

**A REVIEW**

**OF**

**U.S. ASSISTANCE TO THE MALDIVES**

**(1970-1992)**

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### I. Purpose of the Paper:

The purpose of this paper is to review lessons-learned in the delivery of U.S. assistance to the Maldives during 1970-1992 and to examine the country's current development context.

### II. The Setting:

The Maldives is a nation of 1,190 coral islands, comprising 26 natural atolls, spread out over 41,500 square miles of the Indian Ocean, but with a total land area of only 115 square miles (see Annex A for map of the Maldives). The islands are grouped administratively into 19 atolls and Male, the capital city, for a total of 20 administrative units. Two hundred and two of the islands are inhabited and another 73 formerly uninhabited islands have been developed into tourist resorts. The population is estimated at 213,000 (1990). Of that total, 58,000 live in Male, which is the country's center of government, economic, cultural, social and political life.

The origin of the Maldivian people is not known. It is believed that the islands were inhabited as early as the 5th century B.C. with the original settlers being Aryan people who emigrated from India and/or Sri Lanka. Over the centuries the country's strategic location along the old Indian Ocean trading routes provided economic opportunities. Recognizing their mercantile imperative, Maldivians became excellent traders. Arab, Dravidian, East African and European merchants generated commerce and introduced ethnic strains that have contributed to the formation of the ethnically unique Maldivian people of today. The predominant language is Dhivehi, which is related to Sinhala. Islam was adopted by the country's ruler (Sultan) in 1153 and today all Maldivians are Moslem. The Islam religion forms an integral part of present-day Maldivian society.

The Maldives came under Portuguese rule for a seventeen-year period from 1558 to 1575. From 1887 to 1965 the country was a protectorate of the British Government, although the nation maintained full internal self-governing status while Britain was responsible for defense and external affairs. The country became fully independent on July 26, 1965. The Sultanate (there had been a total of 93 Sultanates since the introduction of Islam) was abolished and the Maldives became a Republic on November 11, 1968.

### III. Framework for Economic Management:

Maumoon Abdul Gayoom has been the President since 1978. The Legislature (the Majlis) contains 48 members. Eight are appointed by the President and 40 are elected; two from each of the 20 administrative units. Each unit is headed by an Atoll Chief appointed by the President. Each inhabited island in an atoll has an Island Chief, who is an elected official. Atoll Development Committees and Island Development Committees were formed in 1979. Both consist of appointed and elected membership and are chaired by the Atoll and Island Chiefs, respectively. Coordination of these development committees, including coordination with other ministries in Male, is the responsibility of the Ministry of Atolls Administration.

Economic policy-making and coordination is vested in the Cabinet of Ministers, which is presided over by the President, and is answerable to the legislature. The execution of economic affairs rests with: the Ministry of Planning and Environment, which is responsible for development planning, environment protection and statistics; the Department of Finance, which performs treasury functions; the Foreign Ministry's Department of External Resources, which is responsible for coordinating foreign assistance; and the Maldives Monetary Authority, which performs central banking functions.

#### IV. Structure of the Economy:

The country's economic growth rate over the last five years has been quite impressive -- an average of 10% per year. The per capita income is estimated at \$600 (1991). Tourism, fisheries and shipping constitute the principal economic base of the Maldives. Poor soils and the limited land area severely limit the potential for agricultural development. The bulk of manufacturing output consists of cottage industries, boat building and repair, and a few small food and beverage enterprises. The only exceptions are the export-oriented tuna cannery, a mica fabrication plant in Male and four relatively small garment factories on Gan Island in the south.

Nearly 50% of the total GDP originates from tourism, fisheries and shipping. Although tourism surpassed fisheries in the late 1980's as the primary source of foreign exchange earnings, fisheries is still the mainstay of the economy and plays an important social role in Maldivian society. About 30,000 people, or 45% of the country's labor force, work in the fisheries sector catching fish or in related activities such as net-making, drying, salting, canning and boat making and repair.

The tourism sector (150,000-200,000 tourists annually) now accounts for nearly 20% of GDP (1989). Approximately 5% of the labor force is employed in tourism, which has also created employment opportunities in supporting services, such as transportation, hotel catering services, construction and simple engineering services (e.g., refrigeration, power generation equipment maintenance and repair, motor boat maintenance and repair and electrical equipment maintenance and repair). The significant gains in tourism, however, have been a bittersweet experience. Although the expansion was financed almost entirely from private resources, there have been major drawbacks. First, since the Maldives' investment laws offer little protection, domestic and foreign investors seek a return on their capital in the shortest possible time -- encouraging a level of disregard for the environment and longer term development issues. Second, nearly all the food, beverages, supplies and equipment for the tourist sector have to be imported and many expatriates are needed to manage hotels or provide support services (e.g., nearly all food service and bar staff are from Sri Lanka and many hotel managers and water sports organizers are from Europe or Japan). Therefore, the overall value-added due to tourism is not as high as anticipated. Third, some conservative Maldivians are raising concerns about tourists "corrupting" the Maldivian society. The government, therefore, restricts tourist travel to designated resort islands. Fourth, and perhaps the most serious problem of all, the massive expansion of the tourism sector has led to major environmental problems (coral destruction, solid waste disposal problems, etc.).

