



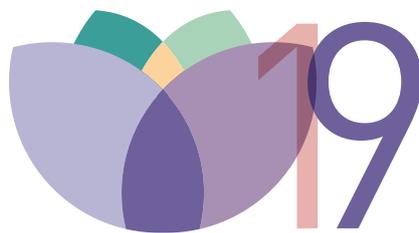
FISCAL AFFAIRS DEPARTMENT
MINISTRY OF FINANCE
REPUBLIC OF MALDIVES

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Quarterly Economic and Fiscal Developments

Quarter 1, 2019





Quarterly Economic and Fiscal Developments

Prepared by

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This Quarterly Economic and Fiscal Developments provides an overview of both the economic and fiscal developments during January to March 2019. Economic developments are based on data available from the Ministry of Finance, Maldives Monetary Authority, Maldives Customs Service, Ministry of Tourism, National Bureau of Statistics and the IMF. Fiscal numbers are based on data available as at 22 May 2019. The report will be published four times during the year (February, May, September and November). Expenditure and revenue are reported in the same format as the Monthly Fiscal Developments.

For queries regarding the report, please contact eapp@finance.gov.mv.

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Abbreviations

ADF	Airport Development Fee
AGA	Accountable Government Agencies
ASC	Airport Service Charge
BnPT	Bank Profit Tax
BPT	Business Profit Tax
GDP	Gross Domestic Product
GGST	General Goods and Services Tax
GRT	Green Tax
IGMH	Indira Gandhi Memorial Hospital
IMF	International Monetary Fund
LACF	Land Acquisition Conversion Fee
MMA	Maldives Monetary Authority
MVR	Maldivian Rufiyaa
PSIP	Public Sector Investment Program
SME	Small and Medium Enterprise
SOE	State Owned Enterprise

Economic Overview and Outlook

Industry

Tourism

Tourism data for the period January to March 2019 illustrates a growth in tourist arrivals by 15.0 percent compared to the corresponding period last year. Tourist bed nights, the main driver of tourism related revenues for the government, registered growth of 9.8 percent during this period. This translates into an average duration of stay of 6.2 days, which has gone down from 6.5 days in the first quarter of 2018.

Looking at growths of specific source markets over the period January to March 2019, arrivals from Asian markets posted the highest growth, which went up from 7.0 percent to 15.4 percent. This was driven by the rapid growth of the Indian market which boasted almost a doubling of tourist arrivals compared to the first quarter of 2018. Growth in the European market was mainly driven by the strong growth of Italian arrival numbers.

Construction

The construction sector has seen a robust growth over the past few years, which was mainly driven by the large government infrastructure projects and private sector construction activities. The main

Figure 1: Tourist Arrivals in thousands



Figure 2: Tourist Bednights in thousands



Figure 3: Composition of tourism markets

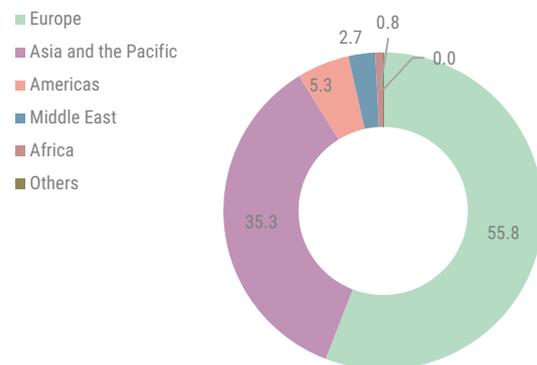


Figure 4: Construction materials imports, year on year growth in percentage

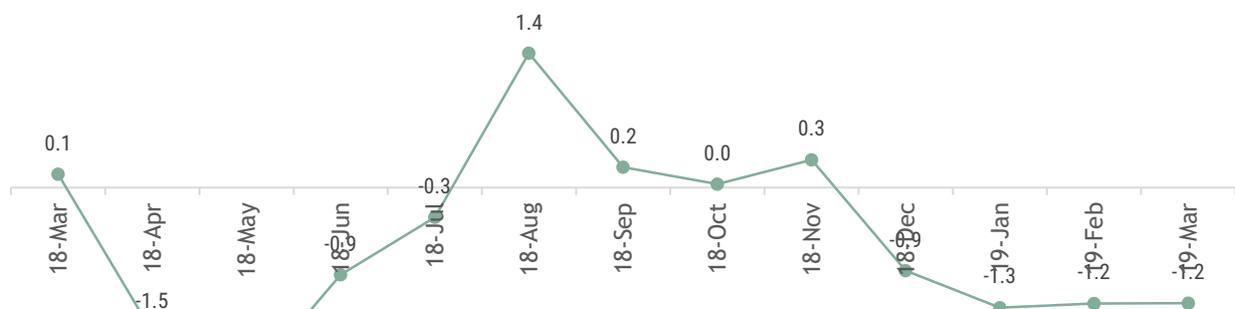


source: Maldives Customs Service

indicator of the construction sector performance, imports of construction materials, fell by 6.5 percent during the first quarter of 2019 compared to 58.9 percent in the corresponding quarter of the previous year. The sector is currently undergoing a period of contraction due to the completion of almost all of the major infrastructure projects last year. The most notable ongoing infrastructural development project

is the Velana International Airport Development project. According to the quarterly GDP estimates, the sector experienced negative quarterly growth during the last two quarters of 2018.

Figure 5: Inflation Rate in percentage



source: National Bureau of Statistics

Inflation

As per inflation data from the National Bureau of Statistics, the average inflation rate over the first quarter of 2019 stood at -1.2 percent, which is lower than the 0.7 percent inflation rate recorded in the corresponding period of the previous year.

The inflation rate at the end of March 2019 stood at -1.2 percent compared with 0.1 percent in March 2018. The main drivers of the deflationary tendencies over the period were mainly policy induced, with the harmonization of staple food prices, the elimination of duties on diesel imported for fisheries and the revision of import duties on selected goods had a significant downward effect on inflation.

Latest forecasts anticipate declines in global food, energy and fuel prices in 2019 the average annual inflation rate for 2019 is expected to be 0.1 percent. However, this number is subjected to change

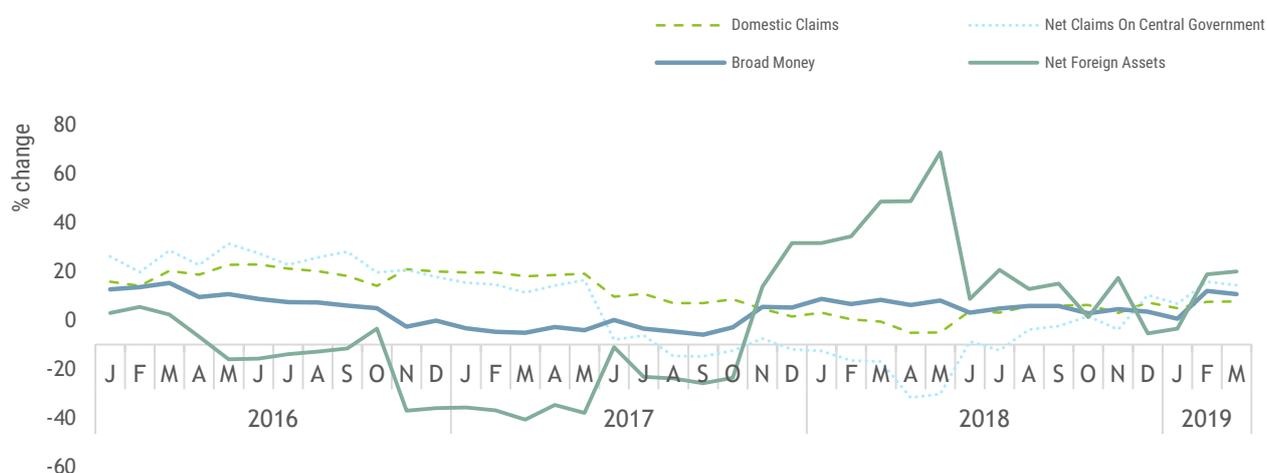
significantly due to the recent policy changes during the first quarter of 2019.

Monetary Sector

According to monetary sector statistics from the Maldives Monetary Authority, annual broad money growth increased towards the end of the March 2019 and registered a growth of 10.6 percent at the end of the first quarter. This increment was largely attributable to the positive growth of Net Foreign Assets (NFA). Meanwhile private sector credit growth continued to remain buoyant during the period.

