

Report No. 4445-MAL

The Maldives: An Updating Economic Memorandum

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South Asia Programs Department

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CURRENCY EQUIVALENTS a/

<u>End of Period (mid-rate)</u>	<u>Currency Unit</u>			
1978	US\$1.00	=	Rf	8.63
	Rf 1.00	=	US\$	0.12
	Rf 1 mn	=	US\$115,874.86	
1979	US\$1.00	=	Rf	7.55
	Rf 1.00	=	US\$	0.13
	Rf 1 mn	=	US\$132,450.33	
1980	US\$1.00	=	Rf	7.54
	Rf 1.00	=	US\$	0.13
	Rf 1 mn	=	US\$132,625.99	
1981	US\$1.00	=	Rf	7.55
	Rf 1.00	=	US\$	0.13
	Rf 1 mn	=	US\$132,450.33	
1982	US\$1.00	=	Rf	7.00
	Rf 1.00	=	US\$	0.14
	Rf 1 mn	=	US\$142,857.14	

Annual Average Exchange Rate

			<u>Market Rate</u>	<u>Official Accounting Rate b/</u>
1978	US\$1.00	=	Rf 8.96	Rf 3.93
1979	US\$1.00	=	Rf 7.45	Rf 3.93
1980	US\$1.00	=	Rf 7.55	Rf 3.93
1981	US\$1.00	=	Rf 7.54	Rf 3.93
1982	US\$1.00	=	Rf 7.00	Rf 4.00 (from April)

a/ The Maldivian rufiyaa (Rf) was linked to the Sri Lankan rupee and indirectly to the Pound Sterling until November 21, 1967, when it was linked to the Dollar.

b/ Until January 25, 1982 this rate was used for all foreign exchange receipts and payments in the budget, and the valuation by Customs of exports and imports. The use of this rate in budget transactions was discontinued from January 25, 1982. For import valuation, the rate was raised to Rf 4.5 in January 1983.

This report is based on the findings of an economic mission to the Maldives by Mr. K. Caden in June 1982 and of a short visit to the country by Messrs. H. Fazel and F. Ahmed in February 1983.

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ABSTRACT : Recent developments in the Maldives reveal strong economic growth, increasing employment, a high rate of productive investment activity, and an encouraging growth in public revenue and exports. At the same time, important initiatives have been taken to develop the poorer outer atolls. Government policies have continued to be open and pragmatic, and have demonstrated remarkable resourcefulness in the face of adversity, particularly the drastic fall in tuna export prices in 1982. To sustain recent economic performance while attempting to spread the benefits of growth more equitably, future strategy should promote primary production, sustain the buoyant tourism sector, and provide cost-effective transport and social services. Additional domestic and external resources will be needed, which will also be important in meeting the country's rising debt service obligations. Among the options available are tax and non-tax measures, some already being considered by the Government. Donor support will continue to be important in strengthening the Maldives' sound development potential.

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GLOSSARY

DTFI	- Department of Tourism and Foreign Investment. Since November 1982, Department of Tourism (DT)
DWT	- Deadweight tonnage
"Maldivian fish"	- A dried, salted and smoked tuna product
MER	- Market exchange rate
MMA	- Maldives Monetary Authority
MSL	- Maldives Shipping Limited
MT	- Metric ton
MTCC	- Maldives Transport and Contracting Company
NOPAR	- National Office for Personnel and Administrative Reform
NPA	- National Planning Agency. Since November 1982, the Ministry of Planning and Development (MPD)
OAPEC	- Organization of Arab Petroleum Exporting Countries
OAR	- Official accounting rate
STO	- State Trading Organization

SYMBOLS

- .. Not available
- Nil or negligible

THE MALDIVES: AN UPDATING ECONOMIC MEMORANDUM

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COUNTRY DATA - MALDIVES a/

<u>AREA</u>	<u>POPULATION</u>	<u>DENSITY (1982)</u>
298 sq km	160,200 (end-1982) Rate of Growth: 2.3% (from 1977-82)	538 per sq km
<u>POPULATION CHARACTERISTICS (1981)</u>		<u>HEALTH (1981, 1982)</u>
Crude Birth Rate (per '000):	44.0	Population per physician : 17,333
Crude Death Rate (per '000):	12.0	Population per hospital bed: 1,592
Infant Mortality (per '000 live births):	88.0	
Life Expectancy at Birth (years):	46.5	
<u>INCOME DISTRIBUTION</u>		<u>DISTRIBUTION OF LAND OWNERSHIP</u>
% of National income, highest quintile:	..	% Owned by top 10% of owners : ..
lowest quintile :	..	% Owned by smallest 10% of owners: ..
<u>ACCESS TO PIPED WATER (1977)</u>		<u>ACCESS TO ELECTRICITY (1977)</u>
% of population, total:	15.0	% of households, urban: 59.3
urban:	54.0	rural: 2.3
rural:	5.0	
<u>NUTRITION (1977)</u>		<u>EDUCATION (1981)</u>
Calorie intake as % of Requirements:	77.6	Adult literacy rate (1977) %: 81.6
Per capita protein intake (gm/day):	68.3	School enrollment (ages 6-10) %: 61.0 (ages 11-15) %: 6.0

GDP PER CAPITA IN 1980: \$308 b/

GROSS DOMESTIC PRODUCT IN 1980

	<u>\$ Mn</u>	<u>%</u>
GDP at Market Prices	47.1	100.0
Exports of Goods, NFS	20.2	42.9
Imports of Goods, NFS	45.9	97.5

ANNUAL RATE OF GROWTH (% , constant 1980 prices)

	<u>1977-81</u>	<u>1982</u>
	13.2	9.0

OUTPUT, EMPLOYMENT AND PRODUCTIVITY IN 1980

	<u>Value Added</u>		<u>Labor Force</u>		<u>V.A. Per Worker</u>	
	<u>\$ Mn</u>	<u>%</u>	<u>Th</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Primary Sectors c/	15.5	32.9	35.9	54.1	432	60.8
Secondary Sectors d/	5.9	12.5	17.8	26.9	331	46.6
Services e/	25.7	54.6	12.6	19.0	2040	287.3
Total/Average	47.1	100.0	66.3	100.0	710	100.0

GOVERNMENT FINANCE

	<u>(Rf. Mn)</u>	
	<u>1982</u>	<u>1983 (est)</u>
Current Receipts f/	101.6	125.0
Current Expenditure	96.5	106.1
Current Surplus	5.1	18.9
Capital Expenditure g/	46.7	147.2
External Assistance	40.3	123.3

a/ Unless otherwise specified, data provided by the Ministry of Planning and Development, Dept. of Finance and Maldives Monetary Authority.

b/ GDP at market prices in rufiyaa converted at average market exchange rate and divided by end year population.

c/ Agriculture, Fisheries, and Coral and Sand Mining.

d/ Construction, Manufacturing, Electricity.

e/ Includes Tourism.

f/ Includes capital revenue.

g/ Includes net lending.

COUNTRY DATA - MALDIVES a/

MONEY, CREDIT, AND PRICES

	1979	1980	1981	1982
	(Rf. million, end of period)			
Money Supply	28.0	33.3	38.9	56.1
Bank Credit to Public Sector	3.0	40.6	61.4	51.0
Bank Credit to Private Sector	17.6	22.1	50.7	99.6
	(Percentage or Index Numbers)			
Money as % of GDP	..	..	..	..
General Price Index	..	..	..	..
Annual Percentage Changes in:				
General Price Index	..	..	..	..
Bank Credit to Public Sector		1253	51	-17
Bank Credit to Private Sector		26	129	96

BALANCE OF PAYMENTS

	1980	1981	1982
	(\$ Million)		
Exports of Goods, NFS	20.2	27.9	
Imports of Goods, NFS	45.9	38.8	
Resource Gap (deficit = -)	-25.7	-10.9	
Net Factor Income	1.5	0.8	
Balance on Current Account	-24.2	-10.1	
Direct Foreign Investment	..	..
Net MLT Borrowing	12.4	7.8	
Disbursements	12.4	8.0	
Amortization	-	0.2	
Grants	2.6	2.7	
Other Capital (net)	9.4	-0.1	
Overall Balance	0.2	0.3	

MERCHANDISE EXPORTS (1981)

	\$ Million	%
Fresh, frozen fish	5.2	39.7
Dry, salted fish	1.4	10.7
Other marine products b/	0.4	3.1
Garments	1.4	10.7
Other Manufactures c/	0.2	1.5
Reexports d/	4.5	34.3
Total	13.1	100.0

EXTERNAL DEBT, DEC. 1982 e/

	\$ Million
Total Outstanding	58.7
Total Outstanding and disbursed	38.9

RATE OF EXCHANGE, Annual Average

	1978	1979	1980	1981	1982
US\$1.00=Rf	8.96	7.45	7.55	7.54	7.00
Rf1.00=US\$	0.11	0.13	0.13	0.13	0.14

DEBT SERVICE RATIO, 1982 f/

4.0%

Official Accounting Rate

	1978	1979	1980	1981	1982
US\$1.00=Rf	3.93	3.93	3.93	3.93	4.00

IDA LENDING, December 31, 1982 e/

	\$ Million
Outstanding and Disbursed	2.2
Undisbursed	1.0
Outstanding, including Undisbursed	3.2

a/ See footnote a/ on page 1 of Country Data.

b/ Dry shark fins, shark oil, ambergris, live tropical fish, tortoise shells.

c/ Canned tuna and mica chips.

d/ Consumer goods imported and sold to visiting traders.

e/ Repayable in foreign currencies and with a maturity over one year. Source is External Debt Division, the World Bank.

f/ Ratio of debt service to exports of goods and non-factor services.

SUMMARY AND CONCLUSIONS

i. Three years ago, the World Bank's first economic report on the Maldives provided a comprehensive survey of the country's development problems and prospects in the context of its historical background and of its society, polity and economy. The present report looks at the impressive achievements of the last few years, and examines some policies and prospects for sustaining growth and development.

ii. By all economic indicators, the Maldives today is clearly better off than it was five years ago. This situation is attributable in large manner to the country's sound economic growth strategy, emphasizing an open economy and productive investments in sectors offering comparative advantage -- fishing, tourism and shipping.

iii. During 1978-82, rapid development of fishing and tourism, as well as the acceleration in public sector investment in infrastructure, led to strong economic growth. Real GDP increased at 12% per year; and per capita GDP, at nearly 10% per year. Total employment, between 1978-80, expanded by 3.5% per year, keeping pace with the rate of growth of the labor force.

iv. The fisheries sector remains the mainstay of the Maldivian economy despite the fact that tourism now generates nearly twice as much in gross foreign exchange earnings. Fish landings increased regularly from a low point of 25,800 MT in 1978 to a record catch of 34,900 MT in 1981; at the same time, fish exports rose from 17,300 MT to 20,300 MT. A drastic decline in negotiated export prices for fresh fish was a major setback to Maldivian fishing in 1982. This was an additional burden on the sector already constrained by shortages and rising prices of diesel (for mechanized boats), inadequate collector capacity offshore, and limited freezing and storage facilities onshore. The government appropriately averted a major crisis; it maintained procurement prices paid to fishermen and also stepped in to maintain the collection and canning operations of a foreign company which had withdrawn from the country. New export markets have been sought successfully in Thailand, and programs to alleviate constraints to fisheries output and incomes have been launched.

v. The tourism sector has grown spectacularly since 1978. Between 1978 and 1982, the number of resorts increased from 17 to 44; resort bed capacity expanded from 1,298 to 3,982; tourist arrivals rose from about 17,000 to 57,000; and tourist expenditures increased from about \$5 million to \$20 million. The completion of Male International Airport in 1981 removed an important bottleneck in the form of limited connecting flights to and from Colombo. Direct charter flights from main tourism generating areas, in wide-bodied jets, are now operating. Tourism and tourism related jobs have had a beneficial impact on the development of skills in hotel and catering trades, and in construction and simple engineering sectors. The Government's tourism promotion strategy has emphasized local ownership of resorts, but encouraged management by experienced foreign

management groups. Only a few uninhabited islands within convenient reach of the international airport remain to be developed as tourist resorts. Since tourism will remain important to the Maldivian economy, the Government plans to develop new tourism zones in a stepwise and flexible manner adjusting to market conditions.

vi. Maldives Shipping Ltd (MSL), the government-owned shipping line, has expanded its fleet and the average size of operating vessels. As a result of an effective training program, the number of Maldivian nationals employed on MSL ships has risen overall and as a proportion of the total. The contribution made by shipping to the balance of payments and the budget has risen again after a low point in 1979. In addition to financial transfers, MSL also contributes goods and services to the economy. These recently included installation of fuel tanks on the outer islands, construction of a jetty and a garment factory on Thulusdhoo Island, and assistance to government efforts at developing the fishing sector. Through its worldwide contacts, MSL management was instrumental in putting the government in touch with foreign investors who set up two export-oriented garment factories on Gan island in 1981.

vii. Agriculture in the Maldives consists mainly of subsistence gardening around homesteads, where much of the fruit, tubers, condiments, vegetable crops and coconuts are grown. Deliveries of fruit and vegetables to Male, the main cash market for crops, have increased over the last five years. Poor soil, sheer lack of space, and inadequate extension and transport services inhibit efforts to expand farm production. Nevertheless, there are prospects for improving cultivation practices, which are inefficient at present, and particularly so for systematic cultivation of coconuts.

viii. Garment factories, two on Gan and one coming up on Thulusdhoo, have been recent additions to the manufacturing sector. Beside these and the small tuna cannery and mica fabrication plant, the bulk of manufacturing output consists of cottage industries, handicrafts, and small-scale fabrication and repair.

ix. Commerce, transport, real estate and banking services expanded rapidly during 1978-82, although inter-island transport remains an important constraint to further economic integration and development. Construction of a small harbor facility is in progress on Thulusdhoo island to reduce congestion in Male harbor. The Maldives Transport and Contracting Company (MTCC) was established in 1981 with participation by private individuals, the Government and the MSL. Its activities include cargo handling, passenger launch operations, boat building, engine installation on fishing boats and public construction works. The establishment of the Maldives Monetary Authority (MMA), in July 1981, to perform central banking functions was a major step forward in organizing the country's monetary system.

- x. Education and health facilities have been expanded in recent years, but formal education facilities remain concentrated in Male. Health services are inadequate even in Male, where water supply and sewerage systems are insufficient. The development of social infrastructure remains a challenge to the government given the small number of personnel, limited funds and the high cost of providing services to the widely dispersed atoll population.
- xi. The budgetary situation improved considerably during 1978-82, with marked annual increases in revenues and essential expenditures. Whereas revenues covered about a quarter of total expenditures in 1978, they are estimated to have covered about 70% of a much larger total expenditure in 1982. Excessive dependence of public revenue on net transfers from public enterprises (for 60-70% of revenue), and on tourist related taxes (for about 18% of revenue), constitutes a potentially unstable revenue structure. Expenditures for operations and maintenance, debt servicing and development works are expected to increase in future. Hence there is a need to mobilize additional sources of revenue, while at the same time exploring ways to contain expenditures. The Government has taken appropriate measures in the 1983 budget and is considering further measures. Available options include increases in effective rates of import duties; taxes and charges on business and real estate; economic charges on commercial exploitation of natural resources, such as coral mining and coconut felling; and better targetting to reduce expenditure on food subsidies.
- xi. The balance of payments has been characterized by deficits on the trade account and surpluses on the services account. Inflows of official long-term capital, mainly from OAPEC countries, and varying short-term capital inflows into the local branches of commercial banks, have offset the current account deficits. However, the small overall surpluses provided little coverage for imports, pointing towards a need for improved reserves management. The recently established MMA is expected to discharge this function. While receipts from both merchandise exports and tourism grew rapidly during 1978-82, the growth of tourism earnings has far outpaced the rest. Fresh fish continues to be the principal merchandise export. Dry salted skipjack and dry salted reef fish have appeared as new export products since 1980, and garment exports have appeared since 1981. During the period of rapid development in 1978-82, imports have been very prominent in the economy. Imports of food, petroleum products, and intermediate and capital goods have all grown rapidly, reflecting expansion in tourism, boat mechanization and construction sectors. The debt service, equivalent to about 4% of export earnings in 1982, is still light, although it is rising rapidly.
- xii. For the future, the Government's twin objectives of rapid economic growth and regional balance are important and appropriate in the situation of the Maldives. The major sources of growth -- marine resources and new tourism zones -- are located precisely in the outer atolls which, at

present, are poorer relative to Male only because of past policy neglect. Government initiatives to correct this situation, through the atoll development programs, should be continued in a cost-effective manner. Development programs should also promote growth of primary production, sustain the buoyant tourism sector, and provide essential social and economic infrastructure.

xiii. Solutions to certain problems in fishing -- notably, navigational aids, boat design, fuel distribution, collecting and freezing capacity -- are being sought through ongoing programs. Additional programs are needed to improve availability of bait fish, install fish aggregation devices, conduct a stock research and resource survey, and strengthen incentives. In agriculture, there is scope for improving the cultivation and processing of coconuts, and raising the productivity and quality of homestead fruit and vegetable plots, provided local transport, incentives and institutions are strengthened. Higher output would provide more food and nutritional support to the atoll population; it could also substitute for imported edible oil, and for some fresh fruit and vegetables currently imported for the tourist industry.

xiv. New tourism zones, properly selected and designed, could help atoll development. At the same time, complementary investments in the existing zone are also needed as, for example, accommodation at or near the Male International Airport and fast feeder transport between the airport and resorts.

xv. Government priorities in developing social infrastructure appropriately emphasize primary education; secondary and vocational training to meet the growing demand for skilled manpower; high level training abroad; and primary health care. The physical difficulties, and the attendant costs, of delivering services to the widely dispersed population require innovative approaches. Qualitative improvements of the traditional countrywide primary schools could be accomplished by upgrading teacher skills, curricula improvement and provision of school materials. Primary health care could be promoted by provision of water supply and sanitation facilities which, with initial material and technical assistance, could be constructed and maintained by local communities. With a population density of about 19,000/sq. km, Male's virtually non-existent urban infrastructure requires investments to improve the water supply, and to provide a storm water drainage and a solid waste disposal system.

xvi. The Maldives has demonstrated a sound potential for rapid development, given adequate financial resources. As noted in paragraph xi, the country has made significant efforts at mobilizing domestic resources, and is also considering additional measures to meet future needs. Donor support will continue to be important in meeting external resource requirements. The sizable past commitments on account of Male International Airport have been virtually disbursed now, and further development

will be contingent on obtaining fresh commitments. Donors need to consider improving not only the volume but also the quality of assistance, which should include capital aid as well as initial financing of incremental current expenditures resulting from new investments. Given the Maldives' resource constraints, donors should continue providing aid on concessional terms.

I. INTRODUCTION

1. Three years ago, the World Bank's first economic report on the Maldives ^{1/} provided a comprehensive survey of the country's development problems, performance and prospects. That report concluded that while the problems of this small island economy appeared large, they were by no means insurmountable, and that the Government, then recently elected, was committed to reversing past neglect of economic and social infrastructure and to spreading the benefits of development more evenly. The country's potential--based on marine resources, tourist attractions and a highly successful shipping line--and its small size would permit many problems to be addressed quickly and relatively easily, given adequate financial and administrative resources. The present report looks at the impressive achievements of the last three years, and examines some policy issues whose resolution will be important to sustaining and strengthening further development efforts.

2. Recent developments in the Maldives reveal strong economic growth, increasing employment, a high rate of productive investment activity, and an encouraging growth in public revenue and exports. At the same time, important initiatives have been taken to promote development of the poorer outer atolls. In this regard, a number of activities have been undertaken, including construction of jetties, navigational aids and storage facilities to upgrade fishing villages; establishment of export-oriented garment factories to provide alternative employment opportunities; establishment of atoll trading centers to facilitate distribution of essential commodities; and provision of atoll schools, health centers and water supplies.

