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MIGRATION IN AND FROM THE MALDIVES AND ITS IMPACT ON THE ECONOMY

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
INTRODUCTION	6
1.1. The nation's background	6
MIGRATION TRENDS AND FACTORS INDUCING MIGRATION	7
2.1. Emigration – passage towards better economic prospects	7
2.1.1 Migration to Europe: Trends	8
2.2 Internal migration: In pursuit of improved standards of living	11
2.3. Immigration: A looming crisis	13
MIGRATION AND ITS IMPLICATIONS FOR THE ECONOMY	17
3.1. The fiscal strain	18
3.2. Inflow and outflow of remittances: A growing trend	18
3.3. Curtailment measures	20
THE CRITICAL CASE OF UNDOCUMENTED	23
CONCLUSION	25
REFERENCES	29
ABOUT THE AUTHOR	30

Executive Summary

Migration has played a vital role in shaping the Maldives' economy, with migrants constituting nearly half of the resident population [174,314 out of 377,609 (2022)]. This paper examines the multifaceted impacts of emigration, immigration and internal migration on the nation's economic landscape and proposes solutions to mitigate the challenges revolving around it.

Trends in migration

Emigration from the Maldives, though modest (0.74% of the population in 2020), is driven by education, employment and healthcare. Key destinations include Sri Lanka, India, Australia and the UK, influenced by cultural ties, educational affordability and bilateral agreements. However, immigration creates significant economic strain. Foreign workers dominate 60% of the labor force, primarily in tourism, construction and domestic services. Bangladesh, India and Sri Lanka are major sources of migrant labor, with undocumented workers estimated at 63,000, contributing to fiscal leaks and labor exploitation.

Internal migration and urban congestion:

Internal migration concentrates 87% of Maldivians into urban centers like Malé and Hulhumalé, driven by inadequate rural infrastructure, education and employment. Overcrowding strains public services, inflates housing costs and diverts development from economic hubs like fisheries and tourism-dependent islands.

Economic implications:

The reliance on low-cost migrant labor fuels economic growth at high fiscal cost. Outward remittances reached 70 million in 2023, surpassing the inward flows (2.8 million), creating a drain on the foreign reserves. Despite visa fees contributing to state revenue, remittance taxes proved ineffective because of the operation of informal channels. Additionally, migrant workers' minimal local spending limits economic multipliers, while undocumented labor undermines regulation and revenue.

Policy challenges and recommendations:

Policymaking is impeded by inconsistencies in enforcement, political reversals (e.g., quota abolishment) and societal stigmas against certain types of jobs. To reduce dependence on migrant workers and resolve vulnerabilities, the report advocates:

- Workforce development: Expanding vocational training to align locals with sectoral needs.
- Stricter migration controls: Implement time-bound work permits, quotas and biometric tracking to curb undocumented labor.
- Economic diversification: Invest in sectors beyond tourism to retain skilled locals and attract diaspora contributions.
- Data-driven policies: Enhance migration data collection to inform evidence-based strategies.

1

Introduction

Migration, in any form, undeniably has a significant impact on the economy of any nation, and the Maldives is no exception. The most recent census by the Maldives Bureau of Statistics (2022) revealed that nearly half of the Maldivian population consists of migrants. i.e., 174,314 migrants out of a resident population of 377,609 people. Due to the large influx of migrants, who dominate the nation's workforce, migration and the economy are deeply interconnected. Concurrently, migration within the country's internal borders continues to affect its economic development in immeasurable ways.

This paper explores the various forms of migration occurring in the Maldives, provides a comprehensive analysis of how critical issues concerning different dimensions of migration impact and shape the Maldivian economy and proposes potential solutions to tackling issues revolving around migration.

1.1. The nation's backgrounds

The Maldives, a Small Island Developing State (SIDS) as defined by the United Nations (Nations), is an archipelago consisting of 1,192 small islands spread across 26 atolls that serve as the designated administrative divisions. Of these, only 187 islands are inhabited, with the most populous being the capital, Malé City. The Maldives is a 100% Muslim country, and Islam is recognized as its official religion under the Maldivian Constitution. The islands of the Maldives benefit from an abundance of natural resources, which drives its economy. Consequently, its economic activities revolve around tourism and fisheries.

