



UNITED NATIONS
MALDIVES



Addressing the Socio-Economic Impact of COVID-19 on the Maldives

*Reducing the impact of the health crisis on the most vulnerable
and sustaining progress towards
the 2030 Agenda*

Malé, 27 April 2020



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Executive Summary

While the impact of the COVID-19 pandemic will be global, Maldives will suffer particular and unique impacts due to the high exposure of its economy to external shocks. Both the World Bank and Asian Development Bank assess Maldives as being one of the worst hit in the world from the pandemic.

Maldives will face challenges competing with countries experiencing high numbers of COVID-19 related fatalities in accessing international financial support. The Government has actively pursued both grant and loan support with international and regional banks. There is a risk that the Maldives will need to divert critical resources from the social sector in particular, in order to ensure the provision of immediate and essential services. This paper has been developed to offer proposals to policy-makers in order to respond to the health crisis without further impacting the socio-economic sectors, which are the foundation of a successful, and more sustainable recovery. This recovery cannot be a return to business as usual. The goal is to *build back better*, in order to continue the trajectory towards the 2030 Agenda and make tangible progress in achieving the Sustainable Development Goals (SDGs).

The pandemic will expose existing inequalities and critical needs of particular vulnerable groups, including the significant migrant population working in the Maldives. In order to effectively respond to these needs, structural and systemic weaknesses which enable underlying inequalities to persist will need to be addressed. Without this, the country will continue to be exposed to both external shocks, as well as internal weaknesses which negatively impact Maldives' ability to experience sustained and inclusive development.

The scale of the crisis is yet to be fully understood, but it will be challenging for any country to respond and recover without having to make difficult choices between how public resources are spent. In the Maldives, the pressure is even more intensified because of the particularly acute impact from the downturn in the global economy.

Prioritisation and phasing of strategic measures according to a comprehensive national plan will be key.

Throughout the paper, recommendations are proposed to the Government in line with the Five Pillars of the UN Development System's response to the COVID-19 outbreak. The following over-arching considerations are important to determine the success of the response to the crisis:

1. Central to an effective immediate response and long-term recovery will be the ***development of a comprehensive and costed COVID- 19 response plan*** that goes beyond the immediate health response.
2. Establishing a ***high-level body to identify and address the socio-economic impacts*** of the pandemic, determine gaps in the data available to effectively respond to the needs, and take policy actions to mitigate or address the impacts where possible. Ensure that this body takes into account the perspectives of key stakeholders such as civil society organizations, bilateral and multilateral partners, and local communities.
3. The response should be ***human rights compliant, transparent and accountable*** in order to ensure public support for public health policy directives which impose necessary, but restrictive measures.
4. With a ***focus on building back better***, this is an opportunity to change the course of the country, invest in Maldives's natural wealth and work towards a different future for the country. A more resilient Maldives, less vulnerable, less dependent, and building on its vast and diverse blue green economy with a core focus on sustainable and inclusive development marked by progress in achieving the SDGs.

The entire UN system stands ready to support the Maldives in responding to the COVID-19 outbreak, as well as the road to recovery ahead. The UN continues to advise Member States on the economic and social measures that can support recovery and establish the conditions for ending poverty and achieving the SDGs. Additional analysis will be forthcoming on the extent to which the pandemic will impact SDG progress in the Maldives, and make recommendations for keeping efforts on track.

I. Introduction

Background

Maldives is a Small Island Developing State (SIDS) with Middle-Income Country (MIC) status. It has a population of 557,426 in 2020,¹ sparsely distributed across 188 inhabited islands, with at least 145,000 migrant workers. The country has made significant progress both in poverty reduction and human development. The proportion of extreme poor living below \$1.9 a day is close to zero,² and that of multidimensional poor is less than 1%.³ Human development as measured by human development index (HDI) is 0.719 (2018), ranking the country at 104th position out of 189 countries. Despite such progress, the country faces some structural challenges owing to being an island nation. The sparse distribution of population across a large number of islands makes service delivery both challenging and costly. Inequalities based on spatial disparities, income, age, disability and gender have persisted despite an impressive economic growth trajectory. Women, children, elderly, persons with disabilities, and those living in some remote parts of the atolls are the population that are left behind. The country experiences high economic vulnerability due to its high dependence on tourism. In 2018, the tourism sector accounted for 24.5% of GDP⁴ and indirectly it contributes to growth in communications, transport and retail trade sectors.

With respect to progress on achieving the 17 Sustainable Development Goals (SDGs), the impact of COVID-19 has yet to be analyzed. Prior to the pandemic, Maldives was tracking well for SDG 4 Quality Education, and SDG 7 Affordable and Clean Energy. Challenges remain for the other 15 SDGs, with the greatest threats being to SDG 2 Zero Hunger, SDG 5 Gender Equality, SDG 14 Life Below Water. Some SDGs with a medium to high risk, are notably those which may see a significant regression due to the nature of the economic downturn expected to follow the pandemic, namely, SDG8 Decent Work and Economic Growth, SDG10 Reduced Inequalities, SDG13 Climate Action, and SDG15 Life on Land.⁵ The absence of regular robust monitoring and reporting on SDG achievement in the Maldives will make advocacy on and acceleration of progress that much more difficult in the time of economic recession.

Globally as of 26 April 2020, there are 2,810,325 confirmed cases and 193,825 deaths⁶ recorded from COVID-19. A recent ADB report shows that the Maldives is amongst the top three countries in the Asia region to be hardest hit by the global crisis in terms of impact on the GDP.⁷ Furthermore, the World Bank's latest report⁸ warns of a 'perfect storm' in South Asia with a gloomy forecast citing an unprecedented 40 year low and Maldives as the hardest hit.

The COVID-19 pandemic has exacerbated the economy's exposure to external shocks. The predicted GDP for 2020 was 7.5% before the outbreak. Government forecasts as of 31 March 2020 show that the real GDP for 2020 is now expected to register between -7.8% and -11.5%. Maldives is posed to lose between USD 770 million (MVR 12 billion) and USD 904 million (MVR 14.1 billion) in state revenue this year due to the closure of borders and the subsequent impact on the tourism sector due to COVID-19.

The first positive case of COVID-19 in the Maldives was reported on 7th March and as of 26 April, Maldives has recorded 214 confirmed cases of COVID-19. The Government of Maldives declared a State of Public Health Emergency from 12 March 2020. President Ibrahim Mohamed Solih and his government have quickly and aggressively responded to the COVID-19 outbreak and taken exceptional measures towards containing the outbreak and containing the spread of the virus in the country. The announcement of the first recorded case of community transmission of the virus on 16 April led to a lockdown of the Greater Malé area, with an extension of 14 days declared until 30 April 2020, and which is likely to continue based on the trend of infection rates.

¹ National Bureau of Statistics: Maldives in Figures, Monthly statistics, March 2020. This is the projected population for 2020.

² World Bank PovCal.

³ UNDP 2019. Human Development Report 2019. New York: Human Development Report Office.

⁴ Maldives National Bureau of Statistics: Statistical Yearbook 2018

⁵ SDG Index <https://www.sdgindex.org/reports/sustainable-development-report-2019/>. These reports are taken from international data, which may differ from nationally available data, however it presently offers a reasonable trend for Maldives.

⁶ WHO <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>

⁷ Asian Development Bank. 2020. The Economic Impact of the COVID-19 Outbreak on Developing Asia.

<https://www.adb.org/sites/default/files/publication/571536/adb-brief-128-economic-impact-covid19-developing-asia.pdf>

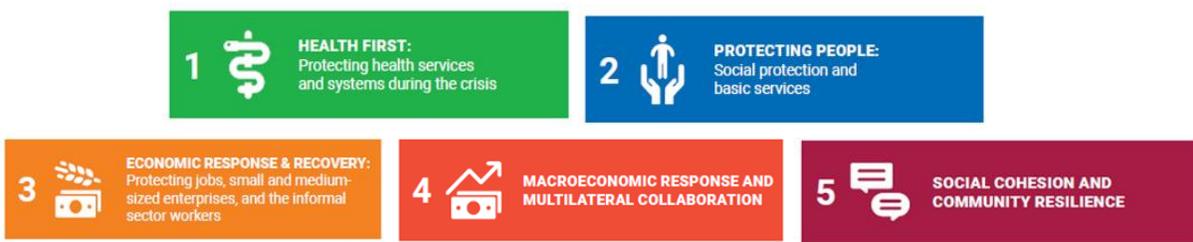
⁸ "World Bank. 2020. South Asia Economic Focus, Spring 2020: The Cursed Blessing of Public Banks. Washington, DC: World Bank. © World Bank.

<https://openknowledge.worldbank.org/handle/10986/33478> License: CC BY 3.0 IGO."

UN Support

The UN globally has mobilized its system-wide capacities in two key tracks for supporting countries responding to the COVID-19 pandemic. The first is the immediate health response to health authorities for preparedness, planning, and support to public health authorities for equipping the public health system to respond to the needs of COVID-9 patients. The second is analyzing and assessing the broader socio-economic impact of the pandemic and its associated fallout on countries, with a view to providing countries with the evidence and analysis to make the best policy choices during the most challenging times in recent history. As per the 2030 Agenda, this analysis pays special attention to the needs of the most vulnerable, and ensuring that no one is left behind.

In line with the UN Framework for the Immediate Socio-Economic Response to COVID-19 which operationalizes of the UN Secretary-General's report "*Shared responsibility, global solidarity; responding to the socio-economic impact of COVID-19*"⁹ the UN Maldives conducted this brief and early analysis of the socio-economic impact of COVID-19. The paper draws on secondary data, available up to 20 April 2020. The paper proposes policy recommendations for the Government for the immediate and short-medium term in order for Maldives to ensure a human rights-based approach and that no one is left behind because of the pandemic. It further outlines immediate and short-term actions that the UN system on the ground can enact in support of Government efforts. The paper is aligned with the five pillars outlined in the UN Framework released on 27 April 2020, as follows:



While this paper is modelled on the Five Pillars, it has two additional sections which are specific to the situation of the Maldives. The first is an analysis of the most vulnerable groups in the Maldives and the particular concern related to the impact from the COVID-19 pandemic. The second is the interface between climate change and the COVID-19 outbreak. Given the well-known vulnerability of the Maldives to climate change prior to the outbreak, the paper highlights the impact of climate change on the health and wellbeing of the population of such pandemics.

The UN has launched more in-depth and detailed assessments of the impact across various sectors of the economy, together with the Government of the Maldives. The results of these assessments will provide the evidence and data needed to make effective policy and resource decisions in the medium to longer term response to the impacts of the pandemic. They will also inform the development of the UN Sustainable Development Cooperation Framework (UNSDCF) for 2021-2026, and support the Maldives to increase the resilience of its economy to future external shocks. These efforts will continue in line with making progress in the Maldives towards achieving the 17 Sustainable Development Goals (SDGs) by 2030.

This paper is offered at the earliest stage of the crisis to support efforts to make difficult choices between the actions needed to ensure that the impacts of the crisis are not disproportionately felt by the most vulnerable in the Maldives. Further analysis will be taken throughout the crisis to recalibrate recommendations and UN response. The choices are tough. Prioritisation and phasing of strategic measures according to a comprehensive national plan will be key. The UN Maldives intends to remain a steadfast partner to Government and all stakeholders in the country, providing expert policy advice, and programming on the ground to enhance the impact of strategic Government action.

⁹ United Nations, [Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19](#), March 2020

II. The People We Must Reach - Vulnerable Groups in the Maldives

Rapid economic growth, changing rural and urban dynamics, the high rate of internal migration to Malé and the high rate of growth of the greater Malé area, as well as political and social change has produced major social dislocation, disparities in access to services, increased inequalities and vulnerabilities, and uneven development overall. These inequalities affect everyone in the Maldives, however, there is a particular impact on women, children, youth, migrants (internal and international), people living in the atolls, and people with special needs.

Challenges are widespread for women, children and youth. According to some figures, 72% of women of working age are either unemployed or are not looking for a job.¹⁰ Youth unemployment is at 8%¹¹. The government is the top employer of Maldivians. Tourism and construction, the main drivers of growth, rely mostly on foreign labour and male employment.

According to the HIES 2016, prior to the COVID-19 outbreak, 91.1 % of the poor live in the Atolls while only 8.8% of the poor population is found in Malé. Poverty is highest in Gaafu Dhaalu atoll, followed by Seenu Atoll according to the national poverty line (MVR 74 per person per day). Although the proportion of extreme poor is close to zero, 8.2% of the population are living below the national poverty line defined by the Government. The highest number of poor live in large households of 9 members or more.

