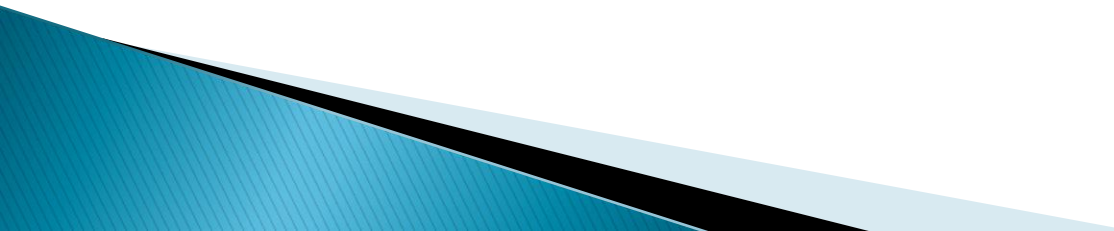


# Asia Pacific Regional Workshop on Graduation Strategies – Maldives Experience

4–6 December 2013  
Siem Reap, Cambodia

# Presentation Outline

- ▶ Background on graduation
  - ▶ Processes – International, national and agency level
  - ▶ Impacts of Graduation and actions taken
  - ▶ Challenges ahead
  - ▶ Lessons learnt
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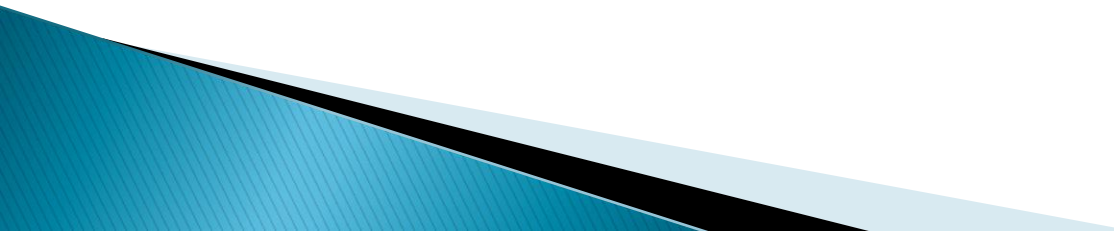
# Graduation history

Consultative and pre-decision phase	1997, 2000, 2003	Met eligibility thresholds (GNI & HAI)
	2000 & 2003	CDP recommended for graduation
	2004	ECOSOC & UNGA endorsement – ( 20 Dec 2004)
Preparatory work for smooth transition	Dec 2004	Graduation date deferred by 3 yrs following Tsunami
	1 Jan 2011	Graduated from LDC status
	31 Dec 2013	Ends smooth transition period
Post – transition phase	1 Jan 2014	Post-smooth transition phase

# Process

- ▶ Decide how to manage the process
  - International – Raising our voices & sensitizing donors and development partners
  - National level – Establish High level working arrangements to steer the process
  - Agency level – Delegation of certain key tasks to nodal government agencies and getting private sector onboard
- ▶ Identify the impacts early in the process
- ▶ Draw up strategies and action points to address potential impacts
- ▶ Delegate action to respective authorities or bodies

# Process – Cont.

- ▶ What are the likely broad parameters for a “smooth transition”?
  - ▶ How can or should we engage with the international community?
  - ▶ Will graduation require retention of benefits after 2011 in order to provide space for adjustment? For how long? Which benefits must be retained?
  - ▶ What should the Government do next to retain EU tariff concessions following expiry of EBA terms by end 2013? Should we apply for GSP + or consider signing partnership agreements? What more needs to be done?
  - ▶ Will other key developed country trading partners such as Japan consider extending LDC preferences beyond 2011, in tandem with the EU?
  - ▶ Can the Maldives retain preferences under the SAPTA?
  - ▶ What about other South-South trade, for example with Thailand? Can this be improved through, for example, a reduction in MFN tariff rates for fish?
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# Process – Cont

- ▶ How can the Maldives ensure that it continues to enjoy LDC special and differential treatment at the WTO, especially in the context of any final agreement under the Doha Development Agenda?
- ▶ How can the Maldives become more engaged and secure better benefits under the Small and Vulnerable Economy (SVE) negotiations at the WTO?
- ▶ How can the Maldives maximize benefits from the WTO Aid for Trade
- ▶ scheme?
- ▶ What steps, beyond existing work under the EIF, should the Maldives be taking to boost institutional capacity for trade policy development and boost productive capacity?
- ▶ What steps does the Maldives need to take to protect and further encourage development financing in the post-LDC period?
- ▶ Will the planned Foreign Investment Law and the planned establishment of Free Economic Zones help with the smooth transition?
- ▶ Will the UN agree to maintain travel benefits to and from international meetings? Under what conditions?

# Process – Cont

## ▶ International Level

- Make our voice heard
- Understanding the process and getting the right technical agencies to assist
- Inform and engage donors and development partners – Donor Forums, Consultative meetings

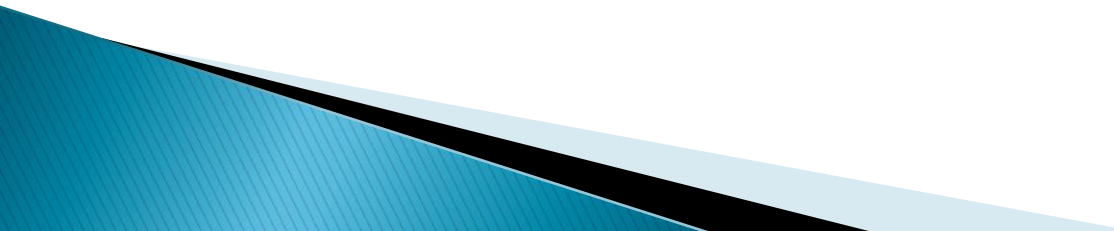
## ▶ National level

- Plans detailing out strategic directions
- Coordination mechanism

## ▶ Agency level


- Action points delegation for implementation and follow through, getting stakeholders onboard

