
FOURTH TOURISM MASTER PLAN 2013-2017

VOLUME 2: BACKGROUND AND ANALYSIS

Ministry of Tourism Arts & Culture

Republic of Maldives

December 2012

DRAFT 1

FOURTH TOURISM MASTER PLAN 2013-2017

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Ministry of Tourism Arts & Culture

Male', Republic of Maldives 2012

www.tourism.gov.mv

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ABBREVIATIONS

<i>ADB -</i>	<i>Asian Development Bank</i>
<i>CAA -</i>	<i>Civil Aviation Authority</i>
<i>CIP-</i>	<i>Commercially Important People</i>
<i>DAM -</i>	<i>Divers Association of Maldives</i>
<i>DMO -</i>	<i>Destination Management Organization</i>
<i>DNP -</i>	<i>Department of National Planning</i>
<i>DRT -</i>	<i>Disaster Response Team</i>
<i>EIA -</i>	<i>Environmental Impact Assessments</i>
<i>EMS -</i>	<i>Environment Management Systems</i>
<i>EPPA -</i>	<i>Environmental Protection and Preservations Act</i>
<i>FHTS -</i>	<i>Faculty of Hospitality and Tourism Studies</i>
<i>FDI -</i>	<i>Foreign Direct Investments</i>
<i>EU -</i>	<i>European Union</i>
<i>FTMP -</i>	<i>First Tourism Master Plan</i>
<i>GDP -</i>	<i>Gross Domestic Product</i>
<i>GIACL -</i>	<i>Gan International Airport Company Limited</i>
<i>ICT -</i>	<i>Information and Communications Technology</i>
<i>IHCS -</i>	<i>Institute of Hotel and Catering Services</i>
<i>LAM -</i>	<i>Live-aboard Association of Maldives</i>
<i>MATATO -</i>	<i>Maldives Association of Travel Agents & Tour Operators</i>
<i>MATI -</i>	<i>Maldives Association of Tourism Industry</i>
<i>MAYA -</i>	<i>Maldives Association of Yacht Agents</i>
<i>MCHE -</i>	<i>Maldives College of Higher Education</i>
<i>MED -</i>	<i>Ministry of Economic Development</i>
<i>MEYS -</i>	<i>Ministry of Employment, Youth and Sports</i>
<i>MHRY -</i>	<i>Ministry of Human Resources and Youth</i>

MHRYS -	<i>Ministry of Human Resources, Youth and Sports</i>
MICE -	<i>Meetings Incentives and Exhibitions</i>
MIA-	<i>Male' International Airport</i>
MIRA -	<i>Maldives Inland Revenue Authority</i>
MMA -	<i>Maldives Monetary Authority</i>
MMPRC -	<i>The Maldives Marketing and Public Relations Corporation</i>
MNDF -	<i>Maldives National Defense Force</i>
MOFT -	<i>Ministry of Finance and Treasury</i>
MOT -	<i>Ministry of Tourism</i>
MOTAC -	<i>Ministry of Tourism, Arts and Culture</i>
MOTCA -	<i>Ministry of Tourism and Civil Aviation</i>
MOU -	<i>Memorandum of Understanding</i>
MPS -	<i>Maldives Police Services</i>
MRF -	<i>Maldivian Rufiyaa</i>
MTDC -	<i>Maldives Tourism Development Corporation</i>
MTPB -	<i>Maldives Tourism Promotion Board</i>
MTTB -	<i>Maldives Tourism Training Board</i>
NDMC -	<i>National Disaster Management Centre</i>
PSC -	<i>Project Steering Committee</i>
PPP-	<i>Public Private Partnership</i>
SAARC -	<i>South Asian Association for Regional Cooperation</i>
SHCS -	<i>School of Hotel and Catering Services</i>
SNAP -	<i>Strategic National Action Plan</i>
STMP -	<i>Second Tourism Master Plan</i>
TEAM -	<i>Tourism Employees Association of Maldives</i>
TEC -	<i>Tourism Emergency Centre</i>
TEOC -	<i>Tourism Emergency Operation Centre</i>
TGST -	<i>Tourism Goods and Services Tax</i>

<i>TSA -</i>	<i>Tourism Satellite Account</i>
<i>TTMP -</i>	<i>Third Tourism Master Plan</i>
<i>TVET -</i>	<i>Technical & Vocational Education & Training</i>
<i>UNDP -</i>	<i>United National Development Program</i>
<i>UNWTO -</i>	<i>United Nation World Tourism Organization</i>

DRAFT 1 FOR COMMENTS

PREFACE

(To be prepared)

Ahmed Adeeb Abdul Gafoor

Minister of Tourism Arts & Culture

December 2012

1 INTRODUCTION

REASONS FOR A TOURISM MASTER PLAN

There is no legislative requirement for the Maldives government to prepare a tourism masterplan. Nor are there external agencies seeking a tourism masterplan as a conditionality of financing. The earliest tourism masterplans were about giving guidance to a fledging industry. They were blueprints for growth prepared by international experts. As the industry has grown and matured, the role of masterplan has changed. The third masterplan was less prescriptive and more strategic.

The aim of this fourth masterplan is to articulate a 5-year strategic agenda and action plan that is agreed by both public and private players in the industry. Both public and private sectors were involved in its preparation. The intention is that both sectors will be involved in its implementation. The planners have attempted to find a convergence of the interests of all players. Their aim has been to articulate industry's interests clearly, not only to guide the tourism sector itself, but also to explain to others where tourism is heading and what help is required.

GOVERNMENT'S MOTIVES

During 2011, the Ministry of Tourism Arts and Culture (MOTAC) undertook a Review of the Third Tourism Master Plan (3TMP Review). The results became the foundation for this Fourth Tourism Master Plan (4TMP). The Government's objectives were to identify and develop the strategic directions and an action plan for the sector as a guide for both the immediate and long-term growth trajectory, to guide investments to support the sector achieve specified policy objectives.

By preparing the 4TMP, the Government hopes to encourage innovation and allow existing tourism operators and potential investors to identify business ventures within the

framework of the government sector policies. It wishes to address human resource development (HRD) constraints and create opportunities for Maldivian workers and entrepreneurs in the sector. The Government also hopes the 4TMP will provide a strategic framework to position the Maldives as an emerging tourist destination in Asia offering uniquely branded, “must experience”, value for money products to its domestic and international markets.

PREPARATION PROCESS

As prescribed in the terms of reference, the process of preparing the 4TMP involved:

- Assessment of previous masterplans, identifying lessons learned and unfulfilled goals;
- Consultations with industry players on an overall strategic vision for the Maldives tourism;
- Consultations with stakeholders in the formulation of strategies for components parts;
- Consultations with planners on tourism spatial planning;
- Analysis of the ‘Strategic Human Resource Development Plan for the Tourism Industry 2011-2015’ and incorporation of its strategies for increasing participation rates and income levels of the Maldives workforce, particularly women; and
- Development of a five-year tourism strategic action plan

CONTRIBUTORS

Acknowledgement is made to the important contribution made by the 3TMP Review Advisory Committee convened in 2010 by the then Minister of Tourism Arts and Culture

and comprising industry pioneers, current entrepreneurs and government executives. This Committee aided the 3TMP Review and oversaw preparation of the brief for the 4TMP. The members of the 3TMP Review Advisory Committee were:

1. Mr. Mohamed Umar Maniku, Chairman, Maldives Association of Tourism Industry
2. Mr. Hussain Afeef, Director, Crown Company Pvt. Ltd
3. Mr. Qasim Ibrahim, Chairman, Villa Hotels Pvt. Ltd.
4. Mr. Mohamed Waheed Deen (withdrew), Chairman, Deens Orchid Agency
5. Mr. Ahmed Saleem, Director, Crown Company Pvt. Ltd
6. Mr. Ahmed Mujuthaba, G. Funfen, Male'
7. Mr. Hussein Hilmy, Director, Sunland Travels Pvt. Ltd.
8. Mr. Solah Shihab, Managing, Director, Voyages Maldives Pvt. Ltd
9. Mr. Mahmoodh Razee, Minister, Ministry of Economic Development
10. Mr. Thoyyib Waheed Mohamed, Chairman, Maldives Marketing & PR Corporation
11. Mr. Ibrahim Nooradeen, Board Member, Maldives Association of Tourism Industry
12. Mr. Ahmed Hamza, Director, AAA Hotels and Resorts Pvt. Ltd.
13. Mr. Ahmed Siyam Mohamed, Chairman, Sun Travels Maldives & Tours Pvt. Ltd.
14. Mr. Ibrahim Saleem, Managing Director, Island Aviation Services Limited
15. Mr. Abdullah Jabir, Chairman, Yacht Tours Maldives Pvt. Ltd.
16. Mr. Sonu Shivdasani, Chairman & CEO, Six Senses Pvt. Ltd.
17. Mr. Sim Ibrahim Mohamed, Secretary General, Maldives Association of Tourism Industry
18. Mr. Maleeh Jamaal, Sec Gen, Maldives Association of Travel Agents and Tour Operators

19. Mr. Ismail Hameed, Sec Gen, Live-aboard Associations of Maldives

Subsequently, in 2012, the Minister established a 4TMP Advisory Committee. The roles of this Committee were to give the Minister advice during the 4TMP planning process and to provide recommendations in formulating strategies and activities. The members of the 4TMP Advisory Committee were:

1. Mr. Mohamed Umar Manik. Chair, Maldives Association of Tourism Industry / Universal Enterprises Pvt. Ltd
2. Mr. Hussain Afeef, Vice Chair, Crown and Champa Resorts
3. Mr. Qasim Ibrahim, Chair, Villa Hotels Pvt. Ltd.
4. Mr. Ahmed Siyam Mohamed, Chair, Sun Travels and Tours. Pvt. Ltd
5. Mr. Ahmed Saleem, Director Crown Company
6. Mr. Ahmed Hamza, AAA Hotels and Resorts Pvt. Ltd.
7. Mr. Mohamed Waheed Deen, Chair, Deens Orchid Agency
8. Mr. Hussein Hilmy, Director, Sunland Travels Pvt. Ltd.
9. Mr. Ibrahim Noordeen, Board member, Maldives Association of Tourism Industry
10. Mr. Solah Shihab, MD, Voyages Maldives Pvt. Ltd
11. Mr. (Bandhu) Ibrahim Saleem, MD, Island Aviation Services Ltd
12. Mr. Ahmed Mujuthaba , C/o Ihuru Investments
13. Dr Abdul Samad Abdulla, Minister of Foreign Affairs
14. Dr Ahmed Shamheed, Minister of Transport and Communication
15. Dr Mariyam Shakeela, Minister of Environment and Energy
16. Mr. Mohamed Ibrahim, CEO/MD, Maldives Airports Company Ltd.
17. Mr. Samy Ageel, MD Regional Airports
18. Mr. Mohamed Maleeh Jamal, Deputy Minister, Maldives Marketing & PR Corporation.

19. Mr. Ahmed Zubair Adam, President, Liveaboard Association of Maldives
20. Mr. Armando Kraenzlin, GM, Four Seasons Hotels and Resorts
21. Mr. Ranjit Phillipose, GM, Taj Exotica Resort and Spa Maldives
22. Mr. Mark S. Hehir, GM, One and Only Reethi Rah
23. Mr. Carsten Schieck, GM, Conrad Maldives Rangali Island

Also in 2012, the Minister convened a 4TMP Masterplan Technical Committee made up of government ministry representatives, technical experts related to the key strategic areas of study and tourism industry representatives. The roles of this Committee were to provide overall guidance and direction to MOTAC on aspects relative to their sector while working closely with the consultants and their local counterparts in the preparation of the 4TMP. The Technical Committee was comprised of representatives from the following public and private organisations:

1. Ministry of Finance and Treasury
2. Ministry of Defense and National Security
3. Ministry of Home Affairs
4. Ministry of Economic Development
5. Ministry of Human Resources, Youth and Sports
6. Ministry of Housing and Infrastructure
7. Ministry of Fisheries and Agriculture
8. Ministry of Transport and Communication
9. Ministry of Environment and Energy
10. Ministry of Tourism, Arts and Culture
11. Ministry of Health
12. Ministry of Education
13. Ministry of Gender, Family and Human Rights
14. National Disaster Management Centre

15. Department of National Planning
16. Maldives National University
17. Maldives Airports Company Ltd.
18. Maldives Association of Tourism Industry
19. Maldives Association of Travel Agents and Tour Operators
20. Divers Association of Maldives
21. Live aboard Association of Maldives
22. Maldives Marketing and Public Relations
23. Local Government Authority
24. Island Aviation Services Ltd

MOTACled the planning process to prepare the 4TMP. A team of consultants mobilized by international agencies assisted:

1. Mr Les Clark, Tourism Planner and Team Leader, Asian Development Bank
2. Ms Jyotsna Roy, Gender and Social Development, Asian Development Bank
3. Mr Wouter Schalken, Human Resource Development, United Nations Development Program
4. Mr Robert Cleverdon, Marketing Planner, United Nations World Tourism Organisation
5. Mr Keith Dokho, Business Dev & Economic Planner, World Bank
6. Dr Ahmed Shaig, Environmental Planner, United Nations Development Program

Throughout the 4TMP preparation process the Planning Division of MOTAC maintained a secretariat for the Advisory Committee and Technical Committee meetings and provided facilitators and counterparts to the planning team. These facilitators and counterparts include:

1. Mr. Moosa Zameer Hassan, Deputy Director General, Planning Division, MoTAC
2. Mr. Uhudhu Ahmed, Senior Planning Officer, MoTAC
3. Ms. Mariyam Sharmeela, Director, MoTAC
4. Ms. Fathimath Afrah, Senior Marketing Executive, MMPRC
5. Mr. Mohamed Azim, Director, Ministry of Housing & Infrastructure
6. Mr. Ali Waheed, Dep. of Heritage, MoTAC
7. Mr. Mr. Ali Shinan, Asst. Director, MoTAC
8. Ms. Fathimath Samah, Senior Planning Officer, MoTAC
9. Ms. Mariyam Sana, Project Officer, MoTAC
10. Mr. Ibrahim Haail, Administrative Officer, MoTAC
11. Mr. Hassan Saeed, IT technician, MoTAC
12. Mr. Faseeh Zahir, Senior Legal Officer, MoTAC
13. Mr. Abdulla Zaadhee, Paralegal Assistant, MoTAC

FORMAT AND APPROACH

At the suggestion of the 4TMP Advisory Committee, the Fourth Tourism Masterplan is in two volumes. This represents a break from the previous masterplans. The purpose of the change is to prevent large volumes of analysis getting in the way of a few, clear statements of directions. The Advisory Committee asked the planning team to propose “bite-size” strategic changes that can be made in the next five years, around which the whole industry can join in an implementation partnership.

Volume 1 is presented as a Strategic Action Plan for Tourism. It contains:

- i. Broad statements of strategy, useful for explaining the industry's intentions to others; and
- ii. Specific action points, so the progress of implementation can be measured

The purpose of volume 1 is to articulate a jointly agreed, 5-year agenda for Maldives tourism in a manner that both public and private sectors can relate to. With complex analysis stripped away, Volume 1 will be used by the industry to measure progress and to explain the industry's strategies to other sectors whose agendas need to be aligned. Volume 1 is similar in format to the tourism strategies of other successful tourism destinations that use shared, public / private decision-making to drive tourism decisions, an approach advocated by UNWTO for Maldives.

Volume 2 follows more closely the pattern of previous Maldives tourism masterplans and contains:

- i. Assessment of the component parts of tourism, tracing changes over time, and
- ii. More detailed analysis of the proposed strategic directions

Volume 2 is formatted in a manner that illustrates the masterplanning approach. Because tourism is multi-faceted, analysis needs to reflect interplay between its different component parts. Tourism is also dynamic, so analysis should draw out the implications of past changes and trends as the basis for future paths and strategies. Thus, the component parts of tourism were examined separately: policy context; markets and marketing; accommodation; activities and attractions; supporting services; access; conservation and environment; economic assessment; human resource development and

industry organisation and governance. To begin each section, the history of the component is examined over time, using previous masterplans as benchmarks.

FOCAL POINT FOR FOLLOW UP

All queries about the 4TMP may be directed to:

Planning Division

Ministry of Tourism, Arts and Culture

5th floor, Velaanaage

Male', Maldives.

Tel: (960) 332 3224, 332 3226

Fax: (960) 332 2512

Email: planning@tourism.gov.mv

Website: www.tourism.gov.mv

2 BACKGROUND

A GROWTH STORY

EARLY BEGININGS

Tourism in the Maldives took off in the early 1970s when an Italian tour organizer came across Maldives while looking for new destinations in untouched tropical places. The first group of 22 Italian tourists arrived on a chartered flight of Air Ceylon.

By 1972, two islands had been developed as resorts with a capacity of 280 beds. That year, a total of 1,000 tourists visited Maldives. Hulhule' Airport was the gateway. Resort islands were developed in close proximity. By the late 1970s, with Europe's interest increasing, international tourism had become an important source of income for Maldives.

Throughout the history of Maldives tourism, development has been driven by the private sector. Industry pioneers made the best of the minimal infrastructure. Originally packaged together with culture-oriented Sri Lanka, Maldives soon established itself as a destination in its own right. The market changed from specialized segments, especially divers, to the broader scope of beach holidays. Maldives became synonymous with luxurious sun, sea and sand holidays.

STATISTICS OF SUCCESS

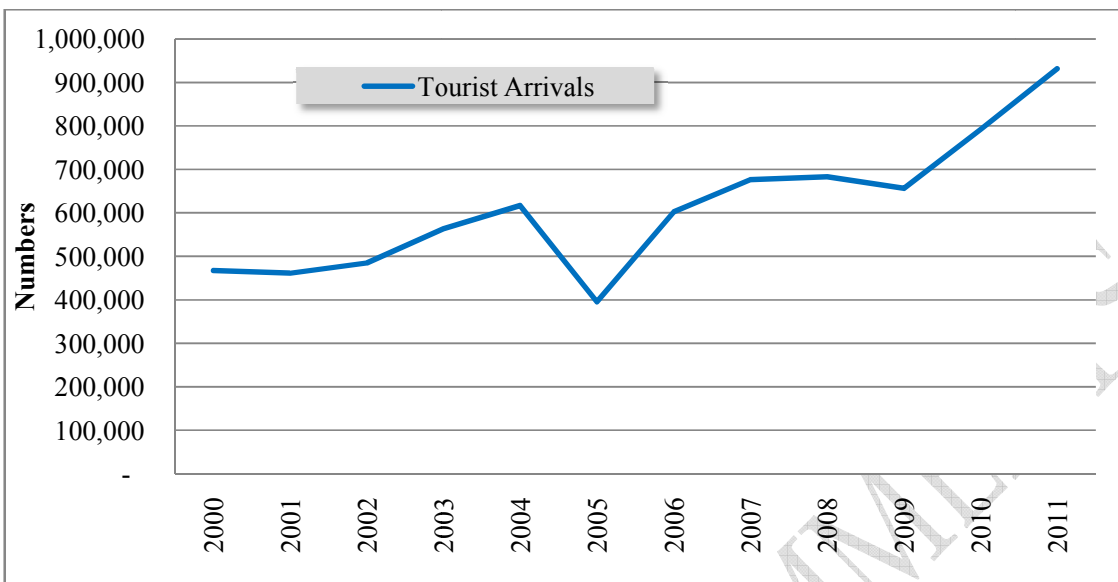
Over the past few decades the Maldivian economy has become dependent on the tourism industry. In 2011, the tourism sector accounted for nearly 34% of direct Gross Domestic Product (GDP) and almost 75% when counting both direct and indirect. The disparity between direct and indirect GDP illustrates that tourism is a cross-sectoral industry. Tourism serves as a link and stimulus to almost all other sectors of the economy such as transport, construction, trade, and financial services.

The country's economic wellbeing has relied on the success of the industry. When compared to other island nations of its size, the growth trajectory of Maldives tourism has been a clear success story. When tourism officially began in 1972 only 1,000 tourists arrived that year. By 2011, that number had grown to 930,000. By the end 2012, arrivals are expected to exceed 1 million. Since its inclusion in international tourism statistics, Maldives' share of tourists from around the world has grown steadily from 0.02 percent in 1981 to 0.07 percent in 2009, an average 4.4 percent increase per year. Historically, Europeans have represented the largest share of incoming arrivals to the country. This pattern is now challenged by the increased growth of Chinese tourism. The opportunities and challenges of this shift require thoughtful direction and policy development.

A multitude of factors have contributed to the dramatic growth in the Maldives tourism throughout the last 40 years. The Maldivian Government outlined its approach to standardize tourism development in the first tourism masterplan drafted in 1982. Subsequent tourism master plans have provided the industry with direction and focus as the country's economy moved along to the distinction of middle-income country status in 2011.

Considered a long-haul destination, the growth experienced by the Maldives has not occurred without issues and impacts on the general population. The inherent volatility of an economy primarily dependent on tourism revenue compounds the effect of any decrease in tourist arrivals. Since 2000, there have been two noticeable downturns. The tsunami of 2004 resulted in a 33% decrease of total visitors while the global financial crisis (GFC) of 2008 created a lag effect in tourism for 2009. These have been the only significant downturns experienced by the Maldives tourism industry since its inception.

