



# Integrated Country Strategy

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**MALDIVES**

**FOR PUBLIC RELEASE**

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## 1. Chief of Mission Priorities

Maldives sits astride key international shipping lanes in the heart of the Indian Ocean, making a secure, stable, and sovereign Maldives a valuable partner for the United States and an integral part of a free and open Indo-Pacific region. The election of President Ibrahim Solih in September 2018, and subsequent peaceful transition of power, opened a window for democratic renewal and the creation of a transparent rules-based economy. In the ensuing three years, Maldives has played an active and responsible role in the international community, including at the United Nations and in global efforts to address climate change. The past three years have also witnessed rapid growth in U.S.-Maldives relations, with cooperation increasing across a range of issues and the United States announcing in the fall of 2020 that it intends to establish a permanent physical presence in Maldives. For now, U.S. Mission Maldives operates out of U.S. Embassy Colombo and will focus on the establishment of a physical embassy in Maldives during this ICS period to further strengthen the U.S.-Maldives relationship.

Several daunting challenges remain to Maldives' democratic development and its long-term stability, including growing physical and economic risks stemming from Maldives' vulnerability to climate change; extremism and the threat of terrorism; corruption and substantial debt; capacity constraints across a range of social institutions, civil society, and media; and income and development inequality. The ongoing effects of the COVID-19 pandemic have exacerbated several of these challenges. Still, the government has taken significant steps to strengthen democratic governance, rule of law, and public financial management, and has made gains in tackling corruption and empowering civil society. To support Maldives' efforts, the U.S. Mission will build upon existing engagement to combat the threat of terrorism, address transnational security risks, promote the safety of American citizens, and support good political and economic governance. We will also increase our efforts to address climate change.

The COVID-19 pandemic resulted in Maldives' per capita GDP falling some 25 percent, to roughly \$7,500 in 2020. While this remains far higher than neighbors in South Asia, inequality remains high. Access to clean water and waste management remain steep challenges. Environmental degradation and rising sea levels are a serious and growing threat in the short and long-term.

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With much of its land mass sitting less than six feet above sea level, Maldives is among the countries most at risk from climate change. Many islands now experience beach erosion and regular flooding, and rising sea temperatures have resulted in coral bleaching, putting Maldives' tourism and fishing industries at risk. The U.S. Mission will work with the Government of Maldives (GoM) to bolster its emergency response capabilities and its ability to adapt to a changing climate to support long-term and sustainable development.

Maldives has made strides in developing a more inclusive democracy, including through increased decentralization. In the past, freedom of expression, media, and assembly in Maldives were curtailed, narrowing the operating space for civil society and citizen engagement. In recent years, civil society organizations have grown more active; though they continue to lack resources and capacity, and report continued fears of retribution from extremists when tackling issues that could touch on religious sensitivities. The overall capacity of media to guard transparency remains low, with journalists continuing to self-censor to avoid retribution from extremists and corrupt individuals. Many journalists in Maldives report feeling threatened by radicalized individuals calling them "irreligious." The U.S. Mission will support democratization through efforts to build capacity at the local level and will continue to support the development of civil society and a free press. The American Center in Malé provides a space for people of diverse opinions and ideas to further develop Maldives' democracy.

Countering terrorism is an enduring area of mutual concern. A highly dispersed population spread across 200 islands, limited government capacity, and variable political will have created space for extremist ideologies to grow. Foreign terrorist groups have attracted radicalized Maldivians as foreign terrorist fighters, with Maldives sending the highest per capita number of foreign terrorist fighters to Syria and Iraq in prior years, according to some measures. The risks of domestic radicalization and terrorism were made evident on May 6, 2021, when a group of Maldivians attempted to assassinate Speaker of Parliament (and former President) Mohamed Nasheed with an ideologically driven IED attack in Malé. The United States and Maldives have worked together closely to counter terrorism and will continue to do so across a line of efforts addressing the root causes of radicalization, the response to attacks, the legal structures in place to prosecute perpetrators, and the countering of terrorist financing.