2 Migration trends and factors inducing migration

According to the Maldives Bureau of Statistics (2022, p. 54), “if a person has resided in a place (island/ country) other than their usual residence for one year or more, he/ she is considered a migrant.” Like elsewhere, migration in the Maldives can be classified into three categories: emigration, immigration and internal migration.

2.1. Emigration: Passage towards better economic prospects

Data from the (2022) Census showed that 46% of Maldivians have, at some point in their lifetimes, lived in a place other than their usual residence.

Migration in Maldives: A Country Profile (2018) reported, drawing on highlights from the World Bank Global Bilateral Migration Database (which contains the earliest accessible records on emigration in the Maldives), that between 1960 and 2000, the primary destinations for the majority of Maldivian emigrants were India and Australia.

The Country Profile (2018) also reports, in light of data from the United Nations Population Division, that the number of emigrants began to rise only post 2000, reaching stabilization from 2010 to 2015. It also reported that, in 2015, a total of 2844 Maldivians, constituting 0.8 % of the Maldivian population, resided abroad. Additional data in the Country Profile reveals that it was only during 2000-2015 that the number of Maldivians emigrating to OECD member states began to soar, with the United Kingdom being a recipient of the largest inflow of Maldivian migrants, particularly between the years 2000 and 2001. Statistics pertaining to residential permits issued to Maldivians in EU countries (from

2008 to 2015) indicate that the majority of permits were issued for purposes of education, with almost 46% of the permits being education-related, family-related migration constituting 17% of the permits and work-related permits adding up to a mere 6%. The distribution of residence permits across EU countries during this period is as follows.

Figure 1: Distribution of residence permits across EU countries

Country	Residential Permits (%)
UK	83
Italy	3
Germany	2
Sweden	2

Source: *Migration in the Maldives* (2018, p. 17)

2.1.1 Migration to Europe: Trends

The Country Profile further reveals, on the basis of data gleaned by the author from (Eurostat, 2017), that education was the primary factor driving the flow of Maldivian migrants into EU countries between 2008 and 2016. During this period, 79% of all first work permits issued related to non-highly skilled work and one pertained to research work.

Recent statistics pertaining to emigrants in (2020) report that some 3715 Maldivians emigrants, making up 0.74% of the entire population, lived abroad. As per this data, depicted in Figure 2 below, Sri Lanka was the leading destination for Maldivians emigrating out of the country.

¹ SIDS are a distinct group of 39 States and 18 Associate Members of United Nations regional commissions that face unique social, economic and environmental vulnerabilities

Figure 2: Maldivians emigration out of the country

#	Country	Number of Maldivian migrants
1	Sri Lanka	1408
2	India	864
3	Australia	656
4	United Kingdom	372
5	Switzerland	88
6	Italy	35
7	Sweden	24
8	Netherlands	19
9	Romania	15
10	Austria	14

Source: *Countryeconomy.com*. (n.d.). *Maldives - International emigrant stock* (2020)

Further, as indicated by the Country Profile, the language of the host country, strength of cultural ties, openness of the labor market and the wide array of educational opportunities were major factors inducing Maldivians to migrate to these countries. Large numbers of emigrants to Australia and the UK therefore may be explained by the fact that English is widely spoken in the Maldives and by the long history of strong cultural ties between the latter and these countries. On the other hand, countries like Sri

Lanka and India offer educational opportunities at an affordable cost for middle income families.

By 2020, however, the scenario changed, with Germany becoming an increasingly popular destination for Maldivians to migrate to, with 271 Maldivian immigrants residing in Germany in (2020) alone. This can largely be attributed to the establishment of a permanent German visa application center in Male city (n.d.) in 2020, making Germany the first Schengen state to open such a center in the Maldives; this made the process of applying for a German visa relatively easier for Maldivians. This move, significant for increasing the number of Maldivians moving to Germany, portrays the critical role that bilateral relations play in migration. Similarly, the bilateral ties between the Maldives and the UK and Australia have led to Maldivian students being eligible to pursue higher studies through the Chevening Scholarship and Australian Award scholarship programmes, respectively. As these examples depict, the stronger the cultural ties and bilateral relations between foreign nations and the Maldives, the better the avenues that await Maldivians in these nations, be it in terms of education or job opportunities. In this manner, therefore, the geopolitical landscape of the country certainly impacts its citizens' migration prospects.

