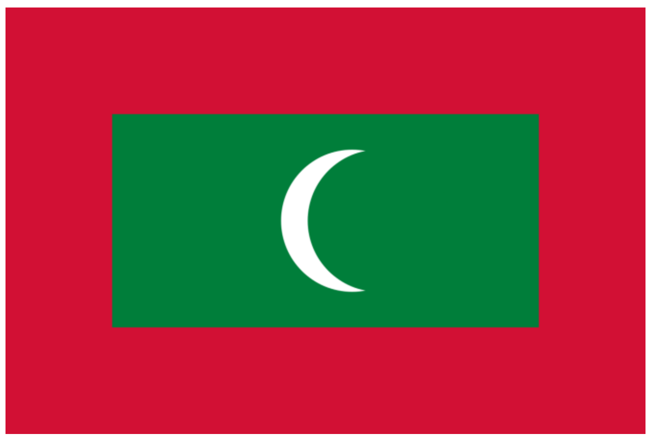
Debt Management Performance Assessment (DeMPA)



Maldives

March 2019

The Debt Management Performance Assessment (DeMPA) is a methodology for assessing public debt management performance through a comprehensive set of indicators spanning the full range of government debt management functions. The DeMPA tool presents 14 debt management performance indicators along with a scoring methodology. The DeMPA tool is complemented by a guide that provides supplemental information for the assessment of the indicators.

For additional information on the World Bank's Debt Management Technical Assistance Program, including more on the DeMPA Tool, please visit our website at: http://www.worldbank.org/debt

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Abbreviations

AA	Audit Act
ADB	Asian Development Bank
AED	Emirati Dirham
AG	Auditor General
ATM	Average Time to Maturity
BO	Back office
CFC	Cash Flow Committee
CNY	Chinese Yuan
DeM	Debt Management
DeMPA	Debt Management Performance Assessment
DMS	Debt Management Strategy
DPI	Debt Performance Indicator
DSA	Debt Sustainability Analysis
EUR	Euro
IFMIS	Integrated Financial Management Information System
FAD	Fiscal Affairs Department
FO	Front office
FRA	Fiscal Responsibility Act
GDP	Gross Domestic Product
GoM	Government of Maldives
IMF	International Monetary Fund
JPY	Japanese Yen
KWD	Kuwaiti Dinar
MDTF	Multi Donor Trust Fund
MMA	Maldives Monetary Authority
MO	Middle office
MoF	Ministry of Finance
MPAO	Maldives Pension Administration Office
MVR	Maldivian Rufiyaa
NAA	National Audit Authority
NT	National Treasury
PDMD	Public Debt Management Division
PEFA	Public Expenditure and Financial Accountability
PEM	Public Enterprises Monitoring
PFA	Public Finance Act
PFM	Public Financial Management
pp	Percentage point
PPP	Public Private Partnership
PV	Present Value
RMDMD	Resource Mobilization and Debt Management Department
SAR	Saudi Riyal

SDF	Sovereign Development Fund
SDR	Special Drawing Rights
SOE	State owned enterprise
TPAD	Treasury and Public Account Department
TSA	Treasury Single Account
USD	United States Dollar
WB	World Bank
y/y	Year-over-year

1. Executive Summary

A World Bank (WB) mission undertook an assessment of the government's debt management (DeM) capacity and institutions in Maldives during March 20-29, 2019, at the request of the Ministry of Finance (MoF). The objective of the mission[1] was to assess the DeM strengths and areas in need of reform through the application of the Debt Management Performance Assessment (DeMPA) methodology. The team would like to thank the officials in the Ministry of Finance (MoF) and Maldives Monetary Authority (MMA) for their cooperation and open dialog during the DeMPA. The team would like to extend special thanks to the staff of the Resource Mobilization and Debt Management Department (RMDMD) of the Ministry of Finance for effective planning and management of mission activities and information sharing.

This is the second evaluation for Maldives; the first DeMPA[2] was conducted by the WB in 2009. The MoF has implemented a series of public finance management reforms in legal and institutional arrangements since the last DeMPA, as listed in the table below. Treasury operations have experienced a complete overhaul, including the rolling out an IFMIS (SAP) to government entities on Male', establishment of a Treasury Single Account (TSA) and the development of cash flow forecasting procedures. The coverage of the debt management system, the CS-DRMS, has also been expanded and is now used as a central database for almost all debt obligations (excluding Islamic instruments).

The DeMPA methodology, revised in 2015, provides a comprehensive set of indicators spanning the full range of DeM functions and is used for in-depth analysis of government debt management functions and institutions. The results of the assessment help the central government authority to take stock of the current DeM situation and design medium term priority reforms.

The results of 2019's assessment for Maldives demonstrate many broad-based improvements implemented in Maldives and provide highlights of pending reforms, as summarized below.

Strengths	Areas for Improvement
1. Governance and Strategy Development	
• RMDMD produces a medium-term debt management strategy (DMS) annually, aligned with the Medium-Term Fiscal Strategy produced by Fiscal Affairs Department (FAD) • Functions of the RMDMD have been restored with organizational division of front-, middle- and back office at the beginning of 2019 • Functional structure of RMDMD now includes responsibility for the preparation, coordination and monitoring	• Legal framework remains scattered across multiple laws and lacks provisions of core debt management objectives, purposes of borrowing and reporting requirements • The definition of government and public debt must be introduced. Delegation of borrowing authority for government securities is not clearly stipulated. • The DMS lacks clear targets/preferences for interest rate, refinancing and foreign currency risks

[1] Mission team included Messrs./Mmes. Lilia Razlog (mission leader, World Bank), Per-Olof Jonsson, Xavier Werner and Juan Vilanova (Word Bank experts).
[2] The DeMPA methodology was revised in 2015, and not all indicators are directly comparable between 2009 and 2019.

Strengths	Areas for Improvement
of Government guarantees in coordination with Public Enterprise Monitoring (PEM) • There is a formal Agency Agreement (2015) between the MoF and MMA	• A stronger organizational set-up is needed for coordinating and monitoring of overall government funding operations, as well as alignment to the DMS targets • Financial statement of MoF budget are audited annually, but do not include debt management operations. Latest financial audit of debt management was completed in 2019 for the year 2015. • Annual report of DMS implementation and debt management operations must be prepared; submitted to People's Majlis and made public. Quality of debt bulletin requires strengthening as well.
2. Coordination with Macro Policy	
• Frequent information sharing between the MoF and the MMA on actual and projected debt transactions and cash flows • Prudent legal limits for advances from the MMA are in place and strict adherence to the limits is practiced	• An in-house debt sustainability analysis (DSA) is not prepared annually. • The quality of disbursements and debt service forecasts needs to be strengthened. • Avoid perception of MMA policy rates for T-bills by introducing auction technique and issue at market interest rates.
3. Borrowings and Related Activities	
• Borrowing procedures and terms and conditions of tap-issues (prospectus) are available on websites of MMA and MoF	• An annual borrowing plan for 2019 is not publicly available, and no auction calendar. Terms of private placements are not publicly available. • The Guarantee and On-lending Policy needs strengthening. No strict adherence to the existing guarantee policy (Charges and issuance against recommendations). No contract is signed with the beneficiary • Policy and procedures documents for external borrowing need strengthening to reflect current processes for processing borrowing operations. • Analysis of most beneficial or cost-effective borrowing (external and domestic, guarantees and on-lending) is limited. • Adequate policy documents and procedures manuals for guarantees and on-lending are lagging.

Strengths	Areas for Improvement
	• Market mechanism for securities' issuance is being avoided by switching to fixed-price taps since 2015. • No periodic and systematic exchange of views with market participants is currently in place.
4. Cash Flow Forecasting and Cash Balance Management	
• Daily cash flow forecasts for entire year is produced. • The monthly forecasts are reasonably reliable.	• There is lack of clear link between estimated cash needs and T-bill issuance • There is no remuneration of surplus cash in MMA • A formal cash buffer target is needed.
5. Debt Records and Operational Risk Management	
• Staff has adequate skills for DeM roles and responsibilities. • Job descriptions are in place. • Adequate organizational segregation of front- and back- office with regard to external borrowing is in place. • Procedures for debt service and data recording in place although needs to be expanded to Islamic Instruments. • CS-DRMS database covering external, domestic and guarantees is up to date and it is subject to monthly backups.	• Staff shortage represents operational risk. Also, tasks not related to debt management add to workload and diffuse focus. • No individual training and development plans are prepared. • Organizational structure for Islamic instruments is weak (MMA/back office) although operational guidelines are in place. Ex ante cost/risk evaluation, risk monitoring and procedures are to be put in place. • It is necessaryto further develop procedures for controlling access to debt recording system and validation of data entry. • Registry of government securities is not deemed secure (excel file with no access controls). • No performance audit of Registry of government securities is produced. • No disaster recovery and business continuity plan is in place.

2. Background and Government Debt

2.1 Economic Background

According to the 2017 Joint IMF-WB debt sustainability analysis, Maldives is at a high risk of debt distress. Improved supervision of public debt and publicly guaranteed loans is needed to carefully manage resulting fiscal sustainability risks. Over the medium term, Government's main challenges will be to balance the need for increasing infrastructure investment with worsening of the debt sustainability indicators. The rapid debt buildup, a widening current account deficit, and low international reserves leave the Maldives exposed to fiscal risk at a time when fiscal space is reduced.

Real GDP growth is expected at 7.9 percent in 2018, on the back of strong performance of tourism and construction, as well as trade. Preliminary estimates indicate that growth accelerated to 9.1 percent year-over-year (y/y) over the first three quarters of 2018, compared to 6.6 percent over the same period in 2017. Tourism contributed 2.1 percentage points (pp), followed by wholesale and retail trade (1.8 pp) and construction (1.3 pp). Tourist arrivals and bed nights increased by 6.8 percent and 10.2 percent respectively y/y, supported by infrastructure investments in the international airport, the opening of new resorts, and expansion in the guest houses' sector. However, the tourism and construction sectors are not generating employment opportunities that Maldivians are able or willing to take up.

The non-interest current account deficit (CAD) is projected at 23 percent of GDP in 2018, around 8 percent of GDP higher than previously projected. The larger deficit is due to higher imports related to increased implementation of large infrastructure projects, which was largely financed by an increase in PPG external debt. Because of the higher CAD, the adjustment over the medium term is more accelerated as SOE projects come to an end. CAD adjustment also benefits from higher tourist arrivals which are projected to grow at 8 percent over the medium term compared to 5.5 percent.

Preliminary outturns for 2018 shows a lower primary deficit reflecting mainly lower current spending compared to the previous DSA – this includes lower spending on salaries and allowances, administrative services, and social welfare. However, given the absence of new revenue measures and the assumption of a more moderate decline in capital spending, the current fiscal projection shows a slower medium-term decline in the primary deficit compared to the previous DSA. Domestic financing is projected to cover around 60 percent of gross financing needs over the medium term. Maldives will continue to receive grants from bilateral and multilateral partners, while the magnitude is smaller than concessional borrowing and declines over the medium-term.

The overall consumer price index declined marginally by 0.1 percent in 2018, compared to an increase of 2.8 percent in 2017. This was driven mainly by a decrease in prices of staple food items and electricity, due to policy changes in food subsidies and electricity charges. The decline in prices was more pronounced in the atolls, averaging -1.4 percent for the year. Two major contributors were food and non-alcoholic beverages (-0.9 percent y/y) and housing and utilities (-9.4 percent y/y).

Important measures are being put in place to manage fiscal risks associated with government debt service. The government has set up a Sovereign Development Fund (SDF) collecting the newly introduced Airport Development Fee and dividends from the state-owned airport operator to repay the external loans related to the expansion of the international airport. As of end-February 2019, the SDF has accumulated $124 million. In addition, the Government of Maldives (GoM) is exploring alternative arrangements and reform initiatives to contain spending on Aasandha. Finally, the MoF is exploring the introduction of a personal income tax in the next budget cycle.

2.2 Composition of Debt

Maldives' government debt stood at 58.2 percent of GDP at end-2018. Domestic debt[3] accounted for 33.5 percent of GDP, whereas external debt accounted for 24.7 percent. The share of external debt in total public debt has been increasing since 2015. As of 2018, the largest creditor is the Export-Import Bank of China (China Exim), now accounting for around 40 percent of total external debt, up from less than 4 percent of external debt in 2010. China Exim largely lent for housing and airport development projects.[4] Among multilateral lenders, the Asian Development Bank (ADB) and the World Bank together account for 11 percent of total external debt. Maldives placed two sovereign bonds in 2017 and 2018, totaling USD 350 million, representing 26.5 percent of total external debt in 2018.[5] Redemption of the USD 250 million sovereign bullet bond is due in 2022.

Government's Disbursed Outstanding Debt (DOD) at the end of December 2018 stood at MVR 48,007 million, an increase of 10% compared to December 2017. External debt increased by 22 percent during the period, due to high disbursements made for infrastructure development projects. During this period, domestic debt increased by 2 percent. The share of external and domestic debt in total debt has also changed significantly, with the share of external debt rising from 38 percent to 42 percent. The government guaranteed 25 loans (24 external and 1 domestic) with an original outstanding value of USD 1.38 billion and MVR 3.0 million respectively (see Table 1).

[3] Domestic debt refers to the government securities issues by the Maldives Monetary Authority on behalf of the MOF

[4] Main projects financed by the China Exim include the development of housing units in Hulhumale, the expansion and upgrading of the airport in Hulhule, and the China-Maldives Friendship Bridge project.

[5] The 2018 bond (USD 100 million) was privately placed with the United Arabic Emirate.