3. Government policies and procedures have continued to be open and pragmatic, and have demonstrated remarkable resourcefulness in the face of adverse circumstances, particularly the drastic fall in tuna export prices during 1982. Last year, the Government took an important step in eliminating the use of the Official Accounting Rate (OAR) for the

^{1/} World Bank, "The Maldives: An Introductory Economic Report", Report No. 2739-MAL, April 2, 1980.

valuation of foreign exchange transactions in the central government budget. 1/ This step will simplify the compilation and analysis of budgetary accounts from 1982 onwards. For practical purposes, the customary use of the OAR for determining the procurement price of exported fish has been abandoned. The Government is also aiming at a phased elimination of the OAR in the formula for setting the domestic prices of imported basic foods and in import duty assessments. 2/ These reforms have begun to remove the significant economic distortions which had existed under the old accounting practices. Those distortions had included the relative Rufiyaa unprofitability of fisheries compared to trading and tourism; and the inadvertent but inequitable transfer of resources from relatively poor fishing communities to the relatively well-off in Male, and even to the tourists.

4. The country's institutional capability has been improved considerably, although manpower and administrative resources are still a serious constraint. Essential national institutions, such as the Maldives Monetary Authority, the Maldives Transport and Contracting Company and the Bank of Maldives Limited, have been set up and have begun operations. Meanwhile, older established institutions, such as the State Trading Organization, the Department of Finance, the National Planning Agency (as of November 1982, the Ministry of Planning and Development) and the Department of Tourism have acquired more experience and increased capability. Under the aegis of NOPAR, 3/ a new set of civil service codes

1/ Until then, and for nearly a decade, all foreign exchange receipts and payments in the budget were valued at the Official Accounting Rate (OAR) of Rf 3.93 per U.S. dollar, while the Market Exchange Rate (MER) varied between a low Rf 6.65 per U.S. dollar (1974) and a high Rf 8.96 per dollar (1978), and averaged Rf 7.51 per dollar during 1979-81. The MER was determined by the interplay of the commercial banks and the open market, consisting mainly of private traders and tourist resorts. The use of the OAR in budget transactions was discontinued from January 25, 1982. Customarily, the OAR was also used as a reference rate for determining the domestic procurement price of fish for export, for setting domestic sales prices of imported basic foods (rice, sugar, flour), and baby foods, and for valuing all imports for purposes of import duty assessments. The use of the OAR in this manner gave rise to an effective tax on fish exports, a subsidy on imported basic foods and a loss of potential import duty collections.

2/ To that end, the OAR was raised to Rf 4 = \$1 in April 1982, and -- for import duty assessment -- to Rf 4.5 = \$1 in January 1983, thus reducing the differential with the MER. The Maldives Monetary Authority also fixed the MER at Rf 7 = \$1 in April 1982.

3/ National Office for Personnel and Administrative Reform.

has been drafted, and includes provisions for training and career development. The organizational set up of the government has been revised, 1/ and the role and responsibilities of various units are being defined clearly to avoid duplication and ensure adequate coordination of functions.

5. An important task facing the country now is to sustain the recent record of economic performance while attempting to spread the benefits of growth more equitably, as the atoll development programs have begun to do. This task will require complementary investments and adequate operations and maintenance expenditures in the principal growth sectors of the economy--fisheries and tourism--to enhance the productivity of existing assets. It will also be necessary to create or regenerate other productive activities in various part of the country as, for example, the cultivation and processing of coconuts, improvements in the productivity and quality of minor field crops, and of homestead fruit and vegetable plots. Additional domestic and external resources will be needed, which will also be important in continuing to meet the country's rising debt service obligations. There appears to be considerable potential for increased resource mobilization. Among the options available are tax and non-tax measures to raise local Rufiyaa revenue, and balance of payments management measures to raise and conserve net foreign exchange earnings and reserves.

6. The main characteristics of the Maldivian economy were described in the World Bank's last economic report. 2/ In the present report, Chapter II analyzes recent economic trends and policy issues, and describes some institutional developments that have taken place. Chapter III examines some issues and prospects for the medium term, and the need to mobilize resources in support of the country's development strategy.

1/ See Annex A.

2/ World Bank, op. cit.

II. RECENT DEVELOPMENTS, 1978-82

PRODUCTION, EMPLOYMENT AND INCOME

Overall Trends

7. During 1978-82, rapid development of fishing and tourism, as well as the acceleration in public sector investment in infrastructure, led to strong economic growth. Real GDP is estimated to have increased at an average rate of 12% per year; and per capita GDP, at about 10% per year. Total employment, between 1978-80, is estimated to have expanded by 3.5% per year, keeping pace with the rate of growth of the labor force.

Table 1: GROSS DOMESTIC PRODUCT, 1978-82

(constant 1980 market prices)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Est.</u> <u>1982</u>	<u>Rate of</u> <u>Growth</u> <u>% per Annum</u>
GDP (Rf mn)	271.0	299.9	355.6	384.0	418.4	11.8
Population ('000)	147.0	150.0	153.0	156.0	160.2	2.1
GDP per capita (Rf)	1,843.5	1,999.3	2,324.2	2,461.5	2,611.7	9.5
<u>Memorandum item</u>						
GDP per capita (\$) <u>/a</u>	244.2	264.8	307.8	326.0	345.9	

/a Conversion at the 1980 market exchange rate.

Source: Statistical Appendix, Tables 1.1 and 2.1.

8. Changes in the structure of output and employment are illustrated in Table 2. The share of primary production (agriculture, fishing, coral and sand quarrying) in total value added has shrunk, while that of the services sector has increased, from 49% to 54%, because of the growth of tourism, transport and commerce.

Table 2: SECTORAL VALUE ADDED AND EMPLOYMENT, 1978-82
(percent of Total)

	Value Added			Employment	
	1978	1980	1982	1978 /a	1980
<u>Primary Production</u>	37.4	32.9	29.9	56.0	54.1
of which: Fishing	22.4	18.5	16.3	45.4	44.0
<u>Secondary Production /b</u>	13.7	12.5	15.8	26.6	26.9
<u>Services</u>	48.9	54.6	54.3	17.4	19.0
of which: Tourism	9.3	12.5	14.5	0.7	3.0
Transport	5.7	6.4	7.1	5.5	5.0
Commerce	11.4	13.8	14.7	3.2	5.0
Government	17.2	13.6	12.7	5.1 /c	7.4 /c
<u>Total</u>	100.0	100.0	100.0	100.0	100.0
<u>Memorandum items:</u>					
GDP (Rf Mn, 1980 market price)	271.0	355.6	418.4		
Total Employment ('000 persons)				59,890 /d	66,310

/a Based on the December 1977 Census.

/b Manufacturing, Construction, Electricity

/c Excluding Government employees in Tourism, Transport and Commerce.

/d Excluding 369 persons not classified.

Sources: Statistical Appendix Tables 1.4 and 2.1.

9. Since service industries are concentrated in and around the capital, the data in Table 2 would imply that about 50% of income accrues to residents of the Male region, who account for about 20% of the population. The disparity is corroborated by the 1980 employment estimates, the most recent available, showing just over half the labor force employed in the primary sector while service industries occupied 19% of the labor force. These data and their implications, however, must be seen in perspective. Although no firm estimates are available, it is thought that immigrants from outer atolls remit part of their incomes earned in Male to their home islands. The above data also reflect, on the one hand, the economic momentum which past policy conferred on Male and the neighboring atolls and, on the other hand, the serious physical and economic constraints on growth of primary production--especially fishing--in the outer atolls, as explained below. The Government has very actively sought to correct this situation. If backed with adequate domestic and external resources, several ongoing and prospective programs to develop the outer atolls could reduce current disparities significantly. In this respect, the Government's initiative in reviving Gan island in the southernmost atoll, which

had been a depressed area since the evacuation of the British air force base in 1976, was very successful. In 1981, two export-oriented garment factories were opened on Gan in a joint venture enterprise between Government and foreign private investors; by June 1982, these plants employed over 1,000 workers. ^{1/}

Fisheries

10. The fisheries sector remains the mainstay of the Maldivian economy and continues to play an important social role despite the fact that tourism now generates nearly twice as much in gross foreign exchange earnings. It is estimated that about 29,000 people, or 44% of the employed labor force, are working as fishermen, or in related activities, such as drying, salting and canning of fish, and in boat building and repair.

Table 3: SELECTED FISHERIES STATISTICS, 1978-82

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Jan-June 1982</u>
Fish Landings ('000 MT)	25.8	27.7	34.6	34.9	16.7
of which: Tuna species	23.5	24.7	30.4	..	..
Total Registered Fleet (No.)	2273	2341	2436	2626	2878
of which: Mechanized dhonis	548	767	805	944	1066
Total Sector Employment ('000s)	27.2	..	29.2	..	..
Fish Exports ('000 MT)	17.3	18.6	22.7	20.3	..
of which: Fresh/Frozen	11.4	12.4	14.0	13.8	..
Fish Exports (\$ mn)	3.9	4.4	6.8	7.2	3.2
Average Export Price (\$/MT) ^{/a}	272.0	253.0	340.0	398.6	235.0
Average Procurement Price (Rf/MT) ^{/b}	900.0	900.0	1,110.0	1,340.0	1,340.0
<u>Memorandum items:</u>					
Tuna World Market Price (\$/MT) ^{/c}	730.0	816.0	1,193.0	1,213.0	1,147.0
Proportion of Maldivian Avg. Export Price received by fishermen (%) ^{/d}	36.9	47.7	43.2	44.6	76.0

^{/a} Negotiated between Government and foreign collecting companies. Weighted average based on 60% fish above 2 kg. and 40% below 2 kg.

^{/b} Set by Government with reference to Official Accounting Rate.

^{/c} Average skipjack prices U.S. West Coast (San Diego).

^{/d} Procurement price as proportion of export price converted to Rufiyaa at the Market Exchange Rate.

Source: Statistical Appendix Tables 1.4, 3.2, 7.1-7.4; World Bank, Commodities and Export Projections Division.

^{1/} The air force base had employed 1200 workers at its height of activity.

11. Fish landings, consisting mainly of tuna species, increased regularly from a low point of 25,800 MT in 1978 to a record catch of 34,900 MT in 1981--an average annual growth of 13.0% per year. During 1978-81, the volume of fish exports grew, on average, at 7% per year, and the value, at 25.5% per year. Export prices for fresh fish are negotiated annually between the government and foreign collecting companies. Prices are set separately for fish weighing less than or more than 2 kg.; the weighted average negotiated prices increased at an annual rate of 15.5% per year in the period 1978-81 and the Government, which sets producer prices, increased the average domestic procurement prices by 23% in 1980 and 20% in 1981.

12. Negotiated export prices fell drastically to \$235/MT in 1982, from nearly \$400/MT in 1981, as the international market continued to weaken owing to large stocks of frozen tuna. Also in 1982, one of the foreign collecting companies, which had been handling about 30% of Maldivian exports as well as operating the Maldives' only 15 MT per day canning plant on Felivaru island, withdrew from the country. These events represented a second major setback to the Maldivian fishing sector within a decade. ^{1/} The Government maintained procurement prices paid to local fishermen and also stepped in to keep the departing company's fish collection and canning operations going.

13. The fishing sector was being increasingly constrained even before the collapse of tuna export prices in 1982. Scarcity of bait fish, and the short period for which it could be kept alive on traditional boats, limited the number and duration of fishing trips per boat. Lack of navigational aids deterred boats from venturing out of sight of land or outside familiar waters. Shortages of diesel, due to limited fuel distribution and storage capacity in the outer atolls, also reduced the number of fishing trips of mechanized boats. Inadequate collector capacity offshore, and limited freezing and storage facilities onshore, further discouraged higher catches. In addition, procurement prices set with reference to the lower OAR (see footnote 1, page 2) and rapidly rising prices of diesel were cutting into the profitability of fishing,

^{1/} The first major shock, beginning in the early 1970s, had been the progressive loss of Maldives' only market (Sri Lanka) for its sole export ("Maldivian fish"--a dried, salted and smoked tuna product) as acute foreign exchange shortages prompted Sri Lanka to restrict imports of Maldivian fish. The Maldives adjusted to that shock by inviting foreign companies to start collection of fresh fish for freezing and export to alternative markets. A program of mechanizing the country's fishing fleet was initiated in the mid-1970s as mechanized vessels were better suited than the traditional sailing vessels to supply fresh fish to the highly mobile collector vessels.

boats--such as transporting goods and passengers. Bank staff estimates, based on data for the eight good fishing atolls away from the Male region, 1/ indicate that in 1981, the combined impact of these constraints amounted to: (i) about 12,500 MT potential catch foregone (equivalent to 35% of the actual catch of 36,400 MT); (ii) about \$5 million potential export revenue foregone (equivalent to nearly 70% of actual fish export revenue) 2/; (iii) about Rf 936 in (annual) per capita wages foregone by the crew of mechanized boats in the eight atolls concerned (compared to an estimated Rf 1,630 per capita actually obtained by them during the year). Such estimated fishing sector "losses" underscore the importance of ongoing government programs aimed at alleviating constraints to output and incomes in the fisheries sector. These, and a few proposals for prospective programs, are further dealt with later on in this report (paras 51-55).

Agriculture and Industry

14. Agriculture and related activities (production and gathering of thatch, firewood, some timber) play a minor role in the economy, accounting only for about 10% of GDP and employment. Primary agricultural activity, much of which goes unrecorded, is small, and consists mainly of subsistence gardening around homesteads, where much of the fruit (banana, breadfruit, guava, jackfruit, lemon, mango, papaya, pomegranate), tubers (cassava, yams), condiments (chillies, fenugreek), vegetable crops (gourds, eggplant, onion, pumpkins) and coconuts are grown. Some coarse grains (millet and sorghum), maize and plantation coconuts are grown on a minor scale where land area and conditions are suitable. Otherwise, poor soil conditions and sheer lack of space (the total cultivable area in the Maldives is about 2,800 ha only) inhibit any efforts to expand farm production. Male is the main cash market for crops, and deliveries of fruit and vegetables have increased with improvements in inter-island transport during the last five years. A poultry farming project set up close to Male also sells most of its output to the capital, and one or two tourist resorts are experimenting with hydroponic vegetable cultivation. Nevertheless, there are prospects for improving cultivation practices, which are inefficient at present, and particularly so for systematic cultivation of coconuts.

1/ Lhaviyani, Baa, Raa and Noonu atolls in the north; and Laamu, Gaafu Alifu, Gaafu Dhaalu and Thaa atolls bordering the one and half degree channel in the south. In 1981, these eight atolls accounted for 60% of the country's actual catch, and 54% of the mechanized vessel fleet.

2/ Assuming all the catch foregone had been exported.

15. The bulk of manufacturing output in the Maldives consists of cottage industries (coconut coir and coir products such as ropes), handicrafts, boat building and repair, production of coral-based construction material, and a few small food and beverage enterprises. The sector primarily produces for the home market. The only exceptions are the export oriented small tuna cannery; a mica fabrication plant in Male which produces mica chips for electronic components; and the two garment factories on Gan island. The sector contribution to GDP has remained at about 10%. The employment effect is considerable, however. In 1980, an estimated 14,500 people (22% of working age population) were working in this sector, three quarters of them women. Another 3,100 (4.7% of working age population) were working in construction. Monthly wage rates of unskilled workers in industry are between Rf 200-300, compared to Rf 325 for waiters in tourist resorts; Rf 280 for government clerical workers; and Rf 170 in fishing. Skilled workers, such as carpenters and electricians earn around Rf 400 per month. Apart from the basic wage, most employers in industry pay a food allowance in cash or kind worth between Rf 4-8 per day.

Tourism

16. The tourism sector has grown spectacularly since the early 1970s when the first trickle of European visitors arrived in the Maldives. Between 1978 and 1981, room capacity tripled as the number of resorts more than doubled. The completion of the Hulule International Airport expansion near Male in 1981 removed an important bottleneck in the form of limited connecting flights to and from Colombo. Direct charter flights from main tourism generating areas, in wide-bodied jets, are now operating. There were 60% more tourist nights recorded during the November-March 1981/82 high season, compared to the same period in 1980/81.

Table 4: SELECTED TOURISM STATISTICS, 1978-82

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u> /a
Tourist Arrivals	16,846	25,023	34,695	48,233	57,175
Tourist Nights	144,875	215,898	298,740	445,493	588,902
Tourist Expenditures (\$ Mn)	4.7	8.2	9.4	14.5	19.6
No. of Resorts (end-year)	17	25	32	37	44
Resort Bed Capacity (end-year)	1,298	1,674	2,418	3,208	3,982
Contribution to GDP (%) /b	9.3	9.5	12.5	14.3	14.5
Contribution to Govt. Revenue (%) /c	..	14.9	20.3	23.9	24.3
of which: taxes & charges paid by tourists	..	(12.7)	(12.2)	(13.0)	(17.3)
No. employed in Tourism /d	1,090	..	2,000	..	..

/a Revised estimate.

/b Value added in tourism sector as proportion of GDP at constant 1980 market prices.

/c Tourism-related govt. revenues as proportion of total govt. revenue, with foreign exchange revenues converted at market exchange rate.

/d Direct employment only. As proportion of working age population, these numbers were 1.8% in 1978, and 3% in 1980.

Source: Statistical Appendix Tables 2.1, 5.3 and 8.1.

17. Several indicators in Table 4 (capacity expansion, arrivals, expenditures, etc.) illustrate the buoyancy of the tourism sector. It has provided substantial foreign exchange earnings at a time when fisheries exports were under strain (para 13). The contribution of tourism to GDP increased from 9% in 1978 to 15% in 1982 and is set for further rapid growth in the future. Tourism and tourism related jobs have had a beneficial impact on the development of skills in hotel and catering trades, and in construction and simple engineering sectors (refrigeration and power generation, motor boats and electrical equipment maintenance). Tourism wages are high compared with returns from fishing or agriculture, and have had a strong multiplier effect on construction and service industries, particularly in the Male region.

18. The Government's tourism promotion strategy has emphasized local ownership of resorts, but encouraged management by experienced foreign management groups. The Government itself owns most of the large resorts but, in terms of bed capacity, private resorts now account for 56% of the total compared to 44% in 1978. Profits accruing to Maldivian resort owners are largely ploughed back into capacity expansion and improvements. Only a few uninhabited islands within convenient reach of Male International Airport remain to be developed as tourist resorts. These, and limited possible extensions to existing resorts, make up the bulk of possible capacity expansion in the short term. Beyond these, any further expansion of the industry would require the development of new zones,

beginning with basic infrastructure (airport, feeder transport between airport and resorts, water, power). As discussed later on, the country would have to evaluate the medium to long term tourism sector strategy quite carefully, including decisions on essential complementary investments in the existing zone (airport accommodation, water supply and sewerage), on development of new zones, and on financing requirements and resource mobilization.

Shipping

19. The contribution made by shipping to the balance of payments and the budget has risen again after a low point in 1979. Maldives Shipping Ltd. (MSL), the government-owned shipping line, operates as an independent profit-making enterprise. MSL serves the Far East, including Japan and Korea, the east coast of Africa, and the Middle East. The ships carry bulk cargo, mainly timber, grains, coal, fertilizer and cement. Between 1978 and 1981, MSL expanded its fleet from 29 to 41 vessels. The average size of operating vessels also increased, from about 3,400 DWT to about 8,000 DWT. The number of Maldivian nationals employed on MSL ships has risen overall and as a proportion of the total, from 664 (67% of total employees) in 1978 to 1,071 (71% of total employees) in 1981. MSL profit transfers to the government were about \$0.9 million (equivalent to 40% of government revenues converted at MER) in 1978 and about \$1.4 million (equivalent to 10.5% of government revenues converted at MER) in 1981.

20. In addition to financial transfers, MSL contributes goods and services to the economy. These recently included the installation of fuel tanks on 51 islands, construction and equipment of a factory shell and ancillary plant on Thulusdhoo island in preparation for the establishment of a third garment factory, construction of a training school and of a dried fish godown. Perhaps more important is the advisory role undertaken by MSL management. This has enabled it, through its worldwide contacts, to put the government in touch with foreign investors for the two garment factories on Gan island. MSL also plays a key part in assisting government efforts to overcome problems encountered by the fishing sector in 1982. It has ordered two custom-built storage vessels from Korea and is planning to build several steel-hulled fishing boats in Male, whilst providing technical assistance at several levels to government agencies concerned with fisheries.