Another noteworthy example of how politics impacts migration is the sensitive case of the "India Out" campaign that was run during the Presidential campaign of 2023, with the current President, Dr. Mohamed Muizzu, at its forefront, demanding and pledging to oust Indian military personnel from the Maldives. During this campaign, allegations were made that several Indian military personnel were stationed in the Maldives, disguised as civilian technical personnel. Eventually, when President Muizzu took office, it was decided that the military personnel were to be replaced with technical civilians (Sharma, 2024). Although no data or case studies are available on whether this impacted the number of Indian migrants or Maldivians moving to India, it is likely to have influenced the numbers to an extent, given that there was a "public campaign" to drive away Indian personnel from the Maldives, complemented by a retaliatory campaign by India to boycott the Maldives' tourism.

Though we refer to this group as emigrants, Maldivians who become naturalized abroad or move their livelihood on a “permanent basis” are rare. Emigration from the Maldives is often attributed to specific purposes, such as healthcare, higher education or job opportunities. Irrespective of the motive for migration, however, data encompassing categories of emigration is largely unreliable due to the absence of a formal mechanism to routinely and officially collect records of Maldivians residing abroad. As such, the figures shown above may not reflect the exact number of people emigrating from the Maldives at any given time. Accordingly, there is limited information to assert that it poses any lasting impact on the economy, compared to the other two types of migration, as emigration is generally time-bound.

2.2. Internal migration: In pursuit of improved standards of living

The capital city, Malé, is the most densely populated island in the country, with nearly half of the entire population residing there. This is not solely due to the immigrant population. 87% of migration among Maldivians is internal, within the borders of the Maldives. Many Maldivians across the atolls move to Malé or administrative islands for marriage, as parents, students or workers, primarily in pursuit of an improved standard of living, including better access to quality healthcare, education and employment opportunities. Education and employment were identified as the main push factors (2022, p. 61), with one in every three migrants relocating for job opportunities. There are no higher education centers across the islands, and jobs are limited to government posts. Hence, the reasons for internal migration are a matter of necessity rather than choice.

The (2022) Census recorded that all atolls, except for Malé, Adh, M, Dh, Th, and Addu City, had net migration losses (p. 56), indicating that more residents were leaving these atolls than entering them. Since much of the infrastructure development is focused on Malé and administrative atolls, internal migration is concentrated around these areas. The latest Census of (2022) also recorded Malé as having 62,820 (p. 56) immigrants from different parts of the Maldives.

The age group data reflected an aging trend among the migrant population, with a significant proportion being in late adulthood or seniority. Further insights from the Census records show that internal migration is more common among females than males, who are more likely to emigrate.

As the population increases, so does the demand for housing and essential services. To address the socio-economic problems arising from congestion in Malé City, the government reclaimed the area of Hulhumalé, which had been connected to Malé by means of the Sinamalé Bridge since 2017. The easing of the population crisis in Malé City with the emergence of Hulhumalé was short-lived. As Hulhumalé has become home to more people and as more social housing projects have taken root, it is increasingly becoming as congested as Malé City. With congestion, living standards in Malé have deteriorated. Despite public infrastructure and essential services being based in Malé, much of the household income is spent on housing. The Housing Income and Expenditure Survey of 2019, as recorded in (2021, pp. 16-17), shows that 74% of households in Malé lived in rental accommodation, with the national average monthly rent being MVR 12,683 in the Malé area. Overcrowding in a few cities has led to negative implications for the economy and society, including soaring housing prices, high rental rates and heavy pressure on public infrastructure and services in densely populated areas.

On the other hand, while primary revenue-generating industries such as fishing, tourism and agriculture are based in more remote areas and islands, the shortage of human infrastructure in these areas results in these industries relying more on expatriate human capital. The internal movement away from atolls also means that national development and economic activities are concentrated in a few urban areas. As the population in urban areas rises, these areas become the focus of infrastructure development, at the expense of smaller islands and atolls. Thus, there needs to be a paradigm shift in policies to focus on developing areas where economic activities have the potential to flourish, to retain and build a stronger local workforce, ensuring that revenue generated from such activities is multiplied and retained within the local economy.

