CHAPTER - VII

International Cooperation in Ensuring The Maldives’ Security
Introduction

The Maldives’ survival as a sovereign nation is considerably at stake because of the enormous amount of non-traditional security threats it faces from different quarters. Since some problems affecting the country are global phenomena like environmental degradation and global warming, steps taken to mitigate them should be coordinated at the international level to have a positive impact. This chapter looks into the cooperation of the international community with Maldives in strengthening its non-traditional security. It will analyse the projects and programmes undertaken and completed in Maldives with the help of the international community. It will also look into how the small island developing states (SIDS) act as a pressure group to put their concerns on the international stage. As environmental security is the most significant security concern for Maldives, this chapter looks into this aspect in much more detail. It has to be noted here that Maldives, as a small atoll island state with economic and technical constraints, can only function as part of some groupings in taking their common interests forward. This chapter will substantially refer to the functioning of such groupings and their programme of action in the context of Maldives’ activities within those groups. It will also look into how the international community is actively involved in securing its economic interests by playing an active part in the developmental process of Maldives and helps in bringing a true functional democracy in Maldives.

THE MALDIVES MAKING ITS PRESENCE FELT AMONG INTERNATIONAL COMMUNITY

The Maldivian Republic, in the global environmental context, gained prominent visibility under the former President Maumoon Abdul Gayoom, making its presence felt in a variety of international forums. It emerged as a vigorous champion of the rights and interests of small island states, focusing international attention on the dangers they face as a result of rising sea levels and global climate changes. President Gayoom spent much of his thirty years in power warning that his country would disappear if nothing was done to fight global warming, which is thought to cause sea-level rises. He played a vital role in creating awareness at the apex forums of world
leaders and organisations. His role in alerting many world leaders, such as those of the Commonwealth, including Margaret Thatcher, to the problems associated with global warming and sea-level rise is well known (Commonwealth Advisory Group, 1997: 5).

Gayoom continuously argued that sustainable development of developing countries is possible only through the transfer of environmentally sound technologies and provision of new and additional financial assistance to these states by the developed countries (Khan 1997: 476). Maldivians have taken these concerns to organisations like SAARC, the Commonwealth, the UN, UNEP, UNDP, etc. Maldives hosted a ministerial-level meeting, Small States Conference on Sea Level Rise, in 1989 calling for strong actions incorporated in the Malé Declaration, to ensure the security of small states. The Maldives participated in the Second World Climatic Conference (1990), the Earth Summit (Rio de Janeiro, 1992), the Global Conference on the Sustainable Development of Small Island Developing States (1994), and the Kyoto Conference (1997). Also in 1997, the 13th Intergovernmental Panel on Climatic Change (IPCC) was held in the Maldives. Maldives’ approach to environmental issues, as with many other small states, is in harmony with the concept “think globally and act locally”. The government is also a party to conventions like the Montreal Protocol, Basel Convention, Biodiversity Convention, etc. Maldives is also an active member of the Commonwealth Expert Group on Climate Change.

**Small States Conference on Sea Level Rise**

The Small States Conference on Sea Level Rise was held in Malé in November 1989. Its outcome was the Malé Declaration on Global Warming and Sea Level Rise (see Appendix 4). This declaration paved the way for the establishment of an Action Group among small island states, to coordinate a joint approach on the issues of climate change, global warming and sea-level rise, and to pursue and follow up on global and regional response strategies. The Malé Declaration also urged early negotiations for a Framework Convention on Climate Change. Subsequently, the UN Convention on Climate Change (UNFCCC) was adopted in 1992 and the small island states jointly played a very important role in the sessions of the Intergovernmental Negotiating Committee set up to formulate the convention. Among the main
achievements of the Malé Declaration was the increased awareness it created among the international community about the vulnerability of small island states (Ministry of Environment, 2006). That was the first time the small island states started speaking together to draw the attention of the global community to this important subject and it had a very good outcome. In 1991 an Alliance of Small Island States (AOSIS) was launched at the UN by delegations in New York.

Given the sheer magnitude of the problems and the limited capabilities of this small atoll island state, security threats facing Maldives could not be solved by its national policies alone. Therefore, it becomes imperative to form alliances and cooperate with like minded states to make a significant impact on the international policy outcomes. AOSIS and SIDS are such a crucial partnerships formed by the small island states to propagate their concern in one voice. Though Maldives has acted with the coalition of nations at the international stage, it has to be kept in mind that Maldives is one of the main driving forces for most of these alliances. Maldives has also voiced its concerns in its individual capacity, whenever it has got the opportunity at the bilateral and multilateral arena.

**The Alliance of Small Island States (AOSIS)**

Essentially, AOSIS is a pressure group of small island states which collaborated in advancing environmental issues at the UN (Sanders, 1997: 372). Maldives was instrumental in the formation of the Small Island Action Group in 1989 that eventually, at the Second World Climate Conference in Geneva, became AOSIS. AOSIS is a coalition of 42 small-island and low-lying coastal countries that share similar development challenges and concerns about the environment, especially their vulnerability to the adverse effects of global climate change. It functions primarily as an ad-hoc lobby and negotiating voice for SIDS within the UN system. While SIDS and AOSIS are acronyms often used interchangeably, not all SIDS are UN members or members of AOSIS. For example, though it is in SIDS, Bahrain is not a member of AOSIS. SIDS has a membership of 52 states (see Appendix 3) (initially 43) and observers, mainly drawn from all oceans and regions of the world. Three geographic regions have been identified for the location of SIDS, namely, the Caribbean, the

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Pacific and the Atlantic-Indian Ocean-Mediterranean-South China Sea (AIMS). Each of these regions has regional bodies to which the respective SIDS may belong for purposes of regional cooperation. These are the Caribbean Community (CARICOM), the Pacific Islands Forum (PIF) and the Indian Ocean Commission (IOC). There are also sub-regional organisations for similar purposes. SIDS members constitute close to 20 per cent of the UN’s membership. Together, SIDS communities constitute some 5 per cent of the global population.

Member states of AOSIS work together primarily through their New York diplomatic missions to the UN. AOSIS functions on the basis of consultation and consensus. Major policy decisions are taken at ambassador-level plenary sessions. The Alliance does not have a formal charter and there is no regular budget, nor a secretariat. With the Permanent Representative of Nauru, Ambassador Marlene Moses, as its current chairman (from 2011), AOSIS operates out of the chairman’s Mission to the UN (SIDS 2011). The Alliance of Small Island States was born only because of the problem of global warming and it is in the deepest interest of the rest of the world to ensure that it does not die of the same cause (Davis, 1996: 18).

One of the early documents produced by the SIDS was the Barbados Programme of Action (BPOA), which formed the basis of its negotiations at the UN. BPOA (1994), for the sustainable development of small island states, puts emphasis on the need for development and management programmes to achieve ecologically and economically sustainable utilisation of coastal and marine resources. This continues to be a major challenge for the SIDS. The lack of an integrated approach has limited the effectiveness of past and present management measures. SIDS has identified five main reasons for the poor implementation of the BPOA. They are:

a) absence of an integrated and holistic approach at national level to devise appropriate sustainable development strategies;
b) lack of institutional and other capacities in many important areas;
c) inadequate access to appropriate science and technology;
d) lack of resources; and
e) their poor trading ability (SIDS, October 2004).
For these problems to be solved, SIDS need to ensure that all relevant parts of the government structures are cooperating in an integrated and holistic manner. There are some examples of best practices (like CARICOM and SPOCC) in this regard in many SIDS, where national sustainable development councils and commissions have been set up and where team approaches are used under certain international conventions. This integration must be driven by and respond to a national sustainable development strategy (UN, 2004).

The success of national development planning for SIDS is substantially or wholly dependent on the continued health of the oceanic and coastal systems. SIDS have committed themselves to a set of actions based on new approaches for pursuing the protection and sustainable development of the marine and coastal environment and its resources. Governments of CARICOM, for instance, have moved to have the Caribbean Sea internationally recognised as a special area in the context of sustainable development. Maldives has also stated very recently its idea of declaring the entire nation as a marine reserve, which will help it avail proper funds from the specialised agencies and international donors.

In the Pacific, steps have been taken through the Strategic Action Programme to integrate national and regional sustainable development priorities with shared global environment concerns for protecting international waters. This kind of strong arrangement is not available for the Maldives, as policy integration at the SAARC level is at a nascent stage at present, though some initiatives have been taken in this direction. Nevertheless, for their ultimate success and vitality, regional initiatives require every kind of support from the international community. Both the BPOA and Strategy Document have strongly reaffirmed the need for partnerships at all levels in order to increase their institutional capacity. In the current global warming scenario, regional and interregional linkages among SIDS, as well as stronger linkages with the international development partners and organisations, are crucial for Maldives. Regionalism is already having a strong influence on SIDS, but is expressed with some variations across the regions.
Sustainable development of SIDS can only be achieved through a true partnership with development partners. In view of their size and finite resources, SIDS can indeed be a microcosm for other countries in the global quest for development that can be sustained, bearing in mind the need to prevent global environmental degradation. That is why there is the need for the international partners and SIDS to work together. When it comes to sustainable development, conservation and sustainable use of the oceans and seas and marine resources is critical in support of regional fisheries regimes, as well as initiatives aimed at reducing land- and sea-based pollution.