Other Sectors

21. Taken together, the remaining sectors (commerce, transport and communications, banking, real estate, public administration and other services) grew by 11.6% per year between 1978 and 1982. The rapid growth in commerce and transport sectors reflects increased operations and profitability of the STO and private trading activities, especially in and around Male, and the opening of wholesale and retail trading centers in the atolls.

22. In the transport sector, the number of bicycles and handcarts increased from 9,966 in 1978 to 14,593 in 1981; the motor vehicle fleet (55% motor cycles) increased from 897 in 1978 to 1,167 in 1981. Excluding the fishing fleet, there were 1,674 registered sea vessels of various sizes in 1981, of which 538 were registered in Male atoll. The number of telephones in operation increased from 630 in 1978 to 1,582 in 1981; and telex machines, from 27 to 95. Inter-island transport remains an important constraint to further economic integration and development.

23. The development of social infrastructure poses a major challenge to the government given the small number of teachers and health services personnel, and limited funds. School enrollment for the age group 5-19 has been boosted considerably, from 26% in 1977 (10% in formal schools and 16% in makthabs--traditional Koranic schools) to 80% in 1980 (24% in formal schools and 56% in makthabs); however, formal educational facilities remain concentrated in Male, given the high cost of establishing such facilities for the widely dispersed atoll population. Health services have also been expanded in recent years, but they remain rudimentary even in Male. Male's water supply and sewerage systems are still inadequate and there is a total lack of storm water drainage.

BUDGETARY DEVELOPMENTS

24. The Maldives' overall budgetary situation improved considerably during 1978-82, with marked annual increases in revenues and essential expenditures. Budget deficits have been financed largely with available external grants and concessional loans, and there has been no significant recourse to inflationary financing during 1978-82. Whereas revenues covered about a quarter of total expenditures in 1978, they are estimated to have covered about 70% of a much larger total expenditure in 1982. In the past, the annual presentation of proposed expenditures to the Majlis was not accompanied by estimates of revenue. Beginning with the 1981 budget, however, revenue estimates are presented with expenditure proposals, and the Department of Finance has now adopted an economic classification of total expenditure data.

Table 5: PUBLIC FINANCE, 1978-82
(Rf million) /a

	1978	1979	1980	1981	Est. 1982
Revenue	11.7	17.6	45.9	73.5	101.6
Taxes	2.7	6.9	15.9	22.6	41.6
Nontax revenue /b	9.0	10.7	30.0	50.9	60.0
of which:					
public enterprise transfers	(6.3)	(7.8)	(24.3)	(36.8)	(48.4)
Expenditure	46.3	49.4	103.8	108.1	143.2
Recurrent	12.2	27.3	39.4	52.3	96.5
Capital	34.1	22.1	64.4	55.8	46.7
Balance	-34.6	-31.8	-57.9	-34.6	-41.6
financed by:					
External Sources	27.6	17.8	58.5	34.8	40.3
Grants	19.3	7.9	11.5	8.3	25.5
Loans (net)	8.3	9.9	47.0	26.5	14.8
Domestic Financing	7.0	14.0	-0.6	-0.2	1.3

/a For 1978-81, all foreign exchange receipts and payments are valued at the OAR (\$1 = Rf 3.93); 1982 receipts are valued at MER (\$1 = Rf 7).

/b Includes small amounts of capital revenue.

Source: Statistical Appendix Tables 5.1 and 5.2.

25. Analysis of the official budget data (Table 5) is complicated because the use of the OAR to convert dollar-denominated receipts and payments prior to 1982 distorts the actual size of the budget deficit. Also, the budgetary impact of the implicit taxes on fish exports, and of the implicit subsidies on basic imports, both effected through the mechanism of the OAR, is not apparent from Table 5. The trends in public finances are clearer when adjustments are made for such distortions.

26. The adjusted financial receipts (Statistical Appendix Table 5.3) show an impressive growth of domestic revenues, from Rf 15.9 million (8.4% of GDP) in 1978 to Rf 101.6 million (19.4% of GDP) in 1982. The share of tax revenues rose from 19% of total revenue in 1978 to about 40% in 1982, and the tax/GDP ratio, indicating the tax effort, improved from 1.6% in 1978 to 8% in 1982. The sources of tax revenue, however, remained unchanged--customs duties (about 58% of tax revenues in 1982) and taxes payable by tourists (42% of tax revenues in 1982); there are no income or property taxes in the Maldives. Non-tax revenues, consisting largely of net transfers from the STO, the MSL and other public enterprises, and of revenue from sales of government fixed assets, rose sharply in 1980 and 1981, but are estimated to have decreased slightly in 1982. These

revenues, which provided about 60-70% of total revenues during 1978-82, can be quite volatile as they are significantly affected by factors outside the government's immediate control. Thus, for example, STO profitability is directly related to domestic sales as well as to the international prices of the items it imports; under its pricing formula, the STO's markups are based on an ad valorem rate over import costs, albeit converted at the OAR. MSL profits are obviously conditioned by the international freight market. Such factors, in fact, partly accounted for sharp increases in STO and MSL transfers in 1980 and 1981. The fact that public enterprise transfers to the budget have been positive and increasing speaks well for these Maldivian enterprises when in many developing countries public enterprises constitute a drain on the budget. Nevertheless, excessive dependence on this source (for 60-70% of revenues), and on tourist related taxes (for about 18% of revenues) constitutes a potentially unstable revenue structure. This issue needs to be considered in future efforts at resource mobilization.

27. Adjusted financial expenditures (Statistical Appendix Table 5.5) during 1978-82 grew, on average, at about 20% per year--much below the average annual rate of growth of revenues (66% per year). As a result, the relative size of the overall deficit was reduced from 38% of estimated nominal GDP in 1978 to about 8% of GDP in 1982. On average, current expenditures grew at 41% per year; annual capital expenditures averaged slightly over Rf 100 million in 1980-81 at the peak of construction work on the international airport, and declined to less than Rf 50 million in 1982. Major items of capital expenditures have been the Male International Airport, mechanization of fishing boats, the Male Land Reclamation Project, school construction, and atoll development programs. Budget expenditure requirements are expected to increase in the future to provide for adequate operations and maintenance; capital expenditures on externally aided projects (fisheries, inter-island transport); further programs for development of the atolls; and debt servicing.

28. During 1978-82, the budgetary implications of the official pricing policy (implicit taxes on fish exports and subsidies on basic food imports) became increasingly apparent. As a result of the increase in the volume and prices of fish exports, the estimated amount of the implicit tax on fresh fish rose from Rf 13 million in 1978 to Rf 22 million in 1981 (Statistical Appendix Table 5.6). This amount is estimated to have fallen sharply to about Rf 7 million in 1982, following the collapse of tuna export prices and the Government's decision not to pass on the export price decline to domestic producers (para 12). The estimated amount of implicit food subsidies rose from Rf 10 million in 1978 to Rf 23 million in 1981, and Rf 22 million in 1982 (Statistical Appendix Table 5.7), reflecting mainly the sharp increase in imports of basic foods. Thus, the net effective financial balance of the tax-subsidy scheme changed from a surplus of about Rf 3 million in 1978 to a deficit of about Rf 15 million in 1982. Such an imbalance cannot be sustained for long. The Government is rightly concerned with avoiding the disincentives and inequities

involved in the past heavy implicit taxation of the fisheries sector. Hence it would be appropriate to consider a combination of measures aimed at alternative means of raising revenue as well as limiting implicit subsidies to areas where they are most needed.

29. Indeed the Government has already taken some action to mobilize resources and is considering further measures. The 1983 budget increased the rates of import duties, and raised vehicle license and visa renewal fees; introduced charges for retail trade licenses; and strengthened assessment and collection procedures. It has been decided to levy land rent on private resorts built on government-owned land. The Government also intends to phase out subsidies on basic foods over a two to three years period; the 1983 budget has provided a lower amount for this item (Rf 10 million) compared to actual expenditure in 1982 (Rf 22 million).

BALANCE OF PAYMENTS AND EXTERNAL ASSISTANCE

30. During the period under review, the balance of payments has been characterized by a deficit on the trade account and a surplus on services account: the latter includes receipts from tourism, MSL profit transfers, and unrequited transfers, mostly in the form of official grants. Inflows of official long-term capital, mainly from OAPEC countries, and varying short-term capital inflows into the local branches of foreign banks, have offset the current account deficits. However, the small overall surpluses provided little coverage for import requirements, pointing towards a need for improved reserves management.

Table 6: SUMMARY BALANCE OF PAYMENTS, 1978-82
(\$ million)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Revised</u> <u>1981</u>
Merchandise Exports <u>/a</u>	6.9	9.5	10.5	13.1
Merchandise Imports	14.8	19.6	40.4	34.6
Nonfactor Services (net)	3.2	6.4	4.2	10.6
Factor Services (net)	0.8	-0.1	1.5	0.8
Current Account Balance	-3.9	-3.8	-24.2	-10.1
Official Capital (net)	7.4	4.6	15.0	10.5
Commercial Banks	-2.7	0.5	0.8	8.7
Other Capital <u>/b</u>	-0.6	-1.2	8.6	-8.8
Overall Balance	0.2	0.1	0.2	0.3
<u>Memorandum items:</u>				
Resource Gap:GDP (%)	-20.3	-10.5	-57.9	-21.6
Current Account Balance:GDP (%)	-16.8	-10.8	-54.5	-20.2

/a Including re-exports.

/b Includes profit remittances and private portfolio investment, SDR allocation, and errors and omissions.

Source: Statistical Appendix Table 3.1.

31. The export sector (goods and nonfactor services) expanded further during 1978-82, from about 48% of GDP in 1978 to an estimated 52% of GDP in 1982. About 20-25% of total export earnings are realized from re-exports of high value, low volume consumer goods (cigarettes, textiles, watches, radios, etc.) imported from Japan and Singapore, and sold to visitors from India and Sri Lanka. Excluding these re-exports, the domestic export sector expanded from 38% of GDP in 1978 to 43% of GDP in 1981. The composition and trends of the domestic export sector are shown below:

Table 7: PRINCIPAL EXPORTS, 1978-82 /a

	1978		1980		1981	
	\$ mn	%	\$ mn	%	\$ mn	%
Exports Goods & NFS	9.1	100.0	17.5	100.0	23.4	100.0
Merchandise Exports	4.1	45.1	7.8	44.6	8.6	36.8
Fresh fish	2.6	28.6	4.8	27.4	5.2	22.2
Processed fish /b	0.88	9.7	1.69	9.7	1.39	5.9
Other marine products /c	0.6	6.6	0.86	4.9	0.44	1.9
Garments	-	-	-	-	1.36	5.8
Other manufactures /d	0.02	0.2	0.45	2.6	0.22	1.0
Nonfactor Services	5.0	54.9	9.7	55.4	14.8	63.2
of which: Tourism	(4.7)	(51.6)	(9.4)	(53.7)	(14.5)	(62.0)

/a Excluding re-exports.

/b Dry and dry salted fish.

/c Dry shark fins, shark oil, tortoise shells, ambergris, fish meal, live tropical fish, red coral.

/d Mica chips and canned tuna.

Source: Statistical Appendix Tables 3.1 and 3.2.

32. While receipts from both merchandise exports and tourism grew rapidly in the period, the growth of tourism earnings has far outpaced the rest. Tourism now provides just over 60% of total earnings. Fresh fish continues to be the principal merchandise export; beginning in 1981 garment exports have appeared as an important export item. Dry salted skipjack and dry salted reef fish have also appeared as new export products since 1980. These processed fish products appeal to special tastes and markets, and offer good opportunities for product diversification in a period when the world fresh fish market is weak. These items also have a high local value added component; their development should be further explored, including the development of drying technology (e.g., sun-drying) that would utilize less inputs of nonrenewable energy.

33. Commodity export prices rose at an average annual rate of 25% between 1978 and 1981. In 1982, however, the cut in fresh skipjack prices will have caused a fall in the export price index for the first time since 1977. 1/ A change in the overall direction of exports also appears to have taken place during 1982, as a result of the reduction in Japanese direct purchases of fresh fish. Japan's share of Maldivian exports in

1/ Statistical Appendix Table 3.6.

1978-81 ranged between 56% and 73%. ^{1/} It could now fall to around 40%. Efforts to find new markets are underway; initial attempts to export fresh fish to Thailand have been successful and other markets, notably in the Middle East, are being sought.

34. The (former) DTFI and STO continued to handle all foreign sales of fresh, dry and salted skipjack. The private sector, which handles all re-export trade, has also increased its share of domestic export earnings, from 9% in 1976 to 16% in 1981, with increased sales of dry shark fins, and dry or salted fish other than skipjack. Exports of other marine products (Table 7) are handled exclusively by the private sector.

35. Averaging about 70% of GDP, imports (goods and nonfactor services) have been very prominent in the Maldivian economy during the period of rapid development in 1978-82.

Table 8: VALUE OF IMPORTS, 1978-82

	1978		1980		1981	
	\$ mn	%	\$ mn	%	\$ mn	%
Imports Goods & NFS	<u>16.6</u>	<u>100.0</u>	<u>45.9</u>	<u>100.0</u>	<u>38.8</u>	<u>100.0</u>
Merchandise Imports	<u>14.8</u>	<u>89.2</u>	<u>40.4</u>	<u>88.0</u>	<u>34.6</u>	<u>89.2</u>
Food	<u>2.5</u>	<u>15.1</u>	<u>10.0</u>	<u>21.8</u>	<u>7.1</u>	<u>18.3</u>
Other consumer goods	<u>7.0</u>	<u>42.2</u>	<u>7.5</u>	<u>16.3</u>	<u>7.4</u>	<u>19.1</u>
Petroleum products	<u>0.5</u>	<u>3.0</u>	<u>4.2</u>	<u>9.2</u>	<u>3.3</u>	<u>8.5</u>
Intern. & Cap. goods	<u>4.8</u>	<u>28.9</u>	<u>18.7</u>	<u>40.7</u>	<u>16.8</u>	<u>43.3</u>
of which: project aid-related	<u>(2.4)</u>	<u>(14.5)</u>	<u>(14.3)</u>	<u>(31.2)</u>	<u>(8.8)</u>	<u>(22.7)</u>
Nonfactor Services	<u>1.8</u>	<u>10.8</u>	<u>5.5</u>	<u>12.0</u>	<u>4.2</u>	<u>10.8</u>

Source: Statistical Appendix Tables 3.1 and 3.4.

36. Food imports increased from \$2.5 million (equivalent to 27% of total export earnings) in 1978 to \$7.1 million (equivalent to 32% of export earnings) in 1981; they reached a high of \$10 million (equivalent to 57% of export earnings) in 1980. The peaks and troughs in food imports during the period were caused by irregular purchases and deliveries of essential food stocks (mainly rice and sugar). The share of food and other consumer goods in total imports fell from 57% in 1978 to 37% in 1981. The share of petroleum products increased from 3% to about 9%,

^{1/} Statistical Appendix Table 3.3.

reflecting the mechanization of the fishing fleet, the tourist industry's requirements for energy and transport, and higher prices. Intermediate and capital goods imports grew almost fourfold, from \$4.8 million (29% of total imports) in 1978 to \$16.8 million (43% of total imports) in 1981 as machinery, transport equipment, cement and steel imports rose in response to expansion in the fishing, construction and tourism sectors. Intermediate and capital goods imports related to aid projects accounted for 50% of all such imports in 1978; 76% in 1980; and 52% in 1981 when the airport expansion was nearing completion.

37. Import prices paid by STO for the essential commodities (rice, wheat flour and sugar) rose much less than major export prices between 1976 and 1981. 1/ In fact, between 1976 and 1979, prices were lower than in 1975. They rose sharply in 1980 but declined again in 1981 as world prices weakened and STO improved its timing of commodity purchases.

38. As mentioned already (para 32) the large overall increase in foreign exchange earnings from services between 1978 and 1982 was due mostly to the growth of tourism. Unrequited transfers in the form of grants in cash and kind were \$5 million in 1978, and have been about half that amount annually since then. These transfers involve a variety of transactions, including some food aid from Kuwait and Australia.

39. The balance of payments on capital account is dominated by inflows of official long-term loans granted mainly by OAPEEC member countries on a bilateral or multilateral basis. Drawings rose from \$2.4 million in 1978 to \$12.4 million in 1980, the peak year for construction work on Male International Airport. 2/ Amortization payments on foreign borrowing started in 1981 at the rate of \$0.2 million, rising to \$0.8 million in 1982. This debit item is expected to increase rapidly, reaching an estimated \$4 million a year by 1985. Commercial banks' capital flows throughout the period 1978-81 were irregular, as were other private capital movements.

40. Payments surpluses between 1978 and 1981 were relatively small at \$0.1-0.3 million a year. This was reflected in the slow growth of official reserves. Until the MMA came into operation, reserves were managed by the Foreign Exchange Section of the STO. Since the STO was mainly concerned with day to day availability of foreign exchange for its commercial transactions, there was no effort to accumulate reserves. The STO

1/ Statistical Appendix Table 3.5.

2/ Loans made to MSL for the purchase of ships, although in some cases guaranteed by the Government, are excluded from the accounts, since these are serviced separately by the MSL itself from its foreign exchange earnings.

could obtain foreign exchange from the central government (proceeds of fish exports); from the sale of Rufiyaa, at the market exchange rate, to commercial banks; and from dollar-denominated overdraft facilities with the commercial banks, at high rates of interest. As the STO's requirements for foreign exchange increasingly exceeded the amounts available from fish exports plus that available from sales of Rufiyaa to the commercial banks, the STO had to resort to the overdraft facilities with the commercial banks. A sizeable short-term foreign exchange debt (about \$8 million), at high interest rates, had thus been accumulated by the end of 1981. This debt has since been retired 1/; however, these developments indicate a need for improved reserves management in the future. Gross reserves in mid-1982 were about \$7 million (\$6.5 million in foreign exchange holdings; \$0.2 million SDR allocation; and \$0.3 million reserve position with the IMF), equivalent to about two months of imports of goods and services at the 1981 rate.

41. The external debt outstanding (disbursed funds only) rose from \$1.5 million at end 1977, to \$30 million (equivalent to 40% of GDP) at end 1982, excluding loans to the MSL. Of this total, \$19 million (63% of the total) had been borrowed to finance the airport, from Kuwait, Saudi Arabia, Abu Dhabi and the OPEC Fund; a further \$2.2 million came from IDA for the fisheries project; \$0.9 million from Short Brothers of U.K. to finance the purchase of an aircraft for use on the Male-Gan route; and \$1 million from Abu Dhabi for telecommunications development.

42. The Maldives has obtained highly concessional terms on most official loans, and the debt service obligation, although rising rapidly, is still light relative to exports. In 1978, debt servicing (amortization plus interest) amounted to \$41,000; by 1981 it had risen to \$480,000 (about 2% of exports of goods and nonfactor services). In 1982 it amounted to about \$1.4 million (about 4% of export earnings); by 1985, the debt service, excluding MSL debts, is projected to amount to about \$3 million (about 7% of export earnings).

1/ The STO paid off this debt by purchasing dollars from the MMA, which had realized substantial inflows when domestic dollar holders exchanged them for Rufiyaa following the January 1982 regulation making the Rufiyaa the sole medium of exchange in the country (para 45).

INSTITUTIONAL DEVELOPMENTS

43. The rapid economic developments during 1978-82 placed increasing demands on the Maldives' principal older economic institutions, 1/ all of which continued to upgrade their capabilities, and coped efficiently with their responsibilities despite continuing manpower shortages. The NPA sponsored an important survey of incomes and expenditures in Male in 1981, which will be used for the preparation of a consumer price index; and conducted a labor force survey in Male in January 1982. The STO performs important trading functions, 2/ holds a 51% share in the Gan garment factories, and is also the executing agency for the recently negotiated IDA Second Fisheries Project.

44. A major step forward in organizing the country's monetary system was taken when the Maldives Monetary Authority (MMA) was established in July 1981. The purposes of the MMA, as defined by an act of the Majlis (Parliament), are: (i) to issue currency and regulate the international value of the Rufiyaa; (ii) to advise the government on banking and monetary matters; (iii) to supervise and regulate the banking sector; and (iv) to promote currency stability for the orderly and balanced economic development of the country. To this effect, the MMA has been given broad powers to issue currency, to maintain and manage the reserve assets and to engage in a wide variety of financial transactions, including loans and advances to the government and to banks and financial institutions, and to borrow at home and abroad. It may not go into private retail banking or into real estate transactions, other than for its own office needs.

