

Maldives Country Report on e-Procurement

Chapter 1: General Country Profile

(1) General Information of Country

The **Republic of Maldives**, located in the Indian Ocean, is an archipelagic state comprised of around 1,200 coral islands grouped into 26 atolls. As of the latest estimates, the population stands at approximately **521,000**.

The country has a **GDP** of around **USD 5.4 billion** (2023 est.), with its economy heavily reliant on tourism (comprising over 25% of GDP), fisheries, and related services. The Maldives enjoys a relatively high per capita income compared to South Asian standards, but also faces vulnerabilities due to its geographic dispersion and environmental sensitivity to climate change.

Despite these challenges, the Maldives has made notable progress in human development indicators and continues to invest in infrastructure, digital transformation, and public sector reforms to ensure sustainable growth.

(2) National Policies & Strategies on Public Procurement & e-Procurement

The Government of Maldives (GoM) has recognized the importance of efficient, transparent, and accountable public procurement. The **Public Finance Act** and the **Public Finance Regulations (PFR) 2023** guide public procurement practices.

In recent years, procurement reforms have accelerated under the **Public Financial Management Systems Strengthening Project (PSSP)**, supported by the World Bank. These reforms aim to:

- Enhance transparency
- Improve procurement efficiency
- Leverage digital technologies for accountability

A national **e-Procurement Strategy** was developed following comprehensive e-gp readiness assessments in 2017 and 2021. The government has since embarked on implementing an electronic procurement platform in partnership with a leading off-the-shelf system in the market, with the goal of achieving full digital procurement integration.

Chapter 2: Current Status & Perspectives on e-Procurement

(1) Government Organizational Structure & Relevant Stakeholders

Key government stakeholders in e-Procurement include:

- **Ministry of Finance and Planning (MoFP)** – Policy and financial oversight
Procurement Policy Department- Lead for procurement policy and e-gp implementation
- **National Tender Department**– Lead for and system design requirements and procurement operations
- **National Centre for Information Technology (NCIT)** – ICT infrastructure and technical support
- **Individual Line Ministries** – Procurement execution

These stakeholders collectively contribute to policy, implementation, and technical delivery of the national e-Procurement system.

(2) Size of e-Procurement (National Budget/Percent)

The Maldives has a relatively small public sector, but procurement still accounts for a significant portion of public spending. While an exact percentage varies by year, it is estimated that **public procurement comprises around 25-30% of the national budget**, translating to several hundred million USD annually.

With the implementation of e-Procurement, it is expected that a substantial portion of this will transition to the digital platform, especially for high-value, high-volume contracts.

(3) Past & Current Level of Stage on e-Procurement

Historically, the Maldives operated a **manual, paper-based procurement system** with decentralized processes. In 2017, a readiness assessment categorized the Maldives at **Level 2–3** in most e-GP readiness components, indicating limited but growing capacity. In response, the Maldives implemented initiatives to improve e-GP capabilities, focusing on technology, training, and policy reforms. A follow-up assessment in 2021 indicated significant progress, with scores rising to Levels 3–4, enhancing efficiency and transparency. Currently, the Maldives is in the **early implementation phase** of a full-scale e-Procurement platform. The partnership with a leading off-the-shelf system marks a significant step forward, aiming for integrated e-tendering, contract management, and supplier registration.

In the wake of the COVID-19 pandemic, the Maldives took a significant step forward in its e-Government Procurement (e-GP) journey with the development of the Beelan portal. This in-house built system was designed to facilitate bid submissions electronically, a critical move to ensure the continuity of procurement processes during the global health crisis.

At present, the system is exclusively centered on bid submission and does not cover the entire range of procurement activities. Nonetheless, the Maldives has decided against additional improvements to this system and is fully dedicated to launching a comprehensive e-GP system in collaboration with a leading off-the-shelf procurement software provider.

(4) Legal & Regulatory Component Relevant to e-Procurement

Legal frameworks currently in place:

- **Public Finance Act**
- **Public Finance Regulations 2023**
- Public Finance Guidelines and Circulars
- **Contract Law**
- Arbitration Act 2013
- Electronic Communications Act 2022

However, gaps remain:

- No formal **e-commerce or IT Act**
- Procurement policy is not fully integrated with **e-Government frameworks**

Efforts are underway to draft new laws and revise regulations to support digital procurement legally and institutionally.

Chapter 3: Challenges & Issues on e-Procurement

(1) Identifying Major Challenges & Pending Issues

- **Limited Human Resource Capacity** – Few professionals trained in digital procurement practices
- **Inadequate Legal Framework** – Absence of legal support for electronic transactions
- **Low Awareness** – Among suppliers, especially SMEs, about e-Procurement systems
- **Infrastructure Gaps** – Although overall connectivity is strong, digital literacy and access in remote islands vary
- **Fragmented Procurement Practices** – Lack of standardized documentation and procedures

(2) Analyzing Challenges & Issues by Methodology

A structured readiness assessment (2021) using MDB methodology highlighted the following readiness levels:

- **Government Leadership**: Level 4 (Adequate)
- **Human Resource Management**: Level 3 (Small degree)
- **Infrastructure**: Level 4
- **Systems (Technology)**: Level 3

These findings were further confirmed by interviews with key stakeholders and evaluations of existing ICT and procurement systems. The analysis suggests that **institutional and capacity-building efforts** are as critical as the technology deployment itself.

Chapter 4: Future Strategies and Solutions on e-Procurement

(1) Improving Strategies & Planning Project Plan for Own Country

The Government of Maldives plans to implement e-Procurement in a **phased approach**, minimizing risks and ensuring alignment with national capabilities:

Phase I (Ongoing)

- Develop unified e-GP portal
- Publish tender notices and awards online
- Begin supplier registration

Phase II

- Enable full e-Tendering and submission via E-gp system
- Implement Digital Signature Certificates (DSCs)
- Enable online bid evaluations

Phase III

- Launch e-Catalogues for e-Purchasing
- Integrate fully with an ERP (Finance, Materials, Contracts, Project Management)
- Establish PMIS (Procurement Management Information System)

Training programs, change management strategies, and legal reforms will complement each technical phase.

(2) Expected Results: Outputs-Outcomes & Challenges-Solutions

Expected Outputs	Anticipated Outcomes
Unified e-Procurement portal	Increased transparency and reduced corruption risk
Digitized tendering and bid submission	Shorter procurement cycles, reduced costs
Supplier self-service portal	Broadened access, especially for SMEs
PMIS system for monitoring	Improved decision-making and procurement oversight

Challenges:

- Resistance to change from stakeholders
- Digital skill gaps among staff and suppliers
- Delays in regulatory updates

Solutions:

- Conduct nationwide training and awareness campaigns
 - Incentivize supplier participation
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✓ Conclusion

The Maldives has laid strong technical and institutional foundations for e-Procurement. With committed leadership, a phased roadmap, and support from global partners, the country is well-positioned to achieve full-scale digital transformation in public procurement. However, success will depend on sustained investment in capacity building, legal reform, and inclusive stakeholder engagement.