AOSIS member states have sought to be closely involved in a number of negotiations that have explicit legal remits pertaining to oceans and fisheries, as well as those relating to associated issues such as climate change and biological diversity. Given the linkages and the complexities, there cannot be any doubt about the critical need for a fully integrated and coordinated treatment of the issues pertaining to global warming and environmental protection (Salde, 1999). Throughout the climate change negotiations, the AOSIS countries have insisted that the principles that must inform the development of the global regime to control climate change and the responses to its consequences must be science-driven. But equally, the precautionary approach provides a sensible and essential basis for policies relating to complex systems that are not yet fully understood and whose consequences of disturbances cannot yet be predicted.

The essential principles and objectives to which AOSIS is committed have been reflected in its positions and formal submissions over a decade of negotiations. They include:

- the principle of preventive action;
- the precautionary principle;
- the polluter pays principle, and state responsibility in the matter;
- duty of all countries to cooperate;
- equity; and
- the principle of common but differentiated responsibility (AOSIS 1995: 3).
Taking early action is a fundamental element of AOSIS representations. From these principles, AOSIS has developed a number of core medium- and longer-term objectives that have guided its own approach to the implementation of the UNFCC and the Kyoto Protocol. These include:

- the review of adequacy and strengthening of commitments;
- reducing scientific and methodological uncertainties associated with the protocol’s commitments and the Kyoto mechanisms;
- commitment to binding energy conservation and efficiency requirements and the development of renewable energy sources;
- development of strong monitoring, verification and compliance regimes; and
- development of mechanisms for meeting the costs of adaptation.

A major aim of AOSIS is to press for ongoing review of the adequacy of existing commitments and to propose ways to strengthen commitments. Measured against science, the SIDS are of the opinion that the targets set under the Kyoto Protocol\(^1\) are demonstrably inadequate: there needs to be a sound compliance regime, with binding consequences. One of the long-term strategies for AOSIS is the eventual replacement of polluting energy systems with renewable sources. AOSIS was also instrumental in the inclusion of adaptation requirements in the Clean Development Mechanism of the Kyoto Protocol.

**UN Special Session on Small Island States**

The UN also came onboard in enhancing the security needs of small states. The International Statement on Climate Change, with respect to SIDS, was the outcome of the 22nd UN General Assembly special session held in New York in September 1999. In that session, the fact that SIDS are among the most at risk from the adverse effects of climate change was acknowledged. It was accepted that capacities and means to adapt to this phenomenon are an absolute necessity for SIDS. Furthermore, the committed support of the international community was recognised as a critical complement to the SIDS’ own efforts in any response and long-term

\(^1\) The Kyoto Protocol is the first major agreement at the international level on climate change with binding obligations, though some developed countries, notably United States, stayed out of ratifying it.
planning. International support was seen as particularly required for identifying adaptation options and linking efforts to reduce vulnerability with the best available information. In the context of commitments to address these issues, it was agreed that the international community and SIDS should pursue specific objectives and activities for the improvement of SIDS’ capacity to respond and adapt to climate change, and to make the necessary linkages to other international activities, such as the study of climate variability and climate prediction (UN, 2001: 3).

The General Assembly Special Session also identified other priority areas closely related to climate change and as critical to the sustainable development of SIDS, including:

- freshwater resources;
- coastal and marine resources;
- environmentally sound renewable energy resources;
- transfer of environmentally sound technology;
- vulnerability index on socio-economic and environmental parameters;
- information systems and technology; and
- natural and environmental disasters and climate variability.

Capacity building is seen as critical to the long-term sustainable development of SIDS, in terms of the need, as well as the emphasis and support required from both national governments and external sources. Strengthening of regional technical training and scientific research centres, and scientific research, including the improvement of data and data collection, was highlighted in that UN session (UN, 2001: 5). In most of the successive reports to the Commission on Sustainable Development pertaining to SIDS, agencies of the UN system have consistently featured training and improvement of capacity as requiring the fullest and most urgent attention.

Efforts to recognise small islands’ vulnerabilities and to support their sustainable development received solid encouragement in January 2005. This was on two accounts. (i) A pro-active strategy by the UN to further implement a programme
of action as a follow-up to the BPOA, called Mauritius Strategy, was unanimously adopted. And (ii) the Mauritius Declaration was adopted as a political declaration. The Mauritius Strategy emphasised that SIDS countries are located among the most vulnerable regions in the world in relation to the intensity and frequency of natural and environmental disasters and their increasing impact, and face disproportionately high economic, social and environmental consequences, as highlighted by the tragic impacts of the tsunami (2004) and the hurricane/cyclone/typhoon season witnessed in the Caribbean and Pacific. On trade issues, it recognised that “most small island developing States, as a result of their smallness, persistent structural disadvantages and vulnerabilities, face specific difficulties in integrating into the global economy.” The document also recognised “the importance of intensifying efforts to facilitate the full and effective participation” by small island developing states “in the deliberations and decision-making process of the World Trade Organization” (UN Conference on Small Islands, 2005).

Environmental Outlook for SIDS

The outcomes of the UN General Assembly Special Session (1999) took account of the latest information available from the UN system, including the Environment Outlooks for the Caribbean, Western Indian Ocean and South Pacific, prepared by UNEP. A common thread runs through the regional environment outlooks in terms of the ecological fragility of islands in all regions, and their high vulnerability to natural disasters and the effects of climate change and sea-level rise; that climate change is an urgent problem, one on which close policy coordination is needed, both in all regions and in the international community. The report also highlighted that all regions of the world are expected to face steady and sometimes serious decline in environmental quality. It noted that the driving forces behind the deterioration include increasing populations and urbanisation and their cumulative impacts on resource use, depletion and disposal, with adverse impact on climate change.
REGIONAL COOPERATION IN COASTAL MANAGEMENT AND ENVIRONMENT

In the South Asian region, of which the Maldives forms a part, with increasing population and economic demands on coastal resources, more people are producing at least part of their livelihood from activities that directly affect the coastal environment. Food, income generation, medicine and building materials like corals are drawn from the environment, which deeply affects the natural formations and ecosystems (IUCN, 2004: 3). The way in which coastal resources are used, and institutional and policy conflicts in coastal areas (like the coastal development programmes and the limitations put upon the coastal communities), create conditions that further degrade the environment, causing livelihoods to become more vulnerable and poor people to be more marginalised from lack of access to resources. Hence it is important to have policies at the regional level to avert the repercussions.

The Asian Development Bank (ADB) and its partners, World Conservation Union (IUCN) and the governments of India, Maldives, Pakistan and Sri Lanka sought to address these issues through a regional technical assistance project on coastal and marine resources management and poverty reduction in South Asia. The effort started in October 2002. Using an integrated approach to coastal zone management as a planning and development tool, participating countries are making significant headway toward long-term coastal zone planning. Outcomes so far have included analysis of institutional and policy barriers and constraints to effective integrated coastal zone management. With a clearer understanding of the relationships between poverty and the environment, a regional strategic action plan for South Asia was developed (ibid, 2004) and it culminated with the SAARC Coastal Zone Management Centre, headquartered at Malé. A sense of ownership has been developed among stakeholders through regular meetings and updates, consultative regional and national workshops, site visits and exchange of information forms one of the important activity (IUCN, 2004: 9). This has resulted in creating a bondage and belief among the member states of the region that, whatever action they take for the betterment of environmental security will be useful for the region as a whole.
Environment has been an important agenda in the SAARC process. Successive Summits have underscored the need for intensification of regional cooperation in the area of preservation of environment and disaster management to ensure that development process in the member states were not undermined. SAARC Ministerial Meetings on Environment have been held annually with different thematic focus each year. Soon after the establishment of SAARC, a Technical Committee on Environment was formed in 1992 to coordinate regional cooperation in Environment and related areas. One of the first tangible outcomes of cooperation in the field of environment saw the production of two studies as mandated by the leaders.

The first one was the SAARC Regional Study on the Causes and Consequences of Natural Disasters and the Protection and Preservation of the Environment. The main recommendation of this study was in the form of measures to be undertaken to protect and manage the environment. The second and the significant one with regard to the current problem of global warming titled the SAARC Regional Study on Greenhouse Effect and its Impact on the Region.

This Study had the following components:

a) Regional measures in sharing experiences, scientific capabilities and information on climate change; and
b) Global collaboration in Monitoring Climatology, Sea Level Rise, Natural Disaster, Technology Transfer and Finance etc (SAARC Secretariat, 1998: 4).

These Studies have since provided a strong basis for cooperative regional initiatives both short and long-term programmes.