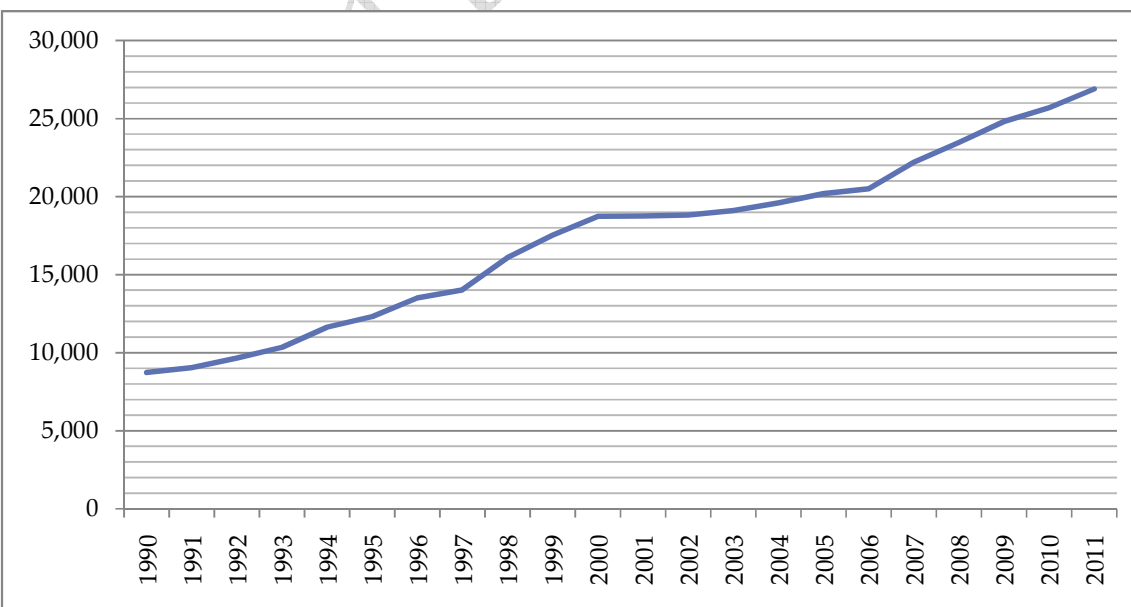
Figure 2-1: Tourist Arrivals to the Maldives 2000– 2011



Source: Ministry of Tourism, Arts & Culture, (2012)

The supply of tourist accommodation has increased at a steady rate. By the end of 2011 there were 26,800 beds in the industry. This includes resorts, marinas, hotels, guesthouses and safari boats.

Figure 2-2: Tourist Accommodation Bed Capacity in the Maldives 1990– 2011



Source: Ministry of Tourism, Arts & Culture (2012)

PREVIOUS TOURISM MASTERPLANS

Because tourism development in Maldives has been so private sector-driven, it is debatable whether previous tourism masterplans have always had a profound influence on the directions of growth. The first masterplan was influential in that it prescribes the essential product and set an aspirational development pattern. Subsequent plans give a snap shot of prevailing strategic thinking at the time and their recommendations did influence government actions. As a matter of good planning practice it was determined early that 4TMP should include a thorough analysis of the evolution of strategic thinking reflected in the three previous masterplans.

FIRST TOURISM MASTERPLAN 1982

The First Tourism Masterplan in 1982 (1TMP) envisaged tourism products based around nature settings with just the minimum facilities required to cater for tourist needs. Social and cultural impacts should be avoided through careful controls ensuring only one resort per island and no resorts were to be built on inhabited islands. Development would not just occur around Male. Rather, in order to spread the economic benefits of tourism, three separate and independent “tourism development zones” should be created at “economic growth poles” – one in the north, one around Male’ and one in the south. Each zone should have a tourism center with supplies, storage, services and information. The Male’ zone, including Alif Atoll, should develop first. A Huvadu zone should be created in the south with Laabdhuvaa as service center and, in the north, the Baa/Raa zone should have Digili Island as its service center. Regional differentiation should occur around the handicraft products of each zone. All three tourism service centers should be developed by 1990 catering for up to 215,000 tourists.

1TMP thus established a robust conceptual framework. It encouraged authorities to plan ahead and, by integrating economic, social, cultural and physical considerations, to craft strategies to benefit the country as a whole. However, the notion of Male’ being the gateway

and hub for only a short time before secondary hubs in the north and the south were built, did not endure. 1TMP's recommendation about consolidation and upgrading of existing resorts did occur. 1TMP predicted a future ideal maximum number of beds of between 10,000 and 12,000 - about 3,000 to 3,500 per tourist zone. In fact, the following decade (1982-1992) saw the addition of 36 new resorts around Male with a doubling of bed spaces to reach a total of almost 8,500.

SECOND TOURISM MASTERPLAN 1995

By the time of the second tourism masterplan in 1995, tourism was established as a driver of the economy. Future prospects look good, especially when India and China start traveling as was predicted at the time. Private sector-led growth had resulted in the pragmatic approach of developing Ari Atoll first. To implement the 1TMP's decentralised regional development vision would have required the government to act in a catalytic way, and this had not occurred. 2TMP rationalized the situation saying that while the aim of spreading development benefits was admirable for the sake of equity, a critical mass of development was required for economies of scale. However, 2TMP noted that Kaafu and Ari atolls were now, in 1995, comprehensively developed. Therefore, an active policy of decentralisation was now required.

2TMP predicted growth to continue at 6 to 7% up to 500,000 arrivals by 2004. 4,000 additional beds were called for by 2005, gradually expanding tourism to all atolls of the Maldives. The additional transport hubs had not eventuated and development pressure continued around Male'. In 1999, the government announced a moratorium on additional bed development in Male', North Ari and South Ari atolls. The moratorium was subsequently lifted on the insistence of the industry. It was considered to infringe the rights of developers to build on up to 20% of land as per the tourism regulations at the time. On the marketing side, 2TMP envisaged that Maldives would position itself as a "premium marine eco-destination".

3TMP was strategic and aspirational. It envisaged tourism continuing to be driven by an increasingly sophisticated and responsible private sector. It advocated that tourism should be viewed as an instrument of economic and social development in a manner that benefits all Maldivians in all parts of the country. It foresaw steady development of the Maldives tourism industry as a model of sustainable tourism with environmentally and socially responsible practices to international standards. In this regard it set six strategic areas. The focus was to expand and strengthen the tourism industry in order to assist economic and social development. By developing and expanding the industry's infrastructure throughout the country, the growth of tourism could be sustained together with an increase in employment opportunities and other benefits through more community participation. Aspirations were set for global excellence in environmentally sustainable tourism.

3TMP emphasised branding as a unique tourist destination, imbued with innovative products in an effort to remain as a top ranking tourist destination in world markets. All this was to be supported by solid legal and regulatory framework and by MOTAC.

THIRD TOURISM MASTERPLAN REVIEW

The 3TMP Review provided a comprehensive assessment of achievements during the recent masterplan period (2008 – 2012). The assessment was reported under the six strategic areas established by 3TMP:

- i. Facilitating sustainable growth and increasing investment in the industry, while enhancing public share of economic benefits from tourism
- ii. Increasing employment opportunities, opening up opportunities for gainful public and community participation in the tourism industry
- iii. Developing and maintaining supporting infrastructure required for the growth of tourism industry

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- iv. Ensuring environmental sustainability in the development and operation of all tourism products and strive for global excellence in environmentally-responsible tourism
 - v. Continue to brand Maldives as a unique destination with innovative products and retain Maldives positioning as a top ranking destination in traditional and emerging source markets
 - vi. Continue to strengthen the legal and regulatory framework and institutional capacity of the MOTAC

The “recent events” sections of each of the following chapters have been compiled from the lists of achievements against these strategic areas contained in the 3TMP Review.

3 LEGAL AND POLICY CONTEXT

HISTORY OF THE LEGAL AND POLICY CONTEXT

LEGAL AND POLICY CONTEXT IN 1TMP, 1982

In 1982 there were no standard guidelines for resort approvals. The Government Architect considered plans using common-sense criteria. Law 25/79 required all foreign investment to be registered. Foreign investors were asked to give priority to employing Maldivian staff, but there was no requirement to train local staff. Government taxes and duties systems were perceived to be easy to operate, not representing a constraint. The potential for large profits was recognized. In 1980, an import tax was introduced with variable rates –from 10% on staples to 35% on alcohol. Construction materials were exempt. In 1980, a tourist bed tax was introduced at a flat rate on all tourist accommodation facilities and a US\$6 departure tax was imposed.

LEGAL AND POLICY CONTEXT IN 2TMP, 1995

By this time, concern was focused on section 5 of the Tourism Act 1979 regarding government's right of first refusal to take over management when leases expire. In 1994, the government had adopted new legislation entitled the "Law on the development of uninhabited islands" the purpose of which was to regularise resort lease arrangement and other leases on uninhabited islands for tourism activities other than accommodation. All leases were to be with government for a period of 21 years. 2TMP focused concern about the reallocation process after 21 years.

LEGAL AND POLICY CONTEXT IN 3TMP 2007

3TMP contained a comprehensive analysis of the legal context. Whereas previously the predominant process for leasing islands and land had been the Tourism Act provision for lease by public tender to the best-qualified bidder in accordance with set procedures,

recently the exception clause, where Government itself can invest on its own or through joint ventures, had been used more frequently. In 2005, changes had been made to bidding documents to simplify evaluation. Drawing of lots now determined the final winner. The lease period had been extended to 25 years, except for investments exceeding USD10 million when the maximum period was 35 years. New clauses encouraged investments by public companies.

3TMP also called for the Law on Exports and Imports to be revised, pointed out there was no Act dealing with immigration. It noted that the absence of a Labour Act was causing problems and there was a need to revise the Foreign Investment Act. It also pointed out the potential for conflict when MOTAC is both lessor of the resorts and owner of all resort islands.

3TMP flagged the prospect of separating the Tourism Act into several laws on separate subjects, eg: resorts, hotels and guest houses; tourist vessels; diving centres; tour operators and travel agents, etc. It was suggested that monitoring of compliance with lease agreements could be by atoll level authorities or private companies and a separate public/corporate entity could lease islands and/or participate in resort development.

RECENT EVENTS IN THE LEGAL AND POLICY CONTEXT

In 2010, a new regulation came into effect that saw a payment of fees for extending the lease period of resorts up to 50 years. A period of 99 years is allowed if more than 51 percent of shares are sold to the public. The government subsequently formed MTDC, a publicly listed company that sold shares to the public.

The Tourism Act initially restricted transfers of lease rights to a second party prior to development and commencement of operations. A 2010 amendment provided for financing the development of resorts through mortgaging and guarantees to financial institutions. The tendering system was also revised to allow for foreign investors to take part in the bidding process.

There has been significant recent process in labour law. The 2008 Employment Law enabled a Labour Tribunal and a Salary Advisory Board. In May 2009, Maldives became a member of the ILO. The Government is currently developing a social dialogue, tripartite negotiation and collective bargaining arrangements all aimed at dealing with labour relations and dispute resolution

The Airline Passenger Bill and draft legislation to create a Civil Aviation Authority have been submitted to Parliament for consideration. A Copyright Bill was ratified in 2010. MOTAC regularly hosts consultations with stakeholders to identify other revisions required in tourism related legislations and regulations.

On a political note, the 3TMP Review report cautiously noted that socio-economic realities after the Asian Tsunami in 2004 had led to the conventional thinking that tourism should be developed in a very restricted way giving way to a more liberal agenda of opening up the ownership of tourism to others in society. In line with this, tourist establishments were being permitted on inhabited island with the intention to create deeper economic linkages to communities. It is not overstating the situation to say that this liberal agenda of spreading the ownership of tourism has become a highly charged political issue.

CURRENT LEGISLATION AND REGULATIONS GOVERNING TOURISM

The Maldives Tourism Act of 1999, with its amendments, supports regulations on: the lease of islands or land for resorts, hotels and marinas; the development of guesthouses; and the management of these facilities. The Act has provisions relating to: the terms and conditions of the lease of islands; the sale and transfer of lease rights to third parties; and taxation from tourist establishments and tourists. The Act also supports: procedures on leasing islands for resort developments; how the lease agreements should be drawn up; the term of lease and lease periods; and their expiration and compensation. The Act and regulations also govern the operation of tourist vessels, diving centers and travel agencies. Underpinning the Act is a consistent government concern to ensure that leasing of islands and land for development

should be carried out in a fair and equitable manner. 3TMP emphasized encouraging foreign investments and the Act was amended to reflect this.

Existing regulations under the Tourism Act are subject to constant review and amendment:

1. Regulation on Lease Rent Payment (Third Amendment made 2012)
2. Regulation on Grant of Rights of Resorts (Being implemented)
3. Symbolic Marriage Regulation (Under review at present)
4. Regulation on Payment of fees for the Extension of the Period of Lease of Tourist Resorts (Under review. Subsection C of Clause 8 of this regulation has been overruled by the Courts and the amount payable for the extension of the lease period up to 50 years is no longer to be collected upfront in advance)
5. Travel Agency Regulation (First Amendment made 2012)
6. Regulation on the Protection and Conservation of Environment in the Tourism Industry (Being implemented)
7. Yacht Marina Regulation (Being implemented)
8. Maldives Recreational Diving Regulations (Being implemented)
9. Regulation on leasing and development of islands for tourism related purpose (Being implemented)
10. Tourist Vessel Regulation (Being implemented)
11. Foreign Tourist Vessel Regulation (Being implemented)
12. Guest House Regulation (Second Amendment being drafted)
13. Regulations on provision of data for the compilation of tourism statistics. (Being implemented)

Key government policies are prescribed in the Maldives National Development Plan. The last such plan was known as the Strategic Action Plan (SAP) 2009-2013. It was compiled based on the Maldivian Democratic Party's (MDP) manifesto "*Qaumee Iththihaadhu Manifesto*". The key planks of the plan were: i) a nationwide transport system; ii) affordable living costs; iii) affordable housing; iv) affordable and quality health care for all; and v) prevention of narcotics abuse and trafficking. In regard to the tourism sector, government plans were summarized as: "to make the regulatory framework more efficient and effective; to allow for sustainable investment in the sector and supporting infrastructure; increased training and employment opportunities for locals; and the environmental sustainability of all tourism related ventures."

Elsewhere in the SAP it was noted that whereas in the past resort development was concentrated in the central region of the country within easy reach of the Male' International Airport, under new policies, islands for resort and hotel development have been released across the country, along with plots of land for city-style hotel development in inhabited islands. The decision to develop guesthouses in the atolls was expected to bring direct benefits to island communities. It was noted that reviews of regulations are needed for these emerging markets and products.

Currently, in the absence of an approved national development plan, government's economic advisors seek new thrust sectors to drive economic development. The Ministry of Economic Development sees the tourism sector providing jobs and a rationale for infrastructure development, but also as a prime target for the question "what else is there for Maldivians?" The style of tourism development and the previous tourism development policies make links to society hard to create. Resorts by their nature strive to create activities within their boundaries rather than outside.

From the outset, deliberate policies separated resorts from society. With many technical jobs in resorts now being done by expatriates, economic development concerns are

currently focused on finding new ways to leverage on the success of tourism to produce growth elsewhere in society. In the process, it is increasingly recognized that a primary concern should be to protect the success of the mainstream tourism sector, the engine room of the Maldives economy, which produces the tax revenue to support all government-led stimulus activity.

PLANNING AT ATOLL AND ISLAND LEVEL

Land management in Maldives is governed by the Land Act, which requires that all land allocation should be based on a land use plan. The Ministry of Housing and Infrastructure prepares guidelines for land use planning and approves land use plans. Island land use plans allocate land for various activities. All land allocations must obtain approval from the Maldives Land and Survey Authority, which maintains a register of all land parcels in the country.

Under the Tourism Act, any land designated for tourism must also be approved by MOTAC. An anomaly in the present system in this regard is that MOTAC does not focus its planning attention on provisions for domestic tourists. The definition of “tourist” and “tourism” is not comprehensively defined in the Tourism Act.

The other main planning document guiding development at atoll and island level is the island development plan. The legislative basis for island development plans is the Local Government Act 2010. Island development plans are prepared by local councils and submitted to the Local Government Authority. Of the 209 island councils, 159 have already submitted island development plans.

Ideally, island land use plans and island development plans should be closely aligned. In practice, only a few are. Because the newly formed councils are expected to be as self-reliant as possible, they see their island development plan primarily as a means to generate income. Island councils are increasingly demanding approval for tourism-related land allocations, primarily land for guesthouses and resort/city hotel developments on inhabited

islands. There are existing guesthouses on some, properly approved and operating under the regulations set by MOTAC.

The situation at present with new guesthouse proposals is that those on land allocated for residential use in inhabited islands are regularly approved. However, the allocation of other inhabited island land for tourism related uses such as a guesthouse has been stopped pending the completion of the 4TMP. Frequently, island councils themselves wish to develop guesthouses on government land under the Local Government Act. This too requires endorsement and the actual leasing of land by MOTAC under the Tourism Act.

The dilemma facing government is how to on the one hand encourage local councils to engage in tourism in constructive ways, but on the other hand limit the potential for inappropriate, non-viable and ill-advised developments. The island councils are new, inexperienced and under-resourced, but they are highly motivated. Their advisors tend to have a limited view of tourism industry, thinking mainly of resorts, city hotel and guesthouses. Even an island council with an attractive new airport, health-centre and marina will tend to focus on developing a new resort rather than seeing other opportunities. Councils envisage entering the mainstream industry. Unfortunately, most do not have the essential mainstream product – an uninhabited island – and they have all the constraints of a Maldives inhabited island to contend with.

ENVIRONMENTAL LAW AND POLICY

The key environmental legislation in the Maldives is the Environment Protection and Preservation (EPP) Act 4/93. The Act was enacted in 1993 in response to increased environmental awareness and planning activities in the late 1980s and early 1990s. The EPP Act provides the basic framework for environmental regulations relating to environmental protection and conservation, protected area and natural reserve establishment, environment impact assessments, waste management, non-compliance penalties and compensations.

Development and operational controls for the tourism sector, particularly for tourist resorts, are primarily defined in two regulations: i) “Regulation on the Protection and Conservation of Environment in the tourism industry”, 2006, and; ii) Environmental Impact Assessment (EIA) Regulations, 2012. The former was introduced based on the Maldives Tourism Act (2/99) and provides guidelines for planning, construction and operation of tourist facilities from an environmental and conservation perspective. The EIA Regulation provides specific controls for high impact developments through mandatory impact mitigation measures. It also provides a framework to undertake and submit environmental monitoring throughout the project lifecycle.

A number of other regulations have also been introduced to reduce and mitigate environment significant impacts from development activities. They are:

1. Regulation on coral and sand mining
2. Regulation on felling trees
3. Regulation on environmental damage valuation and compensation
4. Maldives recreational and diving regulations

CURRENT PRIORITIES IN THE LEGAL AND POLICY CONTEXT

REVIEW AND AMENDMENTS TO THE TOURISM ACT

Legal matters do not usually drive change. Rather, new issues and strategies arising at the interface between industry and government provide the stimulus for legislative and regulatory reform. This is especially so in a situation such as Maldives where tourism is private sector-driven. Typically, the process of law reform relies heavily on advice of the industry pioneers. In this area, MATI performs a vitally important role.

Current priorities for changes to the Tourism Act are:

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- i. Provisions on leasing
 - ii. Provisions on lease rent
 - iii. Implementation and monitoring provisions require strengthened
 - iv. International standardizing of definitions in the Tourism Act and harmonization with other local Law eg. Immigration & Emigration Act.
 - v. Changes required as a result of the newly enacted Law on Local Governance.

Another area slated for proper review is the provision for government ownership and partnerships in tourism ventures. Section 5 of the Tourism Law is currently under scrutiny within the industry and within government

REGULATIONS UNDER THE TOURISM ACT

Current priorities for preparation, review and amendments to regulations under the Tourism Act are:

- i. The existing Tourist Resort Regulation is not considered comprehensive enough and it has become outdated. This regulation is slated for review and amendment in the near future.
- ii. A new regulation on development of hotels on inhabited islands is required.
- iii. A special regulation for guesthouses on inhabited islands (numbers of guesthouse, other approval criteria associated with viability and development standards) is under consideration
- iv. A regulation for tourism planning at atoll and island level could include procedures for designating tourism development zones on inhabited islands.

MAJOR LAW REFORM

The notion of major reform of the Tourism Act, as suggested in 3TMP, remains under consideration. This is not considered a priority in the next 5 years. MOTAC's legal team will maintain a quiet programme of consideration to this agenda.

LAWS RELATED TO TOURISM

MOTAC has started regulating employment standards of all tourist establishments based on the recent Employment Act. A Salary Advisory Board is yet to be created. In future, the creation of an employment regulation specifically for tourist establishments is a prospect that should be considered within government and within industry. The work environment in tourism is different from other industries. A new regulation could confirm minimum standards for employment in resorts and other tourist establishments and include provisions for regulating the payment of service charge, a regular employment issue in resorts.

The government has a strong agenda to encourage foreign investments. In this regard, the Foreign Investment Act may need to be repealed in order to open more opportunities. The current Act is not adequate and needs to be strengthened. It also needs associated regulations and guidelines and for foreign investors. The Ministry of Economic Development is currently reviewing foreign investment law.

The Companies Act and related law need to be addressed from a tourism industry perspective. In particular, the Law on Mortgages needs to be amended. There is no precedence for a bank having to foreclose for default on a loan secured by a mortgage of a resort. Considering the Maldives Law on Mortgages and the laws and regulations that relate to sale and transfers of resorts leases, there may not be any legal reason why a bank cannot foreclose for default. Assuming the bank would not step in as a manager, they may sell it on. The procedures followed by MOTAC may pose a constraint.

At present, MOTAC requires that all claims be settled prior to the sale and transfer of a resort. In the event that a mortgagee attempts to make a sale, the financial situation of the

operating company may be such that all claims cannot be settled even with the full proceeds of the sale. This would mean that the normal processes followed by MOTAC would require modification if the sale is being made subsequent to foreclosure proceedings. In order to provide the requisite confidence to the lenders it is important that MOTAC publishes the procedure for approval of forced sales by lenders.

Private sector lawyers have also advocated that MOTAC should review the Taxation Act and all relevant regulations to assess the impacts on tourism and address concerns raised by the tourism industry stakeholders. This is type of issue that should be a discussion point of high-level consultation with MATI.