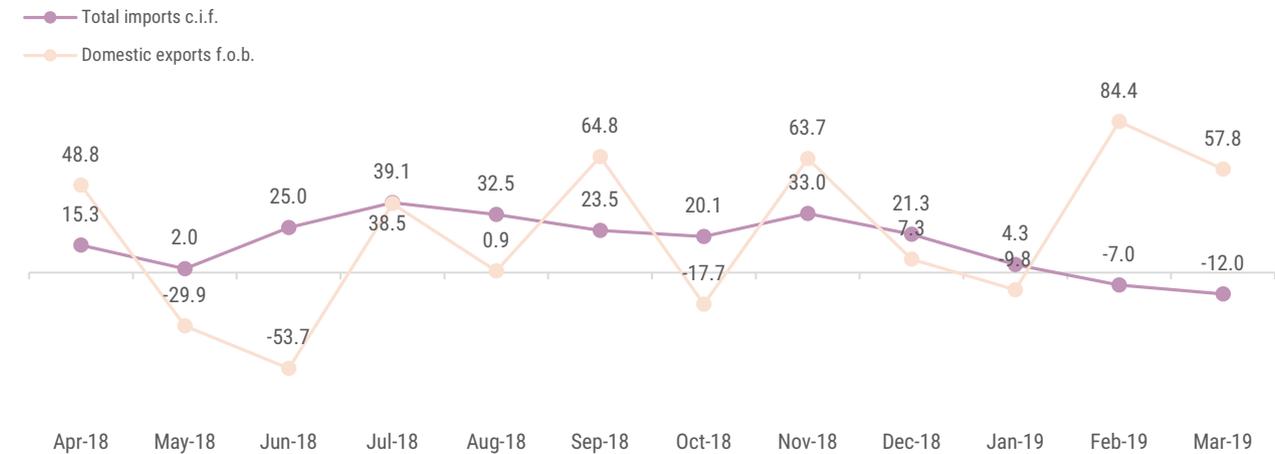
At the end of March 2019, NFA recorded a growth of 20.0 percent while private sector credit growth was 9.4 percent when compared to same period in 2018.

Figure 6: Monetary and Credit Growth



source: Maldives Monetary Authority

Figure 7: Imports and Exports, year on year growth in percentage



source: Maldives Customs Service

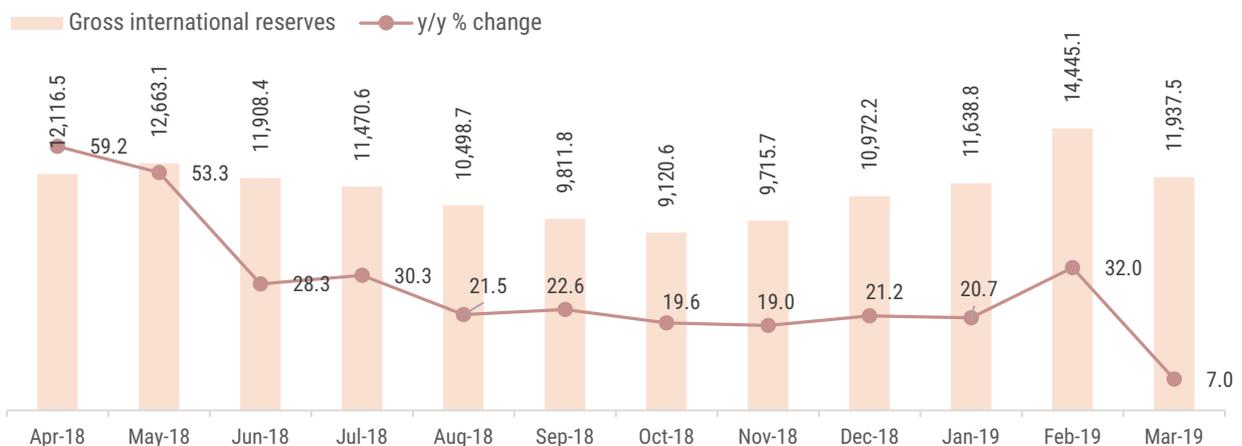
External Sector

For the period January to March 2019, total merchandise exports, which mainly comprises exports of fresh, chilled or frozen tuna, illustrates a growth of 40.7 percent while total imports declined by 5.3 percent compared to the same period in 2018.

Decline in imports was mainly due to the completion of large infrastructure projects and the resulting decline in construction related imports.

Gross International Reserve (GIR) at the end of the year 2018 stood at USD 712.0 million, equivalent of 3.4 months of imports. Of the GIR, usable reserves at the end of 2018 stood at USD 281.4 million, equivalent

Figure 6: Gross International Reserves



source: Maldives Monetary Authority

to 1.3 months of imports. GIR reached record levels during the first quarter of 2019, and stood at USD 776 million at the end of March 2019.

GDP Growth

According to the Quarterly National Accounts for 2018 Q4, the Quarterly GDP growth rate for the last quarter 2018 stood at 8.0 percent compared to the previous quarter. The fourth quarter of 2018 also showed a 3.7 percent growth compared to the corresponding quarter of the previous year. The growth during this period was primarily due to the growth from the tourism sector by 3.4 percent, followed by 1.6 percent from transportation and communication and 1.1 percent from fisheries sector.

According to the GDP estimates of October 2018, the projected real GDP growth for the year 2019 is 6.8 percent. Growth in 2019 is expected to slow down largely due to the completion of large government infrastructure projects and the resulting contraction of the construction sector. A better performance is

expected from the tourism industry this year with the opening of new tourist outlets and the initiation of new airlines to the Maldives. However, it is important to note and acknowledge the risks in Brexit and the geopolitical region associated with the Easter Bombings in Sri Lanka which could have negative impacts on the tourism industry in the Maldives.

Global Economic Outlook

According to IMF World Economic Outlook of April 2019 global growth is revised down by 0.4 points from its April forecast to 3.3 percent for 2019, “reflecting a confluence of factors affecting major economies. China’s growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened.” (World Economic Outlook, April 2019).

Table 1: World growth

	2016	2017	2018	2019	2020
World output	3.4	3.8	3.6	3.3	3.6
Euro Area	2.0	2.4	1.8	1.3	1.5
Emerging and Developing Asia	6.7	6.6	6.4	6.3	6.3
China	6.7	6.8	6.6	6.3	6.1
India	8.2	7.2	7.1	7.3	7.5

source: International Monetary Fund

Overview of Fiscal Developments

January to March 2019

Trends in revenue

Government revenue and grants for the first quarter of the year 2019 totaled MVR 6,329.8 million, which is an increase of 1.2 percent (MVR 77.0 million) compared to the same period of last year mainly driven by a rise in grants despite the fall in tax and non-tax revenue.

Tax revenues, which is the largest contributor to government revenue, decreased by 0.4 percent (MVR 16.9 million) primarily attributed to a significant decrease in receipts from GST, BPT and Green Tax during the first quarter. TGST collections decreased by 5.8 percent (MVR 95.5 million) compared to the same period last year, although both total tourist arrivals and bed nights increased by 15.1 percent and 9.8 percent respectively. Likewise, general goods and services tax decreased by 0.7 percent (MVR 5.0 million), and Business Profit Tax also posted a 2.3 percent (MVR 20.1 million) decline compared to the corresponding period of last year, mainly due to non-payment of taxes by the specified deadlines.

In line with the negative trends in tourism sector revenues during this quarter, collections from green tax also posted a fall of 6.8 percent (MVR 17.3 million) compared to the same period of last year. Most major categories of tax revenue decreased during the review period except for import duties and airport