SAARC Plan of Action on Environment

The Third Meeting of Environment Ministers (Malé, 1997) adopted the SAARC Plan of Action on Environment. The Plan seeks to evaluate the status of SAARC cooperation in the field of environment, identifies the concerns of member states at regional and global levels, and sets out parameters and modalities for enhanced cooperation. The Action Plan provided for the establishment of two
Regional Centres of Excellence. Member states are called upon to mobilise financial resources from regional and international organisations. The main responsibility for the implementation of the Action Plan rests with the member states. In order to make an environment assessment to facilitate the implementation of SAARC Plan of Action on Environment, member states were called upon to produce a National State of the Environment Report. A SAARC State of the Environment Report was then prepared based on these reports and on an agreed common format. The SAARC Plan of Action also highlights the need to study the feasibility of a Regional Treaty on Environment, which will ensure a sound environment protection regime for the region. The Fourth Environment Ministers Meeting adopted the Common Environment Programme (Colombo Declaration, 1998). The Programme recalled various major international instruments and declarations on environment and noted the importance of enhanced cooperation in sharing information in the region to promote effective management of the environment for the benefit of all the member countries. The Common Environment Programme, while calling for early implementation of the SAARC Plan of Action on Environment recommended, inter-alia, compilation of a regional directory of scientific and technological institutions in the field of environment and state-of-the-art report on eco-friendly technologies (SAARC Secretariat, 1998). These efforts made a significant impact by improving knowledge sharing and technical cooperation.

**SAARC response to the Tsunami**

The 13th SAARC summit, held in Dhaka in November 2005, had much to reflect on the consequences of environmental disasters, in the light of the tsunami that had occurred nearly a year earlier. In the summit declaration, the heads of participating states decided to consider the modalities for having a Regional Environment Treaty in furthering environmental cooperation among themselves. They expressed deep concern at the continuing degradation of environment and reaffirmed the importance of concerted action in the protection and preservation of environment. As a response to the tsunami, they endorsed the recommendation for elaboration of regional programmes and projects for early warning, preparedness and management of tsunami and other natural disasters. They decided to further enhance the capacity of
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the existing SAARC institutions, namely, SAARC Meteorological Research Centre and SAARC Coastal Zone Management Centre, to carry out their mandated tasks. They proclaimed the year 2007 as the Year of Green South Asia devoted to a region-wide afforestation campaign (SAARC Secretariat, 2005).

India has also come forward to provide tsunami early warning alerts to all the Indian Ocean Rim (IOR) countries from 2012. The warnings to the Maldives would be sent in real time from the centre in Hyderabad. This development is an outcome of the Intergovernmental Oceanographic Commission’s suggestion that the IOR countries could benefit from the Indian facility of early warning system.

South Asia Cooperative Environment Programme (SACEP)

An intergovernmental experts’ group meeting of the South Asian countries was held in Bangalore, India, in 1980 to identify and discuss the common ecological problems of the region. The meeting unanimously adopted that it would be mutually beneficial to establish a sub-regional organisation, devoted to protection and management of the environment. Subsequently, in 1981 a ministerial-level meeting held in Colombo approved the Colombo Declaration and the Articles of Association for the initiation of South Asia Cooperative Environment Programme (SACEP). SACEP became a legal entity in 1982, when Bangladesh, Bhutan, India, Maldives, Pakistan and Sri Lanka ratified its Articles of Association (SACEP, 1995). The first Governing Council meeting of SACEP in 1983 approved the fifteen priority subject areas identified by SACEP with necessary support from UNEP and UNDP. In 1989, SACEP initiated a programme for the establishment of a regional information network in the countries of the region with technical and financial assistance from ADB. In the field of environment an MoU was signed in 2003 between UNEP and SACEP. This was followed by an MoU on cooperation for the protection of environment of the region signed by SACEP and SAARC in 2004 (SACEP, 2005).

Two main programmes that are useful to Maldives under SACEP are:

1. South Asia Sea Programme, which has been running from 1995 onwards. The main focus of this programme is institutional strengthening and capacity...
development for the long-term management and conservation of coral reefs in South Asia. Endorsement and formal adoption of the Regional Oil Spill Contingency Plan for South Asia and its follow-up activities were also helpful for Maldives to some extent. The Marine Litter Programme has also been implemented.

2. The South Asia Coral Reef Task Force (SACRTF) was established in 2007 under the South Asia MCPA (Marine Conservation and Protected Areas) project, through funding from the European Union, to facilitate coordination in the management of coral reefs and associated ecosystems at a national level, and to promote collaborative action at the regional level, encouraging trans-boundary responses to shared environmental challenges. The project began in 2006, and work is underway in collaboration with partner countries. Coastal and marine stakeholders are also involved to improve the management and operation of the existing marine protected areas and developing the skills of the staffs. This project in particular has reaped benefits for Maldives as they were the ones severely affected with coral degradation, which was aggravated by the 2004 tsunami.

INTERNATIONAL COOPERATION FOR MALDIVES

In the past, international aid for Maldives had always been mainly in the area of environmental projects and preserving the livelihoods of the people than any direct contribution to the economy, which is a growing component of aid in the last decade only. Australian assistance to the Maldives aims to ensure that the Maldives development momentum continues and that its vulnerabilities and unique circumstances regarding problems of global warming and the lack of a degree-granting institution are recognised. Since 1987, over 220 Maldivians have received scholarships from the Australian Development Scholarships programme to study in Australia. The priority sectors are environment and science, health, education, and governance and public administration. In addition, partial education scholarships can be accessed through the Endeavour Programme run by the Department of Education, Science and Training (AusAID, 2006). After the tsunami struck Maldives, the Australian government provided significant immediate humanitarian assistance

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through the World Food Program, UNDP and others. Six Australian engineering and construction experts, who were deployed soon after the tsunami, continued to work with the Maldives Ministry of Planning and Development to help restore essential infrastructure. In response to a request from the former President Gayoom of the Maldives, the Australian Prime Minister Mr Howard committed a team of Australian marine scientists to assist in the assessment of damage to the coral reefs of the Maldives following the 26 December 2004 tsunami. AusAID provided co-ordination and funding for the team's mission, and an AusAID officer accompanied the team to the Maldives. The Australian team joined with scientists from the Maldivian Marine Research Centre (Australian Government Mission and the Maldives Marine Research Centre, 2005: 1).

The International Conference on Japan-SAARC cooperation, held in July 2004, adopted some recommendations to engage/provide/facilitate in mitigating disasters both in terms of disaster preparedness and disaster management and environmental protection in the SAARC region through technical assistance, capacity building programmes and projects development. Japan was an active partner in the Malé sea wall project which resulted in the construction of a protection wall around Malé against tidal surges. Nearly 99 per cent of the expense was provided as aid by the Japanese government (Maldives News Bulletin, April 2004: 19).

**European Union’s Assistance**

Since 1981 the Maldives has benefited from the European Commission (EC) aid totalling €5 million. A further €20 million was sanctioned in 2005-2006 for post-tsunami humanitarian and reconstruction assistance (European Commission, 2007: 12). All current aid programmes were identified in the context of the post-tsunami actions. In 2005, the country benefited from €2.7 million in humanitarian aid for the installation of water tanks in damaged schools, repairs of sewage systems, restoration of cold rooms in damaged hospitals, repairs to houses and restarting of livelihoods. In 2005 - 2006, €2 million was given for restoring livelihoods and €14 million for the development of ‘safe islands’ (European Commission, 2007: 12). The safe islands programme has been one of the major developmental projects aided by EU.
To compliment the Maldivian government’s efforts in its ‘Safe Islands’ project\(^2\), the European Commission in its Multiannual Indicative Programme for 2007 - 2010 has earmarked 4 million Euros. They provided this fund to Maldives in the name of ‘focus’/ ‘safe’ islands programme. This has now helped to expedite the project in a significant way (European Commission, 2007). The World Bank (WB) routed the Commission’s funds through the Tsunami Relief and Reconstruction Fund (TRRF), managed by the Ministry of Finance and Treasury, using the same implementation measures and social environmental and financial safeguards as those applied to the WB’s own support, thus ensuring harmonisation of implementation methods (Ministry of Finance and Treasury, 2008).

The EC support aims to develop safer and more sustainable islands for the population, according to the government’s policy. An important component of the ‘safe islands’ strategy is environmental sustainability. It aims to fight poverty by realising economies of scale in the provision of public and private services in the atolls and by strengthening the quality of services offered, as the remoteness of the islands and lack of infrastructure is the main cause of poverty. It also encourages people to remain in the atolls by reducing the risks of rising sea levels through better environmental planning (Ministry of Environment, 2009). The European Investment Bank (EIB) loan of EUR 50 million for rehabilitation and reconstruction of infrastructure in the tourism sector was also granted at concessional rate. This made the EU one of the most significant contributors to the Maldives post-tsunami reconstruction efforts. As a member of the South Asian Association for Regional Co-operation (SAARC) the Maldives benefits from the Community Generalised System of Preferences (GSP), subject to compliance with its rules of origin (Ministry of Planning and National Development, 2004).

The Maldives’ social indicators have also shown significant improvements, as reflected in falling infant mortality rate (14 per 1000 live births, down from 19 in 2000), expanding school enrolments and rising literacy rates. To compliment this

\(^2\) This programme offers voluntary relocation to people on smaller, less populated and potentially more vulnerable islands. They are able to move to larger islands with better natural protection and coastal defences, and that provide safe zones in the form of elevated buildings and better facilities.