4 MARKETS AND MARKETING

HISTORY OF TOURIST MARKETS AND MARKETING

MARKETS AND MARKETING IN 1TMP, 1982

Originally tied to Sri Lanka and with emphasis on diving, by the early 1980s Maldives was already becoming an independent destination and “beach relaxation” was taking over. A “mass market” had recently arrived as a result of the introduction of wide-bodied jets. In 1981, there were 60,000 arrivals. Market preferences were for relatively small resorts “in order to get the right island holiday atmosphere”. Of the total arrivals, 70% were for beach holiday, 13 % were divers and 17% were business. Included were 15,000 from India and 2,000 from Sri Lanka. (An earlier pattern of short haul arrivals for duty free shopping had faded.) Germany and other Western European countries were the dominant long haul markets. Arrivals were seasonal with May to July considered off-season and December to March high season. August was also high as the European holiday period. Visitor perceptions centered around sun, sea, coral, relaxation, tropical island, local culture, water sports, fishing, food, sailing. Food satisfaction was low. The biggest threats were seen as: overdevelopment; exploitation; and wrong expectations set by marketing. Competitors were perceived as: Caribbean, Indonesia, Philippines, South Pacific, Seychelles, and Mauritius.

MARKETS AND MARKETING IN 2TMP, 1995

Despite recessions in Europe and Japan, growth in arrivals was at this point keeping pace with new resort development. Arrivals had increased at 6.5% pa between 1991 and 1993. Arrivals in 1993 were 240,000. Market segments were mainly divers and couples, typically German and Italian, from 20 to 40 years. There seemed to be good potential to attract families and the over 55s. Current positioning was as a “get away from it all” destination for Europe and a “must see marine wonderland” for East Asia. Far East and Pacific Rim visitors were perceived as needing diverse itineraries of excursions, entertainments and activities.

More water sport activities were envisioned to attract families. Occupancy rates were so high that agents in new markets were reluctant to sell Maldives. Regional packages with Sri Lanka and other SA destinations were envisaged. 2TMP proposed positioning as: a premium destination; ultimate eco-tourism destination; top diving and marine tourism site in the world; and unpolluted, safe, in touch with nature, the sun, the stars, the sea, the fish, the birds, in commune with nature. Within this, subtle variations were seen to be required for different markets - Indian (short breaks); East Asian (activities focus) and Europeans (must see quality/nature). A domestic holiday market was foreshadowed as wealth increases, especially around the needs of Male residents.

MARKETS AND MARKETING IN 3TMP,2007

By 2004, arrivals had increased to over 600,000, an average annual growth rate since 1980 of 9%. A dramatic decline in arrivals, bed nights and average occupancy rates in 2005 was caused by the December 2004 tsunami. Low season demand has increased and Maldives has become a year-round destination. The average yearly occupancy rates in 2006 were 81.4%. The top five tourist markets were: Italy (19.8%), UK (17.9%) , Germany (11.8%) , Japan (7.2%) and France (6.6%). The top five generated 67% in total. China was 4.4% and India 2.0%. The Maldivian tourism product “is defined by beautiful tropical islands with palm fringed white beaches and turquoise clear lagoons and its marine environment”. These strengths offer the opportunity to cater for a broad spectrum of holiday-makers. The appeal amongst traditional markets seems permanent and sustainable. Russia is considered a promising emerging market. The silver market looking for safe and relaxing holidays should also be explored. During the next 5 years, MICE markets are expected to grow from Asia, the Gulf and Middle East.

RECENT EVENTS IN MARKETS AND MARKETING

The 3TMP Review noted that Annual Tourist Opinion Surveys had been carried out. A Destination Marketing Plan had been developed in 2011, with input from the industry, and a

Strategic Marketing Plan was being prepared. The Maldives Marketing and Public Relations Corporation (MMPRC) was participating in trade and consumer exhibitions, fairs and road shows within its budget allowance. Marketing and promotional literature was being translated and printed according to market needs. New and updated promotional collateral was being prepared. Joint marketing with travel trade partners was carried out in international markets. Improvements had been made regarding the use of social media in marketing.

CURRENT GLOBAL TRENDS

Despite weak economic development in the western world over the past four years, international tourism has continued to grow, fuelled by the strong growth from China and other source countries whose economies have fared well. In 2009, international tourist arrivals and international tourism receipts fell between 4 and 5% over 2008 reaching 883million arrivals and US\$853billion respectively. Both 2010 and 2011, however, saw good rates of growth with arrivals rising by 6.6% and 5.0% in these years; and receipts in constant terms growing by 12.5% and 3% to exceed US\$1trillion for the first time.

Table 4-1: International Tourist Arrivals and Receipts, 2009 – 2011

		2009	2010	2011
Arrivals	Millions	883	943	990
	% change over previous year	-4.2	+6.6	+5.0
Receipts	% real change over previous year	-4.7	+12.5	+3.0

Source: UNWTO September 2012 Tourism Barometer

Europe remains both the largest receiving and generating region for international tourism. The pattern is similar for both inbound and generated arrivals since the bulk of international tourism takes place within the region of the traveller. Hence Europe recorded 504 million

arrivals in 2011 while generating 517 million arrivals in other countries. Countries in the Asia and Pacific region received 217 million arrivals while generating almost the same volume – 215 million – in other countries.

Europe accounted for 52.5% of all international tourist arrivals in 2011 but this represents a fall of 5% over 2000. By contrast, countries in the Asia and Pacific region increased their share of international tourist arrivals over this period from 17% to 22%. The growth in international tourist arrivals generated by the different regions between 2005 and 2011 shows that travellers from the Middle East are leading the way with an average annual rate of 8.1%, followed by Africa at 7.2%, Asia and the Pacific at 5.9%, with the established generating regions of the Americas at 2.9% and Europe at 1.9% lagging behind.

Note: UNWTO's September 2012 Tourism Barometer makes slight upward revisions to the figures for international tourist arrivals, as shown in Table 1, but the latest full series data with regional analyses as shown above is taken from the UNWTO Tourism Highlights 2012 Edition

Focusing on the South Asia region, international tourist arrivals aggregated to 12.4 million in 2011, a rise of 8% over 2010, a second year of very strong growth following the rise of 13.6% in 2010. Bhutan, Sri Lanka, Nepal and Maldives all recorded double-digit rates of growth in both 2010 and 2011.

Table 4-2: Regions as Receptors and Generators of International Tourism, 2011

	Arrivals Received			Arrivals Generated		
	mn	% share	% p.a. growth, 2005-11	mn	% share	% p.a. growth, 2005-11
Europe	504	51	2.3	517	53	1.9
Asia/Pacific	217	22	5.9	215	22	5.9
Americas	157	16	2.7	162	17	2.9
M East	55	6	7.3	36	4	8.1
Africa	50	5	6.3	29	3	7.2
Not specified	-	-	-	24	2	4.5
Total	983	100	3.5	983	100	3.5

Source: UNWTO

UNWTO data do not enable the fastest growing outbound markets to be quantified but it is clear from examination of the international tourism expenditure figures for individual countries that all the top ten countries (i.e. Germany, USA, China, UK, France, Canada, Russian Federation, Italy, Japan, and Australia) are already, or are targeted to be, leading producers for Maldives. China and the Russian Federation recorded the highest increase in international tourism expenditure among the top ten spending countries, with rises in 2011 over 2010 of 32% and 22% respectively, after equally big growth in 2010 over 2009 of 26% and 27%. None of the other top ten countries increased their international tourism spending by more than 8% in 2011 (Australia) while two (the UK down 2%) and Japan (down over 11%) recorded falls.

CURRENT VISITORS TO MALDIVES

ARRIVALS

International tourist arrivals in Maldives are approaching the 1million per year mark. This represents a two-and-a-half-fold increase over the nadir year of 2005 when arrivals fell by 36% as a consequence of the 2004 tsunami. Though there have occurred great swings in

growth since 2004, making it difficult to determine an accurate overall trend growth in tourism to Maldives, it is clear that the appeal of its fundamental attraction of pristine tropical, beach and reef-surrounded islands offering relaxation, excellent marine life and water-based activities in high quality resorts remains very strong.

The strength of demand for beach-based holidays in general and the style of beach holiday offered in Maldives in particular is borne out by the growth rates recorded in international tourist arrivals over the past two years in other beach holiday destinations. Only the Caribbean islands are growing below the rate of overall international tourism, reflecting the apprehension felt by US travellers to the sustained period of slowing economic growth.

The five destinations identified in the 2011 Maldives Visitor Survey as representing the main competition to Maldives – Seychelles, Thailand, Mauritius, Indonesia, Fiji – each grew at rates above the global average of 11% in the two year period 2009 – 2011, 2011. Only Thailand matched Maldives' aggregate 42% rise over the two-year period 2009-2011. Within Thailand, the mass-market resort area of Phuket recorded a 30% rise in international air arrivals in 2011 reaching a total of 2.2million; while Koh Samui which is adopting a strategy of moving upmarket received 14% more international arrivals in 2011 exceeding a total of 800,000.

Table 4-3: Comparative Growth in International Tourist Arrivals, 2009-2011

Destination	% growth 2010/2009	% growth 2011/2010	Arrivals 2011 ('000)
MALDIVES	20.7	17.6	931
Seychelles	10.8	11.4	194
Mauritius	7.3	3.2	965
Thailand	12.6	19.8	19,230
Indonesia	9.2	10.7	7,650
- of which Bali	11.8	10.6	2,757
Fiji	16.5	6.8	675
Caribbean	2.2	4.4	20,903
World	5.0	6.6	990,200

Source: UNWTO

ARRIVAL TRENDS OVER TIME

As a long haul destination from almost all its existing and potential major markets (India being the exception), Maldives is sensitive to any economic, political, natural and social disturbance that forces tourists to look closer to home for their destinations or to forego travel. The pattern of development of international tourist arrivals to Maldives reflects strong growth in years when all things are normal in the international marketplace with downturns (or at least stunted growth) in response to negative events i.e. the tsunami's impact on its performance in 2005, the spread of H1N1 in 2009 and the recent years' global economic downturn, including the rise of oil prices. However, even when tourist arrivals decline, the fall is not as great as experienced worldwide – with the exception of the Asia region-specific consequence of the tsunami - and the bounce back is generally much stronger than in most other parts of the globe. The financial crisis that started in 2008 hit all destinations in the second half of that year while the ongoing economic problems, especially in Europe, are serving to keep international tourism growth (including to Maldives) at a moderate level.

Table 4-4: International Tourist Arrivals, Comparison World and Maldives, 2005-2011

Year	Global Arrivals		Maldives Arrivals	
	mn	% change on previous year	'000	% change on previous year
2005	805	5.5	395	-35.9
2006	850	5.6	602	52.4
2007	904	6.4	676	12.3
2008	919	1.8	683	1.1
2009	885	-3.8	656	-4.0
2010	943	6.6	792	20.7
2011	990	5.0	931	17.6
2012 (Jan-Sep)	1,019 – 1,030*	3.0 – 4.0*	692 (Jan – Sep)	(Jan – Sep)

Source: UNWTO (global) and MOTAC (Maldives)

*Official UNWTO forecast for year 2012

SOURCE MARKETS

Tourism in Maldives started 40 years ago with small groups of Italians and developed over the early years catering principally for the European markets. Throughout the 1970s, 1980s and 1990s, Europe accounted for between 70 and 80% of arrivals, with charter flights from European sources making up the bulk of demand. The pattern changed in the late 1990s with the charters becoming designated scheduled services, though the bulk of the seats were still taken by tour operators for their customers and the aircraft configuration showing little change from the charter operation.

The more fundamental change has occurred in recent years with the supply of the 3 star resort beds reducing as the developers' focus concentrated on higher end resort developments. This has served to limit the European market for the large volume, tour operator-owned (or linked) airline operations, referred to collectively as "charters". The upward trend of Maldives holiday prices brought about a combination of higher air fare and resort components, allied to the recent years' economic malaise in Europe has resulted in a decline in the European market share from 79% in 2001 to 73% in 2007 and sharply down to 58% in 2011, with a further fall to under 55% for the first nine months of 2012. Germany has recently overtaken the UK as the largest European source market.

Russia has emerged as a major source market for Maldives increasing its market share from 1% to 7% in a decade. 64,000 Russian arrivals were recorded in 2011 when Russia overtook France as the fifth biggest market.

As Europe's share has fallen, so that of Asia has grown, reaching over 37% in 2011 and increasing further to just under 40% over the first nine months of 2012. Whereas in 2001, India and Japan were the leading Asian source markets, both have been eclipsed by the upsurge of Chinese tourists following the granting of Approved Destination Status (ADS) to Maldives by the PR China Government in 2002.

Table 4-5: Maldives' Tourist Source Markets, 2001 and 2011

Source Market	2001 '000 arrivals	% of total arrivals	2011 '000 arrivals	% of total arrivals
Germany	66	14	91	10
UK	77	17	105	11
Italy	116	25	83	9
France	31	7	60	6
Russia	4	1	64	7
Other Europe	70	15	135	15
Total Europe	364	79	538	58
Japan	42	9	36	4
China	7	2	199	21
Korea	5	1	25	3
India	8	2	31	3
All other markets	35	7	102	11
Overall total	461	100	931	100

Source: MOTAC

Fuelled by its strong economic growth, China is now the leading origin market for tourists to Maldives, accounting for over one fifth of all arrivals with a total of 199,000 in 2011, with a further growth of over 24% recorded in the first nine months of 2012. The introduction of extensive charter flight programmes by Mega Maldives airline (serving the six major cities of Beijing, Shanghai, Hong Kong, Chengdu, Chongqing and Hangzhou) as well as the scheduled services of China Eastern (from Shanghai) and China Southern (from Guangdong), has served to provide access to large Chinese markets. As an indication of the potential, there are 33 cities in China with populations in excess of 2 million.

By contrast, Japan has suffered a lengthy period of slower economic growth than its population was used to and overseas tourism flows faltered. That said, the fact that each year 1.3 million Japanese tourists visit Hawaii indicates that the attraction of a tropical island beach holiday remains strong for the Japanese. This same attraction is also evident for Korean visitors, over 112,000 visiting Hawaii in 2011, with double-digit growth over each of the past three years.

MARKET TRENDS

The regional market trends have been defined by the decline in the European markets and the rise of Asian ones, noted in the previous sub-section. At the same time, the Americas region has been growing though only in line with the overall pattern of tourism to Maldives, accounting for between 2% and 3% of total arrivals. The Middle East region has increased its market share from under 1% in 2007 to 1.6% in 2011, and 2.3% in the first nine months of 2012. The African region produces less than 1% of arrivals in Maldives as a consequence of the lack of air access following the termination of charter based inclusive tour programmes from Johannesburg a decade ago when it is reported that as many as 10,000 South African tourists a year came to Maldives. Market trends are outlined below for the leading individual source countries for Maldives:

1. China
2. UK
3. Germany
4. Italy
5. Russian Federation
6. France
7. Japan
8. Switzerland
9. India
10. Korea Republic

CHINA

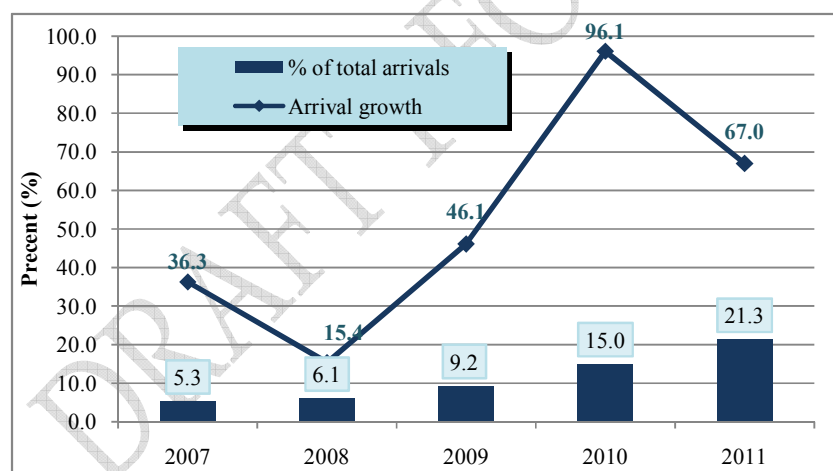
Chinese arrivals to the Maldives have been growing rapidly over the last five years at an average rate of 52.2%. With a total of 118,961 arrivals and 15% of total shares, China became the number one market to the Maldives in 2010. The market maintained its position in 2011

by further increasing its shares to 21.3% with 198,655 arrivals that year. This huge increase in Chinese arrivals to the Maldives mainly accounts for the increased direct access between Maldives and China as well as the strong demand for Maldives as a honeymoon destination among Chinese.

The liberalisation of outbound travel and the strong economic growth in China have led to a rapid increase in outbound tourism, resulting in it becoming one of the largest source markets for international tourism. According to the PATA Annual Tourism Monitor 2012, more than 58 million arrivals were generated from China to the Asia Pacific region in 2011; while the UNWTO forecasts that China will generate 100 million travellers by 2020.

The recent (slight) slowdown in the growth of the Chinese economy is having little effect on the Chinese outbound market. Data from the Ministry of Public Security show that 38.6 million mainland Chinese citizens travelled outside the country in the first six months of 2012, a near 20% rise on the corresponding period on 2011.

Figure 4-1: China: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 - 2011



According to a September 2012 Huron Report and International Luxury Travel Market Asia survey, the typical wealthy Chinese outbound traveller takes three holidays a year. Though more seasoned Chinese travellers engage in experience-based activities, shopping remains

the top activity for overseas travel. This is particularly so for the Chinese traveller to Maldives, for some 60% of whom their visit to Maldives is their first overseas trip.

Responding to the introduction of charter flights from six Chinese cities and the strongly positive image of Maldives among Chinese consumers, China has quadrupled its share of tourist arrivals in Maldives between 2007 and 2011 from 5% to over 21%. Its average annual growth rate of almost 50% between 2006 and 2011 was remarkable and, even for China, was greater than to most competing destinations e.g. Bali's growth from China was 20% per year.

Seasonal flows from China to Maldives are heaviest in the July – October period, with a peak in February during the Chinese New Year holidays. This partly counterbalances the European seasonal pattern that shows highest demand in the European winter months.

UNITED KINGDOM

Although the UK market has traditionally been the largest source market to the Asia Pacific region from Europe, an overall 1% decline was recorded from this market for the region in 2011. According to the PATA Annual Tourism Monitor 2012 early edition, during the year 2011 a total of 9.4 million visitors from UK travelled to the Asia Pacific region. Out of these, 248,000 travelled to South Asia (excluding India and Pakistan for which data were not available for the Monitor) and 104,508 to Maldives.

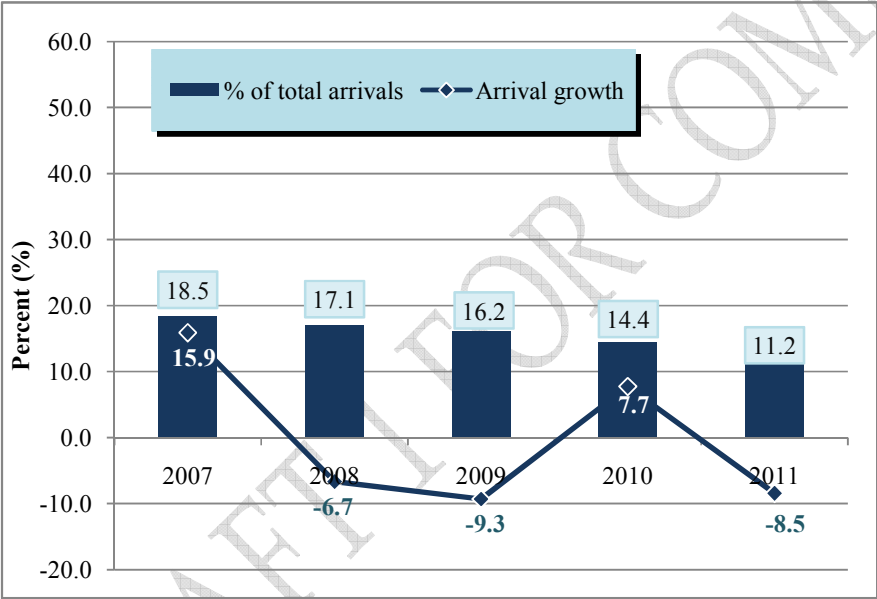
The economic problems of the past four years have changed purchasing patterns of outbound long haul holidays. The increased emphasis on value-for-money destinations and packages with all-inclusive holidays increasingly preferred. The Travel and Tourism Intelligence Mintel Report anticipates that British long haul travel will contract until 2015.

The United Kingdom is a well-established traditional market to the Maldives, being the leading source market until 2010 when it was overtaken by China. Demand has been inconsistent in recent years with falls in arrivals recorded in 2008, 2009 and 2011, resulting

in an average annual decline between 2007 and 2011 of over 4%, resulting in a loss of market share from 18.5% to 11.2%. Despite this decline it remains Maldives’ second largest source market with 104,508 arrivals in 2011, though it is likely to be passed by Germany in 2012 based on first nine months figures which show a drop in UK arrivals of 13.7% over the corresponding period in 2011.

The seasonal pattern of arrivals shows peaks coinciding with the Easter holiday period in March/April, and October (coinciding with half term school breaks). However, demand is reasonably evenly spread across the remainder of the year.

Figure 4-2: UK: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 - 2011



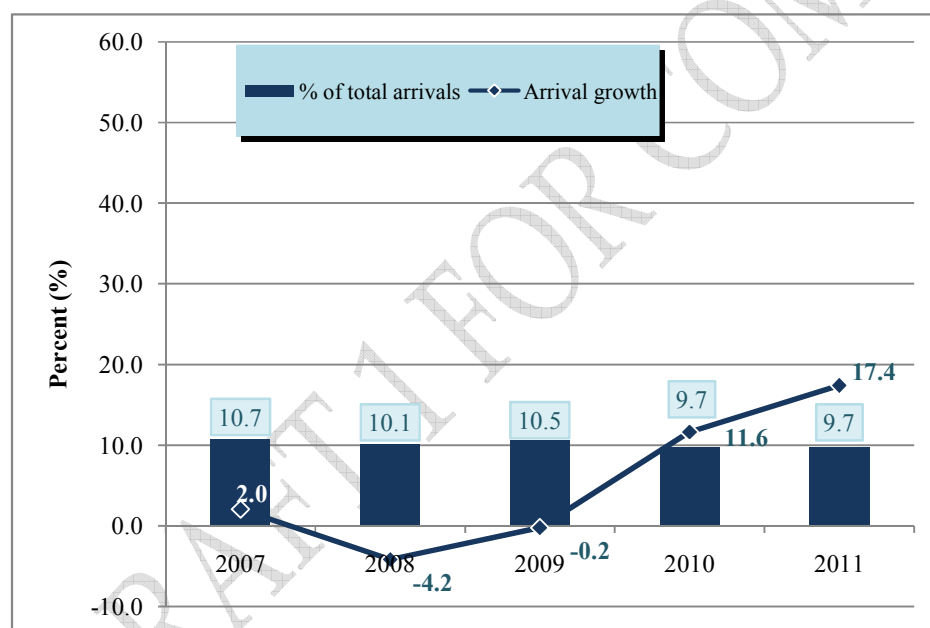
GERMANY

International visitor arrivals from Germany into the Asia Pacific region increased by 2% in 2011 with a total of 4.9 million visits, as reported in the PATA Annual Tourism Monitor 2012 early edition. According to the Monitor, although South Asia (excluding India and Pakistan) was the least visited subregion by Germans, it recorded the strongest gain of +18%, receiving a total of 171,000 tourists from Germany during 2011, with 91,000 visiting Maldives.