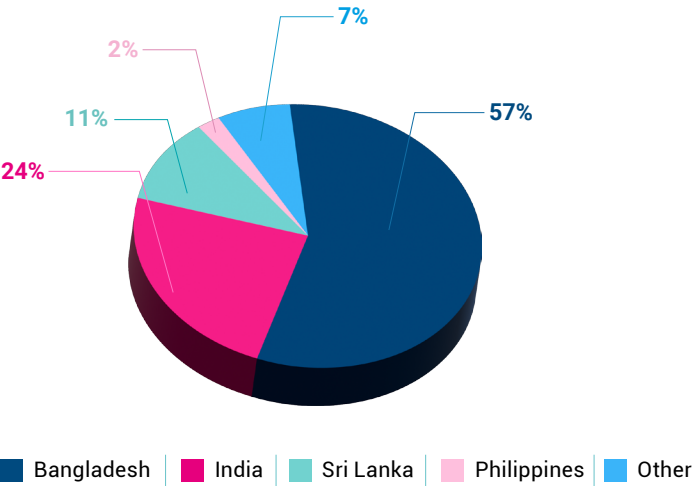
2.3. Immigration: A looming crisis

Pursuant to Law No. 1/2007 (Maldives Immigration Act), foreigners seeking to remain in the Maldives for employment must obtain a valid work visa. Section 9 of the Maldives Immigration Act provides different types of visas to foreigners intending to work or generate income in the Maldives.

The continuous need for skilled and unskilled labor, coupled with economic advancements in employment opportunities, makes the Maldives attractive to expatriate workers. The Maldives has the largest migrant population in South Asia, with at least one out of every four persons being a migrant worker (Maldives Bureau of Statistics, 2022). The Maldives Bureau of Statistics (2022) estimates that if the status quo prevails, by 2050, half of the population will be dominated by foreign immigrants.

Data published by the World Bank indicates a stark increase in the inflow of immigrant workers in 2015. According to the (Maldives Bureau of Statistics, 2022), the resident population of 515,132 included 132,493 foreign immigrants, representing over 26% of the entire resident population and approximately 60% of the workforce. 40% of the recorded foreign population is based in the capital city, with the rest spread across the atolls and uninhabited islands, operating tourist establishments. During the 1960s, the immigrant population was exclusively composed of Indians. As highlighted in the Country Profile (2018), this began to change in the 1980s with the number of immigrants from Bangladesh surpassing those from countries like India and Pakistan. Its data from 2015 confirms that Bangladesh took the spot of the number one immigrant origin country for the Maldives [see Figure 3 below.

Figure 3: Immigrant Origin by Country



Source: Plewa (2018, p.32)

The fluidity and development of any economy largely depend on the diversity and strength of its workforce. Hence, the economic potential of immigrant workers cannot be understated, regardless of whether they contribute to development or dismantling of the economy.

The Maldives has been a recipient country for migrant workers since the 1980s. However, the rapid surge in immigrant workers was driven by the growth of the tourism industry from the late 2000s onwards. As the tourism industry expanded, the demand for skilled and unskilled labor skyrocketed. Ms. Mariyam Nazima, former Deputy Minister at the Ministry of Economic Development (2021), stated that the increase in immigrant workers is inevitable as the economy grows. While skilled workers are in demand for fully functioning tourist establishments, unskilled labor is required for the construction of such establishments and real estate projects, including government-led infrastructure development projects. This continues to be the case. Among these, the tourism and construction industries are the most dependent on foreign labor. The construction industry is particularly noteworthy, as it is predominantly composed of expatriate workers. The First National Finance Corporation in

(2024) states, with reference to the Maldives National Association of Construction Industry, that the ratio of expatriate workers to domestics is 13:1 in the construction industry. Similarly, when it comes to domestic labor, such as housekeeping, cleaning is almost exclusively handled by foreigners, primarily from Sri Lanka, the Philippines and Nepal. There is almost no local supply for such occupations.

The tourism sector can be categorically regarded as one that employs a large pool of foreigners in significant or crucial roles, especially those offering high payouts. Statistics from (2022) show that out of 55,874 people employed in resorts, 32,728 were foreigners. Tourist establishments also favor foreigners for managerial positions, despite the high level of pay involved.

Similarly, an inadequate supply of local labor for the health and education sectors has led these industries to recruit foreigners as doctors, nurses and teachers. The heavy reliance on foreign employees in these critical industries, which are interlinked with the economic development of the Maldives, has resulted in a high dependence on foreigners. This means that the country cannot simply reduce its reliance on foreign workers without compromising the continuity and sustainability of these services.

