

# Parliamentary Elections and Challenges in the Maldives

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## Summary

*Favourable results in the upcoming parliamentary elections in the Maldives will allow President Ibrahim Mohamed Solih's government to take some strong measures to reinvigorate the country's economy, which has been pushed into debt by former President Abdulla Yameen (2013-2018). Apart from the economy, the Yameen government had also neglected the country's old allies by shifting the country's foreign policy to favour new-found friends. This paper looks at the rift within the ruling coalition, and the present status of the Maldives' economy and foreign policy.*

## Rift in the Ruling Coalition

On 6 April 2019, the Maldives will head to polls to elect its members of parliament. Months before the elections, differences cropped up between members of the ruling alliance after the Maldivian Democratic Party (MDP) refused to accept 35 seats and relinquish 52 seats for its coalition partners – the Jumhooree Party (JP), the Adhaalath Party (AP) and factions led by former president Maumoon Gayoom.<sup>1</sup> The allies maintain that the seats offered to the MDP were according to a formula accepted by them while forming the government after the 2018 presidential elections. Under that agreement, 40 per cent of cabinet posts are with the MDP, 25 per cent given to the JP, 20 per cent to the front led by Gayoom and 15 per cent to AP. They also agreed to divide the seats in similar percentages in contesting the 2019 parliamentary elections and the local council elections in 2020.<sup>2</sup>

The MDP demanded 61 seats for the upcoming polls. It says that it had written to the coalition partners about it but did not receive any response from them.<sup>3</sup> Consequently, in December 2018, the MDP made its intention public that it would contest all 87 seats.<sup>4</sup> The MDP's National Congress approved the move as 79 out of 80 members present voted in favour of it.<sup>5</sup> However, finally, the party has settled on contesting 86 seats.

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<sup>1</sup> "MDP to go it alone in parliamentary elections", (*Maldives Independent*, 3 December 2018). <https://maldivesindependent.com/politics/mdp-to-go-it-alone-in-parliamentary-elections-143012>. Accessed on 5 March 2019.

<sup>2</sup> Ibid.

<sup>3</sup> "Contesting for all 87 seats will not ensure majority for MDP, says leader", (*RaajeMV*, 2 December 2018). <https://raaje.mv/en/news/45632>. Accessed on 5 March 2019.

<sup>4</sup> "President Downplays Rifts in Coalition", (*Maldives Independent*, 27 January 2019). <https://maldivesindependent.com/politics/president-downplays-rifts-in-coalition-143593>. Accessed on 28 February 2019.

<sup>5</sup> "MDP to contest in 2019 parliamentary elections for all constituencies", (*The Edition*, 2 December 2018). <https://edition.mv/news/8084>. Accessed on 6 March 2019.

The JP has awarded tickets to 43 candidates, the AP is contesting nine seats and Gayoom's newly-founded Maumoon Reform Movement (MRM)<sup>6</sup> has earlier endorsed 32 candidates.<sup>7</sup> Out of the main opposition parties, the Progressive Party of Maldives (PPM) is contesting 26 seats while the People's National Congress (PNC) is targeting 23 seats. The ruling coalition partners are contesting independently. However, the AP and the MRM have separately declared that their candidates are contesting for and on behalf of the coalition. This implies that, if any of the MRM and AP candidates win, they would support the Solih government on crucial issues.<sup>8</sup> The JP is, however, silent on the issue.<sup>9</sup> There were reports of the JP's leader and the Speaker of Parliament, Gasim Ibrahim (also spelled as Qasim Ibrahim), having a pre-election alliance with the opposition parties – the PPM and the PNC.<sup>10</sup> This became clear when, on 9 March 2019, the PPM and PNC declared their support for 27 out of the 43 candidates from the JP. Soon after, Gasim called for an immediate release of the leader of opposition and former President of the Maldives, Abdulla Yameen, who is serving a jail term on corruption charges against him. Gasim also termed the presidential commissions, constituted by Solih to probe unresolved murders and recover stolen public funds, as "unconstitutional".<sup>11</sup> Notably, in February 2019, Gasim, as the Speaker of Parliament, refused to call a vote on the presidential commissions bill after it was tabled for the fourth time.<sup>12</sup>

One of the major issues in this election is corruption and the government's crackdown against it. On 14 February 2019, the much-awaited Anti-Corruption Commission's Report on the Maldives Marketing and Public Relations Corporation embezzled funds was released. The names of the Minister for Planning Infrastructure, Akram Kamalludeen, and Youth Minister, Ahmed Mahloof, were included in the report. Both were immediately suspended by Solih.<sup>13</sup> The report also pointed out Villa Group, owned by Gasim, engaged in corrupt means to make a profit. The charges have, however, been denied by Gasim.<sup>14</sup> No action has been taken against Gasim. Yameen was found guilty of receiving US\$1 million (about S\$1.4 million) of

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<sup>6</sup> MRM is yet to be formally registered as a political party. See "Gayoom reaffirms support for President Solih", (*Maldives Independent* 13 March 2019). <https://maldivesindependent.com/politics/gayoom-reaffirms-support-for-president-solih-144213>. Accessed on 14 March 2019.