Table 1: Evolution of Government Debt 2014-2018

IN MVR millions	2014	2015	2016	2017	2018
Government Debt	31.324,00	33.297,00	38.129,00	43.785,00	48.007,00
External	10.746,00	10.204,00	11.727,00	16.677,00	20.343,00
Domestic	20.578,00	23.093,00	26.402,00	27.108,00	27.664,00
Government Guarantees	1.136,00	1.384,00	3.130,00	1.846,00	11.499,00
External	589,00	439,00	2.117,00	778,00	10.497,00
Domestic	547,00	945,00	1.013,00	1.068,00	1.002,00
As percentage of GDP					
Government Debt	55%	54%	56%	58%	58%
External	19%	17%	17%	22%	25%
Domestic	36%	38%	39%	36%	34%
Government Guarantees	2%	2%	5%	2%	14%
External	1%	1%	3%	1%	13%
Domestic	1%	2%	1%	1%	1%
GDP	56.867,00	61.566,00	67.837,00	74.866,00	82.504,00

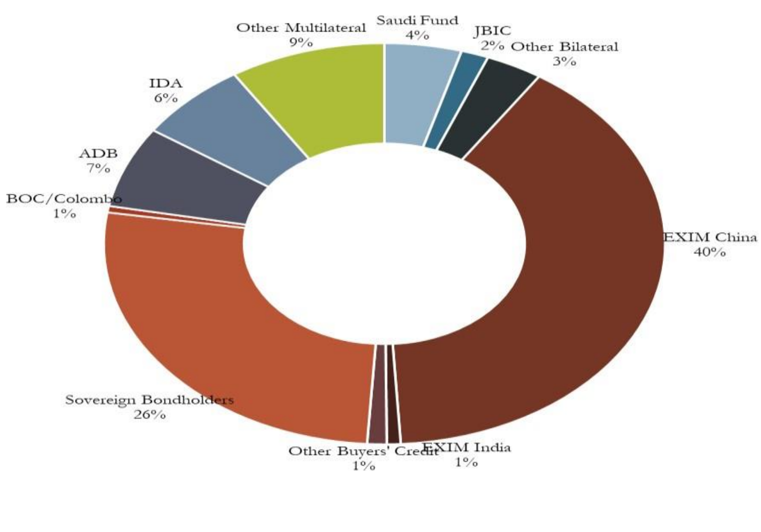
Source: RMDMD, Ministry of Finance

External debt

External DOD increased by MVR 3,666 million or 22 percent between December 2017 and December 2018, reaching MVR 20,343 million. Loans disbursed for financing the airport development, and the Dharumavantha Hospital Project (financed through bond issuance) accounted for 60 percent of this increase. Ninety-eight percent of the external debt outstanding as at the end of 2018 was at fixed interest rates.

Among multilateral lenders, ADB and the WB (through IDA funding) hold the largest share of outstanding external debt, with ADB exceeding WB's share by a narrow margin. By the end of December 2018, the Saudi Fund for Development (SFD) had surpassed the Government of India to become the largest bilateral creditor. China Exim is the largest creditor and has remained the single largest creditor of the Government of Maldives for the last 2 years. Sovereign bondholders make up the largest share of commercial debt. Figure 1 gives a breakdown of external DOD holdings by major creditors at the end of December 2018.

Figure 1: Maldives, external debt composition by creditor at end-2018



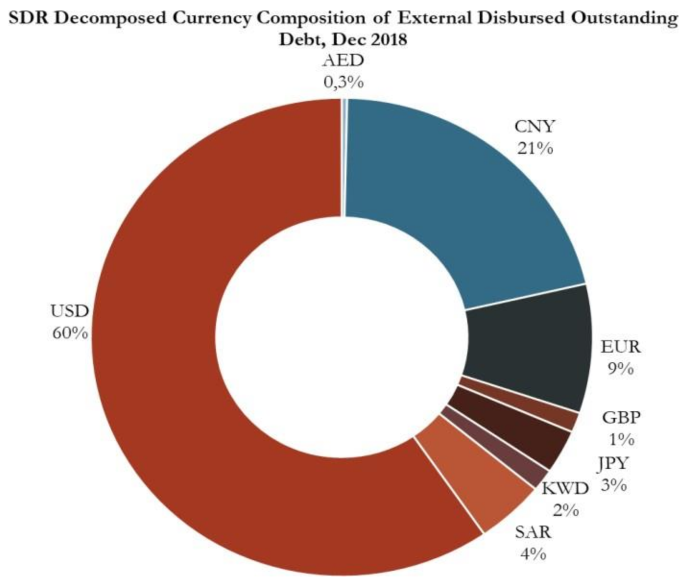
Source: RMDMD, Ministry of Finance

Currency Composition of External Debt

The currency composition of external debt shows that United States Dollar (USD), Special Drawing Rights (SDR), and Chinese Yuan (CNY) makes up 89 percent of total external DOD. The rest is denominated in Emirati Dirham (AED), Euro (EUR), Japanese Yen (JPY), Kuwaiti Dinar (KWD) and Saudi Riyal (SAR). Figure 2 gives the currency composition of external debt as at the end of December 2018, with the SDR portion decomposed to its basket currencies.

Most of the exchange rate risk inherent in foreign currency (FX) denominated debt is mitigated by the fact that 60 percent of the external debt is held in USD, to which Maldivian Rufiyaa ispegged. At present, CNY-based debt represents highest FX risk and requires mitigation measures.

Figure 2: Stock of External Debt, 2018 by currency



Source: RMDMD, Ministry of Finance

Domestic Debt

Domestic DOD increased by MVR 1,263 million in the last 2 years, to reach a total of MVR 27,664 million at the end of 2018. Figure 3 shows total domestic debt outstanding by instrument at the end of the period.

Short-term domestic instruments comprise MVR and RDC[6] Treasury bills, MVR and RDC Mudharabah[7], and Murabahah[8]. Over the last two years, short-term domestic debt increased by 4

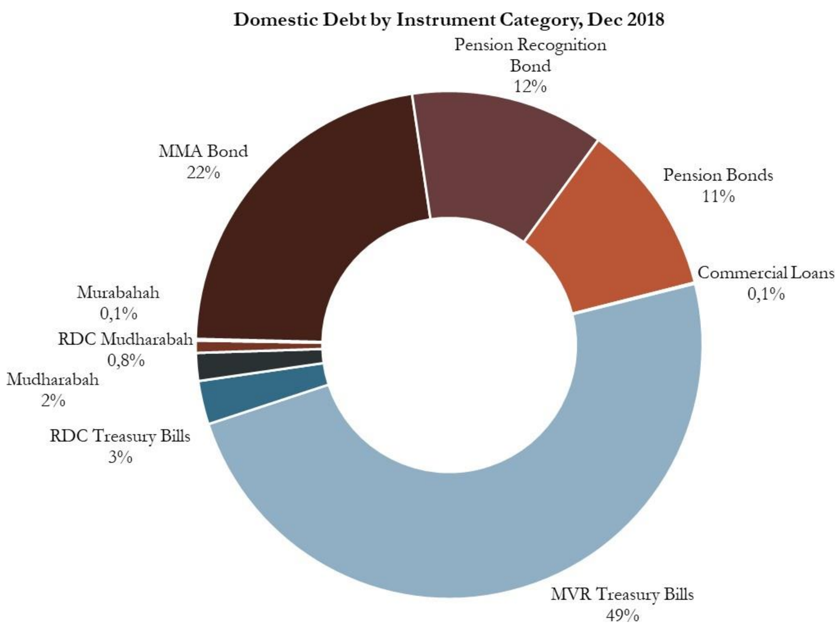
[6] Reverse Dual Currency (RDC) instruments are issued in USD and repaid upon maturity in USD. However, the coupon payments are made in MVR.

[7] Mudharabah is a form of partnership where one party provides the funds while the other party provides expertise.

[8] Murabahah is a sale where the seller discloses the cost of the commodity and amount of profit charged.

percent, to reach MVR 15,014 million at the end of 2018. The largest share of domestic debt is held in Treasury bills, which makes up 95 percent of short-term domestic debt, while the rest is held as Mudharabah (5 percent) and Murabahah (0.2 percent). The short term to total domestic DOD share eased from 55 percent to 54 percent in the last two years, suggesting a slight reduction in refinancing risk.

Figure 3: Stock of Domestic Debt, 2018, by instrument



Source: RMDMD, Ministry of Finance

At the end of 2018, long term domestic debt stood at MVR 12,650 million, representing an increase of 6 percent compared to end 2016. Long term domestic debt instruments include long term treasury bonds issued to the Maldives Monetary Authority (MMA)[9], the Pension Recognition Bond held by Maldives Pension Administration Office (MPAO)[10], 5 to 8-year maturity bonds issued to MPAO, and long-term commercial loans. Since the outstanding long-term commercial loans constitute only 0.1 percent of the long-term domestic debt, almost all the long-term domestic debt is held in treasury bonds.

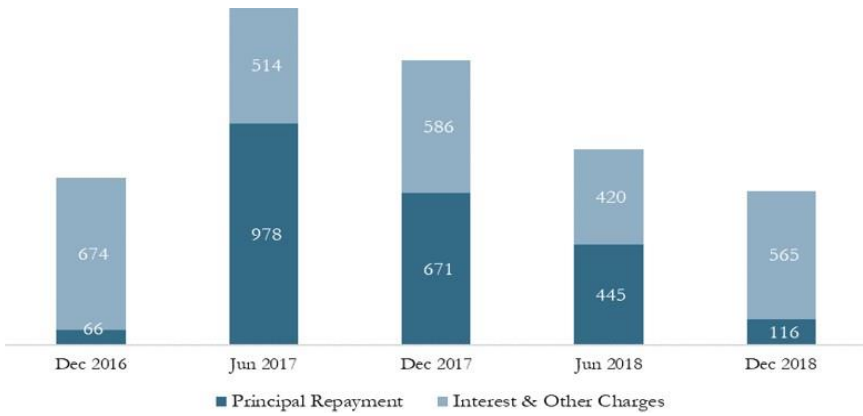
Domestic debt servicing cost during 2018 decreased by 44 percent when compared to 2017 due to the full repayment of a short-term domestic loan from Bank of Maldives during the year. Short term domestic debt servicing cost decreased by 55 percent during the period while long term debt

[9] This is a conversion of the outstanding debt held by MMA in the Ways and Means account into a long term Treasury bond in December 2014.

[10] This is a bond issued by the Government to pensioners, administered via the MPAO, which is paid over time, upon their retirement. The interest on the bond is paid into the pensioners' retirement savings account.

servicing cost decreased by 2 percent. Figure 4 shows the domestic debt servicing cost from December 2016 to December 2018.

Figure 4: Domestic debt service, 2016-2018



Source: RMDMD, Ministry of Finance

Government Guaranteed and On-Lent Loans Outstanding

Government guaranteed debt increase by 9 percent between December 2016 and 2018 to MVR 11,499 million. SOEs are main recipients of the government support in form of loan guarantees (see DPI 10 for details). The Housing Development Corporation (HDC), the Maldives Monetary Authority (MMA) and the State Trading Organization (STO) are currently the biggest beneficiaries of government guaranteed debt.

Total loans on-lent to state owned enterprises (SOEs) outstanding at end of December 2018 amounted to MVR 2,291 million. Fenaka Corporation, Maldives Airports Company Limited (MACL) and Housing Development Corporation (HDC) are the biggest beneficiaries of government on lent debt.

2.3 Support and Coordination of Public Debt Management Reforms

The World Bank is supporting government reforms in the public financial management (PFM) area through a standalone Public Financial Management Systems Strengthening project, with the objective to enhance budget credibility, transparency, and financial reporting of public sector finances.

The project started in 2018 as a continuation and scale up of an earlier PFM reform program and provides support in the areas of planning and budgeting, debt and cash management, financial reporting, procurement, and State-Owned Enterprise (SOE) monitoring and oversight.

It is expected that debt management technical assistance provided through the Debt Management Facility (DMF) will complement reform processes at the MoF and contribute to enhanced quality and transparency of public data, in particular regarding government debt portfolio. Following Debt

Management Reform Plan will include specific recommendations for management of the MoF and the timeline for reform implementation, which can be supported through the ongoing PFM project, as well as the DMF Trust Fund.

In addition, MoF staff responsible for government debt management benefited from participation in the Debt Management Practitioners' Program, regional trainings in the Debt Sustainability Analysis (DSA), MTDS and DeMPA methodologies and tools.

Debt Management Performance Assessment (DeMPA)

3.1 DeMPA Methodology

The DeMPA 2015 methodology comprises a set of 14 Debt Performance Indicators (DPIs), which encompass the complete spectrum of government DeM operations, as well as the overall environment in which these operations are conducted. While the DeMPA does not specify recommendations on reforms and/or capacity and institution building, the DPIs do stipulate a minimum level that is consistent with sound debt management. Consequently, if the assessment shows that the minimum requirements are not met, this clearly indicates an area requiring attention and priority for reform.

The DeMPA focuses on central government DeM activities and closely related functions, such as the issuance of loan guarantees, on-lending, cash flow forecasting, and cash balance management. Thus, the DeMPA does not assess the ability to manage the wider public-sector debt portfolio, which includes implicit contingent liabilities (such as liabilities of the pension system) or the debt of State Owned Enterprises (SOEs), if these are not guaranteed by the central government. The central government is nonetheless responsible for managing its contingent liabilities and thus for ensuring supervision of public debt and guaranteed public sector debt (which is part of the DSA), which DeMPA evaluates under the following indicators: DPI-1 “Legal Framework,” DPI-6 “Coordination with Fiscal Policy,” and DPI-10 “Loan Guarantees, On-Lending, and Derivatives”.

The DeMPA is modeled largely after the Public Expenditure and Financial Accountability (PEFA) Performance Indicators. While the latter cover broad aspects of public financing, the DeMPA focuses exclusively on central government DeM in a greater level of detail than do PEFA indicators. The points of convergence between these two lies in the areas of the recording of cash balances, DeM, and guarantees. There are strong links between PEFA indicators for audit and fiscal planning and DeMPA indicators for audit and coordination with macroeconomic policies.

The scoring methodology assesses each dimension and assigns a score of A, B, or C, based on a list of criteria. If the minimum requirements for a score of C are not met, the dimension is assigned a score of D. A score of C indicates that the minimum requirements considered necessary for effective DeM performance have been met. A score of D, however, indicates that the minimum requirements have not been met and that specific measures are necessary to correct the deficiencies and unsatisfactory performance noted.

The A score reflects sound practice for the dimension of the performance indicator, corresponding to the best practice level, while a B score is a mid-range score that falls between good practices and the minimum requirements.

In some situations, a dimension is not scored because the activity in the dimension has not actually been carried out (for example, derivatives are not used), in which case the term N/A (not applicable) is assigned to the dimension. The lack of information or even insufficient information makes it difficult or even impossible to assess a dimension, in which case the designation N/R (not rated) is assigned. These adjustments were introduced as part of the 2015 DeMPA methodology revision.

When the criteria for a score require that certain legislative provisions, regulations, or procedures be in place, the latter must not only have been approved or signed but must also have been implemented. If that is not the case, these provisions, regulations, or procedures are considered non-existent, and cannot be considered in the DeM assessment and thus in the DeMPA scoring.

