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EDITORIAL

The 3rd Issue of our Journal, as is befitting the times, offer a collection of 11 separate contributions around the common theme ‘COVID-19: Stimuli and beyond.’

Understanding and recognising that there is indeed no one single stimuli package that will address the ill effects faced by different nations and that some nations are already rolling out their 2nd and now drafting a 3rd stimuli package, our main objective in this collection is to offer an assortment of differing perspectives.

Instead of encouraging only articles drawn from research and conclusions derived from published data, as we normally do, we have, in this issue, encouraged contributors to express their opinions and views and ensured that the contributions are from a wide variety of experience, academic background and perspectives. In the process the tone of the contributions too, have been slightly relaxed for this issue.

We would like to acknowledge here and thank the effort of our Health Care Professionals who have kept our citizens and country safe during a global pandemic.

We thank the many contributors, including several new contributors who have taken time to join us and hope that this collection is useful to generate further discourse on these issues and the society will benefit from this effort.

Opinions and views expressed in the Maldives Economic Review are those of the authors and they do not necessarily reflect the opinions and views of the journal.
COVID-19: the war against an invisible enemy

Fazeel Najeeb

COVID-19 has impacted the whole world in more ways than one can fully imagine. It is microscopic yet so deadly that it really threatens to destroy life as we know it. For the Maldives, matters of our anxiety include the pandemic nature of the virus, limitations in physical and human resource capacity to manage the crisis, its adverse impact on the country and economy and our ability and availability of resources to manage it, the precariousness of availability of our essential foods and medical supplies, and uncertainty on being able to meet many other needs on which people are directly dependent for their normal daily life.

This article is on the potential economic impact of the COVID-19 crisis on the Maldives, and on possible economic measures that may be taken. The article is intended as a serious and well-meant discourse on the matter as all concerned search for ways to manage and withstand the crisis and rebound from it.

Economic impact

At global level, the outlook for global growth in 2020 is negative according to the IMF Managing Director who opined that the world was facing a recession at least as bad as the one during the global financial crisis of 2008 or worse, but that recovery was expected in 2021 (IMF, March 2020). During the global financial crisis, the world GDP had a negative growth of -0.08 per cent in 2009, and the Euro Area was even deeper in negative territory at -4.5 per cent.

Normally in well organised economies stock exchange is a barometer of the economy. Movements in trading of shares and securities in stock markets indicate the economy’s general growth direction. In the Maldives this cannot be said as true due to the insignificance of the stock exchange as an institutional player in the economy.

Some assessments have already been made on the possible impact of the crisis on the Maldivian economy. In an assessment with scenarios made by the Asian Development Bank, it estimated that the revenues of Maldives from tourism would decline, in the best case scenario, by 1.8 per cent of the gross domestic product (GDP); in the moderate case, the decline would be 2.8 per cent; and in the worst case losses would be equivalent to 5.5 per cent (ADB, March 2020). In numbers, these scenarios correspond to losses of USD 98 million in the best case, USD 147 million in the moderate case, and USD 294 million in the worst case.

In remarks at a SAARC Video Conference on Sunday, 15 March, President Ibrahim Mohamed Solih said that “The decline in tourist arrivals has now become so sharp that if the current trend continues, we will have a 35 percent drop this year.”; he elaborated that the country faced a serious shortfall, estimated to be at USD 450 million, in foreign currency earning (the President’s Office, March 2020). Historical data shows that in 2005 when tourism dropped 35.5 per cent, GDP fell 11.5 per cent (chart 1). According to the Maldives Monetary Authority the “pandemic is expected to sharply reduce
the GDP growth of Maldives for 2020” (MMA(a), March 2020).

Based on the government’s estimated 35 per cent drop in tourist arrivals this year, revenue collection in USD could fall between 25.0 per cent and 27.6 per cent over the last year, resulting in a drop in USD revenue of USD 177 million, which is equivalent to 3.5 per cent of projected GDP for 2019.

How vulnerable are we?

How have we fared in major global crises in recent years? In 2001, GDP growth fell into negative territory (-4.3 per cent) due to the EU/US recession in 2000/2001; in 2005 growth slumped to -11.5 per cent following the devastating tsunami of 26 December 2004 that swept Asia; and most recently in 2009 it dropped to -6 per cent in the aftermath of the global financial crisis in 2008 (Chart 1).

Chart 1 also compares the GDP growth rate with that of tourism (with pre-crisis 2019 and 2020 projections). A drop in the growth rate of tourism also corresponded with a fall in the GDP growth. It also shows that after every collapse, tourism lifted the economy up. This was most visible in 2006 when tourism leapt by 47.4 per cent and lifted GDP with it by 24.5 per cent. Each time the economy bounced back quickly, thanks to the resilience of the tourism sector.

This is unsurprising because tourism is by far the largest contributor to the economy as is demonstrated in Chart 2. In 2018, the latest year for which sectoral GDP is available, tourism accounted for 25.2 percent of the GDP. For the length of time between 1995 and 2018, the average share of tourism in annual GDP was 26.9 per cent. Tourism contributed more than twice the share of transport and communication, which itself is largely dependent on tourism. The third largest contributor to GDP in 2018 was trade (8.5 per cent), followed by real estate (6.7 per cent).

A simple estimate based on numbers for tourism and GDP growth rates between 1995 and 2018 shows a correlation of 0.94 between the two. While this author has long been an advocate of diversification of the economy to reduce the precarious reliance on the tourism industry (and it must be a priority public policy issue), the immediate challenge before the nation is to try and limit the impact of the crisis and revive economic activity.
Support measures

The government has announced a host of measures taken (or that will be taken) to support businesses and individuals. At macroeconomic level, these include (USD 1.5 billion), and in February 2018, MVR 19.4 billion (USD 1.3 billion). MMA’s balance sheet strength appears to compare well with comparable central banks. For example, Barbados Central Bank’s balance sheet stood at USD 1.1 billion at the end of 2019; that of the Reserve Bank of Fiji was USD 1.2 billion (latest: July 2019).

Conventionally central banks use banks and other regulated financial intermediaries to pass on the benefits of their measures. In the Maldives, there has been at least one unconventional measure (selling foreign exchange directly to public, effectively a one-way money changer role) practiced by the central bank to address the persistent foreign exchange pressures. Whether this is permissible under law is measures committed to by the Maldives Monetary Authority, and at fiscal and microeconomic levels, those announced by the Ministry of Finance jointly with the Ministry of Economic Development (Box 1).