# Key Impacts of LDC Graduation

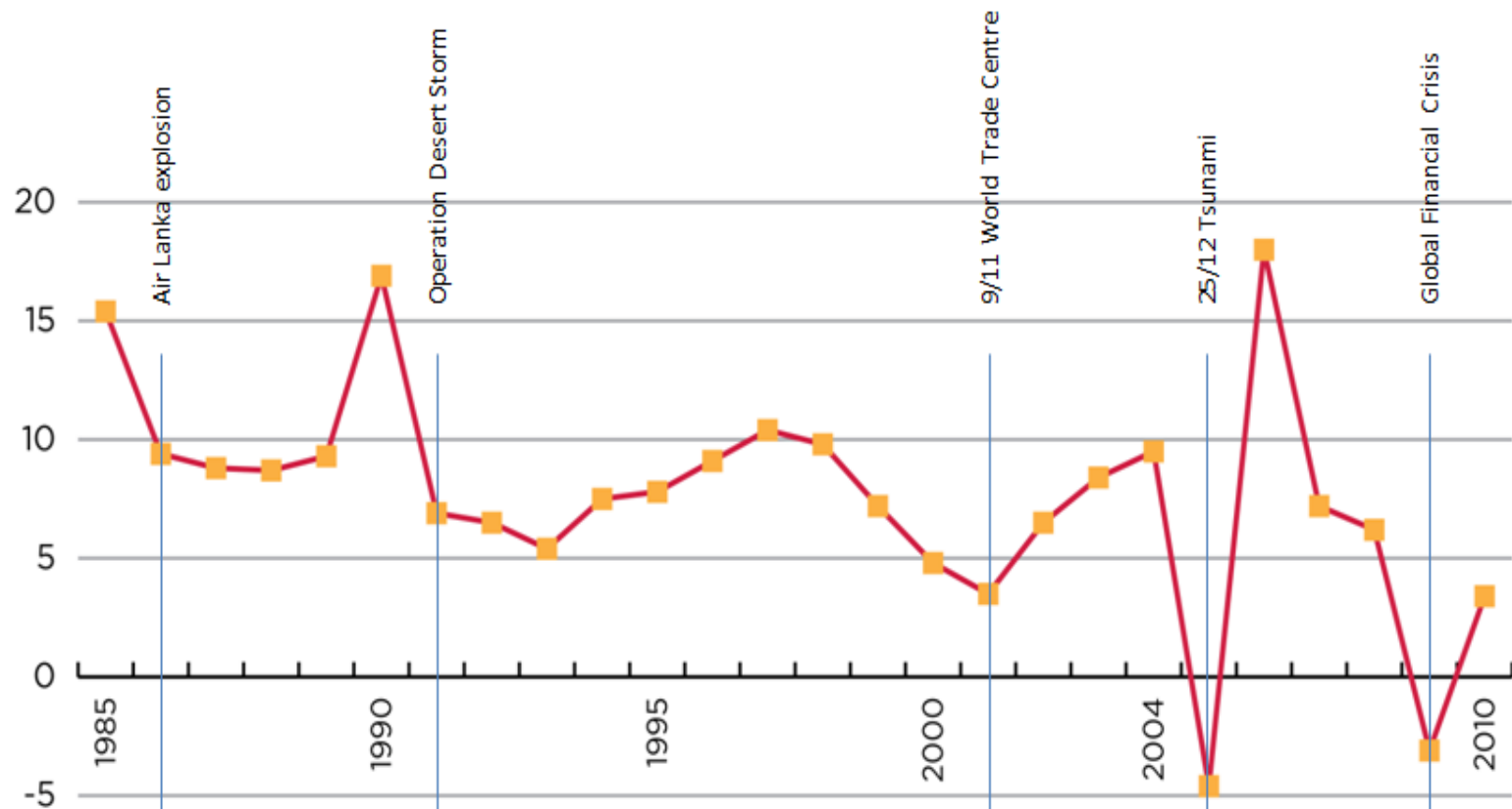
- ▶ Expected impact in three major areas
    - International trade – trade preferences for fish exports and loss of S&D treatments under WTO agreements;
    - official development assistance (ODA) including development financing and technical cooperation
    - other forms of assistance – Travel expenses to participate in international meetings
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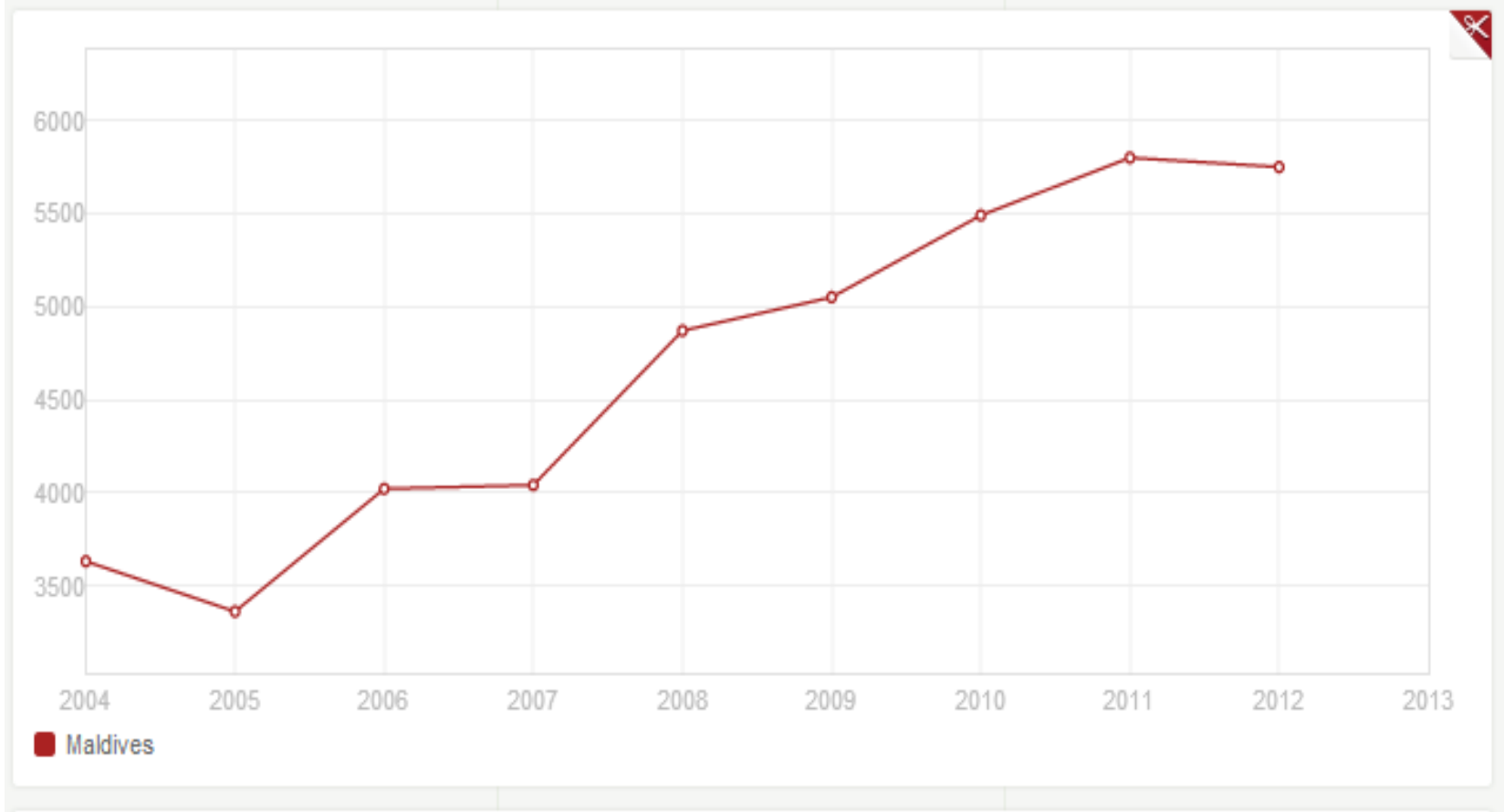
# Actions