The same principle also applies when the DMS, even if it has been drafted, has not been followed or updated.

3.2 Summary of Performance Assessment

Performance Indicator		Score 2009	Score 2019
DPI-1	1. Legal Framework	D	D
DPI-2	1. Managerial Structure: Borrowing and Debt-Related Transactions	D	D
	2. Managerial Structure: Loan Guarantees	C	D
DPI-3	1. DMS: Quality of Content	D	D
	2. DMS: Decision-Making Process	N/R	D
DPI-4	1. Debt Reporting and Evaluation: Debt Statistical Bulletin	D	D
	2. Debt Reporting and Evaluation: Reporting to Parliament or Congress	C	D
DPI-5	1. Audit: Frequency and Comprehensiveness	D	D
	2. Audit: Appropriate Response	N/R	N/A
DPI-6	1. Fiscal Policy: Provision and Quality of Debt-Service Forecasts	D	D
	2. Fiscal Policy: Availability and Quality of Information on Key Macro Variables and DSA	D	D
DPI-7	1. Monetary Policy: Clarity of Separation between DeM and Monetary Policy Operations	D	D
	2. Monetary Policy: Regularity of Information Sharing	-	B
	3. Monetary Policy: Limited Access to Central Bank Financing	D	B
DPI-8	1. Domestic Borrowing: Market-Based Mechanisms and Preparation and Publication of a Borrowing Plan	D	D
	2. Domestic Borrowing: Availability and Quality of Documented Procedures	A	D
DPI-9	1. External Borrowing: Borrowing Plan and Assessment of Costs and Terms	A	D
	2. External Borrowing: Availability of Documented Procedures	D	D
	3. External Borrowing: Involvement of Legal Advisers	C	A
DPI-10	1. Loan Guarantees: Availability and Quality of Documented Policies and Procedures	C	D
	2. On-lending: Availability and Quality of Documented Policies and Procedures	C	D
	3. Derivatives: Availability and Quality of Documented Policies and Procedures	N/R	N/A
DPI-11	1. Effective Cash Flow Forecasting	D	A
	2. Effective Cash Balance Management	D	D
DPI-12	1. Debt Administration: Availability and Quality of Documented Procedures for Debt Service	C	D
	2. Debt Administration: Availability and Quality of Documented Procedures for Data Recording and Storage	D	D
	3. Data Security: Availability and Quality of Documented Procedures for Data Recording and System and Access Control	D	D
	4. Data Security: Frequency of Back-Ups and Security of Storage	D	C
DPI-13	1. Segregation of key Staff Duties	D	D
	2. Staff Capacity and Human Resource Management	D	D
	3. Operational Risk Management, Business Continuity, and Disaster Recovery Plans	D	D
DPI-14	1. Debt Records: Completeness and Timeliness	D	C
	2. Debt Records: Registry System	D	D

Performance Indicator Assessment

4.1. Governance and Debt Management Strategy

DPI-1 Legal Framework

Dimension	Score
1. Existence, coverage, and content of the legal framework	**D**

Dimension 1

Requirement for minimum compliance: *The legislation (primary and secondary) provides clear authorization to borrow and to issue new debt, to undertake debt-related transactions (where applicable), and to issue loan guarantees (where applicable), all on behalf of the central government. In addition, the primary legislation specifies the purposes for which the executive branch of government can borrow.*

The legal framework for debt management in Maldives is comprised of several levels of primary and secondary legislation, including:

i. The Constitution (2008)

ii. The Public Finance Act, including Amendments 1 and 4 (2014)

iii. The Fiscal Responsibility Act (2013)

iv. The Annual Budget Law

v. Public Finance Regulation (nr.2017/R-20)

According to the Constitution, Art. 106, the executive power in Maldives is vested in the President, who is officially a Head of State, Head of Government and the Commander in Chief of the Armed Forces.

Article 115 of the Constitution clarifies that the president shall, among others, have the following powers:

"..(k)1. to enter into general treaties and agreements with foreign states and international organizations, which do not impose any obligations on citizens;
2. to enter into and ratify, with the approval of the People's Majlis (Parliament), treaties and agreements with foreign states and international organizations, which impose obligations on citizens;.."

The Constitution also mandates the Minister of Finance to submit for approval to the People's Majlis a budget containing the projected revenue and expenditures for the year, and a statement of actual revenue and expenditures for the preceding year (Art.96).

Article 97 of the Constitution stipulates that the Executive level can only enter into loan or guarantee agreements if those are in line with law enacted by the People's Majlis. The implementation of this provision, according to current practices, is assured through application of the legal requirements stipulated in the Public Finance Act and Fiscal Responsibility Act.

The *Public Finance Act* (PFA) of 2006, as well as relevant amendments[11], stipulate that all expenditures/payments of public funds are allowed when the liability has been authorized in accordance with the *Public Finance Regulations* (PFR) (Chapter 1, Article2).

Article 4 on the PFA states that public funds can be lent as approved by the President, or after approved by the President, by the Minister of Finance[12].

Article 5 stipulates that "w(W)hen a proposal is made to issue debt or raise a loan in the name of the state or state owned enterprises through the government or for an issuance of a government guarantee, all the proposals must be made to the Minister in accordance with the Public Finance Act." Minister of Finance shall analyze and prepare the relevant documents for Presidential approval.

PFA also stipulates that "Government can raise a loan and issue guarantees only after assessing the effects of the borrowing and issuance of the guarantee to the country's economy and public finances which are then presented by the Minister to the President who then arrives to a decision" (see DPI 10 for details). However, there are no references to make sure that such requests are following FRA or the debt management strategy.

In accordance with the PFA, whenever the government borrows, details regarding the borrowing must be sent by the Minister to the Parliament within 90 days from the date of borrowing. In addition, a copy of the assessment report with regard to the borrowing must also be sent to the Parliament."

The Fiscal Responsibility Act (FRA) (Act No. 7/2013) establishes fundamental principles of government fiscal policy, including "maintaining Public Debt to Gross Domestic Product at a sustainable rate (Chapter 3). Chapter 4 of the FRA requires the Minister of Finance present to the Parliament on an annual basis a Statement of medium-term Fiscal Strategy, including proposed actions by the Government to reduce the public debt[13] to a sustainable level within the period referred to in the Statement;

Chapter 5 of the FRA requires annual preparation of the medium-term Budget Position Report (1+2 years), which shall include information about government debt, among others.

Chapter 6 of the FRA includes specific requirement to maintain a sustainable level of public debt "which will be determined according to international standards, based on the Gross Domestic Product." It also requires that a statement showing the Public Debt Strategy is submitted to the People's Majlis once every financial year. Such statement should be sent to the People's Majlis, before the end of July every year, by the Minister, as a document addressed to the 'Financial Committee' of the People's Majlis. The purpose of the Statement is to provide information on steps being taken by the Government to repay and maintain public debt in an efficient level.

[11] Amendments 1 and 4 to the PFA
[12] Lending provisions are applicable for on-lending operations.
[13] Legal framework in Maldives does not include a definition of public debt, although the term is used in the FRA or PFA.

It also specifies main elements which should be included in the medium-term Debt Strategy, such as:

a) Public debt targets;
b) The level at which the public debt would be maintained, as a percentage of GDP;
c) The level at which the external debt and domestic debt will be maintained in the total debt portfolio;
d) The steps identified to be taken and those currently being taken on debt related risks;
e) The utilization of borrowed funds.

The FRA also requires that all policies/strategies mentioned above are submitted to the Cabinet, which decides about the publication of the Statement or Report before it is sent to the Financial Committee of the People's Majlis.

Regarding external audit, the FRA requires the Auditor General (AG) to prepare an annual audit of financial accounts. (Chapter 9).

Importantly, Chapter 10 of the FRA includes recommended limits for borrowing from the Maldives Monetary Authority (MMA). It also establishes several fiscal rules; such as:

(a) The Government can borrow from the central bank as an advance, with the condition that the amount is repaid within 91 days, and not below the prevailing market interest rate. Such borrowing should not exceed 1 percent of the average revenue of the past 3 years.
(b) The Government should aim to reach public debt target, including guaranteed debt, of not exceeding 60 percent of the gross domestic product of the past year, within 3 years starting on 1 January 2014. Once this target is met, the Minister should determine and announce the level at which public debt will be maintained for the next 5 years, based on the gross domestic product. This should be done before the next five years begins, as a statement published in the government gazette. Once this level has been determined as such, it will be considered as the level determined as per this Article.
(c) In order to reach the level mentioned in (b) of this Article, the public debt to GDP ratio should be reduced every year starting 1 January 2014.
(d) Starting 1 January 2016, loans should be taken only for national development projects and to facilitate improved productivity. From this date, loans should not be taken in order to refinance debt.
(e) Although stated otherwise in (d) of this article, in order to manage the cash flow, the government could borrow from the central bank with the condition that the amount is repaid within 14 days, as stated under (a) of this article.
(f) Loans taken for a public enterprise by the government or with government participation in the name of the state or guarantees given to any party in the name of the state, should be in accordance with the policies mentioned in Article 32 of this Act, and *should not exceed the amount allocated for loans or guarantees in the national budget*[14].
(g) Every time a loan is taken for a public enterprise by the government or with government participation in the name of the state, or every time a government guarantee is given to any party for a loan taken, as per (a) of this Article, information regarding the loan or

[14] This clause is not applied in the annual budget laws.

the guarantee, should be sent to the Financial Committee of the People's Majlis by the Minister within 30 days from the date of the loan or the guarantee.

(h) The policies to be followed in taking loans for a public enterprise by the government, or with government participation in the name of the state, and the policy for giving a guarantee to any party in the name of the state should be set out by the Minister in the Public Finance Regulations.

The *Annual Budget Statement* includes statistics of the outstanding central government debt and expected evolution of fiscal targets for the debt to GDP ratio, as well as trends in debt service costs. It does not, however, refer to borrowing plans or adherence to medium term debt management strategy targets.

The *Maldives Monetary Authority Act*, article 22, establishes that MMA can conduct the following operations:

"(h) make temporary advances to the Government as may be agreed;

(i) make advances to the Government on terms and conditions to be agreed upon in respect of subscriptions and other payments relating to the membership of Maldives in any international financial institution, the participation of Maldives in any account thereof, and any transactions and operations undertaken in connection therewith;

(j) act as fiscal agency of the Government in its dealings with international financial institutions and undertake other financial agency work for the Government;

(k) borrow money for the purpose of the business of the Authority and may give

(l) securities for monies so borrowed as provided by Law with the approval of the President of the Republic and, guarantee the repayment of government loans and the service charge thereof".

The *Public Finance Regulation* stipulates that all borrowing by the state, as well as lending and issuance of government guarantees must be processed by the Ministry of Finance and submitted for decision/approval by the President (Chapter 14). The Regulation also includes a list of specific requirements that beneficiaries of loans/on-lending or state guarantees should present to the MoF, including purpose of the loan and analysis of the repayment capacity. It also establishes reporting requirement for new loans and guarantees to the Minister, President and Parliament within 30 days after approval.

The Legal framework for conducting debt management operations and functions in Maldives is scattered across multiple pieces of legislation. The Constitution, the PFA and PFR stipulate clear authority of the President to borrow and lend public resources, as well as approve government guarantees, on behalf of the Government. No further delegation of such authority is included in the legal documents, even though *de facto* domestic borrowing decisions for issuance of government securities are delegated to the Minister of Finance.

No specified borrowing objectives and purposes are established. There is mandatory *post-fact* reporting of individual external borrowing and issuance of government guarantees, but no mentioning in the primary or secondary legislation requiring mandatory annual reporting to the

Parliament of DeM activities covering evaluation of outcomes against approved medium-term debt management strategy. Some legal provisions are not implemented, such as required establishment of the government loans and guarantees' limit in the annual budget

Thus, since there are no borrowing purposes provided in the primary legislation and since there is no clear delegation to the Minister for domestic securities issuing, the minimum requirements are not met, and a "D" score is assigned to this dimension. There was no change in score compared to the 2009 DeMPA.

DPI-2 Managerial Structure

Dimension	**Score**
1. The managerial structure for central government borrowings and debt-related transactions.	**D**
2. The managerial structure for preparation and issuance of central government loan guarantees.	**D**

Dimension 1

Requirement for minimum compliance (C): *Borrowings and debt-related transactions are undertaken either by the principal DeM entity or, if there is no principal DeM entity, by DeM entities that regularly exchange debt information and closely coordinate their respective activities through formal institutional mechanisms.*

The organization of the management of government borrowing has not fundamentally changed since the previous assessment, despite several revisions, including in 2015 when the role of the central debt management unit was reduced.

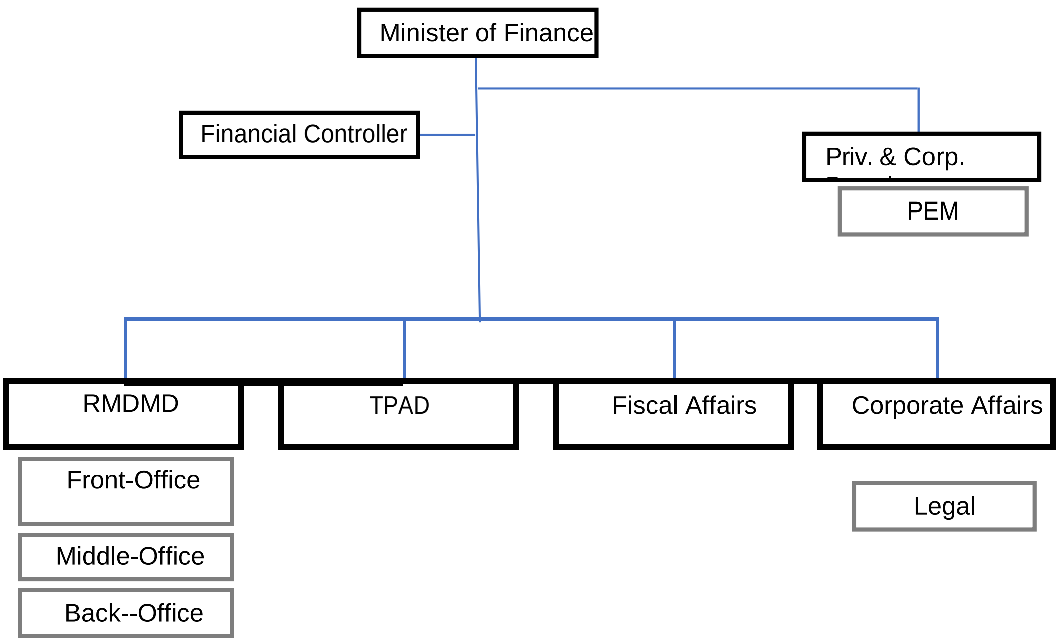
Since the beginning of 2019, the Resource Mobilization and Debt Management Department (RMDMD) has been restored as the central debt management unit within the MoF. It is organized according to the front-, middle- and back-office model (FO, MO and BO, according to the structure approved as of November 2018; see Figure 5). It has been given a central role in managing external borrowings and performs the back-office tasks related to the total government debt, including domestic debt. The RMDMD has, however, only a limited role in mobilizing domestic debt and is only involved in domestic loans and not in securities issuance.