45. With the establishment of the MMA, the financial functions of various government agencies were brought together under one roof. Most importantly, the MMA took over the issue of currency from the Department of Finance, the banking operations from the STO Accounts Division and reserves management from the STO Foreign Exchange Section. In the first year of operations the MMA has moved gradually towards fulfilling its

1/ These include the Department of Finance; Department of Tourism and Foreign Investment (DTFI)--from November 1982, the Department of Tourism; the National Planning Agency (NPA)--from November 1982, the Ministry of Planning and Development; the Foreign Aid Coordination Unit of the Ministry of Foreign Affairs; the State Trading Organization (STO).

2/ The STO handles some two-thirds of the country's total imports, and supplies most of the nation's requirements of basic food items, other essentials such as medicine and baby food, and petroleum products. It also handles exports of processed (dried, salted) fish. Until the formation of the Maldives Monetary Authority in 1981, the STO's Accounts Division and its Foreign Exchange Section used to handle, respectively, the banking functions and the foreign exchange transactions of the public sector.

functions as a central bank. One of its important steps so far has been to make the Rufiyaa the sole medium of exchange in the country. Previously, the US Dollar had circulated freely in the country alongside the Rufiyaa, and the large proportion of liquidity consisting of foreign currency deposits and foreign currency in circulation had hampered the ability of the MMA to fully exercise its monetary policy. Dollars, and other foreign exchange, continue to be readily available for imports and other international payments obligations. Residents can also hold foreign currency bank deposits.

46. The Bank of Maldives Limited, a joint venture commercial bank, 60% owned by the Maldives Government and 40% by the International Finance and Investment Co. of Bangladesh, began operations in 1982. Until then, the banking system had consisted of the MMA and three local branches of foreign commercial banks--the State Bank of India and Habib Bank Ltd. (Pakistan), which were established in Male in 1974 and 1976, respectively, and the Bank of Ceylon which opened its branch in May 1981. The Bank of Credit and Commerce International has also been permitted to open a branch in Male.

47. The Maldives Transport and Contracting Co. (MTCC) was established in January 1981 with participation by private individuals (40%), the Government (30%), and the MSL (30%). As part of its capital contribution, the Government transferred to the MTCC the physical assets of the Mechanical and Transport Services Division, the Marine Department, the Shipping Department, and the Sawmill. The MTCC also took over the boat building yard, which continues to install engines in fishing boats and provide services under the boat mechanization program. In 1981, the MTCC employed 500 persons, 225 of whom were stevedores. In addition to cargo handling for all ships visiting Male, the MTCC operates passenger launches and cruises on a charter basis in connection with the tourist trade; no regular inter-island ferry services are provided at present. The building and construction section of the MTCC carried out construction work mainly for the government, including a 100-room resort hotel and the electricity power plant at the international airport. The MTCC also provided non-profit public services, including diesel fuel distribution to the atolls.

III. DEVELOPMENT PROSPECTS AND ISSUES

48. By all economic indicators, the Maldives today is clearly better off than it was five years ago, a situation attributable to a large degree to the country's sound economic growth strategy, emphasizing an open economy and productive investments in sectors offering comparative advantage--fishing, tourism, shipping. The country has made significant efforts at mobilizing domestic resources for development; it has also obtained strong and well placed donor support, particularly from OAPEC countries. Nevertheless, the Maldives still ranks amongst the least developed countries, and efforts and support for further development should be continued. The country has demonstrated a sound potential for rapidly overcoming its disadvantages, given adequate domestic and external resources.

49. The Government's twin objectives of rapid economic growth and regional balance are important and appropriate in the situation of the Maldives. 1/ The key to attaining these objectives, and particularly to spreading the benefits of growth more equitably, would seem to lie in the promotion of faster growth of primary production, particularly fisheries; in sustaining the buoyant tourism sector; and in human resources development. Attainment of these objectives will require not only new investments but also adequate operations and maintenance expenditures, implying the need for additional resource mobilization.

50. Development of the transport and communications system within the Maldives will be critical to the success of activities in all sectors. As explained in the World Bank's last economic report, 2/ inadequate inter-island transport is a serious constraint to spreading economic services, such as agricultural and fisheries extension, and social services, such as education and health facilities. Efforts to develop even the small cultivable area in the Maldives (paras 57-58) will be circumscribed by availability of regular and fast transport services between the central atolls, which constitute the main market, and the atolls at the northern and southern extremities of the archipelago, where 60% of the cultivable area is concentrated. Similarly, sustaining and spreading the benefits from tourism (paras 59-60) will be contingent upon adequate feeder transport between the international airport and other atolls.

1/ There would not seem to be any important trade-offs between these two objectives in the Maldives. The major potential sources of growth--marine resources and new tourism zones--are located precisely in the outer atolls which, at present, are poorer relative to Male only because of past policy neglect.

2/ The World Bank, op. cit.

PROMOTION OF PRIMARY PRODUCTION

Fisheries

51. Constraints to the growth potential of the fishing sector were noted in the preceding chapter. Solutions to certain problems--notably, navigational aids, fuel distribution, collecting and freezing capacity, storage facilities--are being sought through ongoing government programs, assisted by IDA, the Kuwait Fund, OPEC Fund, IFAD and the Government of Norway. The implementation of related projects on schedule should result in rapid growth of fish landings and exports, as well as higher incomes for the fishing communities, most of whom are located in the poorer outer atolls. At the same time, the atoll development program components which upgrade fishing villages, inner harbors and storage should be continued. In addition, other programs mentioned in the NPA's draft five-year fisheries plan for 1982-86, some of which are outlined below, need to be mounted as they are important complements to the ongoing programs.

52. One important program that needs to be undertaken as a matter of priority is bait fish culturing. Fishermen in the Maldives have experienced increasing scarcity of bait fish, which have to be thrown out to hold a school of tuna within reach of the pole and line fishing vessels--the dominant tuna fishing technique in the Maldives. While quantitative estimates of the importance of this constraint in the Maldives are not available, it is known that, depending on the time of day and the season, bait fishing can take from a few minutes to many hours, thus significantly affecting the time available for commercial fishing. Furthermore, the bait fish must be kept alive and must possess appropriate body color and stay close to the fishing boats when released, to attract tuna effectively. This problem is common to all countries with tuna fisheries, and several countries have tried breeding bait fish. The various brackish water lakes existing on certain islands in the Maldives have been proposed as possible areas for culturing suitable fast-breeding Tilapia species for bait. ^{1/} In Male atoll, excessive coral mining degrades the habitat of bait fish, and has further contributed to scarcity. There is a need to devise suitable measures to conserve the marine environment.

53. Further support is also needed for trials and installation of fish aggregation devices (floating rafts). These have proven successful in about ten experimental locations in the Maldives. The experiments have demonstrated that migratory tuna and other species aggregating around

^{1/} Berenschot-Moret-Bosboom, "Project Identification, Programing and Planning in Maldives, Volume 1", December 1980.

floating rafts reduce search time, save fuel costs and, by some reports, enable fishermen to catch two instead of one load per day.

54. Another issue which needs to be addressed soon is the absence of a systematic Maldivian fisheries stock research and resources survey. At present, the main resource areas utilized in the Maldives are the tuna and mackerel surface waters in the inter-atoll basin and waters outside the atolls up to 25 km seaward, leaving the mid- and bottom waters of these areas unexploited, and also leaving the oceanic waters (beyond 25 km seaward) and the reef waters unexploited or lightly exploited. While fishing in oceanic waters would be capital intensive, the subsurface of the inter-atoll basin, and the reef waters, could be exploited economically if there were adequate stock surveys and research. From occasional light catches, it is thought that the reef waters contain many valuable species (barracuda, seer, wahoo, rock cod, snappers, spiny lobsters). The assessment of these stocks, and of sustainable economic yields, and assessment of shrimp resources have been proposed and should be undertaken.

55. The NPA draft plan has also pointed out the need for credit to fishermen for financing the purchase of fishing gear and timber for boat building, the latter being increasingly scarce and expensive; existing mechanization programs provide credit for engines only. The issue of sufficient credit should be examined in the overall context of incentives to fishermen. Last year, the Government effectively reduced the implicit taxation of fisheries and established a Fisheries Advisory Board, which will periodically review and recommend criteria for determining remunerative fish prices. Further positive incentives by way of credit, extension and other institutional support should be devised to promote the relative attractiveness of fishing. Neighboring Sri Lanka, for example, has introduced comprehensive fishing incentives since 1977, including producer subsidies, credit, and insurance against loss of craft, gear and lives.

56. While devising appropriate incentives, the institutional set up and responsibilities for the design and implementation of fisheries policies and projects could be usefully clarified and strengthened. FAO and UNDP are providing important assistance in devising an effective institutional framework and in drafting fisheries legislation. Also, UNESCO is providing assistance in designing fisheries science curricula to be introduced in upper grades of the schools.

Agriculture

57. While the meagre agricultural resource endowment, and lack of an agricultural tradition, 1/ limit the scope for agricultural production in

1/ These are documented in the World Bank's previous economic report.

the Maldives, there is a potential for substantial improvement in the country's coconut production. The estimated standing stock of one million palms has been largely left to natural regeneration, is overcrowded, and infested with pests (rats, black beetle). Systematic rodent control itself could raise annual production, which averaged 7.8 million nuts during 1978-80, by upto 40%. 1/ In addition, rehabilitation of the standing stock could gradually raise both the nut size and average productivity of palms; at present, palm productivity in the Maldives is about 8 nuts/palm, which is 33% lower than the 12 nuts/palm generally considered as a low producing tree. A sustained longer-term program could result in adequate production of fresh nuts and edible oil for domestic consumption--helping to substitute for imported edible oil--as well as creating opportunities for local milling and soap-making enterprises. The possibility of exporting, for example, copra--which the Maldives used to do before 1971--and coir also cannot be ruled out.

58. The wide variety of tropical fruit, vegetables and tubers grown around homesteads (para 14), principally to supplement fishing incomes, are an important source of food and nutrition for the poorer atoll population. In the absence of extension, incentives and commercialization, the cultivation practices have remained inefficient and products are generally of low quality. Furthermore, pest damage, and wastage and spoilage rates are high for lack of knowledge of preservation techniques. If the institutional infrastructure of agriculture were strengthened, and improved varieties introduced, both the volume and the quality of production from homestead plots could be raised significantly. This would provide better food availability and nutritional support to the atoll population and, possibly, local substitutes to some fresh and frozen fruit and vegetables currently imported for the tourist industry. In this respect, the Government's modest program of external financing envisaged for the medium term deserves full support.

SUSTAINING TOURISM

59. The recent phenomenal growth of tourism and its economic effects were described in Chapter II. The sector still has a considerable growth potential, and it will obviously remain important to the Maldives. Since further expansion of the existing zone, around Male, is limited (para 18), the Government plans to develop new zones, aiming to increase bed capacity from about 4,000 at the end of 1982 to 10,000 by 1990 or later, in a stepwise, flexible and controlled development adjusting to market conditions. In this report, it has not been possible to include an analysis of the tourism master plan, which was prepared last year. 2/

1/ FAO estimate, 1974.

2/ Tourism Development Plan: Republic of Maldives, Draft Final Report, in two volumes; prepared by Dangroup International, July 1982.

60. If designed to provide maximum local benefits, additional tourism projects could help the development of new areas in the atolls. At the same time, complementary investments in the existing zones are also needed as, for example, accommodation at or near the Male International Airport, fast feeder transport between the airport and the resorts, and provision of water supply and sanitation facilities in Male. This latter area is critical in any event to the health of the local urban population, but would also guard against loss of tourist traffic by minimizing the chances of disease outbreaks.

DEVELOPING SOCIAL INFRASTRUCTURE

61. The low level of human resources development in the Maldives, as well as the problems and suggested priorities for medium- to long-term development, were documented in the World Bank's first economic report and in the Government's presentation at the 1981 UN Conference on the Least Developed Countries. ^{1/} The Government has made substantial efforts at expanding the education and health infrastructure in the country over the past five years, but the physical difficulties, and the attendant costs, of delivering services to the widely dispersed population pose very serious constraints. In this situation, difficult choices have to be made in setting priorities in human resources development. Fortunately, the country has a tradition of countrywide, community-supported educational facilities--the Makthabs and Madrasahs which teach the young of both sexes the Koran, basic literacy in Dhivehi and simple arithmetic. This tradition is credited for the high adult literacy rate (82%) in the Maldives, which could be turned to considerable advantage in spreading health, family planning and nutrition education among the population. There are also the Dhivehi-medium primary schools providing formal schooling in the atolls for a wide range of age groups (between 5 and 24). The more formal, English-medium primary and secondary schools, and a vocational training center are located in Male.

62. Government priorities in human resources development appropriately emphasize primary education; some secondary and vocational training to meet the growing demand for skilled manpower; high level training abroad; and primary health care. The delivery of these services, however, needs to be carefully designed so as not to impose a heavy burden on the Government's budget in future. This could be accomplished by qualitative improvements of the atoll primary schools (upgrading teachers skills, curricula improvement, maintaining community contributions, provision of school materials); and by provision of water supply and sanitation

^{1/} Government of Maldives, "Programs and Prospects for 1980's", prepared for: United Nations Conference on Least Developed Countries held in Paris, September 1981.

facilities which, with initial material and technical assistance, can be constructed and maintained by local communities. Such approaches would allow sustainable programs of broad-based human resources development to be instituted early, while enabling Government to devote resources to the provision of equally important infrastructure projects, such as Male water supply and sewerage facilities, and maternity and child health programs.

63. With a population density of about 19,000/sq km, Male is seriously overcrowded relative to its virtually non-existent basic urban infrastructure. There is no piped water supply system. The town population depends on polluted groundwater and on rain water for drinking purposes. The absence of a sewerage system, lack of storm water drainage, and a polluted shoreline resulting from the absence of a solid waste disposal system, pose a serious health hazard. External assistance is needed to provide a detailed town plan and some minimum infrastructure, including improved water supply, electrical power supply and telephone network; paved main roads and storm water drainage; and a solid waste disposal system.

64. In addition to maintaining assets and servicing debt, the investments suggested in paragraphs 50 to 63 will require increasing levels of budgetary expenditures. In view of the rapid growth of investments in the recent past, as well as ongoing programs, current price expenditures on operations and maintenance, and debt servicing may be expected to grow at about 40% per annum over the next few years. The present system of current revenues, however, is limited (para 26) and, by optimistic assumptions, might provide revenue growth of about 30% per annum. With such trends, the current budget would be in deficit, estimated at Rf 40-45 million by 1985, compared to a deficit of less than Rf 1 million in 1982. Therefore, it is very important for the Government to consider feasible measures for mobilizing additional revenues, while at the same time exploring ways to contain expenditures.

RESOURCE MOBILIZATION

65. First of all, there is scope for mobilizing additional revenue from import duties. As noted earlier on in this report, the use of the OAR for determining the duty base for customs levies deprives the Government of sizable additional revenues. In fact, while the average nominal import duty rate is about 20%, 1/ the effective rate, at about 8%, 2/ is less than half the nominal rate. If the use of the OAR for this purpose were eliminated, and the nominal rates for essential and non-essential items adjusted in line with the policy to minimize incidence on essential

1/ Based on f.o.b. value of merchandise imports, calculated at the OAR.

2/ Based on f.o.b. value of merchandise imports, calculated at the MER.

imports, substantial additional revenues could be realized. The Government is already considering this measure and reviewing the relevant legislation.

66. Second, there are no income taxes in the Maldives and the administrative machinery for instituting an income tax system does not exist. However, the services sector, constituting about 55% of GDP in 1982, does realize considerable income that goes untaxed. The only taxes and charges that are levied on tourism, for example, (the tourism tax and the airport departure tax) are paid directly by the tourists or the tour operators. Yet, it should be possible to introduce some taxes and charges, such as for example, turnover taxes on businesses and flat rate taxes on rental property. As such establishments are congregated around Male, the administration of the taxes should not be very difficult. In this regard, the measures introduced in the 1983 budget (see para 29) are a step in the right direction.

67. Third, revenues could be raised from charges on commercial exploitation of natural resources, such as coral mining and coconut felling. The current free market price of coral is Rf 3,000 per cube, ^{1/} but no charges are levied even on commercial-scale mining and sales. ^{2/} Apart from raising revenue, economic charge on coral mining could also be an important means of promoting conservation of marine environment, particularly where mining has been excessive. Similarly, economic charges could be levied on commercial felling of coconut palms and the revenues used, for example, to finance coconut rehabilitation. Current felling regulations only require payment of a stamp duty at the rate of Rf 0.5 per palm, while the market price of coconut timber is about Rf 250 per palm equivalent.

68. Fourth, expenditures on food subsidies might be contained by a combination of selective price increases and better targetting to involve only the indigent sections of the population. In 1982, a combination of lower import prices and retail price increases on rice and wheat flour enabled the Government to contain the amount of subsidies at the 1981 level. The 1983 budget provides for still lower expenditures on food subsidies (Rf 10 million, compared to Rf 22 million in 1982). Nevertheless, the lower expenditures envisaged in 1983 still represent about 8% of estimated revenue. Moreover, the system of subsidies across the board

1/ A "cube" is a local measure denoting 75x20x2 feet.

2/ One exception is that investors contracting coral loads for resort construction are required to deliver equivalent amounts of coral to the Government, free of charge. Coral thus acquired by Government is used in public works. Occasionally, the Government sells excess loads to the public at a fixed price of Rf 1,500 per cube.

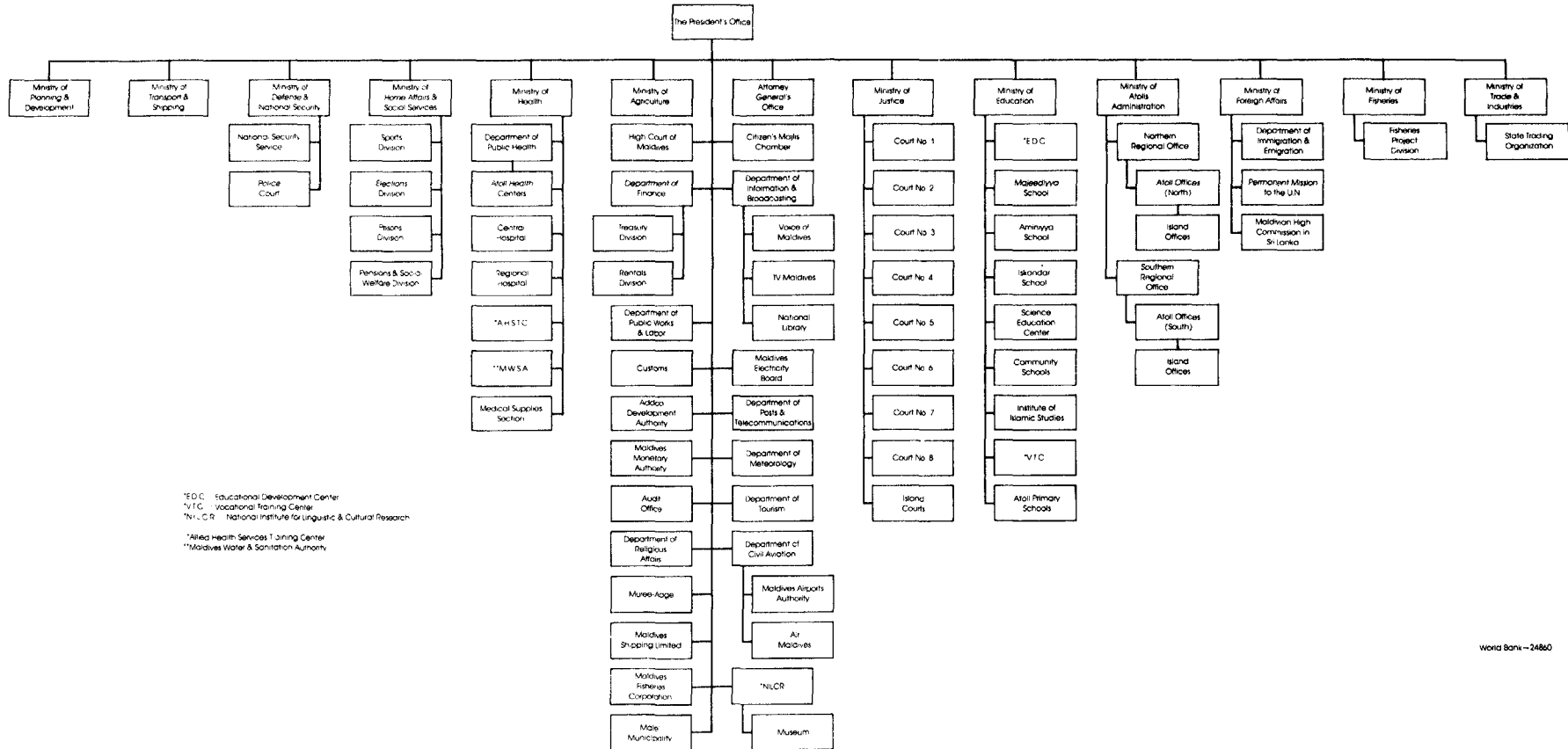
could raise expenditures if import prices rise again. Hence better targeting remains an important issue of policy decision.

