to: (a) increasing coordination in planning for development; and (b) strengthening capacity for monitoring the implementation of the national plan, programmes and projects. This support will also include the strengthening of capacity to manage projects under national execution. Activities will include the formulation of (a) a 10-year perspective plan, which will provide a long-term vision of economic development; and (b) an energy master plan to further systematize the present approaches to power generation and distribution, as well as to explore alternative energy sources.

#### C. Implementation and management arrangements

35. Continued expansion of national execution as clearly advocated under General Assembly resolution 44/211 will help the drive to self-reliance. By 1996, more than half of the projects will be under national management. Continued assistance through cooperating agency arrangements will be critically important in achieving the goal of national management.

36. Some joint programming and/or cost-sharing in such areas as integrated atoll development will be undertaken with bilateral donors as well as UNICEF. The UNICEF programme also includes involvement in maternal and child health, child immunization, women in development, water and sanitation, distance learning and teacher training. Greater collaboration in population-related fields will be undertaken with the United Nations Population Fund (UNFPA), whose portfolio comprises projects in census, population education and child-spacing.

37. Technical cooperation among developing countries (TCDC) offers a new challenge in Maldives. Since neighbouring countries in South Asia are very different in many respects, greater collaboration of the Maldives in the South Pacific subregional programme is envisaged.

38. The use of United Nations Volunteer (UNV) specialists will greatly increase, providing a cost-effective, promptly deployable and highly adaptable resource in the implementation of the programme.

39. Use of short-term experts and national professional project personnel wherever possible will be of increasing practical value.

40. The involvement of non-governmental organizations (NGOs) is very limited in Maldives. Policies and procedures for NGO operation may emerge during the implementation of the programme and it is envisaged that a survey of available

NGOs and their areas of activity will be undertaken under a grant from the Partners in Development Programme (PDP).

41. In order to generate greater impact, a gradual switch will be attempted from a large number of small projects to a small number of strategically important activities.

42. A mid-term review will be undertaken in early 1994 to assess the fifth country programme and its relevance to the Fourth National Development Plan (1994-1996).

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + COST-SHARING) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF	180	
Fifth cycle IPF	<u>6 820</u>	
Subtotal IPF		7 000
Project cost-sharing (Government)	-	
Project cost-sharing (Third party)	1 500	
Programme cost-sharing	<u>-</u>	
Subtotal cost-sharing		<u>1 500</u>
<b>TOTAL</b>		<b><u>8 500</u></b>

II. ALLOCATION OF RESOURCES (IPF + COST-SHARING) BY AREA OF CONCENTRATION

<u>Area of concentration</u>	<u>IPF</u>	<u>Cost-sharing</u>	<u>Total</u>	<u>Percentage of total resources</u>
Human development for capacity-building	2 660	900	3 560	42
Decentralization and integrated development for supporting growth with equity	1 700	300	2 000	24
Management development for sustainable development	2 050	300	2 350	27
Subtotal	6 410	1 500	7 910	93
Unprogrammed reserve	590	-	590	07
<b>TOTAL</b>	<b>7 000</b>	<b>1 500</b>	<b>8 500</b>	<b>100</b>

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds

SPR	700	
UNCDF	2 500	
UNIFEM	<u>500</u>	
Subtotal		3 700

B. Other United Nations resources

JCGP participating agencies:

UNFPA	1 500	
UNICEF	6 000	
IFAD	3 200	

Other United Nations agencies (non-UNDP financed) 4 500

Global Environment Facility 500

Subtotal 15 700

Total non-core and other United Nations resources 19 400

C. Non-United Nations resources -

TOTAL 19 400

Annex II

## PROGRAMME MATRIX

Area of concentration	Area of focus a/					WID
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	
I. HUMAN DEVELOPMENT						
Education	*		*	*	*	*
Tourism	*		*	*		
Health and labour	*	*		*	*	*
Institutional strengthening	*		*		*	
II. DECENTRALIZATION AND INTEGRATED DEVELOPMENT						
Integrated atoll development	*	*	*	*	*	*
Fisheries	*	*			*	
III. MANAGEMENT DEVELOPMENT FOR SUSTAINABLE DEVELOPMENT						
Management		*	*			*
Planning		*	*		*	

a/ Asterisks indicate major linkage only.

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