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Porous maritime borders, coupled with inadequate maritime domain awareness, make Maldives vulnerable to transnational security threats, including narcotics trafficking and smuggling. Proceeds derived from such criminal activity fund terrorism and gang activity; increased drug use throughout Maldives creates social and public health stresses that, due to capacity constraints, are difficult to address. While the Maldivian legal system is building core technical expertise for effective investigation, prosecution, and adjudication of criminal cases, including public corruption, money laundering, narcotics trafficking, and terrorism, there remains significant work to do. Links between politicians, gangs, and judges further challenge the ability of the justice system to effectively address these crimes. Encouraging continued development and institutionalization of fundamental competencies within the justice sector will enhance the security and stability of both Maldives and the wider Indian Ocean region.

Maldives ranked 85 out of 180 countries in the Transparency International Corruption Perception index in 2021, up from 124 in 2018 but down from 2020 when it reached 75. However, corrupt practices exist at all levels of society, threatening inclusive and sustainable economic growth and further institutionalization of democratic gains. Lax public financial management played a significant role in the rapid accumulation of debt obligations to China built up between 2012-2017. Maldives has since made improvements to its public procurement and budget processes and taken steps to address its debt burden; at the same time, the combination of the fiscal costs of the COVID pandemic and borrowing to pay for large-scale infrastructure projects ensure that Maldives will continue to face fiscal and debt stresses. Meanwhile, the economy remains reliant on the tourism industry while unemployment and underemployment are high, especially among urban youth. Supporting economic reform, growth, and governance will continue to be a priority.

## 2. Mission Strategic Framework

**Mission Goal 1:** Strengthened Maldives' ability to enhance its security and protect its sovereignty.

- **Mission Objective 1.1:** Established a permanent physical U.S. presence in Maldives.
- **Mission Objective 1.2:** Strengthened professional capabilities of Maldives' security services and civilian institutions to combat transnational crime and terrorism, including in cyberspace, and to secure its borders.
- **Mission Objective 1.3:** Reduced drug use, crime, and religion-linked violence.
- **Mission Objective 1.4:** Improved Maldives' crisis management response and coordination with local officials to enable Maldives to mitigate emergency situations and to protect U.S. citizens.

**Mission Goal 2:** Promoted inclusive and environmentally sustainable economic growth to enhance shared prosperity and foster governance reform.

- **Mission Objective 2.1:** Strengthened public sector capacity to implement and sustain reforms that align with international norms, improve transparency, mitigate corruption, and increase opportunities for responsible international investment.
- **Mission Objective 2.2:** Improved Maldives' management of natural resources and key services, including clean energy and solid waste management, promoting long-term, sustainable development, climate adaptation, and economic growth.
- **Mission Objective 2.3:** Diversified Maldives' economy and increased economic opportunities for youth, women, and island communities.

**Mission Goal 3:** Supported the development of a resilient, diverse, and inclusive Maldivian democracy.

- **Mission Objective 3.1:** Institutionalized democratic norms through enhanced transparency, rule of law, and domestic political stability.
- **Mission Objective 3.2:** Augmented capacity of civil society and media to advocate for citizen-responsive governance that respects human rights and rule of law.

**Management Objective 1:** Supported an expanded presence in Colombo during the transition to a permanent presence in Maldives.

**Management Objective 2:** Strengthened the mission's crisis management readiness position and ability to communicate with U.S. citizens in emergency situations.

### 3. Mission Goals and Objectives

**Mission Goal 1:** | Strengthened Maldives' ability to enhance its security and protect its sovereignty.

**Description:** | Promoting the sovereignty and independence of our partner countries is a cornerstone of the National Security Strategy, the South Asia Strategy, and the Indo-Pacific Strategy. Maldives continues to see some support domestically for violent extremism. Maldives must prevent and counter the ability of violent extremist organizations to operate, raise funds, and recruit in the region to protect U.S. security at home and abroad. Maldives' location on major shipping routes, lax visa requirements, and unpatrolled maritime boundaries make it vulnerable to a range of risks, including narcotics trafficking, piracy, terrorist activity, and other transnational crimes. Maldives' physical vulnerability to these risks are exacerbated by a large youth population faced with unemployment and access to drugs. Interference from foreign actors is also an ongoing challenge.

