

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



CMDA

Capital Market Development Authority

Challenges for the Capital Market Development & Sustainability Reporting in the Maldives

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Disclaimer: The views expressed herein are the views of the presenters and NOT that of CMDA.

CAPITAL MARKET DEVELOPMENT AUTHORITY

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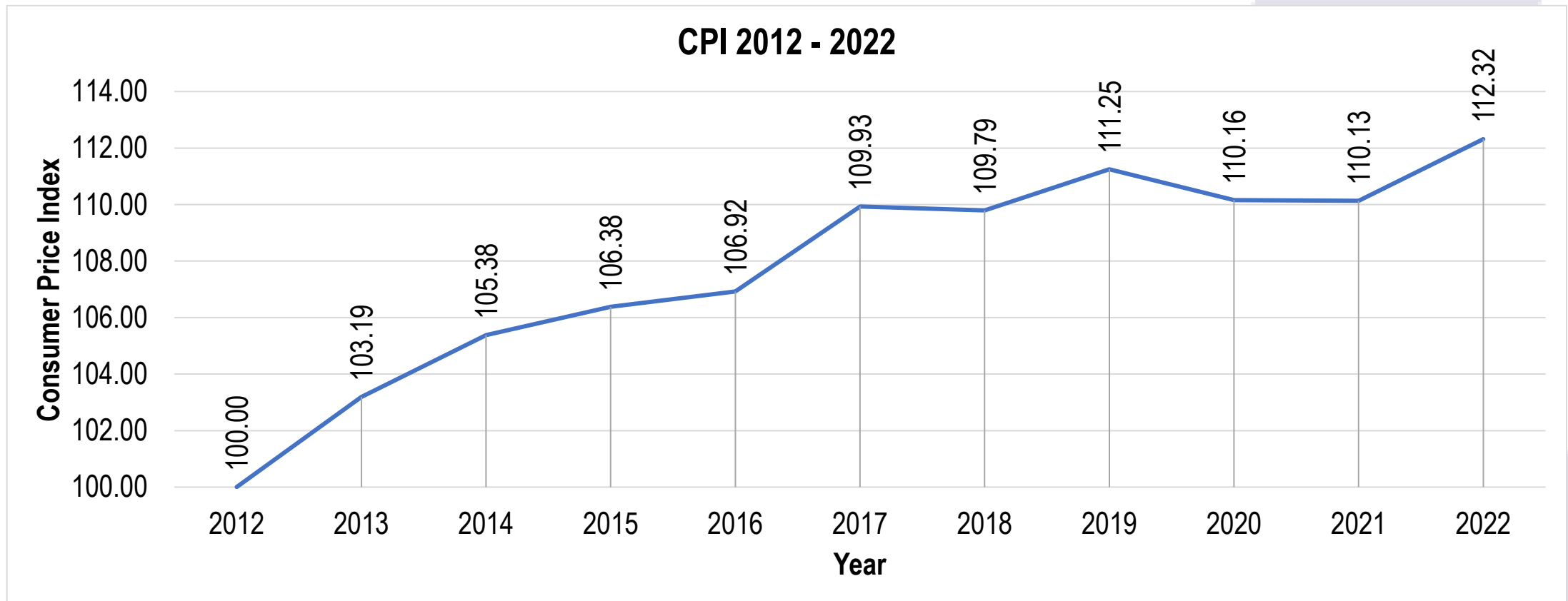
ABOUT MALDIVES

- 1,192 islands (<1.8m above sea level) spread over 90,000 square kilometres in the Indian Ocean. Inhabited islands: 187. Resorts: 175.
- Population
 - Resident: [515,132 \(Census 2022\)](#)
 - Maldivians: [382,639 \(Census 2022\)](#)
- Employment
 - Labour force: [260,527 \(2022\)](#)
 - Unemployment rate: 4.90% (2022)
- GDP
 - GDP: USD 6.15 Billion.
 - GDP per capita: USD 10,628
- Inflation: 2.61% ([2022](#)); 3.00% ([Average till August 2023](#))
- Main industries: Tourism (23%); Construction & Real-estate (14%); Fisheries (4%).
Tourism accounts for about 60% of foreign exchange.