69. Fifth, new capital expenditures should be undertaken with careful consideration of the resources required to maintain the additional assets. The past practice of undertaking capital expenditures only when foreign financing had been secured served to maintain overall budget balance. This practice should be applied selectively now as past investments are expected to increase current expenditure requirements.

70. In meeting the budgetary gap, dollar-denominated commercial bank loans as in the past (para 40) should be avoided as much as possible. In fact, the Maldives needs to build up foreign exchange reserves rather than incur further short-term debts in foreign exchange. Establishment of an appropriate exchange rate and reserves management policy should be a high priority issue for the recently created MMA as it seeks to discharge its broad and complex functions.

71. Donor support will continue to be important in sustaining and strengthening the Maldives' sound development potential. The sizable past commitments on account of Male International Airport have been virtually disbursed now, and further development will be contingent on obtaining fresh commitments. Donors need to consider improving not only the volume but also the quality of assistance, which should include capital aid as well as initial financing of incremental current expenditures resulting from new investments. With assistance from the Government, donors also need to inform each other of their separate activities so as to avoid duplication. Recent institutional developments in the country have strengthened Government machinery to handle external assistance. Additional support could be provided with technical assistance aimed at further improvements in the country's project preparation, coordination and implementation capabilities. Given the Maldives' resource constraints, donors should continue providing aid on concessional terms. This is essential if the debt service burden is not to rise sharply with a sizable increase in commitments.

MALDIVES
Structure of the Government 1/



TEDC - Educational Development Center
 *VTC - Vocational Training Center
 **N.I.C.R. - National Institute for Linguistic & Cultural Research
 *Atoll Health Services Training Center
 **Maldives Water & Sanitation Authority

1/ As of March, 1983

STATISTICAL APPENDIX

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Table 1.1: POPULATION ESTIMATES, 1977-82
(End Year)

<u>Locality and Year</u>	<u>Both Sexes</u>	<u>Male</u>	<u>Female</u>
Entire Republic			
1977 <u>/a</u>	142,832	75,224	67,608
1978	147,000	77,400	69,600
1979	150,000	79,000	71,000
1980	153,000	80,600	72,400
1981	156,000	82,200	73,800
1982	160,200	84,400	75,800
Male <u>/b</u>			
1977 <u>/a</u>	29,522	16,635	12,887
1978	31,000	17,500	13,500
1979	32,500	18,300	14,200
1980	34,200	19,300	14,900
1981	35,900	20,200	15,700
1982	37,700	21,200	16,500
Atolls except Male			
1977 <u>/a</u>	113,310	58,589	54,721
1978	116,000	59,900	56,100
1979	117,500	60,700	56,800
1980	118,800	61,300	57,500
1981	120,100	62,000	58,100
1982	122,500	63,200	59,300

/a 1977 Census figures.

/b Includes employed population in tourist resorts.

Source: Ministry of Planning and Development

Table 1.2: DISTRIBUTION OF THE POPULATION, 1967-77^{/a}

	1967			1972			1977		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	103,801	55,346	48,455	122,673	64,924	57,749	142,832	75,224	67,608
Malé	11,760	6,141	5,619	15,279	7,831	7,448	29,522	16,635	12,887
Atolls, except Malé	92,041	49,205	42,836	106,933	56,834	50,099	113,310	58,589	54,721
Haa Alifu	7,148	3,742	3,406	8,361	4,412	3,949	8,601	4,416	4,185
Haa Dhaalu	8,386	4,425	3,961	9,282	4,924	4,358	9,923	5,133	4,790
Shaviyani	4,892	2,602	2,290	5,805	3,116	2,689	6,363	3,293	3,070
Noonu	5,187	2,818	2,369	5,919	3,198	2,721	6,282	3,306	2,976
Raa	6,743	3,607	3,136	7,803	4,172	3,631	7,904	4,076	3,828
Baa	4,605	2,568	2,037	5,191	2,797	2,394	5,758	3,080	2,678
Lhaviyani	5,245	2,904	2,341	5,828	3,159	2,669	5,655	2,977	2,678
Kaafu	3,033	1,679	1,354	3,973	2,162	1,811	4,153	2,258	1,895
Alifu	4,731	2,617	2,114	5,470	2,975	2,495	6,219	3,365	2,854
Vaavu	818	452	366	931	519	412	1,078	595	483
Meemu	2,559	1,392	1,167	3,066	1,630	1,436	3,095	1,610	1,485
Faafu	1,498	835	663	1,692	900	792	1,986	1,070	916
Dhaalu	2,695	1,497	1,198	3,076	1,659	1,417	2,999	1,538	1,461
Thaa	5,534	2,922	2,612	6,409	3,346	3,063	6,214	3,174	3,040
Laamu	4,721	2,548	2,173	5,350	2,896	2,454	6,090	3,232	2,858
Gaaf Alif	4,128	2,113	2,015	4,817	2,490	2,327	4,977	2,572	2,405
Gaafu Dhaalu	6,612	3,351	3,261	7,815	4,002	3,813	7,717	3,805	3,912
Gnaviyani	3,405	1,819	1,586	3,987	2,120	1,867	4,202	2,128	2,074
Seenu	10,101	5,314	4,787	12,619	6,616	6,003	14,094	6,961	7,133

^{/a} The 1977 population data for Malé and for the individual atolls is not strictly comparable with earlier census data due both to the poor quality of the earlier data and differences in methodology.

Sources: Census, 1967, 1972, 1977.

Table 1.3: EMPLOYMENT IN GOVERNMENT AND PRIVATE SECTORS BY INDUSTRY,
PRIMARY OCCUPATIONS AND SEX IN 1977

	Principal Occupation				
	Employed Population			Type of Employment	
	Total	Male	Female	Government	Private
<u>Agriculture</u>	<u>6,347</u>	<u>2,970</u>	<u>3,377</u>	<u>29</u>	<u>6,318 /a</u>
of which:					
Production of Cereal Crops	1,735	730	1,005	1	1,734
Production of Roots and Tubers	2,361	607	1,754	1	2,360
Toddy Tapping and Related Activities	1,253	1,170	83	1	1,252
<u>Fishing</u>	<u>27,173</u>	<u>20,509</u>	<u>6,664</u>	<u>118</u>	<u>27,055</u>
of which:					
Pole and Line Fishing	19,269	18,757	512	10	19,259
Services and Other Activities Related to Fishing	6,965	1,047	5,918	105	6,860
<u>Manufacturing</u>	<u>13,851</u>	<u>2,927</u>	<u>10,924</u>	<u>34</u>	<u>13,817</u>
of which:					
Coir and Coir Products	7,066	222	6,844	1	7,065
Cadjan, Mat and Other Textile Products	3,934	629	3,305	-	3,934
Structural Timbers, Furniture and Fixtures	1,205	1,195	10	11	1,194
<u>Construction</u>	<u>1,885</u>	<u>1,834</u>	<u>51</u>	<u>491</u>	<u>1,394</u>
of which:					
Housing and Other Buildings	959	959		25	934
<u>Electricity, Water and Sanitary Services</u>	<u>209</u>	<u>206</u>	<u>3</u>	<u>133</u>	<u>76</u>
<u>Commerce and Banking</u>	<u>1,890</u>	<u>1,668</u>	<u>222</u>	<u>277</u>	<u>1,613</u>
of which:					
Wholesale and Retail Trade	1,341	1,183	158	74	1,267
Banks and Other Financial Institutions	195	174	21	170	25
<u>Transport, Storage and Communications</u>	<u>3,301</u>	<u>3,208</u>	<u>93</u>	<u>1,476</u>	<u>1,825</u>
of which:					
Water Transport Not Connected with Tourism	2,336	2,315	21	882	1,454
<u>Tourism</u>	<u>411</u>	<u>385</u>	<u>26</u>	<u>58</u>	<u>353</u>
<u>Services</u>	<u>4,823</u>	<u>3,375</u>	<u>1,448</u>	<u>2,228</u>	<u>2,595</u>
of which:					
Public Administration and Defense	1,335	1,237	98	1,176	159
Education and Health	987	578	409	467	520
Personal Services	1,184	427	757	52	1,132
Total /a	<u>60,259 /b</u>	<u>37,391</u>	<u>22,868</u>	<u>4,939</u>	<u>55,320</u>

- Nil or negligible

/a Including others not stated.

/b Including 3,000 workers under the age of 15.

Source: Census, 1977.

Table 1.4: EMPLOYMENT CLASSIFIED BY INDUSTRY AND BY SEX, 1977 AND 1980

	1977			1980 /a		
	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>
Agriculture	6,347	2,970	3,377	6,700	3,000	3,700
Fisheries	27,173	20,509	6,664	29,200	21,500	7,700
Manufacturing	13,851	2,927	10,924	14,500	2,900	11,600
Construction	1,885	1,834	51	3,100	2,950	150
Electricity	209	206	3	210	210	-
Commerce	1,980	1,668	312	2,000	1,700	300
Transport & Storage	3,301	3,208	93	3,300	3,200	100
Tourism	410	385	25	2,000	1,950	50
Services	4,823	3,375	1,448	5,300	3,500	1,800
Total	59,979	37,082	22,897	66,310	40,910	25,400
Population (age group 15-59)	72,529	38,433	34,096	81,993	43,464	38,529

/a Preliminary estimates

Source: Ministry of Planning & Development

Table 1.5: UNEMPLOYMENT RATES /a BY AGE, SEX AND LOCATION

<u>Age Groups</u>	<u>Entire Republic</u>	<u>Atolls Except Male</u>	<u>Male</u>
<u>15 - 19</u>			
Both Sexes	12.3	7.9	33.9
Male	15.2	9.5	35.4
Female	7.9	5.8	28.6
<u>20 - 24</u>			
Both Sexes	6.6	3.9	15.7
Male	7.5	4.2	14.8
Female	5.1	3.4	20.4
<u>25 - 29</u>			
Both Sexes	4.7	2.9	10.5
Male	5.1	2.8	9.7
Female	4.2	2.9	14.8
<u>30 - 34</u>			
Both Sexes	4.1	2.6	9.7
Male	4.0	2.6	7.3
Female	4.3	2.7	22.6
<u>35 and above</u>			
Both Sexes	3.8	2.6	10.7
Male	3.9	2.6	9.3
Female	3.6	2.5	17.6
<u>Total</u>			
Both Sexes	5.8	3.7	15.3
Male	6.4	4.0	14.2
Female	4.7	3.3	20.6

/a Unemployment as a percentage of economically active population.

Source: Census, 1977.

Table 2.1: GROSS DOMESTIC PRODUCT, 1977-82
(Rf million at 1980 market prices)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Est.</u> <u>1982</u>
Primary Sector <u>/a</u>	103.6	101.3	100.6	117.0	118.5	125.0
of which: Fishing	64.2	60.7	59.6	65.7	63.0	68.0
Secondary Sectors <u>/b</u>	20.9	37.1	48.7	44.4	58.5	66.1
Services Sectors <u>/c</u>	111.8	132.6	150.6	194.2	207.0	227.3
of which: Transport	12.8	15.5	18.4	22.9	28.0	29.9
Distribution	21.3	31.0	38.2	49.0	54.0	61.7
Tourism	16.1	25.3	28.6	44.3	55.0	60.8
Government	48.6	46.6	47.2	48.5	49.0	53.1
<u>Gross Domestic Product</u>	<u>236.3</u>	<u>271.0</u>	<u>299.9</u>	<u>355.6</u>	<u>384.0</u>	<u>418.4</u>

/a Agriculture, Fisheries, and Coral and Sand Mining.

/b Construction, Manufacturing, Electricity.

/c Transport, Distribution, Tourism, Rental Services, and other services.

Source: Ministry of Planning and Development.

Table 3.1: BALANCE OF PAYMENTS, 1978-82
(\$ million)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	Revised <u>1981</u>
<u>Exports Goods & NFS</u>	<u>11.9</u>	<u>18.5</u>	<u>20.2</u>	<u>27.9</u>
Merchandise, f.o.b. /a	6.9	9.5	10.5	13.1
Non-factor services	5.0	9.0	9.7	14.8
of which: Tourism	(4.7)	(8.2)	(9.4)	(14.5)
<u>Imports Goods & NFS</u>	<u>16.6</u>	<u>22.2</u>	<u>45.9</u>	<u>38.8</u>
Merchandise, f.o.b.	14.8	19.6	40.4	34.6
Non-factor services	1.8	2.6	5.5	4.2
of which: Shipping serv.	(1.7)	(2.5)	(5.4)	(4.1)
<u>Net Factor Income</u>	<u>0.81</u>	<u>-0.08</u>	<u>1.49</u>	<u>0.85</u>
Receipts	1.03	0.36	1.84	1.45
Payments	0.22	0.44	0.35	0.60
<u>Current Account Balance</u>	<u>-3.9</u>	<u>-3.8</u>	<u>-24.2</u>	<u>-10.1</u>
<u>Capital Account (net)</u>	<u>4.1</u>	<u>3.9</u>	<u>24.4</u>	<u>10.4</u>
Official (net)	7.4	4.6	15.0	10.5
of which: Grants	(5.0)	(1.7)	(2.6)	(2.7)
Loans (gross)	(2.4)	(2.9)	(12.4)	(8.0)
Amortization	(-)	(-)	(-)	(0.2)
Commercial Banks (net)	-2.7	0.5	0.8	8.7
Other Capital (net) /b	-0.6	-1.3	8.5	-8.9
SDR Allocation	-	0.1	0.1	0.1
<u>Overall Balance</u>	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>0.3</u>
(=change in reserves)				

/a Includes reexports

/b Includes profit remittances, private portfolio investments, and errors and omissions

Source: Maldives Monetary Authority

Table 3.2: COMPOSITION OF EXPORTS 1977-81 /a

	(In metric tons)					(In thousands of US\$)				
	1977	1978	1979	1980	1981	1977	1978	1979	1980	1981
<u>Exports by STO</u>						2,616	2,850	3,367	5,183	5,937
Dry skipjack (Maldive fish)	990	251	75	75	12	820	210	62	82	23
Fresh skipjack	10,787	10,673	12,646	14,076	13,790	1,780	2,540	3,288	4,763	5,240
Other fresh fish	57	511	10	..	..	6	90	2	..	..
Fresh lobsters	8	11	5	-	..	10	10	6	-	..
Dry salted fish	..	..	..	-	..	..	..	9	-	..
Dry salted skipjack	..	..	..	518	975	..	..	..	338	674
<u>Exports by Private Sector</u>						854	1,243	1,218	2,595	2,712
Dry salted fish	756	1,566	1,973	650	..	310	670	850	385	..
Dry shark fins	20	25	20	2	15	310	340	146	347	226
Dry salted reef fish	..	..	..	1,590	1,031	..	..	..	887	692
Tortoise shells	6	2	5	..	..	210	50	86	..	..
Black ambergris	..	..	..	..	-	..	140	117	410	39
Cowrie shells	45	45	25	40	42	24	20	12	61	24
Red coral	..	17	44	25	..	..	3	5	-	..
Fish dust	..	..	13	..	..	..	..	2	..	..
Live tropical fish (no.)	..	..	..	-	43,929	..	..	..	40	54
Shark oil (litres)	..	..	..	-	27,200	..	..	..	15	88
Other marine products	..	..	..	..	..	..	..	..	-	15
Fabricated mica	..	38	..	-	4	..	20	..	444	211
Other /b	..	..	..	..	..	..	..	..	6	1,363
<u>Total</u>						3,470	4,093	4,585	7,778	8,649

.. Data not available

- Nil or negligible

/a Excluding reexports

/b Garments and woolen goods

Source: Ministry of Planning and Development.

Table 3.3: EXPORTS /a BY COUNTRY OF DESTINATION, 1978-81

	<u>1978</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>	
	<u>\$`000</u>	<u>Percentage of Total</u>	<u>\$`000</u>	<u>Percentage of Total</u>	<u>\$`000</u>	<u>Percentage of Total</u>	<u>\$`000</u>	<u>Percentage of Total</u>
Japan	2,302	56.2	3,360	73.3	4,869	62.6	5,338	61.7
Sri Lanka	904	22.1	918	20.0	1,625	20.9	1,481	17.1
Singapore	665	16.2	159	3.5	425	5.5	204	2.4
Others	222	5.5	148	3.2	859	11.0	1,626	18.8
Total	4,093	100.0	4,585	100.0	7,778	100.0	8,649	100.0

/a Excluding reexports

Source: Customs.

Table 3.4: COMPOSITION OF IMPORTS^{/a} BY END USE, 1976-81

	(In thousands of US dollars)					(As percentage of total imports)				
	1977	1978	1979	1980	1981	1977	1978	1979	1980	1981
<u>Food</u>	<u>3,975</u>	<u>2,476</u>	<u>6,497</u>	<u>10,015</u>	<u>7,125</u>	<u>43.6</u>	<u>20.0</u>	<u>33.3</u>	<u>38.4</u>	<u>27.6</u>
Rice	1,826	88	2,841	2,953	3,352	20.0	0.7	14.6	11.3	13.0
Wheat flour	634	560	996	1,110	578	7.0	4.5	5.1	4.3	2.2
Sugar	970	854	1,058	3,706	818	10.6	6.9	5.4	14.2	3.2
Others	545	974	1,602	2,246	2,377	6.0	7.9	8.2	8.6	9.2
<u>Other consumer goods</u>	<u>3,326</u>	<u>7,015</u>	<u>7,253</u>	<u>7,464</u>	<u>7,395</u>	<u>36.5</u>	<u>56.9</u>	<u>37.1</u>	<u>28.7</u>	<u>28.6</u>
<u>Petroleum products</u>	<u>657</u>	<u>463</u>	<u>2,457</u>	<u>4,156</u>	<u>3,339</u>	<u>7.2</u>	<u>3.8</u>	<u>12.6</u>	<u>16.0</u>	<u>12.9</u>
<u>Intermediate and capital goods</u>	<u>1,156</u>	<u>2,384</u>	<u>3,317</u>	<u>4,393</u>	<u>7,985</u>	<u>12.7</u>	<u>19.3</u>	<u>17.0</u>	<u>16.9</u>	<u>30.9</u>
Paper	8	17	26	37	365	0.1	0.1	0.1	0.1	1.4
Cement	50	136	163	374	274	0.5	1.1	0.8	1.4	1.1
Steel	117	138	58	554	1,459	1.3	1.1	0.3	2.1	5.6
Others	981	2,093	3,070	3,428	5,887	10.8	17.0	15.7	13.3	22.8
<u>Total Imports</u>	<u>9,114</u>	<u>12,338</u>	<u>19,524</u>	<u>26,028</u>	<u>25,844</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Note: Due to rounding off, components may not add to totals
 Customs data do not include imports made under development project loans.

^{/a} c.i.f.