<sup>7</sup> "Coalition parties stand alone for parliamentary polls", (*Maldives Times* 3 February 2019). <https://maldivestimes.com/coalition-parties-stand-alone-for-parliamentary-polls/>. Accessed on 3 March 2019.

<sup>8</sup> Maldives: Advantage MDP, but possibilities still in parliament polls" N. Sathiya Moorthy, (Observer Research Foundation, 26 February 2019.) <https://www.orfonline.org/expert-speak/maldives-advantage-mdp-possibilities-still-parliament-polls-48510/>. Accessed on 7 March 2019.

<sup>9</sup> Ibid.

<sup>10</sup> "Opposition PPM to concede some seats to JP in parliamentary elections", Fathmath Shaahunaz, (*The Edition*, 16 February 2019). <https://edition.mv/news/9213>. Accessed on 8 March 2019.

<sup>11</sup> "Gasim calls for ex-president's Yameen immediate release", (*Maldives Independent* 9 March 2019). <https://maldivesindependent.com/politics/gasim-calls-for-ex-presidents-yameen-immediate-release-144111>. Accessed on 11 March 2019.

<sup>12</sup> "MDP cries foul as presidential commissions bill returned to committee", (*Maldives Independent*, 27 February 2019). <https://maldivesindependent.com/politics/mdp-cries-foul-as-presidential-commissions-bill-returned-to-committee-143978>. Accessed on 11 March 2019.

<sup>13</sup> "Minister suspended after release of report on corruption scandal", (*Maldives Times* 15 February 2019). <https://maldivestimes.com/minister-suspended-after-release-of-report-on-corruption-scandal/>. Accessed on 18 February 2019.

<sup>14</sup> "Gasim declares legitimate transactions with SOF", (*Mihaaru Online* 19 February 2019). <https://edition.mv/news/9235>. Accessed on 7 March 2019.

government money through a private company, SOF Private Limited, to lease tropical islands for hotel development.<sup>15</sup> At the time of writing this paper, he has been temporarily transferred from prison to house arrest on the advice of doctors.<sup>16</sup>

## A Debt Distressed Economy

During its visit to the Maldives from 20 February to 5 March 2019, a team from the International Monetary Fund (IMF) predicted a growth of around 6.5 per cent in 2019 and six per cent in 2020 for the country.<sup>17</sup> One of the concerns noted by the IMF team is the Maldives' high and increasing level of public and publicly guaranteed debt, which has fiscal sustainability risks.<sup>18</sup> It added that financing pressures remain from domestic debt, the bulk of which is issued in short-term securities, whereas for external debt, amortisations from large infrastructure projects start picking up next year.<sup>19</sup> The team has appreciated some of the measures taken by the Solih government to strengthen "public investment management, increasing the credibility of annual budgets and integrating the annual budgets with the medium-term fiscal and debt management strategies."<sup>20</sup>

Tourism is the spine of the Maldivian economy. It contributes around 28 per cent to the country's gross domestic product and earns about 60 per cent of the country's foreign exchanges. Fishing is the second largest industry of the country which is, mainly, dominated by foreign companies. To provide space to the local companies, the MDP has promised to "transform the country's fishing industry and allow foreign boats to only purchase fish directly from local vessels rather than catch it themselves".<sup>21</sup> In recent years, there has also been a boom in the construction sector of the Maldives. According to the Maldives Monetary Authority quarterly economic review of October 2018, due to the surge in the construction related imports in the first half of 2018, the construction sector had an annual growth of 51 per cent.<sup>22</sup>

## Chinese Economic Influence

Despite the promises, foreign investments in most of these sectors have turned into reasons for debt. A research by the Mumbai-based think-tank, Gateway House, found that tourism depends heavily on China with the largest number of tourists coming from China, who arrive

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<sup>15</sup> "Maldives ex-president Abdulla Yameen arrested for money laundering", (ABC News 19 February 2019). <https://www.abc.net.au/news/2019-02-19/maldives-ex-president-arrested-for-money-laundering/10823916>

<sup>16</sup> "Ex-president Yameen transferred to house arrest", (*Maldives Independent*, 14 March 2019). <https://maldivesindependent.com/politics/ex-president-yameen-transferred-to-house-arrest-144205>. Accessed on 14 March 2019.