#### V. Major Development Issues:

Both the First and Second National Development Plans contain general macroeconomic national development goals (e.g., improve living standards, more balanced development and greater self-reliance) but lack a clear strategic framework and investment plan. The Plans, in short, leap from an initial statement of goals to detailed descriptions of proposed projects without the

benefit of a critical intermediate step -- a strategic framework to give overall direction and establish linkages. The Plans also lack an investment plan to weigh the advantages or disadvantages of various investment options by sector or program. It should be noted, however, that the document prepared by UNDP for use at the Maldives Roundtable Meeting (RTM) in Washington, D.C. in October, 1991 presents an excellent strategic "road map" for the GOM and donors to study. Furthermore, in a positive vein, it should be noted that the Third Plan published in late 1991 is a substantial improvement over the First and Second Plans -- it contains a more comprehensive strategic focus and clearer linkages between development goals and programs and projects proposed to achieve those goals. Finally, the Third Plan includes an explicit statement of the GOM's intention to accelerate the pace of economic, political, social and administrative reforms.

On the formal education side, in spite of significant investments, the situation remains dismal. For example, the number of "A" level (high school) graduates actually decreased from a total of 33 in 1984 to 25 in 1987. Although the number of graduates in the last few years exceeds the 1984 level, the pool of candidates available for overseas undergraduate or specialized training is still inadequate. (Note: There are no colleges or universities in the Maldives.)

There is also an issue with individual access to and control of resources. The current administrative system is cumbersome and does not currently encourage active civic participation. Also, the institutional framework for economic growth adopted by the GOM has hindered accelerated development of the outer atolls -- a major goal in the First, and Second and Third Plans. As a result, the relatively prosperous Male Atoll has been favored and economic development and government services to other atolls were either limited and/or ineffective.

On the environmental side, an adequate system is not yet in place to monitor implementation of the country's environmental policies. This is critical, as the needs are pressing -- the country's fragile coral reef, diverse and unique marine resources, and terrestrial ecosystems are threatened from the hazards of rapid growth of the tourism sector and the heavy migration from the outer islands to the capital of Male. The current major environmental problems are coral mining (black coral jewelry is a favorite among tourists); pollution of the sea with raw sewage; solid waste disposal, often directly into the ocean; dredging activities; reef cracking; and severe overcrowding in the capital of Male.

It would not be too extreme to say that the Maldives' very survival hinges on it taking concrete steps to protect its environment. The country's 1190 islands, with an average elevation of 5 feet above sea level, represent less than 2% of the total area of the country. The surrounding reefs protect the islands against the swells, currents and waves of the Indian Ocean. Thus, the global warming issue notwithstanding, the continued destruction of fragile Maldivian coral reefs could lead to further shoreline erosion and destruction of infrastructure.

## VI. Past U.S. Assistance to the Maldives

A) Background on Establishment of U.S. Assistance Program: In response to appeals from the GOM, the World Bank and UNDP in the early 1970's and in the interest of broadening U.S.-Maldivian cultural, trade, political and economic relationships, the U.S. examined a range of assistance possibilities. The relatively small size of the country precluded the assignment of resident staff or the establishment of a direct bilateral assistance program. It was decided, therefore, that assistance would be provided via intermediaries, such as PVOs or universities. PL480 resources, however, were to be directly managed by USAID/Sri Lanka with support from the Economic Counselor in Colombo and the Agricultural Counselor in New Delhi. Military

assistance is coordinated by the Defense Attache's Office in Colombo.

USAID Development Assistance (DA) was provided via three modalities: (a) via grants to PVOs under the regionally-funded Asia Bureau PVO Co-Financing project (primarily IHAP, Save The Children and Asia Foundation) to initiate integrated development programs or carry out third-country training (primarily headmasters training under grants to the Asia Foundation); (b) short-term training and technical assistance funded under AID centrally-funded projects; and (c) funding of scholarships for undergraduate training at the American University of Beirut (AUB). Food assistance provided to date has been entirely PL480, Title I.

