

# LABOUR MARKET REPORT

QUARTERLY REPORT

Q1- MARCH 2021



MINISTRY OF  
ECONOMIC DEVELOPMENT  
REPUBLIC OF MALDIVES  
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# ABOUT THE REPORT

The Labour Market Report is a quarterly report prepared by the Ministry of Economic Development which aims to review labour market developments in the Maldives. It provides information on the key labour market indicators including employment, job growth, wage levels and wage growth. As a labour force survey is not conducted frequently in the Maldives, the report draws on administrative sources.



# EMPLOYMENT AND JOB GROWTH



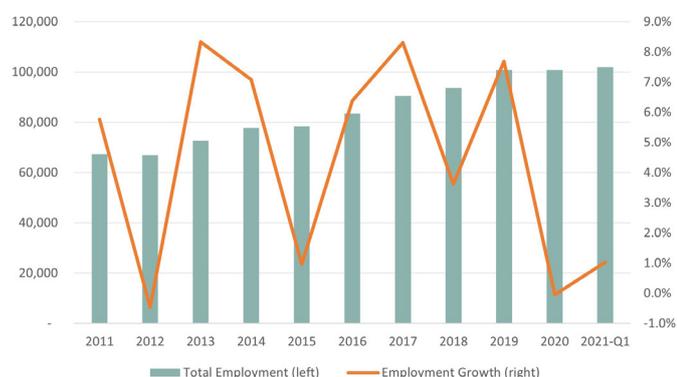
**The labour market has shown some signs of recovery during the first quarter of 2021**

Following a high level of layoffs due to the COVID-19 pandemic, the labour market has shown some signs of recovery during the first quarter of 2021. Based on the most recent data provided by the Maldives Pension Administration Office (MPAO), a total of 101,895 employees were registered under the payroll of employers listed in the pension system at the end of March 2021<sup>1</sup>. This is an increase of 1,045 employees (or a 1% increase in jobs) from a total of 100,850 employees recorded at the end of December 2020, although a decline of 2% was observed when compared with the corresponding period of 2020. Nevertheless, the recovery is expected to have slightly weakened in the second quarter of 2021 because of a soft lockdown and a necessitated restriction in movements imposed during the period.

Reflecting the large number of terminations in 2020, the total number of employees declined markedly during the year (Figure 1 and 2). A total of 100,900 employees were registered at the beginning of the year 2020 and reached an all-time peak of 105,757 in February 2020, before it started to decline drastically in March 2020 due to the pandemic. The number of employees dropped to a low of 99,225 at the end of September 2020, which is a decline of 6,532 or 6% from the February peak.

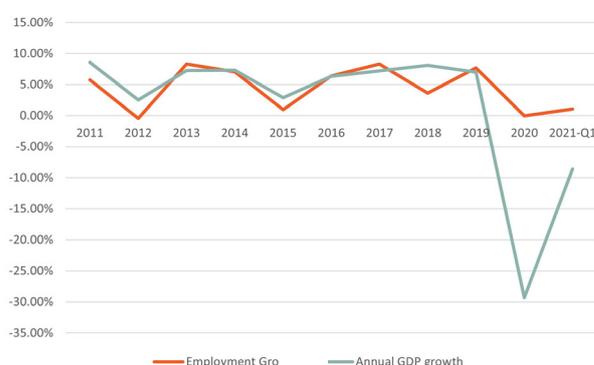
<sup>1</sup>The number of employees registered in the MPAO is used as a proxy for employment, which is equivalent to around 74% of the employed population estimated in the most recent labour force survey conducted by the National Bureau of Statistics in 2019. This does not include self-employed people and employees who are not registered with the MPAO.

**Figure 1: Employment Growth**  
(In annual percentage changes)



Source: Pension database

**Figure 2: Employment and Real GDP Growth**  
(In annual percentage changes)



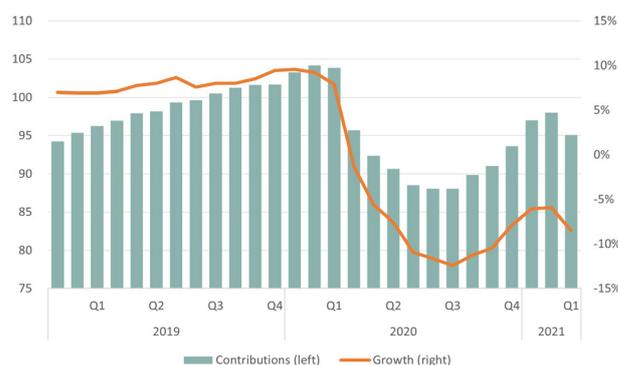
Source: Pension database, National Bureau of Statistics

**Figure 3: Employees who Contributed the Pension**  
(In thousands, in annual percentage changes)



Source: Pension database

**Figure 4: Pension Contributions**  
(In millions of Rufiyaa, annual percentage change)



Source: Pension database



**101,895**  
**EMPLOYEES**  
(end of March 2021)



**1,045**  
**JOBS INCREASED**  
(from December 2020)



**2%**  
**EMPLOYEES DECLINED**  
(compared with March 2020)

Meanwhile, the amount of pension contribution also fell significantly in 2020, indicating the large number of employees who were on furlough and reduced wage during the year. The amount of contribution had been decreasing notably since March 2020 and posted an annual decline of 12% in September 2020. In comparison, pension contribution saw an average growth of 7% for the period of 2017-2019. The decline was more pronounced in the private sector, mostly reflecting the layoffs and wage reductions in the tourism and other key sectors. Reflecting the rebound observed at the beginning of the year, the declines slowed down to 6% during the first quarter of 2021.