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achievement, in its 2007-2013 Country Strategy Paper (CSP), the European Commission pledged its commitment and continues to address the challenges faced by the Maldives, in particular since the tsunami continues to affect the country for many years. The CSP 2007-13 is built on this range of issues affecting the country and has therefore some strategic priorities (EC, 2007), namely to:

- address regional development in the context of the Tsunami reconstruction, in order to help the government promote larger, safer and sustainable islands.
- support the economic development of the country by strengthening its trade capacity, as well as easing its transit from LDC status.

**UNDP Support**

UNDP’s support to the Maldives in the environmental sector promotes the integration of ecosystem management and biodiversity conservation principles into national sector plans and activities. The UNDP’s renewable energy project seeks to reduce the growth rate of greenhouse gas emissions from fossil fuels by removing the major barriers to the development, application and commercialisation of renewable energy-based systems in the Maldives. It involves developing appropriate policies and strategies, and building necessary institutional capacities to support greater application and use of renewable energies, including in particular wind technology and solar energy (UNDP Maldives, 2007). Awareness programmes regarding environment have been conducted on six atolls. Capacity building has involved training staff from the Environment Ministry in solar energy and further short training conducted for all staff of the ministry. Data on the current use of renewable energy on resorts was gathered and their willingness to adopt and invest in renewable energy was explored.

The Atoll Ecosystem-based conservation project seeks to implement a biologically diverse conservation project. In the Maldives, atoll ecosystems provide the basis for the country’s existence. Social and economic changes in recent years have threatened the natural endowment of the atoll ecosystems, ecological diversity, and the livelihoods and environmental security of Maldivians. UNDP is working with the government to modify its strategies in order to more effectively manage...
biodiversity issues. Pilot projects including resource management and capacity building for better land use planning has been conducted. Biodiversity was incorporated into the Island Development Plan of Eydhafushi and details distributed to all households in the island. In addition, the National Biodiversity Conservation Strategy and Action Plan was reviewed and the inputs from that review were incorporated into the 7th National Development Plan (UNDP, October 2004). The National Adaptation plan of action on climate change prepares Maldives for the current and anticipated adverse effects of climate change, including extreme events. Detailed vulnerability and adaptation assessments were carried out by national consultants for coral reef, fisheries, human health, land and beach erosion and critical infrastructure. Regional consultations with the atoll communities on identification of vulnerabilities and prioritisation of adaptation measures are also conducted with the UNDP assistance (Dhivehi Observer, May 2005).

Global Environment Facility (GEF)

In Maldives some of the most important projects dealing with the environment have been undertaken by the Global Environment Facility (GEF) in cooperation with UNDP and UNEP. An independent financial organisation constituted in 1991, the GEF provides grants to developing countries for projects that benefit the global environment and promote sustainable livelihoods in local communities. GEF allocates and disburses about $250 million per year in projects in energy efficiency, renewable energy, and sustainable transportation. Moreover, it manages two special funds under the UNFCCC — the Least Developed Countries Fund and the Special Climate Change Fund. Both these funds were established under the Climate Convention in 2001 (GEF, 2006).

The LDC Fund (LDCF) of GEF was designed to support projects addressing the urgent and immediate adaptation needs of LDCs as identified by their National Adaptation Plans of Action (NAPAs). GEF also has a Special Climate Change Fund (SCCF) to finance activities, programmes and measures relating to climate change that are complementary to those funded by the resources allocated to the climate change focal area of the GEF and by bilateral and multilateral funding (GEF, 2006).
To support country focal points, the GEF launched the Country Support Programme (CSP) in March 2006. The CSP chiefly helps countries fulfil their obligations to the global conventions on biodiversity, climate change, desertification, and persistent organic pollutants. Under the National Biodiversity Conservation Strategy and Action Plan, GEF assists the Maldives Ministry of Environment to develop a National Biodiversity Strategy and Action Plan (BSAP) as an enabling activity. The BSAP reflects national aspirations on sustainable development, and will build on existing national strategies and plans. The second project under Biodiversity is the Conservation and Sustainable Management of Coral Reefs in protected areas (Ministry of Environment, 2006). Under the Climate Change Enabling Activity and the National GHG Inventory and Adaptation Assessment projects, GEF assists the Government of Maldives to meet its reporting obligations under the UNFCCC.

The Government of Maldives and UNDP signed a GEF-funded project that assisted the nation to take preventive measures against the impacts of global climate change. The project prepared a “National Adaptation Plan of Action” (NAPA) for climate change, through a countrywide consultation process. GEF also funded a project involving the Atlantic and Indian Ocean SIDS countries like Maldives, Mauritius, Cape Verde, Seychelles, etc. in a comprehensive integrated water resource and water management programme (UNDP, 2005). The Ministry of Housing and Environment and UNDP in 2011 signed a $8.5 million project to provide “climate-smart freshwater solutions” to three densely populated islands – Ihavandho in Haa Alif atoll, Mahibadhoo in Alif Dhaalu atoll and Gadhhdoo in Gaafu Dhaalu. This project is estimated to provide clean water to more than 6700 people. The United States government meanwhile provided $7.1 million for an integrated water resource system on Lhaviyani Hinnavaru and Haa alif Dhihdhoo islands, under an agreement signed in 2011 between the two governments. Both islands have approximate populations of 4000 (Lubna, 2012).
International Policy Guidelines on Sustainable Tourism to Protect the Environment

During the seventh session of the UN Commission on Sustainable Development (CSD) in 1999, UNEP re-emphasised the growing recognition that the involvement of local communities in tourism development and operation appears to be one important condition for the conservation and sustainable use of biodiversity. Taking direction from the Guidelines on Sustainable Tourism in Vulnerable Ecosystems, approved in the convention’s Scientific and Technical Advisory Body in March 2003 (Pandey, 2004: 175), Maldives has formulated a number of policies like the local community-level participation programme in cleaning the environment, capping the extraction of groundwater by the resorts for sustainable use, training the locals in the coastal zone management programmes, etc. The “Global Code of Ethics for Tourism”, introduced by the World Tourism Organisation in late 1999, sets a frame of reference for the responsible and sustainable development of international tourism, which was also adopted by the UN General Assembly in 2001 (Pandey, 2004: 177).

The major challenge for the international community is not only to minimise the negative impact of tourism but also to ensure that the economic benefits of tourism can contribute to environmental protection and the sustainable use of natural resources. To highlight this, the International Year of Ecotourism was officially launched at the UN headquarters in New York on 28 January 2002. Maldives has taken lot of inputs from these initiatives and they form the basis for its efficient policymaking and legislation on controlling its resort islands, as discussed in the previous chapter.

International Cooperation in the Aftermath of the Tsunami

Support for setting up National Level Early Warning Systems was accelerated with the active participation of SAARC and other international donors like Australia, US, Japan, etc. An experimental system was put in place in the Indian Ocean at the end of 2006 (Ministry of Planning and National Development 2006). UNDP has
through a consultation with the Ministry of Planning and National Development prioritised ten islands for the construction of safe shelters, which developed an early warning system for protection of the most vulnerable families in the event of a disaster. There were also programmes to enhance skills and capacities for management of natural disasters at all levels with the training provided by the international organisations (SAARC Secretariat, 2006).

Projects Assisted by the International Donor Community

The Maldivian government has undertaken numerous projects for safeguarding its environment with the help of the international donor community. They include:

- Disaster waste management
- Assessment of environmental threats to human health
- Coral reef impact assessment programme
- Biodiversity survey and recovery plans

- Strategic environmental assessment of overall rehabilitation and reconstruction programme
- Strengthening environmental governance at the national, atoll and island levels
- Coastal zone management
- Hazardous substances control programme
- Development of a national oil contingency plan
- Energy conservation and promotion of renewable energy, and
- Environmental awareness building (Ministry of Planning and National Development, March 2006).

Mangroves for the Future (MFF) is a regional initiative promoting investment in coastal ecosystems for sustainable coastal development. The MFF initiative is co-chaired by the International Union for the Conservation of Nature (IUCN) and UNDP, with representatives from member countries including India, Indonesia, Maldives, Pakistan, Seychelles, Sri Lanka, Thailand and Vietnam. The initiative provides a collaborative platform to help countries, sectors and agencies in the Asia-Pacific region to tackle the growing challenges to coastal sustainability, adopting mangroves.
as its flagship ecosystem (UNDP-Asia Pacific HDR, 2012: 109). Maldives has been a huge beneficiary of this programme particularly after the tsunami, where it is very important for them to have a healthy mangrove system as a defence mechanism against land erosion and also to reduce the impact of tsunami in future.

International assistance like these are common in Maldives, and there are certain specific mode of assistance where the donor country would take responsibility of some handpicked island for specific projects according to the local needs. In Malé, the sea wall was built with the funding provided by Japan and this kind of bilateral assistance extends to various departments and projects of the government. The national museum and the largest government building in Malé were built by Chinese assistance, whereas the prominent government hospital, Indira Gandhi Memorial Hospital in Malé had been ‘gifted’ by India. A case in point is the UNDP’s tsunami recovery and reconstruction programme, where the donor communities worked under the slogan ‘adopt an island’ and this greatly increased the efficiency of the project outcomes as particular islands had been in focus rather than on a national level.

While the international donor community provides funds to the Maldives in most of the projects, a funding gap still remains in ensuring environmental security of Maldives. This has been partly due to substantial cost increases resulting from more complex and expensive options that have been approved by the Government in its desire to rebuild to higher standards, for example like that of ‘Safe Island Programmes’.