The reasons for the shortage of local candidates for such employment opportunities are connected to inherent societal beliefs and norms. There is a prevalent mentality among Maldivians and a stigma attached to certain jobs. Occupations that require physical or manual labor are traditionally viewed as reserved for certain classes, and jobs without prestigious titles or insufficient pay grades are deemed “undignified” by a large part of Maldivian society. Even today, some traditionalists believe that certain occupations are reserved for a particular gender. This mentality is believed to have acted as a barrier for many young female workers pursuing careers in tourism, at least during the industry’s initial development stages.

The outlined statistics and patterns indicate that attracting locals

to meet the labor market's supply needs is substantially costlier. This, in turn, leads to an increase in production costs, forcing employers to bear higher expenses if they choose to prioritize local employees. Naturally, employers are more inclined to favor the cheaper option when it comes to hiring.

Despite this, there are no substantive efforts by policymakers to diversify the economy and economic activities. On the contrary, policies are shaped around preserving existing market trends and patterns.

3

Migration and its implications for the economy

Although the tourism sector has repeatedly been labeled the Maldives' single economic lifeline and the largest contributor to its GDP, the Maldivian economy is increasingly diversifying with the growth of real estate, construction, communication, technology and wholesale and retail trade. Economic Update in (2025), published by the Maldives Monetary Authority, reveals that the expansion of public administration and transportation sectors was the main driver of GDP growth during the third quarter of 2024 (2025, p. 1)

The earlier sections provided insights into the prevailing trends of migration in and out of the Maldives and their drivers. Clearly, the most critical issue in relation to the economy is the influx of immigrant workers. At present, the labor force is predominantly composed of migrant workers, with a significant portion engaging in low or unskilled labor. Thus, it can be asserted that there is a heavy dependence on foreign workers in the Maldives.

The principal factor driving the influx of immigrant workers is the low cost of labor. The lower the cost of human resources for businesses, the lower the cost of production and supply. The resultant downside and its repercussions for the economy outweigh the benefits for individual businesses.

Additionally, the influx of foreign workers has sparked debates about labor rights, employment standards and the balance between accommodating migrant workers and protecting local employment opportunities.

3.1.The fiscal strain

The fiscal impact on the economy emanating from the scale of worker immigration is immeasurable. The biggest repercussions are losses of income and wealth circulation due to the heavy outflow of remittances. Every immigrant worker is required to pay MVR 350 each month for their work visa, which significantly contributes to the country's annual revenue.

Former Minister of Finance and Treasury, Mr. Ibrahim Ameer, stated that close to 400 million is remitted out of the Maldives annually. In 2024, outward remittances were approximately 623 million Maldivian Rufiyaa. According to him, these numbers are alarmingly high compared to the national reserve (Former Minister of Finance and Treasury, Mr. Ibrahim Ameer, personal communication, February 2025). With the national reserve for 2025 forecasted to be around 663 million rufiyaa, if outward remittances are close to the national reserve amount, migrant workers are not contributing to the national reserve. In his opinion, such a large outflow of remittances is likely to cause a significant drain on the national reserve.

3.2. Inflow and outflow of remittances: A growing trend

The heavy outflow of remittances by foreign workers substantially benefits the economic growth of recipient countries more than it does the Maldivian economy. The Maldivian Monetary Authority reported in (2023) outward remittances totaling USD 70 million. In keeping with trends from previous years, it reported that the majority of the outward remittances (84%) were those made by resident foreigners. Bangladesh was the top recipient country of these remittances with a share of 46%, followed by Nepal with 9%, then the Philippines and Egypt at 8% and 7%, respectively. The portion of remittances attributed to Bangladesh depicts the growing number of Bangladeshi workers in the Maldives.

On the other hand, inward remittances constituted merely USD 2.8 million in 2023; as opposed to outward remittances, inward remittances saw an 8% decline compared to the previous year.

Remittances from Maldivians totaled 77% of the value of inward remittances, with 15% originating from the United Arab Emirates, 7% from the United States, followed by Germany and China, each contributing 6%.

This data leads to the conclusion that the inward flow of remittances is modest and not a significant contributor to its economy, given that these inward remittances are important at merely a household level, their impact on the general economy being limited; in effect, the country is a net-remittance sender country as opposed to being a recipient country.

While it cannot be denied that the spending habits of resident workers have some multiplier effect on the Maldivian economy, data on spending versus remittances indicates that the positive implications are limited. (Plewa, 2018) reported that, according to a 2016 publication by the Maldives Monetary Authority, outward remittances were close to the amount spent by these workers within the local economy, contributing to a deficit in the nation's fiscal account.