**Objective 1.1:** | Established a permanent physical U.S. presence in Maldives.

- **Objective 1.1 Justification:** | With the growing importance of the Maldives in the broader Indo-Pacific strategy, it is a priority to open a Mission in the country. Having a physical presence in the country will provide a more effective platform for furthering our interests in Maldives, allow us to better execute our strategic objectives, and facilitate the deepening of people-to-people ties. However, there are significant space constraints in the capital region of Malé that make identifying a safe, secure, and mobility accessible space difficult.
- **Objective 1.1 Linkages:** | JSP Objective 1.3; 2021 Interim NSS
- **Objective 1.1 Risks:** | The number of staff for the U.S. Mission Maldives has grown rapidly in reflection of our expanding engagement. This growth, combined with space constraints in both Colombo and in Malé make the transition from U.S. Mission Maldives to U.S Embassy Malé challenging. Failing to identify a suitable Embassy



location in Maldives will challenge this transition and lead to uncertainty over the timing of establishing a permanent presence in Maldives and require the exploration of creative regional support models.

**Objective 1.2:** | Strengthened professional capabilities of Maldives' security services to combat transnational crime and terrorism, and to secure its borders.

- **Objective 1.2 Justification:** | Maldives continues to prove attractive to extremists who seek to fight abroad. Media reports continue to indicate Maldives provided the highest number of foreign fighters per capita to terrorist organizations, including both the Islamic State and al-Qaeda. Isolated resort islands populated by western tourists and seemingly operating outside the Islamic sharia law governing the other islands could also prove a tempting target for would-be terrorists. In addition, Maldives' porous borders expose it to a range of transnational crime. In general, Maldives lacks capacity to protect against and respond to cybersecurity incidents, including cybercrime and cyberattacks.
- **Objective 1.2 Linkages:** | JSP Objectives 1.3 and 1.4; JRS Objectives 1.2, 1.3, and 4.2; 2021 Interim NSS; IPS
- **Objective 1.2 Risks:** | Maldives remains vulnerable to narcotics trafficking, human trafficking, and other transnational crime risks. To protect American citizens at home and abroad and prevent the flow of terrorist fighters, it is essential for the U.S. government to continue developing the capabilities in the Maldives to counter violent extremism within its own borders.

**Objective 1.3:** | Reduced drug use, crime, and religion-linked violence.

- **Objective 1.3 Justification:** | Root cause analysis of radicalization in Maldives has identified poor individual and community resilience, specifically focused on high rates of youth unemployment, drug use, gang affiliation, and community disengagement as putting individuals at high risk of radicalization. By strengthening the resilience of targeted individuals and communities against radicalization and recruitment by

extremists via sustainable improvements in the socioeconomic well-being and positive civic engagement of Maldivian youth and women, the chain of factors ending in radicalization can be disrupted. The approach will better align the skills needed in the employment market to the skills Maldivians learn; strengthen Maldivian community support structures such as Women's Development Committees (WDCs) and Community Social Groups (CSGs), mental health and psychological support systems, and create leadership opportunities. Access to alternative and moderate information and media content increases opportunities to disrupt radicalization.

- **Objective 1.3 Linkages:** | JSP Objective 1.3; JRS Objectives 1.3 and 3.3; 2021 Interim NSS; E.O. 13985
- **Objective 1.3 Risks:** | Continued access to extremist content increases risk of radicalization. Continued access to drugs by a large at-risk population increases the risk of criminal activity and potential exposure to radical views. Failing to address the precursors and drivers of religion-linked violence will result in a continued increase in the number of radicalized individuals in Maldives, and a bigger mouthpiece for a small subset of the population.

**Objective 1.4:** | Improved Maldives' crisis management response and coordination with local officials to enable Maldives to mitigate emergency situations and to protect U.S. citizens.

- **Objective 1.4 Justification:** | Strengthening the capacity of Maldivian military and civilians to effectively respond to emergencies of all kinds will improve the safety of Maldivians and of U.S. citizens in Maldives and help prepare for the establishment of a U.S. Embassy in Maldives.
- **Objective 1.4 Linkages:** | JSP Objective 1.5; 2021 Interim NSS; IPS
- **Objective 1.4 Risks:** | Maldives is vulnerable to weather events, tsunamis, large fires, and terrorist attacks. If it is unable to adequately address these, and other, disasters, U.S. citizens living and traveling in Maldives and the Maldivian population will face a greater risk. In addition, a large-scale crisis scenario could severely damage Maldives'

tourism industry, which in turn would hammer the economy and increase the country's overall vulnerability.