Cooperation in Bringing New Technology and Adaptation Measures

Projects in the cutting-edge field of aqua-architecture are already taking shape in Maldives, including a floating convention centre and a golf course (See Figures 7.1, 7.2). The focus on floating solutions has grown considerably over the years, and it has shifted from freak architecture to more sustainable, flexible alternatives. The government and the Dutch Docklands of the Netherlands signed an agreement through a joint venture, Dutch Docklands Maldives, in March 2010 to develop, operate and manage water properties including a convention centre and golf courses
in the Maldives (The President’s Office, Maldives, 2010). Under the agreement the government has leased five lagoons (80 million sq ft) in the Kaafu atoll for a period of fifty years to the company in order to bring in investments worth $500 million to the Maldives, where the government’s share is five per cent.

The Netherlands government is also giving a high priority to the project and is in talks with the Maldivian government to build a floating city in the Maldives. The project hopes to see the completion in 2015 with four individual ring-shaped floating islands, each with 72 water-villas; 43 floating private islands in an archipelago configuration; the world's first floating 18-hole golf course (and the costliest one in the world); and, an 800-room floating hotel with a convention centre (Dutch Docklands, 2010). Furthermore, the floating islands will be interconnected by underwater tunnels, and the golf course will feature an underwater clubhouse adjoining two luxury hotels. Several parties are interested in this project, including the BBC which has offered to give coverage of the project from the beginning to the end.

**Figure 7.1. A Model of the golf course to be built**

![Figure 7.1. A Model of the golf course to be built](source: Dutch Docklands)
Figure 7.2. Model of the hotel with 800 rooms and a convention centre, named Greenstar

Source: Dutch Docklands

The reality of floating islands will surely shape the future landscapes of Maldives, dangerously threatened by sea-level rise, bringing further scope for agriculture, offices, housing and leisure, thus turning the threatened islands into prime real estates. This will also make the Maldives climate change innovators rather than becoming a climate change refugee. But the main problem is the cost: the task of building affordable homes for the citizens using the same technology is huge.

The Politics of Climate Change and Lack of Consensus

Climate change is a matter of survival for many Least Developed Countries and Small Island Developing States, where Maldives is actively working. While the greenhouse gas emission levels by LDCs and SIDS are insignificant, emissions by other countries have a disproportionate effect on them as discussed earlier. Likewise getting the other developing and developed countries to adapt a rigorous emission control regime is also very important for LDCs and SIDS. At the international level, LDCs and SIDS are members of the Group of 77 and China (G77/China), a
negotiating bloc of developing countries. However, the G77/China also has some of the largest greenhouse gas emitters among developing countries. Here, the dilemma for LDCs and SIDS is that they are members of the same negotiating group with countries whose emissions levels are continuously increasing. These large developing countries are reluctant to reduce greenhouse gas emissions because of their development objectives. Moreover, members of the Organization of Petroleum Exporting Countries (OPEC) are also part of G77/China (UN-OHRLLS, 2009: 44).

Burning fossil fuels is one of the main contributors to greenhouse gas emissions. Cutting greenhouse gas emissions may not be in their short term economic interests. The large developing country emitters, who are members of G77/China, often refer to the principle of common but differentiated responsibilities in all the international fora that deliberates climate change and mitigation, as a justification for not taking action to reduce their respective greenhouse gas emissions. As a consequence, SIDS and LDCs are at variance with their developing country negotiating partners with regard to greenhouse gas emission reductions. SIDS and LDCs will need to convince their partners to take on the responsibility of reducing their greenhouse gas emissions.

Since the emission levels of SIDS and LDCs are extremely low, their policy actions are largely confined to adaptation and mitigation measures. Maldives cannot afford the costs of adaptation and mitigation on its own. The World Bank has estimated that $10 billion–40 billion will be required for adaptation in developing countries (UN-OHRLLS, 2009: 45). There are some global funds which have been established to assist groups of countries such as SIDS and LDCs with the costs associated with adaptation. One of these, the Adaptation Fund, obtains its resources through a 2 per cent levy on the Clean Development Mechanism projects mandated by the Kyoto Protocol. Estimates have established that the fund could provide $270 million–600 million for adaptation projects (Muller, 2006). This is not enough to meet even just the current adaptation needs.

The December 2010 round of the UN Climate Change Conference, held in Cancun, has also not brought any positive outcomes regarding the climate change mitigation and adaptation process by clinching a definite post-Kyoto regime. The only
bright side of the conference is the setting up of the Green Climate Fund with an annual target of $100 million by 2020, starting with $30 billion by 2012 for fast-track financing. It has also agreed to set up a Technology Executive Committee to oversee the process of technology transfer from the developed countries. At the same time, how much time it would take before the operationalisation of this fund is a big concern.

ECONOMIC- AID COOPERATION AND DEVELOPMENTAL ASSISTANCE

The Maldives’ economic security has been closely entwined with external aid and economic assistance mainly in the form of tariff reduction and concessional trade provided by the international community. External donor assistance has been an inexorable element of the Maldives’ development process. For example, in recent years, about 70 per cent of total development expenditure was financed by external resources, with the grant component being significantly high (Department of Planning 2011). In addition to official bilateral and multilateral aid flows, a number of foreign NGOs have provided substantial assistance to the Maldives in policy consultation and management of resources. But the global economic slowdown has brought down this level of assistance.

Before the 1980s, Maldives received limited assistance from certain UN specialised agencies only. Much of the external help came from Arab oil-producing states, notably Saudi Arabia, Kuwait, and the United Arab Emirates, for use on religious purposes and some specific requirements, rather than as part of comprehensive development assistance. With local impetus in the 1980s from the developmental commitment of the Gayoom presidency to raise the standard of living in the outer islands, Maldives received an annual average of $15.5 million in external assistance in the form of grants and loans. For example, in 1988 bilateral donors accounted for approximately 73 per cent of disbursements: the UN, 20 per cent; other multilateral sources, 5 per cent; and NGOs, about 2 per cent. Foreign aid in 1992 was approximately $11.6 million and came from international agencies such as the World Bank, ADB and individual countries, particularly Japan – in 1991 Japan was Maldives’ largest aid donor (Department of Planning, 2010). Other than humanitarian
aid, loans and grants contributed to such purposes as education, health, transportation, fisheries, and harbour development. After the considerable damages caused by the 1991 monsoon, Maldives received relief aid from India, Pakistan, the US, and a number of other countries.

Development has been centred upon the tourism industry and its complementary service sectors, transport, distribution, real estate, construction, and government. Taxes on the tourist industry have been invested into infrastructure and used to improve technology in the agricultural sector. GDP in 2002 totalled $640 million or about $2,200 per capita. The Maldives has experienced relatively low inflation in recent years. Real GDP growth averaged about 10% in the 1980s. It expanded by an exceptional 16.2% in 1990, declined to 4% in 1993, grew to 10% in 1998 and has since levelled to the 5% to 7% range. Real GDP growth averaged over 7.5% per year for more than a decade, and registered 18% in 2006, due to a rebound in tourism and reconstruction following the tsunami of December 2004. GDP slowed in 2007-08, and then contracted in 2009 due to the global recession (ADB, 2011). Falling tourist arrivals and fish exports, combined with high government spending on social needs, subsidies, and civil servant salaries in the run up to a functional democracy, contributed to a balance of payments crisis, which was eased with an IMF standby agreement. This volatility in its economic performance is totally linked with external factors and thus reiterates its nature of dependence.

Maldives faced a foreign exchange shortage in 2009; in December 2009, the IMF approved a $93 million loan for the country (ADB, 2011). With the improvement in reserves, partly due to IMF disbursements and tightening of money supply, pressures on the exchange rate eased and the black-market premium came down. Under the IMF programme, the Maldivian government agreed to cut expenditure, substantially downsize government workforce, reduce subsidies, change the tax system to direct taxes, and privatise many industries. The government also aims to move from being a service provider to a regulator, and to enhance the role of the private sector. These programmes require major reform in the legal and regulatory framework of the various sectors. However, most of these plans have not progressed smoothly. For instance, the government reduced civil servant salaries by an average of
14 per cent in October 2009; the Maldives Civil Service Commission (CSC) filed a successfully won lawsuit to restore these salaries in 2012. Plans to retrench civil service staff have also been put on hold for lack of suitable laws to deal with that contingency\(^3\) (Minivan News, 2011).

The government did privatise some of the major infrastructure projects in the country. It signed a management contract with Apollo Hospitals of India to manage the state-owned 280-bed Indira Gandhi Memorial Hospital in Malé (Apollo, January 2010). To cater for the housing shortage in Malé, the government launched a $500 million project to develop 10,000 housing units. In July 2011 President Nasheed signed a pact with the Indian realty company Tata Housing to promote affordable housing in Maldives (Tata, 2011). Eighty per cent of the apartments will be handed over to the government; the remaining 20 per cent will be sold in the open market. The government will also provide commercial space measuring 150,000 sft, to be developed and sold or leased out for fifty years, and an exclusive island (Lhossalafushi) on Faadipolhu atoll, to develop premium luxury villas measuring 20,000 sft each. In July 2011, another infrastructure project agreement was signed on the Multi-disciplinary University, Wellness Center and Medical Resort, to be developed in Laamu Gan and the upgrading of Laamu Regional Hospital by India’s Universal Empire Infrastructure was exchanged (India Tribune, 2011). However, the opposition controlled Parliament passed a law requiring parliamentary approval to privatise state institutions, throwing a wet blanket on these plans. This brought a difficult condition for Nasheed’s plans of boosting the economy through the public private partnership (PPP) model, because his MDP party lacks majority in the Majlis - the national legislature.