This is largely related to their living conditions in the Maldives. Many migrant workers share accommodations with fellow immigrants or reside in labor quarters at their work sites. The housing units they occupy create dire and inhumane conditions, reflecting a lower standard of life. Most migrant workers maintain minimal living standards and limit their spending to essential items.

To curb the negative effects of outgoing remittances, the Maldives Parliament passed an amendment to Law number 2/2008 (Employment Act) in August 2016, mandating a 3% remittance tax on all outward remittances and requiring employers to pay migrant workers through Maldivian banks. This resulted in "out of bank" transactions becoming more commonplace, with remuneration being paid to foreign bank accounts (2023). This meant that the Maldivian economy did not receive the expected increase in revenue from remittance taxes, owing to the usage of back door channels. Thus, given the reduction in outward remittances occurring through local banks,

which proved the taxation to be ineffective, the government decided to abolish the tax in 2020, with the passing of the Income Tax Act. The government introduced alternative taxes under the newly enacted regime pursuant to the Income Tax Act, in the form of taxes imposed on salaries or other forms of income, in accordance with that Act.

The fiscal impact of heavy reliance on foreign workers is not limited to the loss of income or remittances. Certain basic rights, such as access to education, are afforded to all residents, regardless of nationality under its Constitution. The Maldives is also party to several international human rights conventions, such as the International Covenant on Economic, Social and Cultural Rights, obliging the government to guarantee fundamental labor rights. This means the government must address the needs of the migrant population in establishing public infrastructure and services, creating an unnecessary burden on the government budget.

3.3.Curtailment measures

Despite the burden that migrant workers place on the economy, the migration policies of incoming governments have, time and again, been favorable toward immigrant workers. This habit may be shaped by various factors and patterns among locals that necessitate such policies, in an attempt to keep economic activities running, neglecting the long-term benefits and challenges that spring from sustaining a well-rounded economy.

The Maldives Bureau of Statistics reported in 2022 that out of 411,219 people of working age, Maldivians constituted 99% of the unemployed population and those out of the labor force (neither employed nor seeking employment nor engaging in income-generating activities) (2023, p. 34).

Historical and societal norms have shaped and continue to fuel this culture, including family support for young adults of working age, the societal acceptance that government jobs and white-collar private sector jobs are more secure and the political tradition where political leaders come into power by promising “jobs” in government offices and public service entities.

This is not to say that governments have been idle in addressing migration-related concerns. Measures have been taken to encourage employers to prioritize locals in terms of hiring practices. Regulation No. 2022/R-139 (Regulation on Planning, Operation and Management of Fisheries), 2022, prohibited foreigners from directly engaging in fishing activities on licensed vessels, allowing only a maximum of two foreigners per vessel for security and cooking. However, this regulation was later amended to increase the number of foreigners allowed on fishing vessels, depending on vessel size. Many of the policy changes or reversals of existing laws occur for political reasons. With every change of government, there is a tendency to depart from or reverse the stances of the outgoing administration, disregarding the positive implications of existing policies or laws, and to refrain from giving due credit to the previous administration, sometimes on account of sectoral demands.

Similarly, the government required tourist establishments to prioritize locals over foreigners and mandated foreign investments in tourism-related businesses, with allocation of a certain quota of jobs to locals. In reality, though, these ratios are often exceeded (Employment in Resorts , 2022).

Several challenges hinder the proper implementation of these policies. These include the inability of relevant authorities to monitor enforcement, the unlimited availability of migrant workers to fill jobs and the lack of pressure on employers to raise wages and working standards. Unlike Maldivians, who have expectations and demands for higher wages and better working conditions, migrant workers are more likely to accept lower wages and harsher conditions, especially in key industries like construction, education, healthcare and tourism.

The lower supply of local labor is also connected to skillsets. Maldivians pursue higher education in technical areas such as law, medicine, technology and business management, leading them to seek careers that align with their fields of study and skills. This indicates the need for the Maldivian economy to diversify beyond a handful of industries that do not require highly qualified individuals. The loss of highly skilled labor in various roles leads to a loss of competitiveness, potentially affecting the quality of services provided in tourist establishments, even as tourism remains the backbone of the economy. When quality suffers due to unproductiveness or lack of innovation, it hinders the progress of this industry, which is service-based.