Domestic borrowing is initiated by the Cash Flow Committee (CFC) and executed by the MMA. The CFC, which meets on a weekly basis to discuss cash needs, was set up in 2016 through a memorandum of the Minister and is headed by the Financial Controller, who reports directly to the Minister. The Financial Controller works with staff in the Treasury and Public Accounts Department (TPAD) for the issuance of domestic securities. RMDMD is a technical member of the CFC[16]. The weekly borrowing needs are communicated to the MMA, who is responsible for the actual issuance of government securities in the domestic market through an Agency

[16] Other members are representatives of the Treasury and Public Accounts Department (TPAD), the Fiscal Affairs Department (FAD) and the Privatization and Corporatization Board' Secretariat (PCB).

Agreement, which outlines the primary responsibilities and underlying principle that it remains the responsibility of the government to manage its debt and ensure that cash management is conducted efficiently and meets all legal approvals and other requirements. The MMA is also the fiscal agent and the registrar for all government securities, including private placements and operates the central register of ownership.

Figure 5. Simplified Organizational Chart of Ministry of Finance



In practice, the government has taken a passive approach to the weekly domestic borrowing operations: it announces having interest equal to the redeeming tranches, but then accepts all bids of market participants. From time to time, ad hoc needs materialize arising from projects for which external borrowers are not identified for the refinancing maturing debt. The same holds for project that are funded with instruments that are in compliance with Islamic concepts. Both are funded through private placements. The BO within the RMDMD acts as front office for the Islamic Instruments. An effective organizational framework for a systematic and integrated approach, including a cost/risk evaluation, is not in place.

Furthermore, the organizational structure to periodically coordinate domestic borrowing with external borrowing is missing which impedes an effective integrated approach and leads to ad hoc funding decisions that do not rely on the outcome of a formal cost/risk analysis or fit in an integrated strategy. The issuance of the debut sovereign USD denominated bond in the international market in 2017 and the subsequent international private placement, after the government obtained a credit rating, was done by an ad hoc team (consisting of MO in RMDMD and staff from Fiscal Affairs Department (FAD) appointed by the minister[17].

[17] Other examples are the planned USD 100-150 million international sukuk (included in the 2018-budget but did not materialize), and a USD 800 million loan from Exim Bank of India.

As the front-office borrowing activities are managed by different units without a formal coordination mechanism permitting an aggregated approach to government debt management, the minimum requirements for this first dimension are not met and it is scored D. This is the same rating as in the previous DeMPA.

Dimension 2

Requirement for minimum compliance (C): *If applicable, loan guarantees are prepared and issued by one or more government entities that regularly exchange information and closely coordinate their respective activities through formal mechanisms, both between themselves and with the DeM entity or entities.*

The MoF is responsible for the preparation, issuing and monitoring of guarantees. A formal authority for approval of government guarantees rests with the President (see DPI 1). Eligibility, how to apply, the guarantee fee and terms and conditions are stipulated in the Guarantee Issuance Policy of 13 August 2017 and its amendments.

Following the last review of the organizational structure of the MoF at the end of 2018, the responsibilities for preparing guarantees have been transferred from the Public Enterprise Monitoring (PEM) of the MoF to the RMDMD. There have been no requests for guarantees since and the new organizational structure has therefore not been tested. There is an updated operational manual which stipulates the tasks and responsibilities of RMDMD. This includes producing an evaluation of the cost and risk characteristics of the underlying borrowings. Assessment of the credit risk lies with the PEM, the department within the MoF responsible for overviewing SOEs.

The formal mandate of the RMDMD has not yet been updated to include its new tasks regarding guarantees. Furthermore, to date, the formal guarantee policy has not been put in practice on some important points. For example, it provides for an annual cap on the total volume of guarantees; this has not yet been done. Also, the policy provides for upfront and annual fees while in practice they have never been formally applied (see DPI 10).

In the new organizational structure, loan guarantees are prepared and issued by RMDMD, based on the President’s decision, in consultation with the PEM. Since the coordination between these two entities has not been formalized yet the minimum requirements of the second dimension are not met. The score is therefore D. In the previous DeMPA the rating was a C. At that time there were no requirements for formal coordination mechanisms between the two entities involved.

DPI-3 Debt Management Strategy

Dimension	**Score**
1. The quality of the DeM strategy document	**D**
2. The decision-making process and publication of the DeM strategy	**D**

Dimension 1

Requirement for minimum compliance (C)*: A medium-term DMS is in place covering all existing and projected central government debt, based on the DeM objectives. The strategy is expressed at least as guidelines for the preferred direction of evolution of specific indicators for interest rate, refinancing, and foreign currency risks. In addition, if applicable, the strategy document contains a description of measures aimed at supporting domestic debt market development.*

The Fiscal Responsibility Act requires that a National Debt Strategy is presented annually to the Parliament before the end of July. The strategy should include both fiscal targets and more DeM oriented targets. Thus, the strategy should include

- National debt targets;
- The level at which the total national debt would be maintained, as a percentage of GDP;
- The level at which the external debt and domestic debt will be maintained in the total debt portfolio;
- The steps identified to be taken and those currently being taken on debt related risks;
- The utilization of borrowed funds.

In practice the Medium-Term Debt Management Strategy (DMS) is presented together with the Medium-Term Fiscal Strategy, including also macroeconomic projections. The DMS is a short document containing a table of the aggregated outstanding debt, in nominal terms and as a percentage of GDP for the period ending 2018. Since the report was submitted in July 2018 the forecasting period is only half a year. The achievements for the year before are mentioned, mainly related to the domestic market and the international sovereign bond issuance. For the period ahead the DMS envisages the following measures:

- Publish a borrowing plan for the purpose of keeping the banks and the public informed about upcoming Treasury bill issuances.
- Redenomination of Treasury instruments to encourage a greater number of investors in the domestic market.
- Introduce 2-year Treasury notes to widen the variety of instruments available in the domestic market.
- Work with the MMA and the Maldives Pension Administration Office (MPAO) in developing the secondary market for Treasury instruments.
- Introduce new Islamic instruments to expand the domestic Islamic securities market.
- Refinance the long-term Treasury bonds held by the MMA and the MPAO.
- Build-up funds in the SDF to support the bullet repayments on sovereign bonds.
- Negotiate concessional loans bilaterally.
- Further strengthen the reporting of public debt statistics.
- In addition to this, plans have been made for further strengthening of the management of risks associated with the contingent liabilities of the Government.

Regarding the fiscal limit in the FRA and the current breach of the limit the DMS only states that "the Government is working towards reducing the public debt as a percentage of GDP. The most important steps to be taken to this end are; strengthening the management of the Government and state-owned enterprises, reducing the budget deficit, and maintaining macroeconomic stability."

Interestingly, the Medium-Term Fiscal Strategy presented at the same time contains more information on the debt, including debt service, the outstanding debt and its aggregate composition, both the actuals and projections for the period until 2022. According to the projections the debt/GDP increases from 60.1 percent at end of 2018 to 64.9 percent at the end of the period. In these numbers the outstanding amounts of guarantees are not included even though they should be according to the definition in the FRA. Also, in this document the measures considered in order to reduce the debt are vaguely described as "the objective is to reduce the budget deficit year by year and reach a primary surplus in the medium term. This will enable to reduce debt over the long term and reach the debt ratios specified under the Fiscal Responsibility Act."

Since the DMS does not contain any guidelines for the preferred direction of evolution of specific indicators for interest rate, refinancing, and foreign currency risks but mainly measures aimed at improving the domestic market the minimum requirements for the first dimension are not met. Therefore, the dimension is rated as D. This is the same rating as in the previous DeMPA.

Dimension 2

Requirement for minimum compliance (C): *The strategy proposal is prepared by the principal DeM entity or, if there is no principal DeM entity, jointly by the DeM entities. The views of the central bank are obtained; the strategy is formally approved; and the strategy is made publicly available, including through publication on official website(s) and in print media.*

The RMDMD has the main responsibility for developing the DMS; the work is conducted closely with FAD and TPAD. In previous years the MMA had been consulted, but in the latest DMS MMA was not involved. The WB MTDS model is used and the capacity within RMDMD is sufficient for operating the model without the assistance of consultants. However, when the analysis is processed further in the MoF most of the original drafting is taken out and the result is the DMS described above, lacking projections and lacking analysis of the cost and risk considerations related with various borrowing strategies, even though the FRA states that such an analysis should be included in the DMS. The DMS is approved by the Minister and presented to the Parliament and made public on the MoF website (together with the Medium-Term Fiscal Strategy).

Since the MMA is not always consulted in the process, the dimension is rated D. At the time of the previous DeMPA no DMS was produced at all and the rating was N/R.

DPI-4 Evaluation of Debt Management Operations

Dimension	Score
1. Quality and timeliness of the publication of a debt statistical bulletin (or its equivalent) covering central government debt, loan guarantees, and debt-related operations.	**D**

2. The presentation and content of an annual evaluation report to the parliament or congress on DeM activities and general performance.	**D**

Dimension 1

Requirement for minimum compliance (C): *A debt statistical bulletin (or its equivalent), with the main categories listed in the "Rationale and background" section of this DPI (with the exception of the basic risk measures of the debt portfolio), is published annually, with debt data that are not more than six months old at the date of publication.*

Debt reporting by the RMDMD has been extensive in terms of outputs but irregular in terms of periodicity and content. The MO used to prepare a quarterly report that included data on total, external and domestic debt stocks statistics, disaggregated by creditor, currency, domestic debt instruments and holder as well as flows. The report also included debt outstanding stocks of external and domestic outstanding guarantees and on-lent loans.

Another example of previous reporting was the annual debt review produced in 2016 for internal use. This report was never uploaded on to the Ministry's website or made available to the general public. It was fairly comprehensive and included the following information:

- Existing legal and institutional arrangements for debt management
- External and domestic debt statistics in terms of stocks and flows
- Guarantees and on-lent (outstanding amounts)
- Risk indicators

Separately, a "Debt Dashboard", a one pager providing information on the main debt indicators in graphs and figures, was being prepared until November 2017. Then, again, this practice was discontinued.

A new statistical bulletin was produced in June 2018 and contained comprehensive coverage of DeM stock and operations. This report is available at the Ministry of Finance's website and includes the following data:

- Total public debt stock - External, Domestic and Total (evolution from 2016 – 2018) and ratios to GDP
- Activities undertaken during the last six months- Issuing bonds.
- External Debt: stocks and flows
    - By creditor
    - Currency
    - Disbursements (during 2018)
    - Debt service (during 2018 and comparison with by-yearly data for 2016 and 2017)
- Domestic Debt: stocks and flows
    - By instrument (short and long term)
    - Debt service (2016-2018)

    - By holder
- Guarantees – Total amount outstanding
- On lent – total outstanding
- Risk indicators
    - Refinancing risk: Debt maturing in 1yr (percent of total); Debt maturing in 1 year (percent of GDP); Average Time to Maturity (ATM) of External Portfolio (years); ATM of Domestic Portfolio (years); ATM Total Portfolio (years);
    - Interest rate risk: Average time to refix (ATR) (years); Debt refixing in 1 year (percent of total); Fixed rate debt (percent of total);
    - Exchange Risk: foreign currency debt as percent of total debt; and short-term foreign currency debt as percent of usable reserves;
    - Sovereign credit rating by international credit agencies

This report, however, does not include data on loan guarantees that are decomposed by type of loan (creditor, residency classification, instrument, currency, interest rate basis, original, and residual maturity) and does not show how much has already been amortized and therefore does not meet the minimum requirements for this dimension. The score for this dimension is therefore a D. The score in the previous evaluation was also a D because an annual statistical bulletin was not being prepared.

Dimension 2

Requirement for minimum compliance (C): *A report (or section of a wider report) providing details of outstanding government debt and DeM operations is submitted annually to the parliament or congress and is also made publicly available.*

Currently, there is no reporting to the People's Majlis that provides a comprehensive analysis of DeM operations conducted the previous year.

The FRA obligates the Government to submit a Medium-Term Fiscal Strategy Statement and a Medium-Term Debt Strategy Statement to the People's Majlis before the end of July every fiscal year (see DPI 1). Every year, the MO prepares an update of the Medium-Term Debt Strategy which is sent to the People's Majlis jointly with the Fiscal Strategy. The debt strategy is part of the document called "Fiscal and Debt Strategy" and includes a review of the details of the debt portfolio at the end of 2017 and the debt position in mid-2018, and the strategy for debt management for the period 2019-2021. The Fiscal section, prepared by FAD, includes the debt service payments done during the previous year, the disbursements received and, as is the case of last year, the private placement of a bond.

The Fiscal and Debt Strategy document, which is publicly available at the Ministry's website, includes a short analysis of the stocks of domestic and external debt numbers, the measures undertaken during 2017 to implement the strategy, as well as suggested steps or measures to be undertaken during 2018 to continue implementing the strategy. The report does not include any analysis of the DeM operations conducted during the year, the type of sources used for financing, the funds secured and the economic sectors to which these were channeled to, the issuance or repayments of Government's guarantees. Furthermore, there is no analysis being submitted to People's Majlis regarding comparing stated objectives vs. results.

Additionally, on a yearly basis, RMDMD prepares a summary of DeM operations undertaken during the previous year and sends it to the Ministry's Corporate Affairs Department in order to be consolidated into the Ministry's annual report to the President's office and the People's Majlis. It includes the annual report on new loans, on-lending and guarantees issued during the year. It also covers all disbursements and debt outstanding as well as matured loans. This report cannot be used to fulfil this dimension's requirements because it is not made publicly available.

Since the report submitted to People's Majlis does not contain the details of DeM operations conducted during the previous year and therefore it does not meet the minimum criteria for this dimension. The score for this dimension is therefore a D. This dimension received a score of C in the last evaluation.