**India’s Assistance to Maldives**

India has been a committed partner ensuring non-traditional security of Maldives in various aspects (see Table 7.1), in a variety of fields such as education, health, infrastructure, technology and equipment, environment, etc. The Indian

\(^{3}\) Maldives became a member of the International Labour Organisation only in 2011. It does not have appropriate labour laws to deal with labour problems in general.
government provided Rf. 5 billion worth of aid to the Maldives during the three-year period 2009-2011. In addition, line-of-credit facilities, bond purchase, standby credit facility and items, equipment and financial assistance worth $268 million was provided to hold the SAARC summit in Addu, according to the statistics of the Indian High Commission in Malé (Minivan News, 2012). The largest contribution from India in the three years was to the construction of Faculty of Tourism and Hospitality building. $2.5 million was granted as free assistance of the Indian government to assist in the development of human resources. India also agreed to assist with the military hospital established by the Maldives National Defence Force (MNDF). Private Indian companies also invested in major projects in the Maldives in the fields of construction, communication technology, wind energy, tourism, etc. (see Table 7.1).

Table 7.1. India’s aid to Maldives during 2009-2011 (in US$ million)

<table>
<thead>
<tr>
<th>Funds provided for</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of Indira Gandhi Memorial Hospital</td>
<td>4.5</td>
</tr>
<tr>
<td>Towards building of Police Academy</td>
<td>25</td>
</tr>
<tr>
<td>Towards purchase of police vehicles</td>
<td>9</td>
</tr>
<tr>
<td>To Coastal Management Centre</td>
<td>1.15</td>
</tr>
<tr>
<td>For purchase of sports equipments and drugs</td>
<td>1</td>
</tr>
<tr>
<td>For the Institute for Information Technology</td>
<td>5.3</td>
</tr>
<tr>
<td>To build 500 housing units</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Raajje 2012.

During his visit to Maldives for the 17th SAARC summit in November 2011 the Prime Minister announced a standby credit facility of $100 million for Maldives and promised help in setting up the Maldives Police Academy. The State Bank of India also subscribed fully to the $100 million in bonds issued by the Maldives Monetary Authority. Ambitious plans to enhance connectivity between the two countries to enhance trade and people-to-people contact were also signed. The two countries also agreed to strengthen maritime security in the Indian Ocean Region through coordinated patrolling, aerial surveillance, exchange of information and
capacity building and by building a legal framework for the effective handling of piracy in the Indian Ocean.

**Declining Aid Assistance and Concerns about Transparency and Accountability**

Occasionally, the Maldives witnessed a slump in its number of donors in the early 1990s. A main reason has been the appearance of the Maldives’ lack of policy direction. Some donors said the Maldives’ needs could be met by its neighbours, Japan and India only and so they declined to offer assistance. The number of OECD donors, according to UNDP records, fell from 11 in 1989 to only 2 in 1995 (Dolman, 1997: 3). Maldives partly overcame this situation by explaining their donors on their special needs to provide developmental facilities and social schemes involving high cost due to its dispersed islands and the overwhelming costs involved in providing such facilities to far flung areas with high cost of communication. Maldives also benefited from the foreign economic cooperation forged with bilateral and multilateral donors during the late 1990s.

At present Maldives has been facing problems on financial assistance from two factors, of which one is the global economic slowdown and the other is related to its graduation to a middle income country within the UN system. The Maldives officially graduated from Least Developed Country (LDC) to Middle-Income Country status on 1 January 2011. This graduation could result in the disruption progress made after the tsunami debacle, as graduation would end market preferences, close soft loan windows, and reduce flows of official assistance. The main impacts will fall on the levels of international development assistance earmarked for the Maldives; on the country's bilateral trade with key markets such as the EU; on the level of multilateral trade obligations (under the WTO); and on the national budget as a consequence of the removal of financial support for travel to international meetings etc.

Nevertheless, ahead of graduation, the Maldivian government worked to minimize these negative impacts and help ensure a “smooth transition” from LDC to Middle-Income status. For example, at the 2010 Maldives Donors' Forum, development partners were urged to continue with current levels of donor support; in the area of bilateral trade, the Maldives negotiated with the EU to ensure that
Maldivian exporters will continue to enjoy preferential access to the European market for a further three years; regarding multilateral trade, the WTO is actively assisting the Maldives implement its smooth transition and has also agreed to continue trade-related technical assistance to the Maldives under the LDC Enhanced Integrated Framework for a period of three years from 2011 (with an option of a two more years); and in order to soften the impact on the Maldives' budget, the Maldivian government had negotiated with the Swiss Government to continue to subsidize the cost of renting office space for the Maldives Mission in Geneva for three further years (Ministry of Foreign Affairs, 2011). The Maldivian government also requested the UN to extend international travel support in attending important conferences and summit meets.

Nevertheless, there had been some concern in the past as to whether or not Maldives misuses international aid and assistance. The most common belief was that international aid is indirectly used to build dubious infrastructure in the Maldives and thereby the using foreign aid to the benefit of few individuals. There were also instances of funds invested in state owned business, only to be closed down due to lack of accountability and improper management. One such case is the Air Maldives, a government funded airline, believed to have lost more than US$9 million and the company had to be liquidated eventually, while the whole saga remained confidential (Anonymous, 2001). Here it should be noted that it is difficult to address some of these concerns due to lack of quantifiable material evidence as there are not much official documents reporting government expenditure during Gayoom’s regime. At one instance, the former President Nasheed even apologised to the Emir of Qatar expressing his helplessness, when the later informed him that he was concerned about the way the aid given by the Government of Qatar to Maldives during Gayoom’s regime was utilised as there was no proper information about the utilisation of the aid (Dhivehi Observer, February 2009). Even after attaining a functional democracy, transparency in financial matters in Maldives is still reeling under secrecy. According to the Financial Secrecy Index’s (FSI) latest report, Maldives stands at rank 60 out of 71 countries with a score of 92 (comparatively, India Ranks 25 with a score of 53), higher the rank, the more secretive the financial transactions (Financial Secrecy
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Index, 2011). The FSI is a tool for understanding global financial secrecy, corruption and illicit financial flows.

India plays a major role in training members of the MNDF and provides patrol boats and helicopters; it is nevertheless apprehensive of possible diversion of funds. In 2012, for example, Maldives announced the promotion of around 1000 police officers – approximately a third of the force – and recruitment of 200 more police officers in April 2012 (Bosley, 2012); this was in addition to the expenses incurred on providing a two-year allowance in a single payment to MNDF officers who had served in one rank for more than two years, valued at $10 million. Unplanned allocation of funds like this ultimately resulted in a budget deficit of 27 per cent of GDP by the end of year 2012 (projected), a 175 per cent increase on earlier forecasts which stood at 9.8 per cent of GDP, as projected by the Parliament’s Financial Committee. There are accusations by the opposition political parties and NGOs like Transparency Maldives that international aid and assistance programmes were misused for funding sectors such as defence.

Apart from heavy spending on military, another main shortcoming for the economic security of Maldives is the lack of quality higher education and skilled personnel on various fields. To address his, capacity building programmes and scholarship are provided by the international community to Maldivian students on a regular basis. Maldives Institute of Technical Education (MITE) was set up as a grant-in-aid project of Government of India in 1996. Having a capacity to train at least 200 students a year in various technical/vocational disciplines, MITE was renamed as Faculty of Engineering Technology (FET) in order to better reflect the academic programmes conducted by it. This was the first higher learning institute in the country for technical education and without the active participation of India this would not have been possible. At present, this has been brought under the new Maldives National University established in 2011. Apart from India, many other donor countries are offering scholarships for Maldivian students in their country’s premiere institutions. New Zealand Official Development Assistance programme NZODA and

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4 Measured on the basis of a country’s laws and regulations, international treaties, and so on, to assess how secretive it is.
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Australia through its AusAid is providing regular scholarships to some students every year. In fact Australia and UK are providing most number of scholarships. In addition, Japan and many of the EU countries are also providing these benefits to the Maldivian students. These scholarships are given for various fields of subjects such as social sciences, engineering, and law.