B) Major Categories of Prior Assistance: The first recorded U.S. assistance to the Maldives was in 1970 when two Maldivian students received AID scholarships for undergraduate studies at AUB. Since the inception of the U.S. assistance program, over \$5 million in U.S. economic and military assistance has been provided to the Maldives. A breakdown is as follows:

<u>Type of Assistance</u>	<u>Amount (\$000)</u>
<b>Development Assistance</b>	
PVO Grants for Integrated Atoll Development	1,153
PVO Grants for Third Country Training (Headmasters)	180
OEF Survey of Needs of Outer Islands' Women	83
American University of Beirut Scholarships	356
<b>Food Aid</b>	
Title I	2,725
<b>Disaster Relief Assistance</b>	
Disaster Relief Grants	350
Disaster Preparedness Technical Assistance	30
<b>Military Assistance</b>	
Health Sector Support	70
Int'l Military Education & Training (IMET)	130
<b>TOTAL</b>	<b>5,077</b>

C) Assistance Experience and Lessons Learned:

1) Assistance Via Voluntary Agencies:

International Human Assistance Programs, Inc. (IHAP): The first AID-funded integrated atoll development project, totalling \$653,000, was initiated by IHAP in the Raa Atoll (atoll of 90 islands 161 kilometers northwest of Male). The grant duration was from September 1981 to February 1985 and the objectives were to: (a) improve the standard of living in the atolls by implementing activities in the areas of education, health, agriculture and income generation; (b) assist local organizations in becoming self-sustaining; and (c) serve as a pilot project in determining the effectiveness of the community-based integrated development approach.

The end of project evaluation (February, 1985) indicated that the project had mixed results. The project was labelled as overly ambitious in that it covered too many sectors. And, the project objectives were vague and, therefore, could not be easily measured. The project manager, however, recognizing this problem early in the life of the project, undertook a baseline survey in consultation with the beneficiaries. Subsequently, the highest priorities were established and an implementation plan was prepared.

The major difficulties cited in implementing the project were: (a) administrative (namely conflicting priorities among different government entities) and logistical (primarily problem of 1190 islands spread over several thousand square miles; and inadequate or underdeveloped private sector supply system for goods and services to the outer islands); and (b) problems and conflicts between government "prescribed" priorities and what the beneficiaries wanted. For example, the government wanted a highly visible "showcase" activity and the project manager, therefore, eventually acceded to the construction of a hospital. However, at the same time, the project manager secured approval to move forward on construction of a water tank, which represented a clear desire on the part of the beneficiaries and also conformed with the government's development objective of increased access to safe drinking water. Further on the positive side, the evaluation was replete with references to the enthusiasm and self-help spirit on the part of the beneficiaries, and this was cited as a major factor in the sustainability of the project. The most noteworthy of the sustainable activities was an innovative loan program with a repayment rate of 100%. The success of the loan program was attributed to the redefinition of "interest charges" to "service charges" to avoid a theological conflict with Moslem clergymen (the Koran forbids interest charges but not other charges or fees); the selection of specific, clearly agreed upon productive activities for funding (e.g., purchase of a motor for a fishing boat rather than funds for a wedding ceremony); and the selection of community representatives to participate in the loan application review process. The loan program was so successful that it is being replicated in other atolls by the Bank of the Maldives with assistance from the International Fund for Agricultural Development (IFAD), Rome.

Save The Children (SCF): SCF received an AID grant of \$500,000 to carry out an integrated atoll development project in the Haa Alifu Atoll from October 1984 to December 1987. The project objectives were: (a) to strengthen the development needs assessment, planning, implementation and monitoring capabilities for community self-help projects; (b) develop/mobilize human resources for development functions at the island and atoll levels; and (c) to assist local communities in improving social and economic conditions.

The 1987 end-of-project evaluation report indicated that the project was successful in meeting the first objective of increased self-reliance. The project helped GOM ministries improve their delivery of health, water, and educational services. At the same time, the project helped communities improve their skills in planning and implementation of self-help activities. The project met its second objective of disseminating information on nationwide lessons learned by producing a series of booklets on community development and educational practices. The project, however, covered too many sectors (human resource development, water conservation, sanitation, education, health, agriculture, fisheries, private enterprise development, and harbor expansion and improvement) and could not, therefore, address all the sectors equally. Finally, there were occasional misunderstandings and disagreements between SCF and the GOM. Unfortunately, these disagreements continued during the negotiations for a possible follow-on project (mainly over the location for the phase II project). SCF eventually made the decision to not proceed with a follow-on project and closed its office in the Maldives.

The Asia Foundation (TAF): In the Maldivian society headmasters are held in very high esteem. The communities where they serve are isolated not only from Male and the outside world, but also from each other. In this context, the headmaster assumes a greater leadership role in the community than may normally be attributed to a rural educator in another country. He or she is usually the most highly educated person residing in the atoll and therefore, may command as much respect as the Atoll Chief. In the late 1970's, the GOM recognized that headmasters were ideally positioned to serve as catalysts for economic and social change, but few had any training in community education and development. Therefore, to realize their full potential, the GOM established the national development objective of providing leadership training for all headmasters.