Overall, it is expected that the conditions of existing vulnerable groups could worsen. The impact of the COVID-19 pandemic will increase as the outbreak continues to shutter the economy, more people lose their incomes and livelihoods, and the community experiences a prolonged period of physical distancing in their homes. In order to ensure that *no one is left behind*, special attention is needed to identify and address the needs of the most vulnerable. At present, the following have been identified as the most vulnerable to the impact of the COVID-19 outbreak:

Elderly

According to the MoGFSS, there are 19,730 people aged 65 years or over in the Maldives. This group has been identified as the most vulnerable group to COVID-19 due to a higher fatality rate from the infection against the average. Many may have difficulty caring for themselves, and may be dependent on family or caregivers for their daily needs. The closure of all but essential Government services may slow down the response to the needs of the elderly, and the limited working hours/closure of many businesses means that more advanced planning is needed to ensure that these people have the items and services needed. This in turn, requires dedicated care givers, who may not be available due to their income, or where family members who provide their care (predominantly women) are now inundated with the needs of children at home from schools, finding alternative sources of income, and keeping households working.

At additional risk are approximately 1200 at home bedridden elderly patients registered with the MoGFSS. Due to the many high-rise buildings, and narrow servicing streets, it has often been challenging to provide services to the 58 resident in Malé in particular. Many have difficulty caring for themselves and are dependent on family or caregivers who during the pandemic, face additional pressures on their time in their own households, finding alternative sources of income, or being able to access buildings during lockdown.

People with Disabilities (PWD)

7,771 PWD are registered with the National Social Protection Agency (NSPA) and receive an allowance. The recently conducted Disability Study indicates that only 25% of the disabled population receives benefit. For PWDs with difficulties accessing public information (such as the blind, hearing impaired etc.), they may become socially isolated and their physical and mental health needs may be un-met, or they may be more at risk of contracting the virus by missing the information needed to reduce the risk of infection.

¹⁰ Maldives National Bureau of Statistics, Census 2014

¹¹ Maldives National Bureau of Statistics - Household Income and Expenditure Survey (HIES) 2016

Female-headed households

Forty percent of households in the Maldives are headed by women.¹² Female-headed households are more likely to be poor than male headed households.¹³ There are 2,592 single parents¹⁴ of which a large majority are mothers who already receive allowances. With closure of schools, women have an increased workload of maintaining households, generating income, and ensuring that children's schooling continues.

Children

The social services workforce which was already overstretched, and the uncoordinated national child protection system will further constrain the ability of the State to provide adequate protection both in terms of preventative and responsive areas for protection issues and rising violence during the crisis. This is exacerbated where Government staff are confined to their homes and travel between Atoll capitals and islands is no longer possible. Unless innovative approaches are employed to simplify and streamline core systems, this pandemic is likely to also be a protection crisis with repercussions for generations to come.

Current school closures across the Maldives and the alternative teaching modalities (which are still under development) could create further disinterest in learning among children already at risk of dropping out. Already, a mapping conducted by the Ministry of Education (MoE) indicates that not all children have access to the internet or television at home, which means the longer closures continue, the more at risk already vulnerable and poor children and adolescents will suffer. Currently only the higher grades (O and A level) are being provided with online and televised learning, leaving around 80,000 (out of an estimated total of 87,000) students in lower grades with no access to learning during the current school closures. Distance learning should be considered as a high national priority.

School is also a source of support for many children, as schools provide children with friendships, meaningful relations with peers and teachers, making them feel safe and secure, and provide structure and a daily routine. Further, extracurricular activities at school give children joy and fulfilment. With school closures occurring during the first semester of the year, after a long annual holiday, and a disruption of the psychological and emotional aspects of education could therefore have a long-term impact on children's social and emotional development. Girls may be disproportionately affected, as many may now be expected to take on increased care work at home especially for girls not living with their own parents.

Drug users

The estimated prevalence of drug use in Malé is 6.64%, and in atolls 2.02%, with cannabinoids, opioids and alcohol being the most common forms being abused.¹⁵ COVID-19 presents unique risks to this group of people who often have reduced pulmonary and respiratory health due to their drug use, and given that the virus attacks the lungs.¹⁶ COVID-19 could be an especially serious threat to those who smoke tobacco or marijuana, or who vape. For those using opioids, there is an increased risk of overdose due to respiratory disease and diminished lung capacity from COVID-19 infection. Lockdowns, together with closure of borders, reduce the availability of drugs, which may be affecting the overall health of users due to drug withdrawal. If hospitals and clinics are overburdened in responding to the pandemic, people with addiction may face greater barriers to treatment for COVID-19. Homelessness or incarceration can expose people to environments where they are in close contact with others who might also be at higher risk for infections. Diminishing availability of cash in a contracting economy may lead some to crime to subsidize their dependence. The reliance of incarceration, combined with limited rehabilitation and reintegration programmes for drug offenders are additional factors which make drug users particularly vulnerable.

¹² National Bureau of Statistics (2014), Maldives Population and Housing Census 2014

¹³ World Bank Group (2016), Understanding Gender in the Maldives

¹⁴ National Bureau of Statistics, Statistical Yearbook of Maldives 2019: Table - 18.16 Number of persons covered under different social protection schemes by locality, 2018 access from <http://statisticsmaldives.gov.mv/yearbook/2019/>

¹⁵ United Nations Office on Drugs and Crime (2013), National Drug Use Survey Maldives 2011/2012

¹⁶ National Institute on Drug Abuse (2020) <https://www.drugabuse.gov/about-nida/noras-blog/2020/03/covid-19-potential-implications-individuals-substance-use-disorders>

Migrant workers

The migrant community in Maldives represents a particularly vulnerable group, with irregular/un-documented migrant labourers facing severe risks of being exposed to COVID-19, losing their livelihoods, and being exposed to various forms of discrimination, stigmatization, and violence. While figures vary widely, migrant workers in the Maldives, mostly from Bangladesh, comprise approximately a quarter to a third of the total population.

The bulk of migrant workers in Maldives work in the construction industry and live in very congested living conditions¹⁷ which increases the risk of transmission. Their work involves close physical proximity to others which limits their ability to use effective physical distancing strategies to reduce the risk of transmission of COVID-19 as recommended by WHO. Migrants, especially irregular migrants, have limited access to health care, and limited access to information, which contributes to low-health seeking behavior.

The Maldives has taken important steps to enable migrant workers in Malé to follow best practices regarding physical distancing and hygiene. These include plans to relocate 5,000 migrant workers from currently overcrowded housing quarters in Malé, to more appropriate accommodation in Hulhumalé in the short term, though this has been complicated by the lock-down order. Many face considerable uncertainty due to relocation, repatriation, and loss of livelihood causing impoverishment. The lock-down in Greater Malé has created new restrictions that, if rigidly enforced, will cause immense suffering for the numerous migrant workers who form an essential part of both the formal and informal economy.

Youth

One third of the youth population (those aged 18-24 years) live in Malé. With unemployment rates at 12.4%, together with vulnerabilities¹⁸ such as substance abuse, gang violence, risky sexual behavior or extremism, it is anticipated that youth will be a significant vulnerable group affected by COVID-19. Those employed in resorts are forced to move back to their native islands, from which they had left due to limited employment opportunities boredom, social marginalization and other factors. This is anticipated to have a negative impact on the living standard of the families. Many young people attending tertiary education have been affected, with all activities in University campuses in Maldives suspended from 14 March 2020. Many who were studying abroad have returned home, with the return to study affected by the closure of borders globally.

Media reports that 11,000 people having lost their jobs, and 1218 people have registered at the Job Centre.¹⁹ Yet to be issued, the numbers for young people expected to be high given that they make up the majority of the informal work sector which is disproportionately the highest impacted by the pandemic. In order to cope with mental health issues, they may opt into unhealthy practices such as drug abuse, (re-) joining a gang or a fundamentalist community, which might result in disruption of peace in the community, and affect their chances of returning to sustainable employment in the future.

Women and girls

Globally and in the Maldives, women are playing a key role during the pandemic as frontline healthcare workers, carers at home, community leaders and mobilizers. Women are the primary care takers in the majority of households in Maldives. With the new restrictions on movement in place, women are likely to shoulder a large responsibility of unpaid care work including care for the sick and elderly, placing them at greater risk of infection.

¹⁷ Transparency Maldives (2015), Maldives Migrant Worker System Assessment Report 2015

¹⁸ Youth Vulnerability in the Maldives, UNDP 2019, <https://www.undp.org/content/undp/en/home/librarypage/democratic-governance/youth-vulnerability-in-the-maldives.html>

¹⁹ <https://mihaaru.com/business/71824-12-April-2020>

Women are hit harder by economic impacts such as those that COVID-19 is driving. Women disproportionately work in insecure labour, or casual work/informal employment with less guaranteed benefits.²⁰ Fifty-eight per cent of women are outside the labour force and 49% do not seek employment due to household chores and childcare.²¹ These women may not be covered under the retirement pension schemes (only 20% of participants are women).²² Disruptions, including movement restrictions, can limit women's ability to make a living and meet their family's basic needs. With closure of schools and working from home, women take additional burdens of domestic work. Women have less time search for and to obtain new jobs which have become scarcer. Prolonged absence from paid work will potentially impact employment opportunities for women in the future.

In such a health crisis as COVID-19, access to essential sexual and reproductive health services may be affected resulting in increased risk of maternal and child morbidity and mortality.²³ For pregnant women, disruptions in antenatal and prenatal care, and support for breastfeeding will impact on both the mother and child's health. According to population projection estimates for Maldives, of the 4911 women who become pregnant, 82 may experience complications within the next month, and 246 within the next 3 months. Within the next 12 months, 6548 live births are expected, with 546 of those within the next month.²⁴

Health facilities are available on all islands for antenatal and prenatal care visits and 99% of pregnant women receive antenatal care from a skilled professional.²⁵ In regular times, 31% of women have difficulties in traveling to their preferred facilities.²⁶ These difficulties are exacerbated amid travel restrictions, and women may not seek the care they need when public health reminders request the population to avoid going to hospitals unless for critical care. Health services may become overburdened as the pandemic develops, potentially interrupting antenatal and prenatal care services.

Gender based violence is prevalent in the country, with 1 in 3 women report having experienced lifetime violence. Assessments following the 2004 tsunami documented an increase in violence in relation to psychosocial distress. In times of crisis such as an outbreak, women and girls may be at higher risk of intimate partner violence and other forms of domestic violence. In the month of March 2020 alone, 22 cases of violence against women and girls were reported to the MoGFSS. The restrictions on movement will also further isolate women living in violent situations, including those living with radicalized family members, who oppose changes to traditional gender roles of women, with more limited access to protection mechanisms and services. This could feed into the growing radical narrative while the government focuses on the immediate health response.

Young women face particular challenges. 24,000 of the 52,000 adolescents (aged 10-19) in the Maldives are girls.²⁷ 7% of 19 year-olds have already given birth, and those in the 25-29 years age group have the highest age specific fertility rate.²⁸ The main reasons for young women not in employment, education or training (NEET) are due to household chores and childcare responsibilities.²⁹ Census data show that such unpaid care work is almost exclusively undertaken by women.³⁰

²⁰ National Bureau of Statistics (2016), Household Income and Expenditure Survey Analytical Report: Employment, Maldives. 23, 50

²¹ National Bureau of Statistics, International Women's Day 2020, <http://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2020/03/Womens-Day-2020.pdf>

²² *ibid*

²³ UNFPA. COVID-19: a gender lens protecting sexual and reproductive health and rights and promoting gender equality. NY: UN Population Fund, 2020, and Rasmussen SA, Smulian JC, Lednický JA, Wen TS, Jamieson DJ. Coronavirus disease 2019 (COVID-19) and pregnancy: what obstetricians need to know. *Am J Obstet Gynecol* 2020; published online Feb 24. DOI:10.1016/j.ajog.2020.02.017.

²⁴ UNFPA <https://iawg.net/resources/misp-calculator><https://iawg.net/resources/misp-calculator> for the Maldives.

²⁵ Maldives Demographic and Health Survey 2016-17, Ministry of Health, Maldives. p. 115

²⁶ *Ibid* p. 121

²⁷ UNFPA (2019), Minimum Initial Service Package (MISP) Calculator, accessed on <https://iawg.net/resources/misp-calculator>

²⁸ National Bureau of Statistics, International Women's Day 2020, <http://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2020/03/Womens-Day-2020.pdf>

²⁹ Thematic Analysis of Youth in the Maldives, https://maldives.unfpa.org/sites/default/files/pub-pdf/unfpa_youth_analysis_web.pdf

³⁰ UNFPA (2017), Thematic analysis of Youth in the Maldives

People deprived of liberty

The Special Rapporteur (SR) on Torture highlighted the apparent shortcomings related to providing detainees with access to adequate medical care and health services, and made specific recommendations for improvements, including steps to better equip prisons with qualified medical personnel and raise awareness on contagious diseases. In that context, he noted the lack of health prevention programmes and inadequate sleeping conditions and ventilation.³¹ The SR noted the significant overcrowding in all places of deprivation of liberty throughout Maldives with occupancy at 150-190% of capacity.