Source: Customs/Revenue Branch

Table 3.5: UNIT VALUES FOR SELECTED EXPORTS AND IMPORTS, 1976-81
(US\$ per MT)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>Exports</u>						
Dry skipjack	959	828	837	827	1,093	1,917
Fresh skipjack	155	165	238	260	338	380
Dry salted fish /a	317	410	428	431	619	691
Dry shark fins	13,750	15,500	13,600	7,300	12,852	15,067
<u>Imports</u>						
Rice	169	122	343	232	293	290
Wheat flour	163	193	153	243	250	265
Sugar	395	294	240	275	649	527

/a Other than skipjack or reef fish

Source: Customs.

Table 3.6: PRICE AND QUANTUM INDICES FOR SELECTED EXPORTS AND IMPORTS, 1976-81
(1975 = 100)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>Exports</u>						
Dry skipjack						
Quantum	72.7	50.4	12.8	3.8	3.8	-
Price	112.8	97.4	98.5	97.3	128.6	225.6
Fresh skipjack						
Quantum	160.1	201.2	199.0	235.8	262.5	257.2
Price	106.9	113.8	164.1	179.3	233.1	262.1
Dry salted fish /a						
Quantum	420.0	5,040.0	10,440.0	1,315.3	433.3	-
Price	95.2	123.1	128.5	129.4	185.9	207.5
Dry shark fins						
Quantum	266.7	666.7	833.3	666.7	900.0	500.0
Price	412.5	465.0	408.0	219.0	385.6	452.0
<u>Imports</u>						
Rice						
Quantum	138.5	382.9	6.6	312.4	257.1	374.5
Price	54.8	39.6	111.4	75.3	95.1	94.2
Wheat flour						
Quantum	33.6	110.5	123.5	138.1	149.6	160.1
Price	56.4	66.8	52.9	84.1	86.5	91.7
Sugar						
Quantum	10.7	54.1	58.3	63.1	93.7	74.5
Price	162.5	120.8	100.0	29.1	66.6	84.3

/a Other than skipjack or reef fish

- Nil or negligible

Source: Customs; Bank staff calculations.

Table 4.1: EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC. 31, 1981
DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS
(IN THOUSANDS OF U.S. DOLLARS)

TYPE OF CREDITOR CREDITOR COUNTRY	D E B T O U T S T A N D I N G			I N A R R E A R S	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
SUPPLIERS CREDITS					
UNITED KINGDOM	1,315	-	1,315	-	-
TOTAL SUPPLIERS CREDITS	1,315	-	1,315	-	-
FINANCIAL INSTITUTIONS					
UNITED KINGDOM	1,326	-	1,326	-	-
TOTAL FINANCIAL INSTITUTIONS	1,326	-	1,326	-	-
MULTILATERAL LOANS					
ASIAN DEV. BANK	-	1,000	1,000	-	-
IDA	2,148	1,052	3,200	-	-
ISLAMIC DEV. BANK	5,743	3,000	8,743	-	-
OPEC SPECIAL FUND	3,347	1,432	4,779	-	-
TOTAL MULTILATERAL LOANS	11,238	6,484	17,722	-	-
BILATERAL LOANS					
KUWAIT	13,300	9,978	23,278	-	-
SAUDI ARABIA	8,587	3,258	11,845	-	-
UNITED ARAB EMIRATES	3,128	105	3,233	-	-
TOTAL BILATERAL LOANS	25,015	13,341	38,356	-	-
TOTAL EXTERNAL PUBLIC DEBT	38,894	19,825	58,719	-	-

NOTES: (1) ONLY DEBTS WITH AN ORIGINAL OR EXTENDED MATURITY OF OVER ONE YEAR ARE INCLUDED IN THIS TABLE.
(2) DEBT OUTSTANDING INCLUDES PRINCIPAL IN ARREARS BUT EXCLUDES INTEREST IN ARREARS.

Source: External Debt Division; World Bank.

Table 4.2: SERVICE PAYMENTS, COMMITMENTS, DISBURSEMENTS AND OUTSTANDING AMOUNTS OF EXTERNAL PUBLIC DEBT

PROJECTIONS BASED ON DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC. 31, 1981
 DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS
 (IN THOUSANDS OF U.S. DOLLARS)

YEAR	DEBT OUTSTANDING AT BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					OTHER CHANGES	
	DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	COMMITMENTS (3)	DISBURSEMENTS (4)	SERVICE PAYMENTS (5) (6) (7)			CANCEL-LATIONS (8)	ADJUST-MENT * (9)
1977	101	6,233	500	1,648	-	24	24	-	148
1978	1,758	6,881	12,233	2,102	-	44	44	-	428
1979	3,908	19,542	4,000	2,668	-	77	77	-	-107
1980	6,592	23,435	22,087	18,144	-	283	283	-	219
1981	24,800	45,741	14,792	15,183	216	454	670	-	-1,598
1982	38,894	58,719							
* * * * * THE FOLLOWING FIGURES ARE PROJECTED * * * * *									
1982	38,894	58,719	-	14,201	1,354	893	2,247	-	-
1983	51,741	57,365	-	5,319	4,756	1,011	5,767	-	-1
1984	52,303	52,608	-	186	4,537	835	5,372	-	-
1985	47,952	48,071	-	93	4,479	718	5,197	-	1
1986	43,567	43,593	-	25	4,936	619	5,555	-	-3
1987	38,653	38,654	-	1	4,673	523	5,196	-	1
1988	33,982	33,982	-	-	4,553	455	5,008	-	1
1989	29,430	29,430	-	-	4,569	387	4,956	-	1
1990	24,862	24,862	-	-	2,780	329	3,109	-	1
1991	22,083	22,083	-	-	2,617	287	2,904	-	1
1992	19,467	19,467	-	-	2,305	247	2,552	-	-
1993	17,162	17,162	-	-	2,305	215	2,520	-	3
1994	14,860	14,860	-	-	2,265	178	2,443	-	-1
1995	12,594	12,594	-	-	2,225	145	2,370	-	1
1996	10,370	10,370	-	-	2,188	111	2,299	-	1
1997	8,183	8,183	-	-	1,643	82	1,725	-	-1
1998	6,539	6,539	-	-	1,001	61	1,062	-	2
1999	5,540	5,540	-	-	1,089	49	1,138	-	-
2000	4,451	4,451	-	-	786	37	823	-	1
2001	3,666	3,666	-	-	246	29	275	-	-

* THIS COLUMN SHOWS THE AMOUNT OF ARITHMETIC IMBALANCE IN THE AMOUNT OUTSTANDING INCLUDING UNDISBURSED FROM ONE YEAR TO THE NEXT. THE MOST COMMON CAUSES OF IMBALANCES ARE CHANGES IN EXCHANGE RATES AND TRANSFER OF DEBTS FROM ONE CATEGORY TO ANOTHER IN THE TABLE.

Source: External Debt Division; World Bank.

Table 5.1: SUMMARY OF GOVERNMENT FINANCIAL OPERATIONS, 179-83 /a
(Rf million)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Rev. Est.</u> <u>1982</u>	<u>Est.</u> <u>1983</u>
1. Current Revenue	17.1	45.1	70.5	95.8	118.3
2. Current Expenditures	27.3	39.4	52.3	96.5	106.1
3. Current Surplus (1-2)	-10.2	5.7	18.2	-0.7	12.2
4. Capital Revenue	0.5	0.8	3.0	5.8	6.7
5. Capital Expenditure & Net Lending	22.1	64.4	55.8	46.7	147.2
6. Overall Balance (5-3-4)	-31.8	-57.9	-34.6	-41.6	-128.3
Financed by:					
Foreign Grants	7.9	11.5	8.3	25.5	13.0
Project Loans	9.9	47.0	26.5	14.8	110.3
Domestic Financing	14.0	-0.6	-0.2	1.3	5.3

/a Foreign exchange transactions were converted at Rf 3.93 = \$1 for 1979-81,
and Rf 7 = \$1 for 1982 and 1983.

Source: Department of Finance

Table 5.2: GOVERNMENT REVENUE, 179-83 /a
(Rf million)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Rev. Est.</u> <u>1982</u>	<u>Est.</u> <u>1983</u>
Tax Revenue	<u>6.9</u>	<u>15.9</u>	<u>22.6</u>	<u>41.6</u>	<u>47.6</u>
Import Duty	4.1	11.3	16.1	23.5	28.0
Export Duty	1.2	0.9	0.1	0.5	0.1
Tourism Tax	0.9	2.8	5.0	14.0	15.0
Airport Departure Tax	0.7	0.9	1.4	3.6	4.5
Nontax Revenue	<u>10.2</u>	<u>29.2</u>	<u>47.9</u>	<u>54.2</u>	<u>70.7</u>
STO	1.7	12.3	15.9	15.1	20.0
MSL	-	4.1	6.0	10.5	9.5
MIA & Agencies	1.1	1.3	0.4	1.6	0.9
MTCC	-	-	-	-	1.8
Maldives Electricity Board	1.1	0.6	0.3	1.5	1.8
CTO & Post Office	2.7	0.6	0.9	1.8	2.1
Export of Fish	0.4	0.5	3.3	2.7	5.1
Airport: Landing, handling, etc.	0.3	0.5	0.5	5.9	6.5
Rents from Buildings & Resorts	0.5	4.0	6.5	8.1	12.3
Buildings	(0.5)	(..)	(..)	(2.2)	(2.1)
Resorts	(-)	(..)	(..)	(5.9)	(10.2)
Government Operated Hotels	-	0.4	3.0	1.2	0.3
Other Revenue	2.4	4.9	11.1	5.8	10.4
Total Current Revenue	<u>17.1</u>	<u>45.1</u>	<u>70.5</u>	<u>95.8</u>	<u>118.3</u>
Capital Revenue	<u>0.5</u>	<u>0.8</u>	<u>3.0</u>	<u>5.8</u>	<u>6.7</u>
Total Revenue	<u>17.6</u>	<u>45.9</u>	<u>73.5</u>	<u>101.6</u>	<u>125.0</u>

/a See footnote /a to Table 5.1

Source: Department of Finance

Table 5.3: ADJUSTED /a GOVERNMENT REVENUE, 1979-83
(Rf million)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Rev. Est.</u> <u>1982</u>	<u>Est.</u> <u>1983</u>
Tax Revenue	8.1	18.8	27.6	41.6	47.6
Import Duty	4.1	11.3	16.1	23.5	28.0
Export Duty	1.2	0.9	0.1	0.5	0.1
Tourism Tax	1.6	5.0	8.9	14.0	15.0
Airport Departure Tax	1.2	1.6	2.5	3.6	4.5
Nontax Revenue	13.5	34.5	56.9	54.2	70.7
STO	1.7	12.3	15.9	15.1	20.0
MSL	-	7.3	10.7	10.5	9.5
MIA & Agencies	2.0	2.3	0.7	1.6	0.9
MTCC	-	-	-	-	1.8
Maldives Electricity Board	1.1	0.6	0.3	1.5	1.8
CTO & Post Office	4.6	0.9	1.9	1.8	2.1
Export of Fish	0.7	0.9	5.9	2.7	5.1
Airport: Landing, handling, etc.	0.5	0.9	0.9	5.9	6.5
Rents from Buildings & Resorts	0.5	4.0	6.5	8.1	12.3
Buildings	(0.5)	(..)	(..)	(2.2)	(2.1)
Resorts	(-)	(..)	(..)	(5.9)	(10.2)
Government Operated Hotels	-	0.4	3.0	1.2	0.3
Other Revenue	2.4	4.9	11.1	5.8	10.4
Total Current Revenue	21.6	53.3	84.5	95.8	118.3
Capital Revenue	0.5	0.8	3.0	5.8	6.7
Total Revenue	22.1	54.1	87.5	101.6	125.0

/a Foreign exchange transactions have been estimated and converted to Rufiyaa at the uniform rate of Rf 7 = \$1.

Source: Department of Finance and Bank Staff estimates.

Table 5.4: CENTRAL GOVERNMENT EXPENDITURES /a, 1979-83
(Rf thousand)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Provisional</u> <u>1982</u>	<u>Est.</u> <u>1983</u>
I. RECURRENT EXPENDITURE	<u>27254</u>	<u>39448</u>	<u>52291</u>	<u>96484</u>	<u>106108</u>
<u>General Public Services</u>	<u>12895</u>	<u>18816</u>	<u>26138</u>	<u>32695</u>	<u>41510</u>
General Administration	7660	11420	16152	20994	27290
Public Order & Safety	5235	7396	9986	11701	14220
<u>Social Services</u>	<u>11515</u>	<u>15344</u>	<u>18157</u>	<u>49853</u>	<u>45915</u>
Education	2859	4253	6973	10508	14916
Health	2230	3350	4291	4925	6143
Social Security	1601	1792	1814	2429	2442
Welfare Services	1364	2173	1548	27745	12575
Community-based Programs	3461	3776	3531	4246	9839
<u>Economic Services</u>	<u>2542</u>	<u>4476</u>	<u>6838</u>	<u>8078</u>	<u>11247</u>
Agriculture	376	357	384	575	705
Fisheries	205	271	396	860	1009
Transportation	1714	3366	4954	4623	7226
Posts & Telecommunications	247	482	629	882	372
Tourism	-	-	475	1138	1196
Trade & Industry	-	-	-	-	739
<u>Interest on Public Debt</u>	<u>302</u>	<u>812</u>	<u>1158</u>	<u>5858</u>	<u>7436</u>
II. CAPITAL EXPENDITURE	<u>22108</u>	<u>64422</u>	<u>55835</u>	<u>46666</u>	<u>147220</u>
<u>General Public Services</u>	<u>3968</u>	<u>6339</u>	<u>8279</u>	<u>14108</u>	<u>16219</u>
<u>Social Services</u>	<u>4471</u>	<u>6858</u>	<u>11897</u>	<u>7384</u>	<u>4475</u>
Education	454	571	1865	1367	1196
Health	303	253	565	207	256
Welfare Services	267	185	891	15	235
Community-based Programs	3447	5849	8576	5795	1988
<u>Economic Services</u>	<u>13669</u>	<u>51225</u>	<u>35509</u>	<u>24066</u>	<u>114540</u>
Agriculture	28	13	5	120	150
Fisheries	367	8450	2565	2783	72443
Transportation	13200	42700	32869	21114	41856
Posts & Telecommunications	16	62	47	46	29
Tourism	58	-	23	3	16
Trade & Industry	-	-	-	-	46
<u>Amortization of Public Debt</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>1108</u>	<u>11986</u>
III. TOTAL EXPENDITURES	<u>49362</u>	<u>103870</u>	<u>108126</u>	<u>143150</u>	<u>253328</u>

/a Data include expenditures made under special budget votes, and expenditures financed by foreign grants and loans. Foreign exchange transactions were converted at Rf 3.93=\$1 for 1979-81, and at Rf 7=\$1 for 1982 and 1983.

Source: Department of Finance

Table 5.5: ADJUSTED /a GOVERNMENT EXPENDITURE, 1978-82
(Rf million)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Prov. 1982</u>
<u>Recurrent Expenditure</u>	<u>22.0</u>	<u>50.7</u>	<u>76.5</u>	<u>80.4</u>	<u>96.5</u>
Food Subsidies /b	9.8	23.4	37.1	22.6	22.0
Other /c	12.2	27.3	39.4	52.3	74.5
<u>Capital Expenditure /d</u>	<u>66.0</u>	<u>30.9</u>	<u>102.9</u>	<u>102.3</u>	<u>46.7</u>
Aid Financed /e	51.8	32.2	105.0	73.5	
Other /f	14.2	-1.3	-2.1	28.8	
<u>Total Expenditure</u>	<u>88.0</u>	<u>81.6</u>	<u>179.4</u>	<u>182.7</u>	<u>143.2</u>

/a Adjustments essentially comprise inclusion of estimated food subsidies, and revaluation of official foreign loans and grants. The latter have been converted to Rufiyaa at the uniform rate of Rf 7 = \$1.

/b See Statistical Appendix Table 5.7.

/c See Statistical Appendix Table 5.4.

/d Includes net lending.

/e Official loans and grants from Balance of Payments data (Statistical Appendix Table 3.1) converted at Rf 7 = \$1.

/f i.e., domestic financed. This item was estimated as follows:
Adjusted Budgetary Receipts (Statistical Appendix Table 5.3).
+ Implicit Tax on Fish Exports (Statistical Appendix Table 5.6).
+ Domestic borrowing (Statistical Appendix Table 5.1).
- Recurrent expenditure line in this Table 5.5.

Source: Statistical Appendix Tables cited in footnotes and Bank Staff calculations.

Table 5.6: IMPLICIT TAX ON FISH EXPORTS /a, 1978-82

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u> /b
Procurement price (Rf/mt)	843	900	1,050	1,280	1,340
Export price					
\$/mt	238	260	338	383	290
Rf/mt at MER /c	2,094	1,950	2,535	2,873	2,030
Export volume (mt)	10,673	12,646	14,076	13,790	11,200
Value of exports (Rf m)	22.3	24.7	35.7	39.6	22.7
Cost of procurement (Rf m)	9.0	11.4	14.8	17.7	15.0
Implicit tax revenue (Rf m)	13.3	13.3	20.9	21.9	7.7
Implicit rate of tax (%)	60	54	59	55	34
<u>Memoranda:</u>					
Budgetary revenue /d (Rf m)	11.7	17.5	46.9	73.3	99.9
Implicit tax as proportion of budgetary revenue (%)	114	76	45	30	8

/a There are elements of implicit tax on exported Maldive fish and dried salted skipjack, but the volume is relatively small and the proportions which may be considered tax and which the cost of governmental services are not clear. They are not taken into consideration here.

/b Bank staff estimates.

/c Average market exchange rate: Rf8.8 in 1978, Rf7.5 in 1979-81, and Rf7.0 in 1982

/d Budgetary revenue excluding foreign grants.

Source: Government data, and staff estimates.

Table 5.7: IMPLICIT SUBSIDY ON BASIC FOODSTUFFS /a, 1978-82
(in millions unless specified otherwise)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
1. Value of foodstuff imports					
a. in dollars	1.5	4.9	7.8	4.7	..
b. in Rf at OAR	5.9	19.2	30.5	18.7	..
c. in Rf at MER	13.3	36.7	58.3	35.6	..
2. Distribution margin (33%) at OAR /b	2.0	6.3	10.1	6.2	..
3. Distribution margin (33%) at MER /b	4.4	12.1	19.4	11.9	..
4. Sales to retailers (1b+2)	7.9	25.5	40.6	24.9	..
5. Sales to retailers valued at MER (1c+3)	17.7	48.9	77.7	47.5	..
6. Implicit Subsidy (5-4)	9.8	23.4	37.1	22.6	22.0
7. Implicit rate of subsidy (%) (6-5)	55	48	48	48	..

/a These figures should be regarded as rough, indicative figures only. They are based on the Government's figures of rice, flour and sugar imports, and make no allowance for stock changes or losses, etc.

/b Distribution margin on wholesale sales, includes customs duties.

Source: Government data and staff estimates.

Table 6.1: MONETARY SURVEY, 1979-82
(Rf millions)

	<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>	
	<u>June</u>	<u>Dec.</u>	<u>June</u>	<u>Dec.</u>	<u>June</u>	<u>Dec.</u>	<u>June</u>	<u>Dec.</u>
Net foreign assets	<u>-10.0</u>	<u>-10.6</u>	<u>-11.5</u>	<u>-11.8</u>	<u>-9.2</u>	<u>-65.5</u>	<u>-22.1</u>	<u>-91.9</u>
Foreign assets	10.0	12.4	14.1	16.1	13.6	13.3	42.2	8.7
Foreign liabilities	-	1.8	2.6	4.3	4.4	78.8	64.3	100.6
Domestic credit	<u>48.2</u>	<u>55.1</u>	<u>68.9</u>	<u>94.8</u>	<u>77.1</u>	<u>148.7</u>	<u>127.4</u>	<u>212.1</u>
Net credit to Government	25.8	34.5	35.8	32.1	35.1	36.6	54.2	61.5
Currency issued	21.6	23.9	26.3	28.0	31.0	33.6	44.4	44.5
Balances with MMA	4.2	10.6	9.5	4.1	4.1	3.0	9.8	17.0
Credit to public sector	1.3	3.0	21.6	40.6	19.5	61.4	7.1	51.0
Credit to private sector	21.1	17.6	11.5	22.1	22.5	50.7	66.1	99.6
Total liquidity	<u>56.4</u>	<u>65.0</u>	<u>74.2</u>	<u>95.4</u>	<u>90.0</u>	<u>86.7</u>	<u>90.6</u>	<u>104.1</u>
Money supply	<u>24.7</u>	<u>28.0</u>	<u>30.6</u>	<u>33.3</u>	<u>35.9</u>	<u>38.9</u>	<u>50.0</u>	<u>56.1</u>
Currency in circulation	20.1	21.8	24.4	26.0	29.1	32.6	37.9	41.8
Demand deposits	4.6	6.2	6.2	7.3	6.8	6.3	12.1	14.3
Quasi-money	<u>31.7</u>	<u>37.0</u>	<u>43.6</u>	<u>62.1</u>	<u>54.1</u>	<u>47.8</u>	<u>40.3</u>	<u>48.0</u>
Time and savings deposits	7.1	7.4	8.5	9.6	9.8	10.0	13.2	16.2
Foreign currency deposits	24.6	29.6	35.1	52.5	44.3	37.8	26.4	31.2
Government deposits	-	-	-	-	-	-	0.7	0.6
Other items (Net)	-18.2	-20.5	-16.8	-12.4	-22.1	-3.5	15.0	16.1

- Nil or negligible

Source: MMA, based on data provided by the commercial banks.