At times like these central banks must and do act as anchors to maintain economic stability. Their ability to do so, however, depends on the strength of their balance sheets. MMA’s balance sheet stood at MVR 18.5 billion (USD 1.2 billion) at the end of February (MMA, February 2020). In February 2019, it was MVR 23.5 billion

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**Box 1: COVID-19 Economic Measures Announced by the Government**

<table>
<thead>
<tr>
<th>COVID-19 - Measures taken by the MMA</th>
<th>MVR 2.5 Billion Economic Recovery Plan (announced by Ministry of Finance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The necessary regulatory measures to facilitate a moratorium of 6 months on loan repayments for those impacted by the current situation (customers have to submit their requests to the banks in order to avail themselves of this moratorium).</td>
<td>1. To reduce the government expense by reducing recurrent expenses by 1 billion rufiyaa.</td>
</tr>
<tr>
<td>2. Reduction of the Minimum Reserve Requirement (MRR) up to 5% to provide liquidity support to banks, as and when needed.</td>
<td>2. Continue PSIP projects as planned.</td>
</tr>
<tr>
<td>3. Make available a short-term credit facility to financial institutions as and when required.</td>
<td>3. Increase the amount of funds allocated for health sector due to COVID-19.</td>
</tr>
<tr>
<td>4. Increase in the MMA’s foreign exchange intervention and use other available facilities to maintain the exchange rate peg.</td>
<td>4. Arrangement of working capital for businesses through banks.</td>
</tr>
<tr>
<td>5. Obtain a foreign currency swap facility amounting to US$150 million under the currency swap agreement signed between the MMA and the Reserve Bank of India (RBI).</td>
<td>5. To subsidize 40% from electricity bill for the month of April and May.</td>
</tr>
<tr>
<td>6. Jointly with Ministry of Finance, requested financial assistance from the IMF.</td>
<td>6. To subsidize 30% from water bill for the month of April and May.</td>
</tr>
<tr>
<td>7. Principal and interest amount of loan repayments to BML to be deferred by 6 months to businesses and people who have been negatively impacted as a direct result of COVID-19.</td>
<td>7. Principal and interest amount of loan repayments to BML to be deferred by 6 months to businesses and people who have been negatively impacted as a direct result of COVID-19.</td>
</tr>
<tr>
<td>8. To reduce the oil price sold from STO.</td>
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perhaps a debate for later, and the MMA may consider going further and take more unconventional measures to avoid an economic collapse. The MMA should identify any required amendments of the MMA Act 1981, Banking Act 2010, and other law, and ask the government to urgently propose the required changes to the Citizen’s Majlis for immediate passage.

It is not always the case that a central bank has resources to make the commitments themselves alone; they may require support from other financial institutions, yet, they cannot and must not ask an institution that they regulate. This leaves only foreign financial institutions including multilateral institutions and bilateral ones. The good practice is to seek support from global financial institutions, most obviously the World Bank, the International Monetary Fund and others whose mandates provide that they support economies experiencing or facing economic shocks. Bilateral sources may well be approached.

Given the gravity of the current crisis and the uphill challenge the country faces to be able to withstand and recover from the current crisis, the following, among many possible others, may be considered.

**Fiscal policy**

1. Utilise resources available in the Sovereign Wealth Fund.

2. Consider easing taxes as a time-bound stimulus.

3. Shelve plans to impose minimum wage and any other planned taxes until economic growth is restored at a sustainable level.

4. Seek debt forgiving (in total or partial) and refinancing from existing creditors.

5. Reduce government expenditure in areas that would not have a significant impact on the government’s payments to the general public. For example, reducing the number of working hours of the government by two hours (for two months), cutting down on travel and budget contingency by half could save up to MVR 1.7 billion. These savings could be used to provide direct or indirect support and subsidies to people and businesses.

6. Seek financial support from international financial institutions and bilateral sources.

Such support is being made available from multiple international financial institutions. For example, the World Bank has committed USD 14 billion to help sustain economies and protect jobs (The World Bank, March 2020). The Asian Development Bank has committed USD 6.5 billion as an initial response to the crisis (ADB, March 2020). The Islamic Development Bank has committed a “special ‘Strategic Preparedness and Response Facility’ of USD 730 million to mitigate the negative health and socio-economic impact of the COVID-19 pandemic” to support its member countries (IsDB(a), March 2020). IsDB commits that “The facility will extend financing to both the public and private sector in minimizing the spread and
impact of the pandemic in IsDB member countries and to build their resilience. Financing will be extended in the form of grants, concessional resources, trade finance, private sector lending and political and risk insurance coverage. The IsDB Group will deploy all the available financing instruments to channel the funds in a fast track manner to support its member countries”. In a second announcement by IsDB President, the organisation committed to a response package worth up to USD 2 Billion (IsDB(b), March 2020).

Monetary and exchange rate policy

1. Seek financial assistance from international financial institutions and bilateral sources as support against pressures on balance of payments and the currency.

The IMF has arranged to make about USD 50 billion through its rapid-disbursing emergency financing facilities; of this, $10 billion is available at zero interest for the poorest members through the Rapid Credit Facility; these rapid-disbursing emergency financing facilities are available to low income and emerging market countries (IMF, March 2020).

Governments sometimes do hesitate to seek IMF support due to stringent conditions attached to it. There are times that IMF support really helps. For example, if a country wishes to issue a sovereign bond in the international money market, or if it seeks support from another international financial institution or even a bilateral source. This time around, conditions might not be so stringent.

2. Intervene in the foreign exchange market to manage demand. (Being done.)

For such interventions to have a meaningful impact on successfully maintaining stability in the foreign exchange market, the intensity of the intervention is key. As an indication of the economy’s foreign exchange needs, some USD 351 million is required per month for importing goods and services. According to the latest available figures, MMA’s usable reserves stand around USD 310 million. This covers 1.3 months of import of goods, and 0.9 months of import of goods and services. An important factor to keep in mind is that as the economy slows down due to the crisis, the amount of foreign exchange required is also likely to decline, thus making it hopefully less demanding to authorities to manage the situation.

The MMA has usually refrained from imposing other direct measures. There may be instances where direct foreign exchange measures may be deemed as appropriate by authorities. For example, the Central Bank of Sri Lanka has imposed three direct measures in

3. Consider lowering the minimum reserve requirement to 0 if the necessity to pump in more liquidity into the financial system arises.

4. Reduce the overnight deposit facility rate to 0-0.25 per cent and the Lombard facility to 0-5 per cent. This is to be more a signaling measure.

Financial sector

1. Relax asset classification requirements and single borrower limits to a level commensurate with the current crisis, or provide for exceptions to allow financial institutions to support businesses.

2. Introduce a moratorium on mortgage and commercial loan repayments. (This is being done.)

3. Cap lending rates at a commensurate level for a fixed period.

4. Monitor and support the insurance industry.

Government administration

1. Ease administrative measures on businesses and individuals in access to services such as application for business and other registrations, tax payment and reporting, and other requirements that act as shoe leather costs to firms and individuals.

   This crisis may be taken as an opportunity to introduce more e-government services so that over-the-counter demand for services at government institutions can be reduced to a minimum and speed up the government’s service delivery.

Concluding thoughts

The above measures should only be phased out gradually at the opportune times. In crisis situations, policy makers and public officials must rise above conventional thinking and be prepared to be creative and bold.

