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Islands Private Sector Organisation and  
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# A PRIVATE SECTOR PERSPECTIVE

## *Covid-19 and Wages*

## About the Speaker

### Mr. Mohamed Ali Janah

Mr. Mohamed Ali Janah is the current President of National Federation of Maldivian Employers (NFME). He is also the President of Maldives National Association of Construction Industry (MNACI) and the 45<sup>th</sup> President of International Federation of Asian and Western Pacific Contractors' Association (IFAWPCA). He is a resort developer with over 30 years of experience and employing large number of employees both in construction and tourism sector. You can read more on [www.maj-official.com](http://www.maj-official.com).



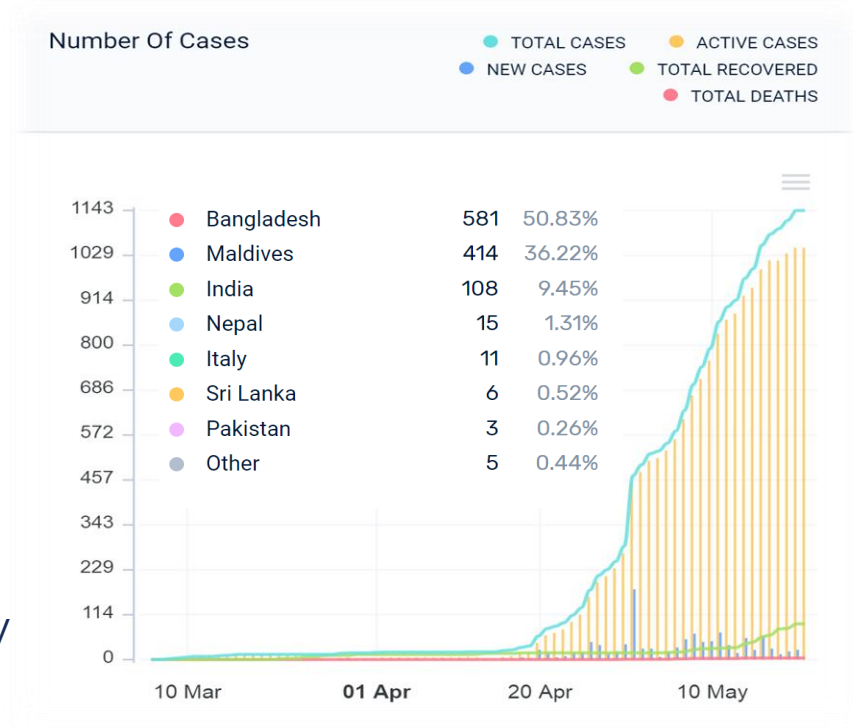
# 1

## Current Situation

Covid-19 statistics in Maldives

# Covid-19 Statistics

- Active cases: 1046
- Recoveries: 91
- Deaths: 4
- 50.83% Bangladeshi
- 36.22% Maldivians
- 12.95% Other Nationalities
- Threat level IV (Red) in Male' city