Table 6.2: ASSETS AND LIABILITIES OF COMMERCIAL BANKS, 1978-82
(in Rf million)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Assets</u>					
Reserves	4.3	12.1	10.3	7.5	17.9
Foreign Assets	20.6	13.6	18.4	87.5	8.7
Claims on official entities	-	3.0	40.7	61.4	51.0
of which: foreign currency	-	3.0	40.7	61.4	..
Claims on private sector	13.7	17.6	16.5	50.7	99.6
of which: foreign currency	5.6	15.3	11.0	39.1	..
Other assets	0.3	1.8	2.4	23.7	23.7
Total assets = liabilities	38.8	48.1	88.3	230.9	200.9
<u>Liabilities</u>					
Demand deposit	3.9	6.2	7.3	6.7	33.0
Time and Savings deposits	29.3	37.0	62.2	48.2	29.4
of which: foreign currency	20.3	29.6	52.5	37.8	12.9
public sector	1.7	6.0	10.4	6.8	0.4
Foreign liabilities	4.7	1.8	11.9	56.1	100.0
Other liabilities	0.9	3.1	6.9	19.9	38.5

Source: Data provided by MMA.

Table 6.3: COMMERCIAL BANK LENDING BY MAIN ECONOMIC SECTOR, 1979-82 /a
(in percent)

	<u>1979</u> /b	<u>1980</u> /b	<u>1981</u>				<u>1982</u>
			<u>March</u>	<u>June</u>	<u>Sept.</u>	<u>Dec.</u>	<u>March</u>
Fishing	-	4	4	4	2	-	-
Agriculture	-	-	-	-	-	-	-
Manufacturing	-	4	4	2	2	-	-
Construction	16	7	8	7	7	5	9
Commerce /c	67	57	40	35	48	62	51
Hotels and restaurants	14	17	32	37	39	33	40
Transport, storage and communications	2	1	1	-	-	-	-
Personal	-	10	10	11	-	-	-
Other	-	-	1	2	2	-	-
Total	100	100	100	100	100	100	100

/a Including STO; excluding government

/b End December

/c Wholesale, retail, export and import trade

- Nil or negligible

Sources: Maldives Monetary Authority; commercial banks in the Maldives.

Table 6.4: COMMERCIAL BANK INTEREST RATES, 1980-82
(in percent)

	December 1980		December 1981		June 1982	
	Government	Private sector	Government	Private sector	Government	Private sector
<u>Deposits</u>						
<u>Savings</u>						
Local currency	4.00	4.00	4.00	4.00	8.00	6.00-8.00
Foreign currency	4.00	3.00	4.00-5.00	4.00-5.00	6.00- 8.00	6.00- 8.00
<u>Fixed term</u>						
<u>Local currency</u>						
3-6 months	8.00	5.50	5.25-6.00	5.25-6.00	7.00	7.00
6 months-1 year	-	6.00	5.25-7.00	5.25-7.00	8.00- 9.00	8.00- 9.00
Over 1 year	-	6.25-8.25	6.00-8.00	6.00-8.00	9.00-14.00	9.00-14.00
<u>Foreign currency</u>						
3-6 months	-	7.00	6.00	6.00	7.00	7.00
6 months-1 year	-	-	7.00-8.00	7.00-8.00	8.00- 9.00	7.00- 9.00
Over 1 year	-	-	9.00	9.00	9.00-14.00	9.00-14.00
<u>Loans and Advances</u>						
<u>Term loans and conventional advances</u>						
Local currency	-	13.00	13.00	13.00	-	20.00-21.00 or 3.00 ONY /b
Foreign currency	2.00-3.50 ONY /b	3.00-4.00 ONY /b	2.00 ONY /b	23.00 or 2.00-3.00 ONY /b	19.00 or 2.00 ONY /b	20.00-21.00 or 3.00 ONY /b

/a Where a spread of rates is given the highest rate is usually that quoted by the most recently established bank

/b Over New York Prime Rate, effective rate dependent on size of foreign currency deposit

Sources: Maldives Monetary Authority; commercial banks in the Maldives

Table 7.1: PRODUCTION, EXPORTS AND LOCAL CONSUMPTION OF FISH, 1971-82
('000 M tons)

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>LANDINGS</u>											
Skipjack	28.9	18.8	20.0	24.0	16.0	19.9	14.3	13.8	17.9	23.6	20.9
Yellowfin	1.3	2.3	5.2	4.5	4.2	4.8	4.3	3.7	4.3	4.2	5.3
Other Tuna related species	3.2	3.7	7.2	6.5	4.3	3.7	4.1	2.7	2.5	2.6	3.2
Reef and Bottom Fish	1.4	7.5	1.3	2.3	3.4	3.9	3.5	5.6	3.0	4.2	5.5
Total Landings	34.9	32.3	33.7	37.3	27.9	32.3	26.3	25.8	27.7	34.6	34.9
<u>EXPORTS</u>											
Maldive Fish /a	27.7	19.3	15.9	17.7	9.8	8.0	4.9	1.2	0.4	0.4	0.1
Salted Fish /a /b	-	-	-	0.8	0.1	0.1	2.3	4.7	5.8	8.3	6.0
Fresh Fish: Hoko	-	2.0	4.4	4.5	5.7	8.0	7.7	7.4	8.6	9.3	8.4
ICP	-	-	-	-	-	0.7	2.9	1.8	-	-	-
Maldives Nippon	-	-	-	-	-	-	0.3	2.2	3.8	4.5	3.4
Gientra S.A.	-	-	-	-	-	-	-	-	-	0.2	0.4
Island Enterprises	-	-	-	-	-	-	-	-	-	-	1.2
Total Exports	28.3	21.6	20.3	23.6	15.7	15.9	18.2	17.3	18.9	22.7	19.5
Available for local consumption and stocks	6.6	10.7	13.3	13.7	12.2	16.4	8.1	8.5	8.8	11.9	15.4
Consumption per capita (kg/capita/year)	65.0	34.0	109.0	96.0	72.0	104.0	58.0	58.0	60.0	78.0	95.0

- Nil or negligible

/a Fresh fish equivalent

/b No data available before 1974

Source: Ministry of Fisheries

Table 7.2: FISH CATCH, CLASSIFIED BY ATOLLS (LOCALITY), 1977-81
(in metric tons)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
North Thiladhummathi	2,100	2,700	1,000	1,500	1,700
South Thiladhummathi	1,000	900	800	700	600
North Miladhummadulu	1,100	900	600	700	900
South Miladhummadulu	1,100	800	500	1,400	800
North Maalhosmadulu	2,600	2,900	2,700	2,300	2,300
South Maalhosmadulu	2,800	2,600	3,000	3,400	3,300
Faadhippolhu	2,100	2,200	2,600	4,100	2,200
Malé Atoll /1	1,100	900	1,400	1,300	1,700
Ari Atoll	1,400	1,600	1,700	2,500	2,700
Felidhu Atoll	400	400	600	800	700
Mulaku Atoll	1,300	1,000	1,800	2,000	1,300
North Nilandhu Atoll	300	300	300	500	500
South Nilandhu Atoll	700	700	600	900	900
Kolhumadulu	1,800	1,400	2,500	3,200	3,700
Hadhdhummathi	1,700	1,700	1,700	2,400	3,400
North Huvadhu Atoll	2,300	1,500	2,200	2,900	2,700
South Huvadhu Atoll	1,400	2,100	1,700	2,800	3,700
Foammulah	200	200	200	100	200
Addu Atoll	1,000	1,000	900	900	1,100
TOTAL	26,400	25,800	26,800	34,400	34,900

/1 Does not include Malé catch

Note: Due to rounding off components may not add up to total

Source: Ministry of Fisheries

Table 7.3: AVERAGE NUMBER OF FISHING VESSELS AND NUMBER OF FISHING TRIPS
CLASSIFIED BY ATOLL, 1980-81

	No. of Fishing Trips				No. of Fishing Vessels Registered				Annual Average No. of Fishing Trips per Vessel			
	Trolling Vessels		Pole and Line Vessels		Trolling Vessels		Pole and Line Vessels		Trolling Vessels		Pole and Line Vessels	
	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981
North Thiladhunmathi	10,887	11,671	2,858	3,204	197	193	133	139	55	60	21	23
South Thiladhunmathi	15,935	17,314	1,206	1,053	267	293	106	105	60	59	11	10
North Miladhunmathi	30,385	45,678	316	186	342	335	81	82	89	136	3	2
South Miladhunmathi	9,079	8,586	2,834	1,812	214	226	87	86	42	38	32	21
North Maalhosmadulu	14,218	13,570	7,925	8,833	283	288	147	139	50	47	54	63
South Maalhosmadulu	6,438	6,977	9,213	7,738	172	171	98	94	37	41	94	82
Faadhippolhu	-	348	9,471	7,791	83	75	73	74	-	4	130	105
Male Atoll /1	1,929	2,794	10,339	11,621	267	88	302	253	7	32	34	45
Ari Atoll	17,269	11,677	8,292	8,685	310	302	202	199	56	39	41	44
Felidhu Atoll	1,180	866	3,141	2,888	24	19	29	28	49	45	108	103
Mulaku Atoll	790	801	6,547	5,051	64	62	66	64	12	13	99	79
North Nilandhe Atoll	1,409	3,089	1,511	1,184	62	59	57	57	23	52	26	21
South Nilandhe Atoll	5,885	5,342	3,426	2,486	120	121	61	53	49	44	56	47
Kolhumadulu	2,984	2,601	7,442	8,268	163	166	121	121	18	15	61	68
Hadhdhunmathi	66	-	8,150	8,924	127	115	107	106	-	-	76	84
North Huvadhu Atoll	2,893	1,750	9,439	7,071	104	113	74	77	28	15	127	92
South Huvadhu Atoll	4,409	4,978	5,189	6,873	215	213	123	113	20	23	42	61
Foammulah	4,233	4,213	1	3	25	127	30	32	169	33	-	-
Addu Atoll	6,711	5,850	2,646	2,618	366	398	222	209	18	13	12	12
TOTAL	136,700	148,105	99,946	96,307	3,405	3,364	2,119	2,031	40	44	47	47

/1 Male Atoll includes Male
Note: 1979 data not available
Source: Ministry of Fisheries

Table 7.4: PRICES OF FRESH SKIPJACK EXPORTS, 1977-82

	<u>Beginning in April</u>						
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>/a</u>
	(US\$ per metric ton)						
Export prices							
Over 2 kilos	230	300	295	400	465	270	
Under 2 kilos	163	230	190	250	295	182	
	(Rufiyaa per metric ton)						
Prices paid to fishermen							
Over 2 kilos	750	1,000	1,000	1,250	1,500	1,500	
Under 2 kilos	550	750	750	900	1,100	1,100	

/a Valid May-October 1982

Source: Department of Tourism and Foreign Investment

Table 7.5: LESSEES OF UNOCCUPIED ISLANDS CLASSIFIED BY ATOLL OF RESIDENCE, 1979-81

Name of Atoll	No. of unoccupied islands			No. of unleased islands			No. of islands leased to residents of:															Islands leased to Male Residents as % of total islands leased		
							Same Atoll			Male' Island			Other Atoll except Male'			Government Agency								
	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981			
Haa Alifu	24	24	24	5	2	2	11	14	13	8	8	9	-	-	-	-	-	-	42.1	33.33	37.55			
Haa Dhaalu	20	20	20	4	4	3	7	7	7	9	9	10	-	-	-	-	-	-	56.3	45.00	50.00			
Shaviyani	40	40	40	7	5	5	18	20	20	13	15	15	2	-	-	-	-	-	39.4	37.50	37.50			
Noon	62	63	63	18	18	16	26	23	24	16	19	20	2	3	3	-	-	-	36.4	30.16	31.75			
Raa	74	74	74	12	11	9	39	39	39	20	21	23	1	-	-	2	3	3	32.3	28.38	31.08			
Baa	67	67	67	6	2	2	29	29	27	32	35	35	-	-	-	1	1	1	51.6	52.24	52.24			
Lhaviyani	57	57	57	10	10	10	26	27	27	14	12	12	-	-	-	7	8	8	29.8	21.05	21.05			
Kaafu	89	95	95	26	24	24	4	5	5	44	34	34	-	-	-	15	32	32	69.8	35.79	35.79			
Alifu	61	62	62	7	5	6	34	35	34	18	20	20	-	-	-	2	2	2	33.3	32.26	32.26			
Vaavu	14	14	14	6	5	5	3	4	4	3	2	2	-	-	-	2	3	3	37.5	14.28	14.29			
Memmu	24	24	24	2	1	1	16	16	16	4	5	5	-	-	-	2	2	2	18.2	20.83	20.83			
Faafu	21	21	21	9	6	8	6	10	8	4	3	3	1	1	1	1	1	1	33.3	14.29	14.29			
Dhaalu	49	49	49	4	2	2	26	31	31	15	12	12	-	-	-	4	4	4	33.3	24.49	24.49			
Thaa	55	55	55	5	4	8	31	31	28	19	20	19	-	-	-	-	-	-	38.0	36.36	34.54			
Laamu	70	71	71	16	15	17	31	33	32	21	16	14	2	5	5	-	2	3	38.9	22.53	19.72			
Gaafu Alifu	77	79	79	12	12	17	35	35	30	23	23	23	7	9	9	-	-	-	35.4	29.11	29.11			
Gaafu Dhaalu	148	150	150	50	48	40	60	62	67	34	35	38	2	3	3	2	2	2	34.7	23.33	25.33			
Gnaviyani	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Seenu	33	25	25	4	5	5	18	21	11	10	6	5	-	-	-	1	3	4	34.5	24.00	20.00			
TOTAL	985	990	990	202	179	182	420	442	423	307	295	299	17	21	21	39	63	65	39.2	29.80	30.20			

- Nil or negligible

Source: Ministry of Agriculture.

Table 7.6: CULTIVABLE AREA, FISH LANDINGS AND INDICATIVE INCOME DISTRIBUTION FROM FISHING, BY ATOLLS IN 1981

	Estimated Population end-1981 (⁰⁰⁰) /a	Cultivable Area per capita (acres)	Fish Landings per capita (kgs)	Indicative Income per capita (Rufiyaa) /b
Atolls, except Male	121.7	0.06	279	287
Haa Alifu	9.2	0.10	185	190
Haa Dhaalu	10.6	0.08	56	58
Shaviyani	7.0	0.09	129	133
Noonu	6.8	0.04	118	122
Raa	8.5	0.07	270	278
Baa	6.2	0.03	532	548
Lhaviyani	6.0	0.02	367	378
Kaafu	4.4	0.01	386	398
Alifu	6.7	0.03	402	414
Vaavu	1.2	-	583	600
Meemu	3.3	-	394	406
Faafu	2.1	0.01	238	245
Dhaalu	3.2	0.02	281	289
Thaa	6.7	0.02	552	569
Laamu	6.6	0.16	515	530
Gaaf Alif	5.3	0.12	509	524
Gaafu Dhaalu	8.3	0.09	446	459
Gnaviyani	4.5	0.04	44	45
Seenu	15.1	0.02	73	75

- Nil or negligible

/a Assuming an average annual growth rate of 2.5 percent for the Republic between end-1977 and end-1981. Regional growth rates: Male, 4.9 percent a year; atolls, 1.8 percent a year.

/b Fish landings valued at the 1981 average realised price of Rf1.03 per kg.

Source: Agriculture Survey and Crop Production in the Maldives, FAO, 1974; Ministry of Fisheries; Bank staff estimates.

Table 7.7: RENTS RECEIVED FROM UNOCCUPIED ISLANDS, 1979-81
(Rufiyaa)

Name of Atoll	Number of Islands		Total Annual Rent Received		Average Annual Rent		Highest Rent Received		Lowest /a Rent Received	
	1979	1980-81	1979	1980-81	1979	1980-81	1979	1980-81	1979	1980-81
Haa Alifu	24	24	7,814.0	7,814.5	325.6	325.6	2,440.5	2,440.5	2.0	2.0
Haa Dhaalu	20	20	7,414.5	7,412.5	370.7	370.6	2,648.0	2,648.0	2.0	2.0
Shaviyani	40	40	10,379.5	10,373.5	259.5	259.3	1,486.0	1,486.0	0.5	0.5
Noonu	62	63	13,425.0	13,417.5	216.5	213.0	1,577.0	1,577.0	1.5	1.5
Raa	74	74	11,166.0	11,162.0	150.9	150.8	2,157.0	2,157.0	1.0	1.0
Baa	67	67	15,151.0	14,242.0	226.1	212.6	1,259.0	1,259.0	2.0	2.0
Lhaviyani	57	57	14,111.0	14,099.5	247.6	247.4	2,293.0	2,293.0	1.5	1.5
Kaafu	89	95	6,615.5	6,640.5	74.3	69.9	1,776.0	1,776.0	2.0	2.0
Alifu	61	62	6,288.5	6,292.5	103.1	101.5	1,929.5	1,929.5	1.0	1.0
Vaavu	14	14	1,050.5	1,040.5	75.0	74.3	341.0	341.0	2.0	2.0
Meemu	24	24	5,772.5	5,771.0	240.5	240.5	1,279.0	1,279.0	0.5	0.5
Faafu	21	21	1,935.0	1,935.0	92.1	92.1	1,477.0	1,477.0	2.0	2.0
Dhaalu	49	49	9,605.0	9,605.0	196.0	196.0	1,670.0	1,670.0	2.0	2.0
Thaa	55	55	21,589.5	21,587.5	392.5	392.5	4,610.0	4,610.0	2.0	2.0
Laamu	70	71	10,379.5	10,514.0	148.3	148.1	1,872.5	1,872.5	2.0	2.0
Gaaf Alif	77	79	12,554.0	12,550.0	163.0	158.9	1,403.0	1,403.0	0.5	0.5
Gaafu Dhaalu	148	150	33,071.0	33,002.5	223.5	220.0	5,160.5	5,160.5	1.5	1.5
Gnaviyani /b	-	-	-	-	-	-	-	-	-	-
Seenu	33	25	2,986.0	2,986.0	90.5	119.4	1,122.5	1,122.5	0.5	0.5
TOTAL	985	990	191,308.0	190,446.0	194.2	199.6	5,160.5	5,160.5	0.5	0.5

/a Excluding 37 islands which paid no rent

/b There are no unoccupied islands in Gnaviyani Atoll which consists of a single island

Source: Ministry of Agriculture

Table 8.1: TOURISM STATISTICS, 1978-82

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982 /a</u>
Total arrivals	29,265	33,124	42,007	60,358	74,411
of which: Tourists	16,846	25,023	34,695	48,233	57,175
Total tourist nights	144,875/b	215,898/b	298,740/c	445,493/c	588,902
Average length of stay (days)	8.6/b	8.6/b	8.6/c	9.0/c	10.3
Number of resorts (end-year)	17	25	32	37	44
of which: Government-owned	7	9	10	11	12
Private	10	16	22	26	32
Resort bed capacity (end-year)	1,298	1,674	2,418	3,208	3,982
of which: In Government resorts	724	802	1,106	1,430	1,798
In Private resorts	574	872	1,312	1,778	2,184
Bednights capacity	425,590/d	542,390/d	685,960/c	958,075/c	1,287,529
Capacity utilization (%)	34.0/b	39.8/b	43.6/c	46.5/c	46.6
Average expenditure per tourist stay (US\$)	260	326	269	300	343
Total tourist expenditures (US\$ million)	4.7	8.2	9.4	14.5	19.6

/a Revised estimate.