Threats to Maldivian Industries and the Need for International Participation

Pole and line method of fishing is the pride of Maldives as discussed in earlier chapter, but this is becoming a bane due to the increased use of FADS (Fish Aggregation Devices) by international fishing companies. Just outside the Maldivian EEZ are thousands of FADS, with sonar and live tracking systems linked to the satellite. There are so many deployed that the natural migration of the skipjack variety is changing. Fish that are supposed to migrate into Maldivian waters are being stopped because so many FADS are deployed belonging mainly to Spain, France and Japan, and also Iran (Minivan News, 2011). The Maldivian fishing fleet is simply unable to compete due to its reliance on pole and line fishing methods. The under-resourced Maldivian coastguard is also unable to monitor the vastness of the Maldivian EEZ, and local fishermen rarely go beyond the 100 nautical miles (the EEZ is 200 miles). Though Maldives has been registering its complaints at the Indian Ocean Tuna Commission (IOTC), nothing is improving. It is because, in international waters, seeking to hold foreign countries to account for over-exploitation is near impossible. Here it is very important for Maldives to convince the international community, as they do successfully in the climate change issues, about the problem they face in their fishing industry due to poaching of their marine resources by the international players. As most of the international fishing companies that intrude Maldivian waters are European, Maldives has to take this matter to EU at the highest levels, so that proper mechanisms are put in place to safeguard the Maldivian fishing industry. Apart from that Maldives would be served well if it could forge some alliance with Thailand to improve and modernise their cannery facilities, as they are losing much of their opportunities to the companies based in Thailand. Nevertheless, to help the Maldivian fisheries sector, the FAO Bay of Bengal Programme is currently exploring the reef and tuna fish, and facilitates in the fisheries management system.
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The United Kingdom helped investigations into the recovery of coral reefs, the status of tuna stocks and further fish marketing. Canada is helping research into coral reefs and the implementation of marine surveillance facilities.

In the banking sector, the interest of foreign investors is been affected by specific rules and regulations. Maldivian banking rules stipulates a withdrawal limit for investors who are holding a local account, this along with the perennial issue of imposing a quota on the amount of dollars they exchange for rufiyaa every day. These provisions have weakened the banking system in Maldives, whereby international investors are holding off shore accounts - mainly in Singapore and thus depriving Maldives a strong banking system. These bottlenecks should be avoided with sensible policy changes in banking sector. Accordingly, the CEO of The Bank of Maldives (BML), Peter Horton, has said that he will be exploring the possibilities of making Maldives an attractive destination for off shore financial activities (Minivan News, April 2011), which Maldives has not shown any interest till now. If this plan is worked out properly, Maldives will surely become a major player in this category of financial business with its pristine islands and leisure activities as a unique selling point for investors in this sector. This will greatly ease the shortage of dollars prevailing in Maldives and will also also dent the black market in dollar exchange.

Lately, the change of guard at the President’s office that happened in a dramatic episode in February 2012 has greatly dented the image of Maldives as a peaceful holiday destination. Diversifying beyond tourism and fishing, reforming public finance, and increasing employment are the major challenges facing the government. In a bid to promote trade between US and Maldives, the US government restored the Generalized System of Preferences (GSP) trade programme to the Maldives in December 2009. The United States is also providing other assistance in Maldives’ efforts to defend against climate change and prevent drug use among youngsters (CIA Fact Files, 2010).

To overcome the current impasse in its economic situation, Maldives could take a cue from Seychelles. The Seychelles is an upper-middle-income country that, like the Maldives, has enjoyed rapid growth led by a tourism sector which provides 70
per cent of the country’s foreign currency earnings and 30 per cent of its employment. In 2006, the government of the Seychelles allowed its currency to depreciate after years of allowing it to be overvalued – a similar situation to the Maldives, which in 2011 launched a managed float of the rufiya, within 20 per cent of a 12.85 peg, which saw it dip to 15.42, where it now remains. The value of the Seychelles rupee plunged 10 per cent in the first nine months of 2007, and the country was subsequently hit by the economic recession and a foreign exchange shortage – another problem familiar to the Maldives (Minivan News, August 2011). This culminated in a debt crisis in 2008 that threatened the country’s comparatively high standard of living. But in the years following 2008, Seychelles achieved a remarkable turnaround of economic policies, including foreign exchange market liberalisation and floating of the rupee, which was remarkable since the Seychelles had to confront at the same time a global crisis that lowered tourism receipts. The IMF’s 2011 report documents this remarkable economic recovery of a small island nation, during a recession affecting its core business. In particular, the report praised the Seychelles for renewing the confidence of private investors, “which translated into increased foreign direct investment to develop the islands’ exceptional tourism potential” (IMF – Seychelles, 2011: 4), the stabilisation of the exchange rate, price stability, and the rebuilding of reserves. Maldives is also trying to do the same, but the divided political mandate where the presidency and the parliament were under different opposing parties has stalled more reforms on the economic front. This has become worse after the transition of power and change in the presidency in February 2012, where any legislative measures regarding economic policies, giving impetus to private investors are continuously stalled in one way or the other.

INTERNATIONAL COOPERATION IN OVERCOMING RELIGIOUS EXTREMISM AND RESTORING POLITICAL ORDER

In January 2011, The Ministry of Foreign Affairs of Maldives warned the international community about the unfortunate situation prevailing at that time, highlighting the misuse of the new climate of free speech and freedom of the press by the opposition parties, to promote negative religious stereotyping, especially about Christians and Jews, and to incite religious hatred, hostility and violence. The

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Ministry also affirmed that this represents a deeply worrying trend that can and will have a lasting negative impact on tolerance across Maldivian society. This was proved exactly right one year later when the anti-democratic reactionary forces staged protests in coalition with some religious organisations and fundamentalists, by abetting violence and fear among the people and finally toppled the first elected President of the country in February 2012. Just before this drastic political upheaval, international apprehension had been mounting on the issue of religious extremism in Maldives and it was reflected aptly by the UN Human Rights chief Navi Pillay’s concerns about the growing religious intolerance and the usage of flogging as a means of punishment in the island nation, when she visited Maldives in November 2011 (Minivan News, 2011). The international community was wary about the growing extremism in Maldives and took it as a security threat for itself and for the region. But there were differences between different stakeholders in Maldives, whether the rising fundamentalism was in fact a security threat for them or not.

According to Barry Buzan (Buzan et al., 1998), for any matter of concern to the public and for the state to be securitised, it has to go through a process. Creating a consensus on security concerns is the primary objective of that process to move towards a secured environment. The Maldives’ security has been hindered by a lack of consensus on religious extremism in the national political and societal framework. The situation is more complicated, as Maldives has entered into the world of being a functioning democracy just a couple of years ago. To understand the functioning of new democracies and the problems faced by it, we have to look into the “J curve” phenomenon, put forth by Ian Bremmer (Bremmer, 2006), where the society passes through a transition period from being a closed society to a open society. The J curve reveals that for a nation that is "stable because it is closed" to become "stable because it is open", it must survive a period of dangerous instability (see Figure 7.3). Since Maldives has been a closed society for a long time before its transition to a functioning democracy 2008, it has to witness a turbulent transition period before the fruits of changes are accepted and enjoyed by everyone. This view has the concurrence of a former Foreign Affairs Minister of Maldives, Dr. Ahmed Shaheed,
in his interview to this researcher, when he spoke about the challenges of being a new democracy.

**Figure 7.3. The “J Curve”**

![J Curve Graph](image)

In Figure 7.3, the x-axis of the political J-curve graph measures the "openness" (of freedom) of the state in question, and the y-axis measures the stability of that state. It suggests that states that are “closed”/undemocratic are very stable; however, as one progresses right, along the x-axis, it is evident that stability (for relatively short period of time in the lengthy life of nations) decreases, creating a dip in the graph, until beginning to pick up again as the “openness”/democracy increases. Thus, a J-shaped curve is formed. In the age of globalised problems like environmental degradation and climate change, religious extremism, democratic transition and political instability, terrorism, piracy, global economic slowdown, and so on, it is imperative for the international community to give a helping hand and a healing touch to the problems faced by nations. International cooperation forms the crux in solving most of these problems facing Maldives at present, like political instability along with economic and environmental problems.

This external assistance comes not only from the international agencies and NGO community, but sometimes from private corporate players too. In 2012, a report of the public relations company Hill & Knowlton (H&K) on the Maldives, titled “Issues audit and communications strategy for the Government of the Maldives”
(Robinson, March 2012), revealed that the firm was responsible for recommending and implementing much of the human rights and democratic reforms that paved the way for the country’s first democratic election in 2008. This shows how Maldives is prepared to outsource even one of its most important internal requirements – framing policies to govern effectively. The vast majority of recommendations in that 2003 report, which was commissioned by President Gayoom, were subsequently implemented, portraying Gayoom as moderate in the lead up to 2008 following the autocratic excesses of his thirty-year rule. H&K’s recommendations included the separation of the security forces into police, military and correctional institutions, constitutional reform and introduction of multi-party democracy, strategies for the Human Rights Commission of the Maldives (HRCM), reform of the Majlis, reform of the criminal justice system, including an end to the practice of flogging, and even the introduction of religious freedom. One particular observation in the report is in acknowledging that the events of 19 September 2003 – unprecedented civil unrest sparked by the custodial death of Evan Naseem – was a turning point in Maldivian history. The report pointed to an orchestrated event influenced by shadowy forces seeking regime change and which are backed by religious fundamentalists (Robinson, March 2012), which saw a repetition of sorts in February 2012, when some opposition forces got together to topple President Nasheed with the help of religious fundamentalists. One more recommendation of H&K – which was not implemented, and now seems somewhat prophetic – was that the office of an independent ombudsman should be introduced to investigate accusations of wrongdoing on the part of Majlis and Ministers.