DPI-5 Audit

Dimension	**Score**
1. Frequency of financial audits, compliance audits, and performance audits of the central government as well as publication of the external audit reports	**D**
2. Degree of commitment to address the outcomes from internal and external audits	**N/A**

Dimension 1

Requirements for minimum compliance (C): *An external financial audit of DeM transactions is undertaken annually. External compliance audits have been conducted in the past two years. Audit reports are publicly available within six months of completion of the audit.*

According to the Constitution (2008), the Auditor General is appointed by the President (Art. 210) after its candidacy is approved by the Parliamentary majority. The Auditor General (AG) shall be appointed for one term of seven years[18]. The Auditor General's responsibilities and powers include:

(a) audit the accounts, financial statements and financial management and prepare and publish reports on all Government ministries; departments operating under Government ministries; other government agencies and offices; among others.
(b) in addition to the institutions specified in article, any other institution or organization required by law to be audited by the Auditor General.

[18] The appointment may be renewed for an additional term of not more than five years in accordance with the statute relating to the Auditor General, by a resolution passed by a majority of the total membership of the Parliament (People's Majlis).

(c) Subject to law, the Auditor General may audit, report on and publish the accounts, financial statements and financial management of any institution primarily funded by the State and any business entity, in which shares are owned by the State.

The Audit Act (AA) was passed by the Parliament in 2007, and first AG was appointed in 2008. In 2010, the first financial audit was conducted.

According to the AA (Chapter 8), AG has the right to audit financial statements of government entities and agencies. In addition, AG can conduct compliance and performance audits, as well as special audits for fraud activities.

Since inception of the audit function, AG has conducted regular financial audits. The office undertakes annual financial audits of about 37 accountable government agencies, including ministries and selected statutory institutions. Each agency must produce and submit its financial statement for audit by March 31. The AG office is required to produce financial audit by May 31. Such annual financial audits are also prepared for the MoF's annual financial statements, including verification of the accounts for debt payments, disbursements and outstanding debt. Delivery of the financial audit reports may be delayed from time to time due to high volume of submissions and limited staff. Each financial report includes recommendations, but there is no systemic monitoring of compliance, nor is there strict requirements for audited agencies to respond and comply with recommendations.

In addition, the MoF must produce consolidated annual financial statement by April 14, and the financial audit has to be finalized and submitted to President, Parliament and MoF by June 14 on an annual basis[19]. In practice, however, such audit has not been introduced yet.

Separately, the AG must conduct financial and compliance audits of government debt (including guarantees). The last available audit report of government debt was delivered to the President and Parliament in March 2018 and covers fiscal year 2013. In parallel, the AG is starting to work on the 2016-2018 financial and compliance audit of government debt.

There is an internal audit office at the MoF, but there have been no audits on debt management conducted yet.

While external financial audits are undertaken annually, DeM transactions are not subject to an in-depth external audit. Also, financial and compliance audits of debt and guarantees is conducted with significant delays. There is no performance audit of government DeM activities. Therefore, the minimum requirements for the first dimension are not met, and the first dimension is scored "D". The evaluation results did not change compared to the earlier DeMPA assessment.

Dimension 2

Requirements for minimum compliance (C): *The relevant decision makers produce a management response to address the outcomes of the internal and external audits of government DeM activities.*

[19] Consolidated financial statement includes: central government, local governments and autonomous agencies.

The second dimension assesses the degree of commitment to address the outcomes from internal and external audits.

Since the external and internal audits have not made any remarks on DeM activities the GoM commitment to address the findings cannot be assessed. Thus, the dimension is rated N/A. This is the same rating as in the previous DeMPA.

4.2 Coordination with Macroeconomic Policies

DPI-6 Coordination with Fiscal Policy

Dimension	Score
Dimension 1: Support of fiscal policy makers through the provision of accurate and timely forecasts on total central government debt service under different scenarios	**D**
Dimension 2: Availability of key macro variables, an analysis of debt sustainability, and the frequency with which it is undertaken	**D**

Dimension 1

Requirement for minimum compliance (C): *As part of the yearly budget preparation, forecasts are provided on total central government–debt service.*

FAD is responsible for the preparation of the Medium-Term Fiscal Strategy and the annual Budget. The projections of the debt service information in these documents are prepared by the RMDMD (BO) using the terms and conditions on existing debt in the CS-DRMS and assumptions for expected new borrowings. The forecasts do not include sensitivity or scenario analysis. The mission analyzed the forecasting errors for the debt service estimates in the annual Budgets for the period 2016-2018, see Table 1, and found that the forecasts are not very reliable. The largest forecasting errors, in percent, are associated with external interest payments and domestic principal payments.

Table 1. Projections and actuals for debt service, MVR

	2016	2017	2018
External debt			
Budgeted			
- Principal	1,063,720,946	1,059,329,745	1,123,724,000
- Interest	456,329,056	412,211,255	318,197,611
Actual			
- Principal	1,078,942,381	1,049,242,205	1,102,762,470
- Interest	147,889,558	303,285,619	516,844,616
Discrepancy			
- Principal	1%	-1%	-2%
- Interest	-209%	-36%	38%
Domestic debt			
Budgeted			
- Principal	136,504,267	2,241,408,044	1,060,023,599

Interest	943,981,992	999,160,928	1,118,324,702
Actual			
- Principal	155,686,982	1,160,502,488	552,977,631
- Interest	1,237,145,911	1,101,065,664	1,086,006,660
Discrepancy			
- Principal	12%	-93%	-92%
- Interest	24%	9%	-3%

Source: RMDMD

The forecasting errors for external interest payments are said to be due to the disbursements for the Velana International Airport Development Project plus a few other loans in the pipeline that did not develop as planned. For the domestic projections, the forecasting errors are largely because of lack of a borrowing plan and uncertainties regarding the financing requirements at the stage of preparing the budget.

Due to the large forecasting errors the authorities do not meet the minimum requirements for the first dimension and the score is D. This is the same rating as in the previous DeMPA.

Dimension 2

Requirement for minimum compliance (C): *Key macro variables (actual outcomes and forecasts) and a DSA that has been undertaken by the government within the past three years are shared with the principal DeM entity (or DeM entities).*

FAD is also tasked with the main responsibility for the macroeconomic forecasting underlying the Medium-Term Fiscal Strategy and the annual Budget. Other actors in this process are MMA, the National Bureau of Statistics (NBS) and the Maldives Inland Revenue Authority (MIRA). Together they constitute the working group for the Macroeconomic Policy Coordination Committee. The National Bureau of Statistics and MIRA mainly provide actual historic data whereas FAD and MMA conduct the forecasting. The forecasting is focused on GDP and inflation and does not include other macroeconomic variables such as consumption, wages sums, exports and imports. MMA is responsible for inflation forecasting whereas the responsibility for forecasting the various economic sectors contribution to GDP is shared between FAD and MMA. The working group presents their analysis to the Macroeconomic Policy Coordination Committee, which includes the Minister and the Governor. The data is shared with other entities in the MoF, including the RMDMD. FAD has the ambition of starting to conduct DSA analysis also and plans to do so this year. So far, the DSA analysis has been conducted by IMF supported by data provided by FAD and RMDMD.

Since the Government is not preparing a DSA the minimum requirements are not met for this dimension. The score is therefore a D. This is the same rating as in the previous DeMPA.

DPI-7 Coordination with Monetary Policy

Dimension	Score
Dimension 1: Clarity of separation between monetary policy operations and DeM transactions	**D**
Dimension 2: Coordination with the central bank through regular information sharing on current and future debt transactions and the central government's cash flows	**B**
Dimension 3: Extent of the limit of direct access to financial resources from the central bank	**B**

Dimensions 1

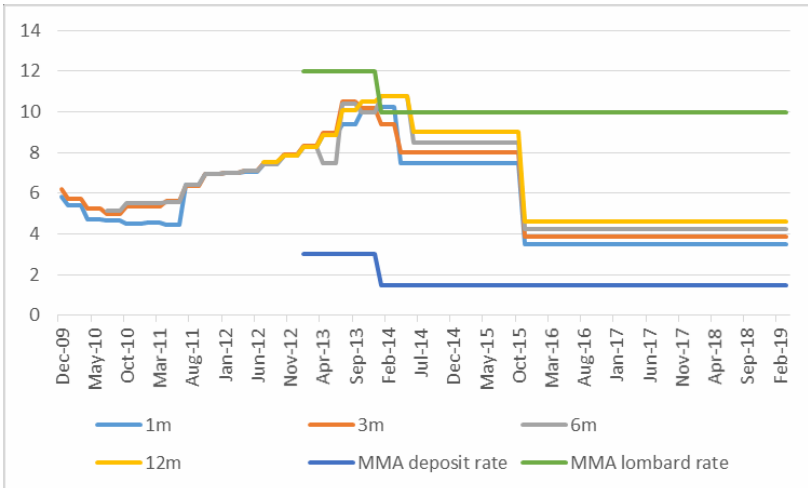
Requirement for minimum compliance (C): *Monetary policy operations are kept formally separate from DeM transactions insofar as the central bank carries out DeM transactions as an agent of the central government. In addition, the central bank keeps the government and the market informed when transactions are undertaken for monetary policy purposes and when it transacts in the market as an agent on behalf of the central government.*

The MMA acts as the fiscal agent and undertakes other financial agency works for the GoM according to the MMA Act. The operations are conducted under an agency agreement (not made public) between the GoM and the MMA. According to agreement the GoM appoints the MMA to issue and sell government securities as its agent. MMA may play an advisory role to GoM on securities related issues. MMA will also act as paying agent and maintain the securities depository. GoM will also deposit its funds in the MMA. MMA provides an overdraft on the main bank account.

The bulk of domestic borrowing is conducted through Treasury Bills (T-bills) with maturities of 1, 3, 6 and 12 months. Issuance is conducted as tap issuance plus as private placements, where the interest rate is not public. Traditional bonds and Islamic Instruments are issued on private placement basis. The T-bill tap issuance is conducted weekly. The Financial Controller decides after the meeting of the Cash Flow Committee, on the volumes to issue on tap to a predetermined interest rate. The interest rates have been the same for 3.5 years. Since the price is determined in advance the volumes cannot be effectively controlled. In practice the issued volume is equal to the volume demanded and not the offered volume.

The current practice of issuing T-bills through predetermined prices started in 2014; before the issuances followed auction procedures. Due to gradually increased interest rates in the auctions, see Figure 2, the authorities started to use the tap issuance procedure instead. The interest rates were advised by the MMA. Since then the interest rates have been effectively controlled at a lower level than before. However, it is also obvious that T-bills issuances are serving both fiscal policy and monetary policy purposes. The commercial banks the mission met clearly stated that the interest rates are policy rates by the MMA. IMF has a similar view. In the 2017 Article IV report IMF stated that "Monetary policy remains accommodative. The MMA has kept the minimum reserve requirement (MRR) rate at 10 percent and administered yields on Treasury bills and bonds."

Figure 6. Interest rates on T-bills and MMA facilities, percent



Source: MMA

Thus, since there is an inadequate separation between monetary policy operations and DeM transactions the minimum requirements for the first dimension are not met. The score is therefore D. The DeMPA requirements for this dimension were not drafted in the same way when the previous DeMPA was conducted. The scoring of this dimension therefore cannot be compared with the previous mission´s assessment.

Dimension 2

Requirement for minimum compliance (C): *When relevant for monetary policy implementation, there is at least monthly information sharing on current and future debt transactions and central government cash flows with the central bank.*

There are currently two cash flow committees being operational; one internal for the MoF meeting weekly, considering the cash situation and discussing the issuance of T-bills, and one external cash management committee that at one point had meetings monthly but is now supposed to be meeting quarterly instead. This external committee includes representatives from MMA and MIRA. Through the latter committee MMA is informed about the GoM cash flow forecasts including the debt service and new borrowings. However, MMA is also getting cash flow actuals and forecasts including debt transactions weekly for a month ahead on a weekly basis from TPAD. This is used by MMA in its weekly liquidity forecasting framework. MMA considers the government revenues being the main forecasting problem and it is further magnified by uncertainties in how much of the revenues will be collected in MVR and USD respectively. The currency separation is important in the MMA’s liquidity forecasting.

Since there is weekly information sharing between the MoF and the MMA on current and future debt transactions and other cash flows the requirements for a rating of B are met. Higher requirements are not met since this information is not shared on a daily basis. The previous DeMPA gave a score of D for this dimension since no cash flow forecasts were provided to MMA.

Dimension 3

Requirement for minimum compliance (C): *Access to financing from the Central Bank has a ceiling limit imposed by legislation*

Previously, the GoM utilized the Ways and Means facility in the MMA to a large extent to get advances. The MMA Act includes a flexible provision that the MMA may "make temporary advances to the Government as may be agreed"; and without any limits. However, the GoM has become more restrictive on this issue. In the 2013 FRA it is stated that "The Government can borrow from the Central Bank as an advance, with the condition that the amount is repaid within 91 days, and not below the prevailing market interest rate. Such borrowing should not exceed 1% of the average revenue of the past 3 years. " The MMA has proposed to include a similar clause in the MMA Act. The proposal is currently being considered by the Attorney General. In practice the GoM has been restrictive on using overdrafts from the MMA. During the last couple of years, no advances have been outstanding at the end of the year and during 2017 the overdraft was only used a few times. Currently the advances are not used at all. Instead the Treasury operations are conducted using surplus cash in MMA. Should there be a need for additional financing not covered through the weekly T-bill auctions, additional T-bills are issued as private placement, or a demand draft facility utilized in a commercial bank.

The legal provisions in the FRA, and the adherence to it, imply that the requirements for a score of B are met for this dimension. Higher requirements are not met since that would require prohibition of advances altogether or restriction to the use of it to emergency situations. The previous DeMPA assigned a score of D for this dimension since at that time the FRA was not in place.