**Mission Goal 2:** | Promoted inclusive and environmentally sustainable economic growth to enhance shared prosperity and foster governance reform.

**Description:** | It is in U.S. strategic interests in the Indo-Pacific region that Maldives continues to grow its economy in a transparent way and to enforce the rule of law. Maldives remains dependent on the tourism sector, with the wealth derived from the industry disproportionately accruing to a small number of people. Transparent and accountable policies create opportunities for U.S. companies to do business and increase Maldives' opportunities to fully participate in free and open rules-based trade in the region. If Maldives attracts responsible trade and investment, it will be less vulnerable to predatory foreign lending and better placed to protect its sovereignty. In addition, responsible management of its natural resources will improve opportunities for sustainable, inclusive development that reaches more people and leaves Maldives better able to address the climate challenge.

**Objective 2.1:** | Strengthened public sector capacity to implement and sustain reforms that align with international norms, improve transparency, mitigate corruption, and increase opportunities for responsible international investment.

- **Objective 2.1 Justification:** | The United States seeks to encourage policies and regulations in line with international standards that foster entrepreneurship, private sector partnerships, innovation, trade, and sustainable investment, and create a more favorable environment for U.S. businesses. American companies can compete more effectively when there is openness and transparency, respect for contract law and intellectual property, and the enforcement of international norms on trade and investment. Maldives is saddled with significant external debt that threatens its fiscal stability and makes it financially and politically vulnerable to predatory foreign lenders. Relatedly, the government's tender procedures and foreign direct investment policies suffer from a lack of transparency and continued corruption.

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- **Objective 2.1 Linkages:** | JSP Objectives 2.2, 2.3, and 3.3; JRS Objectives 2.1 and 2.2
- **Objective 2.1 Risks:** | Maldives becomes even more economically and politically vulnerable to coercion by predatory states and its population becomes disillusioned due to an inability to tackle corruption.

**Objective 2.2:** | Improved Maldives' management of natural resources and key services, including clean energy and solid waste management, promoting long-term, sustainable development, climate adaptation, and economic growth.

- **Objective 2.2 Justification:** | As a low-lying island nation largely reliant on international tourism, sustainable management of Maldives' environmental resources will be key to Maldives ability to adapt to climate change and thrive over the next fifty years. With conservative estimates of sea level rise over the next 100 years at 0.4 meters, Maldives will need to develop inclusive mitigation measures to adapt its response to increasingly strong storm surges, flooding, and extreme weather events.
- **Objective 2.2 Linkages:** | JSP Objective 2.3; JRS Objectives 2.1 and 2.3; E.O. 13985
- **Objective 2.2 Risks:** | In its drive to develop new regional airports, infrastructure projects, and expand services to its citizens, Maldives destroys its environment and impairs its sustainable development path, increasingly disenfranchising its populace that remain divided on issues related to local development projects.

**Objective 2.3:** | Diversified Maldives' economy and increased economic opportunities for youth, women, and island communities.

- **Objective 2.3 Justification:** | U.S. assistance seeks to support democracy and governance that is inclusive of minorities, women, and vulnerable populations, and is held accountable by civil society. U.S. programs and diplomatic efforts will support democratic governance and inclusive development. A stable, democratic, and economically inclusive Maldives offers opportunities for increased U.S. investment.
- **Objective 2.3 Linkages:** | JSP Objectives 2.3; JRS Objectives 2.3 and 3.1; E.O. 13985

- **Objective 2.3 Risks:** | A lack of progress in this area, exacerbated by continuing waves of COVID-19 infections, limit or reduce economic opportunities for youth, women, and island communities, increasing economic inequality and the risk of some individuals turning to narcotics.