/b Based on actual 1980 figures for average length of stay.

/c Based on figures compiled by the Department of Tourism and Foreign Investment based on tourism tax collections.

/d Based on average annual bed capacity.

Source: MMA and Department of Tourism

Table 8.2: CAPACITY AND RATES OF TOURIST RESORTS, 1979-81

	Start of operation	No. of Rooms			Charge per night (\$)		
		1979	1980	1981	1979	1980	1981
Kurumba	Oct. 1972	61	61	61	45	42	57
Bandos	Dec. 1972	105	105	105	45	48	57
Baros	Dec. 1973	28	40	50	40	42	55
Vilingili	Dec. 1973	104	104	104	45	42	52
Furana	Dec. 1973	56	62	62	40	63	70
Farukolhufushi	Dec. 1973	56	56	56	60	91	91
Vellassaru	Nov. 1974	45	45	45	40	47	57
Alimatha	Sep. 1975	19	36	54	35	47	60
Little Huraa	Oct. 1977	16	16	30	35	37	57
Kuramathi	Dec. 1977	24	68	87	40	42	55
Vabbinfaru	Dec. 1977	25	22	25	30	50	50
Rannaalhi	Jan. 1978	18	27	47	30	55	65
Kuredhoo	Feb. 1978	08	08	09	25	30	30
Meeru Fenfushi	Nov. 1978	64	80	130	35	40	42
Vaadho	Dec. 1978	9	16	16	25	50	52
Kanifinolhu	Dec. 1978	20	30	42	35	85	93
Ihuru	Jan. 1979	20	28	28	30	30	47
Embudhu	Nov. 1979	22	46	46	35	41	52
Helengeli	Nov. 1979	10	16	24	30	36	50
Nakatchaafushi	Nov. 1979	40	40	40	30	42	50
Olhuveli	Dec. 1979	18	30	50	35	36	50
Boduhithi	Dec. 1979	25	55	55	35	40	60
Medhufinolhu	Dec. 1979	12	50	50	30	37	40
Lankan Finolhu	Dec. 1979	12	16	30	30	40	50
Lhohifushi	Dec. 1979	20	30	60	35	42	45
Gashuri Finolhu	Jan. 1980	-	9	18	-	33	42
Giraavaru	Apr. 1980	-	20	20	-	33	47
Thulaagiri	Sep. 1980	-	22	29	-	67	75
Hudeveli	Dec. 1980	-	20	20	-	40	45
Bodufinolhu	Dec. 1980	-	22	22	-	35	47
Rihiveli	Dec. 1980	-	20	20	-	42	42
Digufinolhu	Apr. 1981	-	9	30	-	35	42
Leasure Island	Jan. 1981	-	-	10	-	-	45
Cocoa Island	Feb. 1981	-	-	6	-	-	117
Fihaalhohi	Aug. 1981	-	-	45	-	-	52
Vilingili	Dec. 1981	-	-	60	-	-	68
Asdhoo	Dec. 1981	-	-	18	-	-	52
TOTAL		837	1,209	1,604	-	-	-

Note: All rooms have two beds. The charge per night is made on a double occupancy basis per person, full board included.

Table 8.3: MONTHLY TOURISM RESORT CAPACITY UTILISATION, 1980-82

	1980			1981			1982		
	Tourist Bednights <u>/a</u> (Numbers)	Bednight Capacity <u>/b</u> (Numbers)	Capacity Utilisation Rate (%)	Tourist Bednights <u>/a</u> (Numbers)	Bednight Capacity <u>/b</u> (Numbers)	Capacity Utilisation Rate (%)	Tourist Bednights <u>/a</u> (Numbers)	Bednight Capacity <u>/b</u> (Numbers)	Capacity Utilisation Rate (%)
January	44,470	54,715	81.3	59,622	76,415	78.0	91,967	102,951 <u>/c</u>	89.3
February	39,457	51,185	77.1	51,185	70,280	72.8	81,200	92,998 <u>/c</u>	87.3
March	37,077	54,715	67.8	48,789	78,771	61.9	80,142	102,951 <u>/c</u>	77.8
April	22,733	54,150	42.0	34,896	76,230	45.8	57,525	99,630 <u>/c</u>	57.7
May	8,856	55,955	15.8	14,970	78,771	19.0	20,707	102,951 <u>/c</u>	20.1
June	6,027	54,150	11.1	11,092	76,470	14.5			
July	13,122	55,955	23.4	21,266	79,019	26.9			
August	25,740	55,955	46.0	38,116	79,019	48.2			
September	12,538	55,650	22.5	20,765	79,170	26.2			
October	13,900	57,505	24.2	25,152	81,809	30.7			
November	28,368	59,610	47.6	50,750	79,170	64.1			
December	46,462	76,415	60.8	68,890	102,951	66.9			
Annual	298,740	685,960	43.6	445,493	958,075	46.5			

/a Number of nights spent by tourists in resorts, derived from tourism tax receipts (Rf22.50 per tourist per night)

/b Number of beds available multiplied by number of days in the month

/c Assuming end-1981 capacity of 3,321 beds

Source: Dept. of Tourism.

Table 8.4: MALDIVES SHIPPING LIMITED - FLEET PARTICULARS, 1976-81

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>M.S.L.</u>						
No. of vessels	34	29	29	31	39	41
DWT	115,466	97,794	100,956	130,922	265,863	332,097
Freight tons carried	453,142	444,165	574,507	628,000	909,000	...
Total employees	1,101	940	985	1,168	1,372	1,505
of which:						
Maldivian nationals	744	626	664	750	940	1,071
<u>Others /a</u>						
No. of vessels	18	19	16	9	2	...
DWT	112,512	121,968	101,835	80,779	6,911	...
Freight tons carried	289,638	365,334	470,345	240,000	56,000	...
Total employees	612	683	603	143	37	...
of which:						
Maldivian nationals	429	450	390	100	24	...
<u>Total</u>						
No. of vessels	52	48	45	40	41	...
DWT	227,978	219,762	202,791	211,701	272,774	...
Freight tons carried	742,780	809,499	1,044,852	868,000	965,000	...
Total employees	1,713	1,623	1,588	1,311	1,409	...
of which:						
Maldivian nationals	1,173	1,076	1,054	850	964	...

/a Privately owned shipping companies managed by M.S.L.

Source: Maldives Shipping Limited

Table 8.5: STATE TRADING ORGANIZATION OPERATIONAL ACCOUNTS, 1979-81
(Rf '000)

	1979			1980			1981		
	Capital	Sales	Net Profit/Loss	Capital	Sales	Net Profit/Loss	Capital	Sales	Net Profit/Loss
1. STO commodity sections									
<u>Total</u>	29,851	54,032	4,995	49,893	83,107	7,677	50,683	99,729	9,210
of which:									
Fuel, rice, flour,							-	26,982	1,781
sugar, babyfood,									
tobacco	9,328	46,699	4,934	24,328	69,393	7,729	24,328	54,437	5,813
2. Foreign currency purchases	7,500	-	1,631	7,500	-	4,697	7,500	76,975	6,342
3. Import Section	25	-	4,760	25	-	3,392	25	42,891	630
4. Silverline garments									
Maldives Ltd.	-	-	-	383	-	-	383	-	-
5. Maldives Industries Ltd.	-	-	-	375	-	-	375	-	-
6. JSM/STO Maldives Ltd.	-	-	-	-	-	-	1,912	-	-
7. Others	7,882	-	1,497	10,221	-	370	5,063	6,773	1,204
TOTAL	45,258	54,032	12,883	68,397	83,107	16,136	65,941	226,368	17,386

Source: STO Annual Accounts.

Table 8.6: MALE PORT STATISTICS, 1974-81

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Number of ships calling	64	58	88	62	39	44	47	48
Average turn-around time of ships (days per call)	7.0	9.0	5.0	7.0	5.0	8.9	9.7	11.2
Total incoming traffic (`000 tons)	19.8	18.5	27.9	32.8	19.3	37.8	48.1	76.7
<u>Composition of incoming traffic</u>								
Foodgrains (`000 tons)	7.9	10.3	17.9	21.6	7.7	21.9	20.9	24.5
Petroleum products (`000 tons)	0.6	0.8	2.5	4.1	2.4	5.0	11.0	8.5
Other cargo (`000 tons)	11.2	7.6	7.5	7.2	9.2	11.3	16.1	43.7

Source: MTCC/Shipping Department.

Table 9.1: STRUCTURE OF GOVERNMENT WAGES AND SALARIES, JUNE 1982

Rufiyaa per month	No. of Employees	Percent of Total	Annual Salary Bill (Rf1,000)	Percent of Total
600- 2,000	651	13.0	1,151	6.0
2,001- 4,000	3,034	60.6	8,757	45.6
4,001- 8,000	993	19.8	5,419	28.2
8,001-10,000	199	4.0	1,850	9.6
10,001-15,000	93	1.9	1,080	5.6
Above 15,000	37	0.7	962	5.0
Total	5,007	100.0	19,219	100.0

Source: Department of Finance.

Table 9.2: RETAIL PRICES OF SELECTED PRODUCTS
Period Averages 1978-82
(in Rufiyaa)

<u>Product</u>	<u>Unit</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u> Jan.-May
Food						
Rice (Grade II)	kg.	1.67	1.54	1.61	2.12	2.16
Sugar	kg.	1.41	1.70	3.07	4.17	4.17
Flour	kg.	1.44	1.41	2.04	2.17	2.20
Milk powder	2.5 lb	25.90	29.40	24.78	31.90	29.51
Baby food	2.5 lb	17.80	30.70	27.68	29.47	36.77
Coconut (Grade II)	one	0.33	0.37	0.61	0.72	0.63
Banana	one	0.24	0.26	0.29	0.44	0.39
Fresh skipjack	one	5.90	12.25	14.28	16.49	18.36
Textiles						
Shirting (quality II)	meter	10.26	11.15	10.96	9.22	6.44
Sarong	60"x60"	17.00	27.00	22.28	29.04	31.08
Energy						
Electricity /a	kwh	1.50	1.50	1.50	1.50	1.50
Firewood	bundle	1.30	1.98	2.51	2.88	2.93
Diesel fuel	liter	1.50	2.55	3.50	3.06	3.02
Kerosene	liter	1.83	2.45	3.76	3.93	3.42
Gasoline	liter	3.52	5.53	6.45	6.00	5.89

/a Minimum rate

Source: Maldives Monetary Authority

Table 10.1: HEALTH INDICATORS, 1977-81

<u>INDICATOR</u>	
Total Fertility Rate (per '000)	6.40 /a
Crude birth rate (per '000)	44.40 /b
Crude death rate (per '000)	12.40 /b
Natural population increase (per '000)	32.00 /b
Infant mortality rate (per '000)	88.00 /b
Maternal mortality rate (per '000)	11.90 /c
Child death rate /d	21.20 /a
No. of practicing physicians	9.00 /e
Population per practicing physician	17,333.00 /b
No. of practicing physicians per 10,000 population	0.58 /b
No. of practicing nurses	57.00 /b
Population per practicing nurse	2,737.00 /b
No. of practicing nurses per 10,000 population	0.49 /e
No. of auxiliary health workers:	
Nurse aides	34.00 /b
Health assistants	14.00 /b
Communiy health workers	31.00 /f
Family health workers	143.00 /b
Foolumas (traditional midwives):	
trained	159.00 /b
untrained	273.40 /f
traditional practitioners	171.00 /g
No. of hospital beds	98.00 /b
Population per hospital bed	1,592.00 /b
No. of beds per 10,000 population	6.28 /b
No. of atoll health centers	23.00 /e
Health expenditure as percent of national budget	5.90 /b
<u>Per capita health expenditure (Maldivian Rufiyaa)</u>	31.00 /b

/a Census, 1977.

/b Ministry of Planning & Development

/c Manager, Government Hospital, Male.

/d Number of deaths among children 1 to 4 years of age, per thousand children in the same age group in a given year.

/e WHO office, Male.

/f Director, Allied Health Services Training Center, Male.

/g Ministry of Health.

Table 10.2: AVAILABILITY AND DISTRIBUTION OF ESSENTIAL COMMODITIES
BY STATE TRADING ORGANIZATION, 1977-81
(metric tons)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>Rice</u>					
A. Opening stock	5,832.0	9,307.1	1,364.0	3,813.0	3,563.0
B. Imports	15,098.0	276.8	11,716.0	10,589.0	13,156.0
C. Total supplies (A+B)	20,930.0	9,583.9	13,080.0	16,431.0	16,719.0
D. Sales	11,622.9	8,220.1	9,267.0	10,839.0	11,351.0
E. Closing stock (C-D)	9,307.1	1,363.8	3,813.0	3,563.0	5,368.0
F. Per capita availability (kg)	149.5	66.5	88.4	108.1	106.5
G. Per capita distribution (kg)	83.0	57.1	62.6	71.3	72.3
<u>Flour</u>					
A. Opening stock	318.7	703.6	1,159.0	928.0	1,199.0
B. Imports	3,278.9	3,691.9	4,290.0	4,327.0	3,500.0
C. Total supplies (A+B)	3,597.6	4,395.5	5,449.0	6,502.0	4,699.0
D. Sales	2,894.0	3,236.6	4,521.0	4,056.0	4,007.0
E. Closing stock (C-D)	703.6	1,158.9	928.0	1,199.0	692.0
F. Per capita availability (kg)	25.7	30.5	36.8	42.8	29.9
G. Per capita distribution (kg)	20.7	22.5	30.5	26.7	25.5
<u>Sugar</u>					
A. Opening stock	922.6	1,372.4	1,304.0	612.0	2,055.0
B. Imports	3,293.5	3,541.4	4,025.0	5,698.0	3,000.0
C. Total supplies (A+B)	4,216.1	4,913.8	5,329.0	9,366.0	5,055.0
D. Sales	2,843.7	3,610.1	4,717.0	4,254.0	4,232.0
E. Closing stock (C-D)	1,372.4	1,303.7	612.0	2,055.0	823.0
F. Per capita availability (kg)	30.1	34.1	36.0	61.6	32.2
G. Per capita distribution (kg)	20.3	25.1	31.9	28.0	26.9
<u>Kerosene</u>					
A. Opening stock	1,193.7	683.4	488.0	400.0	438.0
B. Imports	81.5	596.6	828.0	923.0	1,035.0
C. Total supplies (A+B)	1,275.2	1,280.0	1,316.0	1,985.0	473.0
D. Sales	591.8	791.9	916.0	885.0	99.0
E. Closing stock (C-D)	683.4	488.1	400.0	438.0	374.0
F. Per capita availability (kg)	9.1	8.9	8.9	13.1	9.4
G. Per capita distribution (kg)	4.2	5.5	6.2	5.8	7.0

Diesel Fuel

A. Opening stock	..	2,056.0	804.0	2,566.0	3,125.0
B. Imports	..	1,864.0	7,010.0	9,951.0	7,381.0
C. Total supplies (A+B)	..	3,920.0	7,814.0	18,920.0	10,506.0
D. Sales	..	3,116.0	5,248.0	9,302.0	6,722.0
E. Closing stock (C-D)	..	804.0	2,566.0	3,125.0	3,784.0
F. Per capita availability (kg)	..	27.2	52.8	82.3	66.9
G. Per capita distribution (kg)	..	21.6	35.5	61.2	42.8

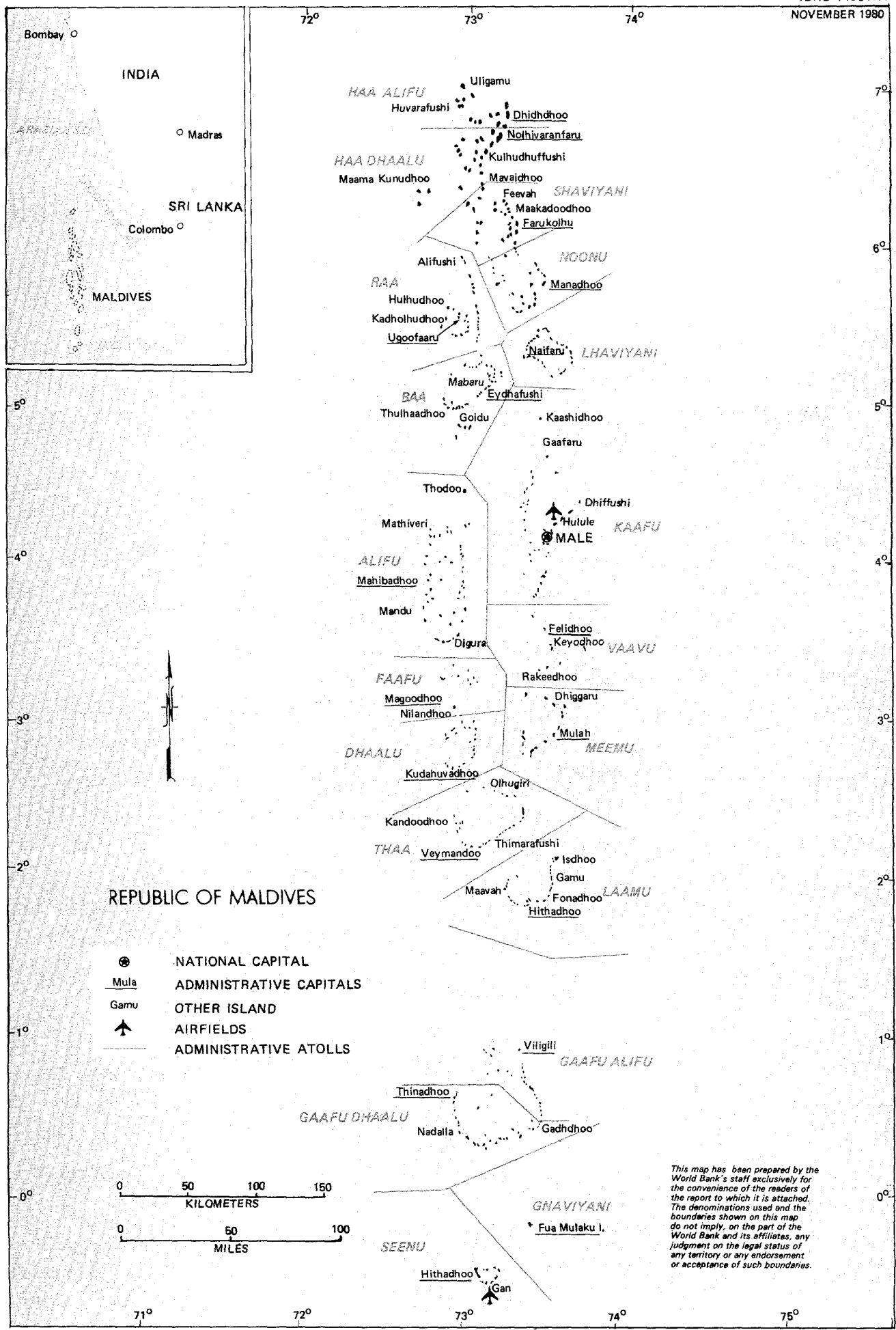
Jet Fuel

A. Opening stock	..	..	..	..	-
B. Imports	..	..	..	..	2,622.0
C. Total supplies (A+B)	..	..	..	..	2,622.0
D. Sales	..	..	..	..	1,022.0
E. Closing stock (C-D)	..	..	..	..	1,600.0
F. Per capita availability (kg)	..	..	..	..	16.7
G. Per capita distribution (kg)	..	..	..	..	6.5

Memorandum item

Mid-year population (~000)	140	144	148	152	157
Per capita distribution of cereals (rice and flour)	103.7	79.6	93.1	98.0	97.8

SOURCE: State Trading Organization



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