The About Tourism website indicates that Germans took 321 million domestic and foreign trips in 2011, up 4% on the level in 2010, with nights spent away also 4% higher at 1.6 billion. The holiday share, at 45%, similarly rose by 4%, with business (up 6%) and private trips (rising 3%) also growing.

Germany was the third largest market to the Maldives at the end of 2011, with 90,517 arrivals, but will move into second position in 2012 if the 16.2% rise in arrivals during the period January-September 2012 is maintained for the remainder of the year. Although Germany slipped a little in terms of market share between 2007 and 2011, it has recovered to 10.4% over the first nine months of 2012.

Figure 4-3: Germany: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 – 2011



October to March (or April depending on the month in which Easter falls) is the most visible peak season, while the lowest count in arrivals is recorded in June.

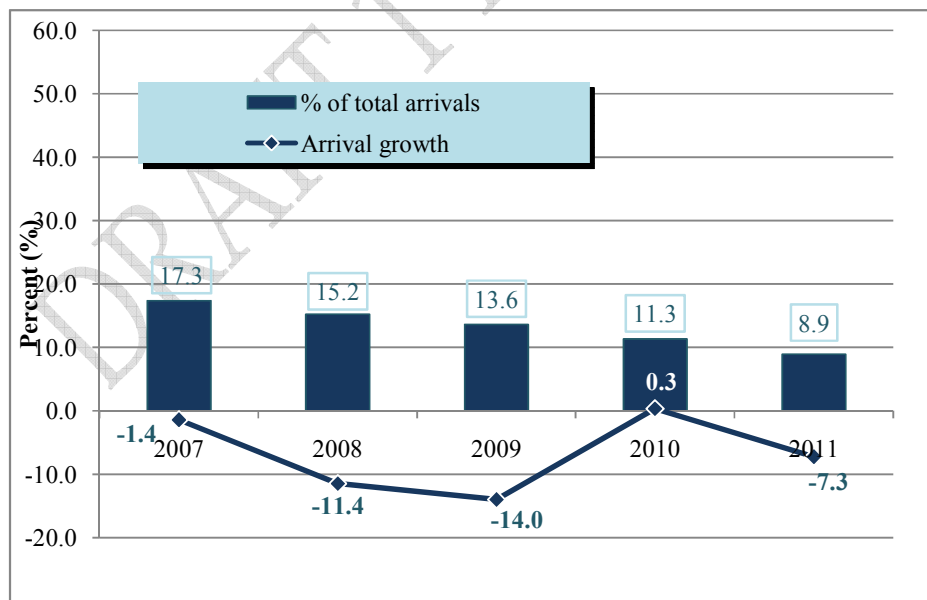
ITALY

PATA Annual Tourism Monitor figures show that tourist arrivals from the Italian market to Asia Pacific destinations declined by -1.04% in 2011. The South Asia sub-region (excluding India and Pakistan) attracted just over 94,000 Italians, of which 83,000 visited Maldives.

Italians are credited for discovering Maldives as a tourist destination and remained the leading source country up to 2007 when the UK became larger. Over the last five years the Italian market has lost more than half of its market shares from 17.3% in 2007 to 8.9% by the end of 2011, during which period arrivals fell by an average of 8% a year. This decline is understood to be as a result of a combination of Italy's economic difficulties leading to the bankruptcy of major Italian tour operators and the upmarket move of resorts replacing club style resorts preferred by Italians.

Italian arrivals start to increase from the month of November and increase steadily through March. From April to July the market gradually slows down, recording its lowest level of arrivals in June. After a sharp increase in August, Italian arrivals again drop in September.

Figure 4-4: Italy: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 - 2011



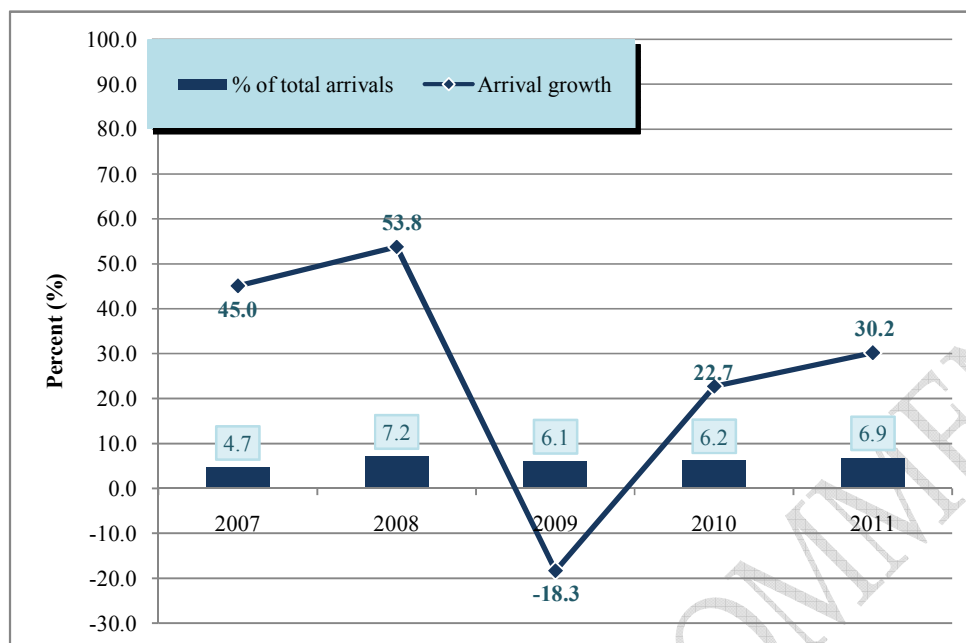
RUSSIAN FEDERATION

The PATA Annual Tourism Monitor 2012 early edition reported that arrivals from Russia to the Asia Pacific region increased by 19% reaching 4.5 million at the end of 2011. When looking at sub regional level data collected by PATA for the Russian market, the strongest growth in 2011 was recorded for the Southeast Asia region with 54%, followed by South Asia (excluding India and Pakistan) with 34%. Total outbound travel by Russians remains resilient despite the economic troubles in Europe.

At the end of 2011, Russia was the 5th largest market to the Maldives. The market performed extremely strongly over the last five years with an average growth of 26%. The decline recorded for the year 2009 was due to the overall decline in arrivals that year as a result of world economic recession that started in late 2008. In 2011 with 63,936 arrivals, a strong growth of 30% and a slight increase in market share, the Russian market overtook France to become Maldives' fifth largest market, a position that it consolidated during the first nine months of 2012 with arrivals up by 3.6%.

Russian tourism to Maldives peaks over the Christmas/New Year period having built up steadily from October. The Easter period in March/April also sees growth, while the period May-July is the low season for Russian tourist arrivals in Maldives.

Figure 4-5: Russian Federation: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 - 2011



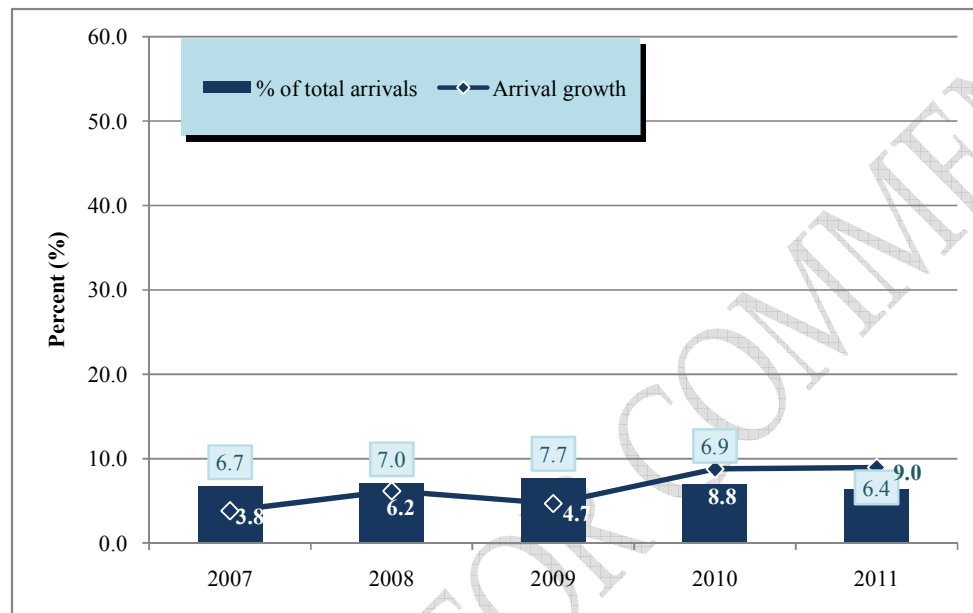
FRANCE

In 2011, arrivals from France into Asia Pacific destinations increased by 6% to reach a total volume of nearly 4.7 million, as reported in the PATA Annual Tourism Monitor 2012 early edition. It records that South Asia was the fastest growing sub-region for the French market in 2011, with a total of 133,000 arrivals, an improvement of over 22% compared with 2010. Maldives attracted just under 60,000 arrivals from France in 2011, a rise 9% compared with 2010.

The French market has seen steady growth over the last five years with an average rise in arrivals in Maldives of 6.5%. While all other markets registered negative growths during the world economic crisis in 2008 and 2009, the French market recorded positive growths of 6.2% and 4.7% respectively in those years. From 2007 to 2009 the French market increased its share of arrivals in Maldives. However, in 2010 and 2011 the market share declined from 7.7% in 2009 to 6.4% by the end of 2011, as growth from other markets – most notably China – outran that from France.

The French market for Maldives has a marked seasonal pattern with a steady rise in demand from September leading to a peak in February/March, after which there is a sharp fall with the period from May to September when monthly arrivals are only 15 to 30% of the peak month.

Figure 4-6: France: Tourist Arrival Growth and Market Share Tourism to Maldives, 2007 - 2011



JAPAN

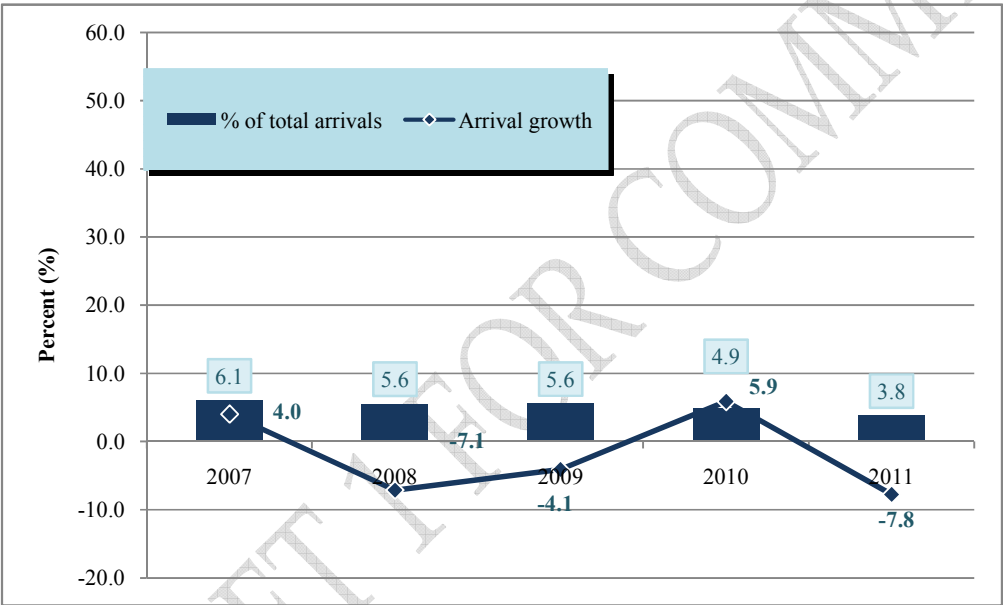
Outbound travel from Japan to Asia Pacific destinations posted a growth of over 2% in 2011. According to the PATA Annual Tourism Monitor 2012 early edition, a total of over 17.4 million Japanese travelled to the Asia Pacific region. The South Asia region (excluding India and Pakistan), although recording the least in terms of volume of arrivals, was the second best performing region in terms of its growth rate over 2010. As per the Tourism Monitor, a total of 823,000 Japanese travelled to the South Asia region in 2011.

The Ministry of Justice recorded a figure of just under 9 million Japanese travelling overseas for the first six months of 2012, a rise of 17.5% over the corresponding period in 2011, the highest level since 2000.

The Japanese market has played a major role in the development of tourism in Maldives, being the leading Asian source market up to 2007. The market has, however, fallen sharply since 2007, with a virtual halving of market share from 6.1% in 2007 to 3.8% by end 2011. The five year average growth rate of the market stood at -1.8%. In 2011, with a total of 35,782 tourists Japan was the 7th largest market to the Maldives.

In contrast to European markets, the second half of the year is the main time for Japanese visitation to Maldives with the peak month being September and the lowest May.

Figure 4-7: Japan: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 – 2011



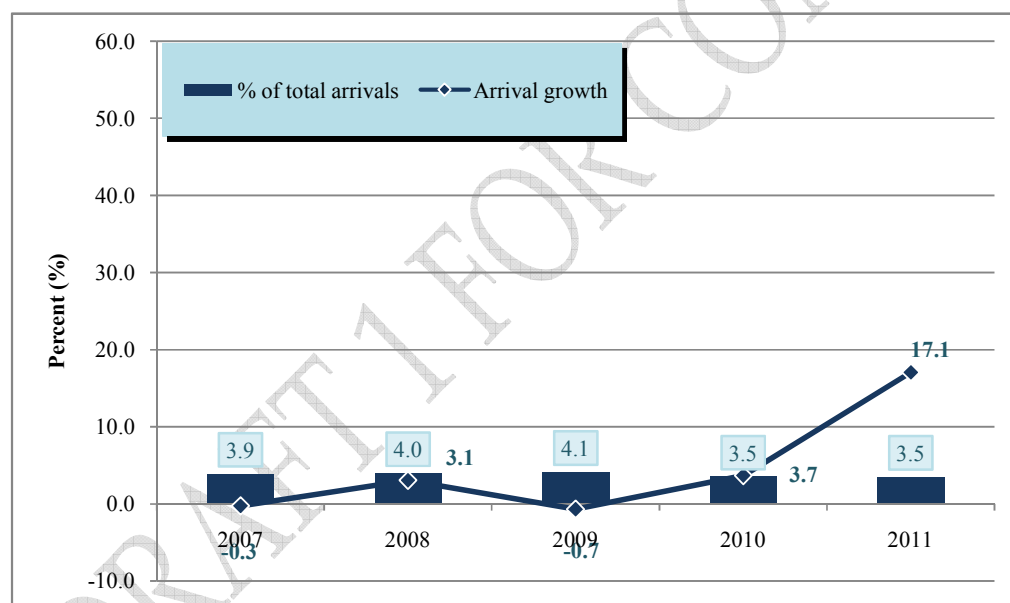
SWITZERLAND

PATA data show that Asia Pacific destinations received a total of 332,997 tourists from Switzerland in 2011, a 5.8% increase compared with the 314,786 Swiss that arrived to the area in 2010. The most travelled sub-region in Asia Pacific by Swiss was South East Asia covering over 58% of total arrivals to the PATA area that year. In 2011 South Asia (excluding India and Pakistan) received a 38,527 tourists from Switzerland, which was 12.2% of total Swiss tourist arrivals in PATA countries for that year.

In 2011 the Maldives received a total of 32,504 tourists from Switzerland, which was an increase of 17.1% compared with the 27,766 arrivals in 2010. Tourist arrivals to the Maldives from Swiss market have been increasing steadily over the last five years at an average rate of 4.6%. The Swiss market share increased steadily from 2007 till end 2009. However, in 2010, the Swiss market share fell from 4.1% to 3.5% following the large percentage growth recorded from other markets, most notably China. Switzerland's market share remained at 3.5%. At the end of 2011, Switzerland was the 8th largest market to the Maldives.

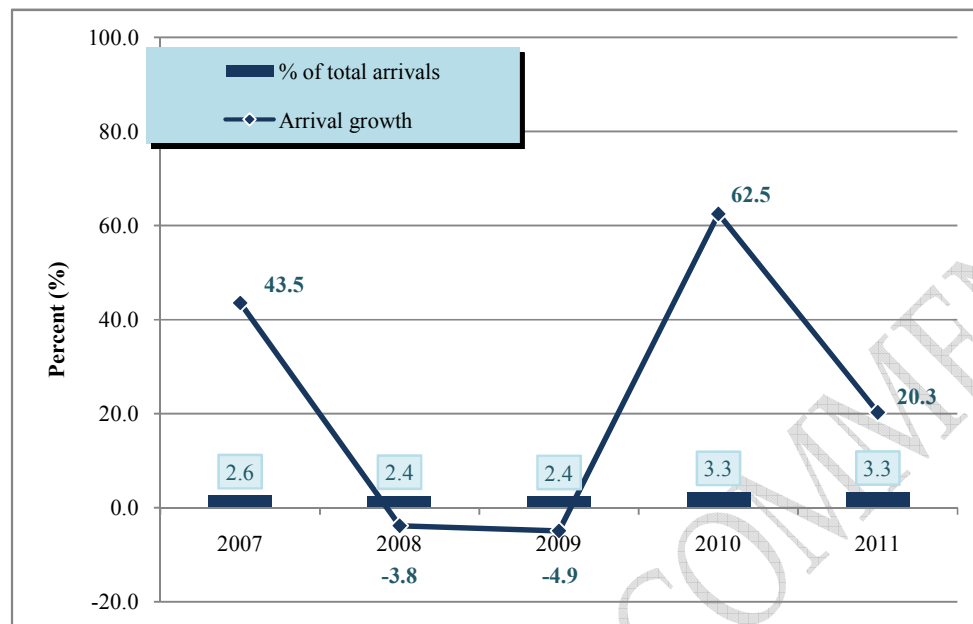
Swiss travel to Maldives peaks in March/April and October/November, while June and August have the lowest level of Swiss arrivals.

Figure 4-8:Switzerland: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 – 2011



INDIA

Figure 4-9: India: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 – 2011



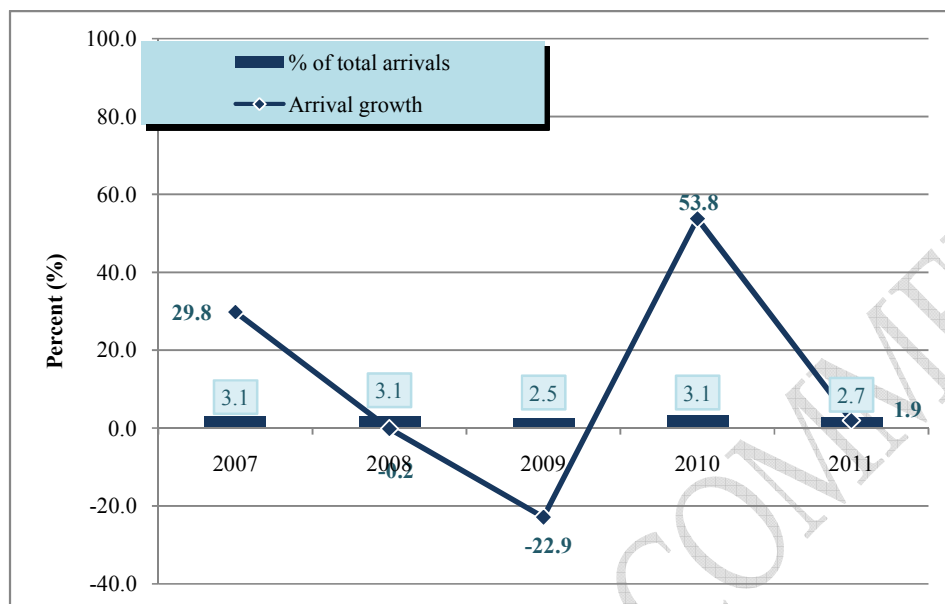
According to the PATA Annual Tourism Monitor 2012 early edition, India generated close to 5.4 million arrivals to Asia Pacific destinations in 2011, an increase of 7.3% over 2010. Although in terms of volume, South East Asia destinations captured most of the arrivals from India to the Asia Pacific area, South Asia recorded the highest growth rate for the Indian market over 2010. Indian agents report that luxury travel by Indians continues to rise despite the recent slowdown in the country's economic growth and the weaker rupee.

The Indian market to the Maldives has been growing at above average growth rates of 23.5% over the last five years. In 2011, Maldives received a total of 32,504 tourists from India, which was an increase of 20.3% compared with 2010. Market share remained at 3.3%. Being a neighbouring country and having relatively easy access, India remains to be a potential tourist market to the Maldives.

The final months of the year and May are the main periods for Indian travel to Maldives.