4

The critical case of undocumented workers

There are also growing crises of labor exploitation and a soaring population of undocumented workers. It is estimated that there are approximately 63,000 undocumented expatriate workers in the Maldives (2018), and the exact number remains unrecorded. The increasing number of undocumented workers has created a market for informal employment. These workers enter the Maldives through unregulated channels and reside in various parts of the country, making it difficult for immigration authorities to track and maintain records. This also means that those entering through unofficial channels are not subject to the visa requirements, leading to a loss of government revenue.

Under President Ibrahim Mohamed Solih's administration, the Ministry of Economic Development initiated a regularization project to ensure legalization of all expatriate workers through registration. To complement this initiative, the Parliament passed an amendment to the Employment Act, limiting the number of expatriate workers from any single country to 100,000 individuals. However, this amendment was recently reversed by the current government led by Dr. Mohamed Muizzu, allowing the government flexibility in determining the maximum number of expatriate workers allowed into the Maldives. This Amendment allowed the government to review the quota allocated for each country, keeping in consideration sectoral demands. As stated above, policies tend to change consistently, with every consecutive government being adamant to ensure no credit is given to the previous government, even for positive changes.

This Amendment, in terms of the Bill submitted to the Parliament, does not have clear justifications for the reversal. The stated objective of the government in submitting the Bill was the resolution of the issue of undocumented workers in the Maldives. The unspoken objective, however, appears to be to address the increasing demand for migrant workers, to allow the government some leeway in allowing the influx of foreign workers from time to time.

Undocumented workers are vulnerable to exploitation by employers. Labor rights are not afforded to these workers, and some are subjected to severely derogatory practices and working conditions. In the long run, these practices may reduce the number of migrant workers coming to the Maldives, resulting in a labor shortage in an economy heavily reliant on foreign labor.

This is not to deny the inefficiency of governments, thus creating an environment for such irregularities. Cases of human trafficking and labor exploitation primarily result from the failure of regulatory agencies to implement proper policies and enforcement mechanisms, facilitating underground channels rather than combating them. The inefficiencies in migration policy-making and implementation are further worsened by the numerous government agencies responsible for different aspects of immigration. While the Maldives Immigration oversees visas and entry, labor exploitation is regulated by the Labor Relations Authority. Additionally, the line ministry (previously the Ministry of Economic Development and currently the Ministry of Homeland Security and Technology) is responsible for overseeing the regularization of undocumented workers. This highlights the need for harmonization and streamlining of policy formulation and enforcement across relevant governing bodies. In an effort to address this, the current government had initiated an operation titled “Operation Kurangi” (Maldives Immigration, n.d.) aimed at collecting the biometric records of all immigrant workers in the Maldives. This operation will also include assistance from the government in legalization of illegal immigrants. The ultimate goal of this operation is to deport all immigrants who are found to be in violation of requisite regulatory requirements.

5

Conclusion

Data on incoming migrant workers to the Maldives and the types of jobs they take on shows no direct correlation with the roles typically filled by Maldivians who emigrate. Instead, there is a stark gap in the numbers for each category. Census records show that as of (2022), only 12% of 174,314 Maldivians migrated abroad. In contrast, in the same year, there were approximately 132,493 foreign migrants in the Maldives, constituting 26% of its population. The population of foreign migrants was twice that of Maldivians emigrating out of the country. Therefore, the increasing migrant worker population and the resulting loss to the economy in the form of outward remittances may not necessarily be on account of lack of locally available labor. However, given that the Maldivian labor force continues to be dominated by foreign workers, this may lead, in the long run, to an increasing number of Maldivians emigrating out of the country for better work prospects.

Regardless, the departure of Maldivians from their local economy prevents new generations of locals from gaining similar expertise, owing to the resultant loss of the skill transfer that occurs through training and mentorship. The positive side of the emigration of Maldivians, however, is the flow of remittances into the Maldives as they work abroad. Although not as significant as the outflow from immigrant workers, these remittances contribute to economic development by facilitating increased spending by their families or through investments in the Maldives.

In the long run, this may inevitably lead to the loss of job opportunities for locals ready to enter the work force and of income generated within the local economy.