From 1979 to 1983, the British Council funded the training in Scotland for the first and second batches of headmasters totalling 18. Based on feedback from the first group, the GOM decided to investigate alternative locations that could offer greater religious, cultural and institutional relevance to the Maldives. In 1981, TAF arranged for two officers from the Ministry of Education to visit potential training institutions in several Asian countries. They recommended Malaysia as the most suitable location because: (a) English was the primary medium of instruction, (b) Malaysian institutions were very responsive, and (c) Islam is Malaysia's primary religion.

During 1985-86, TAF arranged for 8 headmasters to be sent to Malaysia, the third group to be educated abroad. The Government of Malaysia made substantial contributions through its Technical Cooperation Program (MTCP). All logistical arrangements for the participants were made by TAF field offices in Kuala Lumpur and Colombo. The program was repeated in 1987-1990 for a fourth group of 18 headmasters. Ten of the participants were funded via a \$94,000 grant to TAF under the AID Asia Bureau Regional PVO project (398-0251). The other 8 participants were sponsored by the Australian government. In August 1990, USAID/Sri Lanka accepted a TAF project proposal to train a fifth group of 15 headmasters during the period from August 1990 to August 1991. The total cost of the project was \$201,500. Of that amount, AID provided \$85,110 from Democratic Pluralism Initiative (DPI) funds and the balance of \$116,390 was provided by TAF. With the completion of the latter project in late 1991, the GOM met one of the national development goals it established in the late 1970's -- to train all headmasters in the country.

A joint review carried out in 1991 by the GOM and TAF demonstrated an impressive track record for the headmasters training program. Of the 44 men and women trained in earlier groups, 32 were still serving as headmasters. Another nine were serving in other positions within the country's education sector. Only three former trainees have left the education sector.

Overseas Education Fund (OEF): In 1980, AID funded a survey on the status of Maldivian women in the outer atolls entitled "Report on the Survey of Island Women." This was the first report of its kind done in the Maldives and was reportedly quite useful to senior government planners in designing programs to improve conditions for outer island women. UNICEF is currently discussing with the GOM the possibility of carrying out a follow-on survey to determine the extent to which the status of women has improved over the last 12 years and to identify future Women-in-Development (WID) project possibilities.

2) Assistance Via Universities:

American University of Beirut (AUB): In response to a request from the GOM in 1970, AID agreed to fund undergraduate training under the AUB Regional Training project (298-0151). The first two participants began their studies in October, 1970. USAID/Sri Lanka records indicate that since 1970 a total of 36 Maldivian participants started undergraduate studies at AUB. Five of these 36 participants were women. Thirty of the participants, including all five women, completed their undergraduate studies. Two participants failed to demonstrate sufficient academic progress and therefore, their studies were terminated. Another four participants withdrew for personal reasons or to transfer to other universities. Due to security problems in Lebanon, the AID/AUB Regional Training project was eventually phased out. The last of the Maldivians to graduate from AUB under the project returned to the Maldives in July-August 1990.

A breakdown of the 30 graduates by discipline and numbers is as follows:

Agriculture	1
Business Administration	4
Economics	1
Education	14
Engineering	4
Nursing	1
Nutrition	1
Public Administration	2
Public Health	2
TOTAL	30

It is not possible to get precise figures on the cost of training for the 30 Maldivians who received undergraduate degrees or on the costs associated with the other 6 students who did not finish their studies. It is, however, possible to come up with estimates based on AID/AUB documents available in USAID/Sri Lanka files. The total cost per student over the 1970-90 period averaged \$2,000 per year and then allowing for round-trip air fare costs and incidentals, the total cost for four years at AUB would be around \$10,000 or about \$300,000 for the 30 students. It should also be noted that due to the poor English language skills and inadequate preparatory studies, 13 Maldivian students required one year extensions for remedial work. This additional cost is estimated at \$26,000 (i.e., \$2,000/year times 13 students). The cost for the 6 students who did not complete their studies is estimated at half the cost of completing the full four year program (\$5,000/student) for a total of \$30,000, bringing the total cost of the AUB training program for the Maldives to \$356,000.

A review of USAID files indicates that the Maldivian students at AUB faced several obstacles in completing their studies. First, the Maldivian education system did not provide the academic foundation needed to begin undergraduate studies at AUB. The students, however, did overcome this handicap through remedial studies. Second, beginning in the mid-1970's, the security situation in Beirut worsened considerably and therefore, classes were often not held. In fact, in 1976 all AID-funded AUB students were evacuated from Beirut. While students from many countries did not return to AUB, it was reported that all Maldivian students returned to Beirut to resume their studies. In the late 1980's, AID advised all the participants that the AUB Regional Training project was being

phased out, but those students currently on board could complete their studies if they elected to do so. All the Maldivian students advised that they wanted to complete their studies.

AID-funded undergraduate training of Maldivians at AUB is frequently cited by Maldivian officials as the single most important U.S. contribution to the country's development. Many of the AUB graduates returned to assume senior positions in the GOM and, reportedly, used their newly acquired skills to improve policy and program development and implementation. For example, one Business Administration graduate returned to be the Director of Planning in the Ministry of Education and was instrumental in improving planning and management of education sector activities.