# 2

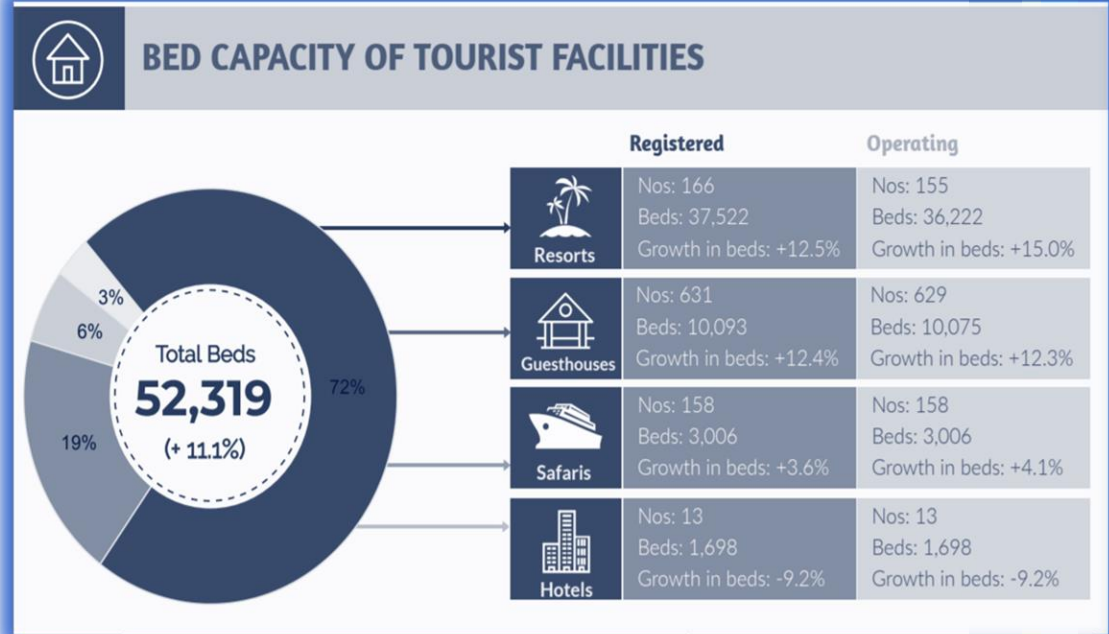
## Maldivian Economy

Brief on impact of Covid-19 on the Maldivian economy

**Maldives is dependent on Tourism,  
followed by Construction and Fishing.**

# Industries Update

- Maldives has 155 operative resorts, 629 Guest Houses, 158 Safaris and 13 Hotels
- This totals the bed capacity of tourist facilities in Maldives to over 52,000.
- Currently almost all these are vacant



# Industries Update

- The bed nights decreased by 40% by start of April and is now almost nil
- Because the tourism arrivals started declining in February with borders closing on 27 March 2020





## Industries Update

- All Boats, Safaris, Super Yachts and Yachts are idle, with no guests
- Restaurants and all food outlets are closed
- Essential food and deliveries only are open
- Fisheries is the only industry functioning right now, but even that is critically affected due to export restrictions

## Impact on Maldivian Economy

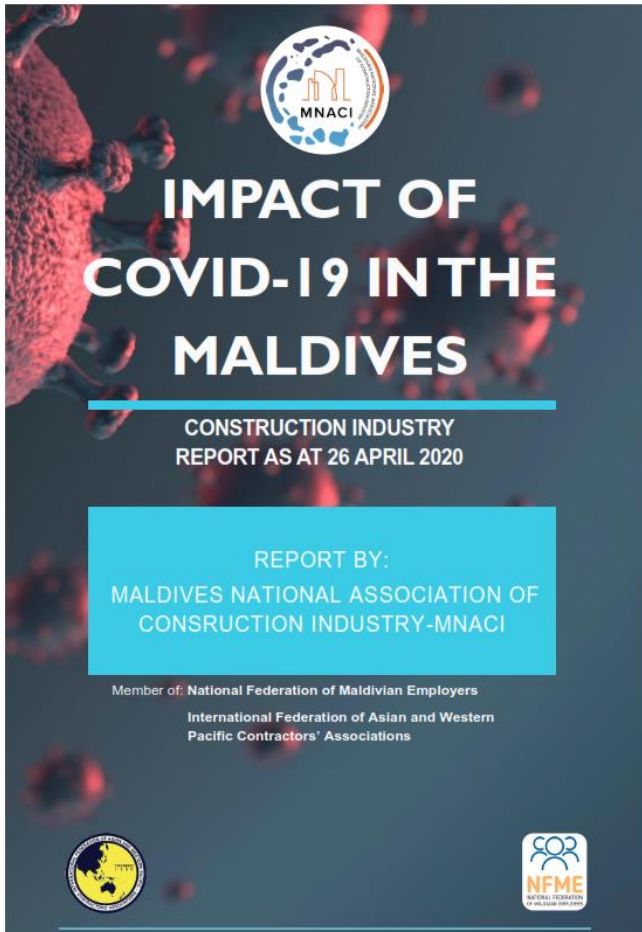
- Maldives expects the economy to fall by 11.5% in the year 2020.
- Anticipated budget for 2020 is expected to reduce by 49%.
- ADB assumes Maldives will lose a revenue of USD98 million-USD294 million from best to worst case scenario.
- Government has taken several cost cutting measures that can reduce budget by about USD500million
- Ministry of Finance anticipates USD96.8million to be incurred for health and disaster management.
- Ministry of Finance estimates the budget deficit to increase to USD857million.



