



Report No: FIN-2024-28(E)

19th February 2024

Statement of Government Guarantees Financial Year 2022



آڈیٹر جنرل کے سرکاری سرکاری آڈیٹر

AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE PRESIDENT, THE PEOPLE'S MAJLIS, AND THE MINISTER OF FINANCE, ON THE STATEMENT OF GOVERNMENT GUARANTEES AS AT 31 DECEMBER 2022

Opinion on statement of government guarantees

We have audited the accompanying Statement of Government Guarantees of the Government of Maldives as at 31st December 2022. The Statement Comprises of the Statement of Government Guarantees and Notes to the Statement, which comprise of the significant accounting policies and other explanatory information.

In our opinion, the Statement of Government Guarantees as at 31st December 2022 presents fairly, in all material respects, the financial position of the Government Guarantees issued as at 31st December 2022 in accordance with the encouraged additional disclosure requirements of International Public Sector Accounting Standards (IPSAS) Financial Reporting Under the Cash Basis Accounting principles.

Opinion on Regulatory Compliance

In our opinion, the statement of Government Guarantees as at 31st December 2022 were translated by the Ministry of Finance, in all material respects, in accordance with the Public Finance Act (3/2006) and Public Finance Regulation (2017/R-20).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Ministry for the Statement of Government Guarantees

The Ministry is responsible for (1) preparing Consolidated Financial Statement of the GoM as per Section 38 of the Public Finance Act (3/2006). As an additional disclosure to the Consolidated Financial Statement of GoM, the Statement of Government Guarantees is prepared, in accordance with the encouraged additional disclosure requirements of International Public Sector Accounting Standards (IPSAS) cash basis accounting principles; and (2) complying with Public Finance Act

and Public Finance Regulations with regard to the issuances of Guarantees on behalf of the Government of Maldives. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement of Government Guarantees that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Statement of Government Guarantees provides the details and status of Guarantees provided by the Ministry on behalf of the Government including the outstanding commitments of those guarantees as at 31st December 2022.

Auditor General's Responsibility

We are responsible for planning and performing the audit to obtain reasonable assurance and provide our opinion about whether (1) the Statement of Government Guarantees is presented fairly, in all material respects, in accordance with the encouraged additional disclosure requirements of International Public Sector Accounting Standards (IPSAS) Financial Reporting Under the Cash Basis Accounting principles and in accordance with section 38 of the Public Finance Act (3/2006); and (2) Ministry maintained, in all material respects, effective internal control over financial reporting relevant to the Statements of Government Guarantees as at 31 December 2022. We are also responsible for testing compliance with selected provisions of the Public Finance Act and Public Finance Regulations that have a direct and material effect on the Statement of Government Guarantees.

In order to fulfill these responsibilities, we examined, on a test basis, evidence supporting the amounts and disclosures in the Statement of Government Guarantees; evaluated the overall presentation of the Statement of Government Guarantees; obtained an understanding of the entity and its operations, including its internal control over financial reporting relevant to the Statement of Government Guarantees; compared against balances obtained from State Owned Enterprises (SOEs) and lending institutions to verify Ministry guarantee records; and performed such other procedures as we considered necessary in the circumstances.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

19th February 2024



Hussain Niyazy
Auditor General



Statement of Government Guarantee for the Year Ended 31 December 2022

DOMESTIC DEBT	Currency	Balance 1 st January 2022	Loans Repaid	Disbursements	New Borrowings / Net Issuance	Balance 31 st December 2022	
						Instrument Currency	MVR
TOTAL GUARANTEED DEBT							16,549,126,776
TOTAL DOMESTIC GUARANTEED DEBT							825,977,894
Domestic USD		65,858,239	48,773,148	36,549,837	-	53,634,928	825,977,894
State Bank of India	USD	2,479,251	2,066,510	801,260	-	1,214,000	18,695,600
Habib Bank Limited	USD	3,004,526	2,590,400	1,186,390	-	1,600,516	24,647,942
Hongkong and Shanghai Banking Corporation	USD	12,090,378	18,720,724	9,507,310	-	2,876,963	44,305,226
Bank of Maldives	USD	13,069,258	7,848,651	25,054,878	-	30,275,484	466,242,458
Bondholders	USD	10,214,828	8,171,862	-	-	2,042,966	31,461,669
HSBC Male' Branch	USD	25,000,000	9,375,000	-	-	15,625,000	240,625,000
TOTAL EXTERNAL GUARANTEED DEBT		880,172,779	121,352,507	262,163,422	-	1,020,983,694	15,723,148,882
Bank of China, London	USD	13,350,347	6,635,203	-	-	6,715,145	103,413,230
Browns - CMEC	USD	5,131,221	-	16,229,092	-	21,360,313	328,948,815
CFSIT Inc.	USD	-	-	55,000,000	-	55,000,000	847,000,000
China Development Bank	USD	141,927,322	17,321,000	33,172,678	-	157,779,000	2,429,796,601
Credit Suisse, Singapore	USD	32,563,020	21,691,320	-	-	10,871,700	167,424,180
Dongfang Electric Corporation	USD	26,655,852	5,791,584	-	-	20,864,267	321,309,716
Export Import Bank of China	USD	192,204,091	20,308,719	-	-	171,895,373	2,647,188,737
Export Import Bank of India	USD	64,665,778	4,346,447	47,761,652	-	108,080,983	1,664,447,142
Industrial Commercial Bank of China	USD	360,382,517	33,384,424	-	-	326,998,093	5,035,770,632
International Trade Finance Corporation	USD	35,825,964	8,140,477	-	-	27,685,487	426,356,495
Islamic Corporation for the Development of Private Sector	USD	-	-	10,000,000	-	10,000,000	154,000,000
Reserve Bank of India	USD	-	-	100,000,000	-	100,000,000	1,540,000,000
Seylan Bank Plc	USD	7,466,667	3,733,333	-	-	3,733,333	57,493,333