KOREA REPUBLIC

Figure 4-10: Korea Rep: Tourist Arrival Growth and Market Share of Tourism to Maldives, 2007 – 2011



The Republic of Korea generated nearly 13 million tourists into Asia Pacific destinations in 2011, according to the PATA Annual Tourism Monitor 2012 early edition. Arrivals from the Korean market across all Asia Pacific destinations increased by less than 1% in 2011. Koreans' outbound travel increased from 6.1 million trips in 2000 to 14 million in 2011. Steady growth is anticipated in response to increasing numbers of low cost carrier routes to South East Asian destinations, the strength of the won against the US dollar, and solid economic growth of the order of 4% a year.

Maldives received a total of 25,285 tourists from Korea in 2011, 1.9% more than in 2010. Over the last five years, from 2007 to 2011, the market grew at an average annual rate of 12.5%, with market share staying around 3%.

PURPOSE AND MOTIVATIONS

PROFILE AND OPINION SURVEYS

Information on tourist purpose and motivations on which a broad segmentation breakdown of Maldives' tourists can be made is contained in the Tourist Profile and Opinion surveys conducted periodically by MOTAC. Details of the three most recent such surveys are as follows:

2004: Conducted in October, 3,241 completed questionnaires of which 82% were from European tourists and 16% from Asia/Pacific tourists. NB this over-represents Europe and under-represents Asia/Pacific in respect of total tourist arrivals in the year of 73% and 25% respectively.

2008: Conducted in December, 776 completed questionnaires of which 88% were in the languages of the main European markets (English, Italian, German and French) and 12% in the languages of the two principal Asian markets (Japanese, Chinese). NB: this assumes that tourists for whom their first language is not one of the six featured will either have sufficient comprehension to complete the questionnaire or are not covered in the survey.

2011: Conducted in April, with 3,548 questionnaires completed in sufficient detail to be entered into the analysis. Of these, 76% were in the languages of five major European markets (English, Italian, German, French and Russian, though only 35 questionnaires from Russians were entered, just 1% of the sample as against 7% of total arrivals in Maldives in 2011), and 23% in the languages of the two principal Asian markets (China, Japan). Again, this results in non-speakers of one of these seven languages being excluded or completing the forms in a second language.

The fact that the surveys were conducted at different times of the year when seasonal patterns vary between the different source markets, and the profile of tourist can differ (e.g. in respect of periods when honeymoons or family holidays are taken, suitable months for

diving) raises the issue of the comparability of the three surveys. The findings in respect of purpose of visit and motivations for choosing Maldives have been used to develop a broad segmentation analysis and trends have been identified through comparison of the three surveys. However, it should be stressed that this analysis should be seen as indicative rather than as a precise breakdown of the tourist markets to Maldives.

PURPOSE OF VISIT

Though the wording of the different surveys changes - i.e. from 'leisure, relaxation, holiday' in 2004, to 'relaxation' in 2008 and to 'holiday' in 2011 – it is clear that *relaxation* (to use a collective term encompassing all these terms) is the predominant purpose of visit to Maldives. The essence of a relaxation visit is a combination of the peace and beauty of the setting, quality facilities and service and the chance to engage in water-based activities of a 'soft' nature. Furthermore, demand for this type of holiday appears to be growing, according to the survey results.

Table 4-6: Purpose of Visit to Maldives, 2004, 2008 and 2011 (%)

Purpose of Visit	2004	2008	2011
Relaxation*	53	55	64
Honeymoon	30	28	20
Diving	15	11	10
Business	1	3	2
Other**	2	2	4
Total	100	100	100

Source: 2004, 2008 and 2011 Tourist Opinion Surveys

*includes the 'leisure, relaxation, holiday' category in the 2004 survey, the 'relaxation' category in the 2008 survey, and the 'holiday' category in the 2011 survey.

** includes surfing, incentive, wedding (specifically mentioned in the 2011 survey)

Honeymoon trips – which place a high value on the same attributes as the relaxation holidays – have shown a decline in market share over the course of the three surveys though for the Chinese market this is still the single main purpose of visit and enquiries

among European tour operators suggest that as the economic situation in the region improves this category of travel will strengthen again.

Though the strict comparison of the three surveys shows diving to be losing market share, this is principally because the fast growth Chinese market has only a very small specialist diving segment, serving to pull down the overall percentage of divers among total arrivals.

Table 4-7: Purpose of Visit to Maldives, by Source Market, 2008 and 2011 (%)

Market	Relaxation		Honeymoon		Diving		Business		Other	
	2008	2011	2008	2011	2008	2011	2008	2011	2008	2011
Europeans	64	78	19	8	15	12	1	1	1	2
of which										
UK	64	80	22	11	9	6	1	1	4	3
France	59	72	21	11	20	15	0	1	0	2
Germany	70	81	2	7	25	11	2	0	1	1
Italy	66	83	28	3	6	11	0	1	0	2
Switzerland	64	76	0	4	36	21	0	0	0	0
Other	59	74	29	9	8	12	0	1	4	4
Asians	30	41	56	43	2	4	8	6	4	6
of which										
China	37	41	56	50	0	6	4	1	3	2
India	15	41	70	15	0	3	10	28	5	13
Japan	36	38	58	50	4	0	2	1	0	11
Other	23	41	47	35	4	9	17	7	9	8
Americans	56	59	16	18	20	15	0	4	8	4
Australians	11	54	68	30	5	1	11	1	5	14
Total	55	64	28	20	11	10	3	2	2	4

Source: Calculations based on 2008 and 2011 Tourist Opinion Surveys

In volume terms, the levels of all purpose-of-visit categories have increased between 2008 and 2011, with the most marked rise (58%) being in those seeking a relaxing break in Maldives. There were 100,000 more relaxation category Asian tourists in 2011 than in 2008,

with a fivefold rise in Chinese relaxation tourists, up from 16,000 to 82,000. The volume of Chinese honeymooners is even greater at 99,000 in 2011, with a similar rate of growth over 2008. The growth in other categories of tourists and from markets other than China is more modest. Drilling down the survey findings by major origin markets the significant facts and variations to emerge are as follows:

1. Holidays for pure relaxation are dominant in all European markets;
2. Honeymoon trips are the main purpose of visit for the Chinese but have lost ground in European markets as a consequence of the economic downturn since 2008 – this is particularly noticeable in Italy. (The large number of Indian honeymooners in the 2008 survey was a result of the timing of the survey during the traditional Indian wedding season between November and March);
3. Diving holidays remain strong among several European markets and for Americans;
4. Asians – especially Indians – are the main business travellers to Maldives.

Table 4-8: Purpose of Visit to Maldives, by Source Market, 2008 and 2011 ('000 arrivals)

Market	Relaxation		Honeymoon		Diving		Business		Other		Total	
	2008	2011	2008	2011	2008	2011	2008	2011	2008	2011	2008	2011
Europeans	315	418	106	42	65	61	2	4	10	13	498	538
of which												
UK	75	84	26	11	11	6	1	1	4	3	117	105
France	28	43	10	7	10	9	0	a	0	1	48	60
Germany	48	73	2	6	17	10	1	a	1	1	69	90
Italy	69	69	29	2	6	9	0	1	0	2	104	83
Switzerland	17	25	0	1	10	7	0	0	0	0	27	33
Other	78	124	39	15	11	20	0	2	5	6	133	167
Asians	43	143	80	150	3	20	13	17	7	19	146	349
of which												
China	16	82	23	99	0	12	2	2	1	4	42	199
India	2	13	12	4	0	1	2	9	1	4	17	31
Japan	14	14	22	18	1	0	1	a	0	4	38	36
Other	11	34	23	29	2	7	8	6	5	7	49	83
Americans	5	8	1	3	1	2	0	1	1	1	9	15
Australians	1	7	6	4	a	a	1	a	a	2	9	13
Total	364	576	193	199	71	83	16	22	18	35	662	915b

Source: Calculations based on 2008 and 2011 Tourist Opinion Surveys

Notes: a. Less than 500. b. Excludes arrivals from other countries – 21,700 in 2008, 17,000 in 2011

MOTIVATIONS

The Tourist Opinion surveys questioned tourists on their motivations for choosing Maldives as their holiday destination. Not surprisingly the broad environment and setting for their holiday formed the dominant responses i.e. beach, sun, peacefulness and tranquillity, and weather and climate. The 2011 survey found that 22% chose Maldives because of its diving/snorkelling, 13% for its 'uniqueness' and 11% because of its reputation (this last representing a testimony to the effectiveness of the country's destination marketing, and positive word-of-mouth feedback passed on by past visitors to their friends, family and colleagues).

MARKET SEGMENTATION

In seeking to further sub-divide the broad segments identified through the Tourist Opinion surveys, examination has been made of other responses in the surveys.

TRAVEL PARTY

In terms of travel party, the great majority (two-thirds in the 2011 survey) travel as a couple, as honeymooners, anniversary celebrants (reportedly a growing trend according to travel trade interviews conducted by the 4TMP planning team), or simply on a regular holiday trip. Approaching one-fifth travel as a family group with children, a category that according to the European travel trade is increasing with parents taking their children to the place where they celebrated their honeymoon. In the context of family holidays it is significant that uninhabited island resorts such as in Maldives – the one island, one resort concept – offer a level of security for children, allowing parents to totally relax, that coastal resorts in developed areas cannot always provide. “Friends travelling together” is a further significant group making up 13% of all travel parties in the 2011 Tourist Opinion Survey.

AGE GROUPS

The 25-34 age group accounts for the majority 56% of Asian tourists with a further 24% in the 35-44 age band. By contrast, there is a wider spread among Europeans with one quarter each in the three age categories 25-34, 35-44, and 45-54. Around one fifth of Europeans and Americans are aged over 55, whereas for Asians the corresponding proportion is just 3%. Travel trade research suggests, however, that this pattern may be changing for Asians, particularly the Chinese. It is becoming a custom for the younger Chinese who have benefited from the strong economic growth in the country to take their parents and, even, grandparents on holidays overseas, as a mark of gratitude and respect for them. This represents an opportunity for Maldives but heightens the need for Chinese speaking staff and food with which the older generation Chinese may be familiar.

REPEAT VISITATION

Maldives has a relatively high level of repeat visitation. The 2008 Tourist Profile and Opinion survey showed that 23% of international visitors to Maldives were repeat visitors and this proportion grew to 27% in the 2011 Maldives Visitor survey. Repeat visitation is highest among Europeans 35%, with the Swiss, German, Italians and British the most likely to be on a return visit. The travel trade explains this pattern on the grounds of couples returning for anniversary visits or holidays with their children having spent their honeymoon in Maldives, as well as divers returning to explore different dive sites in the country.

SEGMENTATION IDENTIFICATION

Using the information from the surveys and the feedback from the programme of enquiry with tourism operators in Maldives and tour operators, travel agents and airlines in the source markets, a series of segments can be identified for the purposes of targeting marketing activities. These are:

1. Beach relaxers: mainly couples and family groups, including both those who remain for the duration of their trip at resort and those who engage in activities on other islands
2. Honeymooners/anniversary celebrants
3. Divers and other specialist water sports
4. Maldives Cruise
5. Business, including MICE
6. Free and Independent Travellers (FITs)
7. Other purposes

The outstanding visual imagery associated with Maldives that is widely portrayed in print and electronic media around the world, allied to the marketing activities undertaken by the MMPRC, the resort operators and other players in the international tourism distribution system, and the highly positive feedback from tourists to Maldives, will maintain Maldives' position as a desirable and aspirational destination for consumers in both the western and Asian markets seeking a restful break in an idyllic setting with high quality facilities and service.

Within this broad category, there are a number of motivations, ranging from those who seek an escape from their normal lifestyle pressures, to those who are recuperating from illness. The recent development of spa facilities on a number of top end resorts caters for the full range of beach relaxer tourists. There is no reason to anticipate any abatement of the strong rate of growth of demand for the relaxation category of holidays to Maldives.

One of the main trends identified in the UNWTO Tourism 2020 Vision report was a more demanding consumer increasingly seeking direct access to the culture and nature of the destinations they visit. Such demand manifests itself in two main ways: those for whom the main interest is the resort but who want more than a token component related to the cultural heritage of the destination. In this regard, destinations like India, Sri Lanka and Thailand are well placed to cater for this type of demand; and the present Maldives' product offering is not competitive.

Research in the European and Chinese markets indicates, however, that a portion of the beach relaxers would welcome greater access and exposure to local Maldivian culture. The 2011 Maldives Visitor survey found that for 10% of visitors their visit to an island away from the resort was the activity they most enjoyed. Given that less than two-in-five tourists visit an inhabited island, this is a significantly high proportion.

This demonstrates that even among Maldives' existing visitor base there exists a demand for more involvement with local populations and their cultural heritage. It is also suggested that, were a greater component of island visits incorporated in resort-based holidays, visitors who enjoy a beach holiday but are deterred by the lack of variety of a Maldives resort-based holiday could be attracted, thereby broadening the market. One of the engines of growth in the beach relaxer segment, therefore, will be holidaymakers seeking a variety of ways in which they can interact with the local community.

Satisfying this demand will entail coordinated development of attractions and activities on islands accessible to the country's resorts, with guided tours with trained guides, handicrafts and other goods through a range of retail outlets, demonstrations of traditional skills, local delicacies, Maldivian music, presentations about the history and heritage of the people etc, so that the experience of visiting an inhabited island is a rich and rewarding one. Development of this type can be a way of adding value to, and enhancing, the mainstream Maldivian resort industry, and can serve to bring a number of tourists to Maldives who might otherwise have chosen another destination where access to local society is more developed.

HONEYMOON/ANNIVERSARY CELEBRANTS

Though there is clearly overlap between the beach relaxation type of holidays and the honeymoon category, it is advisable to separate out the honeymoon segment since it lends itself to specifically targeted marketing and promotional activities. Given the reportedly growing incidence of couples returning to Maldives to celebrate wedding (and other personal) anniversaries, it is proposed to consider honeymoons and anniversaries as a single segment.

DIVERS AND OTHER WATER SPORTS

Demand for diving and other water sports such as surfing are steady and prospects are for continued solid, rather than spectacular, rates of growth. An expanding domestic air

network will bring possibilities to “fly/dive” or “fly/surf”, such activities being developed in the form of packages out of domestic airports either by safari boat or by local entrepreneurs in small boats, thereby achieving a wider spread of tourists around the country.

MALDIVES CRUISING

There exists the opportunity to create a range of cruise products in Maldives. This could range from:

1. liners on international routes calling at Maldives ports of call,
2. luxury safari boat operations featuring circuits and islands within Maldives,
3. cruise operation as an alternative way of transferring from point to point (airport to resort, resort to resort, etc.)

There is a burgeoning cruise ship sector developing in Dubai and Oman while Star Cruises has cruise operations between Mumbai and Goa. The key to an attractive port call on a cruising circuit is the range, quality and distinctiveness (i.e. from other ports of call) of the attractions and activities offered in the port. Dubai, for example, offers cruise and stay programmes as well as port calls with 4 hour excursions e.g. Dubai Heritage Tour, Dune Drive Safari, while Muscat (Oman) offers a Muscat Dhow Cruise of similar duration. Dubai and Oman market and package the coastal features, heritage and desert creatively and effectively; Maldives could do the same with its ocean resource. A current 48 day Voyages of Discovery cruise programme started from Piraeus (Greece) and called at 14 ports in North Africa and the Middle East, 5 down the west coast of India before finishing in Colombo. The inclusion of Maldives in this type of luxury, long duration cruise would provide variety for the passengers not offered elsewhere.

The Indian Government 2005 report Cruise Tourism Potential and Strategy Study surveyed both domestic and foreign tourists on the attractiveness of a cruise routeing of Mumbai – Colombo – Cochin – Maldives (one or two calls, the second possibly in the northern region around Hanimadoo, keeping the sailing time back to Mumbai to under two days) –

Mumbai. 90% of domestic respondents stated that they found the itinerary attractive or very attractive, while for foreign tourists the approval rating was 83% of those who responded to the question, there being 8% non-respondents. Passengers could sail from Mumbai to Maldives and fly back or out to another destination, or vice versa or take the full round trip.

Luxury safari boats could be used for inter island cruises, featuring those islands that develop coordinated activities and attractions, as specified above to cater for the beach plus segment. The length of Maldives, the equator crossing, and the combination of resort islands (which are receptive to the concept of cruise ship visits) and inhabited islands would provide a variety of itinerary ideas.

A cruise as transportation, using a vessel for 80 to 100 passengers, could transfer air arrivals in Gan up to resorts in Gaaf Dhaal/Gaaf Alif. Starting in the early morning with passengers having flown in during the night and been accommodated on the ship, the resorts would be reached in the middle of the day after an onboard brunch. Then the vessel would offload the new arrivals and pick up departing passengers for Male with a longer day/night cruise up to Laamu, and then Male for their flight out. The reverse itinerary would then be undertaken with new arrivals at Male being taken to Laamu and Gaaf Dhaal/Gaaf Alif (and departing passengers collected) on the way to Gan. The concept would be to offer an alternative means of transport to the distant resorts other than plane plus a long boat ride. The cruise could itself be an adventure replacing the city hotel that some guests would have had to take instead before flying out.

BUSINESS, INCLUDING MICE

The business segment of tourism to Maldives is growing steadily mainly fuelled by the Indian market. It will continue to expand as outside supplies are increasingly brought in to satisfy the needs of the tourist industry and the local population. The supply of city hotels has developed in line with the potential. The possible increase of Maldives as a MICE

destination is brought sharply into focus by the large convention centre on Addu built for the SAARC Summit in November 2011.

It is unlikely that the large-scale events for which the facility was developed can be attracted to the southern part of the country without extension and upgrading of the airports, additional accommodation facilities close by and the development of attractions and activities for participants during free time for the event. Attracting regional government, professional association and other conferences will be the mid-term goal. A tool by which such events might be attracted to Maldives could be a combination of holding formal sessions in the convention centre with informal break out and side events "Maldives style" on the beach-front using shelters as necessary from traditional materials etc.

FREE AND INDEPENDENT TRAVELLER (FIT)

The second manifestation of tourists that seek more exposure to, and involvement with, local communities and their societies and environments is through what the National Geographic identifies as *geotourism*. New Zealand is an example of a destination that focuses its tourism promotion on what it calls the *interactive* tourist seeking to mingle with the local population, its ways and culture.

Maldives does not cater for this type of tourist and it will be only in the mid-to-long term that it will have the transport network and other island facilities to cater for the FITs who make up the majority of such demand. Though FITs hardly feature at present, they may have some potential as domestic transport networks improve, bringing opportunities for exploratory circuit travel around Maldives.

PROJECTIONS

Forecasting tourism growth in a country that has experienced such vicissitudes in tourist flows as Maldives has over the past decade is a problematic exercise. It is vital that the opinions and plans of the international tourism distribution trade (i.e. tour operators, travel

agents and airlines) are taken fully into account since they bring the great bulk of tourists to the country which, because of its difficulty of access and high costs, has little independent travel for discretionary purposes.

The context of Maldives as a destination within the South Asia region needs to be given due consideration. The UNWTO report *Tourism Towards 2030* identifies South Asia as a primary growth region, with a forecast growth rate in international tourist arrivals of 6% a year between 2010 and 2030. This should be the base figure that Maldives should be targeting, achievement of which would produce 1.25 million arrivals in 2016 and almost 1.7 million by 2021. MOTAC's own forecasts for the period 2012 to 2017 target an average annual overall growth of 6.5%. A figure of almost 1.4 million is set for 2017 in MOTAC's forecasts, which, if the same rate were to be extended to 2021, would produce a figure of 1.75 million.

The World Bank's June 2011 paper *A Technical Note on Forecasting Maldives Tourism* notes that: "The country currently lacks a proper platform to make projections and forecasts. The most basic projection platform for arrivals currently used by the Ministry of Tourism includes a (straight forward) projection based on observed/assumed growth and taking into account seasonal features". Planned future work by the World Bank will lead to the establishment of a formal methodology for forecasting arrivals as the basis for determining all other related flows. Study will then be focused on developing platforms for the forecast of more pertinent tourism related flows of earnings of tourism (and consequently) fiscal revenues from tourism in order to facilitate government planning.

Until such a system is devised, tested and refined, it is necessary to rely on an adjusted time series approach. Indeed, with Maldives so dependent on the inclusive tour arrangement and therefore a relatively small number of corporate decisions made by tour operators, travel agents and airlines outside Maldives, there is a strong case that forecasts should take close account of the views and plans of key players in the international tourism distribution system.

There are sound grounds for believing that Maldives can exceed previous forecasts. Consultations with the international travel trade, as well as with a broad cross section of the industry in Maldives, lead to the following findings and conclusions about the country's future prospects in the short-to-medium (five year) term:

FACTORS: ALL MARKETS

1. The prestigious image of Maldives as a distinct and distinctive tropical island destination which is unparalleled in respect of the quality of the beaches and marine environment remains as strong as ever in European markets and has become widespread too in the Chinese and other Asian markets – in short Maldives is a destination to which discretionary purpose and special activity (e.g. diving) travellers aspire;
2. Demand for the top end of the market for Maldives appears to be largely price inelastic but the volume of travellers in this category has finite limitations;
3. The shortage of medium class and priced resort accommodation is severely limiting the potential from most European and Asian markets. The European market is demanding “affordable luxury” i.e. the idyllic setting of a typical Maldives resort, with high quality (though not necessarily 5*) service and at a price to tour operators of between US\$150-300. There exists considerable pent up demand because Maldives remains a “halo” destination to which large volumes of Europeans aspire to visit, including would-be repeat tourists who now see Maldives as having become too expensive. A British tour operator states that he needs a pool of 600 beds in a resort area (though not necessarily in a single resort), at that price level, before he can consider re-establishing a charter operation. If this issue is addressed through the development of new resorts of appropriate standard and price, with increased opportunity for guests to visit inhabited islands offering a full and structured programme of attractions and activities, then the volumes will increase at a

substantial rate, including the possible re-introduction of charters from Europe. The demand will be made up both of those who wish simply to relax on their resort and those wanting to combine their beach stay with visits to other islands for whom a charter-based package and the development of cultural attractions and activities on inhabited islands can entice some of them away from competing South and South East Asian destinations.