Figure 7: Cumulative revenue and grants as a portion of projected
MVR millions

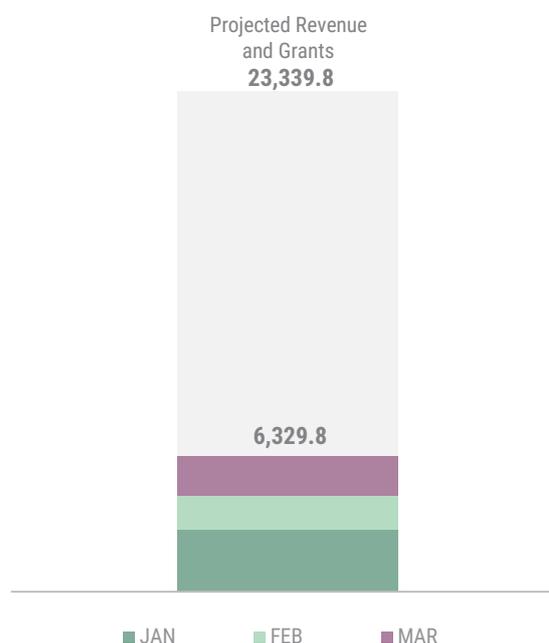


Figure 8: Tax and non-tax revenue and grants, 19Q1
MVR millions

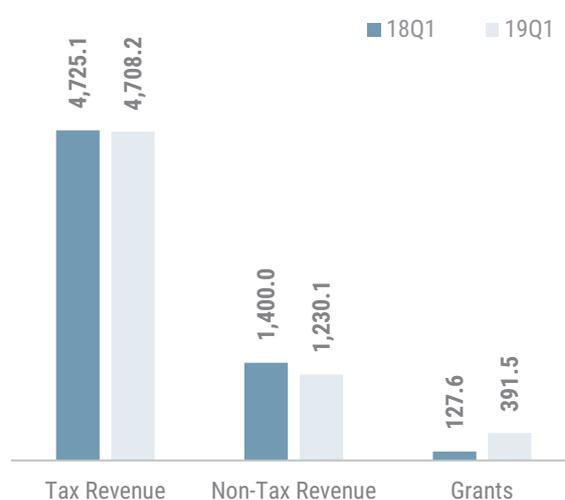
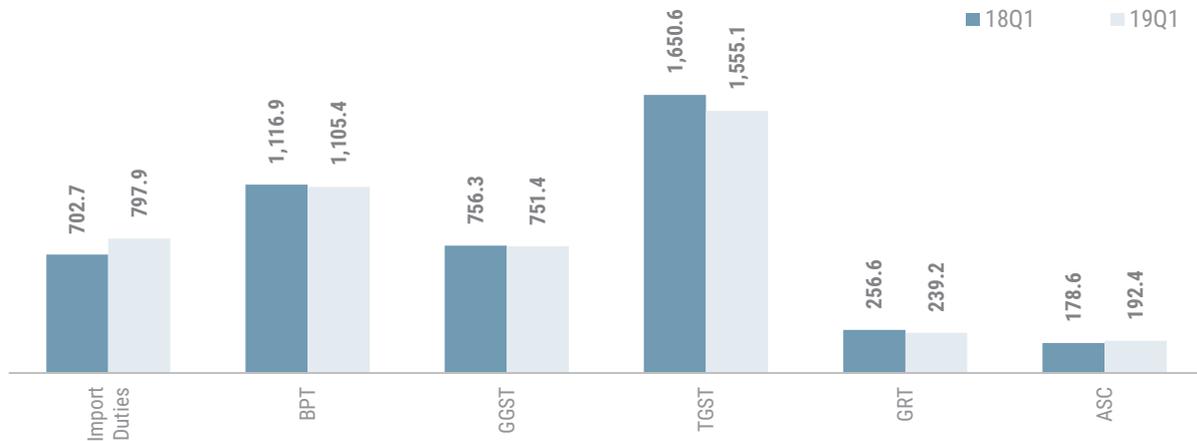


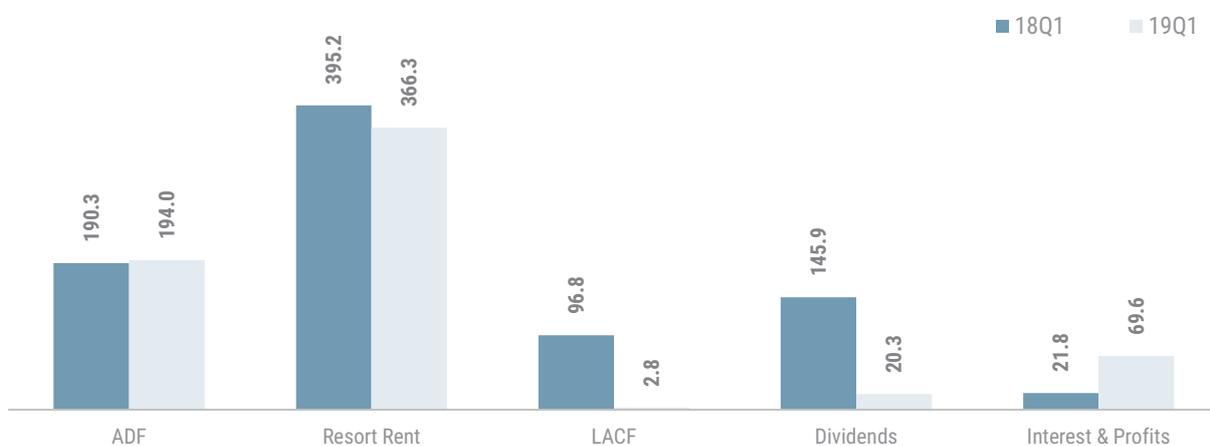
Figure 9: Major components of tax revenue
MVR millions



service charge. Collection from import duties posted a 13.6 percent (MVR 95.2 million) growth due to stronger growth in the volume of imports although the value of imports posted a decline compared to the corresponding period of last year. Furthermore, tax revenue from airport service charge also showed a positive growth of 7.7 percent as a result of a rise in tourist arrivals during the quarter.

Non-tax revenue also declined by MVR 208.7 million (14.3 percent) over the period of January to March 2019, as all categories of non-tax revenue fell except revenue from fees and charges. Property income fell by 23.6 percent (MVR 128.9 million) mainly owing to a notable decline in Land Acquisition and Conversion Fee by 97.1 percent (MVR 94.0 million) compared to the same period of the last year as one-off receipts

Figure 10: Major components of non-tax revenue
MVR millions



were received during last year. Tourism land rent also posted a decline by MVR 29.0 million (7.3 percent) due to cases of non-compliance. In addition, collections from interest, profit and dividend earnings decreased by 46.4 percent, on account of a fall in SOE dividends, as SOEs had paid significant dividends during the first quarter of 2018 unlike in 2019. Dividends are likely to be received during the second and third quarters of 2019, as the deadlines for payments fall to these quarters. However, revenue from interest and profits showed a remarkable increase of 218.9 percent (MVR 47.8 million) compared to the same period of last year, due to an increment in subsidiary loan interest received.

Furthermore, fees and charges showed a positive growth of 15.1 percent compared to the same period of the last year mainly, due to the income received from the construction period extension fees.

Grants for the first quarter of the year 2019 showed significant increase by 206.7 percent (263.8 million) compared to the same period of last year as a result of inflows from bilateral cash grants received from the Indian Government during the quarter. Although tax and non-tax revenue fell, the increase in grants more than offset this and resulted in an increase in government revenue during the period.

Trends in expenditure

Total government expenditure for the period January to March 2019 amounted to MVR 5,237.4 million, which is a decline of 13.9 percent (MVR 848.2 million) over the same period of last year due to a notable fall in spending on capital expenditure – PSIPs.

During this period, recurrent expenditure was 7.3 percent (MVR 287.7 million) higher compared to the same period of 2018. This was as a result of significant increases in salaries and wages, the main component of recurrent spending, which grew by 7.1 percent (MVR 155.4 million) compared to the same period last year. The significant increase in the salaries and wages component was partly due to the technical and supporting core allowances, which was introduced in February 2018, being paid out for the full

Figure 11: Cumulative expenditure as a portion of approved expenditure
MVR millions

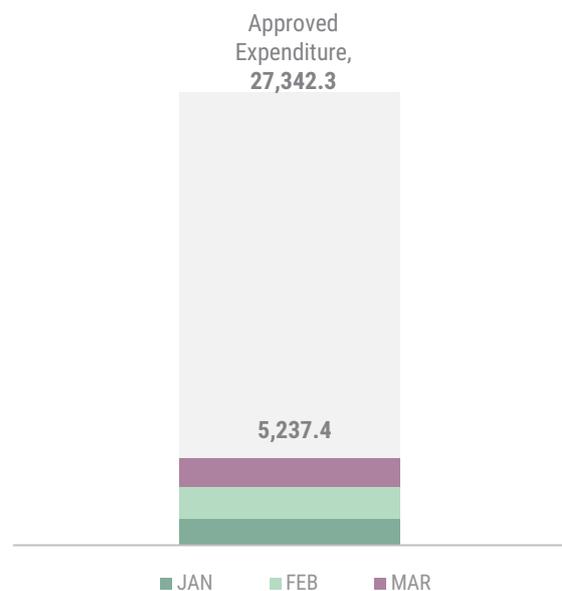
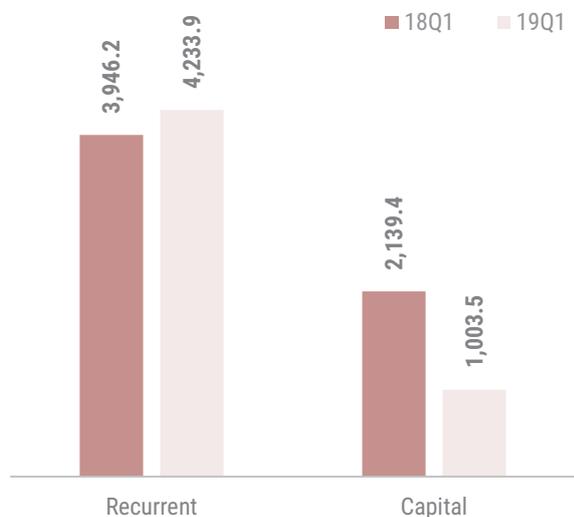


