

China-Maldives Friendship Bridge ‘Transformational’ Infrastructure Project Despite Transparency Issues, New Study Finds

August 10, 2023 - A new impact assessment study of the China-Maldives Friendship Bridge and link road to Hulhumale’ finds that the project is a “vital and transformational infrastructure asset” for the Maldives that likely represents good value for money, despite the lack of transparency regarding the cost.

The “Bridge over Troubled Waters: An assessment of the China-Maldives Friendship Bridge” study, released today by the Baani Centre for International Policy, a Maldives-based think tank, uses a variety of analytical methods to study the economic impact of the bridge project.

The bridge was the flagship infrastructure project of former President Abdulla Yameen’s administration. It was financed through a combination of grant aid from China, loans from the Exim Bank of China, and finance from the Maldivian government. However, the specific details of the loans were never made public, leading to accusations by the then political opposition that the project was riddled with corruption.

Cost and Value of the Bridge

While noting the lack of transparency over the cost of the bridge and link road to Hulhumale, the Baani study, using the available public information, estimates the total cost of the bridge at US\$ 224 million, with an additional estimated \$5 million annual maintenance cost. Of this, US\$ 108 million was provided to the Maldives as grant aid from China, meaning that the cost to the Maldives was US\$116 million.

This amount is comparable to the investment required to build a medium to high end resort, and much smaller than other large government projects, such as upgrading Velena International Airport (\$857 million), or the Indian-funded Greater Male’ Connectivity Project (the bridge and road link from Male’ to Thilafushi, \$400 million).

The study notes that the bridge underpins the viability of several other infrastructure projects, including the new airport terminal and the development of housing projects in Hulhumale. Together, these other projects represent two-thirds of the country’s total loan portfolio.

Given the absence of a “willingness to pay” survey paired with accurate traffic information, there is a significant lack of quantitative data to ascertain the value of the bridge. However, the study concludes that the bridge has led to more additional investment in Hulhumale’ in the form of cafes, restaurants and retail outlets. All of these new investments create jobs, income and economic growth. The bridge also increased the value of land in Hulhumale’, which in 2022 exceeded the per square-foot price of land in Male’.

The study also criticizes the opaque nature of declaring values associated with grant assistance from China, noting that the true value of the grant assistance component for the bridge was not clearly declared.

A potentially large rise in carbon emissions

The study notes that the bridge has likely led to significant increases in carbon emissions with increased vehicle traffic. Carbon emissions generated by traffic on the bridge could be reduced by a switch to electric vehicles in the Greater Male' Area, if the electricity powering those vehicles comes from clean energy sources.

Policy Recommendations

While the bridge project can be viewed as an economic success story, the study criticizes the lack of any system of checks or balances prior to the construction of such a large investment project. While in this case the economic rationale appears justified, the lack of an economic impact assessment increases risks of Governments signing off on future projects that have little benefit.

NOTES TO EDITORS:

The full report can be downloaded at baanicentre.org/research/.

The Baani Centre for International Policy is a think tank based in the Maldives that provides a perspective on international issues from the viewpoint of small island states. For more information on the Baani Centre for International Policy, please visit: www.baanicentre.org

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