Consumer Price Index (2012-2022)

Base Year (June 2012)



□ 1 Source: Monthly Statistics – August 2023, Volume 24, No. 8, Maldives Monetary Authority

• Available at: <http://www.mma.gov.mv/documents/Monthly%20Statistics/2023/MS-Aug-2023.xlsx>

□ 2 Source: World Bank – 2020

• Available at: https://data.worldbank.org/indicator/FP.CPI.TOTL?end=2019&most_recent_value_desc=false&start=2019&view=bar

• *Although Base was revised in August 2019, for comparability, June 2012 was used as Base.

• **World Bank used 2010 as the Base period. Revised 2019 figure was not used due to the need for comparability. Figure for 2020 was an estimate.

ABOUT CMDA

- Established in 2006.
- Responsible for the regulation of capital market and Maldives Retirement Pension Scheme (MRPS)

- **Main Objectives are:**



To **develop a market** in which **securities can be issued and traded** in a fair and orderly manner.



To **protect and promote the interest of investors** and potential investors in securities.



To **regulate and supervise** the securities market.



To take measures to **prevent inappropriate conduct in relation to dealings in securities** and to prevent conduct of activities affecting market confidence.

Raising Finance Through Capital Market

Public Offer Market / “Listed Companies”



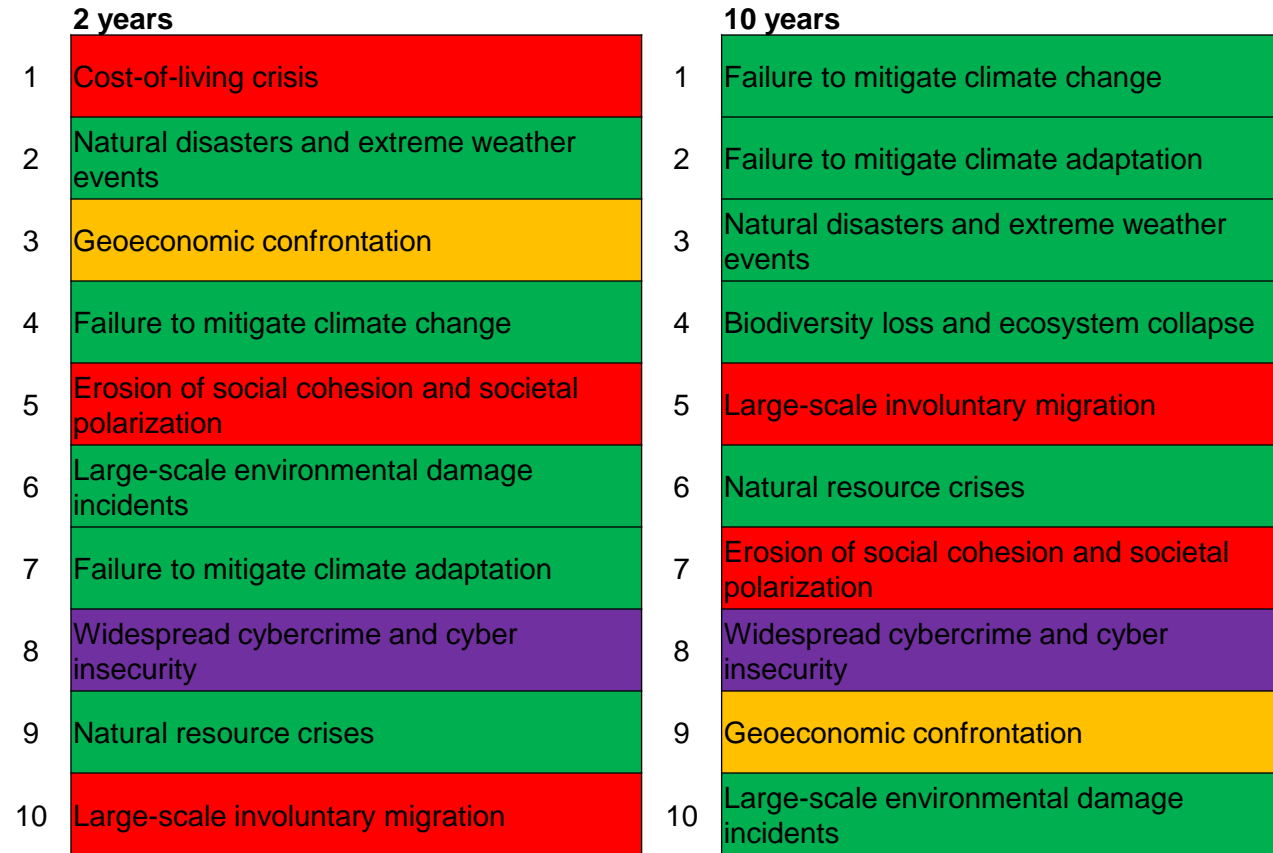
Private Placement Market / Viyana



WEF Global Risk Report 2023

Global risks ranked by severity over the short and long term

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"



Source:
World Economic Forum
Global Risks Perception Survey 2022-2023.

Climate Change

- **Decrease in rainfall** (9.5mm, 0.02mm and 2.21mm) per year over Hanimaadhoo, Malé and Gan respectively.
- **Decrease in number of rainfall days** per year.
- **Temperature increases** for Malé (0.267°C/decade) and Gan (0.168 °C/ decade) while a decrease is observed in the northern station in Hanimaadhoo (0.086°C/ decade).
- **Maximum temperature shows an increasing trend** in the northern part of the country (0.21°C per decade) and a decreasing trend (-0.06 °C/decade) in the southern part of the country.
- **Rising sea level trend** with 3.753mm and 2.933 mm per year in Malé and Gan respectively.