Figure 12 Cumulative recurrent and capital expenditure
MVR millions

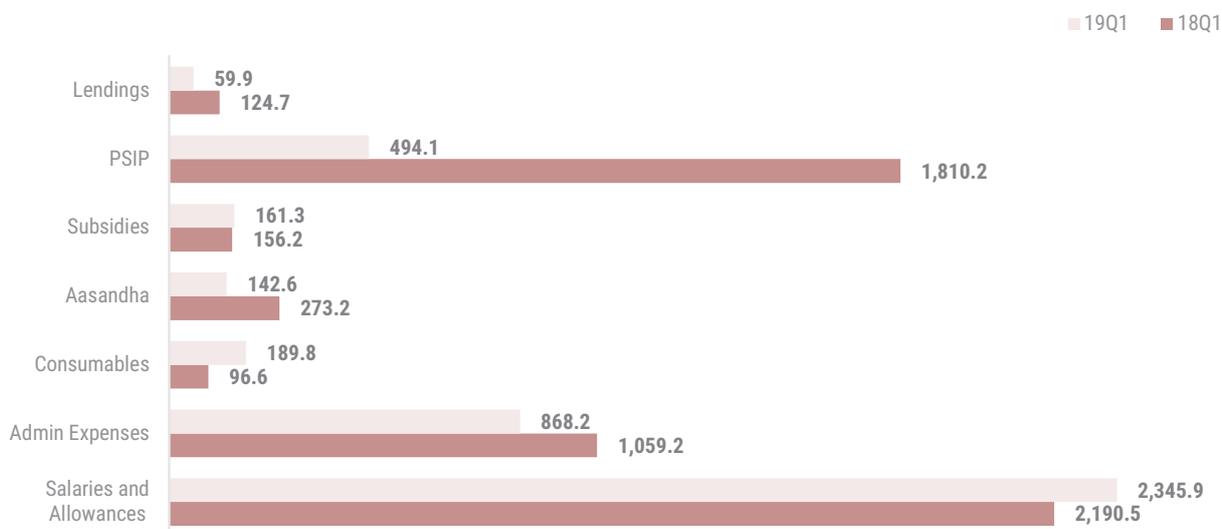


quarter in 2019 compared to just two months during the first quarter of 2018. Furthermore, changes made to the salary structures of the Maldives Police Service, Maldives National Defense Force and also nurses during 2018 were realized during the first quarter of

2019. Moreover, salaries and wages of staff of former MRDC is also included in budget 2019. Apart from this, special duty allowances were approved during the quarter for Ministry of Economic Development, Ministry of Gender Family and Social Services, Ministry of Transport and Civil Aviation, and Ministry of Communication, Science and Technology.

On the other hand, administrative and operational expenses showed a decline of 9.6 percent (MVR 168.3 million) compared to the same period of 2018. This decline is mainly owing to a notable decrease in grants, contributions and subsidies, financing and interest costs, and training expenses. Specifically, there was a significant decrease in spending on Aasandha by 47.8 percent (MVR 130.6 million) compared to the same period in 2018. Spending on Aasandha health insurance scheme fell due to reduction in payments of Aasandha pending bills during the period. However,

Figure 13: Major components of expenditure
MVR millions



subsidies were higher than the first quarter of 2018 due to the increase in food and electricity subsidies to STO and utility companies respectively due to the harmonization of electricity tariffs and food prices in all islands.

Furthermore, spending on financing and interest costs fell by 28.8 percent (MVR 98.0 million) compared to first quarter of 2018, mainly due to the decrement in interest payments for domestic Treasury Bills. Similarly, training and administrative services expenses fell by MVR 86.3 million and MVR 63.3 million respectively, compared to the same period of 2018. However, repairs and maintenance rose significantly by 213.3 percent (MVR 52.0 million), as a result of rise in repairs of buildings and maintenance cost of machinery and equipment. Likewise, operational consumables also posted a 96.6 percent (MVR 93.2 million) increment as a result of implementation of 100 day pledges in the health sector. Losses and write-offs also increased significantly by MVR 300.6 million compared to the corresponding quarter of last year as payments were made for settlement Nexbis and for liquidation of MRDC during the quarter.

Capital expenditure totaled MVR 1,003.5 million, which is a decline of 53.1 percent compared to the same period in 2018. The decline in capital expenditure was primarily due to a significant fall in spending on public sector investment programs (PSIP). Spending on buildings, roads, bridges and airports fell during the same period as a result of completion of major projects such as SinaMale' Bridge and the Velana

International Airport runway projects during the year 2018. Furthermore, spending on other infrastructure projects declined by 78.6 percent compared to the same period of the last year. As a result overall PSIP spending decreased by 72.7 percent (MVR 1,316.1 million) compared to the first quarter of the year 2018. However, development projects and investment outlays increased by 186.3 per cent (MVR 242.4 million) mainly on account of growth of investment outlays (capital contributions paid to SOEs).

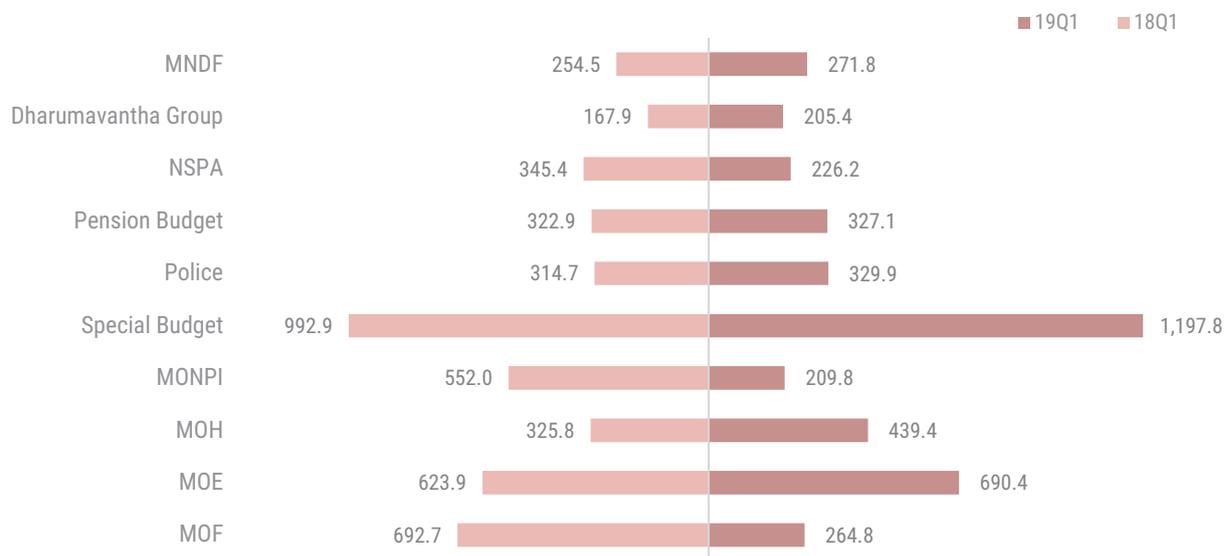
Moreover, the fall in 51.9 percent of domestic lending was mainly attributed to the fall in loan disbursements to SOEs.

Trends in expenditure by AGAs

Accountable Government Agencies (AGAs) are the segments of ministries and state institutions who are responsible for the spending of the state budget from their respective sectors. At the beginning of 2018, there were a total of 47 AGAs (including independent agencies) to which the budget was allocated. However, with the election of the new government, and the subsequent government restructuring, the number of AGAs has increased to 54.

The majority of expenditure during January to March 2019 was spent by the Ministry of Finance, Ministry of Education, Ministry of Health, Ministry of National Planning and Infrastructure, Special Budget of the Ministry of Finance, Pension Budget, NSPA, Dharumavantha Group of Hospitals, Maldives

Figure 14: Expenditure by AGA
MVR millions



Police Services and MNDF. These AGAs collectively accounted for 79.8 percent (MVR 4,162.6 million) of the total expenditure in first quarter of year 2018. This is a 5.3 percent rise compared to the first quarter of year 2018, which is mainly attributed to the rise in spending through the special budget, Ministry of Health and Ministry of Education. The Special Budget and the Pension Budget are part of the Ministry of Finance budget but are treated as AGAs due to their high allocations and expenditure.

The total expenditure of the Ministry of Health, Dharumavantha Group of Hospitals and the National Social Protection Agency (NSPA) accounted for 15.2 percent (MVR 4,167.4 million) of the total approved

expenditure. During this period, the collective spending of these three agencies increased by 3.8 percent over the same period last year. Although expenditure for Aasandha insurance scheme decreased in first quarter of 2019, spending on medical consumables and salaries and wages by Dharumavantha Group of Hospitals and Ministry of Health increased compared to the first quarter of 2018.

The Special Budget¹ of the Ministry of Finance, which accounted for 22.9 percent of total expenditure during the period, showed an increase in first quarter of 2019 (from MVR 992.9 million to MVR 1,197.8 million), mainly due to the rise in spending on subsidies and capital contributions to SOEs. Moreover, the Ministry

¹ The Special Budget of the Ministry of Finance include significant spending requirements of the State which does not belong to a specific sector.

of Finance's spending in the period was MVR 264.8 million (5.1 percent of total expenditure), which is a decline of 34.9 percent compared to the corresponding quarter of 2018, as spending in 2018 was high for the completion of the Velana International Airport runway project during the year. Furthermore, spending of the Ministry of Education during the first quarter of 2019 amounted to MVR 690.4 million; an increment of 10.7 percent compared to the first quarter of 2018. This is mainly as a result of the rise in spending on stationary vouchers during this quarter.

Spending by the Maldives National Defense Force and Maldives Police Services collectively amounted to MVR 601.7 million, an increment of 5.7 percent compared to the first quarter of last year. The majority of expenditure by the national security bodies were spent on salaries and allowances of employees.

Fiscal balance

The government budget recorded a surplus of MVR 1,092.4 million for the first quarter of the year 2019. Primary balance, which is the overall balance less interest expenditure, also recorded a surplus of MVR 1,334.5 million.