- ▶ Developed a smooth transition strategy identifying key action points for each impact areas identified
    - ( drawn with a view to mitigate immediate and medium term impacts)
  - ▶ Put in place mechanisms to ensure continuity of achievements–
    - Continued high level of public spending on health & education sectors, introduction of news social protection schemes to address social vulnerabilities
  - ▶ Develop short to longterm plans to address structural issues:
    - National Plans, sectoral plans,
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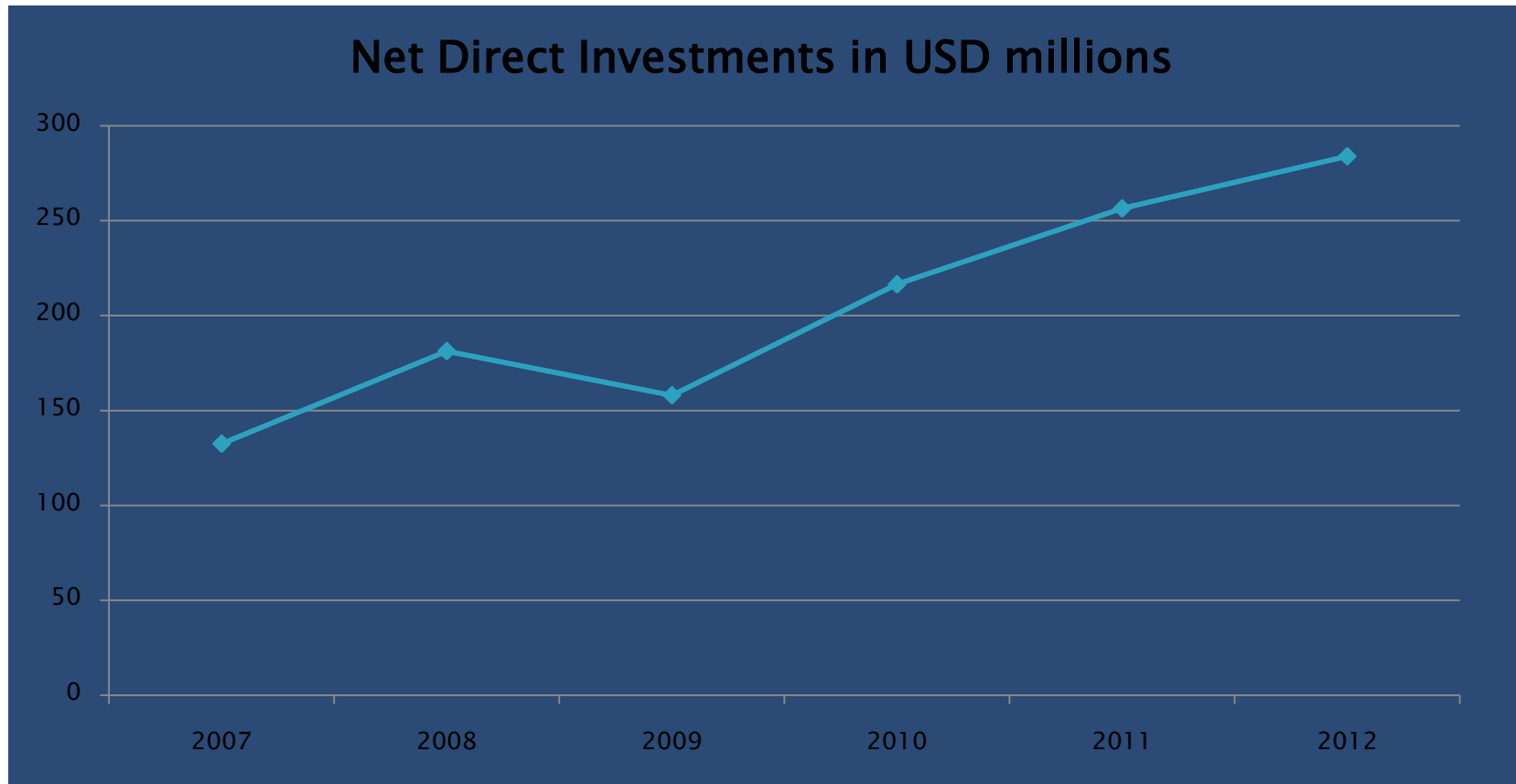
# Annual GDP Growth rates