International assistance was extended when the Maldives, on the advice of H&K, separated its National Security Service (NSS) into Maldives Police Service (MPS) and Maldives National Defence Force (MNDF) in 2004. Maldives got assistance from India in availing modern weapons, electronic surveillance equipment and also in training its defence personnel. Consequently, MPS focused on moving away from the military image it inherited from the NSS, and began working towards improving community confidence. Subsequently, a Strategic Action Plan for the period covering 2007-2011 was prepared by the MPS, with help from the Western
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Australian Police in 2007 (Maldivian Democracy Network, February 2011). The plan included creating a more community-oriented police force, sensitising the police on human rights and developing current services and establishing new facilities to meet modern standards.

Political Turmoil and the Role of International Community

When the coup took place in Maldives in 1988, India, which already had more than 50,000 troops at that time in Sri Lanka to help stamp out a Tamil separatist campaign by the Liberation Tigers of Tamil Eelam (LTTE), responded swiftly with military action codenamed “Operation Cactus”, because it feared the Maldives could become another area of instability in the region. Within hours following an emergency Cabinet meeting, Prime Minister Rajiv Gandhi dispatched some 1600 paratroops and commandos, and commanded navy warships to head toward Maldivian waters, to crush the coup attempt and to restore order. London and Washington made clear they had no plans to give military assistance after India had sent troops (Asiaweek, 1988).

Indian paratroopers arrived on HulhuMalé airstrip and this unit quickly suppressed the coup attempt and restored order. As a result, Luthufi, the leader of the coup, and most of his mercenaries fled in a freighter, taking with them Transport Minister Ahmed Mujuthaba, his wife and thirty other hostages. The fleeing freighter was soon intercepted by the Indian Navy near the Sri Lankan coast. A four-man team of Maldivian negotiators flew to the INS Godavari, but Luthufi and his men refused to talk. They insisted that talks should be held in Colombo in the presence of international observers. The stand-off continued until President Jayewardene declared that under no circumstances would the freighter be allowed into his country. A little before midnight, the mood of the mercenaries turned ugly. Two of the hostages had been killed, they announced, and more would die if they were not allowed to land in Colombo (Asiaweek, 1988: 38). This prompted the Indian Navy to take swift action against the mercenaries and they surrendered eventually. In July 1989, a number of the mercenaries who were captured by the Indian Navy were returned to Maldives to stand trial. Gayoom commuted to life imprisonment the death sentences imposed on

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twelve Sri Lankans and four Maldivians who participated in the coup attempt. A few weeks later, India withdrew its remaining 160 troops from the Maldives.

In the recent times, when the Arab Spring is blooming in most of the Islamic states of the world, there was a reversal of sorts in Maldives on the democratic reforms and free speech. On 7 February 2012, President Nasheed “resigned” under difficult conditions facing the nation. He later claimed that he was made to resign “under duress”. Nevertheless, international concerns about the political situation made it possible to help the island nation to find a peaceful solution without any bloodshed. India was the first to send its envoy, M. Ganapathi, a senior Foreign Ministry bureaucrat to find a solution. Since he could not break the impasse, Foreign Secretary Ranjan Mathai visited Maldives and consulted different parties to ascertain the situation. Since then, India has offered both diplomatic and material assistance to the Maldives, brokering a multi-party plan that was intended to lead to new elections, as well as offering to replace police vehicles destroyed during the unrest. In the 1988 coup episode, it was widely considered that India was showing its pre-eminence in the region; but during the 2012 political unrest in Maldives, some Western media described India’s soft and slow response as a decline in India’s clout in the region. But the fact that both the protagonists of that untoward episode, the former and present President of Maldives visited India within a month’s time to explain their position and asked for India’s support, invalidates these opinions.

Along with India, the call for early elections in Maldives has stemmed from other international players too. That included Robert Blake, US Assistant Secretary of State for South and Central Asia, and a number of European and United Nations representatives. The US government has pledged $500,000 (Rf7.7 million) for the election programme (Minivan News, April 2012). The US has also highlighted the need to amend the Police Act and MNDF Act – both pre-date the current constitution – in order to depoliticise the country’s security forces, who were the main parties in the events of 7 February 2012. The Commonwealth on its part sent its special envoy to stress the need for early elections and bringing normalcy as soon as possible. The EU too, an active partner in all the developmental programmes and a major donor for

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Maldives, has called for early elections, offering its help in whatever way it can, to restore the confidence of the international community.

Subsequently, President Mohamed Waheed Hassan formed the Commission of National Inquiry (CNI) to investigate the controversial transfer of power that took place on 7 February. But the composition of the panel brought negative reactions both from local and international stakeholders and former President Nasheed and his Maldivian Democratic Party declined to cooperate with the CNI, citing unilateralism and lack of independence and international participation. Here again, the Commonwealth played an important role in bringing about consensus. The composition of the panel was then revised to include a representative of former President Nasheed and a retired Singaporean judge, as well as international monitors from both the Commonwealth and UN.

Meanwhile, the former President Nasheed himself went on an international tour to drum up support for his cause to restore democracy in the Maldives. During his visit to India he asked Indian leaders to use coercive action to ensure early elections. He also solicited the support of Australian leaders, highlighting Australia’s work with East Timor and Fiji in the democratic process.

The political instability due to the coup on 7 February 2012, combined with a lack of clear economic policy priorities and the prevailing security situation in Maldives is continuing to be responsible for delays in implementing programmes supported by organisations such as UNDF and IMF in rebuilding Maldives. As most of the UNDF projects are community oriented, they have to take utter caution that politics does not bring division among the people, thus jeopardising the developmental programmes and sustainable environmental projects. This was highlighted by Mohamed Inaz of UNDP Maldives during the 2008 presidential elections. He said that UNDP had to go slow on the implementation of some projects in some islands because of the need to keep the people together because of the high-pitched electoral politics.\(^5\)

\(^5\) As told to this researcher in an interview on 28 March 2011 at the UNDP Headquarters, Malé.
Conclusion

The Maldivian government has been successful to some extent, with help of the international community, in formulating appropriate policies for the effective implementation of programmes regarding environmental security. Even thereafter, a series of tidal wave surges took place on 15-17 May 2007, hitting approximately 88 islands across 18 atolls, with some of the surges reaching as far inland as 600 metres. The southern atolls were particularly affected due to their flatness and their location in the open sea. A rapid assessment team, comprising government personnel as well as International Federation and UN staff, was deployed on 19 May 2007 to conduct an assessment of the affected islands. The International Federation and its member national societies coordinated with the government and UN agencies to determine future response and required interventions (International Federation of Red Cross and Red Crescent, June 2007). This shows clearly that, in spite of some of the major environmental projects being undertaken in Maldives in the aftermath of the 2004 tsunami with international cooperation, it is still vulnerable to natural disasters and its environmental security is in danger. Maldives, like some of the other countries in the region, planned to create a national fund to tackle the problems of climate change. Accordingly, soon after his election in 2008, President Mohamed Nasheed proposed the creation of a “sovereign fund” to buy land to resettle his countrymen (Minivan News, 2008). His statement on the setting up of the sovereign fund and holding an underwater cabinet meeting did have the desired effect of raising the awareness of the international community to the stark reality that the Maldives faces, along with many other small island countries, as they try to address the myriad challenges posed by climate change. Though moving either to a neighbourhood or any other area is not the official policy of the Maldivian government (Deen 2010), that might be the only option if climate change continues at the current or increased rate without significant and urgent mitigation efforts taken by the international community. Moreover, the ambitious declaration of Maldives to achieve carbon neutrality as a country by 2020 requires the huge support of the international community in terms of finance, technology, training and so on if it has to reduce its carbon footprint substantially.
Maldives has not yet fully recovered from the repercussions of the global economic slowdown which hit its tourism badly. Maldives is also an open advocate of the restructuring of international financial organisations to be receptive to the concerns of small island states and not imposing their will on programme implementation and domestic policies. For this to happen, the international community has to come forward and amend the current structure of the international economic practices, ensuring that small states are not highly disadvantaged. Meanwhile, recent political developments and some policies of the new government have not been taken in good stride by the international donor community. The signing of a contract by the Maldivian government with an international public relations company, Ruder Finn, worth $150,000 per month (Abdulla 2012) and revising the Goods and Services Tax has brought some negative reactions from the IMF when the economy is already under huge stress due to the unplanned incentives given to the MNDF and Police disregarding other developmental priorities.

With the introduction of multi-party democracy, Maldives has been witnessing the rise of fundamentalism in its domestic politics with increasing incidents of religious intolerance, aggravated by the madrassa-educated youth returning from other countries. Signs of terrorism are also showing up in Maldives, coupled with the presence of huge drug abuse by its youth. This menace can only be solved by effective cooperation with the international community by sharing intelligence data and technology-driven counter operations. The Maldives has a well-earned reputation and international standing as being a moderate, progressive young democracy, and a vibrant actor on the issue of climate change. Further domestic conflict and instability will only hurt that reputation.

The next concluding chapter will summarise the non-traditional security threats affecting Maldives and the steps taken to mitigate/overcome those threats, both at the national and international levels.