Figure 15: Portion of expenditure by major agencies

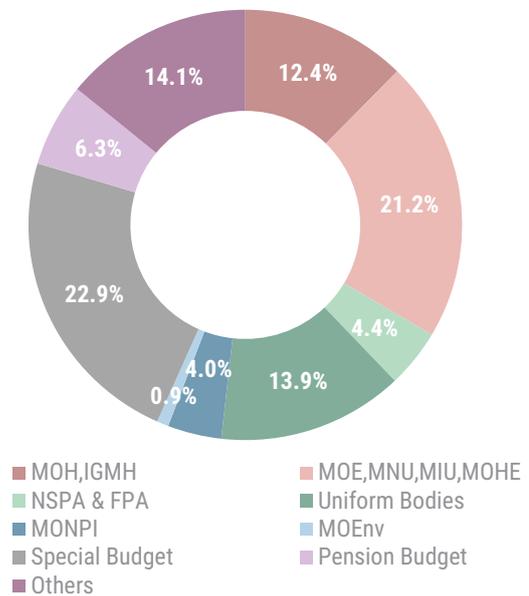
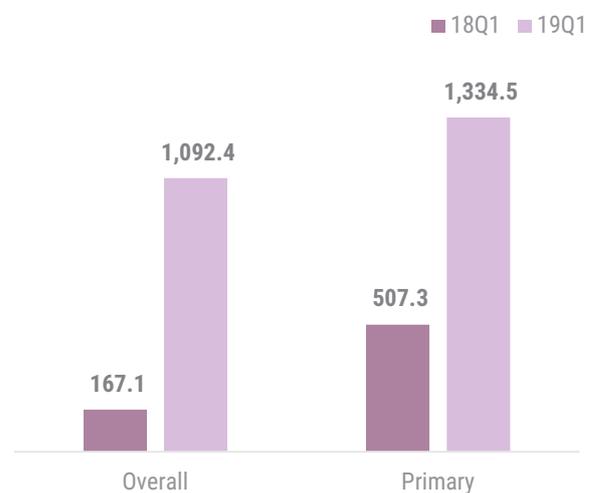


Figure 16: Fiscal Balance
MVR millions



Public Debt

The public debt rose to MVR 49,677.5 million (55.1 percent of GDP) at the end of the first quarter of 2019. 58.0 percent of the public debt accounted for domestic parties and 42.0 percent of debt was from external parties. The public debt at the end of the first quarter of 2019 showed an increase of 3.5 percent 11.1 percent compared to the end of previous quarter and the end of first quarter of year 2018, respectively. This is mainly due to the rise in borrowings through domestic securities. Both domestic and external debt increased compared to the end of the previous quarter and the first quarter of 2018.

Figure 17: Debt composition, 19Q1

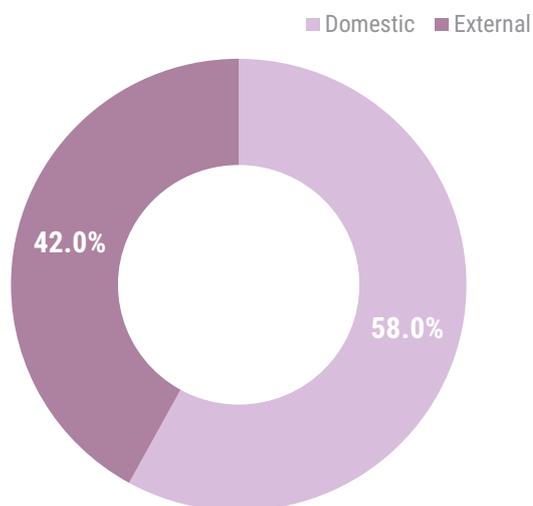
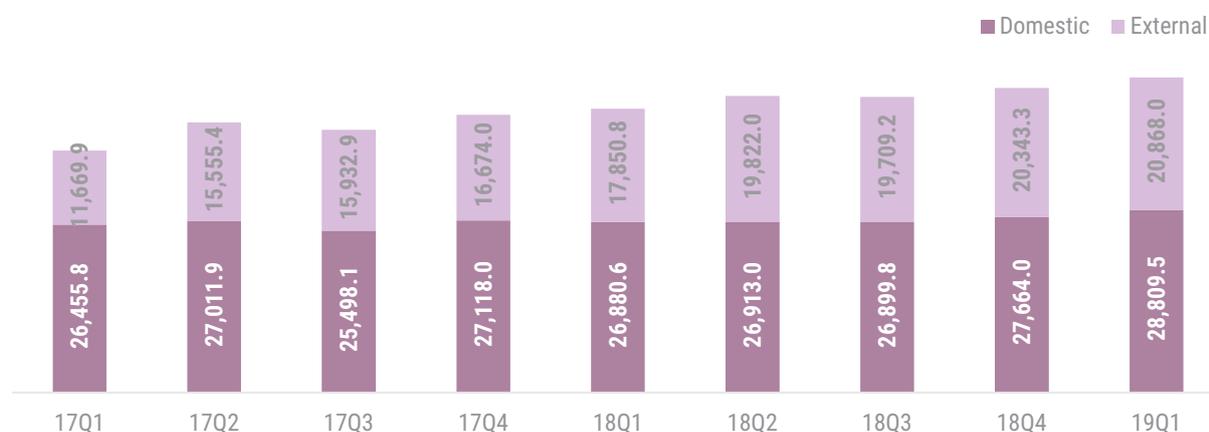