The Maldives Correctional Service (MCS) is currently drafting an SOP for preventing and handling COVID-19 cases, which will include:

- All prisoners to have access to free soap and hand sanitizers;
- Prisoners receive health screening for symptoms of COVID-19 every 24 hours by medical teams in each detention facility. If a prisoner has a fever they are moved to a medical facility and receive medication; and
- In suspected or confirmed cases of COVID-19 prisoners are moved to isolation within the prison. HPA will be informed and make the decision on medical intervention, including decision to move the prisoner to an external medical facility or hospital.

Incidents of violence in Malé and Maafushi prisons in March 2020 were precipitated by COVID-19 related measures,³² and in both cases the incidents were exacerbated by the already poor conditions of detention related to overcrowding, poor ventilation, lack of natural light, and hot and humid conditions.

The MCS identified 105 prisoners who have almost completed sentences for minor crimes, who were pardoned by President Solih on 18 April 2020 under the Clemency Act, to protect the health of prisoners and officers. There remains an opportunity within existing legislation for the authorities to impose non-custodial measures, both before and after conviction.

Recommendations for Government for mitigating the impact of the COVID-19 outbreak on vulnerable groups are contained in the section under **Pillar 2 – Protecting People: Social Protection and Basic Services**

³¹ Preliminary observations and recommendations of the United Nations Special Rapporteur on torture and other cruel, inhuman or degrading treatment or punishment, Mr. Niel melzer, on his official visit to Maldives, 17-24 november 2019, <https://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=25351&LangID=E>

³² Maldives Correction Service, Press Release NB 2020/04 https://corrections.gov.mv/ހަވާލުކުރުމުގެ_ސަރުކާރު

III. Five Pillars for the Socio-Economic Impact Analysis & Response

The analysis in this section provides an introduction on the impact of the COVID-19 outbreak, recommendations to the Government on how to address them, and specific measures or actions which the UN can support to help mitigate the effects of the outbreak, in close partnership with the Government.



Impact

The COVID-19 pandemic is overburdening health systems, and having a huge impact on economies, livelihoods and wellbeing of people and communities everywhere around the world. This global crisis is a reminder that health and wellbeing is fundamental to achieve economic prosperity and security. For a comprehensive and effective response to COVID-19, the social determinants of health and protecting vulnerable populations should be on the agenda of policymakers and leaders, as enshrined in SDG3. Moreover, it reiterates the importance of whole of government, whole of society-based approach for responding to health emergencies and reducing the economic burden.

The Government of Maldives has been coordinating nationwide efforts to reduce the impact on the population from COVID-19. A National Emergency Operation Centre (NEOC) has been established to oversee the activities of the stakeholder agencies. Since the first two cases of COVID-19 tested positive in Maldives, the Government has taken immediate health response steps to suppress transmission of the virus and to tackle the many social and economic dimensions of the crisis. It is vital to build resilient health systems and seize the opportunity of this crisis to strengthen our commitment to implement the 2030 Development Goals.

Policy Recommendations for Government

1. Ensure political leadership

- The COVID-19 response requires highest-level political commitment and leadership. At all levels social solidarity and public trust is essential (transparency and inclusiveness). Maintain trust in the capacity of the health system to safely meet essential needs and to control infection risk in health facilities to ensure appropriate care-seeking behavior and adherence to public health advice. Engage the whole of society in the response, and incorporate the perspectives, voices and knowledge of women in outbreak preparedness and response is essential.
- Ensure clarity in roles, relationships, and coordination mechanisms in health system governance and across the government.
- Balance the demands of responding to COVID-19 with maintaining essential health service delivery to mitigate the risk of system collapse.
- Closely coordinate external support received for response and recovery to reduce fragmentation of services, and avoid duplication of limited resources.
- Provide the space for civil society to inform the response with constructive and meaningful consultation.
- Concerted efforts to counter false or misleading information that fuel fear and prejudice.

2. Reduce the pressure on overburdened healthcare systems

- Establish a clear baseline of the situation of core essential services, infrastructure, health facilities, key equipment and commodities and health workforce to prepare for the capacity shifts required to meet the rise in demand linked to COVID-19 cases.

- Establish a list of KPIs necessary to monitor the functioning of health facilities and the provision and utilization of health services, routine and case management and assess presence and functioning of the required health information systems.
- Identify core services that will be prioritized to maintain continuity of service delivery and ensure limited resources provide maximum benefit. Ensure plans are in place for a continuum of essential care for different levels of transmission.
- Ensure that treatment is available to everyone without discrimination, including the most vulnerable and marginalized. This means ensuring that no one is denied timely and appropriate treatment because they lack the means to pay for it, their age, or because stigma prevents them from getting treatment.
- Optimize service delivery platforms (e.g. vaccinations, family planning and counselling, delivered by outreach campaigns, reviving telemedicine).
- Protect the physical and mental health of frontline health workers. Provide dedicated mental health services to enable these critical staff to perform their roles and other commitments.
- Take prompt action to ensure essential medicines and equipment are available where most needed.
- Enhance laboratory diagnostic capacity for testing in case there is a large and rapidly rising numbers of suspected COVID-19 patients.
- Train, repurpose and mobilize the health workforce according to priority services.
- Address the social determinants of health and protect the vulnerable (including migrants), through measures that recognize the needs of vulnerable people, and those with underlying health conditions.
- Develop a plan for medical waste (and waste generated from quarantine centres and the buildings with positive and suspected COVID-19 residents) to ensure that it is segregated, properly managed and destroyed.

3. Invest to build back resilient health systems

- Identify mechanisms for public health financing in anticipation of previously unseen budget deficits that will occur because of economic shutdown.
- Invest in building a strong health system which has capacity to maintain essential service delivery throughout an emergency, limiting direct mortality and avoiding increased indirect mortality altogether.
- Expand regional health facilities capacities for early case detection and health workforce capacity for case management.
- Build comprehensive health information system (both private and public sector) and surveillance system for evidence-based and timely decision-making.
- Identify mechanisms to mitigate economic downturn: increase domestic investment and public financing through contributions and reduce reliance on impoverishing out of pocket payments;
- Implement monetary, fiscal, land, and infrastructure policies to support businesses and find new avenues for economic activity, to enable the reincarnation of an effective and inclusive public health system.

UN Support

- Assist procurement of essential medicines, medical equipment and supplies for the COVID-19 response to ensure uninterrupted availability. Support mobilization of resources for the procurement of these supplies. Given global demand and shortage of medical and safety supplies, leverage agencies' supply chains and wherever possible. Provide support to expand laboratory capacity throughout the country for early case detection and reduce the burden on central national laboratory (IGMH).
- Provide technical support to strengthen the use of data systems and financial support to strengthen national laboratories, surveillance and early detection, case investigation.
- Provide technical guidance on continuity of care and essential services including the adoption of telemedicine.
- Support training and surge capacity (upskilling health workforce including the equipment maintenance teams) for potential repurposing of staff if community transmission occurs.

- Examine the implications of the pandemic for public health and the trajectory of the SDGs in the Maldives, and support the review and re-prioritization of health issues in the Strategic Action Plan (SAP).
- Expand risk communication to include stigma reduction of, social and economic dimensions as a result of confinement, access to income generating opportunities, unemployment and other social and economic impact that may arise from COVID-19.
- Provide technical and financial assistance to the national partners to expand the prevention and response to heightened stress and health issues and their social consequences. Ensure continuity of coordination by the UN and partners, and emphasize the importance of monitoring and evaluation and knowledge management so as to strengthen long term disaster preparedness in line with the *Build Back Better* principle.

In the Maldives, the national poverty line is measured at half the median value of the total expenditure in the consumption aggregate. The 2016 poverty headcount indicator shows that 8.2% of people are poor. In fact, the incidence of poverty is considered marginal compared to regional indicators. Maldivians that are considered poor consume less than MVR 2,257 per month and 46.5% of all Maldivians consume less than 4,514 MVR per month (MVR148 per day equivalent that corresponds to the highest poverty line in the country).³³

However, many Maldivians are just above the poverty line and face the risk of falling into poverty again. Geographically, many atolls have higher poverty headcount ratios, such as the South Huvadhu Atoll (GDh), North Maalhosmadulu (R), North Ari Atoll (AA), South Nilandhe Atoll (Dh), Kolhumadulu (Th) and Addu (S). Food security, climate change, and external global shocks such as COVID-19 raise the risk for a large segment of the population who could be drawn back to lower income categories. Human development inequalities (health, income, education indices) were present ranging from Human Development Index values of 0.627 (all Atolls excluding Malé) to 0.734 (highest in Malé).³⁴

Impact

Women, children, adolescents and vulnerable populations are likely to carry a heavier burden and the social consequences of the pandemic as mentioned in Section I of this report. Due to COVID-19 restrictions, children and adolescents are confined to often-crowded dwellings in either densely populated urban quarters or in remotely located islands, with limited access to recreational or social interactions with their peers which is likely to have a negative impact on their mental health. Further, those who were vulnerable and were already victims of domestic violence and abuse before the current crisis will suffer disproportionately due to increased tensions emerging from movement restrictions and loss of family income.

The possibility of increased community violence and criminal activity should be considered, including substance abuse, drug peddling, theft, gang and extremist practices resulting from an increase in unemployment or due to the increase in numbers of people who are experiencing complete or significant loss of income.

There will be shortfalls in the income of the poorest of the population which include those who are casual labourers, or those working in the informal sector. With a global recession and a significant decrease in economic growth in Maldives in the near future, there will be higher unemployment which will disproportionately impact this group the most. Therefore, interim assistance during the economic downturn which will not only help consumption expenditures but also will serve as cushion for supporting economic growth. Ideally, these measures would combine with a social assistance programme for supporting the income and consumption of the poorest families.

Basic Services

Access to services are being curtailed either through reduction in services (staff re-assigned or services suspended, financial or other resources being redeployed to public health response, or disruption of supply chains) or through reduction in access (through financial constraints, fear, or other barriers) which will hit most acutely the groups whose access is already constrained.

Many people, including those with disabilities, rely on home and community services. Continuity of these services is critical. Further, many may lack the resources to stockpile food and medicine or pay for home delivery.

³³ National Bureau of Statistics, Household Income Expenditure Survey (2016)

³⁴ UNDP Maldives Human Development Report 2014.

The Maldives has already faced a measles and chicken pox outbreak in early 2020, indicating a weak immunization programme. Immunization is a core health service that should be prioritized for the prevention of communicable diseases and safeguarded for continuity during the COVID-19 pandemic.

Maldivian nationals are covered by the *Aashaadha* universal health insurance scheme, however migrants working in the Maldives are required to be covered by private health insurance. The mandatory basic insurance package, which the vast majority of migrants with insurance have, only covers inpatient care. Costs for outpatient consultations and treatment must be borne by the migrants themselves. General knowledge regarding insurance is very low, with many migrants unsure of what their respective insurance packages cover and if they have the mandatory insurance coverage.³⁵

The rates for migrants are double that of Maldivians at public sector health facilities such as IGMH in Malé. Given that the average monthly salary for migrants is around US\$300-350 (varying by industry, with some paid as low as US\$80-100 per month),³⁶ and many remit a significant portion to dependents abroad, these costs can be unaffordable. The issues of employer-sponsored healthcare and differential pricing may become particularly acute in the current pandemic context where migrant workers may need to seek treatment but may not have insurance cover (e.g. if furloughed or terminated) or means to pay.

All registered hospitals in the Maldives require identification documents to be provided to seek consultations and treatments. Given the size of the undocumented/irregular migrant population in the Maldives, this can pose quite a challenge for a significant portion. The Government has sought to try to address this impediment for migrants accessing health by opening a dedicated expatriate Flu Clinic in Hulhumalé, where migrants need not show any identification documentation nor bear any costs for consultation. However, more awareness raising needs to be undertaken to increase knowledge of this initiative.

Sexual and reproductive health

The disruption of services, the anticipated global shortages of contraception supplies, and the challenges visiting health facilities may bring rise to unplanned pregnancies and abortions. In Maldives, the main source of condoms are pharmacies (61%), with only 18% obtaining these from the public sector. Oral contraceptives are mainly obtained from public health facilities (69%), with 28% purchasing from pharmacies. The shorter opening hours of pharmacies, and the limitations for visiting health facilities may impact on access to contraceptives. An extended delay on imports may also impact on the availability of menstrual health items, particularly to outlying Atolls.

Shortages of contraception and the expected reduced access to family planning and maternal health care services are expected to increase rates of unintended pregnancies, unsafe abortions, sexually transmitted infections (STIs), pregnancy complications, miscarriage, post-traumatic stress disorder, depression, and maternal and infant mortality.

Social Protection

While the Government is considering various social protection measures including expanding social insurance, introducing legal protections for paid leave, extending unemployment benefits, deferring loan payments, and support to businesses, it is likely that those most in need of support are currently not being reached. It is therefore critical to identify and target those most vulnerable.

Given the unfolding impact of COVID-19 on the livelihood of many households, and the closure of schools that resulted in depriving many vulnerable children from one regular free breakfast, access to nutritional food for many vulnerable children and pregnant/lactating women will be curtailed. This could result in the reduction of the nutrition and health status of these children and women.