<sup>17</sup> International Monetary Fund, "IMF Staff Completes 2019 Article IV Mission to Maldives", Press Release No. PR19/64, 5 March 2019. <https://www.imf.org/en/News/Articles/2019/03/05/PR1964?cid=em-COM-123-38466>. Accessed on 9 March 2019.

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*

<sup>21</sup> "MDP pledges to ban foreign vessels from Maldives fishing", *Maldives Independent*, 2 July 2018. <https://maldivesindependent.com/politics/mdp-pledges-to-ban-foreign-vessels-from-maldives-fishing-139103>. Accessed on 21 July 2018.

<sup>22</sup> "Construction Industry Shows Promising Growth on 2018 First Half" Mohamed Rehan, (*MBR* 30 October 2018). <https://mbr.mv/2688/>. Accessed on 9 March 2019.

at the international airport developed by a Chinese company as are many of the resorts they live in.<sup>23</sup>

China has also made investments in other sectors of the Maldives such as infrastructure construction. One such project is the China-Maldives Friendship Bridge. The total cost of the bridge is RMB1.26 billion (\$253.7 million) with 57.5 per cent of this cost being covered by a grant from the Chinese government. Another 36.1 per cent of the cost is in the form of a preferential loan from the Chinese government while the remaining 6.4 per cent is to be borne by the Maldivian state.<sup>24</sup> Another project is the upgrade and expansion of the Velena International Airport while a third project is the Hulhumalé Phase II housing project currently under construction, where 16 buildings will be constructed. A fourth project is the development of a link road between the Hulhule and Hulhumalé.<sup>25</sup> Most of such investments were made during Yameen's tenure. In 2014, China and the Maldives signed a memorandum of understanding to join China's maritime Silk Road initiative.

After coming into power in 2018, the Solih government had pledged to re-visit the Chinese deals and investments in the country. Allegedly, the Chinese deals have put the country into a debt-trap of around US\$1.5 billion (\$1.9 billion) with China.<sup>26</sup> One of the priorities Solih included in his 100-day target was to "start renegotiating contracts and loans that would damage sovereignty and put the country into debt".<sup>27</sup> Reacting to the President's statements, a week after Solih took over, the former President of the Maldives and leader of the MDP, Mohamed Nasheed, claimed that the Chinese Ambassador to the Maldives, Zhang Lizhong, handed the government an invoice of US\$3.2 billion (\$3.6 billion).<sup>28</sup> This has been denied by China which, however, maintained that the amount is nearer to US\$1.5 billion (\$1.8 billion).<sup>29</sup> To help, India has provided a US\$1.4 billion (\$1.8 billion) loan to the Maldives.<sup>30</sup> In

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<sup>23</sup> "The Maldives: Investments Undermine Democracy", Amit Bhandari and Chandani Jindal, *Gateway House*, 7 February 2018. <http://www.gatewayhouse.in/chinese-investments-in-the-maldives/>. Accessed on 16 July 2018.

<sup>24</sup> "China defends 'completely normal' Maldives investments", (*Maldives Independent*, 14 July 2018). <https://maldivesindependent.com/business/china-defends-completely-normal-maldives-investments-139354>. Accessed on 16 July 2018.

<sup>25</sup> Ibid.

<sup>26</sup> "PM Clears India's Stand as Maldives Worries About 'Loot' In Chinese Boom", (NDTV 18 November 2018). <https://www.ndtv.com/india-news/pm-modi-clears-indias-stand-as-maldives-worries-about-loot-in-chinese-boom-1949143>. Accessed on 7 March 2019.

<sup>27</sup> "Translation: Solih administration's ambitious 100-day agenda", (*Maldives Independent*, 18 November 2018). <https://maldivesindependent.com/politics/translation-solih-administrations-ambitious-100-day-agenda-142746>. Accessed on 7 March 2019.

<sup>28</sup> "China Hands Over \$3.2 Billion Bill to Maldives for Building Spree; Solih Govt Clueless About Total Debt", (*News 18*, 23 November 2018). <https://www.news18.com/news/world/china-hands-over-3-2-billion-bill-to-maldives-for-construction-spree-solih-govt-clueless-about-total-debt-1948711.html>. Accessed on 15 January 2019.

<sup>29</sup> Ibid.

<sup>30</sup> "India's Modi gives US\$1.4 billion aid to Maldives amid worry over its China debt", (*Channel NewsAsia*, 17 December 2018). <https://www.channelnewsasia.com/news/asia/india-s-modi-gives-us-1-4-billion-aid-to-maldives-amid-worry-11039378>. Accessed on 15 January 2019.