### 3) Food Aid

As a result of economic difficulties faced in the early 1980's, the GOM made an appeal to the international donor community for balance of payments support. The U.S. responded with an offer of PL480, Title I food assistance to help finance part (about one-third) of the country's 8,000-11,000 MT annual requirement of wheat. The first PL480 Title I agreement was signed in 1985 for \$1 million worth of wheat and \$500,000 in vegetable oil. In 1986 and 1987, agreements for wheat totalling \$725,000 and \$500,000, respectively, were signed -- bringing the cumulative food aid total to \$2,725,000. In 1988, the GOM again requested \$500,000 in Title I assistance and it was approved. However, late in fiscal year 1988 (July, 1988) the GOM advised that it no longer wanted U.S. wheat because "wheat prices in the U.S. market are now higher than in the open market ...we regret, therefore, to inform that the Government of the Maldives is unable to accept the assistance." Although the GOM advised in the same message that it might be interested in PL480 assistance in future years, the request was not actively considered. There were several reasons for this. First, the GOM did not withdraw its FY88 PL480 request until late in the fiscal year, making it difficult to reprogram the \$500,000 for another country. Second, PL480 procurement arrangements in 1985, 1986 and 1987 were drawn-out. This was in part due to the fact that the Maldives does not have a diplomatic mission in Washington, D.C. Therefore, all procurement, shipping and insurance arrangements were handled by the Maldivian Mission at the United Nations in New York. Third, the Maldives does not currently have adequate grain milling and storage facilities in-country and therefore, the grain procured was milled and stored by Prima Mills, Ltd in Singapore.

All PL480 commodities were sold at commercial rates to the general population by the Maldives State Training Organization. The local currency generated was transferred to the Maldives Monetary Authority and set aside primarily for the fisheries sector. Self-Help measures were designed to support the Asian Development Bank's Island Harbor Development Program. The purpose of the program was to improve year-round exploitation of fishery resources and facilitate inter-island transportation. Harbor basins were deepened and entrance channels cleared for 60 outer islands identified as "growth poles" for the country. Depending on the specific conditions at any given island, the development of harbors involved a combination of the following: (a) dredging of harbor basins, (b) dredging adequate passage through shallow waters, and (c) clearing hard coral for entrance through island reefs.

### 4. Disaster Relief Assistance

In 1987, the Maldives suffered a major tidal wave disaster. The U.S. Ambassador in Colombo declared the situation an emergency and provided a \$25,000 disaster relief

grant to the GOM for immediate assistance to families affected by the disaster. USAID subsequently arranged for central A.I.D. funds to carry out an assessment (by the University of Rhode Island) of the tidal wave disaster and to identify disaster preparedness options that might be employed to lessen the impact of future similar disasters. Reportedly, the GOM found the University of Rhode Island's assessment report to be quite useful.

In May 1991, a major wind storm struck the Maldives. Winds in excess of 90 knots followed by heavy rains damaged over 3,400 homes and left over 24,000 people homeless (or about 10 percent of the country's population). In all, 36,000 people were affected by the storm but, fortunately, no lives were lost and there were few injuries. The agriculture sector was severely affected by the storm, primarily tree (banana, mango, coconut, breadfruit and papaya) and tuber crops (yams and cassava). The fisheries and transportation sectors were disrupted for a few days and the tourism industry was only slightly affected, primarily damage to seawalls at some island resorts. Public buildings and infrastructure, however, sustained major damage.

The donor community's response to the May 1991 storm was rapid. UNDP/Colombo, immediately after learning of the disaster, called a meeting of donor organizations in Colombo to discuss the preliminary information received on the storm and to identify possible responses. During the meeting it became clear that donors needed more detailed information on the extent of the damage and relief needs before making any recommendations to their head offices. The donors subsequently agreed that USAID/Colombo, in cooperation with UNDP/Colombo and UNDP/Male, would carry out an on-the-ground assessment in the Maldives on behalf of the donor community in Colombo. The assessment report did prove to be very useful to other donors in reaching a decision on the types and levels of assistance to be provided. Eventually, more than \$3 million in disaster relief assistance was provided. Of that total, \$300,000 (\$25,000 initially and \$275,000 later) was provided by USAID from OFDA (Office of Foreign Disaster Assistance) disaster funds for housing rehabilitation.