4. The opening up of a second international airport hub at Gan in Addu to serve the existing and planned new resorts in the southern atolls, with greater interaction with local communities, could also be a means of attracting greater volumes of beach plus visitors;
5. The global cruise industry is expanding at the rate of 10% a year, now amounting to 20 million a year. Additional capacity is being added to existing schedules and new routes are being opened up, including bases in Dubai, Oman and ports on the Indian west coast, all of which could be linked in to the Maldives, particularly in the northern area; while cruise operations between Male and Gan calling at selected islands could be developed (possibly on a back-to-back basis) to offer an alternative to the resorts especially during the peak season months; and higher quality safari boats could develop a range of inter-island cruises, calling at various islands (i.e. resorts, inhabited and uninhabited islands), a product that would appeal to the beach plus and FIT segments. While port facilities will need to be developed in Male, Gan and a number of other islands, transfer by small boats into shore at many islands can keep these to a minimum

FACTORS: EUROPE

1. Maldives' extreme distance from most major tourist generating markets results in a high emphasis being placed on the air service connection. The loss of charters from Europe (resulting from insufficient volume demand as resort costs have escalated)

has led to an increase in the price of Maldives holidays in respect of the airfare element as well as the resort costs. The situation is made worse by the fact that the price of aviation fuel and other airport charges in Maldives are reported by airline respondents to be significantly higher than in competing South Asian resort destinations. While there is a case for some price premium for the costs of aviation fuel, foreign airlines make their operating decisions purely on commercial grounds. British Airways, for example, is now extending its thrice weekly London-Male service to Colombo, partly because load factors in economy class are insufficient for a terminating service at Male (as a result of the depressed middle price bracket tourists) and partly because the cost of fuel uplift in Colombo is cheaper;

2. Increased destination competition is serving to affect tourist flows to Maldives i.e. the development of a strong resort product in neighbouring countries at lower prices, and the focus of resorts like Koh Samui in Thailand on attracting the high end of the market (again at lower prices than Maldives);
3. The continuing economic problems of the Eurozone and other European countries are serving to increase tourists' focus on value-for-money with shorter haul and duration destinations being chosen. These pressures are not expected to recede until 2015 at the earliest;
4. For the above stated reasons, growth from European markets will continue to be moderate, with significant variation according to the economic performance of the different countries.
5. The fact that there is growth at all speaks volumes for the strong standing of Maldives as a desirable destination to visit among Europeans. Maldives remains a destination to which Europeans aspire to visit and re-visit. This potential will be increasingly realised when incomes and price levels of Maldives holidays coincide.

FACTORS: ASIA

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1. The November 2012 Support Document for the Establishment of an Asia Pacific Network for Sustainable Tourism quotes research that shows “as the Asia and the Pacific share of the global ‘middle class’ population increases from 28% in 2009 to 66% in 2050, its spending power is projected to increase by eight times in the next 20 years” (source: Kharas, H., (2011) The Emerging Middle Class in Developing Countries, Brookings Institution, Washington DC Kharas, H., (2011) The Emerging MiddleClass in Developing Countries, Brookings Institution, Washington DC);
 2. The extreme contrast between the intensely urban lifestyle of the many millions of Chinese, most living in inland cities, and the tropical island setting of Maldives has engendered among the Chinese population an image of Maldives as a preferred destination for honeymoons and luxury holidays;
 3. The development by Mega Maldives of charter flight operations to six major Chinese conurbations has led to a major realisation of the pent up demand for Maldives in the Chinese market, and there is no reason to expect growth rates to slow down over the next five years as more cities are linked with direct flights to Maldives and the marketing efforts of MMPRC in association with the airlines, tour operators and local agents are maintained and, where necessary, strengthened;
 4. The increased orientation of the Maldives’ resort product and experience to the tastes of the Chinese tourists (i.e. through a diverse and intensive range of activities, Chinese speaking staff, Chinese food), allied to the country’s extremely large population base, will cement the ability of Maldives to continue to attract large percentage rises in Chinese tourist arrivals for the foreseeable future. There are no signs that Maldives is currently a ‘fashionable’ destination that may in time go out of fashion. What it offers is so different from what Chinese people are familiar with and has such an allure that growing volumes of Chinese want to experience the destination for themselves;

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5. There is a slight quandary in respect of the mixture of European and Chinese tourists. On one hand the attraction of Maldives for the Chinese is that is a destination with an international flavour, so resorts are keen to maintain a balance between source markets, being concerned that becoming a dedicated Chinese resort may stem the flow of Chinese tourists who decide it is no different from other destinations. On the other hand, European tour operators report that there is likely to be a backlash from their clients if resorts become dominated by Chinese tourists whose behavioural pattern differs significantly from that of Europeans. While the European wishes to relax with passive pursuits more important than active ones, the Chinese tourists is constantly on the go, desiring multiple activities;
 6. The potential of the Japanese and Korean markets are both substantially under-realised. With air connection improvements, significant growth can be generated in these markets, bringing levels of visitation close to those being achieved in competing destinations.

The indicative range growth rate forecasts show continued strong growth in the Asia and Pacific region, largely fuelled by China but with renewed significant growth from Japan, Korea and India. Some tapering back is probable in the second five year period, largely because the volume of arrivals will have reached such high levels that lower percentage growth rates will still produce over 100,000 additional arrivals a year.

Though Europe remains in the economic doldrums, and is likely to take some years to fully recover, demand for an aspirational destination is likely to hold up well, especially if new resorts catering for the middle market come on stream within the next two-to-three years. The development of air routes facilitating travel from Central and Eastern European countries, the addition of services from more Russian cities, and the possible reintroduction of charter flights from European cities will contribute to continued good rates of growth to Maldives.

The Middle East is a burgeoning outbound travel market, with family beach resort holidays in favour with many. Maldives can obtain its share of this growth.

The plans to open up air service between Johannesburg and Male will lead to a recovery of the South African market.

An average annual growth in arrivals of 11.5% is set for the period between 2011 and 2016 leading to a level of just under 1.6 million arrivals by the end of the period. The Asia and Pacific region will overtake the Europe region as the leading generator of tourists for Maldives, with a growth rate of 17.5% a year, as against 6.5% annually from Europe.

ARRIVALS TARGETS BY SOURCE MARKET REGION

Given implementation of the strategies proposed in 4MTP, including ensuring sufficient supply of mid range resorts to attract European charters to both Male and Gan; no political problems, tsunamis or similar; realisation of Mega Maldives route expansion plans; and sustained, effective and fully integrated (public and private sector) future tourism marketing and promotion, further growth at the rate of 9.5% a year can be targeted between 2016 and 2021, reaching a level of 2.5 million arrivals by 2021. Tourists from the Asia and Pacific region will account for 56% of all arrivals by 2021 at 1.4 million, having risen by 12.5% a year over the five year period. The number of European arrivals will approach the 1 million mark by the end of the period, having grown by 5.5% a year. Significant growth can be anticipated from the Middle East and Africa regions.

Table 4-9: Targets of Tourist Arrivals, 2016 and 2021

Source Market	% p.a. growth 2006-2011	2011 '000 arrivals	% p.a. growth 2011-2016	2016 '000 arrivals	% p.a. growth 2016-2021	2021 '000 arrivals
Europe	3.3	538	4-7	703	5 - 8	963
Asia & Pacific	22.5	349	15-20	782	10 - 15	1,409
Americas	17.0	24	8-12	39	8-12	62
Middle East	27.2	15	10-15	27	10-15	49
Africa	9.2	6	8-12	10	10-15	17
Total	9.1	931	10-12	1,561	8-11	2,500

Source: Master Plan Team

In dividing the total tourist flows from the main tourist source regions into segments, the 4TMP planning team has been guided by the visitor opinion surveys and feedback from the Maldives industry and advice from leaders in the tourist distribution trade in Europe and Asia.

FACTORS: BEACH RELAX

The beach resort relaxation holiday will remain the predominant form of tourism to Maldives accounting for 62% of Europeans' trips to Maldives, to which can be added a further 11% if the honeymoon/anniversary segment is included, making over three-out-of-four European tourists drawn to the Maldives by the lure of the beach resort. New developments such as upgraded spas in several of the top resorts will reinforce demand for the ultimate holiday in which the tourist can unwind from the pressures of their regular lifestyle.

It is estimated that, since one-in-ten visitors surveyed in the 2011 study considered their island visit to be the highlight of their visit to Maldives, approximately 10% of beach-oriented tourists, irrespective of source market, expect some degree of interaction with local culture. With further development of a coordinated range of attractions and activities on inhabited islands, more opportunities will be available for tourists to have interaction with

local communities. It is important that the inhabited island visits are well-organised and feature multiple attractions/activities.

FACTORS: HONEYMOON/ANNIVERSARY

The strength of the Maldives' image in both Europe and Asia as the ideal destination to celebrate their marriage accounts for why it attracts such large volumes of honeymooners. While for the Chinese it appears to be a once-in-a-lifetime event, European tour operators report that there is a considerable volume of repeat visitation with honeymooners returning some years later to celebrate anniversaries and/or with their children. Continued strong growth across all markets is anticipated in the niche honeymoon/anniversary segment.

FACTORS: DIVERS AND OTHER WATER SPORTS

Maldives' resources to attract divers, surfers and other water sports enthusiasts are of the highest order, with a variety of sites encouraging repeat visitation. Solid, consistent rates of growth are expected from all markets.

FACTORS: MALDIVES CRUISE

Though no organised cruise product is presently offered, a small number of tourists already use the liveaboards to visit inhabited islands. While the volume of cruise tourists to Maldives is not expected to reach a high volume during this planning period, accounting for between 1 and 2% of arrivals by 2016, this is a sector with major potential for the country. Extensive consultation will be needed between the Government of Maldives, tourism stakeholders and international cruise lines to explore the form and structure of cruise possibilities. Significant, double-digit growth is possible between 2016 and 2021 if appropriate facilities are developed to facilitate cruise ship operation and service their needs.

FACTORS: FITS

The FIT segment is presently tiny with only handfuls of adventurous visitor interacting with local communities. The increased provision of domestic transport services to and between inhabited islands, the development of attractions and activities on a number of islands, including guest house operations, will encourage growth in this segment but it is unlikely to become a significant segment in the next five years since the international travel costs represent a major obstacle to its development.

That said, there are increasing numbers of middle income FITs, including retirees for whom cost is not a major deterrent. Imbued with the spirit of adventure they travel to experience the lifestyles in other countries that represent a contrast to their own established way of life. In time, tourists of this type can be attracted to Maldives.

ARRIVALS TARGETS BY SEGMENT

Table 4-10: Targets of Tourist Arrivals, by Market Area and Segment, 2016

	Beach Relax	Honeymoon Anniversary	Divers & Other Water Sports	Maldives Cruise	Business inc MICE	FIT	Other Segments	Total
Europeans								
2011 '000	400	60	61	1	4	1	11	538
% p.a. growth 2011-2016	5.0	6	5	...	12	5	3	6.5
2016 '000	512	80	78	12	7	1.5	12.5	703
Asians								
2011 '000	143	150	20	0	17	0	19	349
% p.a. growth 2011-2016	18	18	10	...	15	...	14	17.5
2016 '000	327	343	32	8	34	1	37	782
Other Markets								
2011 '000	28	8	3	0	2	0.5	3.5	45
% p.a. growth 2011-2016	10.5	10	15	...	10	15	8	11
2016 '000	46	13	6	2	3	1	5	76
Total								
2011 '000	571	218	84	1	23	1.5	33.5	931
% p.a. growth 2011-2016	9.2	15.2	6.7	...	14.1	18	10.25	11.5
2016 '000	885	436	116	22	44	3.5	54.5	1,561

Source: Master Plan Team

MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION (MMPRC)

The MMPRC was established through a special Presidential Decree in March 2010 as a government company with hundred percent government shares. Its objective on formation was to undertake all the advertising and marketing activities of the government, in line with government's policy to carry out similar tasks under a single office in order to avoid duplication and increase efficiencies. On establishment, the MMPRC's remit included fisheries, agriculture and public education as well as tourism. In essence, the MMPRC absorbed the work carried out by the former Maldives Tourism and Promotion Board (MTPB) in destination marketing.

The Maldives' tourism industry voiced concerns that such a centralisation might undermine marketing and promotion undertaken on behalf of the country's tourism sector, the largest component of the country's economy. The industry was also concerned about a change to its long-standing destination slogan replacing "sunny side of life" with "Maldives - always natural". Following the change of government in February 2012, the MMPRC's role was modified to enable it again to focus almost entirely on its tourism marketing, public relations and promotional work. No change has, however, yet been made to the decree governing the MMPRC's operation but in practice it has largely reverted to the earlier form of operation as the MTPB.

MOTAC / MMPRC RELATIONSHIP

The operations of the MMPRC are monitored by the Ministry of Tourism, Arts and Culture (MOTAC). This is one of a number of MOTAC's functions that directly or indirectly relate to the development of the image and standing of Maldives as a tourism destination i.e.

1. Formulate and enforce standards for destination marketing and promotion,
2. Monitor and coordinate promotional activities of tourist information centers, in addition to the activities conducted by Maldives Marketing and Public Relations Corporation (MMPRC),
3. Undertake market research and prepare market reports,
4. Undertake joint marketing and promotional activities through public and private partnerships,
5. Develop guidance to brand and position Maldives as a tourism destination,
6. Facilitate and make provisions for foreign parties interesting in filming in the Maldives,
7. Develop entertainment and the intellectual creativity in the Maldives.

MMPRC ORGANISATIONAL STRUCTURE

The MMPRC has four operating departments, under an Acting Managing Director who reports to a Board. The operating departments are:

1. Corporate Affairs,
2. Procurement, Production and Printing,
3. Digital & Social Media, and

4. Tourism Marketing

The Tourism Marketing Department is divided into two regions – Europe, Asia – with a number of executives responsible for different sets of generating markets.

MMPRC BOARD

The Chairman of the Board of the MMPRC is the Minister of State for Tourism, with the remaining members being:

1. Director General, MOTAC
2. Representative of Maldives Association of Travel Agents and Tour Operators (MATATO)
3. Three further representatives of Maldives tourism industry i.e. resort operators and travel agents/tour operators
4. Acting Managing Director MMPRC
5. Government Advisor on Investments

Monthly Board meetings are scheduled, though it is understood they are held less frequently (i.e. every quarter). Most noticeably absent from the list are the two airlines registered in Maldives and who are responsible for opening up new markets in China (Mega Maldives) and India (Maldivian).

FUNDING FOR MMPRC

The MMPRC has a contract with MOTAC whereby it receives 10% of the Ministry's total allocation i.e. in the present year that amounts to Rfs70mn. The contract is negotiated annually. After overheads, just over US\$4mn is available for marketing, public relations and promotional activities in 2012. Private sector members of the MMPRC pay an annual enrolment fee of \$1,000 plus \$25 per bed for resort operators, and a modest participation fee

at overseas trade and consumer fairs. Total private sector contributions are estimated by the MMPRC to amount to around \$500,000 in 2012.

VISION, MISSION AND STRATEGIES OF MMPRC

As the destination marketing organisation for Maldives, the MMPRC's vision is for the country to be:

1. The best tropical island destination in the world,
2. The most exclusive destination in South Asia
3. The top tourism earner in South Asia
4. An example of sustainable tourism development in small island nations

MMPRC's mission is to promote quality and sustainable growth in the tourism industry on Maldives to foster a well utilised and financially healthy private sector industry – in this way enabling the industry to deliver long term economic, social and cultural benefits to the people of Maldives, while at the same time contributing to enhancements in Maldives' unspoiled marine environment to the benefit of the people of, and visitors to Maldives.

MMPRC's objectives in accomplishing this mission are:

1. To strengthen and enhance the exclusive image of the destination in the source markets
2. To position Maldives as a 'premium' destination worldwide
3. To achieve the growth targets set for the destination in the Marketing Plan for each year
4. To diversify the source markets as well as the market segments to the destination

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5. To undertake market research to monitor the world economic conditions and travel trends in order to identify market opportunities
 6. To monitor and support the private sector in their operations to maintain viable bed occupancy levels and to iron out seasonal fluctuations in visitor arrivals

MMPRC's current marketing strategies are still based on those outlined in the Third Tourism Master Plan (2007-2011) and the recommendations of the annual marketing workshop with industry marketing professionals, though the workshop in September 2012 was the first such event for two years.

The strategic marketing objectives presently followed are:

1. Maintain the premium image associated with the Maldives brand
2. Maintain a healthy presence in the traditional markets
3. Diversification of the tourism market specifically growing Asian, Middle Eastern and Eastern European markets
4. Greater penetration to "niche market segments"
5. Promote the 'live aboard' product of Maldives
6. Build capability of Maldives on "Online Platforms"

ASSESSMENT OF MMPRC

All the above (i.e. vision, mission, objectives and strategies) are valid and appropriate. The essential problem is that MMPRC is unable to fully achieve these goals at present because of a combination of:

1. inadequate financial and professional resources,
2. a lack of market research and analysis capabilities, and

-
3. insufficient collaboration with the tourism industry in Maldives and in source markets.

FUTURE BRANDING, POSITIONING AND MARKETING STRATEGY

The consistent positioning of Maldives as portrayed in travel media and tour operators' brochures and websites is along the lines of this extract from Travel Post by Noble Caledonia, an online travel magazine and forum:

"The Maldives is a by-word for luxury, romance and tropical bliss; a beautiful string of low-lying coral islands in the Indian Ocean, and a paradise for watersports enthusiasts and sun seekers alike"

Whatever activities visitors may wish to engage in while in Maldives, they are drawn in the first place by this perception of the country as an idyllic, "halo" destination. Maintaining this image and perception is, thus, the primary task of the country's destination marketing organisation. This demands consistency and constancy of the imagery presented about Maldives in all forms of media – but, particularly, in electronic, instantly available, media. Keeping the branding that has served Maldives well and helped it build its dream destination image is a key factor in maintaining the image. It is proposed to retain and continue to centralise destination marketing on the brand of "the Sunny Side of Life".

Maldives tourism will be shaped over the next five years by a changing balance in the international marketplace, a process that has been occurring since 2008 and will continue in the short-to-mid-term, and possibly beyond. There are a number of ways in which this changing balance will be manifested, largely reflecting the different economic growth rates in different countries e.g. over 8% a year in China, 6 to 7% in India, between 4 and 5% a year in other major emerging economies like Turkey, Brazil, Russia and GCC countries; BUT, between 1 and 3% in the USA, the Eurozone countries, the UK and the developed economies of East Asia. The most relevant for the future development of tourism in Maldives are:

-
1. The strong upsurge in demand from the Chinese market, with the pattern of tourist behaviour differing markedly from traditional western markets to Maldives, namely short stay (4 nights), activity driven (rather than rest and relaxation), little or no experience of seaside tourism (e.g. majority non-swimmers, with neither the time or ability to learn specialist water sports such as diving with emphasis instead on 'soft' recreational pursuits such as snorkeling, water polo, volleyball etc),
 2. Strong downward pressure on European and North American markets as a consequence of the continued squeeze on personal discretionary disposable incomes which is translating into a pattern of trading down in terms of holidays i.e. switch from long haul to short haul destinations, shorter duration, more emphasis on value-for-money. This pattern is particularly affecting middle and lower income households, with high income households seemingly less affected and more inured to the income pressures – or at least able to absorb them without significant change in holidaytaking patterns,
 3. Strong demand from emerging economy markets for types of holidays that partly mirror traditional patterns and partly have their own patterns e.g. GCC country family holidays that are *Sharia*-compliant,
 4. With the Chinese and other Asian markets expecting an extensive range of activities, and the faster-than-average growth of the beach plus market in the increasingly price sensitive western markets, there is the opportunity to develop a form of tourism that encourages and facilitates interaction with local communities through elements such as:
 5. more varied excursions,
 6. the production and delivery of cultural features and attractions such as local food delicacies, music, traditional fishing and weaving skills etc,
 7. adventurous stays at local-style lodging establishments.

There are also supply-side determinants of Maldives' positioning as a destination. These have not changed over time: i.e.

1. The geography, topography and biodiversity of Maldives is unique, with the string of small, beach-fringed, reef-surrounded, atoll islands creating a strong and enduring visual impact;
2. Maldives is a high priced destination as a consequence of its high dependence on imports, its large distance from source markets resulting in high international transport costs, the wide spread of island resorts leading to high inter-island transport costs, and its high degree of reliance on expatriate labour;
3. Protection of the pristine natural environment is a priority of the highest order, determining the form and degree of development that can be permitted;
4. It provides diving and other water-based activities of an outstandingly high standard; and
5. It has an established island resort product, totalling 99 operational resorts with over 22,000 rooms, that should not be undermined through reduction in the outstandingly positive way in which Maldives is perceived in the marketplace and the filtering off of the customer base to other forms of tourist lodging and facilities.

POSITIONING PROPOSITION FOR PLANNING

The following base positioning proposition for the purposes of the 4TMP is proposed as:

"Whether you are looking for the chance to simply relax or live life to the full exploring a beautiful, pristine tropical island nation, Maldives offers the ideal holiday, either staying in a peaceful, high standard island resort, diving or surfing on world class sites or taking an adventurous cruise to islands where you can interact with the Maldivian population sampling their food, music, crafts, traditional skills and customs, or for the most adventurous, stay among the local community."

Then, for each of the primary segments being targeted, sub-positioning statements are needed. The present set of positioning statements used by MMPRC remains valid with one addition related to increased interaction with the local population and their culture i.e.

1. *Maldives...the romantic side of life* for honeymooners and couples to portray absolute privacy associated with the Maldives product
2. *Maldives...the colourful side of life* for scuba divers and underwater enthusiasts to portray the vibrant and colourful coral reefs and their flora and fauna
3. *Maldives...the thrilling side of life* for watersports lovers and adventure seekers to convey the wide range of watersports and other thrilling activities that Maldives offer
4. *Maldives...the spiritual side of life* for tourists who seek revitalisation of their body and mind to communicate the spa and wellness product of the Maldives
5. *Maldives...the human side of life* for tourists seeking to combine their beach resort holiday with interaction with the lifestyles of local people

MARKET RESEARCH

IMPORTANCE OF MARKET RESEARCH

Market research is the starting point for all tourism product development and the marketing cycle. It is the basis on which concepts are checked and translated into reality, and then supported through marketing and promotional action programmes. Understanding the tastes and trends in demand of tourists is one of the most fundamental requirements for successful destination tourism product development. Unless a destination understands what the visitor would like to be provided it is difficult for the developers and operators to be sure that what is offered is acceptable and preferable to that available in other

destinations. Then, once the product opportunities have been assessed and developed, a targeted marketing campaign converts the potential into demand.