# WAGE LEVELS AND WAGE GROWTH



**The average basic wage  
of the employees reached  
the pre-pandemic salary  
during the first  
quarter 2021**

The average basic wage<sup>2</sup> of the employees reached the pre-pandemic level and stood at MVR 7,386 during the first quarter of 2021. While the recovery was partly driven by the restoration of the wages that were reduced by the government for a period of three months to reduce expenditure during the crisis, reinstatement of private sector wages also contributed to the rebound. It is also noteworthy that this is an increase of 2% when compared with the preceding quarter, indicating private sector wages are being reinstated (Figure 5).

The COVID-19 pandemic has brought unprecedented disruptions in the labour market and has resulted in large-scale reduction in wages of salaried employees, especially in the private sector, and earnings of self-employed people. Although wages of government employees were mostly unaffected, service sector (tourism and transport sector) which accounts for the largest share of employment in the private sector saw a large reduction in wages in 2020. During the midst of the pandemic in the third quarter of 2020, the average wage declined by 3% on an annual basis, before it started to bottom out in October 2020. The wage levels and magnitude of the contraction, however, is diverse across different wage groups (Figure 6). An in-depth analysis is, therefore, required to understand the wage levels across various economic activities.

<sup>2</sup> As the pensionable wage is calculated from the basic wage in the employment contract, employers are only obligated to report basic wage to the MPAO.

**Figure 5: Wage Growth**

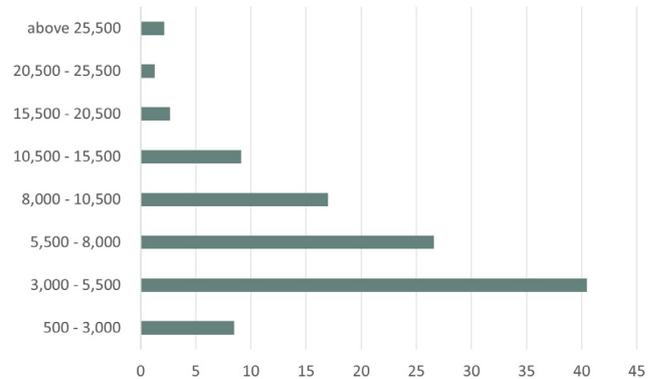
(In annual percentage changes)



Source: Pension database, Ministry of Economic Development

**Figure 6: Average Basic Wage Range**

(In thousands)



Source: Pension database, Ministry of Economic Development



**MVR 7,362**  
**AVERAGE BASIC SALARY**  
 (Q1 - 2020)



**MVR 7,386**  
**AVERAGE BASIC SALARY**  
 (Q1 - 2021)



**2%**  
**GROWTH IN AVERAGE BASIC SALARY**  
 (Compared with Q4 - 2020)

**Summary Table**

EMPLOYMENT	2016	2017	2018	2019	2020	Q1 - 2021
Total number of jobs (local)	83,485	90,422	93,698	100,900	100,850	101,895
Annual Job growth (%)	6.4	8.3	3.6	7.7	(0.1)	1.0
Average basic wage	6,828	6,963	7,106	7,345	7,262	7,386
Average basic wage growth	2.2	2.0	2.1	3.4	(1.1)	0.3

Source: Pension database

## Box 1

# JOB CENTER

## Developing an efficient labour market through job-matching technology

As the COVID-19 pandemic has resulted in large number of redundancies and unemployment, the Government has been taking targeted measures to address the issues on employment and minimize economic and social impacts of the crisis. Developing an efficient labour market through job-matching technology is one of the key initiatives targeted to facilitate job seekers as well as employers and, reverse the setbacks.

Under the initiative of the Ministry of Economic Development, a national Job Center was implemented in November 2019 as an intermediary between employers and jobseekers. It is an online job matching platform tasked with consolidating all job market related information to a single platform and carrying out research to further develop and refine the Maldivian job market. Furthermore, the Job Center is tasked with establishing a platform where the available job opportunities are easily accessible by prospective jobseekers as well as a mechanism to carry out the application process via the same platform.

During the onset of the COVID-19 pandemic, the platform was also utilised to initiate and implement the COVID-19 emergency Income Support Program. To further improve its effectiveness and increase outreach, a modern re-designed Job Center was launched recently in April 2021 and its functions were resumed at full capacity. The platform is also being used to verify whether employers have sought local employees before applying for expatriate quota.

Beyond its potential role of job-matching and promoting employment, the platform is expected to play an instrumental role in addressing some of the key labour

market challenges. As such, the Government plans to link registered users to training and employment opportunities through the platform, which will provide workers with more rewarding opportunities, incentivize employers and ensure workers have the skills necessary to thrive.

The following are some highlights of the Job Center activities as of June 2021.



**451**  
JOB SEEKERS



**1,439**  
JOB APPLICATIONS



**789**  
EMPLOYERS



**451**  
JOB POSTINGS



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