Figure 18: Debt composition, 17Q1-19Q1

MVR millions



Statistical Appendix

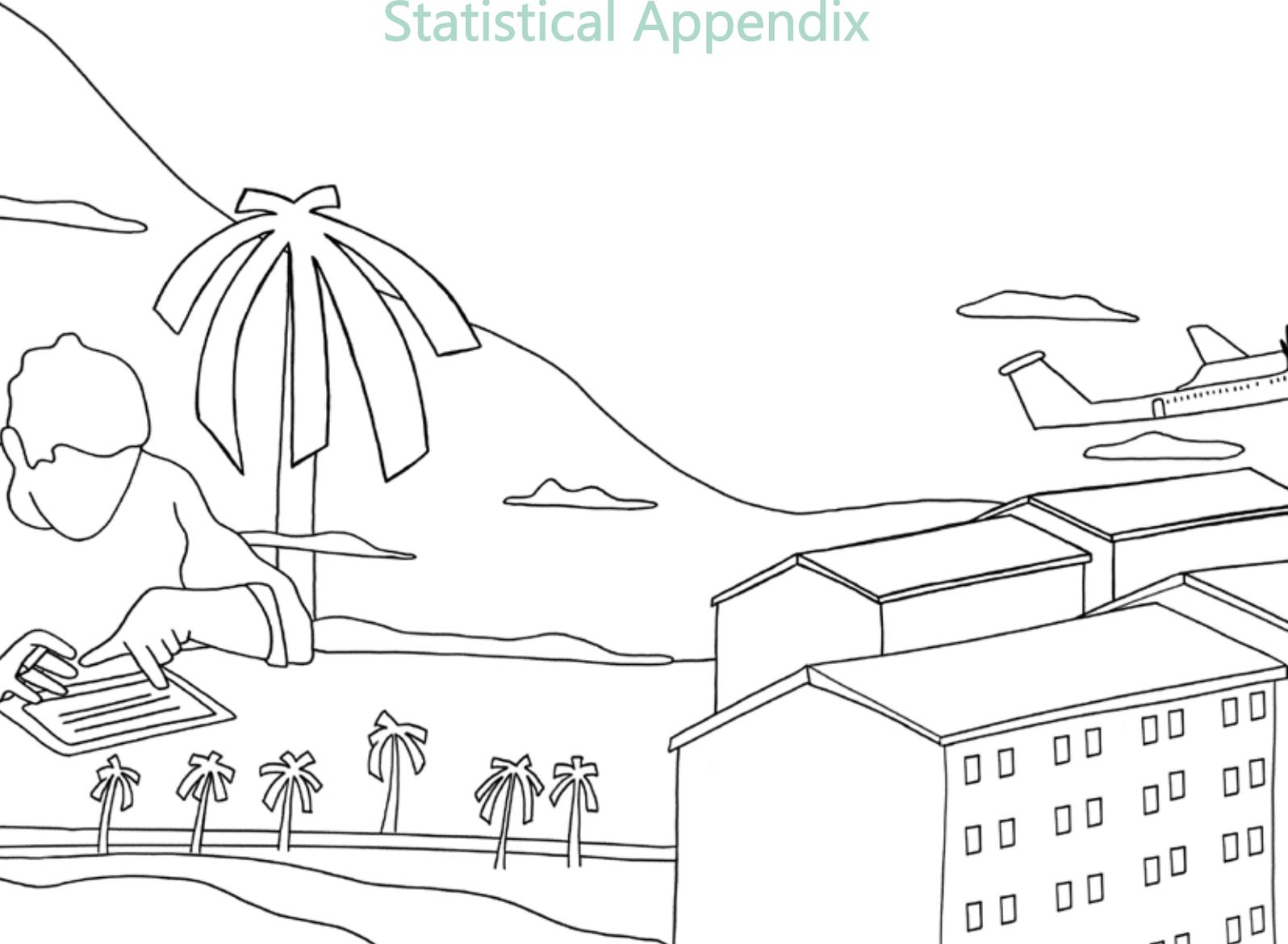


TABLE 1: SUMMARY OF GOVERNMENT FINANCES, FIRST QUARTER

	Actual 2018		Approved 2019		Budget implementation		Annual change to date	
	MVR	share in %	MVR	share in %	18Q1 MVR	19Q1 MVR	%	MVR
<i>in millions of MVR unless stated otherwise</i>								
A TOTAL REVENUES AND GRANTS	21,651.3	100%	23,339.8	100.0%	6,252.7	6,329.8	1.2%	77.0
Tax Revenues	15,803.0	73.0%	16,506.5	70.7%	4,725.1	4,708.2	-0.4%	(16.9)
Non-Tax Revenues	5,536.6	25.6%	5,648.7	24.2%	1,460.5	1,251.9	-14.3%	(208.7)
Capital Receipts	44.2	0.2%	31.8	0.1%	3.6	4.5	26.9%	1.0
Grants	373.4	1.7%	1,353.0	5.8%	127.6	391.5	206.7%	263.8
less: Subsidiary Loan Repayment	(106.0)	-0.5%	(200.3)	-0.9%	(64.1)	(26.3)	-58.9%	37.8
TOTAL BUDGET	28,286.1	100%	30,251.7	102.3%	6,829.5	5,560.4	-18.6%	(1,269.1)
B TOTAL EXPENDITURE (C+D)	25,495.8	90%	27,342.3	90.4%	6,085.6	5,237.4	-13.9%	(848.2)
C RECURRENT EXPENDITURE	17,984.8	63.6%	18,529.3	61.3%	3,946.2	4,233.9	7.3%	287.7
Salaries, Wages and Pensions	9,190.8	32.5%	9,529.2	31.5%	2,190.5	2,345.9	7.1%	155.4
Administrative and Operational Expenses	8,677.2	30.7%	8,949.7	29.6%	1,753.9	1,585.6	-9.6%	(168.3)
Losses and Write-offs	116.8	0.4%	50.4	0.2%	1.8	302.4	17008.3%	300.6
D CAPITAL EXPENDITURE	7,511.0	26.6%	8,813.0	29.1%	2,139.4	1,003.5	53.1%-	(1,135.9)
Capital Equipments	423.2	1.5%	442.7	1.5%	74.5	77.3	3.7%	2.7
Public Sector Investment Program	5,748.1	20.3%	7,076.7	23.4%	1,810.2	494.1	-72.7%	(1,316.1)
Development Projects and Investments Outlays	565.7	2.0%	792.6	2.6%	130.0	372.2	186.3%	242.2
Lendings	774.0	2.7%	90.0	0.3%	124.7	59.9	-51.9%	(64.8)
Budget Contingency	-	0.0%	411.0	1.4%	-	-	0.0%	-
E PRIMARY BALANCE - SURPLUS / (DEFICIT) (F+G)	(2,404.2)	0%	(2,000.9)		507.3	1,334.5		827.2
F OVERALL BALANCE - SURPLUS / (DEFICIT) (A-B)	(3,844.6)	0%	(4,002.5)		167.1	1,092.4		925.2
G Financing and Interest Costs	1,440.3	5.6%	2,001.5	6.6%	340.1	242.2	-28.8%	(98.0)
Memorandum Items:								
Loan Repayment	2,404.4	8.5%	2,887.9	9.5%	743.9	318.4	-57.2%	(425.5)
Subscription to Multilateral Agencies	49.2	0.2%	21.6	0.1%	-	4.5	-	4.5
Transfers to Sovereign Development Fund	336.8	1.2%	705.6	2.3%	357.7	378.9	5.9%	21.1

TABLE 2: TRENDS IN GOVERNMENT REVENUE, FIRST QUARTER

	Actual 2018		Approved 2019		Budget implementation		Annual change to date	
	MVR	share in %	MVR	share in %	18Q1 MVR	19Q1 MVR	%	MVR
<i>in millions of MVR unless stated otherwise</i>								
TOTAL REVENUE AND GRANTS	21,651.3	100.0%	23,339.8	100.0%	6,252.7	6,329.8	1.2%	77.0
Tax Revenues	15,803.0	73.0%	16,506.5	70.7%	4,725.1	4,708.2	-0.4%	(16.9)
Import Duties	3,121.5	14.4%	3,183.8	13.6%	702.7	797.9	13.6%	95.2
Business and Property Tax	3,314.1	15.3%	3,451.4	14.8%	1,116.9	1,105.4	-1.0%	(11.5)
Business Profit Tax	2,077.7	9.6%	2,172.1	9.3%	891.8	871.7	-2.3%	(20.1)
Withholding Tax	632.9	2.9%	674.0	2.9%	215.8	226.6	5.0%	10.9
Other Business and Property Taxes	603.5	2.8%	605.3	2.6%	9.3	7.1	-23.9%	(2.2)
Goods and Services Tax	7,686.1	35.5%	8,038.4	34.4%	2,407.0	2,306.5	-4.2%	(100.5)
General Goods and Services Tax	2,902.8	13.4%	2,998.9	12.8%	756.3	751.4	-0.7%	(5.0)
Tourism Goods and Services Tax	4,783.3	22.1%	5,039.5	21.6%	1,650.6	1,555.1	-5.8%	(95.5)
Royalties	76.5	0.4%	80.1	0.3%	23.1	30.4	31.8%	7.3
Revenue Stamp	47.6	0.2%	45.3	0.2%	12.3	10.2	-17.5%	(2.2)
Green Tax	810.5	3.7%	892.7	3.8%	256.6	239.2	-6.8%	(17.3)
Airport Service Charge	644.8	3.0%	705.6	3.0%	178.6	192.4	7.7%	13.7
Remittance Tax	101.8	0.5%	109.1	0.5%	28.0	26.3	-6.1%	(1.7)
Non-Tax Revenues	5,536.6	25.6%	5,648.7	24.2%	1,460.5	1,251.9	-14.3%	(208.7)
Fees and Charges	1,476.6	6.8%	1,398.1	6.0%	402.1	463.0	15.1%	60.9
Airport Development Fee	659.3	3.0%	705.6	3.0%	190.3	194.0	1.9%	3.7
Resident Permit	330.9	1.5%	311.7	1.3%	79.7	87.9	10.3%	8.2
Other Fees and Charges	486.4	2.2%	380.8	1.6%	132.1	181.1	37.1%	49.0
Registration and Licence Fees	413.0	1.9%	417.5	1.8%	118.8	90.5	-23.9%	(28.4)
Property Income	2,034.7	9.4%	2,123.7	9.1%	545.2	416.3	-23.6%	(128.9)
Rent from Resorts	1,526.0	7.0%	1,855.8	8.0%	395.2	366.3	-7.3%	(29.0)
Land Acquisition and Conversion Fee	322.1	1.5%	26.9	0.1%	96.8	2.8	-97.1%	(94.0)
Other Property Income	186.6	0.9%	241.0	1.0%	53.2	47.2	-11.2%	(6.0)

<i>in millions of MVR unless stated otherwise</i>	Actual 2018		Approved 2019		Budget implementation		Annual change to date	
	MVR	share in %	MVR	share in %	18Q1 MVR	19Q1 MVR	%	MVR
Fines and Penalties	278.0	1.3%	197.0	0.8%	80.5	75.2	-6.6%	(5.3)
Interest, Profit and Dividends	973.2	4.5%	1,180.7	5.1%	167.8	89.9	-46.4%	(77.8)
SOE Dividends	797.3	3.7%	874.0	3.7%	145.9	20.3	-86.1%	(125.6)
Interest and Profits	175.9	0.8%	306.6	1.3%	21.8	69.6	218.9%	47.8
Other Non-Tax Revenues	361.1	1.7%	331.7	1.4%	146.1	117.0	-19.9%	(29.1)
Capital Receipts	44.2	0.2%	31.8	0.1%	3.6	4.5	26.9%	1.0
Grants	373.4	1.7%	1,353.0	5.8%	127.6	391.5	206.7%	263.8
Less: Subsidiary Loan Repayment	(106.0)	-0.5%	(200.3)	-0.9%	(64.1)	(26.3)	-58.9%	37.8