# GNI per capita USD (WB –Atlas Method)

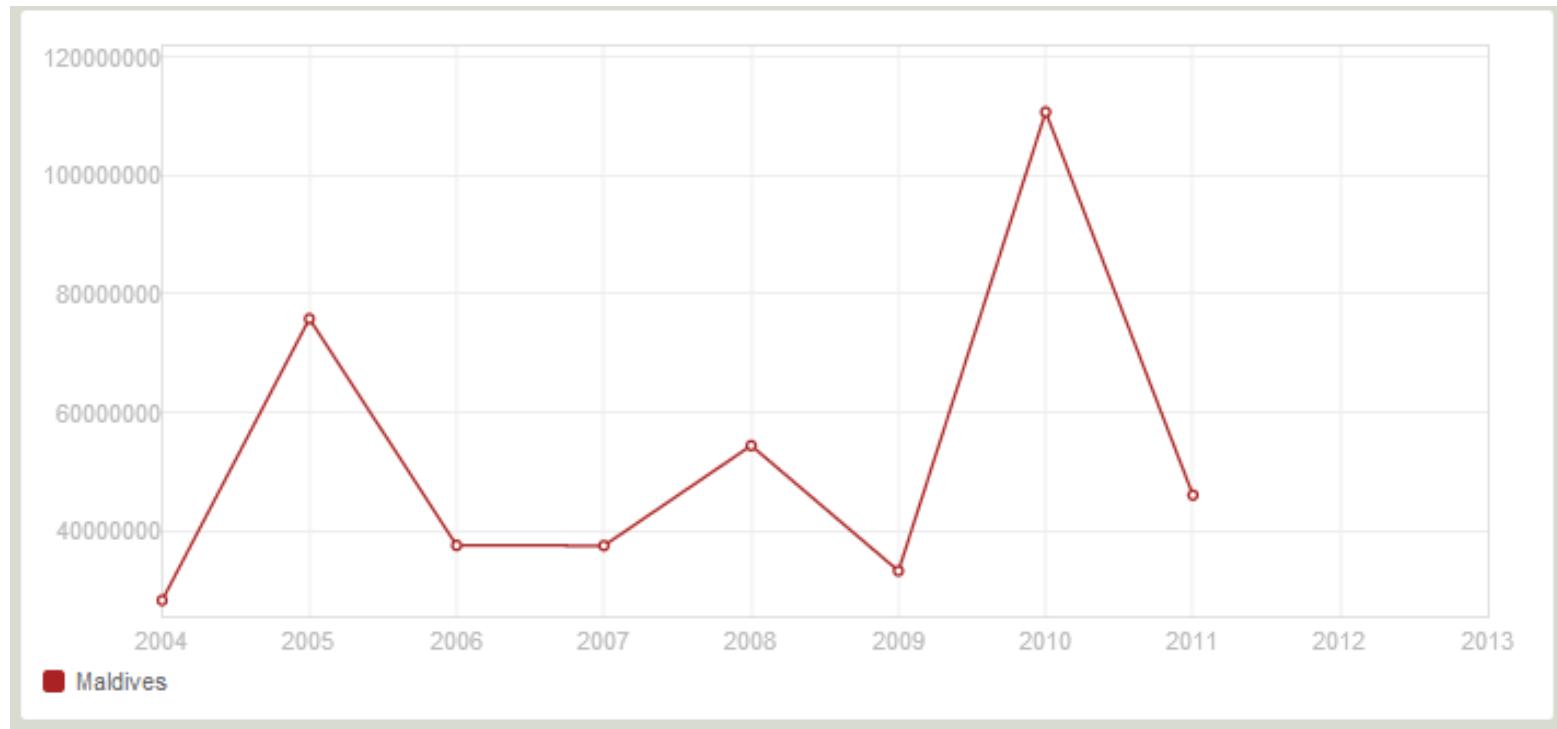


# Net Direct Investments

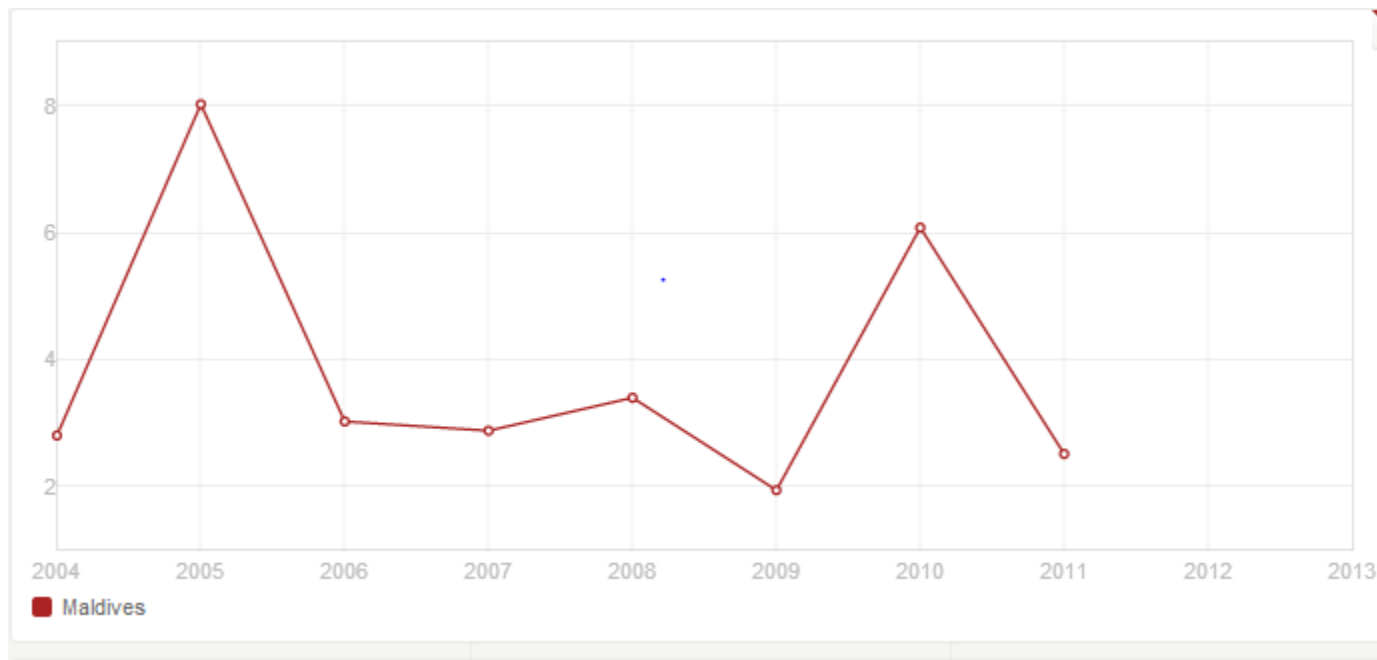


# ODA Assistance

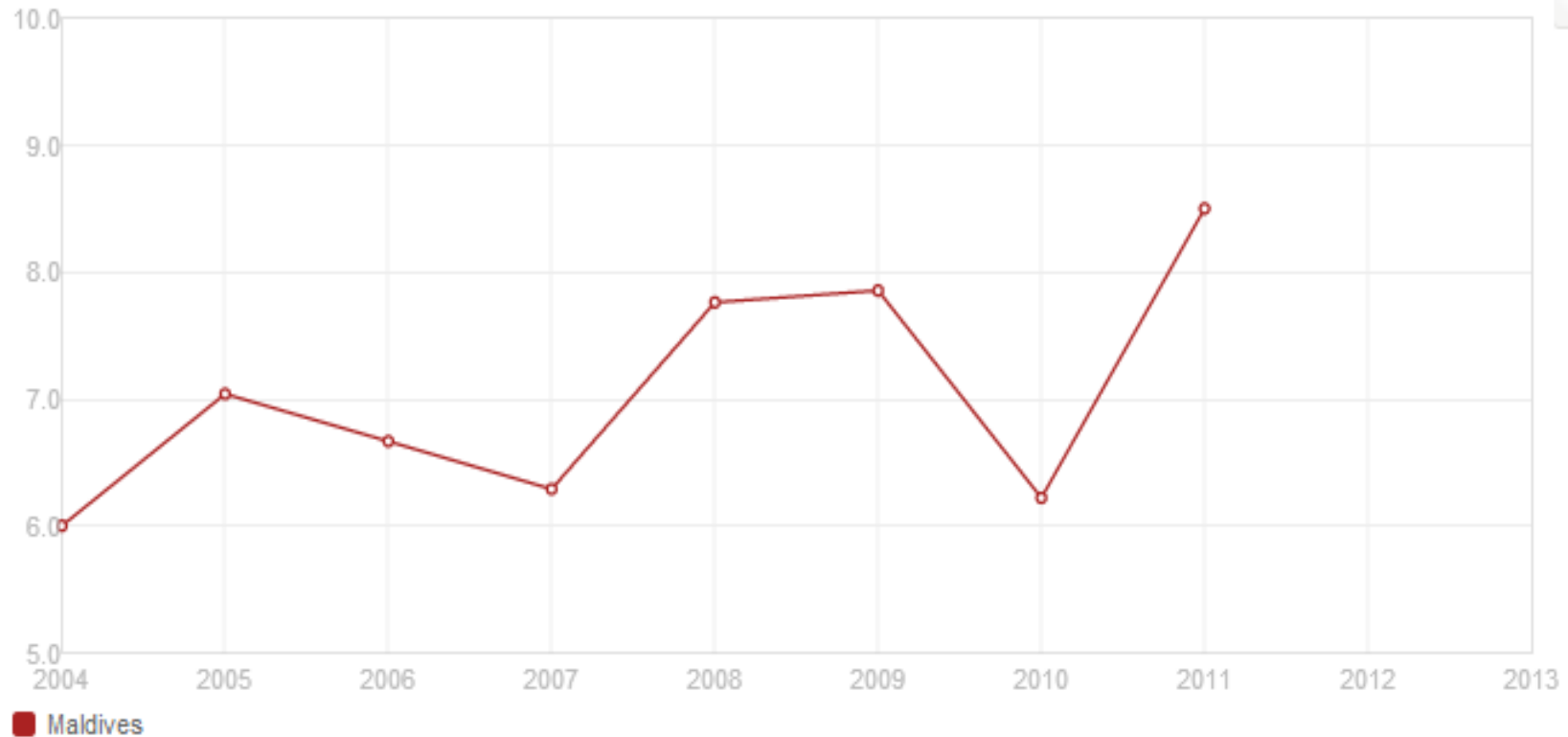
## ▶ ODA Flows – 2004 –2011 (source WB)