No destination can, therefore, establish a product development portfolio or an accurately-targeted marketing strategy and campaign without:

- i. an extensive system for the collection, analysis and interpretation of tourism statistics related to tourism in their destination i.e. through border entry/exit points, lodging establishments, registered/licensed attractions and activities,
- ii. a programme of regular market research and ad hoc studies into the scale, structure, profile, characteristics and trends in major and prospective source markets and segments.

Market research can be designed from a demand or a supply perspective: it can provide analyses and assessments of the market, or be tailored to investigate the potential for specific product development. Different consumer groups, or market segments, have different needs and expectations. A destination will need to distinguish between the different patterns of demand from short and long haul markets, from first time and repeat visitors, from vacationers and business persons, etc.

Maldives has no dedicated section or individual officer responsible for market analysis. The Statistics Section in MOTAC compiles and develops presentations of statistics related to tourist flow and resort performance but has no formal responsibility for interpretation of the data produced. There is no formal research or analysis capability in MMPRC. The Regional Country Marketing Officers, under the Marketing Executive, individually utilise desk research and feedback from their markets in planning marketing, promotional and public relations activities. Such material is incomplete and often out-of-date for the simple reason that there is no structured market research and information gathering and analysis system in place. These observations are not a reflection on the personnel in either MOTAC or MMPRC. The market research and analysis function does not exist in either organisation.

This deficiency was highlighted in the 2009 UNWTO study titled *The Restructuring of the Maldives Tourism Promotion Board*. That report concluded that the then MTPB needed specialist expertise to analyse the statistics on visitors, accommodation and airlines developed by MOTAC and from external sources for use in marketing planning and for dissemination to the industry. It proposed that the post of research executive should be created to source market intelligence, travel trends etc from source markets; as well as monitoring and evaluating the organisation's activities as part of the process of measuring its effectiveness and quantifying return on investment. These observations and recommendations are equally valid today as at the time of the UNWTO study.

PROPOSAL TO IMPROVE MARKET RESEARCH

It is proposed that the post of Research Officer should be created within MMPRC. The incumbent should report to and work closely with the Director responsible for the Statistics Section of MOTAC in carrying out the following tasks:

1. analysing statistical and other information to identify trends to be fed into the MMPRC's marketing planning system; and
2. using feedback from marketing activities and other sources to develop a prioritised programme of market research studies and survey to provide insights into market and segment trends and developments.

MARKETING PLANNING

IMPORTANCE OF MARKET PLANNING

The directions and strategies outlined in the 2011 Marketing Plan are still being followed in 2012. Activities have had to be scaled down, however, because the 2012 budget of US\$4.1 million is less than half that built into the specification of activities included in the 2011 Marketing Plan.

Many of the failings observed in the 2009 UNWTO study *The Restructuring of the Maldives Tourism Promotion Board* have addressed. However, yet to be addressed are:

1. inadequate justification provided for the prioritisation of markets;
2. a lack of clarity of rationale in matching products to markets and segments; and
3. an absence of targets set for each market and performance at overseas fairs.

There is recognition by MMPRC officials that these areas need to be addressed and efforts are being made to do so. For example, the October preparatory meetings for participants at the 2012 World Travel Market designed to enable them to gain the most benefit from their attendance was a good initiative. More significant improvements are currently hampered by the absence of insightful or detailed market research and analysis as discussed above.

MMPRC has been reorganised from the MTPB with separate Tourism Marketing and Digital and Social Media departments. The creation of a dedicated electronic-technology based unit is fully endorsed since the imagery of Maldives lends itself so well to online, visual presentation, and consumers are increasingly using internet searches to research and book their holidays. Furthermore, ready measurement can be made of the impact of websites and social media.

A long-serving and experienced Marketing Executive heads the Tourism Marketing Department. Of the five Marketing Officers assigned to individual collections of source markets, two are recent recruits who are learning about their markets and the application of marketing tools. The general approach is reactive rather than proactive, again because of the lack of good market information that would facilitate detailed and precisely targeted marketing planning in advance.

PROPOSAL TO IMPROVE MARKET PLANNING

A more rigorous marketing planning approach is needed using evidence-based justification for marketing activities targeted at specific segments in each market selected for marketing investment. At the same time each marketing tool utilised should be subject to monitoring and evaluation to pre-set criteria.

LIAISON WITH MALDIVES INDUSTRY AND THE INTERNATIONAL TRAVEL TRADE

The MMPRC's Board currently includes a representative from the Maldives association of Travel Agents and Tour Operators as well as three industry representatives i.e. resort operators and travel agents/tour operators. In addition it undertakes, largely ad hoc, consultation with the local industry, the most recent such example being the workshop to discuss the creation of a tourism marketing plan. This event in September 2012, involving around 40 industry parties, was the first such formal interaction between MMPRC and the industry for two years.

While the destination marketing organisation's focus is on attracting tourists to the country through the creation and dissemination of an image and supporting messages that engender in prospective tourists a strong desire to visit the destination, the responsibility of operators is to attract customers to their own businesses. Tourism industries benefit from an effective destination management organisation and there are many instances worldwide where a joint, collaborative approach can serve the dual purpose of generating tourist flows to the country and for individual operators.

The key partners in the international tourism distribution system for Maldives are the airlines, who should be MMPRC's natural allies in destination marketing, and foreign tour operators and travel agents. The lack of intensive and concerted collaboration with the international tourism distribution trade remains a deficiency though it is being attended to in a number of major source markets through the appointment of public relations agencies to build strong links with key tour operators and travel agents.

PROPOSAL TO STRENGTHEN PUBLIC/PRIVATE RELATIONSHIPS IN MARKETING

Addressing the need to work more closely, and undertake joint marketing and promotional activities, with Maldives and international operators should be accorded the highest priority, with the international public relations agents having a key role to play in their respective markets.

MARKETING BUDGET

BUDGET RELATIVITY

The 2012, \$4 million tourism marketing budget is almost entirely taken up by two activities: participation at promotional fairs (57%); and advertising (27%). PR agency consultation fees (in the major markets of China, India, Germany and UK) take some (7%) and fam tours (4%). It is clear both from a breakdown of the MMPRC budget and study of the marketing budgets of national tourism offices elsewhere that Maldives is not investing sufficiently in tourism marketing.

A destination with the prestigious image that Maldives has needs to maintain that position and fend off competing destinations. That requires a marketing budget of sufficient size to fund a range of activities in all existing and potential large-scale markets. It is proposed that a budget level equivalent to \$5 to 6 per arrival should be set. That would mean increasing the 2012 budget to between \$5 and 6 million, rising to between \$8 and 9.4 million.

PROPOSAL FOR MARKETING BUDGET

Currently, as in the past, marketing funds are provided predominantly from the public purse with just an estimated \$0.5 million (or one eighth) coming from private sector membership dues. This needs to change. More destinations are establishing joint, public/private promotional organisations with funding either evenly contributed on a dollar-for-

dollar matching basis or another form whereby private sector partners in individual promotions make agreed contributions along the lines of La Maison de la France model.

In order to increase industry participation in destination marketing activities, use is proposed of joint promotions with industry partners on a joint funding basis. That said, not all marketing, promotional and public relations activities lend themselves to a partnership approach. Government of Maldives will need to increase its subvention to the MMPRC, possibly by ring-fencing a portion of the bed tax it collects, in order to enable it to maintain its highly aspirational destination status across all main markets.

Budgetary allocation per market will be a judgement based on the present and potential performance of individual source markets. It is not a sound strategy to concentrate on the currently fastest growing markets (e.g. China) to the exclusion of the longer established source markets (e.g. the UK, Italy and other European markets), especially when, as in the case of Maldives, the length of stay of the European tourists is considerably longer than that of the Chinese tourist. In broad terms, however, a split along the following lines can be a sound guiding principle:

1. Fast growth markets: 45 to 50%
2. Slower growth but strong long term markets 35 to 40%
3. Emerging and opportunity markets 10 to 20%

Table 4-11: Maldives Marketing Budget, 2012, by Component

Tourism Component	'000 US\$	% of Budget
Fam Tours	149	3.6
Advertising	1,104	26.7
of which		
E-Marketing – Cision Database	5	0.1
Online advertising	16	0.4
Advertising – production of Product Manual	203	4.9
Creative agency	880	21.3
Joint marketing promotions	126	3.0
Roadshows	31	0.7
Events	50	1.2
PR Consultation fees	278	6.7
Welcoming new flights	7	0.2
Promotional fairs	2,386	57.8
Total	4,132	100.0

MARKETING, PROMOTIONAL AND PUBLIC RELATIONS ACTIVITIES

CRITIQUE OF CURRENT ACTIVITIES

The huge reliance on overseas trade and consumer fairs is largely because “that is the way it has always been done” rather than on a considered, costs-related-to-returns basis. Consultation with overseas tour operators and public relations agencies indicate that many destinations are scaling back their participation at, or withdrawing from, overseas fairs on the grounds that the amount of actual business done is very small because the hectic surroundings at fairs militates against detailed contractual discussions. Instead, there is a preference for roadshows at key centres of population. Part of the roadshow will typically be trade-oriented with the opportunity for one-to-one business meetings between destination providers and tour operators, and part will be consumer-oriented. Roadshows are much less costly than fairs and the results are more readily measured. Yet, in 2012 less than 1% of the MMPRC’s budget is allocated to roadshows.

FOCUS FOR FUTURE ACTIVITIES

The key components of future marketing, promotional and public relations campaigns in all established and growth source markets should be, in broad order:

1. Full use of all online platforms and social media,
2. Roadshows with travel trade and consumers in main urban centres
3. Joint promotions with airlines and key producing tour operators and travel agents
4. Familiarisation trips for travel media and tour operator and travel agency personnel
5. Selective participation at fairs – subject to detailed screening and assessment

The balance of activities will change in developing new markets where fam trips and fairs to maximise exposure to Maldives as a new destination will be a priority goal.

5 ACCOMMODATION

HISTORY OF TOURIST ACCOMMODATION

ACCOMMODATION IN 1TMP1982

The number of resorts had grown from 13 in 1978 to a predicted 48 by 1983 with 3,314 beds. In addition, Male had 4 hotels with 113 beds. 90% of all resorts were in Kaaf Atoll. 1TMP called for a ratio of less than 3-4 uninhabited islands for every developed inhabited island. Room rates were from US\$45 to \$60. Occupancy rates were about 45%. Overbooking problems occurred at Christmas time. Tourism was perceived as constrained by lack of beds in high season. Resorts were classified into three broad categories: i) "divers village"; ii) "medium class villages"; and "1st Class villages" (higher standard of inside finishes). Water supply, sewerage, electricity and solid waste management were concerns but not considered constraints. The proposed solution for solid waste was "bring to a collection point in Male". Solar energy was flagged as a possibility. Desalination plants were seen as solution for water supply. Building regulations were called for.

ACCOMMODATION IN 2TMP 1995

By 1993, there were 10,000 beds in resorts. North and South Male Atolls accounted for 64% and Ari Atoll's share was 35%. Difficulties arranging finance and management were causing delays for some new leaseholders. Annual occupancy rates rose from 60% in 1990 to 65% in 1993. A new style of resort development had evolved involving a perimeter of single-story chalets or bungalows, an elevated arrival boat jetty leading to reception area off which were F&B outlets, retail and administration areas and walkways leading to decked areas extension, coastal dive centre, sometime a health centre in the interior, an island core or remote corner screened off for staff accommodation, mosque, plant nursery, etc and discretely elsewhere, a power house, treatment plant, desalination plant and other infrastructure linked to a deepwater access point. This model evolved out of the "divers

village" to cater for beach holiday as the mainstream resort product. Adaptations were made to cater for specific markets. While concerns were being voiced about losing the charm of previous resorts in pursuit of luxury, it was noted that at the extreme top end (then US\$200 to US\$600 per day) there was "more ethnic charm". Water bungalows were beginning to feature.

Accommodation on safari boats had growing rapidly to 665 beds by 1993, about 6.5% of all tourist beds in Maldives. The term "cruise product" was introduced in 2TMP. Safari boats had experienced a trend away from specialised dive trips towards "mixed island hopping and resort stays" or chartered, customised cruises with high expectations of service. "Luxury safari cruising" was perceived as an attractive market, constrained by high import tariffs on the cost of materials to build the boats. Approved cruising atolls were Baa, Lhaviyani, Kaafu, Alifu and Vaavu. 2TMP recommended responding to the call from European markets for diversification of resorts to include: "all-inclusive"; "self-catering"; "eco-tourism"; plus "multi-function centre" (sailing marina, sea world, "small island states conference centre", etc) in Addu Atoll. 2TMP also recommended that, with the exception of Addu, all resorts should remain focused on marine activities. Addu Atoll's linked islands are envisaged as "Maldives quays", leading to the creation of more traditional integrated resort complexes with golf, condominiums, marina, sporting facilities, even a casino.

ACCOMMODATION IN 3TMP 2007

Bed capacity had increased at an average annual rate of 11.65 % between 1972 and 2005. There were now 650,000 beds and 89 resorts. An additional 51 islands had been allocated for development. Under a recent policy change, plots of land had been released for city-style hotel development in inhabited islands. The cruise product had further developed towards a luxury experience. By 2006, there were 116 live-aboard vessels with a total of 1,599 beds. 3TMP recommended that while retaining its essential identity, the tourism product should be diversified to attract complementary market segments with products such as: eco

tourism resorts, health resorts, luxury islands, floating resorts, budget resorts, liveaboards, luxury yachts, and training resorts.

RECENT EVENTS IN ACCOMMODATION

The government leased new islands and other land for tourism development using 3TMP target projections as a guide. 3TMP's projections for 2010 were 900,000 arrivals and 30,000 beds in operation. However, by 2010 there were actually only 791,917 arrivals and the number of registered beds stood at 25,243. By the end of 2010, the government had issued additional leases allowing for 10,000 more beds. These have not come onto the market. There are currently 72 island or land leases for tourist accommodation that remain underdeveloped.

Changes to building regulations were made to provide for innovative facilities such as underwater restaurants. MOTAC has leased islands for development of training resort, developed the "Asseyri" integrated tourism development concept for inhabited islands and leased land from inhabited islands for community-linked tourism developments. The leasing of land for hotels in close proximity to international and domestic airports has continued.

3TMP advocated community-industry consultations about community-linked resorts and hotels on inhabited islands and tendering islands/plots of land close to population centers for resort/hotel development. Accordingly, lands were leased in inhabited islands. So far, no operations have begun. (These are the "underdeveloped leases" illustrates in the maps below.) A few projects that commenced development subsequently opted for a land swap due to dissatisfaction with the allocated land and difficulties in transport due to lack of progress on government support for transport hubs and uncertainty over being able to serve liquor in the premises.

Regulations now allow guesthouses on land designated for private dwellings on inhabited islands other than Male'. Various factors, including uncertainty about demand, have

hindered these. MOTAC is in the process of reviewing regulations for the operation of tourist hotels in inhabited islands

ACCOMMODATION STATISTICS

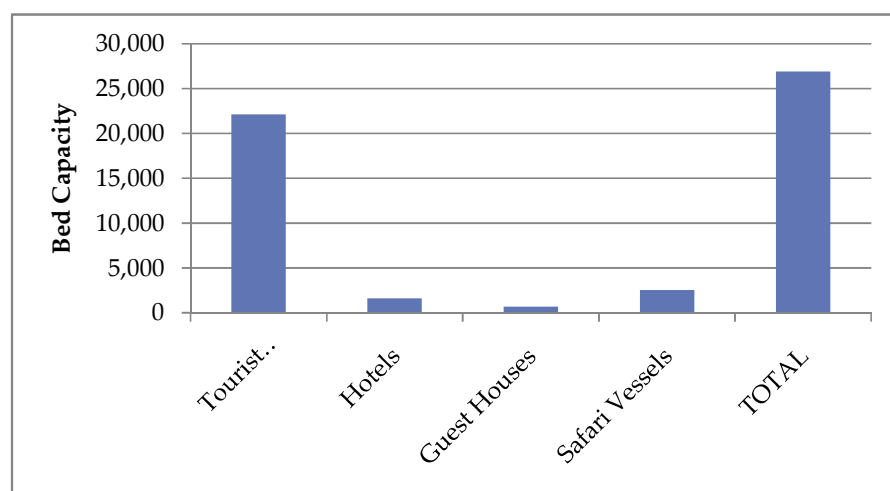
As at October 2012, MOTAC lists a total of 124 resorts and hotels offering a total bed capacity of 24,432 in operation in Maldives. In addition, just less than 2,000 beds are available in guesthouses and liveaboard vessels, in the broad proportions of 1:3. The 73 properties that remain underdeveloped have a planned capacity of 10,432beds.

Available bed night capacity in resorts and hotels has grown from 6.4 million in 2007 to 8.2 million in 2011, an average annual growth of 6.4%. Tourist bed nights in resorts and hotels over the same period grew from 5.3 million to 6.4 million i.e. a rate of increase of 4.7%. In consequence of the supply rising faster than demand, occupancy rates declined from 82.5% in 2007 to 77.5% in 2011.

The average utilisation of guesthouses and liveaboard vessels, for which MOTAC has only collected data since 2010, was significantly lower than for resorts and hotels at 23.4% in 2011 when a total of 170,622 tourist bed nights were achieved by the more than 724,000 bed nights available in these forms of accommodation.

The average length of stay in resorts and hotels has declined from 8.5 nights in 2007 to 6.8 nights in 2011. This is almost entirely caused by the high growth in the Chinese market, because its average length of stay is 3 or 4 nights, thereby bringing down the overall average.

Figure 5-1: Numbers of beds by accommodation type (as at October 2012)



Source: Ministry of Tourism, Arts & Culture (2011)

Table 5-1: Bed nights, occupancy rates and duration of stay by accommodation type, 2007-2011

Year	Bed capacity in operation (annual average)	Bed night capacity	Tourist bed nights	Bed night growth (%) over previous year	Occupancy rate (%)	Average duration of stay (days)
2007 (resorts and hotels only)	17,589	6,400,167	5,293,224	9.7	82.5	8.5
2008 (resorts and hotels only)	19,117	6,996,640	5,446,937	2.9	77.8	8.0
2009 (resorts and hotels only)	20,137	7,338,221	5,150,688	-5.4	70.2	8.6
2010	23,649	8,631,809	5,986,342	n.a.	69.5	7.6
Resorts/Hotels	21541	7,861,955	5,829,589	13.2	74.2	7.4
G/Houses & Vessels	2,108	769,854	156,753	n.a.	20.7	0.2
2011	24,490	8,938,190	6,529,141	9.1	73.1	7.0
Resorts/Hotels	22,504	8,213,871	6,358,519	9.1	77.5	6.8
G/Houses & Vessels	1,987	724,319	170,622	8.8	23.4	0.2

Source: MOTAC 2012

Table 5-2: As yet undeveloped properties by property type and bed numbers

Type	Number	Beds
Hotel/City Hotel	11	1,970
Lagoon Resort	6	200
Medical Resort	1	0
Tourist Resort islands	49	7,712
Training Resort	1	150
Transit Hotel	2	400
Yatch Marina	1	0
Total	71	10,432

Source: MOTAC, as of end October 2012

RESORTS AND HOTELS

GEOGRAPHIC SPREAD OF RESORT AND HOTELS

An important part of the analysis for 4TMP was the preparation of maps tracing the evolution of resort and hotel development. The reasons for historically growth patterns have been well documented in previous masterplans. 1TMP's vision of Male' as the single gateway and hub for only a short time, to be followed quickly by two secondary hubs in the north and the south, did not happen principally because development was led by the private sector and the private sector took the pragmatic approach of developing around exiting infrastructure. Previous masteplans rationalized this by suggesting a critical mass of development was required for economies of scale. The introduction of seaplanes in the early 1900s then extended the range of the Male' hub. For all these reasons, development has focused around Male' to a far greater extent than was originally planned.

Illustrating the development patterns of resort and hotel on these maps has been a useful exercise in its own right. A very obvious conclusion from the final map is that the 71 underdeveloped islands, about which more is said in the Economic Contribution and Business Development chapter below, are mainly in the north and south, at the extreme edge of the range of the Male' hub. This reinforced to the 4TMP planning team that the lack of southern and northern hubs is contributing to the current difficulties faced by these

underdevelopment properties. If, as the last two masterplans strongly suggested, the suitable islands around the Male's hub are now more or less fully developed, the time has come to give priority to the secondary hubs.

