

A new beginning

INTERVIEW WITH HIS EXCELLENCY MOHAMED NASHEED

PRESIDENT OF THE REPUBLIC OF MALDIVES



MOHAMED NASHEED was educated in the Maldives, Sri Lanka and the UK. A persistent critic of the former government he was frequently arrested and detained becoming an Amnesty International Prisoner of Conscience in 1991. In 2000 he was elected as a member of parliament representing the people of Malé and subsequently arrested on fabricated charges. In November 2008 he was elected President in the Maldives' first ever democratic elections.

How important is the Commonwealth to the Maldives?

The Maldives is the Commonwealth's newest democracy. As the recently elected President I look forward to representing the Maldives at CHOGM in Trinidad in November. Already the new government in the Maldives has received considerable support. In March I accepted an invitation from Her Majesty Queen Elizabeth II to visit London.

Your visit to the United Kingdom was quite unique given that it was an official visit with high level engagement. Why do you believe Her Majesty has honoured the Maldives so?

I think Her Majesty the Queen, being Head of the Commonwealth, is very supportive of Commonwealth countries and especially the plight of vulnerable countries in the Commonwealth. In line with British tradition she is also very supportive of human rights and we have been fortunate that Her Majesty has taken so much interest in the Maldives. Moreover, the Duke of York has assisted us in trying to attract foreign investment to the Maldives and I expect the British establishment, especially Her Majesty the Queen, saw fit to give confidence to the new democracy in the Maldives.

Given the slowdown in the UK economy and all the talk about the emerging giants of India and China, is the United Kingdom likely to continue being the 'partner of choice' of the Maldives?

I think the emergence of bigger countries makes the British role more important and allows the United Kingdom to play a more prominent balancing act in the international arena. In a sense, one of our prime objectives is to be as neutral in all areas as possible. However, at the end of the day our natural alliance is with Britain and our relationship with the United Kingdom has been friendly and good, so I do not really see a conflict in that with India or China.

You have come to power at a time when the world is facing unprecedented challenges and at the same time there are extraordinarily high expectations amongst the Maldivian people. How are you going to manage those expectations?

We have already done a fair amount of what the people expected of us, which was to change the regime and

to establish institutions. We have strengthened the institutions of the Maldives – the Human Rights Commission, the judiciary, the legislative, the independent institutions and other institutions such as the Anti-Corruption Board and many more. So in a sense we have already done a fair amount and we have enough political capital to come out and say to the people: look, hold on, see what is happening in the world and realise that it [further change] is going to take time. I think because of democracy and because of freedom of expression, we can discuss issues with the people and they will understand, after the debates, what the new government can do and what it is possible for any government to do in the present circumstances. Thus I feel with more direct engagement with the people we can overcome the issue of [unrealistic] expectations.

How is the global financial crisis impacting the Maldives and how do you see the perspectives for the Maldives' economy?

When we took office in November we already had a budget formulated by the previous government. We had to table the budget by December and so basically we did not have the time to get to grips with what was going on globally and then to table our budget. So what we simply did was to reduce by a factor everything in the previous government's budget and took that to Parliament and told them we will come back to you in three months with a supplementary budget. Now we have tabled that budget. The initial budget had 47 per cent of GDP as a deficit. Now we have structured that so there is a much smaller deficit of 7 per cent. If the World Bank or IMF or any other institution were to look at it they would see that we have really undertaken what would be considered a structural adjustment. So in a sense we have braced ourselves for what the future will bring.

I don't personally feel that the situation is going to be as grim as many make out. We are seeing a lot of interest from people who want to invest in the Maldives. The Maldives is a small place so the recession means that you can cut investments down to 'Maldives size' and still make a huge difference. Comparing our expectations with the goals that we have set, we feel that we will be able to achieve them. I believe that if we pursue our goals we shall come out home and dry [economically].

Of all investments, what does the Maldives need most?

Water and sewage. These and electricity are the most needed areas for investment. We have said that we will do five specific things, five pledges if you like, and if we can do these we shall be fine. We want to provide affordable housing, a healthcare system, address the drugs issue, establish a transport system and bring down inflation. For the latter we need to stop excessive government spending. We have already drastically reduced government spending and so hopefully inflation will be tackled.

How difficult will it be to convince domestic investors that they should be investing in water, sewerage and public transport, rather than in what they traditionally invested in which is tourism and upscale resorts?

I think they understand that what they have traditionally invested in is also utilities. You are not only selling the sun, sea and the sand, you're selling water, you're selling electricity and you're selling sewerage facilities in your resorts. So they have more expertise in these areas than the government will ever have. They have a solar system in every single resort, they have an electricity network in every single resort and a water system. Any of these water and electricity networks would be bigger than that of any inhabited (non resort) island network. In fact, private sector investment in utilities is much higher than government investment in numerical terms. So what we are asking them to do is to connect their resort to the adjacent island through a grid and while they do it also to invest in renewable energy. That will make financial and business sense to them because they have to attract a more environmentally aware clientele.

Presumably the investments that you speak of will command quite a premium, being as they are resorts rather than inhabited islands. So, how do you go about persuading a very successful businessman who has a very successful business model to do the right thing?

By offering him a better deal. We are asking him to sell his other house, we are asking him to sell his water network in his resort and we are asking him to sell it to the government and the government will give a concession to him if he does that. We can give a rent concession to him for example. Instead of offering it to another company we can say we shall offer it to you if you also link the utilities to an adjacent island. As a sweetener we can offer more land concessions to the utility company coming in.

Are you not attempting to do too much at the one time?

When you do one thing, it is so much connected with the other things. You know within these five

pledges, for example, you cannot improve the health system without improving the transport system. Fundamentally the problem with the health system is that there is no transport system. People do not have access to help. So you cannot take both separately. The drugs issue is connected with the housing issue and it is connected with many other social issues and all that is connected with price and inflation, for example, so we are actually doing one thing.

Obviously the whole issue of waste disposal is a very sensitive one.

Yes, we've set up a waste management company and we want people to have a joint range of operations in it. There's a lot of money made out of waste and it's financially feasible. Resorts generate a lot of waste. Many have their own incinerators. In fact most of the resorts are run as little countries. Previously the government did not provide any infrastructure, so the government is now trying to provide infrastructure to all islands. Because we already have the resorts, if we combine that infrastructure with that of the inhabited islands it is an easy model for development. To do that we can give concessions to resort owners.

You have highlighted climate change and the fact that you are one of the relatively few predominantly Muslim countries which has had democratic elections. Is that going to be the international brand image of the Maldives in the future?

We want to do, and to be seen to be doing, the right thing. We want to be a country, a society that does the correct and the proper thing. And of course we would hope that others also do the proper and the correct thing. And we want to say that doing the right thing is strategically and economically an advantage. We are doing what is right not just because it is right but also because economically and financially it is rewarding.

What is your vision?

My vision is to improve conditions for the people of the Maldives. You have to have vision and you have to have focus. You cannot lose focus and you must realise that it is not going to be easy but there will be difficulties along the road.

What is your final message to the international investment community?

You get a better return in the Maldives. Those who have invested in the Maldives so far have already had a very handsome return. Nowhere else could they have got a return like that. **F**

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