

OPPORTUNITIES TO THRIVE



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One striking feature of the COVID-19 pandemic when it hit was how sharply inequalities grew almost overnight.

The ensuing economic downturn was unprecedented at many levels, with repercussions felt across sectors from tourism to trade. Maldives' economy is estimated to have contracted by 29 percent, and the poverty rate had increased 7.2 percent in 2020 as tourism, our largest economic industry, slumped.

The impact of the pandemic on Small Island Developing States, like the Maldives, is more severe because of the country's high dependence on tourism and the import of oil and food, exacerbating economic and social impacts.

The Rapid Livelihoods Assessment, supported by UNDP, showed that nearly 44% of people experienced either complete loss of income or redundancies at the height of the pandemic in 2020. Vulnerable workers (e.g., young people, employees on probation, and

third-party contractors at resort establishments, casual migrant workers, the self-employed, freelancers, community vendors, and Micro- Small and Medium Enterprises) were worst hit.

Women were disproportionately affected, with redundancy and complete loss of income being higher for women than men. A very probable reality is that increasing unemployment pressures may push these young women out of the labour force permanently, or may prevent young women from entering the labour force altogether.

Those at the bottom were being truly left behind contrary to what was promised by the "Leave No One Behind" pledge of the 2030 Agenda for Sustainable Development¹.

For the Maldives, the reversal of development gains has been a stark reminder of its overdependency on one economic sector. Nevertheless, tourism has been a double-headed eagle for the Maldives.

¹ See: <https://sdgs.un.org/2030agenda>



The country has been largely a development success story, having successfully graduated itself from one of the world's poorest countries in the early 1980s to an Upper Middle-Income Country by the 2000s. We had made remarkable progress in areas such as health and education, with a life expectancy of 78.9 and an adult literacy rate of 97.7%, according to UNDP's Human Development Report 2020².

This progress was made possible by the rapid growth of tourism in the country, which resulted in the Maldives achieving an economic growth of 7% in the last three decades.

Although this growth has been remarkable, it has created an over-reliance on the tourism industry, which is extremely susceptible to global disruptions. The COVID-19 crisis is, yet again, another reminder of the need to diversify the country's economic base, as we observed how the pandemic led to the worst economic recession in recorded history, with an unprecedented loss of livelihood opportunities.

COVID-19 forces us to revisit unsustainable development pathways. We have an opportunity to make different choices now, including lowering dependency on fossil fuels and taking a bold leap

forward to invest in peoples' lives and livelihoods as co-joined drivers of progress.



²<https://hdr.undp.org/en/2020-report>



UNDP has been a trusted development partner of the Maldives for close to 45 years, helping to achieve the eradication of poverty, and the reduction of inequalities and exclusion. In our newest offer of support to the country, charting the course of sustainable development over the next five years, UNDP is looking at both inequalities and poverty in our pledge to *leave no one behind*. The main focus is centred on the dynamics of exiting poverty, and not falling back.

We are making it a priority to address the deep-rooted socioeconomic, structural, and systemic vulnerabilities that have undermined the inclusiveness, sustainability, and resilience of development gains. We aim to support the Government and the people of Maldives to convert existing economic vulnerabilities into opportunities for the future.

UNDP will support the Government to develop policies for economic diversification, promote inclusivity, and to increase private sector engagement and investment for fostering inclusive and sustainable economic growth in the country. Focus will be provided to women, young people, and people with disabilities to be brought towards the centre, and to acquire technologies and digital services that meaningfully contribute to blue, green, and digital value chains.

In doing so, UNDP will support the government in diversifying the economy, in which the Maldives has a comparative advantage. The aim will be to up-skill and re-skill the workforce in new and emerging sectors, thus providing improved access to livelihoods, decent work, and expanded opportunities.

We will do this by using deep local knowledge and networks that brings together all development partners and stakeholders, so as to ensure development planning is inclusive. We will use our global expertise and knowledge as a thought leader and innovator to reduce divisions and income disparities between the capital and outer regions of Maldives, so as to ensure development benefits everyone equally.

UNDP stands with the Maldives to tackle inequality of opportunities, by investing in the enhanced capabilities people need to move above the poverty line and to keep moving forward.

