

Maldives

Country Partnership Framework

April 26, 2016

Chair Summary

The Executive Directors discussed the joint IDA/IFC/MIGA Country Partnership Framework (CPF) (IDA/R2016-0053[IFC/R2016-0077, MIGA/R2016-0016]) for Maldives for FY16-19, and welcomed the collaboration of the three World Bank Group entities in its preparation.

Directors commended the Maldives Authorities for sustaining high rapid growth over the past two decades which has resulted in the eradication of extreme poverty and hunger, and in remarkable achievements in education and health services. At the same time, Directors acknowledged the challenges the Maldives faces as a small, dispersed, multi-island economy and underscored the need to diversify the economy, address resilience to climate change, contain high levels of fiscal deficits and worsening debt sustainability, and to build state and institutional capacity.

Directors expressed support to the CPF noting that it is firmly rooted in the priorities identified in the 2015 Systematic Country Diagnostic (SCD) and were aligned to both the Government's manifesto and sector strategies and the Bank's twin goals. They supported prioritizing employability and building stronger linkages across the economy to allow for more Maldivians to secure employment and stressed that engagement at the policy dialogue/reforms level was necessary.

Directors appreciated the focus on climate resilience and environmental sustainability given the role of Maldives' natural assets to the country's key growth driver, luxury resort-based tourism. They encouraged concerted efforts to enhance implementation capacity in general and to improve public financial management and reforms in key areas of expenditures, such as social protection. They appreciated the significant challenges to private sector development, stressed the need for further policy dialogue, and noted IFC's and MIGA's intention to do more in the Maldives as opportunities arise for public private partnerships in infrastructure, and for impactful tourism projects, among others.

Directors stressed the importance of extending analytical and advisory services to small MICs, and where the capacity is constrained like in the Maldives, to speed up planned support while effectively coordinating with other partners to mobilize more resources.

Finally, Directors supported a comprehensive approach to mitigating implementation risks given the capacity concerns in the Maldives and urged the Bank to work closely with the IMF and other partners to help the Maldives monitor and manage its own public debt.

*This summary is not an approved record.