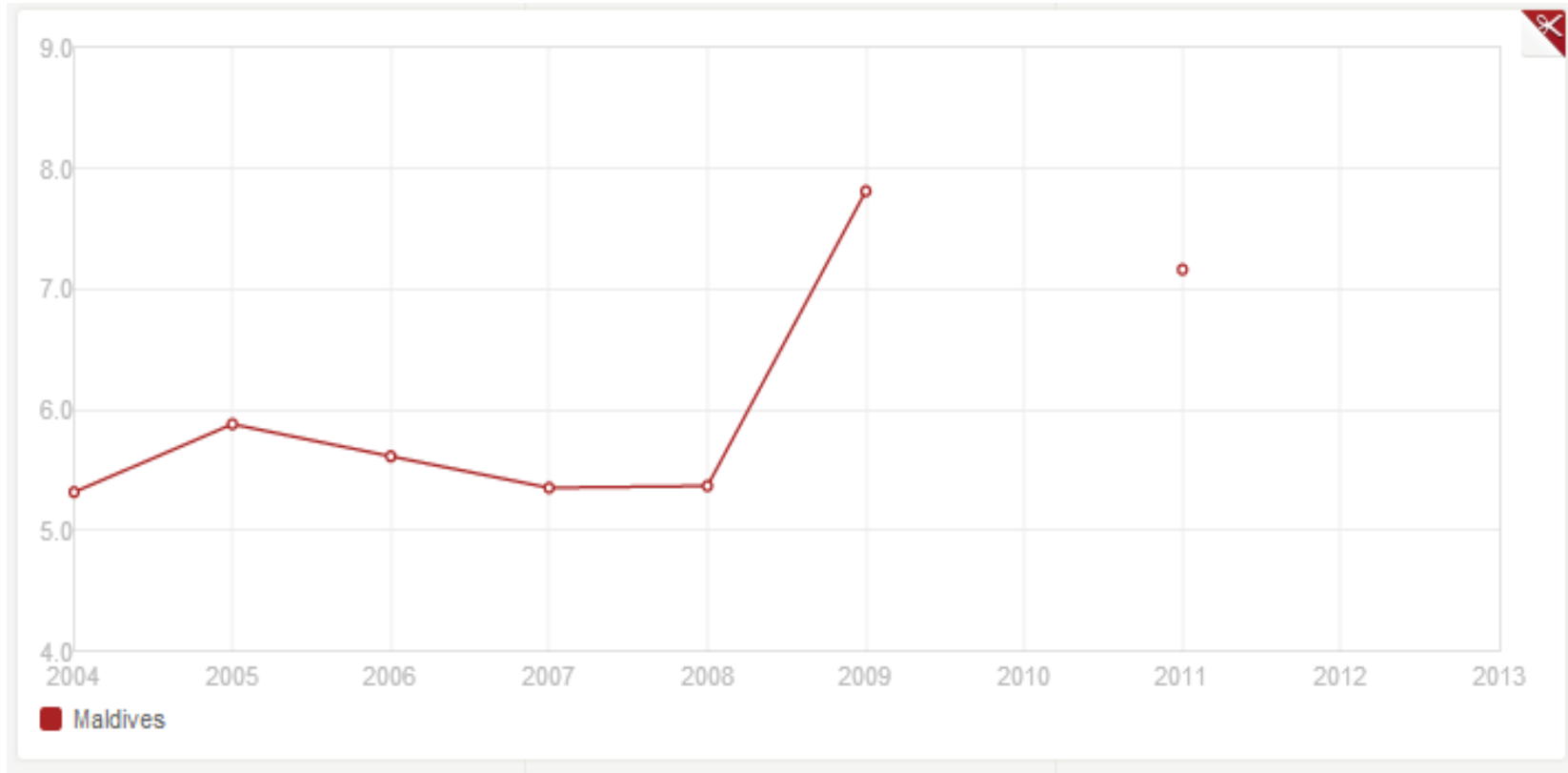
# ODA Flow as % of GNI – 2004 – 2011 (source WB)