The USAID disaster grant monies, as well as funds from several other donors, were channelled through the UNDP Trust Fund for the Maldives. This mechanism was used because it had the potential of reducing substantially the administrative burden on the GOM. Furthermore, smaller contributions from donors could be consolidated, projectized and managed by UNDP -- the only donor organization with resident staff in Male. This mechanism, however, did lead to some unanticipated problems. For example, shortly after the Trust Fund was fully operational, the GOM forwarded a request to UNDP to change the agreed upon scope from direct assistance to affected families to the repair of public infrastructure. Although this request was clearly outside the agreed upon scope for disaster assistance through the Trust Fund, UNDP forwarded the GOM request on to donor organizations in Colombo. In subsequent discussions with the UNDP representative, he made it clear that he did not think it was appropriate for him to reject this request without first consulting with other donors. Nevertheless, all donors receiving this request sent a negative reply. Clearly this attempt to change the scope of the original donor agreements contributed to unfortunate implementation delays.

##### 5. Military Assistance

Two types of military assistance have been provided: assistance in the health sector from the U.S. Military Pacific Command and training in the U.S. under the International

Military Education and Training Program (IMET). Support for the health sector has primarily been technical assistance and building materials for the construction of rural health care facilities and technical assistance and in-country training to upgrade the skills of health personnel and to expand the in-country capacity for the maintenance and repair of medical equipment. An assessment of this assistance carried out in 1991 acknowledged the valuable contributions made under this program. Concerns were expressed, however, regarding the need for the Maldivian Ministry of Health and the U.S. Military Pacific Command to agree on detailed scopes of work prior to the arrival of medical technical assistance teams. On the question of sustainability, it has been recommended that future teams work with voluntary agencies and Island Development Committees on capacity building so that activities initiated can be continued after the teams depart. Assuming it is consistent with Peace Corps policy, another suggestion is that Peace Corps explore with the Defense Attache in Colombo the possibility of a joint program with the U.S. Military Pacific Command whereby military personnel provide the specialized technical support needed and Peace Corps volunteers undertake follow-on health care activities.

The IMET program provides training for Maldivian military officials in a board range of areas in the U.S. Reports received from GOM officials regarding this program have been extremely positive.

#### VII. Assistance Delivery Considerations:

A) Donor Resources and Coordination: Total Official Development Assistance (ODA) is currently averaging around \$15 million a year. The largest donors are Japan, UNDP (including UNICEF, WHO, FAO and UNCDF), Japan, the World Bank, Germany, Denmark and Saudi Arabia.

The GOM is becoming increasingly concerned about its management of ODA. First, donor levels increased steadily until 1987/88 and have now tapered off. As a result, debt servicing has been claiming an increasing share of donor aid -- currently at one-third of receipts. Second, the large number of donors (20 in 1988 for example) providing relatively small amounts (more than 50% of aid disbursements in 1988 ranged from \$7,000 to \$300,000) of aid has created a heavy administrative burden for the already thin Maldivian bureaucracy. At UNDP-sponsored Roundtable meetings on the Maldives in Colombo and Washington, D.C. in 1991, senior Maldivian government officials underscored their concerns about the management of ODA. They advised that very few donors undertake a systematic program approach to the Maldives; that most aid is on an ad hoc basis; activities are small, diverse and management intensive; and support across sectors has been uneven and government development plans and priorities were not often followed.

B) U.S.G. Administrative and Budgetary Constraints: The American Ambassador in Colombo is also accredited to the Maldives. At this time there are no American employees resident in the Maldives. A Maldivian national serves as the U.S. Consular Agent in Male and handles all communications between the GOM and the U.S. Mission in Colombo. The Consular Agent is supervised by the Political Counselor in Colombo. The Program Office in USAID/Sri Lanka has monitoring responsibility for all U.S. economic assistance to the Maldives.

Aside from the undergraduate training assistance under the AID/AUB Regional Training project, funding and programming for the Maldives has been handled on an ad hoc basis. For example, food aid resources provided were never "on budget" and therefore always came from the PL480 "reserve" allocation. Also, funds provided via

the Asia Bureau Regional PVO project and other regional or centrally-funded projects were never specifically earmarked for the Maldives.

C) Third Country Assistance Options: Sri Lanka and the Maldives have strong economic, cultural and political ties. And, maintaining and/or reinforcing those relationships is the top foreign policy objective of both island nations. In 1988, the Maldives and Sri Lanka signed a Bilateral Trade, Economic and Technical Cooperation Agreement. This agreement, to an extent, formalized the already extensive range of cooperation that existed between the two countries. For example, most of the fruits and vegetables and many spare parts and supplies needed in the Maldivian economy are shipped from Sri Lanka by air daily. Fresh water and a full range of other equipment and materiel are also shipped from Sri Lanka by sea.