March 2019, the United States pledged US\$20 million (S\$28 million) as grant aid to support various sustainable development projects in the country.<sup>31</sup>

## Changes in Foreign Relations

Under Yameen, the Maldives adopted Saudi Arabia's position in many of its foreign policy matters. In 2016, following in the footsteps of Saudi Arabia, the Maldives severed its diplomatic relationship with Iran. Again, on 5 June 2017, the Maldives broke off diplomatic relations with Qatar, which were established in 1984.

The Maldives had confrontations with the Commonwealth when, in 2015, the Commonwealth Ministerial Action Group (CMAG) decided to take punitive actions against the Yameen government for gross violation of human and democratic rights of its citizens.<sup>32</sup> Months later, the CMAG issued a notice giving the Yameen's government six months to address concerns such as the detention and prosecution of opposition party leaders, meddling with the judiciary and undermining the country's democratic institutions.<sup>33</sup> Alleging the organisation of interfering in the country's internal affairs in October 2016, Yameen's government announced the withdrawal of the Maldives' membership from the Commonwealth.

Yameen also soured relations with India as his government closely associated itself with China. In 2017, the Yameen government then suspended three local councillors for meeting with the then-Indian Ambassador to the Maldives, Akhilesh Mishra. In December 2017, an editorial in the pro-Yameen newspaper, *Vaguthu* (in the Divehi language), described India as an enemy and called on Male to find a new friend in China. The editorial also termed India's Prime Minister, Narendra Modi, a Hindu extremist and anti-Muslim.<sup>34</sup> However, the editorial was removed from the website after it drew widespread public attention. To address India's concerns, Yameen's government stated, "[T]he administration would never entertain negative sentiments towards India", highlighting that Indian assistance formed an "invaluable contribution to the Maldives".<sup>35</sup>

The Solih government is in the process of reversing some of the country's foreign policy decisions taken during Yameen's tenure. In his inaugural speech, highlighting the change in

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<sup>31</sup> "United States pledges US \$ 20 m aid to Maldives", (*Maldives Independent* 13 March 2019). <https://maldivesindependent.com/politics/united-states-pledges-us20m-aid-to-maldives-144224>. Accessed on 14 March 2019.

<sup>32</sup> Muni, S. D. (2017). 'Modi's 'Neighbourhood First' Initiative' In Singh, Sinderpal (edited) *Modi World: (Re)Constructing Indian Foreign Policy*, Singapore: World Scientific, p 117-138.

<sup>33</sup> "Maldives quits Commonwealth over alleged rights abuses", (*The Guardian* Michael Safi, 13 October 2016) from <https://www.theguardian.com/world/2016/oct/13/maldives-quits-commonwealth-over-alleged-rights-abuses>. Accessed on 15 January 2017.

<sup>34</sup> 'Maldives reaches out to India, discusses high-level bilateral meet in bid to undo perceived snub' Sachin Prashar, (*The Times News Network* 26 December 2017). <https://timesofindia.indiatimes.com/india/maldives-reaches-out-to-india-seeks-to-undo-perceived-slight/articleshow/62244881.cms>. Accessed on 8 January 2018.

<sup>35</sup> *Ibid.*

the Maldives' foreign policy, Solih said the Maldives will endeavour to fortify its existing ties with India and other regional countries.<sup>36</sup>

Modi attended the swearing in ceremony of the Maldivian President in November 2018. In December 2018, Solih made his first foreign visit to India.

## Conclusion

The MDP is contesting 86 seats. The AP and the MRM have announced that if their candidates win, they would extend support to the government. It, therefore, seems that Solih will have a majority number of parliamentarians on his side. Another factor which favours the MDP is that a large number of the Maldivian voters are also the party's members. However, the MDP cannot afford to be complacent because the number of voters in the constituencies is small. In many constituencies, the total number of voters are around 2,000 to 3,000 or even less. Hence, a swing of even 50 or 100 votes can change the election results.<sup>37</sup> To an extent, the parliamentary elections results will also decide the future of political relationship between the JP and the MDP.

The Maldives is currently at a crossroads. Solih's government has to make some crucial decisions to revive the country's economy and focus on its foreign policy imperatives. Legally and politically, it is difficult to revise or exit from the trade deals or treaties entered by the state. It will, therefore, be interesting to see how the government plans to take the country out of its debt. On the foreign policy front, Solih is taking the necessary measures to strengthen the country's relationship with India. What kind of ripples this sends to China are yet to be seen.

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<sup>36</sup> Republic of Maldives, The President's Office "Unofficial Translation of the Inaugural Address by His Excellency Ibrahim Mohamed Solih, President of the Republic of Maldives" 17 November 2018. <https://presidency.gov.mv/Press/Article/20274>. Accessed on 9 March 2019.

<sup>37</sup> "Maldives: Advantage MDP, but possibilities still in parliament polls", N. Sathiya Moorthy (ORF, 26 February 2019) op cit.