4.3. Borrowing and Related Financing Activities

DPI-8 Domestic Borrowing

Dimension	Score
1. The extent to which market-based mechanisms are used to issue debt; the preparation of an annual plan for the aggregate amount of borrowing in the domestic market, divided between the wholesale and retail markets; and the publication of a borrowing calendar for wholesale securities	**D**
2. The availability and quality of documented procedures for borrowing in the domestic market and interactions with market participants	**D**

Dimension 1

Requirement for minimum compliance (C): *The central government raises funds domestically using market-based instruments to fund the projected borrowing requirement. An annual borrowing plan for the projected aggregate amount of domestic borrowing—divided between the wholesale and retail markets and other sources—is prepared. In addition, a borrowing calendar that contains issue dates and instruments for wholesale securities for the following month is prepared and published at least one week ahead of the start of the month.*

The government issues three types of securities - treasury bills, treasury bonds and Islamic securities:

- Treasury bills (T-bills) with maturities of 28-day, 91-day, 182-day and 364-day that are issued on a discount -basis;
- Treasury bonds (T-bonds) with medium to long-term debt securities (5-8 years) with bullet redemptions and bearing quarterly, semi-annual or annual coupons; and
- Islamic securities that are in compliance with Islamic Shari'ah concepts.

The lion's share of T-bills issuance is denominated in MVR, but there are also securities outstanding denominated in USD or with MVR-payments linked to the USD.

Funding operations can in principle take place by auction, tap or private placement. In practice, T-Bills denominated in MVR have been issued via taps, whereby terms are fixed in advance. All other instruments have been issued on a private placement basis, whereby the terms were privately negotiated between an investor and the Government.

Funding operations are usually announced by the MMA each Wednesday following a formal funding request from the government, signed by the Financial Controller, on the day before. A day after the announcement, on Thursday, the MMA informs the government of preliminary interest. The actual funding operation takes place on Sunday mornings. The bidding period closes at noon, after which the amounts offered for each maturity are presented to the government. In general, on the government side, it is the Financial Controller who then formally decides on acceptance of the bids. Investors and, within the MoF, the RMDMD (BO) are subsequently informed by the MMA about the results and the auction results are published on the MMA website on the same day.

Since June 2014, the auction system, the market-based mechanism, where eligible investors are invited to submit competitive bids, has not been used. Since then, the weekly funding operations were done through fixed-rate taps at which interest rates have been set at the same rate for each maturity. Since November 2015 the rates have been fixed at, respectively 3.50 percent for 28-days, 3.87 percent for 91-days, 4.23 percent for 182-days and 4.60 percent for 364-days T-bills.

As a result of keeping interest rates on T-bills fixed, the government has had no control over the proceeds of its funding operations in the primary market. Market forces were further restricted by the government's decision to always accept all bids of market participants, in all circumstances, even if the bid amounts surpassed the amount offered. To deal with the erratic tap results, the government decided to keep additional cash buffer at the MMA and arranged overdraft facilities with commercial banks as well as selling of T-bills on a private placement basis.

The market is informed about the volumes the government is planning to issue five days before every tap-issue. However, a publicly available monthly or quarterly borrowing calendar is missing. Furthermore, the government does not publish an annual borrowing plan at the beginning each year.

The minimum requirements are not met as domestic borrowing is not undertaken using market-based mechanisms to fund projected borrowing needs; there is not an annual borrowing plan for projected issues in different segments, and there is no publicly available borrowing calendar for the following month. In the previous DeMPA the rating was also a D.

Dimension 2

Requirement for minimum compliance (C): *Borrowing procedures for all domestic borrowing as well as terms and conditions and criteria for access to the primary wholesale market and retail market are provided in print media or on the central government or the central bank web sites.*

On the websites of the MMA and the Government the general borrowing procedures for domestic borrowing, the terms and conditions of the securities and the criteria for eligibility to access the primary market are provided.

After the weekly tap-issue has been announced, MMA interacts with market participants (via telephone and email) to gauge interest for new issues. The indicated bid amounts are shown to the government but do not impact decision making. Auction and tap results are published on the website of the MMA.

In general, private placements are related to projects of SOEs' funded by the central government and, from time to time, for cash management needs. The process of awarding private placements to lenders is not transparent, nor do private placements have the transparency of tap-issues since the agreed terms are not published.

The government (represented by the members of the CFC) and the MMA discuss matters related to the funding of future cash needs in the External Cash Flow Committee. Anticipated demand of market participants for government securities has seldom been a topic in these discussions. The meetings were held monthly, but in the last meeting held in early 2019 it was decided to reduce the number of meetings to four a year.

A structural approach to exchange views with market participants is missing.

While borrowing procedures as well as terms and conditions of tap-issues are provided on the web sites of the MMA and the government, the agreed terms and conditions and the borrowing procedures for private placements are not publicly available and therefore the minimum requirement for the second dimension is not met. The rating of the previous DeMPA was an A as, at that time there were no private placements of government securities.

DPI-9 External Borrowing

Dimension	Score
1. Documented assessment of the most beneficial or cost-effective borrowing terms and conditions (lender or source of funds, currency, interest rate, and maturity) and a borrowing plan	**D**
2. Availability and quality of documented procedures for external borrowings	**D**
3. Availability and degree of involvement of legal advisers before signing of the loan contract	**A**

Dimension 1

Requirements for minimum compliance (C): *A yearly borrowing plan for external borrowing is prepared and assessments of the most beneficial or cost-effective terms and conditions for external borrowing that are obtainable from potential creditors and markets are conducted annually.*

RMDMD is the principal department within the MoF charged with external borrowing. Since the beginning of 2019, its activities also include preparing government guarantees. In addition, the RMDMD is responsible for managing the operational and administrative aspects of projects that are funded by external lenders. The latter represents a large part of the workload.

Involved line ministries forward their funding requests for new projects to the RMDMD FO. As a rule, the projects are directly tied to a funding proposal of a specific lender. Since the FO is organized by lender, in practice the involved external lender submits the draft loan agreement to their contact person, who checks if internal approvals for the project are received and then circulates the draft loan agreement for comment to the legal department of the MoF, the respective line ministry and RMDMD MO. The latter makes a financial evaluation of the terms and conditions (all-in cost for the borrower, debt service, grant element), comments are compiled, and a final draft is negotiated with the lender. The final document together with the legal opinion of the Attorney General and the financial evaluation of the RMDMD MO are then submitted to the Minister for signing. Well within the 3 weeks of signing required by their procedures, RMDMD FO enters all loan details in the CS-DRMS system. The BO verifies the input and handles disbursements and debt servicing payments.

RMDMD FO maintains a project pipeline of approved projects. On request, the BO of RMDMD prepares a list with expected disbursements of external borrowing for the coming year as input for the budget process. However, a yearly borrowing plan and assessments of the most beneficial or cost-effective terms and conditions for external borrowing the underlying projects is missing.

The evaluation by the MO is limited to establishing all-in-borrowing costs. Apart from the impact of the new loan to the debt to GDP-ratio, no further quantitative evaluation of the cost/risk trade-off is made. A thorough cost/risk evaluation was not done before the government decided to access the international markets with its debut sovereign bond issues in 2017 (after it had applied for a sovereign credit-ratings from Moody's and Fitch), even though, the MO of RMDMD was member of an ad hoc team for the issuance.

As there is no systematic cost benefit analysis undertaken for upcoming external borrowing, the minimum requirements for this dimension are not met and it is rated D. The rating of the previous DEMPA was 'A' as systematic cost benefit analysis for upcoming projects was part of the borrowing procedures at that time.

Dimension 2

Requirements for minimum compliance (C): *Adequate and readily accessible internal documented procedures exist for all external borrowings, including from international capital markets, and contain the requirement to enter all financial terms of the loan transaction into the debt recording system within three weeks of signing.*

The Operational Manual for the RMDMD stipulating the procedures and tasks of the FO, MO and BO was last updated in February 2019 and contains a detailed description of steps to be carried out by these units for processing external loan borrowings, international market issues, and guarantees.

While in practice external borrowing procedures are generally carried out following the internal procedures manual (see Dimension 1), this was not the case for a USD 800mln loan supplied by India Exim Bank, which was executed in March 2019, as the required analysis of the financial terms and conditions and the legal verifications were conducted after the terms and conditions were already agreed.

Although, according to procedures, the MO of RMDMD, should be asked for a financial evaluation of new external borrowings, the documented requirements are weak. A thorough quantitative analysis of the loan risks is missing, such as the impact on key interest rates- and refinancing risk parameters and the debt service profile, or a quantification of the exchange rate risk for borrowings in a foreign currency.

The updated operational manual now includes the procedures for government bond issuances in the international market for the first time. RMDMD is given a central role in the execution. The process should however be seen as a general guideline and has not yet been tested. Furthermore, a deficiency in the procedures for international issues is the absence of a requirement for a thorough cost/risk analysis nor is there a reference made to a medium-term debt strategy.

Internal documented procedures exist for all external borrowings, including from international capital markets, they are not adequate as the financial evaluation should be more comprehensive, nor have they always been carried out.

Therefore, the minimum requirement is not met, and this dimension scores D. The previous score was also 'D', however for a different reason. At the time no funding was done via the international markets, but the deficiency was that terms sheets were not prepared within three weeks of signing a loan; in the current setup this has been resolved.

Dimension 3

Requirements for minimum compliance (C): *Legal advisers approve all clauses of the legal agreements before concluding the negotiation process.*

In practice the procedure is followed that the legal department of the MoF is involved throughout the borrowing process. It reviews and comments on all external loan agreements. Loan agreements are submitted for approval to the Minister with an opinion of the Attorney General.

Legal advisers are consulted from the first stage of the negotiating process to the conclusion of the legal agreements related to the borrowing and therefore all requirements for this dimension have been met and the score is an A. The previous score was C as legal advice was not part of the procedure when negotiations were held outside the Maldives.

DPI-10 Guarantees, On-lending and Debt-related Transactions

Dimension	**Score**
1. Availability and quality of documented policies and procedures for approval and issuance of the loan guarantees	**D**
2. Availability and quality of documented policies and procedures for on-lending of borrowed funds	**D**
3. Availability of a DeM system with functionalities for handling derivatives and availability and quality of documented procedures for the use of derivatives	**N/A**

Dimension 1

Requirement for minimum compliance (C): *There are documented policies and procedures for the approval and issuance of loan guarantees.*

The government guarantees 25 loans (24 external and 1 domestic) with an original outstanding value of USD 1.38 billion and MVR 3.0 million respectively (data cut off is end 2018). Although the MoF has produced a set of documented policies and procedures[20], these are not deemed adequate for properly managing government guarantees.

The process to request a government guarantee is as follows: when a SOE needs a guarantee to borrow, a request is submitted to the MoF together with the required documents that provide information on the soundness of the SOE and information with regard to the guarantee. This is an

[20] Guarantee Issuance Policy dated 13 August 2017 and its amendment.

established procedure in the Guarantee Issuance Policy dated 13 August 2017 and the list of documents is available to all borrowing entities. Between 2012 and 2017 it was the RMDMD which was in charge of the processing of the guarantee application when this responsibility was transferred to Public Enterprises Monitoring (PEM). This year, this responsibility was again brought back to the FO at the RMDMD which will now coordinate and process this type of applications. After assessing the guarantee request (described below) is undertaken, a recommendation to issue or not to issue the guarantee is submitted to the Minister of Finance and it is the President that gives final approval.

The Government polices guiding the issuance of guarantees are included in the Guarantee Issuance Policy (2017). The policy limits eligibility to receive Government guarantees to SOEs and companies registered or reregistered in Maldives for the purpose of carrying out GoM priority projects. Nevertheless, in practice, SOEs are approached by Government to undertake specific projects and a guarantee is issued to the beneficiary company to implement the project. The Policy also limits, albeit very liberally, the sectors for which a guarantee can be issued such as Tourism Sector Development Projects and Social Housing Projects as well as any other projects that GoM decides to support. The MO at the RMDMD reviews the financial terms of the loan to make sure that the interest rate of the loan agreement between the company and the financing entity does not exceed 3.5 percent.

The policy document also details the documentations companies should submit along with the request for a guarantee and the criteria to use to exclude companies to be granted the guarantee. The analytical part for analyzing the financial standing of the SOE is undertaken by the PEM and submitted back to the FO (as stated in the new procedures manual). The project feasibility study is reviewed and assessed by the line ministries in charge of the sector involved. There have recent been cases where, even though both departments, the RMDMD and PEM have recommended against issuing a guarantee, it has been granted by the Ministry. Furthermore, although the policy document states that a guarantee fee of 1 percent of the total amount guaranteed is to be paid prior to guarantee issuance, and an additional MVR 170,000 is to be charged for due diligence and administration cost, these charges have never been requested by the Ministry of Finance. Lastly, a 0.25 percent of the guaranteed amount is to be payable annually as administrative fee, which have also never been applied by the Ministry. When issuing guarantees, there is no contract signed between the MoF and the beneficiary and it is assumed that the Government Policy document will guide the financial relationship between the two parties. Therefore, there is actually no contractual obligation on the part of the beneficiary to pay any charges to Government for the guarantee.

According to the Policy document, if a company cannot make one loan repayment, the MoF should be informed by both creditor and beneficiary. In these cases, any payment made by the MoF due for a guarantee because of lack of capacity of the beneficiary to service it, becomes a debt between MoF and the beneficiary and a payment agreement needs to be signed. In practice, whenever a SOE has been unable to make payment, Government has made a capital injection into the company so that they can service their financial obligations. In these cases, the guarantee should be classified as direct debt instead.

The policy document regarding the issuance of government guarantees, is supported by some procedures contained in the procedures manual prepared by the RMDMD in January 2018 and updated in February of this year. The section on guarantees is one page describing the different steps the guarantee application must follow but it is not supported by any description of the analysis and assessment that are needed to be undertaken during the process.

The minimum criteria for this dimension are not met because of the lack of adherence to the policy instructions because charges are not collected from beneficiaries and guarantees have been issued against the recommendation of RMDMD and PEM. Furthermore, the procedures manual does not include steps or tasks to be undertaken in order to carry out the necessary analysis when a request for guarantees is received. The score therefore, is a D. The score in the last evaluation was a C as the policy and procedures existing at the time were deemed to meet the minimum criteria.

Dimension 2

Requirement for minimum compliance (C): *There are documented policies and procedures for the approval and on-lending of borrowed funds.*

Much as in the case with the process for issuing government guarantees, a policy document "On-lending Policy" to guide on-lending operations was prepared in 2016 and a set of procedures developed in 2018. These also are deemed not to be adequate to steer on-lending operations.

The policy document only includes the different rates to apply for the on-lent loans and does not include when to on-lend, who would be entitled to receive the funds, for what purposes, the terms and conditions with regards to the "mother loan".

The policy document regarding the on-lending process, is supported by some procedures contained in the procedures manual prepared by the RMDMD. The section on on-lending is also a one page describing the different steps the borrower must follow to benefit from the funds, but it is not supported by any description of the analysis and assessment that are needed to be undertaken during the process.