³⁵ Situational Analysis, p. 83.

³⁶ Migration Profile, p. 134; Situational Analysis, p. 88;

Mental health and psychosocial support

Fear, worry and acute stressors can lead to long-term consequences, such as a deterioration of social networks, local dynamics and economic stress which can lead to the adoption of negative coping mechanisms such as child marriage, child labour, and family separation. Coupled with diminished availability to services from social workers and case workers, this will leave women and the most vulnerable exposed to violence, abuse, exploitation and neglect. According to a Maldivian Red Crescent update on 21 April³⁷, 2,612 PsychoSocial Support (PSS) referrals were made while 92 calls were received on a daily basis for PSS support.

Gender-based Violence

There are growing reports of increases in gender-based violence and sexual exploitation and abuse, while services for prevention and response are under pressure. Prolonged coexistence in the private space, combined with the uncertainty and anxiety caused by the outbreak of COVID-19, may increase the number of cases of violence against women and of domestic violence.

With restrictions to freedom of movement, combined with the fear, tension and stress related to COVID-19, and the negative impacts on household incomes, the risk of violence against women will grow. Violence can also affect the re-entry of women into the labour market and constrain their economic autonomy. Women are also more vulnerable to economic fragility during confinement and movement restrictions, for reasons that include their high representation in the informal sector. This vulnerability in turn affects family income and food availability, and leads to malnutrition, especially for children, pregnant and breastfeeding women.

Policy Recommendations for Government

These policy recommendations also relate to the issues of the most vulnerable groups in the population, the impact upon which is outlined in Section I of the report.

Basic services for women and girls

- Develop and widely disseminate gender-responsive communication materials and messages to raise awareness on COVID-19 and preventive measures, including stress management, for women, parents, care providers, families, young people, girls and adolescents through various channels that could reach older persons to monitor and respond to stigma, discrimination, and human-rights violations related to COVID-19 and pre-existing stigma and discrimination, while promoting community-level solidarity .
- Ensure availability of information and services on family planning and counselling to avoid service disruption.
- Ensure uninterrupted access to safe maternal health services, and that healthcare resources are not diverted at the expense of pregnant women. Telemedicine can be used to provide access to maternal services.
- Include counsellors and social workers in the rapid response team. Explore the possibilities of providing remote counseling services for women and girls who are facing movement restrictions. In the long term, Increase the numbers of social workers, and invest in new cadres for future responses.
- Provide support to establish immediate counselling services, helpline, for GBV victims to reach out (can engage social workers to work remotely).

³⁷ <https://twitter.com/maldivianrc/status/1252586839275302912?s=20>

Education

- During the first three months:
 - Provide technical and financial assistance to the Ministry of Education (MoE) for the continuation of learning of over 85,000 children in general education:
 1. Provide learning devices, equipment, and connectivity to mitigate the disparity caused by the digital divide, while putting in measures to safeguard online exploitation and create safe cyberspace for learners.
 2. Strengthen the capacity of teachers to deliver distant learning.
 3. Strengthen the NIE capacity to produce adequate teaching and learning materials for tele-classing and e-learning.
 - Provide individualized learning programmes for children with disabilities through schools and learning centres.
 - Establish a robust mechanism to monitor children's attendance in online/ tele-classes learning activities and the quality of teaching.
 - Launch a hotline for parents and caregivers on how to support children's learning. Sensitize parents and caregivers of all children, including children with disabilities, on how to establish structure and a routine in the daily lives of children while learning from home.
 - Roll out parenting programmes that include key messages on positive parenting practices to establish in support of their children and young adolescents.
 - Strengthen the psychosocial support mechanisms (in collaboration between MoE and the MoGFSS and CSOs) for all children who need support, especially for the most vulnerable children. Launch a refresher training for school counsellors, and how to establish protocols for handling calls and case management.
- In the medium-term:
 - Revise the Education Sector Plan (ESP) to reflect priorities to mitigate the impact of COVID-19 (the ESP is a tool for mobilizing domestic as well as external resources).
 - Establish more systematic alternative education and skills development services for the most vulnerable children and adolescents and building the required infrastructure and resourcing the skills development centres (which will require broad buy-in from development partners).
 - Accelerate the roll-out of the newly revised Inclusive Education Action Plan and Policy to ensure all children including those with special needs can return to school and build on the momentum created during the school closures to better meet the needs of these children.

Health & Nutrition

- Ensure uninterrupted provision of life-saving services for all, ensuring continued basic and life-saving services particularly for women including emergency obstetric care, neonatal care, treatment for pneumonia, diarrhea and dengue.
- Continue routine immunization programmes in order to curb further outbreaks of infectious diseases.
- Provide dignity kits to address the hygiene and psychological needs of women and girls, based on local needs and procurement realities, so that homebound/quarantined women and girls have access to essential sanitary items.
- Establish a national psychosocial and mental health hotline where people can seek remote support.
- Expand and professionalize mental health and psychosocial services through rapid training by international mental health experts to increase the number of local trained professionals.

Social Protection

- Quickly establish a quality and inclusive monitoring mechanism for the most vulnerable:
 - Create baseline data and mapping tool to monitor vulnerable families in order to assess and monitor the overall socioeconomic impact of the COVID-19 pandemic.
 - Develop a robust targeting tool for identifying vulnerable families who are in need of additional state assistance in times of crisis for a time-bound period of time.
 - Provide technical and financial assistance to the Government, mainly MoGFSS and NSPA to establish a timebound targeted child grant for parents who lost their livelihood.
- In the medium-longer term, develop a policy vision for *leaving no one behind*, to avoid any increase in multidimensional and monetary poverty. In the long term, it is important to review the national social protection floors based on the recent evaluations of the disability allowance and single parent allowance schemes. Cash handouts alone do not lift vulnerable groups out of poverty.
- Provide additional financial aid to people with disabilities and their families to ensure adequate medicine and food supplies.
- Implement additional measures to guarantee the continuity of care for people with disabilities throughout the crisis. Should restrictions on movement impede existing family and social support networks, they should be replaced by other services. Containment measures, such as physical distancing and self-isolation, need to take account of the needs of people who rely on the support of others to eat and help with personal hygiene.

Child Protection

- Increase national prevention and response mechanisms to support individuals and families at risk:
 - Establish a national hotline for general violence and abuse reporting;
 - Train dedicated staff to respond to the hotline calls;
 - Strengthen and streamline case management system (training of case workers);
 - Enhance the referral system through revision and improving SOPs; and
 - Train partners (including CSOs) for risk mitigation of gender-based violence and referral for survivors.
- Empower community-based organization and networks in support of state response systems:
 - Build child protection and domestic violence capacity for Malé-based (ICPs) and island based (Support Desks) in collaboration with MoGFSS and Local Government Authority through e-learning sessions; and
 - Enhance capacity of CSG and FCSCs to conduct tracing, monitoring, prevention and response support to vulnerable families.

Prevention and Response to all Forms of Violence and Abuse:

- Give prime attention to the prevention of all forms of violence within the community (including violence against women, violence against children, violence against elderly people, violence among young people) and all forms of sexual abuse and exploitation. Continue to provide preventive messages through all channels, including sharing the unpaid care work and additional anxiety and stress arising from prolonged lock down and due to discontinuation of income generating activities.
- Provide technical and financial assistance to the MoGFSS to expand social services for households and individuals facing the challenges of stress, violence, abuse, and drug addiction related social behaviors.

- Ensure continuity of justice sector services when the mobility of judges and justice personnel is compromised, through digital and remote mechanisms, especially when these services are required to resolve disputes related to intimate partner violence, divorce, custody, child support or maintenance etc.
- Expand / strengthen services for victims/survivors, such as hotlines and FCSCs, adapt their structures to continue providing help in the context of a health emergency, guaranteeing a safe environment for those using the service and for care providers, scale up investment in remote services, including hotlines and helplines, and strengthen provision of mental health and psychosocial support services.

Decongesting places of detention

The particular impact on people in detention is outlined in **Section I**. Recommendations for Government include:

- Conduct urgent risk assessments to identify those most at risk within the detained populations, and paying particular attention to persons deprived of liberty belonging to vulnerable or high-risk groups, such as the elderly, women, and persons with disabilities, people who use drugs, amongst others. Ensure the necessary COVID-19 protection measures for the prison staff and officials.
- Reduce prison s and other detention populations wherever possible by implementing early, provisional or temporary release for those detainees for whom it is safe to do so, taking full account of non-custodial measures indicated as provided for in the Tokyo Rules. Children, persons with underlying health conditions, persons with low risk profiles and who have committed minor and petty offences, persons with imminent release dates and those detained for offences not recognized under international law, should be prioritized.
- Review all cases of pre-trial detention in order to determine whether it is strictly necessary in the light of the prevailing public health emergency and to extend the use of bail for all but the most serious of cases.
- Review the use of immigration detention with a view to reducing the population to the lowest possible level.
- Ensure that all detainees and staff receive reliable, accurate and up to date information concerning all measures being taken, their duration, and the reasons for them, including in the native language of foreign detainees/prisoners.

UN Support

Education

- Provide therapeutic and learning materials to children with disabilities in need.
- Support monitoring of attendance in online school learning, such as through the establishment of a teachers' support network to guide less tech-savvy teachers (ongoing with MoE).
- With a revised ESP, mobilize resources outside the UN agencies to reflect new emerging needs and take advantage of possible innovations that were explored during the emergency context

Social Protection

- Provide technical assistance to the Government for a) establishing a quality and inclusive monitoring mechanism for the most vulnerable, and b) rights-based policy options for an inclusive, progressive and pro-poor recovery programme.
- Provide technical support to national and local actors to integrate population data into local and national data systems for better informed decision making in the long term planning on the road to recovery for government policymaking to reduce the risk of widened inequalities during and in the aftermath of the epidemic and the formulation of the UNSDCF.

Child Protection

- Provide technical and financial support to the following:
 - Ensure continuity of learning to all children in general education;
 - Develop a concept note for a timebound targeted child grant;
 - Support a stepping up of mental health care;
 - Step -up the response to violence within households;
 - Promote healthy and inclusive daily family routine (family drama);
 - Provide PPE to the MoH;
 - Support RCCE with the MoH, NEOC, and President’s Office.

Prevention and Response to all Forms of Violence and abuse:

- Support to digitalize and provide technical assistance towards enacting necessary regulations and procedures for court hearings to take place.
- Support the Family Legal Clinic to enhance their services.
- Support hotlines and psychosocial support

Psychosocial support

- Support the provision of psychosocial support to persons going through economic hardships (ongoing).

As previously discussed, Maldives' external dependence makes its economy more vulnerable to the COVID-19 pandemic shock. The contribution that agriculture and fisheries make to GDP is low, yet in terms of livelihoods, economic and social welfare, these sectors are vital to the workers and the families dependent on these sectors.

Given the remoteness of the Maldives, the majority of the commodities are imported. Due to the high dependence on international trade and high transportation costs, the country will be affected to price volatility driven by the disruptions of production and supply chains worldwide. Hence food security, access to basic needs, and inflation will be fundamental when establishing strategies and policies to address the crisis.

Impact on the Maldivian Economy

Although in January 2020 the number of tourist arrivals increased compared to previous year, February recorded a decline of 11.1% from 2019 with Asia and the Pacific recording a decline of 45% compared to February 2019. Travel restrictions imposed in late February and throughout March for passengers from countries which, coincidentally, are the largest tourist markets had an immediate impact. The decision to halt issuing of on-arrival visas to the country on 27 March 2020 meant a complete halt of tourism operations in the country. An extended global recession will further suppress travel even when travel regulations relax.

The export of live fish and chilled tuna which make up about 28% of total fish export earnings is being impacted the most. According to one source, the export of live and chilled fish (mostly yellow fin tuna) has shut down almost completely to Europe, while supply continues to the USA and Thailand with some difficulties.³⁸ The purchase of fish from Europe has declined drastically due to the lockdowns and social gathering restrictions that are affecting restaurants and markets, the main clientele of the Maldives live/chilled fish exports. Transport and supply chain disruptions have affected fish exports to Asia and exports to Europe that route through Asia.

Supply chain/import disruptions have occurred due to closure of borders, cancellation of flights, and closure of seaports and cancellation of shipping and due to closure of production facilities. Given the high dependency on imports from main sectors such as tourism, construction, wholesale and retail, supply chain disruptions have been reported with the closure of borders, exports, and production facilities. The wholesale and retail sectors which have major shipments from Indonesia, Malaysia, Singapore, Thailand, and UAE are experiencing cancellation of orders to the point of halting operations altogether.

The Maldives has experienced a decline in international and domestic credit due to loss of investor confidence due to uncertainty, financial markets decline, foreign exchange loss and global recessionary pressures as well as protracted internal shocks to the economy. The country relies on large investments, foreign direct investment and foreign loans for resort development, infrastructure, and construction projects, which are currently paused financially and operationally.