To maintain the government’s fiscal ability to commit to expenditures on the one hand, and to raise resources to fund those commitments is always a precarious balance. In a crisis like the one we are currently going through, everyone (the government, industry, businesses, other organisations, individuals) must take a fair share of the burden. However, it is governments that should shoulder the greatest burden. Nonetheless, there must also be a restraint on expectations on the government.

This crisis has also highlighted once again, at best, the existing inadequacies in the hitherto practiced global economic system, or at worst, its unsuitability for the current century. Perhaps a more pragmatic view might be that while the system is far from perfect and in the absence of a proven alternative, life has to go on, fixing the inadequacies of the existing system as we go along.
Tourism in Maldives: impact of COVID-19 and the way forward

Bandhu Ibrahim Saleem

Tourism in Maldives accounted for 25.2 per cent of GDP in 2018 and recorded a gross foreign exchange receipt of USD 3,157.0 million in 2019. The sector directly contributed about 90 per cent of foreign exchange income. By the end of 2019 the total of tourist arrivals to Maldives stood at 1,702,831, which is an increase of about 15 per cent over 2018. After a setback in tourist arrivals in 2018, the sector recovered in 2019.

The main markets for 2019 were European countries, which consisted, among, others, of Italy, Germany, UK, Russia and France. These markets totalled 833,904 passengers, 49 per cent of the market. The next largest markets were in the Asia Pacific region, with arrivals of Chinese and Indians totalling 705,117, which was 41 per cent. The balance was from the Americas, with 84,793 (5 per cent), and the Middle East comprising of 60,003 (about 4 percent).

The government continues to invest in aviation infrastructure. At Malé International Airport, the existing single runway is to be replaced by an additional terminal building and sea plane docks and maintenance facilities have been developed. Regional airports in three atolls are under construction, so that easy air access to the atolls are becoming more available. Private sector continues to invest in domestic airlines as well as in seaplanes. This competition is appreciated by the tour operators, resorts, and guest house owners in the atolls. Hence Venlana International Airport at Malé is the main hub for airlines.

The total room availability by the end of 2019 was 49,924 beds or 24,962 rooms. The bulk of these falls into 156 tourist resort facilities, and 607 island guest houses which are located on the outer atolls, which are for budget travellers. The floating cruisers were 156. The number of hotels in the cities were 12. All these facilities in 2019 produced 10.68 million bed nights with an occupancy rate of 61 per cent. The average length of stay was around 6.3 nights.

For the year 2020 the Maldives Monetary Authority (MMA) forecasts a total arrival of 1.8 million tourists, with occupied bed capacity of 10,800 million nights. The total
revenue for 2020 is estimated to be increasing at 10 per cent over the year 2019, or USD 3,622 million.

With the beginning of the year 2020, the markets responded positively and growth as projected appeared likely to hold throughout the year. Tourist arrivals for the year 2020 continued steadily upwards, both in European and Chinese markets. The Chinese Lunar new year bookings were reported as steady. On or about 10th January, the news of the Corona Virus (COVID-19) were reported on press, and this was followed by cancellations from the Chinese market. Whilst the direct flights from China to Maldives continued then, on 20 February 2020 the government announced a travel advisory by the Minister of Tourism that all flights from China to Maldives were being suspended. Meanwhile the European flights continued to operate till March 14, and the government subsequently issued a further travel advisory to suspend tourist arrivals from selected parts of Italy, Germany and France.

Maldives declared Health Emergency lockdown on March 20th, under the Public Health Emergency law and informed all concerned parties that the policies and procedures were being announced due to the COVID-19 virus. Under this law quarantine facilities were established in airports and islands. The COVID-19 cases were being detected and actions taken to contain it.

United Nations World Tourism Organization (UNWTO) estimates that as a result of the impact of COVID-19 the world tourism for 2020 will declined by -1 to -3 per cent with a drop in revenue of USD 30 – 50 billion.

Whilst no estimate of cancelled bed nights is announced by the authorities, it is estimated that Chinese tourist numbers during the winter 2020 period will be very low. The industry estimates that this market will not recover till July 2020. The losses from this market alone is estimated to be between USD 30 – 40 million for the first four months of the year. The situation in European markets too began to show the effects of COVID-19. The government has already announced the suspension of tourist arrivals from Italy, followed by selected cities of France, Germany and Spain. Despite the high season (November 2019 – March 31) cancellations for the future bookings started falling. This was felt by the announcements by the resort owners and
operators to close the resorts for 2-3 months from the beginning of April 2020. This results in staff pay reduction and being sent on leave.

President Ibrahim Mohamed Solih earlier announced that due to COVID-19 our GDP growth was estimated to decline, by 0.5 to -5 per cent during this year. In terms foreign exchange the preliminary shortfall was estimated to be about USD 650 million.

To address this issue government announced several packages to support the economy. Bank of Maldives announced USD 2.5 million relief loan per resort for two years or more to those worst affected. The Ministry of Fisheries and Agriculture is extending MVR 100 million to support the fishing industry. The Ministry of Finance announced a stimulus package of MVR 2.5 billion to support and to meet the short-term working capital needs of businesses, which will be channeled through the banking system at a favourable interest rate of 6 per cent for a three-year repayment period. The Maldives Monetary Authority announced a USD 150 million facility for commercial banks to support their operations.

The future of tourism is in uncertainty, because COVID-19 has not been fully controlled in tourism generating markets. The result may push many resorts in Maldives to suspend operations for about 2-3 months. The promotions for the recovery are essential to begin now for generating markets to minimise the damage.

Maldives Tourism Promotion Board (MTPB) announced that they are embarking on campaigns in India and Russia soon followed by promotion in China. This will be a good boost for the tourism industry. Together with the possible upturn of generating markets, and the government working with the industry, there will be a slow but steady recovery by the end of summer season 2020.
Some thoughts on the Maldivian fisheries sector amid COVID-19

Abdullah Kamaludeen

COVID-19 is a global pandemic of unprecedented magnitude. Already most of the countries of the world have been affected. As of this writing the Maldives too has a few confirmed cases. In spite of the timely preventive measures taken by the government to avoid the spread of the virus in the country, the World Bank has already said that the Maldives will be one of the worst affected countries, economically.

The fisheries sector being one of the most important sectors of the Maldivian economy, and one of the highest foreign exchange earners of the country, this article proposes some ways in which the sector can be sustained at existing levels, until the world can overcome the effects of the COVID-19 pandemic and the Maldives can resume normality.

The reality is that the robust global market for fishery products will no longer be there for some time, hence, the local fishery industry which has been relying very much on the said market will be badly affected. But, fish is good nutrition and everyone needs fish. So, this is the time to closely look at the development of the internal market for fishery products. Although, Maldives is famous for her fisheries, there are many islands in the country without a single fishing vessel, and fish is quite dear to the inhabitants of the islands.