# Health expenditure as a percentage of GDP

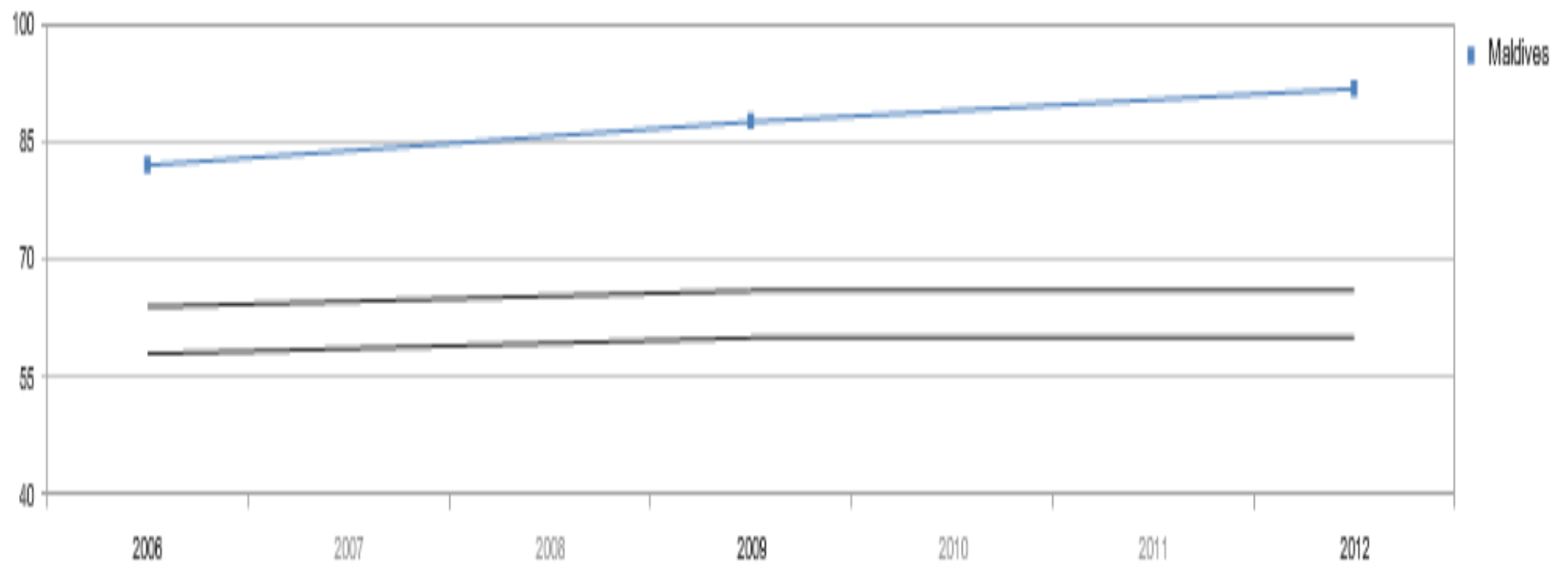


# Public spending on Education as % of GDP

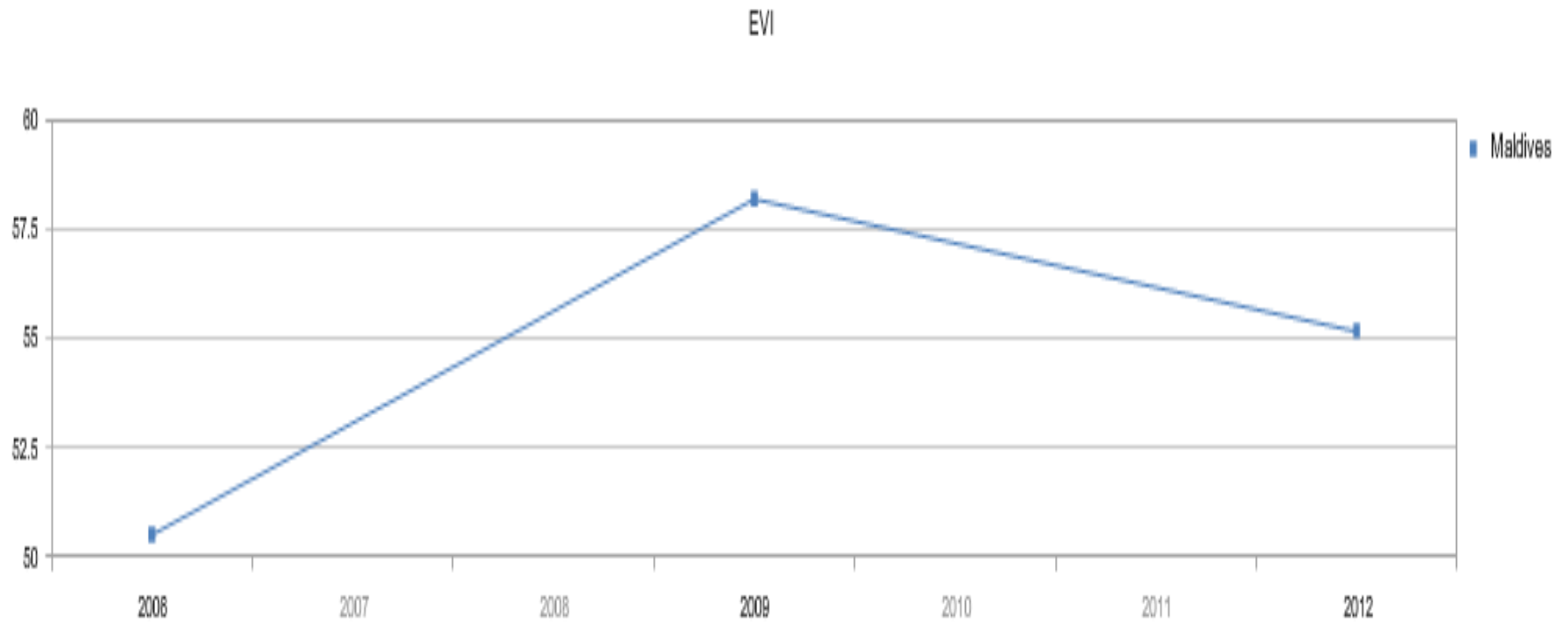


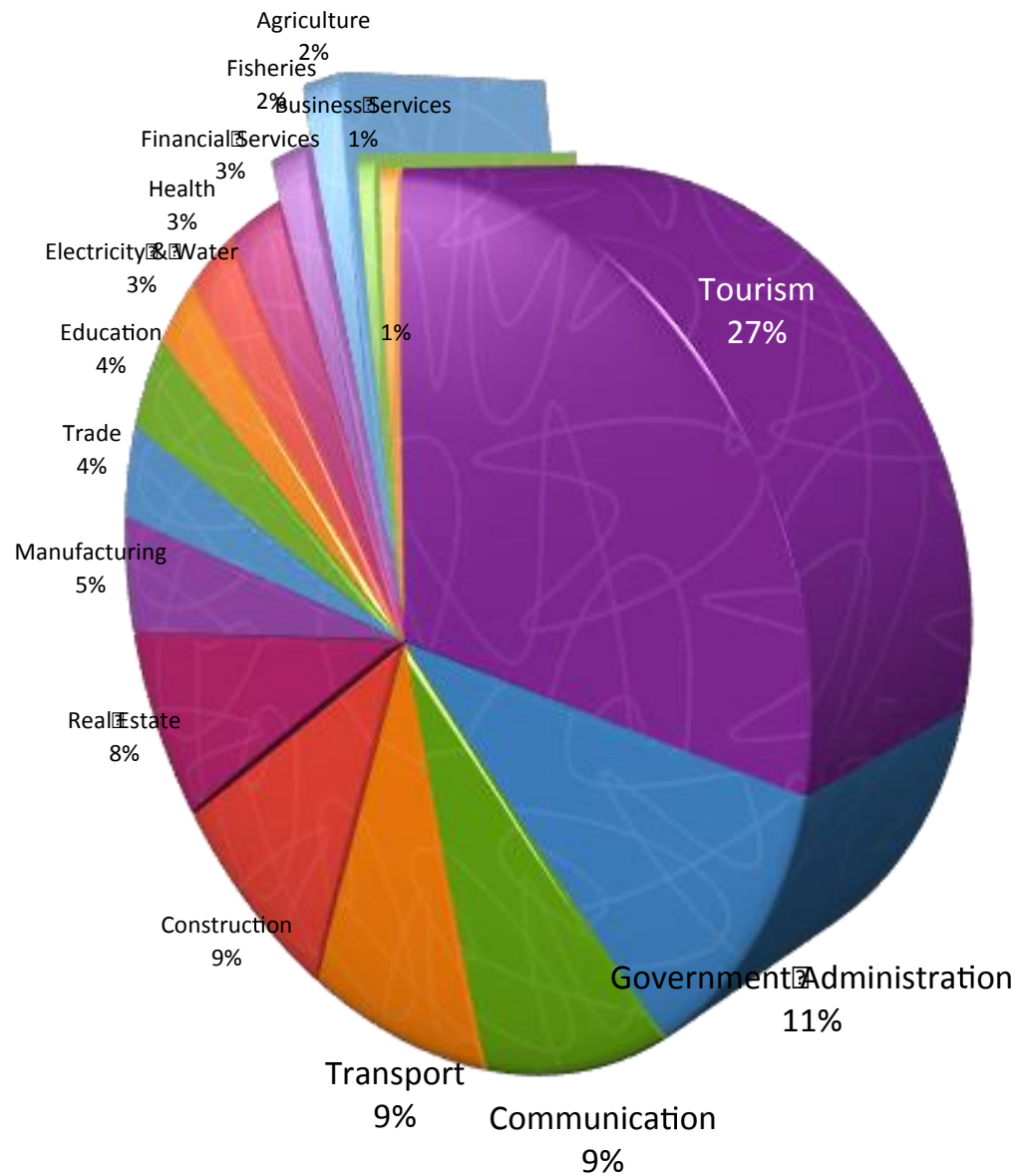


Human Assets Index (HAI)

