



EIF Focal Point	Mr. Yusuf Riza, Permanent Secretary		
NSC Chair	Minister of Economic Development		
NIU Coordinator	Ms. Saeeda Umar		
EIF Donor Facilitator			
Approved Projects	Type	Name	Status
	TIER 1	NIA Support	Ongoing
	TIER 2	Strengthening institutional capacity of key national trade facilitation agencies	Ongoing
			Approval Date
			22-Dec-2010
			30-May-2013

Country Summary

Results

One of the graduated beneficiaries of the EIF programme, during the past years Maldives has undergone significant political change. The NIU has provided the Government of Maldives with significant trade policy continuity amidst challenging conditions including a contraction in funding to public service, as well as the absence of donors and development partners on the ground.

Tier 1 project has yielded significant results, with an active and operational NIU. Despite challenging governance domestically, trade related advocacy has been undertaken. The NIU has used resources to provide extensive technical support, which has contributed to the Ministry of Economic Development's buy-in with the administration in a period of challenges and transition. During the reporting period, the Maldives has officially launched the Maldives Economic Diversification strategy, which has been fully endorsed by the previous and incoming administrations.

During the reporting period, Maldives' first Tier 2 project relating to trade facilitation including customs modernization and regulation of domestic private aviation was approved. Implementation is being undertaken across three government agencies with a satisfactory start, and with the assistance of IATA, UNCTAD, and WCO. The project is in line with trade facilitation reforms, as envisioned by the Bali Ministerial accord. Tier 2 implementation has also been coupled with capacity building programs relating to trade facilitation and fiscal reforms, ensuring greater synergies along the government and spearheaded by the NIU.

Maldives does not have a Donor Facilitator due to the very limited presence of donors in Maldives. Efforts of the government to approach the few donors who operate in Maldives despite not having representation offices, have failed to produce positive results.

Context

After a period of political uncertainty, a new administration has been sworn in. The new administration has declared trade and development as a priority, with an ambitious agenda of trade reforms, which include export diversification and economic revitalization. Maldives is highly reliant on the tourism sector, and a Tier 2 project is under development targeting more inclusive domestic components in the tourism and hotel value chains.

The Maldives have experienced a reality of sustained government fiscal deficits and increasing public sector spending, which have limited the potential for trade related programme, especially in capacity enhancement.

Outlook 2014

In addition to continued implementation of Tier 1 and Tier 2, it is expected that in the coming months, with the stability of political scene and an assurance of democratic institution building, development partners will return for greater engagement with the Government. This situation might be more conducive for development partners to step forward and participate in the EIF programme with more prevalence.

Moreover, the outlook is positive and it is expected that the Government, in-line with its workplan, engages in a full review of its DTIS and its matrix. These activities are expected to ensure greater coherence in delivery of trade related assistance. The Tier2 project on tourism value chain and a possible Tier 1 phase 2 proposal are also expected to be submitted to EIF. Some changes in institutional arrangements are also expected.

I. PROJECT TYPE					
Tier 1 project	NIA Support				
Status	Ongoing				
MIE	Government of Maldives				
Project dates	Board Approval: 22-Dec-2010	MoU signature: 19-Jan-2011			MoU expiry: 30-Sep-2014
	First transfer of funds: 24-Jan-2011				
Approved EIF budget	US\$ 900,000				
Financial transfers	Total to date	2013 total			
	US\$ 635,100	US\$ 335,100			
Country reports received	Financial reports	Technical reports			
	Received (10); Pending (0)	Received (5); Pending (0)			
Total expenditure reported	Total to date	2013 total			
	US\$ 481,930	US\$ 295,953			
II. TIER 1 RESULTS					
Goal: Maldives integrates into the global trading system with a view to contributing to poverty reduction and sustainable development					
Goal Indicators	Baseline	'10	'11	'12	'13
Completed WTO accession (Y/N/In process)	Completed	Completed	Completed	Completed	Completed
Share of international non-oil trade (%)	0	0	0	0	N/A
Poverty headcount (%)	0	0	0	N/A	N/A
Per capita growth rate (%)	-6.47277	9.861	6.5	1.4	N/A
GINI-coefficient	0	0	0	N/A	N/A
Purpose: To enable Maldives to become fully integrated and active player in, and beneficiary of, the global trading system through mainstreaming trade.					
Purpose Indicators					
Value of non-oil goods traded (US\$ million)	169	200	0	311	N/A
Non-oil goods traded diversification (%)	0	0	0	0.768	N/A
Logistics performance index	0	0	0	0	N/A
World Bank doing business-trading across countries	N/A	N/A	N/A	138	N/A
Employment in non-traditional export sectors	0	0	0	N/A	N/A
SMEs registered for import and export trade	0	0	0	N/A	N/A
TIER 1 OUTCOME AND INDICATORS					
Outcome 1: Sufficient institutional and management capacity built in Maldives to formulate and implement trade-related strategies and implementation plans					
Outcome 1 indicators	Baseline	'10	'11	'12	'13
O1.1: Support to NIAs (Y/N)	NO	YES	YES	YES	YES
O1.2: DTIS-AM (Date)	YES	NO	NO	NO	NO
O1.3: Fiduciary capacity (1-5)	N/A	Satisfactory	Good	Good	Good
O1.4: Trade strategy updated (Y/N)	YES	YES	YES	YES	YES
O1.5: Trade Strategy quality (1-5)	Good	Good	Good	Good	Good
O1.6 Trade strategy implemented (1-5)	Deficient	Satisfactory	Satisfactory	Good	Satisfactory
O1.1:	Despite a political instability during the reporting period, the EIF programme in the Maldives has yielded				

benefits towards inter-ministerial coordination and policy continuity. The challenging fiscal situation of the Government of the Maldives has posed hurdles in conducting quotidian public sector dealings. Trade is an important component of the public sector agenda, which is over reliant on tourism industry. A Tier 2, which will contribute to greater resilience in the tourism value chain, is under development and another Tier 2 focusing on trade facilitation is under implementation with the assistance of UNCTAD and IATA.