Maldives has been relying heavily on imported poultry, beef and meat products for its daily nutrition needs. But soon these commodities will not be easily available in global markets and there will be difficulties to import them. Therefore to supplement the forecast shortage, government, fishery companies and retailers in the islands need to work together to introduce different fish products to the islands in different forms of packing. Perhaps, the retailers on the islands could be supported with different sizes of reefer containers to preserve their stock of fishery products. They could also be given cash flow support to buy fish, until such time the market stabilizes and begins to function profitably.

Already there is a fairly well developed and privately owned transport link carrying passengers and cargo mainly between Male and the Islands, and sometimes between islands. What needs to be done now is to find out how this link could be upgraded to carry fishery products between producers and markets, the inhabited islands and perhaps the tourist
resorts of the country. Additional investments will be needed, and vessel owners need to be supported financially to make these investments.

An important issue that needs to be highlighted is the issue of fish waste. Wherever fish is purchased and processed, at this point in time, be it a local island, a fish market, or a fish factory, more than around fifty percent of the fish is thrown as waste. Even in normal times, this is a heavy economic loss, and it would be prudent at this crucial time, to equip all processing points with adequate equipment to process fish waste, to be used subsequently as fertilizer, chicken feed etc.

Steps should also be taken to maintain the fishing effort of the country at or near existing levels. Government has already announced a financial package amounting to MVR 100.00 million to support fishing companies to go on purchasing fish. This is one side of the story, and the fishing boat owners also need to be given financial support to do needed day to day repairs on their fishing vessels, pay for their fuel bills and purchase of fishing gear such as poles and fishing lines, hooks, etc.

In the past the fishing effort of the South has always been greater than that of the North mainly because the South has somehow been able to acquire more fishing vessels than the North. Perhaps this is the time for the government to support the building of a few more fishing vessels to ensure that the fishing effort of the North and South are balanced. This will lead to the establishment of more processing facilities, not necessarily high end, but even small-scale facilities to make dried fish in the North, and generally give a boost to the growth of an internal market for fisheries products.

Fisheries, and its sister industry agriculture have always stood firm in the country’s economic downturns, and come out stronger consequently. What needs to be done is build on this resilience, maintain fishing effort at existing levels, develop an internal market for fishery products, and plan to tap on the sector’s huge potential for sustainable growth, in the aftermath of COVID-19.

About the author

Abdullah Kamaludeen was in the administrative and political service of the country for the last 47 years, and served as Minister of Fisheries, Agriculture and Marine Resources among other cabinet portfolios.
Weather the storm, … lets’ build better, together!
Abdul Haleem Abdul Latheef

The 2020 budget expected GDP to grow by 7.5% to MVR 97 Billion, generate income of MVR 30 Billion, of which 60% to be from tax revenue. Following the Covid-19 pandemic it is expected that significant revisions will be made to the budget 2020 as it could have little relevance as the country awakens to a totally new reality just like the rest of the world.

The Government has already promised a stimulus package and a number of concessions to help people and businesses at these trying times. Our expectations have to be reasonable. Maldives is a country in transition in so many ways. The economy is highly dollarized. The Financial sector small and dominated by banks with an estimated total asset base of MVR 56 billion. Last three years our usable reserve averaged USD 235 Million. Along with huge current account deficits and subsequent budget deficits over the years, one has to recognise that there are limited fiscal and monetary policy options available to government to fully recover from a shock of this magnitude too soon.

With uncertainty looming over economy, it is important to keep our hopes and dreams alive. The priority should be to ensure the food and energy security, providing basic income for people and sovereign debt management and weather the storm caused by COVID-19.

Ensuring Food and energy security
It is expected that the foreign currency demand to support import requirement will be reduced due to decline in tourism industry and lower oil prices. Nevertheless, as a matter of prudence, it is important to ensure that the stock of foreign currency is maintained.

During last year Maldives imported over USD 2.9 billion worth of goods. Food and energy imports are expected to be in the order of USD 1 billion. In addition to this, foreign transfers in the form of investment income and employment remittance is over USD 1 billion.

According to MIRA the Government received USD 653.3 Million in 2019 (MVR 10 Billion) as USD revenue, 99% of which is related to tourism and travel. Tourism GST alone is 49% of total foreign currency revenue to the Government.
Although there is a silver lining with the Chinese and Russians having an early lead in controlling the Covid-19 pandemic, a revival of the European market during the year is highly unlikely.

Under the circumstances, a constant monitoring of foreign currency movement in the economy would be paramount. The policy on repatriation of funds may have to be adjusted in line with developing circumstances. More restrict measures may become a necessity.

The planned development expenditure of MVR 15 billion for year the can be postponed because of limited employment creation and flow of funds at local level. This would also reduce the pressure on foreign currency demand, leaving foreign currency available for most urgent needs such as food, energy and debt repayment.

Providing Conditional Basic Income
The tourism and travel sector will be hardest hit. It can also be expected that workforce in this sector will account for the youngest cohort in employment. There will be spillover effect in the private sector as tourism sector recedes.

In the event that several people will be out of work, provision of basic income would
become a necessity as workers laid off may not find work under the circumstances.

However, the basic income must be conditional to encourage labor participation and productivity in the economy. The conditions may include mandatory engagement in productive work like fishing, farming and home-based businesses. In addition, the universal health insurance can be tied to work rather than free for all so that it is more equitable, fair and sustainable.

There are a number of ways this can be funded and sustained;

- Budget funded pensions and gratuity payments which is estimated to be in the order of MVR 1.4 billion can be paid to those who are unemployed,
- Further injections can be in the form of social protection grants from the Maldives Retirement Pension Fund,
- The funding can be provided for each household rather than for each individual

Debt Management
It is important to avoid any debt default. In addition to the financing the imports, foreign currency is required to service debt obligations of the state.

For 2020, MVR 1.1 billion is expected to be used to pay off foreign borrowing. The government plans to raise USD 300 million through sale of Samurai Bonds this year as well.

The first of Maldives Government sovereign bond sale took place in 2017 (with the sale of USD 250 million 7% fixed coupon 5-year maturity conventional bond which is listed in the Singapore Stock Exchange). The second bond, issued April 2017 is a USD 100 million 5.5% fixed coupon 5-year maturity conventional bond listed in the Abu Dhabi Stock Exchange, privately placed with the Abu Dhabi Fund for Development.

As the raising finance from overseas markets will be challenging, it is important to take proactive measures to meet these and other debt obligations to avoid adverse country credit rating and jeopardize future borrowing capacity.

**let’s build better, together!**
The economic consequences of Covid-19 will be bitter, there is no doubt about it. It would be the biggest hit on our economy, far greater than the economic loss caused by 2004 tsunami where we lost 62% of our GDP.

The Maldives was a success story even then. It took no time for us to rebuild our economy and build better our infrastructure.

We have to be even more resolute to become a success story again. Together we can build better and together we overcome the hesitancy to question the economic and social policy of successive governments over the years meant for us as a country.