Notes:

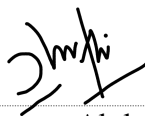
1. Exchange rate applied at at Dec 31, 2022
USD 15.40
MVR 1.00

2. Data Sources: Debt Management Department, Ministry of Finance

The Statement of Government Guarantee for the year ended 31 December 2022 was approved on 8th February 2024

Approved by:

Prepared by:



Maryam Abdul Nasir
Chief Debt Management Executive



Fathimath Mohamed Didi
Debt Management Executive



Notes to the Statement of Government Guarantees

1. Accounting policies

As per Section 38 of the Public Finance Act (law no. 3/2006), the Ministry of Finance (MOF) is responsible for the preparation of the accounts for the whole of Government of Maldives including contingent liabilities. The Statement of Government Guarantees reflects all Sovereign Guarantees (SG) issued by the Ministry of Finance (MOF) on behalf of the Government of Maldives and presents the year-end financial position of such Guarantees which reflects the financial exposure of the Government of Maldives as at 31st December 2022.

1.1 Definition of Government Guarantees

Government Guarantees are obligations of the government to repay any outstanding amount that arises in the event of default of a loan or other payment obligation by the beneficiary of a Sovereign Guarantee.

1.2 Suspension of debt service payments under some Sovereign Guaranteed loans

As part of the G-20 Debt service suspension Initiative (DSSI), some of the official creditors provided suspension on debt service payments payable during 2021. Suspended debt services are to be repaid as per the terms agreed with creditors.

2. Domestic USD Guarantees

Loans in USD	Beneficiary	Creditor	Currency	Balance 1st Jan 2022	Repayments	Disbursements	New Borrowings	Balance 31st Dec 2022
<i>Overdraft Facility</i>	<i>MIFCO</i>	State Bank of India	USD	-	-	-	-	-
<i>Working Capital</i>	<i>STO</i>	State Bank of India	USD	2,479,251	2,066,510	801,260	-	1,214,000
<i>Working Capital</i>	<i>STO</i>	Habib Bank Limited	USD	2,405,631	2,159,977	766,434	-	1,012,088
<i>Working Capital</i>	<i>STO</i>	Hongkong and Shanghai Banking Corporation	USD	8,779,550	8,779,550	-	-	-
<i>Working Capital</i>	<i>MIFCO</i>	Habib Bank Limited	USD	598,895	430,423	419,956	-	588,428
<i>Revolving Import Loan</i>	<i>STO</i>	Hongkong and Shanghai Banking Corporation	USD	3,310,827	9,941,174	9,507,310	-	2,876,963
<i>Development of Gan International Airport project</i>	<i>AIA</i>	Bank of Maldives	USD	13,069,258	2,914,148	1,037,766	-	11,192,876
<i>Funadhoo Expansion Project</i>	<i>STO</i>	Bondholders	USD	10,214,828	8,171,862	-	-	2,042,966
<i>Refinancing the Medical Essentials and Staple Food Imports</i>	<i>STO</i>	HSBC Male' Branch	USD	25,000,000	9,375,000	-	-	15,625,000
<i>Letter of Credit Facilities for the purpose of Purchasing Materials required for VIA project</i>	<i>MACL</i>	Bank of Maldives	USD	-	4,934,503	24,017,112	-	19,082,608
TOTAL			USD	65,858,239	48,773,148	36,549,837	-	53,634,928