The minimum requirement for dimension two is not met as specific policies under which on-lending can occur are not specified, and there are no clearly documented procedures for the RMDMD. The score is therefore a D. The score in the last evaluation was a C because, at the time, the existing policy and procedures were deemed to fulfill these requirements.

Dimension 3

Requirement for minimum compliance (C): *There is a DeM system with functionalities for handling derivatives. In addition, there are documented procedures for the use of derivative transactions.*

Financial derivatives are not used, and the dimension is not applicable, N/A.

4.4. Cash Flow Forecasting and Cash Balance Management

DPI-11 Cash Flow Forecasting and Cash Balance Management

Dimension	Score
1. Effectiveness of forecasting the aggregate level of cash balances in government bank accounts	**A**
2. Decision of a proper cash balance (liquidity buffer) and effectiveness of managing this cash balance in government bank accounts (including the integration with any domestic debt borrowing program, if required)	**D**

Dimension 1

Requirement for minimum compliance (C): *Reasonably reliable monthly aggregate forecasts of cash inflows and outflows and cash balances on central government bank accounts are produced for the budget year and are made available to the DeM entity. In addition, the cash balance forecast is updated monthly.*

TPAD is responsible for accounting and cash management including e.g. banking arrangements and cash flow forecasting and is also involved in domestic financing. The Treasury arrangements have been significantly improved lately. Thus, the SAP (IFMIS) is available in real time for all government agencies. The system covers the entire expenditure chain from commitments to final accounting. A TSA has been established with a main bank account in the MMA. The spending units have direct access to the account through the SAP. Thus, the spending limits are managed through the SAP and not through the bank accounts. According to the authorities the stock of domestic contractors' arrears have been largely paid back. An unusual feature is that the Treasury only executes payments on Mondays and Wednesdays.

The cash flow forecasting is done on a daily basis for the entire year. It is based on annual revenue forecasts from MIRA on a weekly basis updated quarterly, information from the Budget, SOEs and RMDMD and analysis of historical payment patterns. Information from the SOE unit on requests from the SOEs are also important for the cash flow forecasts. The cash flow forecast also includes the financing items, i.e. it includes a borrowing plan, produced together with RMDMD. However, currently the details of the borrowing plan are not finalized.

A daily cash report is produced for the management of MoF. The report includes the bank balances (also the external reserves), the government cash flows (both actuals and daily forecasts for the week and updated forecasts for the month). The report also includes cleared arrears and committed payments.

Another report is produced to the weekly Cash Flow Committee meeting with a focus on next week and the cash issues arising as well as the proposed T-bill issuance for the following week. The cash flow forecast also includes an update of the cash flow forecast for the entire year; the main updating concerns the very short-term perspective relating to payments to the SOEs.

The main cash flow forecasting problems are said to be related to the expenditures and mainly the expenditures for the SOEs. The mission analyzed the monthly forecasts and actuals for revenues and expenditures, see Figure 7.1-7.2.

Figure 7.1. Revenues, MVR million

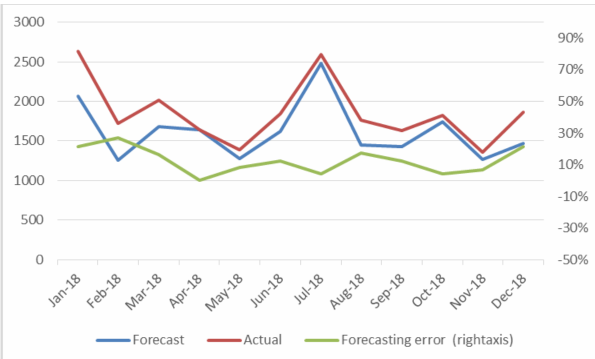
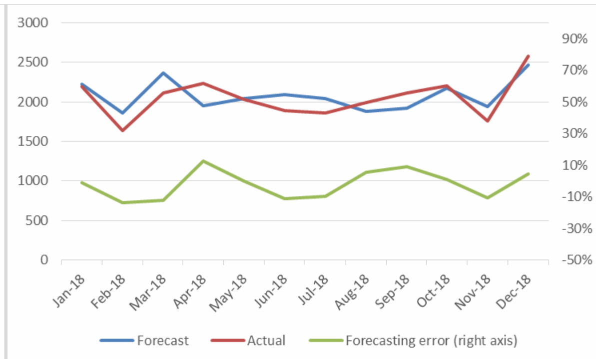


Figure 7.2. Expenditures, MVR million



Source: TPAD

The mission considers that the monthly forecasts of revenues and expenditures and the resulting balances as reasonably reliable; only for a few revenue observations the forecasting errors exceed 15 percent and never for the expenditures. Since the forecasts are conducted on daily basis for the entire year the highest requirements are met for this dimension. The score is A. The previous DeMPA assigned a D for the corresponding dimension due to poor cash flow forecasting. Since then the cash flow procedures have been completely upgraded.

Dimension 2

Requirement for minimum compliance (C): *The central government manages its cash in excess of the target on at least a monthly basis through investment in the market or with the central bank at market rates.*

The issuance of T-bills currently follows a roll-over practice, modified if needed to handle larger cash needs. Thus, the issuances are not directly influenced by the cash flow forecasts. Due to the tap procedure with predetermined interest rates it is also difficult to raise the intended volumes. The mission analyzed the auctions undertaken during 2019 and found significant differences between offered and issued volumes (the issued amount was always equal to the demanded amount), see Figure 8.1-8.5. However, the differences were smaller on aggregate basis.

As a consequence of the roll-over practice and the difficulties in getting the targeted volumes the GoM has to rely on other financing options also in the form of additional T-bills issued as private placement or a demand draft facility utilized in a commercial bank. Currently, the GoM also maintains relatively high cash reserves amounting to MVR 1-2 billion (1.3-2.5 percent of GDP), although there is no explicit cash balance target. The cash reserves are not remunerated by the MMA.

Since the volumes in the selling of T-bills are not directly calibrated to meet cash flow needs and since the cash balances are not remunerated the minimum requirements are not met for the second dimension of this indicator. The score is therefore D. The previous DeMPA also scored this dimension a D.

Figure 8.1. T-bills 1 month, MVR million

Figure 8.2. T-bills 3 month, MVR million

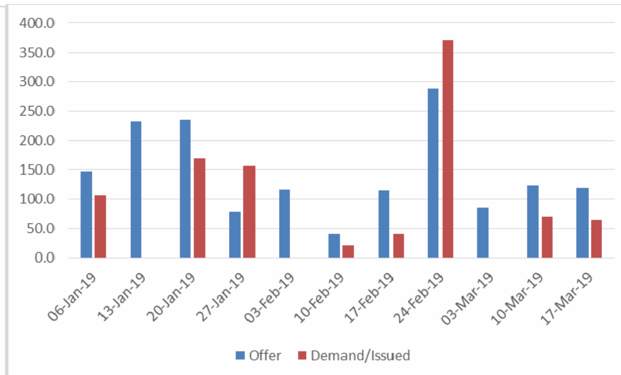


Figure 8.3. T-bills 6 month, MVR million

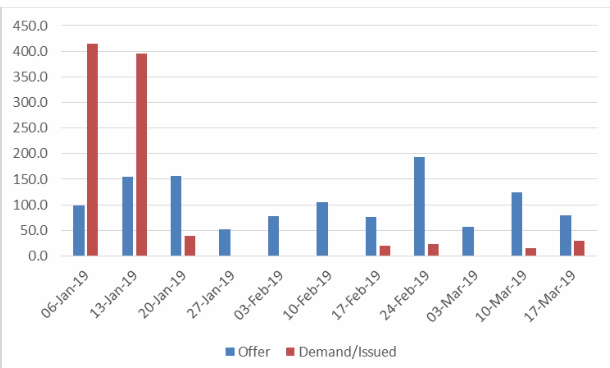


Figure 8.4. T-bills 12 month, MVR million

Figure 8.5. T-bills total, MVR million

Source: MMA

4.5. Debt Recording and Operational Risk Management

DPI-12 Debt Administration and Data Security

Dimension	Score
1. Availability and quality of documented procedures for the processing of debt-related payments	**D**
2. Availability and quality of documented procedures for debt and transaction data recording and validation, as well as storage of agreements and debt administration	**D**
3. Availability and quality of documented procedures for controlling access to the central government's debt data recording and management system and audit trail	**D**
4. Frequency and off-site, secure storage of debt recording and management system backups	**C**

Dimension 1

Requirement for minimum compliance: *There is an adequate and readily accessible procedures manual for the processing of debt service payments which requires that (a) all payment notifications be checked with internal records before payments are made, (b) internal payment orders be subject to a minimum two-person authorization process, and (c) the payments be made by the due date.*

Process 3.3 in the Manual of 2019 regulates the way external debt service takes place. It details the various tasks that need to be performed daily by the staff responsible for debt servicing at the BO. However, internal payment orders are not prepared electronically throughout the process. At the beginning of the process, the designated staff prepares the payment order in paper form. It is this paper payment order that is checked and later approved by the head of the BO. After it has been authorized by the Treasury and checked by other sections of the MoF, the payment order is sent to MMA to be executed.

The procedures manual was prepared in January 2018 and was formally reviewed and updated according to the restructuring of the RMDMD in February 2019 and approved by the head of RMDMD

For domestic debt service, payments are credited to instruments holders' accounts automatically and a notification is sent to the BO at RMDMD. Process 3:14 then specifies the steps to be followed to verify and record payments from MMA advises including bank charges and any other charges. Although not clearly stated, this process is understood by staff to apply for external as well as for domestic debt and it is undertaken on a daily basis. The process, however does not include commercial bank loans

The procedures manual, however, does not include processes related to any Islamic instruments and therefore its coverage is deemed not to be complete. The minimum requirement for this dimension is therefore not fulfilled and at score of D is given. The score in the last evaluation was a C because no Islamic instruments were issued at the time.

Dimension 2

Requirement for minimum compliance: *There are readily accessible procedures manuals for debt data recording and validation, as well as for storage of agreements and debt administration records, which require that (a) accuracy of debt data entries be separately checked before the entries are deemed to be completed; (b) debt data be constantly validated against received payment notifications; (c) all original, signed copies of loan and derivative agreements be stored and filed in a secure location where the documents are protected from incidents such as theft, fire, flood or other incidents that may damage or destroy any of these records; and (d) all debt administration records be kept in a secure filing system.*

Process 1.6 in the newly updated procedures manual regulates the steps to be followed for inputting new loans and instruments into CS-DRMS. These procedures are in addition to the ones available to users of the CS-DRMS. They do not, however, include any guidance as to the necessary steps that are needed in order to validate the data related to any new loan that has been inputted into the system. It outlines the procedure for debt recording and describes the tasks to be performed on a daily, weekly, monthly, and annual basis to record DeM operations. After payment is made, and a debit note and copy of payment is received from the MMA, it is entered into CS-DRMS and filed. The CS-DRMS is updated when a credit advice is received from the creditor and cross checked with MMA debit advice. On an annual basis, accounts are reconciled against debit and credit advices received from creditors and the MMA.

Process 3.15 in the manual does provide guidance in terms of storing debt records and new loan agreements, including the scanning and storing of the electronic copies into the Ministry's drive.

All original signed copies of external loans are filed in metal cabinets in the RMDMD floor. They are protected from theft by the security measures at the building entrance and a metal cabinet which is locked. This cabinet is fire resistant, but not fire proof, and is not flood proof. Other debt administration records are stored in bookshelves in open spaces in the Ministry and are unprotected. However, recently signed documents are scanned and stored electronically in the server which mitigates the resulting operational risk. Furthermore, the procedures manual does not include Islamic instruments and therefore its coverage is not complete.

Due to the lack of procedures for validating the new contracted loans and the weak security of storage of data administration records, the minimum requirements for dimension 2 are not met and a score of D is given. The score at the previous evaluation was also a D.

Dimension 3

Requirement for minimum compliance: *There are documented procedures for controlling access to the central government's debt recording and management system.*

The new Procedures' Manual finalized by RMDMD in February 2019 includes a section (Process 3.16: Access to CSDRMS) that regulates the issuance of access codes to the debt recording system. Table 2 below provides a description of the type of access provided to the different staff and their authorization.

Table 2. Access controls to the debt recording system

Type of Access	Given to	Remark
Administrator	Department Head Back Office Head	Allowed to edit and authorize.
Editor	All RMDMD staff	All editing will be subjected to authorization by Back Office Head or Department Head
Viewer	All RMDMD staff	

Source: RMDMD and MoF.

The existing procedures, as described in the manual, are limited to describing the type of accesses to the CS-DRMS system available, but it does not contemplate important actions such as what steps to follow when issuing passwords to new staff, terminating access for departing staff, how to change access rights. Access control to the debt recording system as described in the Procedures Manual is not, in fact, followed. The staff with access rights as administrator (and therefore to edit and authorize) is wider than indicated, and includes two other staff in the BO as well as the head of the MO. Consequently, the fact that there are 5 administrators with authority to edit and validate might increase the operational risk associated with accessing, editing and making changes to debt records. Therefore, the adequacy of the manual does not meet the minimum requirements for this dimension and the score is D. The score in the previous evaluation was also a D, because there was no password access procedure established for users of CS-DRMS at the time.

Dimension 4

Requirement for minimum compliance: *Debt recording, and management system backups are made at least once per month and stored in a separate secure location where they are protected from incidents such as theft, fire, flood or other incidents that may damage or destroy any of these back-ups.*

The backup of the debt recording system takes place once a month and it is sent to a separate location to host all government critical information systems. The building is called National Centre for Information Technology (NCIT) and was built purposely for serving as back up site and was built fire, theft and flood proof. The backup facility has security measures that include entry with magnetic card and finger print scanning, it is protected against fire by CO2 gas hoses and it has raised floors and it is housed on the second floor of a building to protect it against flooding and up to a medium size Tsunami. Lastly, it has its own generator in case of power failure and its own batteries to properly function up to 12 hours in case of a generator failure. There are plans, starting in June this year, to increase the frequency to carry out the back up on a weekly basis.

The back-up frequency of the debt recording system to an off-site and secure location is on a monthly basis and therefore the minimum requirements for this dimension are met and the score is a C. The score in the previous evaluation was a D because the Ministry was not using at that time the NCIT facility.