Impact on Business

While understood as a measure for mitigating the transmission of the COVID-19 virus, internal containment measures including travel restrictions, internal mobility restrictions and mandatory closure of selected businesses is affecting businesses and associated employment.

³⁸ <https://mihaaru.com/business/70837>

The impact on business is visible amongst those in the tourism value chain and businesses in an island/city economy. The likely impact on businesses include loss of sales and revenue, loss/shortage of employees, reduction of operational hours, stopping operations, employee cuts, and loss of vendors or supply disruptions. Companies are likely to experience cash flow issues, increased debt and experience increased risk of bankruptcy. Impact on micro and informal businesses which are predominantly women-led or women-owned and those with a large participation from the foreign expatriate population is likely to bear lasting impacts. Challenges facing MSMEs prior to the crisis such as access to credit, access to skills and entrepreneurship training, time, access to affordable raw materials and markets are likely to worsen. A rapid livelihood assessment is currently underway to understand the impact of the crisis on businesses.

Impact on Employment

Prior to the crisis, the Maldives had an underutilized labour force with a large proportion of women and young people left out of the work force. Over a quarter of women are either unemployed or not looking for a job. Youth unemployment is 8%.³⁹ The public service is the top employer among Maldivians. Tourism and construction, the main drivers of growth, rely mostly on foreign labour and male employment. Women are mainly care givers, and lack adequate childcare facilities and alternative/flexible working arrangements. There is lack of incentives to encourage hiring of female workers, along with cultural barriers and stereotyping. About two thirds of Maldivians are employed in jobs not related to tourism, suggesting a misalignment between the drivers of growth and aspirations of jobseekers. Poor working conditions and occupational health and safety standards are shortcomings in the labour market.

The key impact areas include:

- **Loss of employment.** While the majority of the large enterprises, including resort establishments, have been encouraged by the Government to retain employment, it is likely that those staff who have casual contracts or consultancy contracts, and those on probation and tourism employees with a fixed term contract less than two years are likely to be laid off. This also includes freelancers and those working without formal contracts.
- **Loss of income.** Many in the service industry, particularly those working in the resorts and guest houses are likely to have experienced loss of income since 1 February 2020 due to loss in service charge or tips. As a result of the closure of resort accommodation establishments and other businesses, employees have been given only basic pay (all allowances and overtime will be lost), pay cuts or no pay arrangements for the next 3 months. The Tourism Employees Association of Maldives (TEAM) has estimated that 11,000 workers are affected by no-pay arrangements or a complete loss of incomes.
- **Loss of legal status of foreign expatriate workers as result of loss of employment.** This is particularly critical for foreign expatriate workers in the low skilled or unskilled categories and those that do not have formal employment contracts. As a result, the pool of undocumented workers may increase.

Impact on Households

Households and inhabited islands with constrained living space particularly in the greater Malé region and in urban islands is likely to worsen with the return of resort employees. The loss of incomes can result in rent defaults and eviction particularly in the greater Malé region which can result in migration of families to home islands. This in turn can impact of loss of schooling and access to healthcare or prospective jobs benefiting the family while living in the Greater Malé region. The loss of income and employment may result in the relocation families residing abroad (for schooling or health care purposes) in Sri Lanka, India and Malaysia back to the Maldives.

³⁹ Maldives National Bureau of Statistics - Household Income and Expenditure Survey (HIES) 2016

Impact on Inequality

Epidemics and economic crises can have a disproportionate impact on certain segments of the population, which can increase inequality.⁴⁰ Based on past experience and current information on the COVID-19 pandemic and insights from previous crises, a number of groups are particularly affected by inequalities:

- **Young persons**, already facing higher rates of unemployment and underemployment are more vulnerable to falling labour demand, as witnessed during the global financial crisis.
- **Older workers** can also suffer from economic vulnerabilities. After the MERS outbreak, older workers were found to be more likely than prime-age individuals to experience higher unemployment and underemployment rates, as well as decreased working hours.
- **Women** are over-represented in more affected sectors or in occupations that are at the front line of dealing with the pandemic (e.g. nurses). The ILO estimates that 58.6% of employed women work in the services sector around the world, compared to 45.4% of men.⁴¹ Women also have less access to social protection and will bear a disproportionate burden in the care economy, in the case of closure of schools or care system.
- **Unprotected workers**, including the self-employed, casual and gig workers, are likely to be disproportionately hit as they do not have access to paid or sick leave mechanisms, and are less protected by conventional social protection mechanisms and other forms of income smoothing.

Impact on Migrants

The Maldives has the largest proportional population of international migrants in South Asia,⁴² representing nearly one third of the resident population.⁴³ Migrants from South Asian countries compose the majority of international migrants in the Maldives, with Bangladeshi migrants composing 57%, followed by Indians at 24% and Sri Lankans at 11%.⁴⁴ The median age of migrants in the Maldives is relatively young at 33 years, compared with 39 for the remainder of South Asia.⁴⁵ Women constitute only 12% of the migrant population. Practically all Bangladeshi migrants are male (99%) and most migrant women come from India (45%), Sri Lanka (12%) and other countries (43%).⁴⁶

Migrants play a significant role in contributing to the national educational and health care systems. Although, the majority of migrants are lower-skilled, they are central to the construction and tourism sectors which are the economic engines of the Maldives.⁴⁷ Migrants are also employed in domestic or care roles, and in the informal service sector.⁴⁸ Forty per cent of all foreign residents are concentrated in Malé,⁴⁹ however migrants are present in greater proportion (compared with Maldivians) in resort islands, industrial, agricultural and other non-administrative islands.⁵⁰

⁴⁰ See for example Lee, A. and J. Cho 2016. The impact of epidemics on labour market: identifying victims of the Middle East Respiratory Syndrome in the Korean labour market. *Int J Equity Health*. 2016; 15: 196

⁴¹ ILO, 2018

⁴² ILO, *Migration in Maldives: A Country Profile 2018* (2018). Available at <https://publications.iom.int/books/migration-maldives-country-profile-2018>, ('Migration Profile').

⁴³ *Ibid*, p. xvii.

⁴⁴ *Ibid*, p. 32.

⁴⁵ *Ibid*, p. 33.

⁴⁶ *Ibid*, p. 34.

⁴⁷ *Ibid*, pp. 88-90.

⁴⁸ *Ibid*.

⁴⁹ *Ibid*, p. 42.

⁵⁰ *Ibid*, p.38.

A significant proportion of the migrant population is either irregular or undocumented. Estimates of the irregular migrant workforce had previously been around 35,000. However, since the Government undertook a registration and regularization initiative for Bangladeshi workers in 2019, estimates place the number of irregular migrants at least 60,000.⁵¹

Employment

As a result of measures put in place on 27 March 2020 as a response to COVID-19 such as the barring of foreigners from staying in guesthouses, the cancellation of flights to the Maldives and the suspension of the Visa on Arrival programme, the tourism and hospitality industry has shut down. As such, resorts are now compelling workers – as many as 11,000 per the Tourism Employees Association Maldives (TEAM) – to either accept significant salary reductions (between 50 - 75%) or no-pay leave for an extended period of time.⁵² Resorts are primarily operated by migrant workers. As such, migrants in this setting, as well as their dependents in-country or aboard (if remitting money), are uniquely at risk from non-payment or furloughing. Additionally, as part of employment packages many migrants working in resorts are provided with room and board – it is very much uncertain whether these will continue to be provided once the HPA allows workers to leave the islands.⁵³

It should be noted that migrants involved in the operations of guesthouses in inhabited islands and in the Greater Malé area are likely facing similar circumstances, but media reporting has predominantly focused on the resorts. As the Labour Relations Authority offices are currently closed, there is limited access to official complaints and redress mechanisms for the time being.

The Maldives National Association of Construction Industry (MNACI) is launching a survey to study the impact on the construction industry due to COVID-19, in anticipation of a downturn in the next three (3) months.⁵⁴

The vast majority of those employed in the construction sector are migrant workers, especially from Bangladesh. These workers are paid an average of MVR 4000 and a monthly food allowance of between MVRV 1000-1500.⁵⁵ Given the low rate of remuneration and high-cost of living generally, lay-offs, furloughs or wage deductions as in the tourism industry are likely to have a significant detrimental impact on the well-being of migrants.

Accommodation & Relocation

As migrant accommodation, especially for those in the construction sector, and meals are often included in their employment package, or deducted from their salary,⁵⁶ they are often collectively housed to reduce costs especially in the Greater Malé area. Conditions in these accommodations are often overcrowded, unhygienic and poorly ventilated, creating ideal conditions for communicable diseases such as COVID-19. An average of 29 persons share accommodations in these settings.

To address this issue temporarily, an inter-ministerial task force constituted of Maldives Immigration, Maldives Police, Ministry of Economic Development, Maldives National Defence Force and Malé City Council, has been created to organize the temporary relocation of 5,000 migrant workers from congested accommodations in Malé to Hulhumalé. It is envisioned that six months post-relocation, these migrants will be relocated again to labour quarters on Gulhifalhu, where a total of 15,000 migrants will be moved. However, these two initiatives have been halted due to prevailing lockdown conditions.

⁵¹ Per Maldives Immigration; Ahmed Aiham, '32,000 undocumented expat workers registered: Economic Minister,' *The Edition*, 23 February 2020. Available at <https://edition.mv/news/15139>.

⁵² Shahudha Mohamed, 'No pay, salary cuts, wage slashes for resort staff: TEAM,' *The Edition*, 1 April 2019. Available at <https://edition.mv/news/15887>.

⁵³ PSM News, 'Resort staff mandated to seek HPA permit before exiting resort,' *PSM News*, 31 March 2020. Available at <https://psmnews.mv/en/66079>.

⁵⁴ Avas.mv, 'MACI commences survey to identify losses to construction ventures,' *Avas.mv*, 25 March 2020. Available at <https://avas.mv/en/80293>.

⁵⁵ Migration Profile, p. 109.

⁵⁶ *Ibid*, p. 132-3.

While it is commendable that the Government is taking steps to preventatively relocate migrants, the task-force is not providing prior notice to individuals, fearing abscondment, which raises concerns regarding their ability to provide voluntary consent, but also creates circumstances which allow for panic to develop if there are misunderstandings.

As work suspensions, curfews and prohibitions against gatherings of more than three persons are currently being enforced and may expand in scope, there is a likelihood that migrants will be restricted to their accommodations for longer periods, increasing potential for physical and psychosocial impact from prolonged isolation. Only a small proportion of migrants reported seeking treatment for mental health issues (3.7%),⁵⁷ and more may need to be done to provide access to relevant psychosocial services for confined migrants.

Additionally, as migrants in these types of accommodations are dependent on canteen food due to a lack of access to kitchen facilities,⁵⁸ and possess fewer financial resources, may be more vulnerable to price increases for basic foodstuffs.

Repatriation & Emigration

Despite the current layoffs, furloughs and suspensions of work, as inbound and outbound international flights have nearly all been suspended as both public health (in Maldives and many countries of destination) and business operations measures, migrants will be unable to leave the Maldives until flights resume. Unemployed migrants may find it particularly challenging to provide for themselves until they can find alternative employment or exit. They may further be unable to bear the cost of returning even at present or when flights resume.

Discussions are ongoing regarding an assisted, voluntary repatriation scheme to utilize repatriation security deposits paid by employers. This will involve providing support to obtain travel documents and arrange flights for others. However, at present this proposed programme would extend only to migrants who have not registered as part of the Ministry of Economic Development's regularization initiative, commenced in November 2019, so many migrants e.g. those registered or those furloughed may be outside its scope.

Internal Migration

The Ministry of Fisheries, Marine Resources and Agriculture has announced a programme to lease agricultural land on forty-four islands for three years at no cost to increase national food security, with produce being purchased by the State Trading Organization.⁵⁹ At present, the majority of agricultural work in the Maldives is undertaken by Malé, migrant workers,⁶⁰ and given the current, increasing availability of migrant labour, it is possible that the scarcity of employment may create conflict between Maldivians and expatriate migrant workers.

Furthermore, international migrants already constitute a much higher proportion of residents in 'industrial and other non-administrative islands' compared with Maldivians (77:23),⁶¹ and could create conflicts over land with new arrivals. Moreover, if there is a sudden influx of migrants, existing infrastructure could be considerably strained. As such, to obtain the maximum benefit of this programme, there is a need to consider the need for a framework for the management of internal migration, in parallel.

⁵⁷ Some reasons for low rate of accessing mental health, in addition to stigma, are discussed below.

⁵⁸ Migration Profile, p. 132-3.

⁵⁹ Shahudha Mohamed, 'Maldives to lease agricultural land for 3 years rent-free,' *The Edition*, 12 April 2020. Available at <https://edition.mv/news/16075>.

⁶⁰ FAO, *Country Gender Assessment of Agriculture and the Rural Sector in Maldives* (2019). Available at <http://www.fao.org/3/ca6071en/ca6071en.pdf>.

⁶¹ Migration Profile, p. 39.