O1.2:

The latest DTIS of the Maldives was conducted in 2006, with the assistance of UNDP, and subsequently integrated within country's Strategic Action Plan 2009-2013. Plans for a DTIS Update are in the making, once greater political stability and agency presence is rekindled.

O1.3:

- Financial progress has remarkably picked up during 2013.
- Government financial and procurement procedures are being followed satisfactorily.
- The Audit Report for 2012 was satisfactory.
- TFM Supervision Mission was conducted during mid-2013. Recommendations of previous missions are satisfactorily pursued by the NIU.

O1.4-6:

Maldives has enjoyed little development partner support focusing on trade. The country has been at the forefront of the challenges of climate change and environmental issues. Trade is a component of national domestic planning albeit focused on specific industry initiatives such as tourism and fisheries.

Outcome 2: Maldives mainstreams trade into its national Development strategies and plans

Outcome 2 indicators	Baseline	'10	'11	'12	'13
O2.1: Trade in the National Development Plan (1-5)	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory
O2.2: Trade in Productive Sector Strategies (Y/N)	YES	YES	YES	YES	YES
O2.3: Public-Private Dialogue (Y/N)	Very Good	Very Good	Very Good	Good	Very Good

O2.1:

The latest PRSP of the Maldives was conducted in 2008, prior to the country's graduation in 2010. Since then, political and institutional instability have dominated the domestic economic agenda, as well as relation with international markets. The focus of the PRSP was on governance, capacity, and institutional resilience. These pillars have been challenged by the political uncertainty.

O2.2:

The Asian Development Bank has provided in 2013 an interim country partnership strategy focusing on broadening specific sector developments in energy, education, and SMEs. The national document, which provided the most comprehensive blueprint for national policy, focused on tourism, fisheries and agriculture. The document was replaced by the Maldives 2020, focusing on specific measures, but largely concentrated in the same economic sectors.

O2.3:

No ample forum of public and private dialogue was recorded.

Outcome 3: Coordinated delivery of trade-related Resources (funding, Technical Assistance, etc.) by donors and implementing agencies to implement Maldives priorities following the adoption of the DTIS Action Matrix

Outcome 3 indicators	Baseline	'10	'11	'12	'13
O3.1: Annual joint sector implementation overview (Y/N)	YES	YES	YES	YES	YES
O3.2: Frequency of Government-Donor consultation in trade (1-5)	Deficient	Satisfactory	Satisfactory	Good	Satisfactory
O3.3: UN CEB activities based on DTIS-AM (Y/N)	YES	YES	YES	YES	YES
O3.4: Joint donor initiatives in trade (Y/N)	NO	NO	YES	YES	YES

O3.1:

While national documents containing domestic priorities, as well as international development partner assistance documents, exist, the absence of in-country donors (with the exception of UNDP) hampers contributions and implementation. The EIF enjoys significant political buy-in and traction due to the aforementioned, but also due to the high-level composition of the NSC committee. In that vein, tangible projects have been discussed but funding has been limited outside of the EIF trust fund for TRTA.

O3.2:

There are no mechanisms of Donor coordination in-country. The NIU and its coordination remain the principle mechanism.

O3.3 & O3.4:

Outcome 4: Maldives secure resources in support of initiatives that address DTIS Action Matrix priorities

Outcome 4 indicators	Baseline	'10	'11	'12	'13
O4.1: Medium-term Programme (1-5)	N/A	N/A	Satisfactory	Good	Good
O4.2: Government budget contribution (Y/N)	NO	YES	YES	YES	YES
O4.4: Number and amount of projects funded from DTIS-AM (US\$ million)	2 2.7	0 N/A	3 3.2	7 32	7 31.97

O4.1:

There are no plans for an MTP in the Maldives.

O4.2:

An uncondusive fiscal situation has hampered progress.

O4.3:**II. TIER 2 PROJECT**

Tier 2 Project	Strengthening institutional capacity of key national trade facilitation agencies	
Status	Ongoing	
MIE	Government of Maldives	
Project dates	Board Approval: 30-May-2013 First transfer of funds: 08-Oct-2013	MoU signature: 05-Aug-2013 MoU expiry: 05-Aug-2015
Approved EIF budget	US\$ 1,557,838	
Financial transfers	Total to date US\$ 300,000	2013 total US\$ 300,000
Country reports received	Financial reports Received (0); Pending (0)	Technical reports Received (0); Pending (0)
Total expenditure reported	Total to date US\$ 0	2013 total US\$ 0

Project Objectives:

EIF support is assisting Maldives in the areas of customs services and aviation sector. The specific objectives of the project were to (1) strengthened Maldivian capacity to engage in international trade of goods and services through customs amelioration, (2) strengthening the institutional capacity of the domestic customs agency, and (3) contribute to trade facilitation measures, (4) improve clearance mechanisms and enhance the process border management and efficiency. In achieving these, the Tier 2 project also aimed at better compliance with WTO Customs Valuation Agreement and implementation of ASYCUDA World.

Case Story:**Progress on Results**

Results' delays were experienced as the implementation has not yet started due to contracts between the government and international agencies were still being finalized. During the reporting period, officers that will implement project have been procured. Stocktaking of the necessary arrangements regarding the infrastructure (hard and soft) of the country's current situation has also been undertaken.

Progress has been made at a slower than expected pace, albeit with dedicated staff and international stakeholders more closely involved, it is expected that the pace will be better.

Brief description of fiduciary progress

Only insignificant expenditure was incurred by the government during the reporting period.