**Mission Goal 3:** Supported the development of a resilient, diverse, and inclusive Maldivian democracy.

**Description:** Maldives must continue to strengthen its democratic and independent institutions to deliver good governance, uphold human rights and civil liberties, and deter the threat of radicalization and terrorism. While the government has expressed political will to strengthen democratic institutions, government capacity to implement such changes remains a constraint. The United States seeks to help Maldives accelerate its development as a stable, democratic nation, and as a critical partner in the Indo-Pacific region. The United States will work with government and civil society to increase accountability and transparency; promote free and fair elections; protect human rights and fundamental freedoms; strengthen the rule of law and democratic institutions; and bolster good governance. This projection of American values presents an important opportunity to further U.S. foreign policy goals while bolstering the rights and democratic aspirations of the Maldivian people, which will move the country toward self-reliance and consistent engagement with the West.

**Objective 3.1:** | Institutionalized democratic norms through enhanced transparency, rule of law, and domestic political stability.

- **Objective 3.1 Justification:** | After 30 years of authoritarian rule, the Republic of Maldives transitioned to a multiparty constitutional democracy in 2008. However, the executive branch exerted strong control over the country's legislative and judicial affairs and pursued politically motivated prosecutions to neutralize political opposition. There were severe restrictions on freedom of expression, with an anti-defamation law, targeted harassment, and detention of journalists to silence dissent. The government threatened and intimidated moderate voices in civil society; restricted freedom of

assembly, association, and religion; and criminalized consensual same-sex sexual relations. The government did not take steps to prosecute and punish police who commit abuses. President Solih has prioritized strengthening these key democratic institutions, delegating power to island councils, and reforming the judiciary.

- **Objective 3.1 Linkages:** | Objectives 1.4, 3.2, and 3.3; JRS Objectives 3.3 and 3.4; 2021 Interim NSS; E.O. 13985
- **Objective 3.1 Risks:** | Democratic institutions and the judiciary remain underdeveloped.

**Objective 3.2:** | Augmented capacity of civil society and media to advocate for citizen-responsive governance that respects human rights and rule of law.

- **Objective 3.2 Justification:** | A strong civil society and independent media serve to protect citizens and provide access to information, advocacy, and oversight of the government. Civil society in Maldives has the potential to play a strong role in restoring democratic institutions. However, it has limited capacity in terms of program management expertise, weak networks of communication, and limited funding.
- **Objective 3.2 Linkages:** | JSP Objective 3.3; JRS Objective 3.2, 2021 Interim NSS; E.O. 13985
- **Objective 3.2 Risks:** | Maldives fails to restore its democratic and independent institutions to deliver good governance, uphold human rights and civil liberties, and deter the increased threat of radicalization and terrorism.

## 4. (SBU) Management Objectives

**Management Objective 1:** | Supported an expanded presence in Colombo during the transition to a permanent presence in Maldives.

- **Objective 1 Justification:** | Our needs for facilities and infrastructure are complex as we operate as a tenant in the U.S. Embassy in Colombo while planning for the opening of a future U.S. Embassy in Maldives. U.S. Mission Maldives relies heavily on Colombo's Program and ICASS staff to provide needed assistance in a wide range of areas and will continue to do so in the foreseeable future. However, in preparation for the upcoming transition to be an independent Mission, the work of separating operation functions must continue at a steady pace.
- **Objective 1 Linkages:** | JSP Objectives 4.1 and 4.2
- **Objective 1 Risks:** | Failing to manage the transition leads to confusion over relevant roles, conflict between U.S. Mission Maldives and U.S. Embassy Colombo, and insufficient resources for U.S. Mission Maldives to undergo a successful transition to U.S. Embassy Malé. Insufficient staff for USAID programs in Maldives means little oversight of USG funds for a growing development portfolio.

**Management Objective 2:** | Strengthened the mission's crisis management readiness position and ability to communicate with U.S. citizens in emergency situations.

- **Objective 2 Justification:** | Given Maldives vulnerability to a range of crises and the U.S. government's increased footprint in Maldives, it is important to develop crisis management protocols and procedures to better ensure the safety of American citizens in Maldives, U.S. Mission Maldives staff personnel, and U.S. government staff on temporary duty to Maldives.
- **Objective 2 Linkages:** | JSP Objectives 4.3 and 4.4

- **Objective 2 Risks:** | A failure to adequately plan for potential crises in Maldives leaves the U.S. government flatfooted in the case of an emergency and exposes American citizens and U.S. government employees to greater danger.