But first, let’s weather the storm together!
Let the professionals and technocrats handle it
Ibrahim Athif Shakoor

The perfect economic stimulus package for a time like this might very well be the stuff of dreams and dare I say nightmares. There's no single solution for all countries, and each nation must grapple to seek a balance between what they would like to do against what they can practically afford to do. The United States Congress has passed a massive USD 2 trillion fiscal stimuli package. Lawmakers are talking about additional packages in the days to come. There is in effect no single flu shot that will cure the ill effects of the Covid-19's aftermath.

Yet, this small nation of ours, known best for our natural resources, our beaches, lagoons and for our sustainable fishery products, is proving to the world that we can march lockstep with the brightest and the best when it comes to battling a world pandemic. Not to put too modest a spin on that, we are doing a lot better than some of the first world countries.

This, I believe, is largely due the fact that our statesmen and politicians, were wise enough to allow the professionals to chart the course and decide on the process. The politicians, by confining themselves to mobilizing the resources, removing the red tape, releasing funds and mobilizing good faith have made the ‘science-led-policy’ effective.

And thus, we prove to the world that, although we are constrained in material resources, that our human resources are strong. That we have trained professional people at our institutions and that above all, our political masters are wise in allowing the professionals to lead and empower them in such times.

Yet, while we applaud the decisions and steps taken by health care professionals and are rightly proud of them, let's also take a pause and recognize that we have, amongst, us professionals and trained graduates in every field of endeavor. Each one of our industries are populated with trained youth straining to show their worth and test their mettle.

Fisheries, agriculture, transport, communication, real estate, hospitality, health care, aviation, logistics, banking, … we all know young and educated professionals waiting for an opportunity. Wanting to show to their family and to the nation at large, that the investment in their education is not for naught.

Therefore, as we tighten our belts further and ride a stormy sea for some time yet to come, let us also look for the future with optimism and hope. And when the time is nigh, let us allow our professionals, our trained technocrats, our zealous youth to chart a new course and offer them the resources to build new bridges and ask our politicians to confine themselves to allocate resources for our technically qualified youngsters to finally repay their gratitude to the nation that fostered them and the families who allocated scarce resources to educate them.
Building back from COVID-19: ensuring socioeconomic protection

Aminath Mihdha

Infectious diseases know no borders, the magnitude of the current COVID-19 is impacting everyone across the world, leaving fear, disruption and uncertainty. The current public health pandemic is hitting hard on the health systems, and the sudden disruptions and diversion of resources are impacting communities, across all sectors in all the countries.

For a resource limited island nation relying heavily on tourism with major markets arriving from Europe and China which are evolving as the epicentres of the current pandemic, this sudden disruption come with a heavy price for the Maldivian industry. On this backdrop, the construction industry and related businesses employ a significant majority of expatriates, whose living conditions are not only substandard, but who have limited access to the health facilities in the Maldives. Unless closely monitored, an outbreak within the community will immensely increase the public health costs of detecting, diagnosing and treating the COVID-19 cases in the Maldives. The ramifications are already being felt by small businesses, who given the nature of this outbreak are having to close their businesses for a prolonged period resulting in reduced income and loss of productivity due to missed work.

The focus of every government is currently addressing the immediate healthcare crisis and ensuring timely procurement of urgently needed health and medical supplies. While the medical team is addressing health care, time is now for the government to strengthen the procurement supply chain of medical supplies and address the inefficiencies in the current procurement methods by ensuring transparency in purchasing and tendering for the protective care and other immediate medical necessities. Lessons from the 2004 tsunami crisis response has shown that inequitable crisis management only deepen the governance challenges. Prudential measures in procurement of medical supplies will not only reduce the costs associated with inefficiencies but also strengthen the current medical procurement systems.

A strategy to mitigate the impact of the pandemic and to build back better, must be a multifaceted response by government authorities, donor community, private sector and civil society actors alike. Experiences from China and South Korea has shown that stronger public health measures should be coupled with innovative business continuity plans and behavioural changes, and active participation of the community.
While the immediate response diverts all the existing resources to manage the current crisis, national contingency plans are strengthening the existing detection, prevention and surveillance measures, it should also include a comprehensive approach to strengthen the current national health systems.

The government has announced a fiscal support package which includes loans and deferred payments. What is missing is a social protection package for vulnerable sectors. The impact of the current crisis will be felt hardest by the most vulnerable sections in the society. In the current context, the lower income groups and those operating in the ‘gig-economy’, those relying on incomes from a family member working in a resort, and the expatriate labor force which includes a large portion of internally displaced persons (IDPs). The current crisis calls for improved business and human rights measures in the Maldives. This is an initiative that can complement the current policy on internally displaced persons in a cost-effective manner ensuring their labor and human rights.

Since the COVID-19 outbreak, governments across the globe are promoting social distancing and in extreme cases, curfews and closure of businesses indefinitely. In the frontline of this immediate closure is the tourism industry. Social distancing and the curfews will hit the underserved small businesses with limited capital and with no means of working remotely. The financial support package for small businesses and temporary fiscal measures can be complimented with technical support educating and promoting remote working capabilities and resiliency planning.

Lessons from this pandemic will pave the way to improving our health systems, rethinking urban planning and labor markets, moving to sustainable consumption patterns and supply chains, and improving partnerships with businesses and social sector so that the spread and impact is minimised in the short term, and future shocks are better mitigated.

About the Author
Ms Aminath Mihdha is a development practitioner based in UNDP Asia Pacific Regional Office as a Partnerships and Resource Mobilization Consultant. She has over 12 years of experience in the areas of development cooperation, public-private partnerships and resource mobilization. Prior to joining UNDP she worked in UNDP Maldives as a National Coordinator for a regional grant programme, and before that in the diplomatic field in the Ministry of Foreign Affairs holding numerous portfolios.

Ms Mihdha holds a Master’s degree in Development Economics from the School of Oriental and African Studies, University of London, and Bachelor degree in Economics and Public Policy from Victoria University of Wellington, New Zealand.
Economic impact of COVID-19 on Maldives tourism

Mohamed Naseem (Nafa Naseem)

With the declaration of global pandemic due to novel corona virus now known as Covid-19, the Maldives tourism industry has been hit badly.

Maldives tourism industry has enjoyed its best arrivals during the past year 2019 and it was looking forward for further growth during this year 2020.

With the expansion in demand with market growth, many new resorts including new domestic airports began their operation especially for the expected growth in arrivals during the year 2020.

However, with the beginning of this devastating virus, starting from its inception in Wuhan, China, the country has been experiencing enormous cancellations, especially starting with the Chinese New Year in early February 2020. Today almost all resorts are experiencing massive drops in number of arrivals, including cancellations of major airlines operating to and from the country such as Singapore Airlines, Emirates Airlines as well as Turkish airlines carrying tourists in and out of the country from all over the world.

Industry pioneers like the Champa group chairman Mr. Hussain Afeef was quoted in Mihaaru Daily news on 24th March 2020, that this could be the worst ever hit for the industry and no one is able to predict its negative impact on the industry so far. Probably he was referring to the cancellations and consequent losses experienced by the industry during 9/11 as well as SARS epidemic.