Therefore, serious efforts to address the negative economic impacts of migration must be backed by stricter measures to restrict the inflow of migrant workers, notwithstanding the immediate repercussions on major sectors. A stable economy is one that is not reliant on a few industries for its sustainability. Without diversification, the economy will be at risk of collapse

if a major industry like tourism is affected by natural causes or unanticipated shocks. This was evident during the COVID-19 pandemic when border closures led to the temporary shutdown of tourist establishments, causing a significant blow to the economy with no other major industry to fall back on.

If the government is serious about addressing this issue, it can introduce legal provisions mandating a certain percentage of locals to be employed in key industries. This would gradually reduce dependence on migrant workers. However, such requirements must be adequately monitored to produce effective results. Simply regulating the migrant worker situation will not make migrant workers less attractive. The government and policymakers cannot fill the gaps created by reduction in migrant workforce unless the local labor force is strengthened.

To achieve this, government-led initiatives must focus on retaining locals with technical expertise, preventing them from becoming part of another country's labor force. As is evident from the data and statistics outlined herein, the number of Maldivian emigrants seeking job opportunities abroad is insignificant compared to the number migrant workers dominating the Maldivian labor markets. Similarly, data reflects that the Maldives is a net remittance sender country. To retain the income generated out of labor within the Maldives and reduce the dependence on foreign labor, it is crucial that the local workforce be equipped with the necessary skills and technical expertise to cater to the demands of the labor market. It is also equally important to ensure that there are incentives for Maldivians leaving the country for higher education to return home and join the country's labor force.

Collaboration with the private sector, educational institutions and vocational agencies is essential to develop and expand technical and vocational skills development programs targeting specific industries. This will equip more locals with the skills needed to meet industry demands. Broader investments are required to develop the local workforce. Higher education institutions and vocational centers must focus on making the local population more employable by addressing soft skills and language barriers that may hinder employment in key sectors

like tourism. Current strategies appear to focus on regulating work permits and regularization, rather than on reducing reliance on migrant workers by facilitating changes that address employer needs through a strong local labor force. Measures must be implemented to close back door channels through which immigrant workers dive into the Maldivian economy; a well-regulated quota system that is strictly monitored needs to be put in place, to ensure that the numbers of undocumented and unregulated migrants are reduced.

The biggest challenge for policymakers is the lack of accurate data on migration and labor market needs. Without proper data, appropriate solutions cannot be identified and implemented to manage migration-related effects on the economy. No comprehensive policy has been formulated to create an effective migration strategy. Policies must be specific to the Maldivian economy and driven by supporting evidence.

Considering neighboring small island nations with flourishing economies still dependent on foreign workers, such as Singapore and the Seychelles, the Maldives can adopt similar measures. Singapore's approach includes a tiered work permit system with stricter controls for low-skilled labor and benefits for high-skilled workers. The Seychelles requires companies to create skills transfer programs to ensure local employees are trained and not easily replaced by migrant workers. They also grant work permits on a temporary or short-term basis to prevent migrant workers from permanently settling in the country. If the Maldives adopted similar time-bound work permits, it would reduce the number of migrant workers who permanently settle without contributing significantly to its economic growth.

Measures targeting outgoing workers could include offering incentives to stay, such as social security benefits and tax leeway. Promoting the development of diverse industries is also crucial. Even if the inflow of migrant workers is sustained and controlled, without retention and development of local talent, the labor force will not suffice to meet market needs. The government must identify ways to engage the Maldivian diaspora to contribute to national development and skills transfer to younger generations.

For this to be done, it is essential that there be a formal mechanism to collect data on Maldivians migrating to other countries. Bilateral relations with foreign nations could be utilized in this endeavor.

While the contribution of migrant workers to economic growth cannot be understated, the large outflow via remittances suppresses the circulation of wealth and spending within the economy. In essence, the benefits are overridden by the associated social, economic and financial costs in the long term.

Encouraging foreign investments should not equate to allowing complete leeway in hiring practices and favoring foreigners. Subsidizing social security benefits alone will not suffice. Government-funded scholarships could aid educational institutions and the private sector in providing more opportunities for locals to attain the expertise and skills they lack. This will reduce the number of Maldivians travelling abroad for higher education, resulting in retention of potential labor within the Maldives.

Migration is undoubtedly an intertwined and defining element in shaping the Maldivian economy. However, the economic gains of lower wage costs cannot be realized without retention of the resulting fiscal benefits within the Maldivian economy. Mitigating the challenges arising from the large influx of migrant workers requires carefully planned solutions aimed at achieving sustainable outcomes.

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