- **Increase in sea surface temperature (SST)** 0.11 to 0.15 °C/decade, throughout the country

Sustainability Reporting in Maldives (by listed companies)

- Introduced in 2014 through the CMDA CG Code as a voluntary provision.
- Revised CMDA CG Code (2021) moved the provision to be mandatory for reports to be submitted in 2024.
- In collaboration with UNDP and PlusValue, the process of developing a Sustainability Reporting Framework is in progress.
 - Stakeholder consultation completed for financial sector institutions and PLCs.
 - Work is expected to be completed by the end of 2023.
 - Along with UNDP and PlusValue, a local Advisory Committee is formed to ensure local context is ingrained in the final framework.

Challenges for Capital Market Development

Limited listings (10 PLCs and 5 private market listings) and limited float by the listed companies

- Low level retail participation.
- Only 1% of adults used capital market products / fixed deposits for savings (National Financial Inclusion Survey, 2022)

Market infrastructure

- Manual trading
- Development of market regulation (foreign portfolio investments, land ownership)
- No investment banks / underwriting

Need for capacity building

- Expertise / technical assistance needed in capacity building in market regulation, enforcement and Islamic finance amongst others.
- Limited knowledge on modern developments (RegTech / SupTech)

Awareness and financial literacy

- General literacy is at around 98%. No figure on financial literacy.
- Public falls for scams / get rich quick schemes (over MVR100 million invested in a single scam in 2022).
- Low propensity to save and invest (only 14% or less of directed for long term).

Business culture (inheritance distribution. No scope to grow)

Challenges in Developing a Sustainability Reporting Framework

- No in-house expertise in sustainability matters.
- Deciding on standards, metrics and measures for sustainability reporting.
- Knowledge gap between experts of different fields (finance vs environmental).
- Limited knowledge of sustainability reporting with issuers.
- Data collection to determine environmental impact.

THANK YOU!



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