

In Colombo:

Savani Jayasooriya
Phone: (+94) 11 5400102
E-mail: sjayasooriya@ifc.org

At BML:

Mohamed Saeed
Phone: 3015315
E-mail: m.saeed@bml.com.mv

In Kathmandu:

John Narayan Parajuli
Phone: (+977) 9851122684
E-mail: nparajuli@ifc.org

IFC Investment of up to \$50 Million in Bank of Maldives to Support Tourism Sector Hard Hit by Impact of COVID-19 in the Island Nation

Malé, Maldives, July 1, 2020—IFC, a member of the World Bank Group, is investing up to \$50 million in Bank of Maldives (BML) to provide financing for private sector companies and small and medium sized businesses in the tourism sector, to help preserve jobs and combat the negative shocks of COVID-19 on the economy. The investment is set to be released in three tranches—of which the first tranche comprising of \$20 million was committed today.

The move is part of IFC's first phase of crisis support for countries. It will allow BML to provide much needed working capital finance, which is expected to benefit businesses, their employees and suppliers in tourism and related industries. While yet unconfirmed, there is also provision to mobilise up to a further \$50 million in loans to support Bank of Maldives.

Tourism, the mainstay of the Maldivian economy, contributes over two-thirds of the country's GDP, 80 percent of exports, 40 percent of revenue and has been the key factor behind the country's rapid economic growth and improved standard of living in recent years. But with COVID-19 spreading across borders and tourism brought to a complete halt, the Maldives is likely to be one of the hardest hit countries in [South Asia](#), with predictions on growth expected to contract by 13 percent in 2020.

"As the largest bank in the country and the leading lender to the tourism industry, BML has already designed a short-term financing program to support severely affected businesses, providing working capital to resorts and guesthouses to help tide them through the pandemic," said Timothy Sawyer, CEO and Managing Director of BML. "This injection of millions of dollars in support from IFC is extremely timely and will provide further support to our efforts to respond to the crisis."

Tourism arrivals in Maldives started to fall from February onwards, declining 63 percent year on year in March and subsequently reaching zero as the country closed its borders in March. It's estimated one-third of adult males and a quarter of women are engaged in tourism-related jobs. A recent UNDP and Ministry of Economic Development report showed that 22,000 local resort employees have been directly affected as a result of COVID-19 impacts.

"We recognise that efforts to revive tourism, which is the backbone of the Maldivian economy, are now at a critical point and require a coordinated, flexible and fast response," said Amena Arif, IFC Country Manager for Maldives and Sri Lanka. "IFC's financing for the Bank of Maldives will help support the reopening of the country's largest industry and fund the Bank's small and medium sized enterprise value chain. We are prepared to do more to assist as the country moves from recovery to rebuilding. IFC stands with the Maldives at a time when it matters the most."

Tourism is a strategic priority for IFC in the Maldives because of the strong development impact it brings to the economy. IFC's strategic approach in Maldives focuses on supporting inclusion, sustainability, and connectivity by addressing the country's biggest development gaps through private sector solutions.

IFC has been supporting the private sector in the Maldives since 1983—with over \$200 million in investments so far.

About IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2019, we invested more than \$19 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org.

About Bank of Maldives

Bank of Maldives is the leading financial institution in Maldives with the largest nationwide network of 38 branches in all 20 atolls, 277 cash agents as well as a full suite of digital and self-service banking facilities. The Bank has over 285,000 customers, and a solid financial platform with a deposit base of US\$1.2 billion, assets of US\$1.8 billion and strong capital position well above regulatory requirement. BML accounts for 53 percent of total loans and 52 percent of the total deposits in the country. For more information, visit www.bankofmaldives.com.mv.

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