

**Sixteenth Plenary Session of the Committee for Development Policy  
24 – 28 March 2014**

Note by the Secretariat on  
Monitoring of Graduated Countries  
from the Category of Least Developed Countries

Maldives

*I. Background*

General Assembly resolution 67/221 of 21 December 2012 requests the Committee for Development Policy (CDP) to monitor the development progress of countries that graduated from least developed country (LDC) category. The monitoring is to be conducted, in consultation with the Governments of those countries, on a yearly basis for a period of three years after graduation becomes effective, and triennially thereafter, as a complement to two triennial reviews of the category of least developed e

submitted in 2013, as resolution 67/221 was adopted after the CDP plenary meeting in that year. The current report is the second overall, but the first (and last) annual report prepared in response to the request in the GA resolution 67/221. Subsequently, monitoring reports will be submitted to the Council as a complement to triennial review in 2015 and 2018.

Table 1: Time line for monitoring reports: Maldives

	Event	Relevant GA resolution
January 2011	Country graduated	60/33 of January 2008
March 2012	Report submitted as a complement to triennial review	Requested by 59/209 and 65/286
December 2013	Current reporting system introduced	Resolution 67/221 adopted
March 2014	Annual monitoring report to be submitted	Requested by 67/221
March 2015	Monitoring report to be submitted as a complement to triennial review	Requested by 67/221
March 2018	Monitoring report to be submitted as a complement to triennial review	Requested by 67/221

*Source:* CDP Secretariat.

## ***II. Monitoring development progress of the Maldives since graduation***

As mentioned above, most of updated information used in the triennial review of the LDC list is not available for this monitoring review. Thus it is not possible to evaluate current position of Maldives' HAI and EVI scores in relation to other developing countries, as reported in the first monitoring report on the country in 2012. However, a set of available macroeconomic and trade data as well as a few of the indicators that comprise HAI and EVI could help the CDP assess any sign of reversal of progress achieved after graduation.

### *Recent macroeconomic developments*

Since the last monitoring report in March 2012, the country experienced economic slowdown in 2012, owing to the weak economic performance in Western Europe, the main source of tourism revenues for the country (see table 2). While the number of tourist arrivals increased by 3 per cent in 2012, the average duration of stay declined, resulting in lower occupancy rate. Nonetheless, the economy continued to grow in 2012, albeit slowly, due to the improved performance of the fishing industry and the manufacturing sector. In 2013, the tourism and transport industries benefitted from a large increase in tourist arrivals from China, pushing real GDP growth rate to 3.7 per cent in 2013. The Government forecast that the economy will grow by 4.5 per cent in 2014, due to continuing strong performance of the tourism and transport industries and a recovery of the construction industry.<sup>4</sup> Inflation in Male, the

<sup>4</sup> See Maldives Monetary Authority. *Monthly Economic Review*, Vol. VII, No. 12 (December 2013).

capital city of the country, subdued to 4 per cent in 2013, a significant improvement over

	2007	2008	2009	2010	2011	2012 a/	2013 b/	2014 b/
GDP growth rate (% , constant price in local currency)	10.6	12.2	-3.6	7.1	6.5	1.3	3.7	4.5
Gross disbursement of ODA (Millions of dollars)	38.2	31.5	48.2	126.3	49.6	70.0	n/a	n/a
Government revenue (millions of rufiyaa)	7571.2	7456.5	5734.8	6546.9	9904.6	10138.1	11735.8	15129.0
Government expenditure (millions of rufiyaa)	8283.2	10176.0	10953.4	10815.1	12264.7	13110.0	13393.7	16420.5
Government balance	-712.0	-2719.5	-5218.6	-4268.2	-2360.1	-2971.9	-1657.9	-1291.5
Government balance as % of GDP	-3.6	-11.2	-20.5	-15.6	-7.5	-9.2	-4.7	-3.2
Balance of Payments (Millions of dollars) c/								
Current Account	-227.5	-610.2	-226.3	-189.5	-414.9	-484.3	-469.3	-562.5
Goods, Credit (Exports)	227.0	331.4	169.0	197.5	346.4	314.4	372.8	388.8
Goods, Debit (Imports)	1304.8	1649.0	1081.7	1241.8	1725.3	1731.1	1898.6	2022.1
Balance on Goods	-1077.8	-1317.6	-912.7	-1044.3	-1378.9	-1416.7	-1525.8	-1633.3
Services, Credit (Exports)	1576.9	1642.9	1546.2	1814.6	2017.7	2044.6	2221.6	2346.4
Services, Debit (Imports)	330.9	431.0	406.8	449.4	494.6	493.5	541.4	608.9

Evidence of the high level of human capital asset is also supported by the national statistics provided by the Government of Maldives, even though their reported numbers do not necessarily compatible with what the CDP employs for the identification of LDCs. For example, percentage of population that is undernourished was 6 per cent in 2013, the level typically found among middle-income countries. Infant mortality rate was 9 per 1,000 live births and under-five mortality 11 per 1,000 live births for 2008 – 2012, levels equal to some of upper middle-income countries. For the education aspect, status is equally high. Net enrolment ratio in lower secondary schools increased from 37 per cent in 2000 to about 81 per cent in 2012 and the same ratio in higher secondary schools from 1.3 per cent to 19.3 per cent over the same period.

The CDP Secretariat has updated a few of the EVI indicators and has preliminary estimates for 5 out of the 8 components of EVI in 2013. With these updates, the country's EVI score would be 53.8, compared to 55.2 as reported in the 2012 triennial review. Lower EVI scores indicate lower structural economic vulnerability. T





Fund will be no longer available to Maldives, though other funds under the GEF will be accessible.

Some of the above LDC-specific support measures have just been phased out or undergone changes at the end of 2013 and it is too early at this moment to assess any impacts of these changes. Maldives, however, as a developing country is entitled to receive financial and technical assistance from the international donor community and also to continue to benefit from special provisions for small island countries from international conventions or programmes, such as Convention on Biodiversity and Global Climate Change Alliance as well as at World Bank (small island exception in the international development association (IDA) window)

Japan is a noticeable exception among Maldives' major development and trade partners as it did not extend duty-free, quota-free access after the country's graduation: Japan applied MFN tariff rate of 3.5 per cent to its tuna imports from Maldives starting in July 2011. Japan has been a minor importer of tuna from Maldives, accounting for about 3 per cent of total tuna exports from Maldives in 2011.





#### ***IV. Conclusions***

Overall, no sign of significant reversal in socio-economic development of Maldives has been