TABLE 3: TRENDS IN GOVERNMENT EXPENDITURE BY ECONOMIC SECTOR, FIRST QUARTER

	Actual 2018		Approved 2019		Budget implementation		Annual change to date	
	MVR	share in %	MVR	share in %	18Q1 MVR	19Q1 MVR	%	MVR
<i>in millions of MVR unless stated otherwise</i>								
TOTAL RECURRENT AND CAPITAL EXPENDITURE	25,495.8	100.0%	27,342.3	100%	6,085.6	5,237.4	13.9%-	(848.2)
RECURRENT EXPENDITURE	17,984.8	70.5%	18,529.3	67.8%	3,946.2	4,233.9	7.3%	287.7
Salaries and Wages	9,190.8	36.0%	9,529.2	34.9%	2,190.5	2,345.9	7.1%	155.4
Salaries and Wages	4,282.2	16.8%	4,352.0	15.9%	1,016.3	1,096.5	7.9%	80.2
Allowances to Employees	3,405.7	13.4%	3,612.2	13.2%	797.6	865.9	8.6%	68.3
Pensions, Retirement Benefits and Gratuities	1,502.8	5.9%	1,565.0	5.7%	376.6	383.5	1.8%	6.9
Pensions	220.1	0.9%	241.3	0.9%	53.1	55.8	5.0%	2.7
Retirement Benefits and Gratuities	1,282.7	5.0%	2,288.7	8.4%	323.5	327.8	1.3%	4.3
Administrative and Operational Expenses	8,677.2	34.0%	8,949.7	32.7%	1,753.9	1,585.6	9.6%-	(168.3)
Travelling Expenses	174.6	0.7%	141.9	0.5%	39.3	41.5	5.5%	2.2
Administrative Supplies	615.9	2.4%	609.0	2.2%	122.9	125.4	2.0%	2.4
Administrative Services	1,765.2	6.9%	1,989.2	7.3%	373.3	310.1	-16.9%	(63.3)
Operational Consumables	631.7	2.5%	657.4	2.4%	96.6	189.8	96.6%	93.2
Training Expenses	527.0	2.1%	423.0	1.5%	159.1	72.8	-54.2%	(86.3)
Repairs and Maintenance	212.6	0.8%	277.1	1.0%	24.4	76.3	213.3%	52.0
Financing and Interest Costs	1,440.3	5.6%	2,001.5	7.3%	340.1	242.2	-28.8%	(98.0)
Grants, Contributions and Subsidies	3,309.7	13.0%	2,850.6	10.4%	598.1	527.6	-11.8%	(70.5)
Aasandha	1,487.6	5.8%	1,000.0	3.7%	273.2	142.6	-47.8%	(130.6)
Subsidies	1,142.6	4.5%	1,073.3	3.9%	156.2	161.3	3.3%	5.1
Grants and Contributions	679.5	2.7%	777.3	2.8%	168.8	223.8	32.6%	55.0
Tax payments	-	-	-	0.0%	-	-	0.0%	-
Losses and Write-offs	116.8	0.5%	50.4	0.2%	1.8	302.4	17008.3%	300.6

	Actual 2018		Approved 2019		Budget implementation		Annual change to date	
	MVR	share in %	MVR	share in %	18Q1 MVR	19Q1 MVR	%	MVR
<i>in millions of MVR unless stated otherwise</i>								
CAPITAL EXPENDITURE	7,511.0	29.5%	8,813.0	32.2%	2,139.4	1,003.5	53.1%-	(1,135.9)
Capital Equipments	423.2	1.7%	442.7	1.6%	74.5	77.3	3.7%	2.7
Furniture, Machinery and Equipment	410.2	1.6%	394.7	1.4%	73.5	76.1	3.5%	2.6
Vehicles	13.0	0.1%	48.1	0.2%	1.0	1.1	12.8%	0.1
Minor extensions	0.0	0.0%	0.0	0.0%	-	-	-	-
Public Sector Investment Program	5,748.1	22.5%	7,076.7	25.9%	1,810.2	494.1	-72.7%	(1,316.1)
Land and Buildings	1,335.9	5.2%	1,954.3	7.1%	382.8	60.9	-84.1%	(321.9)
Roads, Bridges and Airports	2,768.4	10.9%	2,268.2	8.3%	1,019.0	340.6	-66.6%	(678.3)
Wharves, Ports and Harbours	463.5	1.8%	810.6	3.0%	72.9	20.9	-71.3%	(52.0)
Other Infrastructure Assets	1,180.2	4.6%	2,043.5	7.5%	335.6	71.7	-78.6%	(263.9)
Development Projects and Investments Outlays	565.7	2.2%	792.6	2.9%	130.0	372.2	186.3%	242.2
Development Projects	60.3	0.2%	7.8	0.0%	17.4	0.4	-97.9%	(17.0)
Investment Outlays	505.5	2.0%	784.8	2.9%	112.6	371.8	230.2%	259.2
Lendings	774.0	3.0%	90.0	0.3%	124.7	59.9	-51.9%	(64.8)
Domestic Lendings	774.0	3.0%	90.0	0.3%	124.7	59.9	-51.9%	(64.8)
Foreing Lendings	-	0.0%	-	0.0%	-	-	0.0%	-
Budget Contingency	-	0.0%	411.0	16.4%	-	-	-	-
Memorandum Items:								
Loan Repayment	2,404.4	-	2,887.9	-	743.9	318.4	-57.2%	(425.5)
Subscription to Multilateral Agencies	49.2	-	21.6	-	-	4.5	-	4.5
Transfers to Sovereign Development Fund	336.8	-	855.1	-	357.7	378.9		21.1

TABLE 4: TRENDS IN EXPENDITURE BY AGA, FIRST QUARTER

		Actual 2018		Approved 2019		Budget implementation		Annual change to date	
		MVR	share in %	MVR	share in %	18Q1 MVR	19Q1 MVR	%	MVR
<i>in millions of MVR unless stated otherwise</i>									
S01	Presidents Office	138.9	0.5%	121.0	0.4%	25.8	37.6	45.7%	11.8
S02	People's Majlis	148.8	0.6%	215.4	0.8%	26.6	40.8	53.1%	14.1
S03	Judicial Service Commission	10.6	0.0%	10.9	0.0%	2.2	2.1	-4.5%	(0.1)
S04	Department of Judicial Administration	406.1	1.6%	434.2	1.6%	97.8	106.6	9.1%	8.9
S05	Elections Commission	104.3	0.4%	105.4	0.4%	6.5	21.5	230.7%	15.0
S06	Civil Service Commission	19.9	0.1%	21.7	0.1%	4.4	5.1	18.3%	0.8
S07	Human Rights Commission	23.0	0.1%	23.4	0.1%	5.4	5.3	-0.7%	(0.0)
S08	Anti-Corruption Commission	29.8	0.1%	32.2	0.1%	7.0	7.4	5.5%	0.4
S09	Auditor Generals Office	44.9	0.2%	52.0	0.2%	9.9	11.9	20.8%	2.1
S10	Prosecutor Generals Office	61.2	0.2%	67.4	0.2%	13.2	14.4	8.8%	1.2
S11	Maldives Inland revenue Authority	94.8	0.4%	82.8	0.3%	23.0	20.1	-12.6%	(2.9)
S12	Employment Tribunal	6.8	0.0%	6.9	0.0%	1.8	1.6	-9.0%	(0.2)
S13	Maldives Media Council	4.4	0.0%	4.3	0.0%	0.9	1.0	6.1%	0.1
S14	Maldives Broadcasting Commission	9.0	0.0%	9.2	0.0%	2.0	2.1	8.0%	0.2
S15	Tax Appeal Tribunal	4.3	0.0%	4.7	0.0%	1.0	1.1	6.6%	0.1
S16	Local Government Authority	32.6	0.1%	55.7	0.2%	5.0	4.4	-13.1%	(0.7)
S17	Information Commissioners Office	3.8	0.0%	3.8	0.0%	0.9	0.9	7.5%	0.1
S18	National Integrity Commission	8.6	0.0%	8.8	0.0%	2.1	2.1	-0.3%	(0.0)
S20	Ministry of Finance	1,746.2	6.8%	2,203.9	8.1%	692.7	264.8	-61.8%	(428.0)
S21	Ministry of Defense	127.5	0.5%	139.7	0.5%	29.8	30.0	0.5%	0.2
S22	Ministry of Home Affairs	69.8	0.3%	52.1	0.2%	16.5	7.1	-57.1%	(9.4)
S23	Ministry of Education	2,487.7	9.8%	2,744.6	10.0%	623.9	690.4	10.7%	66.5