Sri Lanka has been a major provider of technical, management and training resources to the Maldives. Most of the expatriates employed in the Maldives are from Sri Lanka. Several Sri Lankan businessmen have established local agents in the Maldives to handle a range of commercial activities. Nearly all of the service and trades people in the tourism sector are Sri Lankan. Most, if not all, of the expatriate primary and secondary school teachers (primarily English teachers) employed in the Maldives are from Sri Lanka; recruited via a unique cooperative agreement between the Maldivian and Sri Lankan Ministries of Education. The process, in short, involves an annual assessment of teacher needs by the Maldivian Ministry of Education. This assessment in turn is forwarded to the Sri Lankan Ministry of Education, which advertises the availability of teaching positions in the Maldives. The Sri Lankan education officials subsequently review all applications received and prepare a short list of candidates for review by Maldivian education officials. These officials then identify candidates on the short list for interviews and select the most qualified candidates. All costs up to the point of departure for the Maldives are borne by the Sri Lankan Government, but all other costs (e.g., airfare, salary, etc.) are borne by the Maldivian Government.

Sri Lanka has also opened up its educational institutions to the Maldives, and once Maldivians are in the system they are generally treated the same way as Sri Lankan citizens (i.e., essentially "free" education). There are, however, housing and incidental costs (e.g., certain books, pencils, paper, etc.) which have to be assumed by the Maldivians. In view of the limited financial resources of the families living in the outer atolls, this has meant that only the wealthier families have been able send their children to Sri Lanka for higher education.

As indicated earlier, the GOM also found the Malaysian government and public and private Malaysian education institutions receptive to Maldivian human resource development needs. Furthermore, the Malaysian government has frequently agreed to fund a portion of the costs of training Maldivians in Malaysia under the Malaysian Technical Cooperation Program (MTCP) -- the Malaysian equivalent of AID. These factors, the relatively low costs associated with training in Malaysia, and the fact that Malaysia is predominantly a Moslem nation weighed heavily in the GOM's and Asia Foundation's decision to send the final batch of headmasters to Malaysia for training under the AID-supported Headmasters Training project.

D) U.S. PVO/University and Other Institutional Resources: A few U.S. PVOs have had on-the-ground experience in the Maldives and have extensive contacts within the Maldivian public and private sectors. Those PVOs are, as mentioned earlier, Save The Children, IHAP and The Asia Foundation (TAF). The latter PVO, however, has had more in-depth experience in the Maldives since it has maintained an assistance program there since the

early 1980's. Also, the GOM has frequently expressed its appreciation for the very positive role TAF has played in the country's development. Finally, on the subject of U.S. institutional experience, Intertect of Dallas, Texas and the University of Rhode Island have had significant prior experience in the Maldives and have provided AID-funded technical assistance in the area of disaster preparedness.

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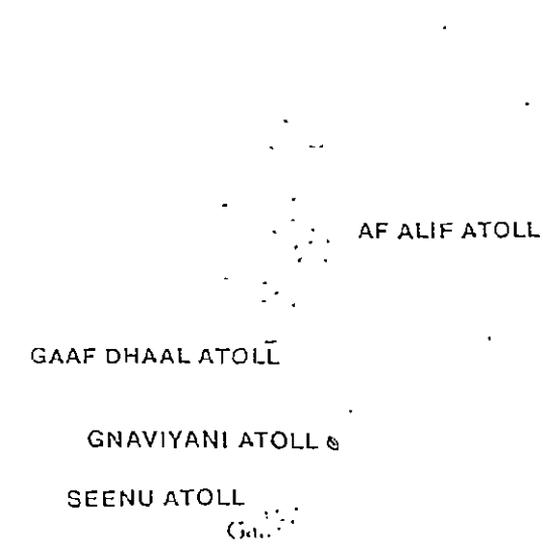
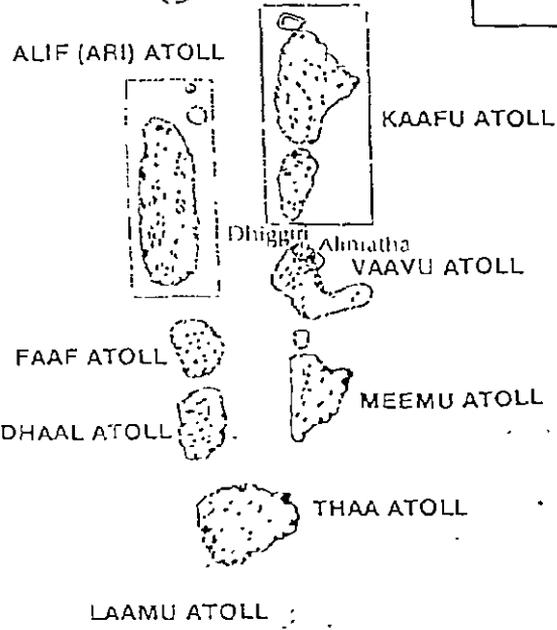
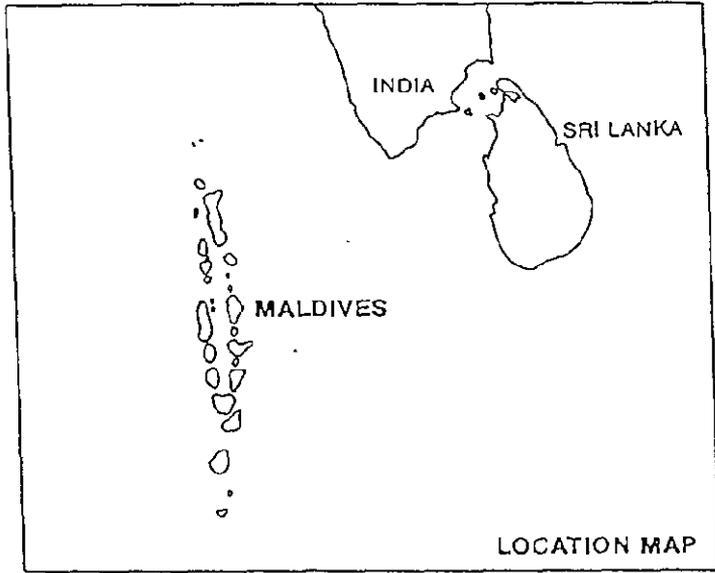
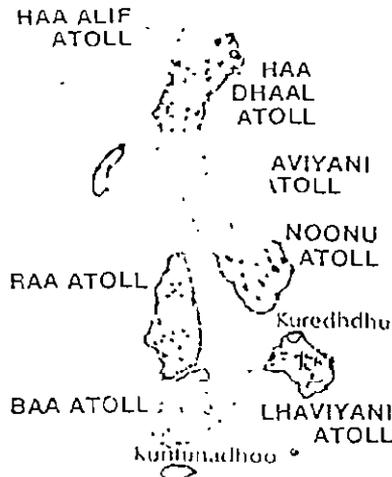
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# REPUBLIC OF MALDIVES