Access to Health

The situation of migrants with respect to health coverage is described in Pillar I. In brief, the cost of health care for migrants is double that of the rest of the community, and with low monthly salaries, necessary health care may be unaffordable.

There are a number of pre-existing challenges to migrants' access to health which may be exacerbated in a pandemic context. Surveys conducted as part of a Migrant Health Situational Analysis of the Maldives (forthcoming), health seeking among migrants is already low and potentially attributable to a variety of factors. Some perceived barriers could include (i) fear of being reported to employers or (ii) deportation, (iii) lack of knowledge of or lack of insurance coverage; (iv) non-affordability of consultations or medication; and (v) lack of documented status.

Policy Recommendations for Government

Labour Market

- Revive the economy and socio-economic activities through policies and plans that re-imagine the current economic profile into a new and diversified economic track, that is closely linked with the sustainable use and management of natural resources as per the SDGs and the SAP. One possibility would be to develop innovative private-public partnerships that help to spread the costs and build resilience into the economy, further greening of sectors which create jobs, and explore diversification opportunities with private sector and investors (local or multinational).
- Focus policy responses on two immediate goals on the demand and supply sides:
 1. **Health protection** measures - workers and employers and their families should be protected from the health risks of COVID-19. Protective measures at the workplace and across communities.
 2. **Economic support** should be introduced and strengthened, requiring large-scale public support and investment. Timely and coordinated policy efforts should be taken to provide employment and income support and to stimulate the economy and labour demand. These measures not only cushion enterprises and workers against immediate employment and income losses, but they also help prevent a chain of supply shocks (e.g. losses in workers' productivity capacities) and demand shocks (e.g. suppressing consumption among workers and their families) that could lead to a prolonged economic recession. These actions need to focus on sectors where women and young workers are the most concentrated, such as care of the elderly and children, so that the recovery promotes greater gender equality rather than reinforcing existing gender gaps in employment.
- Launch social dialogue between Governments and Workers' and Employers' organizations to develop and implement sustainable solutions.
- Use International Labour Standards as the foundation for key policy responses that focus on the crucial role of decent work in achieving a sustained and equitable recovery. These standards provide a human-centred approach to growth and development, including by triggering policy levers that both stimulate demand and protect workers and enterprises.⁶² These standards apply to all workers including migrant workers with regards to the following: medical services and testing; information on health conditions, risks and protection of the health of migrant workers; social security coverage and access to health care benefits; the right of residence in the event of incapacity to work or loss of employment; and, in the case of expulsion then the cost of return shall not be borne by them.

⁶² Key lessons from previous crises, including the GFC and SARS/MERS are outlined in Annex II.

- Take pro-active, large-scale and integrated measures across all policy areas to make strong and sustained impacts. Since the crisis is evolving rapidly, careful monitoring of the direct and indirect effects of all interventions are crucial to ensure policy responses remain relevant.
- Build confidence through trust and dialogue. Strengthened respect for, and reliance on mechanisms of social dialogue creates a strong basis for building the commitment of employers and workers to the joint action with governments. Enterprise-level social dialogue is also crucial.
- Protect workers in the workplace to minimize the direct effects of COVID-19, in line with WHO recommendations and guidance:⁶³
 - Improve Occupational Safety and Health (OSH) measures, including physical distancing, provision of protective equipment (especially for health and allied workers, volunteers and others in permanent contact with people), hygiene procedures and forms of work organization (supported by information and awareness campaigns), and through social dialogue between employers and workers and their representatives, using for example OSH committees;
 - Encourage appropriate flexible working arrangements, such as teleworking;
 - Prevent discrimination and exclusion relating to COVID-19;
 - Enhance universal access to collectively-financed health services for all, including uninsured workers and their families, in line with the World Health Declaration on Universal Coverage;
 - Expand access to collectively-financed paid sick leave, sickness benefits, and parental/care leave to ensure income security for those who are sick, quarantined or caring for children, elderly or other family members; and
 - In the case of migrant workers, physical distancing and related efforts to contain the virus should not lead to total isolation especially if they are in designated accommodations or crowded camps, which will put them at further risk.
- Stimulate the economy and labour demand through economic and employment policies:
 - Active fiscal policies, particularly social protection measures, including targeted transfers and automatic stabilizers, such as unemployment benefits, along with public investment and tax relief for low-income earners and Micro, Small and Medium Enterprises (MSMEs);
 - Accommodative monetary policy (interest rate reductions, reserve rate relaxation, targeted liquidity provisions); and
 - Targeted lending and financial support for specific sectors to protect enterprises, especially MSMEs. Investing in health systems is crucial in building resilience against COVID-19 but also offers an opportunity to create decent jobs.
- Protect employment and incomes for enterprises and workers negatively impacted by the indirect effects (factory closures, disruption to supply chains, travel bans, cancellation of public events):
 - Social protection through existing schemes and/or ad-hoc payments for workers, including informal, casual, seasonal and migrant workers, and the self-employed (e.g. through access to unemployment benefits, social assistance, and public employment programmes);
 - Employment retention schemes, including short-time work arrangements/partial unemployment benefits and other time-bound support for enterprises, such as wage subsidies [and temporary cuts to payroll tax/exemptions from social security contributions], provision of paid leave and extension of existing entitlements to workers, and training leave, grants and related schemes.

⁶³ <https://www.who.int/docs/default-source/coronaviruse/covid-19-sprp-unct-guidelines.pdf>

Supporting Business

- Take time-bound financial/tax relief and income smoothing measures to support business continuity, especially MSMEs and the self-employed (e.g. subsidies, credit mediation/refinancing to overcome liquidity constraints).
- Re-orient the Maldives tourism industry:
 - Conduct a requirements assessment of professions;
 - Launch upskilling programmes which can be tied to cash benefit above; and
 - Strengthen tourism employment support including better regulation. COVID-19 provides an opportunity to see the impact on large numbers of workers, for government and tourism stakeholders to build a stronger policy to protect workers from future crisis.
- Deliver full-fledged labour market services and labour governance:
 - Establish a monitoring system to monitor support provided, through to graduation of individuals;
 - Extension of career counseling, personal development, employment ethics, labour rights and job matching services;
 - Extension of skill building through linkage with TVETA; and
 - Strengthen overall labour market services and governance through SDGs acceleration measures.
- Deliver business development services through revitalized BCC, SDFC, local councils and WDCs:
 - Roll out business development services for MSMEs – e.g. business continuity and contingency planning, financial advisory for accessing stimulus related loans and improving books and financial management to improve efficiency/avoid leakages, guidance on managing business in the emergency, supporting business adaptation and - example migration to online/delivery services; and
 - Strengthen overall BCC and SDFC activities.
- Accelerate digitalization, technology and innovation of the economy.
- Launch new business models of public-private partnerships and private sector investment for social impacts and blue economy transformation.
- Develop policy and procedures for migrants who are asked to consent to a voluntary return or preventive relocation process that ensures migrants are fully and meaningfully informed of the choice they make, have access to up-to-date, accurate and objective information, including in relation to the place and the circumstances to which they will be returning. Consent must be given free of any coercion.

The Particular Situation of Migrants

Communication & Misinformation

- Ensure the Government's communications strategy on COVID-19 does not contribute to xenophobia and racial discrimination, including by introducing measures to prevent, monitor and address stigma and incidents of racism, xenophobia, incitement to discrimination, hatred and violence, and holding those responsible to account.
- Increase awareness of the Human Rights Commission of the Maldives complaint mechanism, especially the 1424 Hotline.
- Provide statistics and information publicly regarding labour complaints made to Labour Relations Authority by migrants, as is being done with Job Centre complaints.
- Increase messaging regarding the Expatriate Flu Clinics and other dedicated locations for free consultations, regardless of immigration status. Consult migrants (e.g. in focus group settings) to better understand issues regarding usage of existing services and messaging.

Facilitating Extensions of Stay

- Provide adequate time and waive fines/penalties for residence and work permits extensions in light of border and office closures and travel restrictions. Consider utilizing alternative working modalities such as passport and document drop-off services and pre-scheduled appointments to promote physical distancing.

Relocation within Maldives

- Identify migrants living in inadequate or precarious housing, without adequate access to water, sanitation and hygiene in Greater Malé Area and other Atoll with support of City and Local Council.
- Specific actions should be taken to protect the health of migrants, including irregular migrants, living in inadequate (e.g. congested, unsanitary) housing including preventive relocation.
- Relocations should be undertaken with reasonable notice, with up-to-date, accurate information in national languages to support informed decision making.
- Permit migrant workers at resorts who have been released from lockdown by the Health Protection Authority to travel freely after providing relevant predeparture information e.g. regarding limits in access to employment, accommodation or leaving Maldives, etc.

Repatriation

- Develop policy and procedures for migrants who are asked to voluntarily return to their countries of origin, ensuring:
 - Access to up-to-date, accurate and objective information in national languages, regarding the manner and destination of their repatriation, to facilitate informed decision-making;
 - Sufficient time to make an informed decision;
 - Access for consular counterparts to assess voluntariness; and
 - Adherence to public health guidelines including physical distancing.
- Given the closure of borders and presence of over 40 individuals in immigration detention slated for deportation, suggest considering non-custodial alternatives such as community detention to promote physical distancing.

Access to Health & Social Protection Measures

- Support access to social protection & other relief measures proposed by the Government for migrant workers. Engage with private, migrant insurance providers (such as Allied Insurance) to support expanding insurance coverage for out-patient consultations, or a like manner during the Public Health Emergency period to ensure migrant access, for early detection.
- Partner with established NGOs to operate the Expatriate Health Clinic(s) to increase trust in authorities. Develop interim welfare programmes for migrants, including irregular migrants, who have been laid off or furloughed or facing wage deductions, such as food distributions, to ensure necessities are available.
- Implement measures to separate between provision of all essential services, including food, water, sanitation and other rights, and immigration enforcement
- Develop mechanism to consult with non-Governmental partners including NGOs, High Commissions, and UN organizations regarding planned responses for migrants to provide inputs from a rights-protective, risk mitigation perspective.
- Include migrant workers in social protection measures and ensure they are available and accessible to migrant workers and their families, regardless of their migration status.

Labour Market

- Support to legal aid for employment related issues, including assistance by telephone, develop resources for workers which can be used as guidance (ongoing).
- Support the continuity of justice sector services when the mobility of judges and justice personnel is compromised, through digital and remote mechanisms, especially when these services are required to resolve disputes related to intimate partner violence, divorce, custody, child support or maintenance etc. Introduce digital technology combined with technical assistance towards enacting necessary regulations and procedures for court hearings to take place.

Business

- The Rapid Livelihood Assessment will determine the level and nature of impact of the crisis on employment and Micro-Small and Medium Enterprises (MSMEs) and other vulnerable groups such as self-employed, women entrepreneurs (ongoing with MED).
- In the meantime, provide technical support in designing the cash compensation scheme now. Design the cash benefits to be tied to productive work, training /upskilling and mandatory social counseling.
- *Explore opportunities for Cash For Work* options such as for workers in quarantine/isolation facility operations, workers in quarantine facility engaged in waste (and health) disposal in collaboration with WAMCO and MOE, food storage and inventory management in collaboration with STO and other SOEs, community health infrastructure like WASH or emergency rooms, community based services – PSS counselors, public health focal points in the community, farming using green technology etc.
- Accelerate innovation in MSMEs: Cash for innovative tools such as virtual tourism, virtual dining which can eventually become tourism promotion products. Scale online platforms for meditation, yoga, cooking, baking, and exercise.
- *Cash for sustainability* can be mobilized to protect natural and cultural assets of islands which in the future can generate local tourism/revenues.

Migrants

- Media sensitization training for journalists and media counterparts concerning migrant issues.
- Undertake regular consultations with migrant workers to better understand their needs and vulnerabilities, and taking stock at key intervals during the COVID-19 pandemic to assess changes in circumstances. Support the development of messaging concerning migrants e.g. for promoting the use of the Expatriate Flu Clinic, including translation of materials. Provide technical inputs and support for developing and implementing initiatives concerning migrants.

Impact

The Maldives economy has experienced positive growth rates in recent years. In 2018, the GDP growth rate was 6.9% which was mainly driven by the tourism sector, construction and real estate industry.⁶⁴ Tourism industry directly accounted for 24.5% of this growth while indirectly it contributed more through growth in communications, transport and retail trade sectors. The latest World Bank estimates that Maldives growth in 2020 to record a range of -8.5% to -13.0% (down from earlier forecasts of 5.5%) while the IMF also expects a similar order contraction in 2020 (-8.1%). The most recent updates from the Ministry of Finance show that the tourism sector could experience a negative growth of up to 50% which will result in a fall in GDP by 11.5%.

The Asian Development Bank (ADB) recently assessed Maldives amongst the top three countries in the Asia region to be hardest hit by the global crisis in terms of impact on GDP growth.⁶⁵ The report argues that the decline in tourism and business travel as a key channel for transmission of the COVID-19 impact on ADB's Developing Member Countries (DMCs). The World Bank's latest report⁶⁶ warns of a 'perfect storm' in South Asia with a gloomy forecast citing an unprecedented 40 year low and Maldives as the hardest hit.