3. External USD Guarantees

Loans in USD	Beneficiary	Creditor	Currency	Balance 1st Jan 2022	Repayments	Disbursements	New Borrowings	Balance 31st Dec 2022
<i>Hulhumale' Phase II Road Development</i>	<i>HDC</i>	Export Import Bank of India	USD	24,387,093	3,269,524	-	-	21,117,569
<i>STELCO 5th Power Development Project</i>	<i>STELCO</i>	Export Import Bank of China	USD	62,829,355 ¹	6,282,935	-	-	56,546,420
<i>DSSI Jan - Jun 2021_STELCO 5th Power Development Project</i>	<i>STELCO</i>	Export Import Bank of China	USD	4,319,041	431,904	-	-	3,887,137
<i>Construction of 7000 Housing Units in Hulhumalé' Phase II</i>	<i>HDC</i>	Industrial Commercial Bank of China	USD	339,891,386	29,658,764	-	-	310,232,622
<i>Housing Project Phase III - Development of 1530 Housing Units in Hulhumalé'</i>	<i>HDC</i>	China Development Bank	USD	97,557,322	12,673,000	33,172,678	-	118,057,000
<i>Irufen island Resort Project</i>	<i>Ahmed Siyam Holdings Pvt Ltd</i>	Export Import Bank of China	USD	108,375,000	12,750,000	-	-	95,625,000
<i>DSSI Jan - Jun 2021 Irufen island Resort Project</i>	<i>Ahmed Siyam Holdings Pvt Ltd</i>	Export Import Bank of China	USD	8,438,795	843,879	-	-	7,594,915
<i>DSSI Jul - Dec 2021 Irufen island Resort Project</i>	<i>Ahmed Siyam Holdings Pvt Ltd</i>	Export Import Bank of China	USD	8,241,901	-	-	-	8,241,901
<i>Construction of 7000 Housing Units in Hulhumale' Phase II</i>	<i>HDC</i>	Credit Suisse, Singapore	USD	32,563,020	21,691,320	-	-	10,871,700
<i>Design and Construction of Link Road Connecting Hulhule and Hulhunale'</i>	<i>HDC</i>	Industrial Commercial Bank of China	USD	20,491,131	3,725,660	-	-	16,765,471
<i>Construction and Development of the Seaplane Facilities at the VIA</i>	<i>MACL</i>	China Development Bank	USD	44,370,000	4,648,000	-	-	39,722,000
<i>Design and Construction of Electricity System and Open</i>	<i>HDC</i>	Browns - CMEC	USD	5,131,221	-	16,229,092	-	21,360,313

¹ The opening balance of Export Import Bank of China is restated after changes brought to loan account from DSSI and other reconciliations.

*Access Network in Hulhumale'
Phase II*

<i>Greater Male Grid Connection Phase I</i>	<i>STELCO</i>	Dongfang Electric Corporation	USD	26,655,852	5,791,584	-	-	20,864,267
<i>2500 Social Housing Units Project</i>	<i>HDC</i>	Bank of China, London	USD	13,350,347	6,635,203	-	-	6,715,145
<i>Design and Construction of Electricity System and Open Access Network of Hulhumalé' Phase II</i>	<i>HDC</i>	Seylan Bank Plc	USD	7,466,667	3,733,333	-	-	3,733,333
<i>Purchase of Refined Petroleum Products</i>	<i>STO</i>	International Trade Finance Corporation	USD	20,825,964	8,140,477	-	-	12,685,487
<i>The Purchase of Staple Food, Medicine and Medical Equipments</i>	<i>STO</i>	International Trade Finance Corporation	USD	15,000,000	-	-	-	15,000,000
<i>Development of Hulhumale' Phase I remaining roads and Phase II stage 2 roads</i>	<i>HDC</i>	Export Import Bank of India	USD	6,236,186	1,076,923	10,092,121	-	15,251,384
<i>Design and Construction of 2000 Social Housing Units in Hulhumale'</i>	<i>FDC</i>	Export Import Bank of India	USD	17,467,500	-	21,699,717	-	39,167,217
<i>Design and Construction of 2000 Social Housing Units in Hulhumale'</i>	<i>FDC</i>	Export Import Bank of India	USD	16,575,000	-	15,969,814	-	32,544,814
<i>Commodity Murabaha Agreement</i>	<i>BML</i>	Islamic Corporation for the Development of Private Sector	USD	-	-	10,000,000	-	10,000,000
<i>Syndicated Murabaha Financing</i>	<i>STO</i>	International Trade Finance Corporation	USD	-	-	-	-	-
<i>USD Swap Agreement 2022</i>	<i>MMA</i>	Reserve Bank of India	USD	-	-	100,000,000	-	100,000,000
<i>USD 55 Mil Loan</i>	<i>STO</i>	CFSIT Inc.	USD	-	-	55,000,000	-	55,000,000
TOTAL			USD	880,172,779	121,352,507	262,163,422	-	1,020,983,694



Auditor General's Office
M.Chanbeylee Villa, 1st floor
Majeedhee Magu, Male', 20337

Tel: +960 332 3939
Email: info@audit.gov.mv
www.audit.gov.mv