*World Bank study shows  
**Maldives** to be the **worst**  
hit by the pandemic in the  
region.*

*The economy is expected to  
**decline** by **11.5%** in 2020*





MNACI released a report on the Impact of Covid-19 on the Construction Industry of Maldives on 26 April 2020, which is available on:

<http://mnaci.org.mv/downloads-section/category/7-covid-19>

# 3

## Affect on Employees

Loss of jobs and income



With *loss of income* from the beginning of the year, and *no income now*, with inadequate income even when borders open, the resorts are forced to take *austerity measures*.



## Loss of Jobs / Reduced Wages

- Over 11,000 employees from 79 resorts put on leave without pay according to statistics by Tourism Employees Association of Maldives (TEAM)
- It is estimated that nearly 20,000 people have lost their jobs to either redundancy, no pay leaves or salary cuts within the last 3 months. A survey is currently ongoing to determine the impact Covid-19 has had on the employment sector

- Over 1,300 people have registered in the job center with cases of redundancies, wage cuts, and no pay leave.



- This is the situation in all industries.
- Employers are struggling to pay rents, staff wages and allowances.
- In turn, Employees are struggling to pay their rents and cater to their family needs.
- There is a lack of Personal Protective Equipment, PPE, and this will hinder employers from resuming works, again leading to decline in income even later on
- The employers are making sure their employees are provided food and lodging, however, the illegal migrant work force are now left with no work and struggling





*There are about **50,000** illegal migrant workers in Maldives, who are right now struggling to manage food and accommodation.*



# 4

## What Are We Doing Now

Steps taken by the Government for the Government, Employers and Employees

How we are trying to mitigate losses and survive

# Employers, Employees and the Government have to survive this *together*



*Even if one collapses, others cannot survive. So measures must be taken to protect all three.*

## For The Government

- State of Health Emergency declared for the safety and health of the whole country
- Government and SOE reduced wages on certain level and above civil servants except front line service staff
- Government halted new projects, recruitment of new staff, renovations, and reduced the budget requirement
- Negotiating with existing lenders to relax loan terms
- Negotiating with International Financial Institutions for grants and loans

## For The Employees / People

- Utilities have been subsidized
- Government approved an allowance of MVR5,000 to employees who have lost jobs and income
- Bank of Maldives announced a 6 months moratorium
- Government granted moratorium on government housing and student loans

## For The Employers / Businesses

- The government will issue loans up to USD500,000 to tourist resorts and USD65,000 to all other businesses
  - Tourist resorts and businesses that generate an annual revenue of over USD650,000 will receive loans from Bank of Maldives (BML) at an interest rate of 6% with a 6 months grace period, to be repaid within a period of 3 years
  - Any resort or business that laid off local employees or coerced them into taking no-pay leaves in connection with the COVID-19 pandemic will not be eligible for the stimulus package
  - Businesses that generate revenue below USD650,000 per year and self-employed individuals will receive loans from SME Development Finance Corporation. Such companies will also not be eligible if they had terminated local employees over the pandemic

## How Employers are Trying to Mitigate Losses

- The main focus of the Employers are to reduce overheads, cut costs and the employers who are unable to pay wages for all their staff, they are obliged to lay off / reduce wages
- One main priority is to provide food and lodging for the expatriate foreigners, which has become a critical issue especially during the pandemic
- With expatriates as high as being 40% of the Maldivian population, and illegal migrant workers now unable to manage food and lodging, employers are ensuring food and accommodation are provided at the resorts, or sites for their employees. Even by reducing the salaries, the food and accommodation are a high priority as these expatriates are unable to be repatriated even, until borders open
- Meanwhile, government is working on providing temporary and permanent accommodation for expatriates and trying to feed the illegal work force

**Our plan is to open the borders as soon as it is safe and recommence our industries.**

**Until then we must focus to survive, even if barely.**

**And work on reviving the economy under the new normal as soon as we can restart the industries.**





## Thank You

Please feel free to contact us on

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A special thank you to PIPSO – Pacific Islands Private Sector Organisation and ILO – International Labour Organisation for organizing the Webinar and inviting our Federation to share our experience.