So far very few information is available for researchers like us to analyse the situation and in the absence of considerable data it is likely to be difficult to extrapolate the economic consequences of this tragedy.

Based on daily news by various local sources, almost all resorts have shut down while some resorts have already laid off its staff, and some others had given their staff unpaid holidays. The government, namely the Ministry of Economic Development has been requesting such employees to register with the employment office and it has promised to help them. But the magnitude and kind of help is yet to be announced or probably decided. Moreover, we need to recall that over 65% of resort employees are expatriates from all over the world.

NGOs representing resort workers have raised the issue as irresponsible and unacceptable or unkind actions on the part of the resort owners, as this would put the employees and their families under enormous economic hardship, especially the locals working in resorts.

It is a difficult time for all the economic agents without exception. In my opinion this is the time where we need the Government policy makers, the whole
industry and resort owners to step in and support each other for mutual benefit. Calamities like this are unannounced and no preparation can avoid it, but we can definitely try to minimise the impact. We should not blame one another but put our efforts together to overcome it.

The government as well as industry must recognise the importance of the tourism industry as the main source of employment, income generator and profit earner to the investors, entrepreneurs as well as the country. The Golden egg laying Chicken, as commonly referred to in Maldives, the tourism industry can’t be ignored just simply because of a global pandemic. This chicken must be treated, protected and taken care of so that we can get more golden eggs in future!

Many people are asking us the students of economics like me on the impact, estimated losses, the future outlook and worst case scenarios, which no one actually knows at the moment, but can only provide an intelligent guess.

For me, the most important possible measure now is that all economic agents including the industry players, the government policy makers and the employees must stay put and cooperate with each other in this difficult situation where no one knows what lies ahead of us.

Individual loss minimizing measures may not work in this kind of unknown situations. Neither the country nor the industry can sustain this kind of unpredictable hits and losses as it encompasses the whole world economy and not only the tourism industry in Maldives.

We can attempt collectively to use various strategies such as temporary paid leave for all employees and or partial compensation instead of laying off the very key people who are behind the lucrative profits earned by the industry players. We must choose empathy, kindness and generosity over our individual selfishness.

My humble advice to all of you is that, it’s a difficult time for all of us and we better keep calm, listen to the relevant authorities, and take preventive measures from spreading the virus and infections rather than putting the people into economic and mental hardship through our irresponsible individual actions.

God willing, we Maldivians have shown our resiliency during hardships and braved the many storms that have passed this small nation. For that matter I am one hundred percent sure we will prevail this Covid-19 and its destructive pandemic too.

About the Author
Mohamed Naseem is a pioneer in the field of undertaking public awareness programs on national TV on economic and business issues.

Popularly known as Nafa, from the name of his tv program, Naseem has served in senior positions of both Government and private sector.
COVID-19 impact and solution for Micro, Small, Medium Entrepreneurs

Ahmed Zubair Adam and Ibrahim Ali Jaleel
SME Entrepreneurs Federation of Maldives

In this report we highlight the impact of Covid-19 on MSME sector and preferred fiscal incentive packages and solutions on socioeconomic issues to lessen the impact. Actions required to mitigate the immediate impact and long term plans required for SMEs are discussed in the report.

The government’s GDP growth target for this year is 7.5%, which is primarily based on the confidence in the tourism sector. Tourist arrivals grew at the rate of 6% per annum in the past 6 years. Tourism provides nearly 75% of income to Maldives. Hence, 25% comprises of fishing, construction and trade but then again largely driven by multiplier effect from tourism.

COVID-19 has hit hard on tourism and as a result all guest houses and over 50% of the resorts have been temporarily shut down for 3 months and almost all the resorts are to follow. Construction, fisheries and SMEs who run the corner shops or the guest houses and speedboat services to café and restaurant owners are all impacted adversely since COVID-19 began.

As a mitigation plan, we need to borrow and pump funds to the economy quickly, as with COVID-19, the businesses have lost more than 55% of their sales when tourists stopped initially from China, followed by Italy, Germany and created chaos in the micro, small and medium businesses.

It's seen that most of the businesses, including the big resort chains, are being operated/managed with daily cash flows. The big brands too have announced that they cannot maintain the staff pay for even 3 months, and have announced financial package with maximum caps and reducing different percentages for different salary bands.

Hence an urgent intervention from the government is needed to lessen the impacts on SMEs. Urgent solutions are needed to address financial and socioeconomic issues on SMEs, due to COVID-19 impact. Following are needed actions on a timely manner.

Mitigation package for survival from immediate impact of the outbreak

We have seen our supply chains disrupted as the country's economy's 75% depends both direct and indirectly on tourism as the whole tourism industry is on halt for at least 3 months. For survival of businesses, we need special packages like:

1. rescheduling/restructuring the existing loans for at least 6 months
2. deferment tax payments (BPT, which falls in June)
3. deferment of projected BPT
4. special short term loans to cover operational expenses, as it looks like businesses will take at least 6 months to reach a manageable level
5. deferment of utility bills and special discount on bills for 3 months
6. Care and support package for public, as businesses are among the public
and need to increase the customer’s buying power

7. Almost all the resorts are temporarily closed and it seems like many staff will get redundant. Many resorts and guest houses have undocumented expats in their work force and many of them will get redundant, and may choose to do odd jobs directly, causing a huge impact on SMEs. And this issue needs to be sorted for survival of SMEs.

**Stabilisation and support package for economic growth**

Following are some steps that would sustain and grow the businesses

1. Special low interest loan with 6 months grace period with loan duration 3 years, based on past performance (annual turnover)

2. Import duty exemption for 6 months

3. Continue discounted utility bills for 6 months

4. Facilitate foreign currency for the TT, through banks

5. **Promote tourism sector via promotional packages as all SMEs are directly related on tourism industry**

6. Documentation and legalization of undocumented foreign expats

7. Facilitate more government contracts for SMEs

8. Expedite payments from government for invoices from SMEs

9. Banking regulations need flexibility as banks now with many red tapes, tighten domestic credit which obstructs the growth of the economy, especially the construction sector which is the second contributor to GDP. Construction sector contributes to many SMEs, namely midrange construction companies, architect firms, hardware shops, logistics companies.

10. Loan interest rates need to be reduced as the current real estate loans at 13% interest causes high rental rates which increase the operational cost of most of the SMEs and high housing rental reduces the customer's buying power

**Long term Plan**

It is essential to have a long term plan to minimise impact and protect SMEs from such epidemics.

One major issue currently is the vulnerability of economy, due to solely depending on tourism and any epidemic/pandemic affects the economy badly. From the past history it’s seen that an epidemic hits every 10 years.

Hence need to have a master plan to reduce the impact of such crises on economy

Following are some plans that could be implemented in an organized way

1. Diversifying and growing other sectors namely agriculture - hydroponics, poultry, farming and aquaculture, by simply bringing technology into farming process.
2. Bring back the Maldives shipping line, which proved the capacity and capability of Maldivian seamen and the management.