Prior to the COVID-19 crisis, the Maldives was already challenged by an unstable macro-economic environment. The International Monetary Fund (IMF) estimated that the 2018 fiscal deficit (including grants) at 4.3% of GDP, compared to 3% of GDP in 2017, and public and publicly guaranteed debt continued to increase, to over 70% of GDP in 2018.⁶⁷ The IMF debt sustainability assessment categorized the Maldives with a high risk of debt distress.

The budget for 2020 passed last year was a record budget of MVR 35.9 billion with a projected revenue of 29.9 billion and a deficit of MVR 6 billion. According to the 2020 budget document, the Government aimed to raise 17.85 billion in tax revenue the largest portion expected to come from the Tourism GST (28%), while 5% comes from the green tax and 5% from airport service charge – taxes which are directly associated with tourist arrivals. The Government also aimed to raise 6.85 billion in non-tax revenue 25% of which was expected from resort leases/tourism rent and 13% from airport development fee which is levied on tourists. The COVID-19 impact on the tourism sector will deepen the fiscal deficit due to a decline in tourism related revenue. According to the Government's preliminary forecasts, the revenue shortfall is expected to range between MVR2.1 billion and MVR6.9 billion.⁶⁸ The limited fiscal space and debt sustainability risks minimizes the Government's ability to introduce fiscal packages to stabilize the economy.

The current account deficit was estimated at 21.5% of GDP in 2019 and 19.1% in 2020.⁶⁹ There is already reported exchange rate pressures (increased price of the dollar against the Maldivian Rufiyaa in the parallel market), The slowdown in the tourism and construction industries and reduced demand for consumables may limit the strong adverse effects on the external balance of payments. Similarly, a slowdown in construction projects which rely heavily on foreign labour, can lead to a fall in remittance outflows.

⁶⁴ Fiscal and Macroeconomic Outlook - BIS 2020-Draft, Ministry of Finance, Government of Maldives

⁶⁵ ADB Economic Impact of the COVID-19 Outbreak on Developing Asia', <https://www.adb.org/sites/default/files/publication/571536/adb-brief-128-economic-impact-covid19-developing-asia.pdf>

⁶⁶ "World Bank. 2020. South Asia Economic Focus, Spring 2020 : The Cursed Blessing of Public Banks. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/33478> License: CC BY 3.0 IGO."

⁶⁷ International Monetary Fund. 2019. Maldives 2019 Article IV Consultation—Press Release; Staff Report; And Statement by The Executive Director for Maldives. IMF Country Report No. 19/156.

⁶⁸ Maldives Macroeconomic Update: Novel Coronavirus outbreak, Ministry of Finance

⁶⁹ Fiscal and Macroeconomic Outlook - BIS 2020-Draft

The Maldives is currently implementing the inception phase of INFF process to address the challenges on development financing. The inception phase of the DFA/INFF process consists of the set up the existing DFA/INFF oversight team, the completion of the DFA and the development of the INFF roadmap. The DFA will compile data and information on financing needs and trends, current policy, and institutional structures used to carry out planning and finance policy functions and examine in greater depth the financing priorities, challenges and opportunities to take a more holistic approach to planning and financing. It will draw together the work being done on these issues by various national and international actors. The INFF roadmap will outline the steps that will be taken to operationalize the INFF in the country, including adjusting to the changes resulting from the pandemic.

Policy Recommendations for Government

- Continue focus on immediate emergency efforts with targeted social protections, livelihood support and food security measures. All stimulus actions need to be gender and rights sensitive. Traditional stimulus packages and austerity measures can re-entrench inequalities including gender inequalities unless they are designed to protect and promote sectors that employ women and services that support them.
- Focus on priority basis negotiate debt moratoriums from major international creditors for at least for next 12 months to garner sufficient fiscal space to manage the emergency phase as well as subsequent recovery phase. Relief from debt moratoriums to be supplemented by internal fiscal consolidation efforts which will generate additional fiscal space and enable a solid fiscal position post crisis.
- Strengthen the risk framework embodied in the national plans/SAP by undertaking measures that would strengthen the risk management capacity of the country by looking at a risk matrix which contains epidemic type risks (in addition to climate change/natural disaster related risks) and implement necessary measures (including financing measures) to manage those risks.
- Restore macro-economic stability by addressing:
 - High rates of inflation;
 - Cash flow crisis of the national public accounts; and
 - High risk of debt distress.
- Tax reform - implement Integrated National Financing Framework (INFF), by integrating all development financing for SAP and SDGs implementation, such as climate finance, and green funds.
- Improve fiscal and business regulatory environment to access untapped resources such as private sector investments and reduce risks for businesses.

UN Support

- Support national planning processes to further strengthen the risk framework to enable Maldives to better cope with risks into the future (thereby halt regression of progress towards the SDGs).
- Support Government to establish necessary financing measures for managing various categories of risks.
- Estimate the SDG financing gap taking account the impact of the ongoing COVID-19 crisis on the Maldives SDGs performance.
- Support building of institutional cross-government coordination to achieve greater coherence across public and private financing targeted for COVID-19 response and recovery, ensuring their alignment with SDG and SAP priorities.
- Monitor the impact of crisis financing policies and initiatives and develop tailored policy advice.
- Support the review of projects being funded by the Government and identify measures to reduce reliance on imports, in order to manage the external balance deficit.

Impact

The existence of COVID-19 in Maldives, the temporary closure of resorts and drastic reduction in tourists have created not only heightened fear and anxiety, but have also shattered the artificial bubble of economic buoyancy and prosperity that Maldives rode for more than a decade.

The economic shock to both tourism and fisheries (as Maldives' two key economic pillars) could threaten to strip away more than just optimism in the peaceful, prosperous trajectory of the country that has marked the decade of political transition (despite worrying trends of political instability).

Likened to the 2004 Tsunami in terms of the sudden effects these shocks have played on an already vulnerable country, the virus and its consequences threatens to severely impact Maldivian society - families, individuals and communities on islands and in the urban centres from north to south. It will undoubtedly place stress on society's coping mechanisms over what may potentially be an extended crisis timeline. Already psychologically impacted by limitations on human movement and contact, with everyday activities heavily curtailed, and coupled with a real risk of loss of financial independence and a fall into poverty, a largely young and a relatively small but very vulnerable ageing population may suffer a rapid series of unprecedented shocks. Large population concentrations in several urban centres will be impacted almost immediately, if businesses remain shut. Many rely on holding more than one job at a time, or hold a job only for a short time, thus few will have guarantees of a stable exit strategy.

Falling between the cracks of the political system or judged and rejected by increasingly worried parents, with little or no social net to catch them as they try to avoid overcrowded, sometimes abusive homes, erring or 'lost' younger generations steer between extreme behaviour and the norms they reject. Seeking refuge in drugs, companionship of and identity in gangs, the opportunity is also open for such men and women, boys and girls to be steered towards more radical Islamic ideology. Maldives' strikingly high percentage of men, women, boys and girls in exodus to Syria and Afghanistan's frontlines is also matched domestically by homegrown communities and cells willing to not only resist mainstream social narratives and government laws but also to commit acts of violence in the name of their ideology. The risk of growing violent extremism is prevalent in the Maldives.

The political, social and economic instabilities of the past twenty-five years have posed fundamental questions about the very identity of Maldivians in the face of rapid changes, as well as the nature of governance best suited to a homogenous yet diverse nation. Unprecedented prosperity is now contrasted by the risk of economic collapse and potential poverty for vulnerable families, as well as grave compounding of risks for migrant workers. The cramped living conditions of migrant workers in urban areas makes them highly vulnerable to the spread of the disease. If transmission were to happen within their communities and spread outward, it would likely add to the growing xenophobia within the country.

The impact of mass layoffs and pay reductions from the tourist resorts and related industries, such as domestic aviation, could have a severe ripple effect across the country. There are potential avenues for the state to intervene and ensure longer term changes are brought to employment conditions within these industries. The current situation creates an enabling environment for unions to organize for positive outcomes of its members.

The severe effects of natural disasters and public health crises (the 2004 Tsunami and the current COVID-19 outbreak) have sharply brought consecutive governments to reflect on the need for social and political unity for that globally elusive trajectory towards a more sustainably peaceful and prosperous world. Such a moment could present opportunities for Maldivians to come together and adopt a radically contrasting narrative that describes a more sustainable lifestyle that is underpinned by human rights and truly guarantees that *no-one is left behind*.

Social cohesion, social dialogue and political engagement is anchored in the normative framework, and the 2030 Agenda 2030 with a specific focus on *leaving no one behind* and putting the furthest behind first, including groups that are identified as particularly vulnerable as part of the COVID-19 crisis such as women, the elderly, migrants, and people with disabilities.

Policy Recommendations for Government

- Invite the public to a virtual dialogue across the country in the wake of COVID-19: “What kind of future do we want to create?”, led by Government officials, political leaders, religious figures, business leaders and civil society actors. This will serve to encourage solidarity, seek innovation and new strategies while gauging national mood (from a balanced selection of speakers or contributors considering political, social, gender, geographical, other representative groups’ perspectives). A strong refocus of efforts should be made on including women, prisoners, drug addicts, gang members, youth, migrant workers, people at risk of adopting violent extremist ideologies etc.
- Fully supported by a wide a range of religious leaders, scholars, business leaders, social workers etc., ensure multiple approaches to building resilience and to reintegrating those formerly or actively associated with such groups. This will further strengthen the already robust Communications Strategy (CS) and National Action Plan (NAP) of the National Counter Terrorism Centre (NCTC). Such efforts should aim to ensure that other institutions whether civic, religious or business would work to collectively own and drive the narrative.
- Ministry of Islamic Affairs and other parts of government to develop joint messaging around *leave no-one behind*, with identification of key Islamic texts, while supporting social media and other public messaging, with a special focus on Ramazan, calling for solidarity, unity, focusing on the vulnerable, compassion and the peaceful resolution of disputes.

UN Support

- UN Maldives has established safe platform for youth and other vulnerable groups which can be utilized during the response planning, and to support social dialogue.
- Work with the Ministry of Islamic Affairs on joint messaging around *leaving no-one behind*, with identification of key Islamic texts, while supporting social media and other public messaging. Identify or support formulation of UNSG message/appeal for Ramazan (and other global religious events) on issues such as resolving disputes, unity, and focusing on the vulnerable.
- Support national efforts on messaging campaign on promoting tolerance, respect for diversity and national identity. Support the strengthening of a whole-of-government political narrative on combatting violent extremism owned by the key institutions focusing on counterterrorism, and preventing violent extremism.
- Support the sharing of impartial news about COVID-19 and how to combat and counter ‘fake news’ on the economy and any other key theme. Religious leaders, scholars and civil society will be requested to work to amplify information and messages, while special Ramadhan messages will be adopted highlighting core Muslim values underscoring collective responsibility, compassion and a sense of community.
- Support drafting of simple guidelines for contributions on radio, social media, TV to encourage constructive dialogue. The UN can work with government, religious leaders, civil society members, business leaders, youth and children to develop guiding areas for questions/comments that seek to build consensus on solutions: a better understanding of vulnerabilities and how to be resilient, what steps can lead to greater social cohesion, how to withstand future shocks, the role and perspectives of different generations, how to encourage volunteerism.

IV. CLIMATE CHANGE, ENVIRONMENT AND COVID-19 – A UNIQUE CHALLENGE FOR THE MALDIVES

Impact

COVID-19 impacts all aspects of society and all dimensions of sustainable development, including its effect on global climate action. While immediately focused on the health response, countries must keep an eye on the long-term effects of coronavirus and what it could mean for sustainable development in the future, particularly for countries such as the Maldives, which are most vulnerable to the impacts of climate change.

Being a small island development nation, Maldives is one of the most climate vulnerable countries due to its geographical conditions and limited land and space. More than 80% of people live within 100 metres from coast lines, and 80% of lands are below one metre above sea level. Salt intrusion and coastal erosion has damaged groundwater quality and quantity. Water shortage is one of the risks that can affect hygiene and health practices in communities leading to poor health outcomes. Increasingly unpredictable weather patterns affect communities to experience floods and drought with potential additional health damages. In particular, changing and unpredictable rainfall patterns have hindered the ability to harvest rainfall – an important water source for outer island communities. In recent years, more than 80 islands routinely seek emergency water supplies during dry season.

Heavy dependency on food and oil fuel imports makes the population vulnerable from global economic, health and natural disasters. The widespread reliance on sea water desalination for water supply makes the Maldives vulnerable to fluctuating fuel prices. Maldives relies on oil fuel for 70% of its energy production. The government aims to meet 70% of daytime peak energy demands by renewables, which has yet to be achieved. In the long term, coral bleaching and other climate impact on natural resources in addition to environmental degradation due to development projects with weak environmental monitoring, which will affect the tourism industry and damage the country's economy. Prior to the COVID-19 pandemic, the climate crisis was one of the biggest global health threats of the century. Maldives has committed to the Paris Agreement and aims to achieve nationally determined contributions (NDCs) with a target of 10% reduction at Business as Usual (BAU) levels.