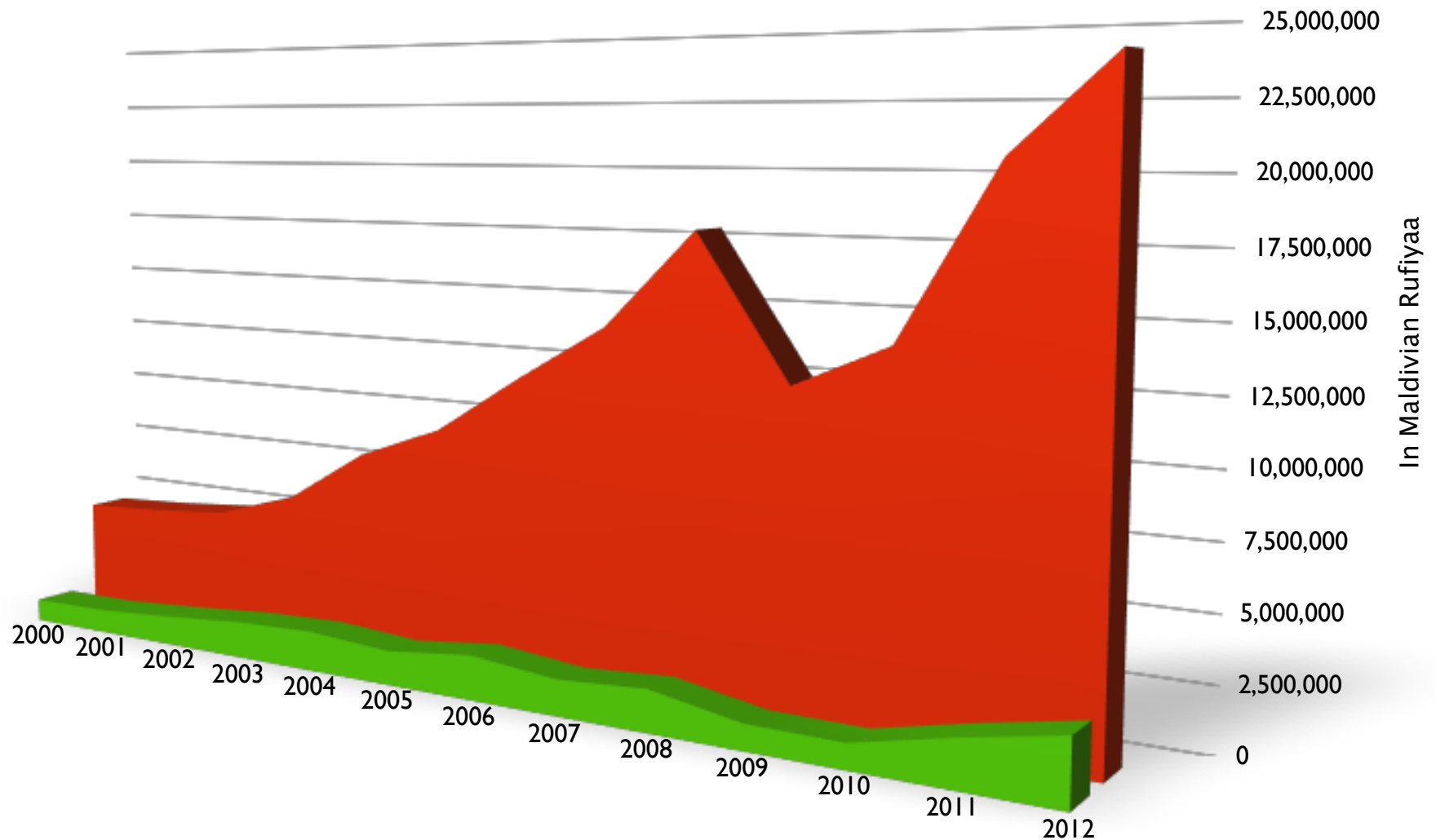


# Challenges

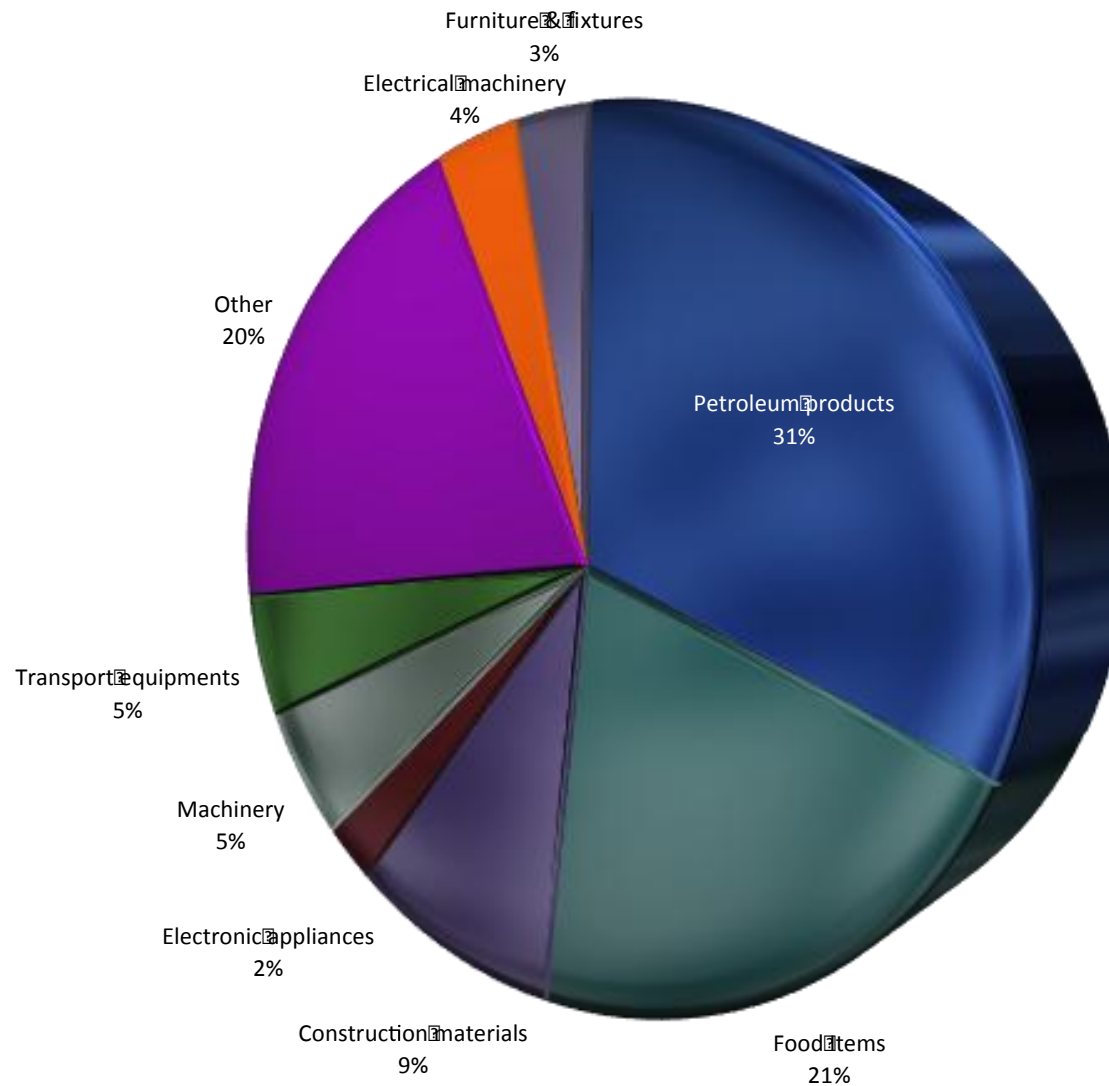




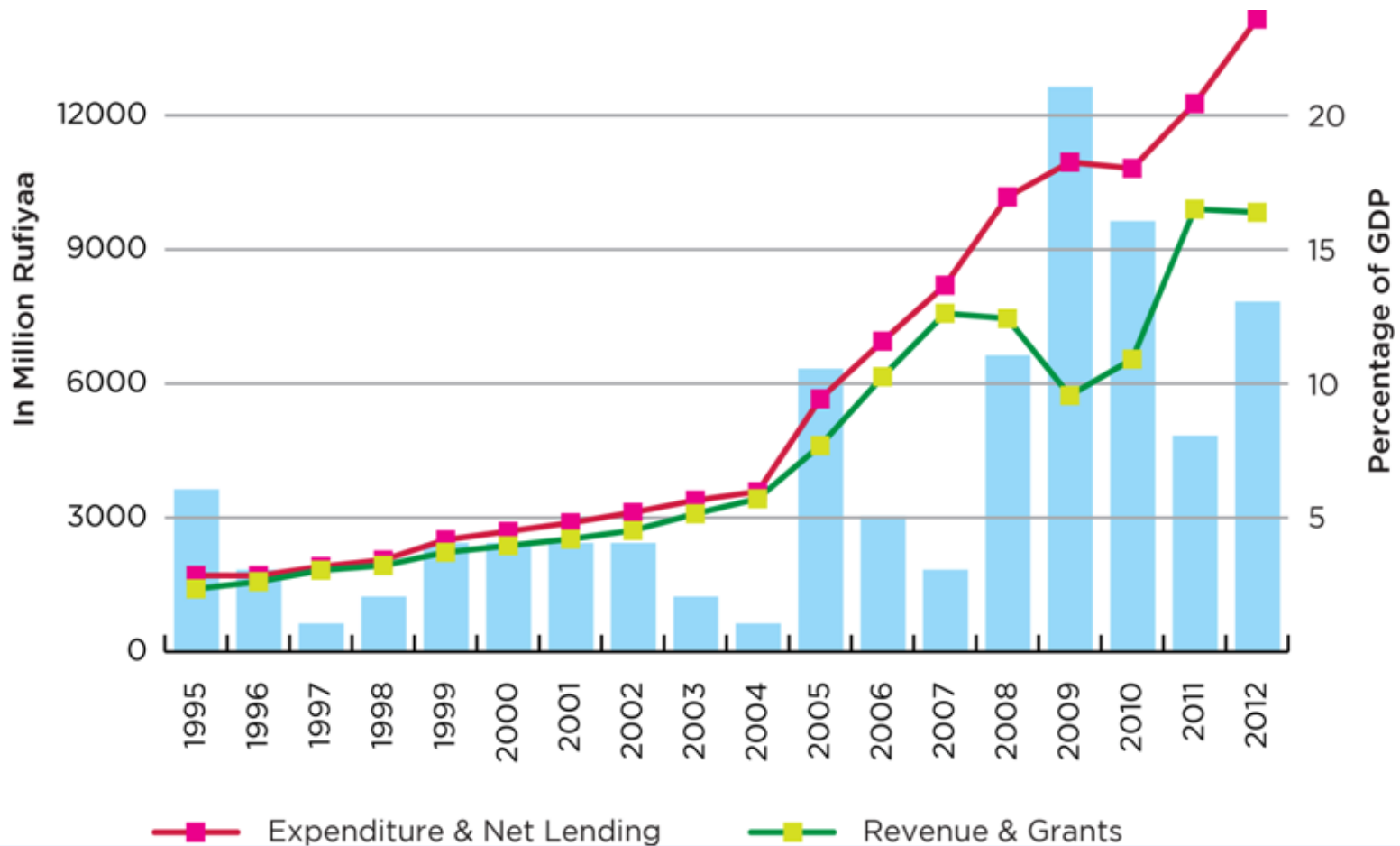
Tourism contributes more than 1/4<sup>th</sup> of the GDP



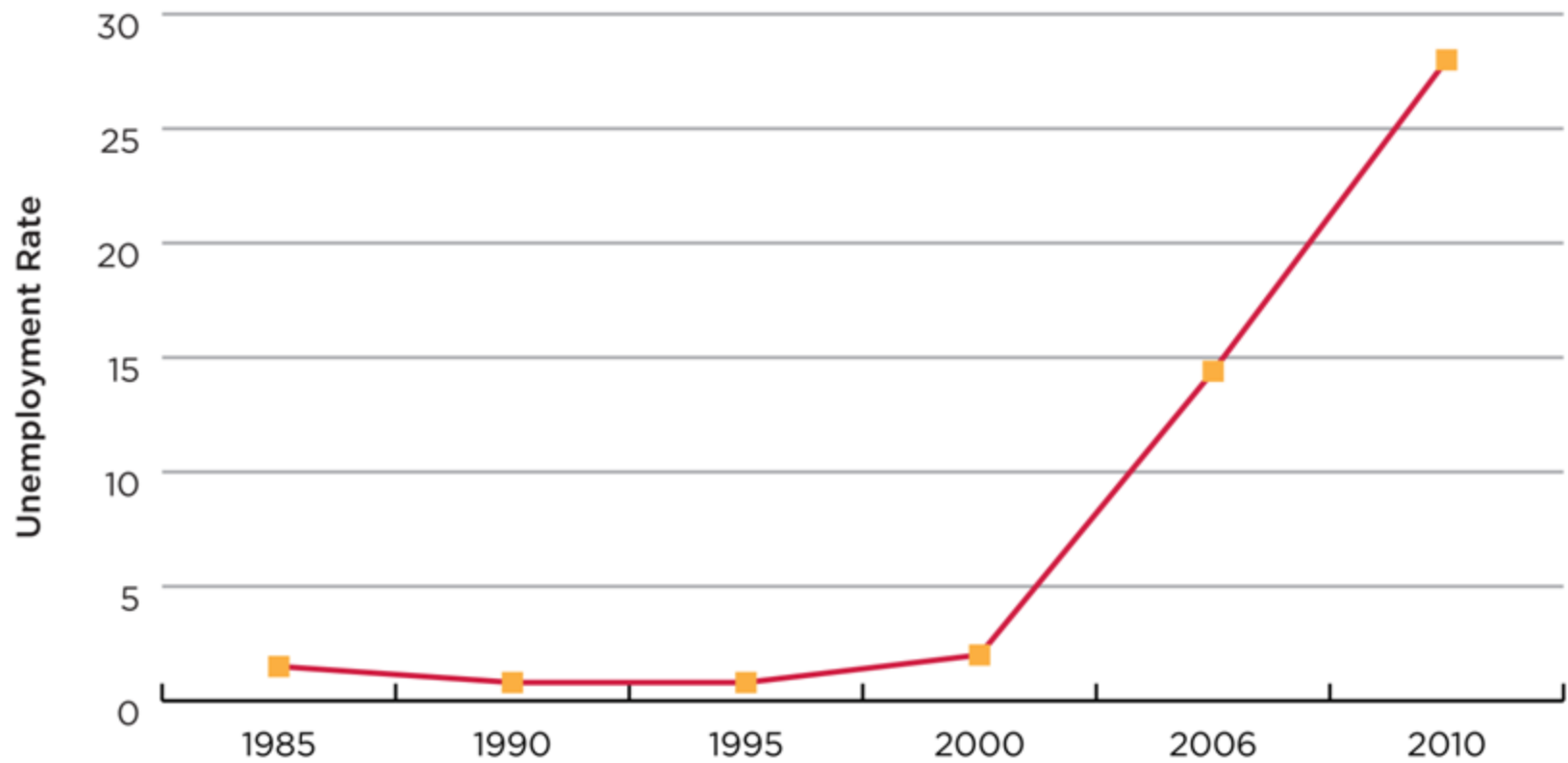
2012 import of goods: MVR 23.9 billion (68% of GDP)  
2012 merchandise exports: MVR 2.5 billion



Petroleum, food and construction materials are the 3 main imports



Expenditure (MVR 14.1 billion) far exceeded revenue (MVR 9.8 billion) in 2012.



Unemployment in Maldives has reached 28%

# Trade related challenges

- ▶ Compliance with WTO obligations – TRIPS, standards, sending WTO notification, following negotiations
- ▶ Market access



# Lessons

- ▶ Proactive engagement
  - ▶ Effective mobilization of stakeholders
  - ▶ Timely and adequate planning
  - ▶ Execution of plans and identifying options
  - ▶ Continuous monitoring
  - ▶ Embracing change
  - ▶ Prioritizing structural change and instituting longterm reform
- 