3. Solar power diversification to minimize the funds on fuel, which will help to recover faster in such crises, as huge amount of state fund gets blocked for reasonable fuel stock.

4. Develop fisheries industry and market directly with value added products.

5. Develop locals into skilled and high paid jobs, to retain forex within the country.

6. Improve the monetary policy to roll the revenues in the economy, to be operated through proper monetary networks, to ensure proper recordings and real benefit to the economy.

7. Change the Banking guidelines to maintain their spread income at reasonable rate and in favor of business sector.

8. Regulate the foreign labour policies and maintain the foreign expats in a regulated process.

9. Introduce an Emergency Support Fund for staff which is very essential now, as job security is NOT assured in such a crisis, and a solution is necessary. One way is to go for a contributed method like the Pension Fund, for instance a 3% contribution by each to give a 6%. As the infrastructure is there to run a similar fund (Pension Fund), such a fund could be established and maintained easily through the Pension Fund. Pension Fund is with over 12 billion in 10 years.

COVID-19 is nothing similar to 2001 September attack and aftermath, or the 2009 financial crisis. This is more an epidemic impact and with the help of government’s stimulus packages, the people will move on with their life. Travel and tourism will begin as the stimulus packages across the world will keep their economies functioning soon. Similarly, the Maldives businesses will be maintained with the stimulus packages from the government, and expects Maldives tourism to be back to norm by Q4-2020/Q1-2021 and SME businesses will follow the trend then.

NB:

SME Entrepreneurs Federation of Maldives (SEFM) is a legal entity registered under law no: 1/2003 in the Republic of Maldives on 3rd December 2018.

SEFM is geared towards building a robust SME engagement and providing SEFM members with more opportunities to explore various economic windows, including financial and technical support in order to build the capacity.

SEFM is led by a dynamic team who has immense knowledge and experience in Maldives and international business arena. Our founding members and team members are qualified and dedicated to provide comprehensive solutions to SEFM members and other businesses.

SEFM will seek to develop partnerships with local and international partners to provide the best solutions and share knowledge, support the growth of SMEs and entrepreneurs as a whole in the Maldives.
State assistance is best targeted to individuals and not corporations
Ibrahim Athif Shakoor

Analysts throughout the world are emphasising, nay insisting that Governments not make the mistake they did in the 2008 recession by targeting financial assistance packages almost exclusively to the big corporations and large banks. That this time around, even if difficult to implement, that the assistance must be delivered to the employee, the mortgage holder and the SME entrepreneur instead of to the large banks and the big corporations.

Analysts and writers from a variety of sources from individual blogs to respected news corporations like New York Times and even Bloomberg are cautioning against offering large bail out parcels focusing on corporations, effectively without proper oversight. Mostly because such mammoth corporations have shown that they have used such crises to advance their own interests and pad the pay package of their senior executives and their retirement options. Banks have returned stronger and wealthier than before the 2008 recession and that it is the individual mortgage holders, often the most vulnerable who lost their savings and their homes.

Fiscal stimuli offered by our state already have elements directly targeting the end user. No doubt, as the recession deepens there will be additional measures put in place. We are optimistic that additional stimuli will directly help individual, the citizens. The employee who is asked to stay at home for three months. The crew of the fishing dhoni who is unable to sell his harvest. The homeowner who finds it difficult to pay her utility bills. The small entrepreneur who has to seek extensions on capital AND interest payments to the bank. The many many Maldivian families who have to pay rent bills, the wholesome rent reductions offered by many many landlords notwithstanding.

To be fair, it is easier and more convenient for the state to send a large heap of money directly to large corporations and announce the total value of such packages as the value of the stimulus package delivered. The latest US stimulus package, the 3rd one, was held up at the Senate, because Democrats had refused to accept measures benefiting big corporations including a USD 500 billion (that’s billion with a capital B) aimed at large corporations at the discretion of the Treasury Secretary with no effective oversight.

Fiscal stimulus, while difficult to implement, it is agreed by many analysts now, is best targeted at individuals and families directly rather than to the large corporations and to the banks.
Can we, women of this country, have some space to grow food and offer food security to our family?

Muna Mohamed

2014: Think about it?

In 2014, I started writing a book using census and all available economic data on every atoll including data on how many uninhabited islands each atoll has. I thought that showing demographic, geographic and economic data will make people realize we need to do something about abandoning such rich resources for a congested living in Male’….

I shared the first draft with friends and mother thinking everyone will be very pleased. They weren’t happy. Major problem seemed to be - “just throwing data on people is not enough… we need to talk about some solutions. Take food security for one…..”

2016: Write about it?

The book (Falhu Aliran Muy) - now twice bulky, with economic history (on the suggestion of Late Ali Hussain of Novelty Printers) and 11 interventions on future of atoll development got published with one chapter especially for food security. Below excerpts (translation) from the book -

It is quite obvious to say that had a global war broke out this very instant, Maldives would be facing severe food shortages because we import literally everything from abroad.

Former President Mohamed Amin Didi in his book “Dhivehi Raajje Hanguraamaige Villa Gandehge Dhashuga” (Maldives Under a Cloud of War), stated that during the Second World War, the Government of Maldives sent delegations to every island to caution them about the war, and shortage of food… President Amin also said in his book, that these delegations conducted training programs to educate the people about planting crops and trees that bore food.

But what the Maldivian people realized during the war was that, it had been too late. Food shortages were so severe that famine broke out in many islands of the nation, and the people started eating leaves of Magoo (beach cabbage) plants in the island resulting in riots and political turmoil!

Food security is not an issue that has been taken seriously in recent history by any government, the People’s Majlis (parliament), or the people living in the atolls…”

2017-2020: Talk about it?

Early in the year 2020, I was invited by Transparency Maldives to speak to aspiring women politicians from various atolls, who wish to compete in upcoming council election.

I talked to fellow women on how number of economically active women fell with increasing tourism! Stated that even as late as 1970s, number of economically active women was over 60% but today it
is less than half with dismal 42%. Interesting stat is agriculture may be less than 1% of GDP but 52% of farmers in Maldives are women! We discussed this in the little time we had, sharing real life stories and talking about what could we, as people do.... what councils could do....

2020: Early March

News of Tourism Ministry awarding an island to businessmen for 50 years broke! Apparently locals of the atoll have made numerous requests over the past 3 decades to the government to give the island for the community. I called a lady in the atoll and asked how she felt about this development! Her reply-

“We collect coconut and other crop items from the island. More importantly palm leaves for thatch weaving. From where do we get those now?” I don’t have answers

Maybe State would have some answers. I thought. Need to check how they acted in a similar situation around mid-2018.

I called another girl in an island which faced a similar situation where traditional industries involving high participation of women were halted by a sudden development project, that took the land they were working. Asked what the state did to help the women and families hit by the ‘development project’! The answer is- nothing! Most are still struggling to continue to work. They used to earn good money through livelihood activities in the land taken, but no more.... Some are single mothers struggling to survive. She said with worry!