The effects of climate change on health and well-being are both direct and indirect, and include:

- Heat-related illness such as heat stress and heat stroke;
- Reduced crop yields, food and water security, nutrition and increased risk of vector-borne diseases (such as dengue, chikungunya);
- Increasing variability in rainfall patterns and rising sea level leading to water scarcity (such as rain water harvesting systems and groundwater resources and increasing flood and storm risk).
- Extreme events can cause injury and increase the risk of water-borne diseases (such as diarrhea and cholera), infectious diseases and psychological distress as well as disrupt health systems and facilities;
- Air pollution leads to respiratory and non-communicable diseases;
- Climate change can trigger economic instability, migration and conflict, all which have health impacts; and
- The emergence and transmission of zoonotic diseases such as COVID-19. Specifically, the increase in temperature can increase the development rates and pathogens, while extreme weather events such as flooding can boost vector abundance facilitating transmission and accelerating the rate of infections. Considering the complex interplay between climatic conditions and zoonotic diseases, it is paramount to ensure that the response to the COVID-19 crises takes into account the imperative of climate action.

Longer-term impacts of urbanization are already occurring, including increasing water demand and pollution of naturally occurring, and very important, groundwater resources. In the post-COVID-19 recovery, principles of sustainable production and consumption must be drawn upon to mitigate the pressures of urbanization. Effective resource management, green public procurement practices and safeguarding and enhancing the resilience of ecosystems which improve water quality and quantity can help to relieve the pressures of urbanization.

Additionally, the Maldives has limited capacity for overall solid waste management, and almost no capacity for the environmentally sound management of healthcare waste. Improper disposal and treatment of healthcare waste used in treating COVID-19 patients poses serious hazards of secondary disease transmission among waste workers, health workers and the community in general, as well as contaminating the environment with non-biodegradable waste, toxic fumes and plastics. A focus on appropriate waste management of contaminated materials is needed to safeguard both community health and the environment.

Nature can be an important ally in the fight against COVID-19 and in the prevention of the emergence of other zoonotic disease in the future. Ecosystem integrity in the Maldives underpins economic security, health and development. Land use changes, intensive agriculture and increase contacts between humans and wildlife have contributed to the accelerated emergence of zoonotic disease such as COVID-19. Consequently, restoring ecosystems and protecting biodiversity can be important instruments in the prevention of the emergence of zoonotic disease. Economic recovery from COVID-19, particularly with a long-term focus, must consider the importance of the environment and the health of natural ecosystems. Recovery must be guided by principles of resilience and sustainability and include safeguarding the environment to ensure the economic stability of tourism, the blue economy and communities that rely on functioning ecosystems and biodiversity.

It is key for the Maldives to ensure that economic and social recovery creates a win-win situation for environmental recovery rather than “develop first and clean later” based on the pressure on governments for creating jobs and economic recovery. Incorporating “green” recovery in the revitalization of the production system could be based on greener production lines (energy efficiency, green supply chains, resource efficiency, reduced negative environmental impacts including pollutions and GHGs), greener products and services (such as products and services for energy, mobility/transport, housing, agriculture, consumer goods, tourism, etc.), and greener business models (shared economy, selling product as service).

Policy Recommendations for Government

- Prioritize communities and individuals who are most vulnerable to the impacts of climate change. This includes those who are impacted by changes to their environment and those that depend on their environment for their livelihoods. Particular attention to women and associated industries.
- Given that the tourism industry is the key economic sector, and is an income source for a vast number of people and families, the Government may consider providing concessions to resorts. Take the opportunity to extract commitments of reducing environmental footprint including GHG emissions in return. Provide financial support to businesses that reduce GHG emissions and increase energy security as a priority.
- Ensure that climate-related spending, on both mitigation and adaptation, are retained at scales (at minimum) equivalent to pre-COVID-19 planning. Should there be a need to scale back, consider as a deferment rather than a cancellation altogether and encompass resources to maintain minimum functional level of services.
- Ensure that the annual climate induced water shortages and government response are not hampered by lockdowns or supply chain disruptions for the fuel that is needed to produce water. Frontline water security must be ensured for most vulnerable and for the health services.

- Ensure that local production is sustained and further boosted to preempt a food shortage in the coming months due to breakdowns in supply chains from countries on which the Maldives depends. Launch targeted interventions across the country in the next 12 – 24 months to boost the agricultural output of high yield, high caloric food varieties.
- Address vulnerabilities stemming from high dependence on fossil fuel for energy needs. Consolidate the fuel and energy demands of the country to ensure that fuel reserves are sustained, and a general practice for promoting renewable energy, energy efficiency and conservation is rolled out. Frontline energy security must be ensured for health care facilities.
- Take early action to reduce loss and damage for seasonal climate and extreme weather events, including seasonal vector borne health emergencies. Ensure that first responder/community preparedness is elevated to compensate for national response mechanisms that may be fully occupied in the COVID-19 response.
- Anticipate and plan for water security issues arising from COVID-19 - related challenges such as supply chain disruptions. Ensure adequate water reserves in outer islands and put in place improved emergency water supply facilities, preferably at regional scale. Provide adequate water quality (field) testing capacities to minimize the health risk.
- Ensure continuity of municipal services such as waste management and health care waste management to prevent the possible proliferation of improper disposal practices that could be detrimental to the environment, or could become a hazard for human health.
- Ensure the continuity of monitoring and oversight of environmental protection measures and services by the Environmental Protection Authority to prevent opportunistic/ illegal exploitation especially in outer islands. Extend to protected areas, fishing practices and protected species both on land and in the ocean.
- Maintain the health of natural ecosystems as an integral part of the economic recovery, enhanced resilience of island ecosystems that contribute to the economic stability of tourism, fisheries and other economic sectors that are key to the blue economy, as well as enhanced livelihood of local communities.

UN Support

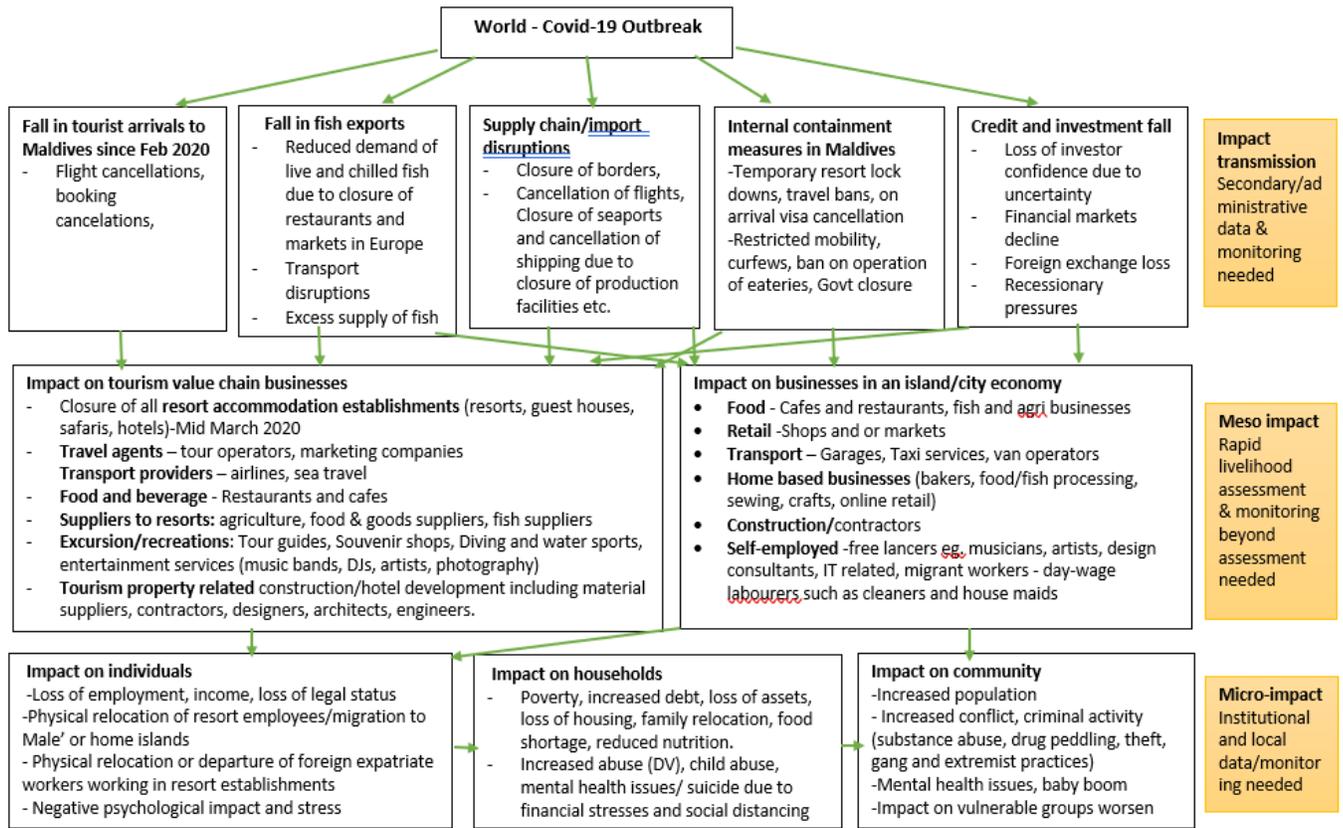
- Support government efforts with all contributing sectors to develop long term strategies for transitioning to a low carbon economy.
- Support government to develop and implement a National Adaptation Plan (NAP) to address medium- and long-term impacts.
- Support efforts to enhance reef protection, resilience and ecosystem recovery by reducing development impacts in the Laamu Atoll and promoting blue economy development in the tourism, food and construction sectors, with potential replication nationally through integrating the values of marine biodiversity and natural capital in national policies and budgets.
- Support the development of data management systems that can contribute to monitoring the state of the environment, including the long-term impact of COVID-19 related impacts and responses and incorporation of the impacts and responses measures into national development plans and the UN Country Sustainable Development Framework.

- Support the government to identify policy options to *build back better* by utilizing COVID-19 recovery efforts to accelerate investments in sustainable development (renewable energy, smart housing, green public procurement, public transport) in line with the 17 SDGs.
- Support government to develop emergency and sustainable water distribution strategies, including the dimension of pandemics and other socio-economic challenges into the decentralized emergency water distribution plans.
- Boost capacity of local governments and community-based climate mitigation and adaptation activities. Promote nature-based solutions and conservation of ecosystem through effective decentralization.
- Support efforts to increase the scale and boost agricultural production as a contribution to the national food security initiative and livelihoods/job creation, in a manner which does not undermine overall capabilities for long term livelihoods (such as increasing salt intrusion, and pollution of water tables).
- Ensure continuity of municipal services, including managing domestic and medical waste, such as operationalizing the waste management centres in islands and the regional waste management initiatives.
- Support Maldives' commitment to raising global ambitions of nationally determined contributions and the Paris Agreement, monitoring of its implementation, and expanding its advocacy role as a small island developing country.
- Strengthen monitoring and oversight of environmental protection measures by an empowered Environmental Protection Authority. Enhance national and local coordination, allocate effective financing, increase awareness and boost law enforcement capacity to ensure sustainable ecosystems.

Annex I: Illustration of Socio-Economic impact of COVID-19 on the Maldives

Source: UNDP

Socio-economic impact of Covid-19 on the Maldives



Annex II: Acronyms

ADB	Asian Development Bank
BCC	Business Centre Cooperation
CSG	Community Support Groups
CSOs	Civil Society Organizations
ESP	Education Sector Plan
FCSC	Family and Children Service Centres
GHGs	Green House Gases
HPA	Health Protection Authority
HIES	Household Income Expenditure Survey
HDI	Human Development Index
ICP	Incident Command Post
IGMH	Indira Gandhi Memorial Hospital
KPIs	Key Performance Indicators
MNACI	Maldives National Association Construction Industry
MCS	Maldives Correctional Service
MVR	Maldivian Rufiyaa
MIC	Middle Income Country
MoE	Ministry of Education
MED	Ministry of Economic Development
MoGFSS	Ministry of Gender, Family and Social Services
MSMEs	Micro, Small and Medium Enterprises
NEOC	National Emergency Operations Centre
NSPA	National Social Protection Agency
NGOs	Non-Governmental Organizations
PPE	Personal Protective Equipment
RCCE	Risk Communication & Community Engagement
SIDS	Small Island Developing States
SAP	Strategic Action Plan
SDFC	Small Medium Enterprises (SME) Development Finance Corporation
SDGs	Sustainable Development Goals
TVETA	Technical and Vocational Education and Training Authority
UNSDCF	UN Sustainable Development Cooperation Framework
WDCs	Women's Development Councils
WB	World Bank