On September 20, the Indian Government handed over US$ 250 million to the Government of Maldives as financial assistance to support the island nation in its fight against the challenges arising from the COVID-19.

According to the UNDP, the Maldives is one of the worst affected countries in the Asia Region and potentially globally, due to the impact of the Coronavirus Pandemic. "The impact of COVID-19 on Small Island Developing States, like the Maldives, is more severe because of the country's high dependence on tourism and the import of oil and food", said Assistant Secretary-General and UNDP Regional Director for Asia-Pacific Kanni Wignaraja during the virtual launching ceremony of the report of the Rapid Livelihood Assessment on COVID-19 impacts in the Maldives. The Maldives closed its air and sea borders to tourist arrivals on March 27 which has led to tourism sector employees facing income insecurity, with an estimated average income loss of more than US$ 1.9 million per month.

> Walking the talk!
>
> USD 250 million assistance provided to 🇲🇻 by 🇮🇳, as budgetary & revenue support for mitigating impact of the #COVID pandemic on Maldivian economy. Under this, #SBI will subscribe to a Treasury Bond issued by Govt. of Maldives with a comfortable 10-yr tenor. pic.twitter.com/yEDOHlAwHJ
>
> — India in Maldives (@HCIMaldives) September 20, 2020

The financial assistance of US$ 250 million was provided by the Government of India in response to an urgent request made by the Maldivian President Ibrahim Mohamed Solih. The soft loan comes with very low interests rates and the principal payment is due only at the end of the 10 year tenor of the loan. This ensures that no immediate debt servicing liability is created on India's island neighbour. The Government of Maldives is also at the liberty to use the money to repair its domestic economic situation in line with its own priorities and comes with no-strings-attached from the Indian side. Further, this budgetary support is being routed through SBI, Male so that it does not reflect in the external borrowings of the Maldives.

This welcome assistance from India follows in line with India's substantial and continued help to the Maldives throughout the pandemic. Earlier this year India had sent a team of

doctors and nurses to the island nation, and since then has provided it with 11.7 tons of essential medicines, and 580 tons of food aid. India has also maintained the supply of essential commodities to the Maldives despite global trade disruptions.

At the handover ceremony organised by the Ministry of Foreign Affairs, Government of Maldives, the Minister of Foreign Affairs of the Maldives highlighted that India has always been a steadfast friend in times of need and the first to respond to any crisis in the Maldives. It was also mentioned that this is the largest financial support package announced by any bilateral partner of the Maldives during this crisis. This strengthening of ties between India and the Maldives has been beneficial to both parties and has resulted in a prosperous developmental partnership. The Indian leadership is also delighted with this turn in the relationship, as the Maldives' tilt towards China under its previous administration was not particularly to India's liking. India's continued support to the Maldives and the positive turn in the relationship between the two nations is seen as a step forward in India's resolve to be the net security provider in the Indian Ocean Region and helps New Delhi to counter growing Chinese presence in the region.

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