		Actual 2018		Approved 2019		Budget implementation		Annual change to date	
		MVR	share in %	MVR	share in %	18Q1 MVR	19Q1 MVR	%	MVR
<i>in millions of MVR unless stated otherwise</i>									
S24	Maldives Islamic University	42.5	0.2%	40.2	0.1%	13.2	9.8	-25.7%	(3.4)
S25	Maldives National University	173.2	0.7%	235.0	0.9%	35.2	32.3	-8.3%	(2.9)
S26	Ministry of Foreign Affairs	229.7	0.9%	259.8	1.0%	95.1	77.7	-18.2%	(17.3)
S27	Ministry of Health	1,624.7	6.4%	1,741.8	6.4%	325.8	439.4	34.9%	113.6
S28	Ministry of Economic Development	116.4	0.5%	145.2	0.5%	66.5	8.9	-86.5%	(57.5)
S29	Ministry of Tourism	63.4	0.2%	180.9	0.7%	19.2	4.2	-78.4%	(15.1)
S30	Ministry of Youth, Sports and Community Empowerment	206.3	0.8%	238.8	0.9%	39.2	30.1	-23.2%	(9.1)
S31	Ministry of National Planning and Infrastructure	2,042.5	8.0%	2,225.3	8.1%	552.0	209.8	-62.0%	(342.2)
S32	Ministry of Fisheries, Marine Resources and Agriculture	92.3	0.4%	136.9	0.5%	25.8	12.3	-52.5%	(13.6)
S33	Ministry of Islamic Affairs	442.9	1.7%	388.9	1.4%	87.9	72.0	-18.1%	(15.9)
S34	Ministry of Environment	1,106.4	4.3%	1,785.1	6.5%	321.6	45.6	-85.8%	(276.0)
S35	Attorney Generals Office	26.8	0.1%	26.0	0.1%	5.9	6.2	5.0%	0.3
S36	Ministry Of Gender, Family and Social Services	183.5	0.7%	183.8	0.7%	36.6	45.0	22.8%	8.3
S37	MOFT / Special Budget	4,733.7	18.6%	4,564.0	16.7%	992.9	1,197.8	20.6%	204.9
S38	MOFT / Pension Budget	1,280.3	5.0%	1,318.8	4.8%	322.9	327.1	1.3%	4.2
S39	Maldives Police Services	1,418.7	5.6%	1,415.8	5.2%	314.7	329.9	4.8%	15.2
S40	Maldives Customs Services	190.4	0.7%	191.9	0.7%	43.2	46.2	6.9%	3.0
S41	National Social Protection Agency	1,809.1	7.1%	1,300.2	4.8%	345.4	226.2	-34.5%	(119.1)
S42	Dharumavantha Group of Hospitals	956.1	3.8%	1,125.4	4.1%	167.9	205.4	22.3%	37.5
S43	Councils	541.8	2.1%	656.1	2.4%	122.0	147.4	20.8%	25.4
S52	Ministry of Arts, Culture and Heritage	36.5	0.1%	47.1	0.2%	8.0	7.5	-5.9%	(0.5)
S45	Maldives National Defense Force	1,283.3	5.0%	1,114.8	4.1%	254.5	271.8	6.8%	17.3
S47	Maldives Immigration	140.8	0.6%	168.9	0.6%	20.8	17.7	-14.9%	(3.1)
S46	Maldives Correctional Services	311.5	1.2%	322.7	1.2%	57.2	59.1	3.3%	1.9
S50	Ministry of Transport & Civil Aviation	294.2	1.2%	323.0	1.2%	37.9	32.9	-13.4%	(5.1)
S51	Ministry of Communication, Science and Technology	48.8	0.2%	73.3	0.3%	22.5	8.2	-63.7%	(14.3)
S44	Family Protection Authority	4.6	0.0%	7.7	0.0%	1.1	1.3	19.7%	0.2

		Actual 2018		Approved 2019		Budget implementation		Annual change to date	
		MVR	share in %	MVR	share in %	18Q1 MVR	19Q1 MVR	%	MVR
<i>in millions of MVR unless stated otherwise</i>									
S48	Ministry of Higher Education	483.1	1.9%	372.7	1.4%	146.3	69.6	-52.4%	(76.7)
S53	National Disaster Management Authority	7.2	0.0%	5.5	0.0%	1.2	1.1	-2.1%	(0.0)
S49	Ministry of Housing & Urban Development	-	0.0%	324.1	1.2%	-	11.5	-	11.5
S54	Supreme Court	22.0	0.1%	22.7	0.1%	4.6	5.3	13.7%	0.6
		25,495.6	100%	27,342.3	100%	6,085.4	5,237.4		

TABLE 6: DEVELOPMENTS IN PUBLIC DEBT

<i>in millions of MVR unless stated otherwise</i>	2017				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Public Debt	38,125.7	42,567.3	41,431.0	43,792.0	44,731.4	46,735.0	46,609.0	48,007.3	49,677.5
Domestic	26,455.8	27,011.9	25,498.1	27,118.0	26,880.6	26,913.0	26,899.8	27,664.0	28,809.5
External	11,669.9	15,555.4	15,932.9	16,674.0	17,850.8	19,822.0	19,709.2	20,343.3	20,868.0
Public debt (% of GDP)	50.8%	56.7%	55.2%	58.3%	54.2%	56.6%	56.5%	58.2%	55.1%

TABLE 7: GOVERNMENT BORROWING BY TYPE OF INSTRUMENT AND MATURITY

<i>in millions of MVR unless stated otherwise</i>	Debt level	Borrowing	Repayment	Debt level	Change in debt level
	End Dec (18Q4)	19Q1	19Q1	End Mar (19Q1)	18Q4 to 19Q1
Short term (upto one year)	15,013.6	1,165.2	-	16,178.4	1,164.8
MVR Treasury Bills	13,511.7	356.2	-	13,867.9	356.2
RDC USD/MVR T-Bills	767.4	40.0	-	807.5	40.0
USD T-Bills	-	769.0	-	769.0	769.0
Mudharabah	490.0	-	-	490.0	-
RDC USD/MVR Mudharabah	215.7	-	-	215.3	(0.4)
Murabahah	28.7	-	-	28.7	-
Wakalah bi al-Istithmar	-	-	-	-	-
Long term (over one year)	18,017.7	61.5	73.0	17,995.8	(21.9)
Sovereign Bond (5 years)	5,393.5	-	-	5,383.0	(10.5)
MMA Bond	6,215.0	-	73.0	6,142.1	(72.9)
Pension Recognition Bond	3,361.2	61.5	-	3,422.8	61.5
Pension Bonds	3,048.0	-	-	3,048.0	(0.0)
Sukuk Murabaha	-	-	-	-	-

DEFINITIONS

Total Revenue and Grants	Sum of all taxes, non-tax revenue, capital receipts, grant inflows, and other realised gains, less subsidiary loan repayment
Total Expenditure	Sum of recurrent and capital expenditure (excluding loan repayments and payments to multilateral institutions)
Recurrent Expenditure	Expenditure incurred for salaries and wages and other operational expenses
Capital Expenditure	Expenditure incurred for capital equipments, PSIP, development projects and loan outlays
Public Sector Investment Program	PSIP does not include recurrent project costs
Primary Balance	Overall fiscal balance excluding financing and interest costs
Overall Balance	Total revenue and grants less total expenditure
Nominal GDP	GDP not adjusted for inflation
Total Revenue to GDP	Total revenue expressed as a percentage of GDP
Total Expenditure to GDP	Total expenditure expressed as a percentage of GDP
Primary Balance to GDP	Primary balance expressed as a percentage of GDP
Overall Balance to GDP	Overall balance expressed as a percentage of GDP

TABLE 8: KEY ECONOMIC INDICATORS

	2014	2015	2016	2017	2018	2019 Forecast	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Real Sector											
Real GDP Growth Rate (%)	7.3	2.9	7.3	6.9	7.6	6.8	5.1	-11.9	3.7	8.0	na
Nominal GDP (MVR millions)	56,866.7	63,146.7	67,837.0	74,866.2	82,504.3	90,188.2	na	na	na	na	na
Inflation - Republic (%)	2.1	1.0	0.5	2.8	-0.1	0.1	0.7	-1.5	0.4	-0.2	-1.2
Tourist arrivals (thousands)	1,204.9	1,234.2	1,286.1	1,389.5	1,484.3	na	420	306	354	404	483
Tourist bednights (thousands)	7,505.6	7,322.7	7,770.9	8,596.0	9,471.8	na	2,741	1,983	2,215	2,533	3,010
Fish Purchases (mt)	50,511.2	45,235.2	53,876.0	76,620.7	78,323.3	na	21,360.5	19,225.0	12,948.4	24,789.5	15,076.7
Volume of Fish Exports (mt)	48,183.2	43,532.7	46,500.8	72,000.4	65,813.4	na	17,587.8	15,542.5	8,711.4	23,972.2	16,871.9
Value of Fish Exports (USD millions)	139.1	137.3	134.8	193.1	173.8	na	46.2	42.4	29.8	55.5	50.3
Global Oil Prices (USD)	96.2	50.8	42.8	52.8	68.4	na	64.6	71.4	73.0	64.3	60.5
Global Food Index	106.0	88.5	89.6	90.2	90.5	na	92.5	5.0	-1.9	-3.3	-6.1
Monetary Sector											
Broad Money (MVR millions)	27,197.1	30,491.9	30,436.3	32,005.9	33,089.0	na	33,475.1	32,806.9	31,575.4	33,089.0	37,010.5
Domestic Claims (MVR millions)	25,817.8	29,993.8	35,958.6	36,484.7	39,141.8	na	35,965.1	36,350.6	37,603.0	39,141.8	38,684.3
Net Claims on Central Government (MVR millions)	9,145.5	11,380.0	13,394.4	11,671.1	13,000.7	na	10,832.9	10,464.3	10,941.8	13,000.7	12,385.0
Claims on Private Sector (MVR millions)	15,050.1	16,817.0	18,583.0	20,723.4	22,978.6	na	21,272.0	22,052.5	22,964.3	22,978.6	23,269.4
External Sector											
Merchandise Exports (USD millions)	300.9	239.8	256.2	318.3	339.2	na	88.8	70.6	74.6	105.3	124.9
Merchandise Imports (USD millions)	1,992.5	1,896.3	2,125.4	2,360.4	2,959.8	na	754.9	684.4	754.6	765.9	715.0
Gross International Reserves (USD millions)	614.7	564.0	467.1	587.3	712.0	686.5	723.9	773.3	637.1	712.0	776.2
Usable Reserves (USD millions)	150.0	199.5	200.0	207.6	281.4	na	244.6	288.0	192.7	281.4	251.8



FISCAL AFFAIRS DEPARTMENT
MINISTRY OF FINANCE
REPUBLIC OF MALDIVES