## Maldivian AUB Participants

	Name	Degree	Student Number	Start Date	Graduation Date
1	Abdulla Faruhana (Ms)	BS Biology	34-0220	Oct.'83	Oct.'87
2	Ahmed Mohammad	BA Business Admin	20-134	Feb.'83	Jun.'87
3	Ali Athifa (Ms)	BA Eudcation	10-9661	July '86	
4	Ali Hashim	BA Economics	34-0221	Oct.'83	July '87
5	Amir Mohammed	BS Business Admin	20-3226	Oct.'82	Feb.'88
6	Asmin Mohammad Ibrahim			78	
7	Athif Ibrahim	BA Education	34-0223	86	
8	Didi Nasheeda Ibrahim (Ms)	BS Education	77-1457	Oct.'77	Jun '81
9	Hameed Abdulla Ahmed Rasheed	BS Education English	83-0224	Oct.'83	Feb'89
10	Hameed Hala Abdulla	BA Education	34-0226	86	
11	Hamid Mohamed Hassan	BS Education	70-1913	78	
12	Hameed (Yoosuf) Mohammad	BS Educ. Teaching		Jun.'74	
13	Hassan Mohammed Waheed	BA Business Admin.	72-2001	Oct.'72	Jan.'77
14	Ibrahim Khathma (Ms)			78	

15	Khalid Adam	BS Engineering	20-3265	Oct.'82	(Dropped)
16	Khalid Mohamed	BA Education English	20-3270	Oct.'82	'Oct.87
17	Lateef Mohamed	BS Public Admin.	70-1960	(Dropped)	
18	Manik Ahmed			78	
19	Maniku Ahmed Ali	BS Education	70-1913	78	
20	Maniku Hassan	BS Educ.Teachin g	72-2002	Oct.'72	Jul.'77
21	Mohamed Abdulla Zameer Naseem	BA Public Admin.	20-3269	Oct.'82	Jul.'87
22	Mohammed Aishath (Ms)	BS Education	77-1458	Oct.'77	Jun.'81
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24	Nafiz Ahmed Zacky	BA Public Admin.	20-3272	Jul.'86	
25	Rasheed Hassan	BA Public Admin.	20-135	Feb.'83	Jun.'90
26	Rasheed Mohamed	BS Civil Eng.	20-3268	Oct.'82	Jun.'89
27	Rasheed Mohamed Abdul Bari	BS Civil Eng.	82-3268	Oct.'82	Jun.'90
28	Riza Hamid Mohammed	BA Educ. Psychology	10-4890	Oct.'81	Jul.'87
29	Sabir Hassan				
30	Saeed Ibrahim Mohamed	BA Business Admin.	34-0349	Oct.'83	Jul.'87

31	Shariff Fatimath Ibrahim Ahmed	BS Nursing	34-0225	Oct.'83	Jul.'87
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33	Thawfeega Maram Abdul- Rahaman (Ms)	BA Education	20-3271	86	
34	Waheed Ibrahim			78	
35	Yoosuf Abdul Sattar	BS Public Health	70-1942	Oct.'70	Jun.'75
36	Zuhair Mohamed Abdul Samad	BS Agriculture	10-4891	Jul.'86	

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