DPI-13 Segregation of Duties, Staff Capacity, and Business Continuity

Dimension	**Score**
1. Segregation of duties for some key functions, as well as the presence of a risk monitoring and compliance function.	**D**
2. Staff capacity and human resource management	**D**
3. Presence of an operational risk management plan, including business continuity and disaster recovery arrangements	**D**

Dimension 1

Requirement for minimum compliance: *There is clear separation between the debt managers with the authority to negotiate and contract, those responsible for arranging payment, and those responsible for recording and accounting for these transactions. The staff members entering data and checking data entries in the debt recording system are different as well as to ensure that there is a separate risk monitoring and compliance function.*

RMDMD FO mandate is focused on official contacts with the donors, project management and to a less degree on external borrowings and guarantees. In practice, this comprises mainly concessional based project lending. Related to this part of debt management the segregation between FO and BO is adequate. As soon as loan documents are signed, the FO enters all loan agreement details in the CS-DRMS system. The BO performs an independent verification.

The major part of the BO function is traditional administrative functions of a BO: verification of contract information entered by the FO and initiating payments. All is done according to the "four-eyes" principle, whereby the head of the BO signs-off on the accuracy of the records entered by the FO. However, contrary to the organizational setup of external borrowing, the BO enters the transaction in the system for domestic borrowing; confirmation is also done by the BO, but by another set of staff members. Debt service payments on domestic securities are managed by the MMA, which has a standing order via the Agency Agreement.

When Islamic instruments are issued, BO does the coordination of negotiations and is arranging various approvals, while it also is engaged in recording Islamic instruments and initiating the payment instructions the BO. The requirement of a segregation of duties between FO and BO is therefore not met.

The function of risk monitoring and compliance lies with the MO. However, its influence in the decision making is weak. This can be partly attributed to the absence of an integrated approach to external-, international markets- and domestic borrowing, and the absence of formalized quantitative debt management risk-limits to which the risk officers would be able to refer. The only formal risk-limit it can refer to, the debt to GDP limit, is not a debt management limit, but a fiscal limit not under control of debt management.

While there is in general a separation of duties between staff responsible for loan negotiation and preliminary contract data entry and those responsible for BO tasks of verification and initiating payments for most government borrowings, this is not the case for Islamic borrowings. Therefore, the score for this dimension is a D. The score was the same in the previous DeMPA.

Dimension 2

Requirement for minimum compliance: *There are sufficient and adequately trained staff members with formal job descriptions that are reviewed and updated periodically.*

Following the previous reorganization in 2015, many qualified and experienced staff left. Of the twenty positions in the new organogram of RMDMD, still seven are vacant and some positions are only filled with temporary staff. The shortage of staff represents a major operational risk. The situation is probably most critical in the MO which has an occupancy of only one person, whereas four persons were foreseen.

Expectations are that the vacancies will not be filled soon. Constraints are the availability of budget and office space, and the difficulties to attract qualified staff. In addition, FO staff spends a large amount of time on tasks not related to debt management but related to activities being the central vocal point of the government for all external lenders and associated tasks such as organizing meetings with lenders, forwarding requests to lenders of other departments, ensuring periodic progress reports are made, etc.

Furthermore, despite its sensitive position in the finance chain, there are no separate code-of-conduct or conflict-of-interest guidelines for RMDMD in place, apart from the general code of conduct for all civil servants. Also, while there are formal job descriptions, given a lack of budget and the heavy work load of the staff, the opportunity for training has been minimal nor are there individual training and development plans.

There are not sufficient and adequately trained staff members in all sections of the RMDMD and therefor this dimension scores a D. The score was the same in the previous DeMPA.

Dimension 3

Requirement for minimum compliance: *There is a written business-continuity and disaster-recovery plan.*

Data security aspects are managed better now than before, see previous indicator. However, there is still no business continuity and disaster recovery plan, despite the experience of the tsunami and massive earthquakes in the region. There is no established procedure for what staff should do in case of a flooding, fire, extended blackouts, pandemic, or other events that make it impossible to conduct normal operations. There is no temporary office that is predetermined where staff can report in case of these events.

This dimension is scored D, due to absence of any disaster recovery and business continuity plan of the MoF even though back-up procedures have been improved. This is the same rating as in the previous DeMPA.

DPI-14 Debt Records

Dimension	**Score**
1. Completeness and timeliness of central government records on its debt, loan guarantees, and debt-related transactions	**C**
2. Complete and up-to-date records of all holders of government securities in a secure registry system, if applicable	**D**

Dimension 1

Requirement for minimum compliance: *There are complete debt records within a three-month lag for central government domestic, external, and guaranteed debt, as well as all debt-related transactions, including past debt relief and debt restructuring.*

The BO is in charge of maintaining an up to date debt recording system. Since the last assessment in 2009, the CS-DRMS V2.2 system has been upgraded and all external, domestic and government guarantees have been uploaded to the system. Although the FO would input the terms and conditions for new external loans (99 in total plus a Eurobond) immediately after the signing of the loan agreement, the BO validates the information and takes over the tasks to update all of the debt transactions associated with the loans. They receive disbursement notifications directly from the creditors and communicate accordingly to the Project Monitoring Units. Records are thereafter updated within three days. There is one creditor, the Saudi Fund, which interacts at a slower pace with the BO in terms of reporting debt related operations and therefore its records sometimes take up to a month to be updated. Debt service payments are introduced into the system as soon as a confirmation of the outflow is received from the MMA. The BO, on a yearly basis (January), conducts a reconciliation exercise of all outstanding external loans with the creditors as well as domestic loan creditors. The same procedure applies to domestic debt. The Public Debt Management Department (PDMD) at the MMA notifies, every Tuesday, on the Sunday's auction results and domestic debt service payments made and the information is inputted into the system by BO.

With regards to the data on Government guarantees (25), they have recently been inputted into the debt recording system. The staff at the BO receives the information from both the creditor and the beneficiary of the guarantee, and the system is updated accordingly. These reports on status and transactions are submitted on a quarterly basis and therefore the debt recording system for guarantees lags three months. Records for on-lending operations are still kept in Excel spreadsheet, but they are expected to be uploaded into the system during this year. In addition, Islamic instruments are also kept at an Excel sheet as they cannot be entered into the existing version of CS-DRMS system. They are up to date.

Since there are complete records within a three-month lag for central government domestic, external, and guaranteed debt, as well as all debt-related transactions, the score for this dimension is a C. The score at the previous evaluation was a D because, at the time, domestic debt had not been uploaded into the debt recording system.

Dimension 2

Requirement for minimum compliance: *The registry system has up-to-date and secure records of all holders of government securities.*

The registry system for recording domestic debt holders is kept at the PDMD at the MMA. It is divided into four separate sub-registries for each type of domestic debt: Treasury Bills, Treasury Bonds, Shariah compliance instruments, and domestic debt instruments issued in USD. All four sub-registries are currently kept in Excel spreadsheets in the department's computer drive, with no security access codes and therefore are deemed not to be secured. They are updated after each auction once the MMA has deducted the purchasing amounts from the bidder's account. Delivery of the security takes place immediately after payment has taken place. The records are kept up to date. The MMA is currently working on the development of a Central Depository System that will take over the Registry functions and it is expected to be operational at the end of this year. On a quarterly basis, the PDMD issues account statements to all registered holder of Government Securities informing them of their balances. Currently, there is no secondary market in the Maldives although trade among holders is allowed after approval from the MMA which records the new holder of the security. This process, however, does not take place often and the authorities reckon it only has happened twice since 2009.

The registry, as part of the MMA's records does undergo financial auditing on a yearly basis, by external and internal auditors, although no performance auditing to assess internal controls and management of operational risk has ever been performed.

Since the registry system is deemed not to be secure and no performance auditing has ever been performed the score for this dimension is D. This is the same score obtained in the previous DeMPA assessment.

Annex 1: Meetings held during the DeMPA mission

Time	Meeting	Venue
	Wednesday March 20, 2019	
9:30 – 10:00	Minister of State for Finance (Mission Kick Off)	MoF
10:00-11:00	Resource Mobilization and Debt Management Department (management)	MoF
11:00-12:00	RMDMD, middle office (all staff)	MoF
13:15-15:00	RMDMD, back office (all staff)	MoF
	Thursday March 21, 2019	
9:00-11:00	RMDMD, front Office (all staff)	MoF
11:00-12:00	Fiscal Affairs Department	MoF
13:00-14:00	Treasury and Public Accounts Department	MoF
14:30-15:30	Auditor General's Office	Audit Office
	Sunday March 24, 2019	
9:00 -12:00	Maldives Monetary Authority	MMA
14.00-15.00	Bank of Maldives	BML
16:00-17:00	State Bank of India	SBI
	Monday March 25, 2019	
9:00-10:00	Human Resources Unit, MoF	MoF
9:00-10:00	Information Communications Technology Unit, MoF	MoF
10:00 – 11:00	Public Enterprises Monitoring, MoF	MoF
12:30 – 13:00	Financial Controller	MoF
13:00 – 14:00	Internal Audit Section, MoF	MoF
13:30 – 14:30	Ministry of Planning and Infrastructure	MNPI
	Tuesday March 26, 2019	
10:30 – 11:30	WB Public Finance Management Systems Strengthening Project, Project Management Unit	MoF
11:30 – 13:00	RMDMD Head	MoF
14:30 – 15:00	Ministry of Foreign Affairs	MFA
16:00 – 17:00	Attorney General's Office	AGO
	Wednesday March 27, 2019	
08:30 – 09:30	Maldives Monetary Authority (follow-up)	MMA
11:00-14:00:00	RMDMD (preliminary findings)	MoF
15:00-18:00:00	WBG/final presentation/CMU	WBG
	Thursday March 28, 2019	

08:30 – 11:00	RMDMD (next steps)	MoF
12:00 – 13:00	Minister of Finance (Mission Wrap Up)	MoF
14:00 – 17:00	DeMPA/Reform plan log-frame	WBG

Annex 2: List of officials met

Name	Designation	Organization
Ismail Siman	Senior State Attorney	Attorney General's Office
Hussain Niyaazy	Assistant Auditor General	Auditor General’s Office
Maqbool Khalid	Director – CDR	Auditor General’s Office
Mohamed Shan	Manager	Auditor General’s Office
Ahmed Samih	Manager	Auditor General’s Office
Nandana Senevirathne	Chief Financial Officer	Bank of Maldives
Kuldip Paliwal	Director of Business	Bank of Maldives
Muna Ibrahim	Executive Director	Maldives Monetary Authority
Ahmed Imad	Executive Director	Maldives Monetary Authority
Fathimath Faisha	Manager	Maldives Monetary Authority
Aminath Ivan	Manager	Maldives Monetary Authority
Anees Mohamed	Deputy Manager	Maldives Monetary Authority
Raseena Majeed	Assistant Manager	Maldives Monetary Authority
Aminath Sunooha Ali	Monetary Analyst	Maldives Monetary Authority
Mohamed Imthinan Saudulla	Research Assistant	Maldives Monetary Authority
Ibrahim Ameer	Minister of Finance	Ministry of Finance
Ismail Ali Manik	Minister of State for Finance	Ministry of Finance
Ahmed Shareef	Minister of State for Finance	Ministry of Finance
Fathimath Razeena	Financial Controller	Ministry of Finance
Maryam Abdul Nasir	Chief Resource Mobilization and Debt Management Executive	Ministry of Finance
Ahmed Siraj	Secretary General	Ministry of Finance
Hawwa Safna	Chief Funds Executive	Ministry of Finance
Aminath Nashia	Resource Mobilization Executive	Ministry of Finance
Fathimath Mohamed Didi	Debt Management Executive	Ministry of Finance
Shurufa Abdul Wahid	Debt Management Executive	Ministry of Finance
Haseena Mohamed	Human Resource Executive	Ministry of Finance
Saifulla Ahmed	Assistant Debt Management Executive	Ministry of Finance
Fathmath Azharee	Assistant Debt Management Executive	Ministry of Finance
Zahidha Mahmoodh	Assistant Resource Mobilization Executive	Ministry of Finance
Hussain Irufan Ahmed	Assistant Funds Executive	Ministry of Finance
Shifna Ali	Assistant Fiscal Executive	Ministry of Finance
Aishath Hasna Ahmed	Assistant Fiscal Executive	Ministry of Finance
Samau Wafir	Debt Management Analyst	Ministry of Finance
Aminath Imaha	Resource Mobilization Analyst	Ministry of Finance

Ahmed Rasheed	Resource Mobilization Analyst	Ministry of Finance
Mohamed Zaahy	Resource Mobilization Analyst	Ministry of Finance
Aishath Shadhin Jameel	Assistant Resource Mobilization Officer	Ministry of Finance
Aminath Shaan	Assistant Resource Mobilization Officer	Ministry of Finance
Mariyam Nashfa	Assistant Resource Mobilization Officer	Ministry of Finance
Ahmed Nabihu Mohamed Naeem	Assistant Auditor	Ministry of Finance
Mariyam Shakir	Human Resource Officer	Ministry of Finance
Mohamed Vishal Waheed	Computer Technician	Ministry of Finance
Hawwa Rishda Mohamed	Project Coordinator	Ministry of Finance
Abdulla Razy	Training Director	Ministry of Finance
Abdulla Nafiz	Financial Management Consultant	Ministry of Finance
Aishath Nashath	Project Administration Consultant	Ministry of Finance
Mohamed Azad	SOEs Financial Consultant	Ministry of Finance
Mariyam Shawadhin Abdulla	Legal Consultant	Ministry of Finance
Ismail Riza	ABAP Associate	Ministry of Finance
Dr Asim Ahmed	Ambassador-at-Large	Ministry of Foreign Affairs
Javed Faizal	Additional Secretary	Ministry of Foreign Affairs
Asheer Abdul Azeez	Director	Ministry of Foreign Affairs
Abdul Waris Saeed	Director	Ministry of Foreign Affairs
Ahmed Salman Zaki	Assistant Director	Ministry of Foreign Affairs
Anwar Ali	Deputy Director General	Ministry of Planning and Infrastructure
Mohamed Imad	Chief Project Analyst	Ministry of Planning and Infrastructure
Zeeniya Riyaz	Senior Project Analyst	Ministry of Planning and Infrastructure
Mariyam Hussain	Assistant Project Officer	Ministry of Planning and Infrastructure
Dheeraj Kumar Gaur, FRM	Chief Operating Officer	State Bank of India
Pankaj Kumar Chauhan	Senior Vice President	State Bank of India