Apart from these, there are numerous atoll communities requesting state to give priority in allocating uninhabited island to meet basic needs of citizens, be it housing, agriculture, education, leisure... there are material worth couple of books on such incidents and requests, for people interested to explore the area.

To be fair, in 2019, 3 women ministers of current government granted me appointments to listen to the issue and they seem to be sympathetic to the cause.

2020: Late March

An endemic virus (COVID-19) is forcing the world to slow down! People are advised to stay indoors! Countries are closing borders. Tourism all over the world is hit! Travel is at its minimum. Maldivian resorts are also shutting down - temporarily! With no vaccine and experts predicting that it will be a struggle for at least 18 months, what should we do?

Government is doing as much as it can to keep economy afloat. The question is, for how long the government can pump paper money to the economy without any ways to noticeable productive activity?!

Tourism industry also is helpful in its effort to give closed resorts to use as a quarantine facility to combat the disease. On 22nd March the Ministry of Tourism announced that they have secured 2288 rooms for the purposes. However why keep other resorts empty and closed for economic activity?
What should we do now?

Translation: “When the Last Tree Is Cut Down, the Last Fish Eaten, and the Last Stream Poisoned, You Will Realize That You Cannot Eat Money”

I thought back to discussions with women and young people and the suggestions below are amalgamation of those exchanges. Helping women in this juncture (and beyond) is helping all resort workers whose way of earning an income is now under threat, due to halting of tourism.

There are some direct requests from women folks as well, which actually fall under advice on basic manners when one takes what belongs to someone else!

Immediately

1. Using closed resort islands or part of it to grow food, process food, (fishing, and agriculture). Join hands with staff and community for a win-win solution!
2. Introduce community food gardens in inhabited and uninhabited islands

3. Restore access to forest of nearest uninhabited islands immediately to ensure protection of livelihood (of women) and food security of island communities.

4. Resorts in every atoll initiating a dialog with women (Women’s Development Committee) of the atoll immediately to discuss ways to collaborate.

Medium term

5. Linking morning breakfast at school with local community farmers (primary procurement) and women’s development committees (secondary - preparation arrangements) or agriculture cooperatives in islands.

6. Establish 4 or 5 regional centers to grow crops that are easily cultivated in Maldives and limit import of those.

7. Stop giving whole islands to a single party for tourism targeted to mid and lower market;
   A. To halt having to give up homes for dwelling, to earn an income from guesthouse tourism. This increases migration to Male’ for a congested living making cash to settle in one geographic area- Male’ as exorbitant rent, limiting other industry growth with income generated from guesthouse economy! Instead
   B. Restructure land allocation in uninhabited islands targeted to mid-to lower market tourism by allocating plots to people in communities and even multiple companies for a more inclusive economy to give the opportunity to enjoy well-being friendly living in atolls away from congested Male’.

Long term

8. Allocating islands from every atoll for community needs (agriculture, education, leisure and well-being, conservation)

9. Diversifying use of uninhabited islands between industries in every atoll.

10. Come up with natural resource plan linking tourism, agriculture fishing and conservation to avoid one industry policy restricting growth of other industries and sections of society be it women, or youth!

11. Formulating Food Security Master Plan at atoll and national level.

For Parliament

12. Passing a Food Security Act linking local agriculture and community livelihood.

13. Natural Resource Management Act to manage and protect ecosystems with community participation and involvement that links economic benefits with conservation.
14. Amend Tourism Act or abolish current one for a consolidated law that addresses following concerns
A. Parliament urgently needs to review economic rents it has granted, in particular locking future innovation by locking land in a single industry (tourism) and few companies for generations to come. This hinders intergenerational equity and is alien to sustainable development which entails; meeting the needs of the present without compromising the ability of future generations to meet their own needs. Such rents are also against the spirit of free market competition!
B. Restructure land allocation in uninhabited islands targeted to mid-to lower market tourism by allocating plots to people in communities and even multiple companies for a more inclusive economy.

15. Community Land rights Act to safeguard ability of communities to ensure basic needs can be fulfilled for a life of well-being.

Some direct requests from women I met (basic manners of transaction initiation)

1. Before giving land plots (for commercial) and uninhabited islands, ask Women’s Development Committee if they want it and if yes give priority to them or go for joint ventures with community!
2. We, the women and communities must have a say in allocation, utilisation of land and uninhabited islands within the atoll!

I hope tourism industry, government and parliament rise up to the occasion and turn use of land and uninhabited islands (natural resources) to a more collaborative effort with community, to ensure equitable long term sustainable development that helps to meet SDG targets on food security and women empowerment as well.

Disclaimer:
The list is not exhaustive. We need nationwide bipartisan dialog on food security and economic empowerment of women and youth urgently!

Highly recommended reading
Report of the World Commission on Environment and Development: Our Common Future
The benefit of a rare windfall in fuel prices must be wisely used

Ibrahim Athif Shakoor

On 9th of March Geopolitics caused a staggering 34% crash of oil prices in the world market. Together with the COVID-19 impact of keeping many factories closed, the continued feud between major oil suppliers and the US being unable presently to impact the market positively, the world witnessed another 10% drop just last week. And analysts do not believe that they’ve seen the bottom of the market yet.

Customs statistics show that the total CIF cost of fuel imports to be MVR 4.1 bn in 2017, and MVR 6.1 bn in 2018. For the 9 months, Jan - Sep (latest figures available from the Customs) it was MVR 4.7 bn of imports in 2019.

Oil prices started to plunge dramatically in March. Yet, with oil prices now below 40% of 2019 prices and forecasted to continue to stay below as long as the geopolitical spat goes on and economic outlook remains in bearish territory, it is I think reasonable to assume that we, as a nation will be able to save a minimum of 33% of the cost of fuel imports from 2019 import costs.

Let us assume that our oil requirements for 2020 remain the same as 2019, I am aware that this quite a big assumption. This potential savings of 33% of the nation’s fuel bill for 9 months can be as high as MVR 1.5 bn

The 2020 budget have also allocated MVR 350 m for electric subsidies, thus there’s also hope that there is a saving from the state budget on such subsidies as the difference between the import price and the target subsidy rate narrows down.

Customs statistics does not separate private and public imports like it does for exports. Therefore, we are unable to state how much of the presumed savings will be public funds and how much private. However, even while being extra cautious, we estimate a potential savings of MVR 1 bn from fuel import costs to the nation at large. That is indeed not something to be sneered at.

Especially at a time like this while our revenue is being strained and the state is trying desperately to offer aid and comfort to the nation.

At any other time, we would advise to create a reserve for national emergencies and keep it for a rainy day. But guess what, we are drenched while caught in a sudden unanticipated downpour and clearer skies are still not forecasted.

We hope that both private and public savings will be used wisely and productively to allow us to weather the storm and repair the damage.