DRAFT 1 FOR COMMENTS

Figure 5-2: Resorts and hotel developments before and between masterplans(also showing underdeveloped leases)

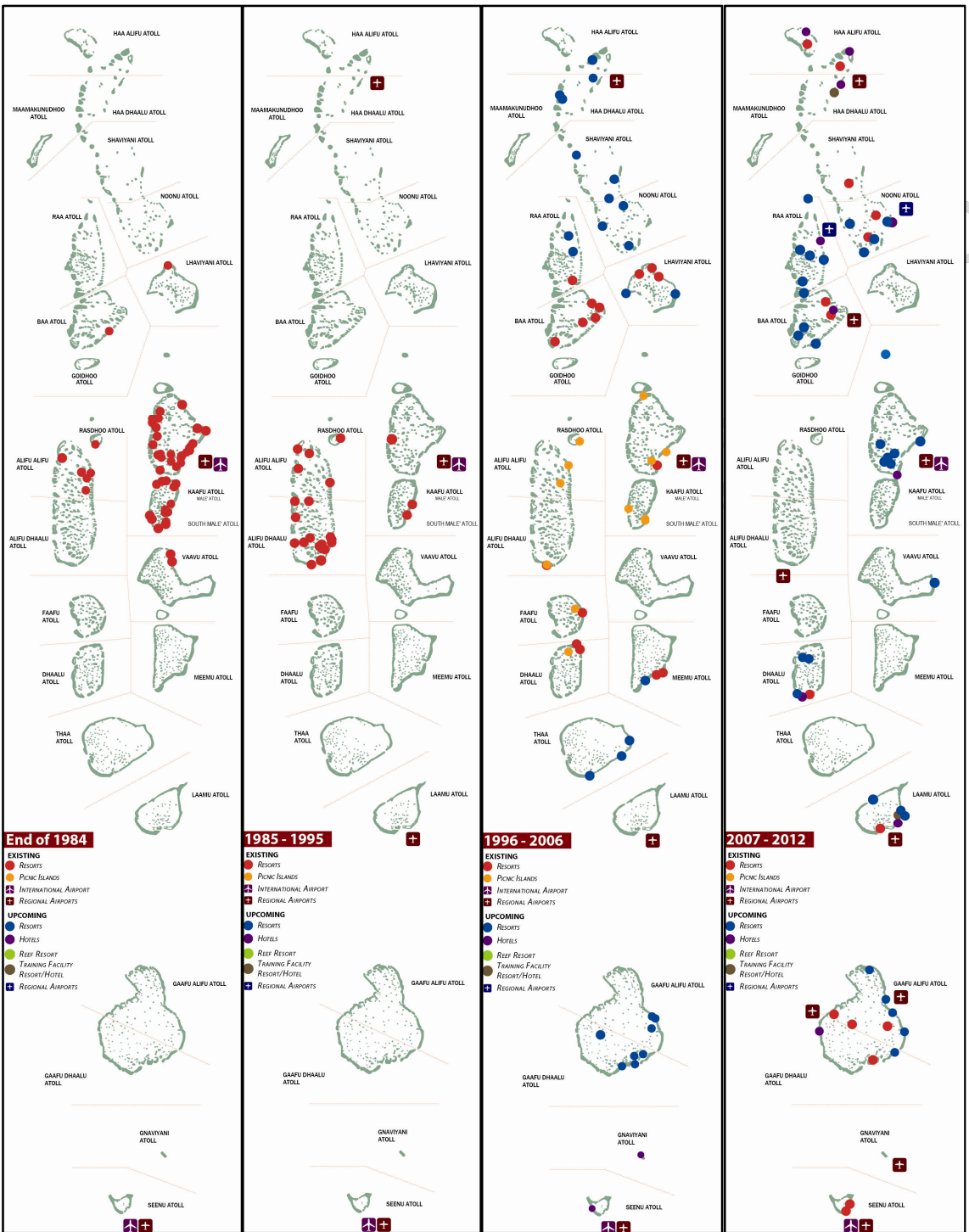
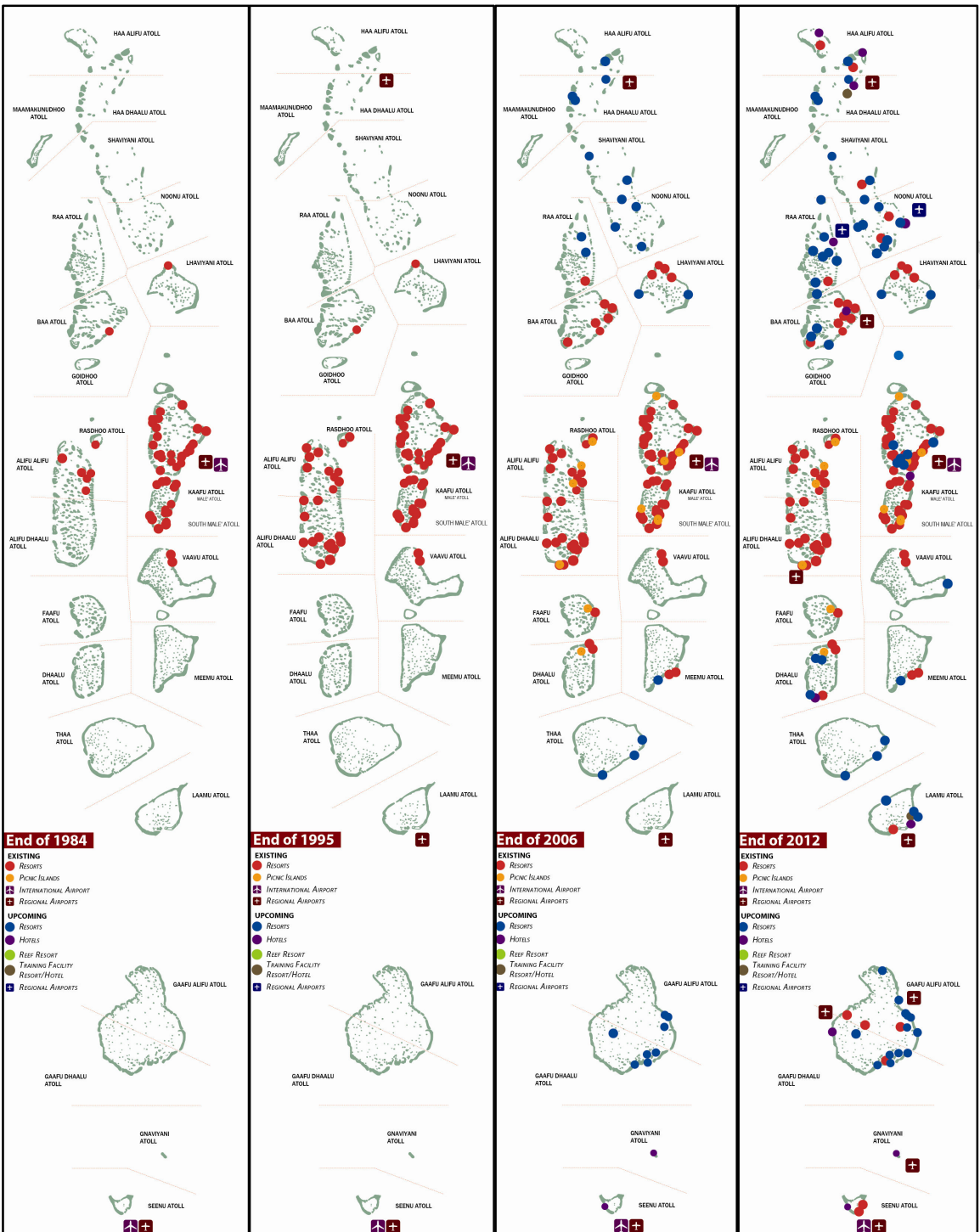


Figure 5-3: Accumulated development of resorts and hotels (also showing underdeveloped leases)



RESORTS AND HOTEL PRODUCT DEVELOPMENT

The resort sector now contributes more than 80% of total tourist beds. A total of 104 resorts were registered as of October 2012, with six closed for renovation and other reasons. There are 22,065 beds in operation and 630 beds closed for renovation. Of the 71 underdeveloped properties, 49 are resorts with planned additional capacity of 7,712 beds.

In regard to the operating resorts, Maldives “one island one resort” concept has continued to evolve and move upmarket, in the process further cementing the concept as a world-leading model. The resorts product remains fundamental to Maldives unique positioning in world tourism. The geography of the country, with its many scattered islands lends itself naturally to the concept. Most of the World’s leading resort brands are now represented in the management of the resorts. Mostly operating as isolated businesses and all determinedly self reliant, many properties that started in a humble way now operate at the highest level by any international standard. Newer properties have gone straight to a high-end positioning. Overall, as the number of resorts properties has increased, so the resort product has grown in quality and sophistication. The operating resort sector is now one of the outstanding tourism success stories of Asia.

Maintaining the resort product of Maldives at the levels now achieved will continue to require continued sophisticated management. As previous masterplans have noted, the resorts sector is generally led by the private sector. Delivering the core resort product requires subtlety and rigorous training disciplines that normally only the private sector can supply. The challenge is heightened at present for many resorts by the need to deliver the same product to entirely different markets in different ways on the same day. Future government decisions need to accept that the resort sector will continue to demand high management inputs, sourced from the top echelons of the international hospitality industry.

Government’s attempts to dictate to the private sector where new resorts should be positioned in the market have not worked. Industry leaders currently believe the market needs more 3 and 4 star properties to drive volumes in order to justify infrastructure. Earlier

government efforts to lease islands specifically for 3 to 4 star properties with low government lease rents did not succeed. The properties all went up-market. In future, government's primary concerns should be to ensure that: i) sufficient suitable islands have been released; ii) decisions are made in favour of new transport infrastructure in order to make isolated islands more viable; and iii) problems within and around the resorts sector are addressed. Some positioning obligations in leases will be appropriate within comprehensive PPP development packages associated with new transport hubs. Elsewhere, the market should determine the best positioning for each property.

Hotel developments on inhabited islands have not fared as well as the resorts sector. There is a clear market preference for resorts from traditional tourist markets. A pattern of reasonably successful but very competitive transit-stay hotel has developed on the Greater Male' islands. There is a small domestic leisure market, about which very little is known. A few hotels in Greater Male' cater successfully for business. There were 16 hotels operating in 2010 with an addition of 2 hotels by October 2012.

During the period of this masterplan, a concentrated effort is required to address regulations for city hotels and guesthouses. Care should be taken about restrictions that apply to one and not the other. Ideally, the distinction between a guesthouse and a small, boutique hotel should be a question of marketing and a decision for the property owner to make, not a government official. In many destinations of Asia – Vietnam, Singapore, Malaysia, Indonesia – small boutique hotels are currently leading innovation in the accommodation sector. Before regulations are drawn up for city hotels and guesthouses, a marketing study is required to address whether and if so, how, an FIT market is to be attracted to Maldives. This is addressed further below, in the Guesthouse section.

Table 5-3: Detailed list of islands leased for tourism development

Island		No. of Facilities	Beds	Type
GRAND TOTAL		197	34,114	
TOTAL EXISTING BEDS		124	24,432	
TOTAL UPCOMING BEDS		73	9,682	
Mathi Uthuru Province (Upper North Province)		15	3,003	
Haa Alif Atoll		6	856	
Existing		3	456	
1	Alidhoo Island Resort (Cinnamon Island)		200	Resort
2	Island Hideaway at Dhonakulhi Maldives, Spa Resort & Marina		90	Yatch Marina
3	The Beach House at Iruveli Maldives (Waldorf Astoria Maldives, Manafaru)		166	Resort
Upcoming		3	400	
1	Kelaa		200	Hotel
2	Naridhoo		100	Resort
3	Uligamu (City Hotel)		100	Hotel
Haa Dhaal Atoll		5	1,450	
Existing		0	0	
Upcoming		5	1,450	
1	Hanimaadhoo		200	Hotel
2	Hondaafushi		200	Resort
3	Kudamuraidhoo		250	Resort
4	Naagoashi		600	Resort
5	Nolhivaranfaru		200	Hotel
Shaviyani Atoll		4	697	
Existing		1	97	
1	Viceroy Maldives (Vagaru)		97	Resort
Upcoming		3	600	
1	Dholhiyadhoo		200	Resort
2	Gaakoshihi		200	Resort
3	Kabaalifaru		200	Resort
Uthuru Province (North Province)		40	7,324	

Island	No. of Facilities	Beds	Type
Noon Atoll	10	1,522	
Existing	2	542	
1 Hilton Maldives - Irufushi Resort & Spa		442	Resort
2 Zitahli Resort & Spa, Kudafunafaru		100	Resort
Upcoming	8	980	
1 Huvadhumaavattaru		200	Resort
2 Maafaru (Transit Hotel)		200	Hotel
3 Maavelaavaru		100	Resort
4 Ekulhivaru		180	Resort
5 Randheli		100	Resort
6 Fushivelavaru`		100	Resort
7 Raafushi		100	Resort
8 Dhigurah		NA	Resort
Raa Atoll	12	1,460	
Existing	1	470	
1 Adaaran Select Meedhupparu		470	Resort
Upcoming	11	990	
1 Furaveri		200	Resort
2 Eiythigili		200	Resort
3 Ifuru		NA	Hotel
4 Maamigil		200	Resort
5 Lundhufushi		40	Resort
6 Maamunagau		NA	Resort
7 Maanenfushi		150	Resort
8 Madivaafaru		NA	Yatch Marina
9 Muravandhoo		NA	Resort
10 Kudakurathu		100	Resort
11 Dhigali		100	Resort
Baa Atoll	12	2,306	
Existing	8	1,606	
1 Anantara Kihavah Villas, Maldives		110	Resort
2 Coco Palm Dhuni Kolhu		200	Resort

Island		No. of Facilities	Beds	Type
3	Dusit Thani Maldives (Baa Mudhdhoo)		208	Resort
4	Four Seasons Resort Maldives at Landaa Giraavaru		206	Resort
5	Kihaad Resort (Kihaadhufaru Tourist Resort)		200	Resort
6	Reethi Beach Resort		248	Resort
7	Royal Island Resort & Spa		304	Resort
8	Soneva Fushi By Six Senses		130	Resort
Upcoming		4	700	
1	Dharavandhoo / Finolhas		200	Hotel
2	Vakkaru		200	Resort
3	Kanufushi		200	Resort
4	Muthaafushi		100	Resort
Lhaviyani Atoll		6	2,036	
Existing		4	1,336	
1	Komandoo Maldivian Island Resort		120	Resort
2	Kuredhdhoo Island Resort		768	Resort
3	One & Only Kanuhura, Maldives		200	Resort
4	Palm Beach Island		248	Resort
Upcoming		2	700	
1	Hudhufushi		400	Resort
2	Kanifushi		300	Resort
Medhu Uthuru Province (North Central Province)		97	17,335	
Male' (Capital)		17	1,495	
Existing		16	1,295	
1	Central Hotel		82	Hotel
2	Coral Hotel & Spa (Hotel Fresco)		81	Hotel
3	Hotel Octave		28	Hotel
4	Hulhule Island Hotel		272	Hotel
5	Kam Hotel		24	Hotel
6	Lucky Hiya Hotel		39	Hotel
7	Marble Hotel		55	Hotel
8	Mookai Hotel		102	Hotel
9	Mookai Siutes		98	Hotel

Island		No. of Facilities	Beds	Type
10	Nalahiya Hotel		84	Hotel
11	Nasandhura Palace Hotel		36	Hotel
12	Off Day Inn (Host Palce Hotel)		30	Hotel
13	Relax Inn		74	Hotel
14	The Boutique Inn at Villa Shabnamee		24	Hotel
15	The Wave Hotel and Spa (Baani Hotel)		32	Hotel
16	Traders Hotel (Holiday Inn Male')		234	Hotel
Upcoming		1	200	
1	Male' Hotel / Dharubaaruge		200	Hotel
Kaaf Atoll		50	9,532	
Existing		43	9,132	
1	Adaaran Club Rannalhi		256	Resort
2	Adaaran Prestige Vaadhu (Vaadhu)		100	Resort
3	Adaaran Select Hudhuranfushi (Lhohifushi)		354	Resort
4	Anantara Resort & Spa Maldives (Dhigufinolhu)		220	Resort
5	Angsana Resort & Spa Maldives, Ihuru		90	Resort
6	Asdhoo Sun Island		60	Resort
7	Bandos Island Resort and Spa		450	Resort
8	Banyan Tree Maldives Vabbinfaru		96	Resort
9	Baros Holiday Resort		150	Resort
10	Biyaadhoo Island Resort		192	Resort
11	Chaaya Island Dhonveli (Tari Village)		296	Resort
12	Club Faru, K. Farukolhufushi		304	Resort
13	Club Med Kanifinolhu		448	Resort
14	Coco Palm Boduhithi		206	Resort
15	Coco Palm Kudahithi		14	Resort
16	Cocoa Island		70	Resort
17	Dream Island Maldives		120	Resort
18	Embudhoo Village		236	Resort
19	Eriyadhoo Island Resort		114	Resort
20	Fihaalhohi Island Resort		300	Resort
21	Four Seasons Resort Maldives at Kuda Huraa		212	Resort

Island		No. of Facilities	Beds	Type
22	Fun Island Resort		200	Resort
23	Gasfinolhu Island Resort		80	Resort
24	Giraavaru Tourist Resort		132	Resort
25	Helengeli Island Resort		100	Resort
26	Holiday Inn Resort Kandooma Maldives (Kandooma)		322	Resort
27	Huvafenfushi		102	Resort
28	Jumeirah Vittaveli Island Resort at Bolifushi (Bolifushi)		178	Resort
29	Kurumba Maldives		362	Resort
30	Makunudu Island		74	Resort
31	Meeru Island Resort		570	Resort
32	Naladhu (Palm Tree Island)		138	Resort
33	Olhuveli Beach & Spa Resort		332	Resort
34	One and Only Reethi Rah, Maldives		268	Resort
35	Paradise Island Resort & Spa		568	Resort
36	Rihiveli Beach Resort		100	Resort
37	Sheraton Maldives Full Moon Reosort & Spa (Fullmoon)		312	Resort
38	Gili Lankanfushi (Soneva Gili by Six Senses)		94	Resort
39	Summer Island village		230	Resort
40	Taj Exortica Resort & Spa Maldives		128	Resort
41	Thulhaagiri Island Resort		172	Resort
42	Velassaru Maldives (Laguna)		258	Resort
43	Vivanta by Taj - Coral Reef, Maldives		124	Resort
Upcoming		7	400	
1	Kaashidhuffaru		200	Lagoon Resort
2	Kuda Villigili		200	Resort
3	Lagoon 17 (Dutch Docklands)		NA	Lagoon Resort
4	Lagoon 19 (Dutch Docklands)		NA	Lagoon Resort
5	Lagoon 37 (Dutch Docklands)		NA	Lagoon Resort
6	Lagoon 7 (Dutch Docklands)		NA	Lagoon Resort
7	Lagoon 9 (Dutch Docklands)		NA	Lagoon Resort

Island		No. of Facilities	Beds	Type
Alif Alif Atoll		11	1,988	
Existing		11	1,988	
1	Bathala Island Resort (Adaaran Club Bathala)		90	Resort
2	Constance Halaveli Resort (Halaveli Holiday Village)		172	Resort
3	Ellaidhoo Tourist Resort		224	Resort
4	Gangehi Island Resort		72	Resort
5	Kuramathi Tourist Resort		580	Resort
6	Maayafushi Tourist Resort		150	Resort
7	Madoogali Resort		112	Resort
8	Nika Island Resort		76	Resort
9	Velidhu Island Resort		200	Resort
10	Veligandu Island		148	Resort
11	W. Retreat and Spa Maldives Fesdhu		164	Resort
Upcoming		0	0	
Alif Dhaal Atoll		16	3,818	
Existing		16	3,818	
1	Angaaga Island Resort and Spa		140	Resort
2	Diamonds Athuruga Beach and Water Villas (Athurugau Island Resort)		146	Resort
3	Centara Grand Island Resort & Spa Maldives (Machchafushi Island Resort)		224	Resort
4	Conrad Maldives, Rangali Island		304	Resort
5	Constance Moofushi Resort (Moofushi Island Resort)		220	Resort
6	Holiday Island		284	Resort
7	Kudarah Island Resort		60	Resort
8	Lily Beach Resort		250	Resort
9	Lux* Maldives (Diva Maldives)		394	Resort
10	Mirihi Island Resort		72	Resort
11	Ranveli Village		112	Resort
12	Sun Island Resort & Spa		852	Resort
13	Thundufushi Island Resort		144	Resort
14	Twin Island Resort		98	Resort
15	Vakarufalhi Island Resort		150	Resort

Island		No. of Facilities	Beds	Type
16	Vilamendhoo Island Resort		368	Resort
Upcoming		0	0	
Vaav Atoll		3	502	
Existing		2	402	
1	Alimatha Aquatic Resort		312	Resort
2	Dhiggiri Tourist Resort		90	Resort
Upcoming		1	100	
1	Fottheyo		100	Resort
Medhu Province (Central Province)		9	1,500	
Meem Atoll		3	460	
Existing		2	400	
1	Chaaya Lagoon Hakuraa Huraa		160	Resort
2	Medhufushi Island Resort		240	Resort
Upcoming		1	60	
1	Dhekunuboduveli / Kudausffushi / Gasveli		60	Resort
Faaf Atoll		1	250	
Existing		1	250	
1	Filitheyo Tourist Resort		250	Resort
Upcoming		0	0	
Dhaal Atoll		5	790	
Existing		3	590	
1	Angsana Resort & Spa Maldives - Velavaru		236	Resort
2	Niyama (Olhuveli & Embudhufushi)		154	Resort
3	Vilu Reef Beach & Spa Resort		200	Resort
Upcoming		2	200	
1	Dhoores		100	Resort
2	Vohmuli		100	Resort
Medhu Dhekunu Province (South Central Province)		10	1,520	
Thaa Atoll		3	580	
Existing		0	0	
Upcoming		3	580	
1	Elaa		280	Resort

Island		No. of Facilities	Beds	Type
2	Male'fushi		100	Resort
3	Kalhufahalafushi		200	Resort
Laam Atoll		7	940	
Existing		2	240	
1	Olhuveli		194	Resort
2	Riveries Diving Village (L.Gan / Hotel)		46	Hotel
Upcoming		5	700	
1	Bodufinolhu / Gasgandufinolhu		150	Training Resort
2	Kadhdhoo		200	Transit Hotel
3	Gan		150	Hotel
4	Gan Medical Resort		NA	Medical Resort
5	Vadinolhu		200	Resort
Mathi Dhekunu Province (Upper South Province)		20	2,026	
Gaaf Alif Atoll		11	1,172	
Existing		4	524	
1	Robinson Club Maldives (Funamauddua)		150	Resort
2	Jumeirah Dhevanafushi (Meradhoo)		74	Resort
3	Park Hyatt Maldives, Hadaha (Alila Villas Hadahaa)		100	Resort
4	The Residence Maldives (Falhumaafushi)		200	Resort
Upcoming		7	648	
1	Dhigurah		NA	Resort
2	Kondeymathee Laabadhoo		100	Resort
3	Mahadhdhoo		100	Resort
4	Munandhuva		48	Resort
5	Vodamulaa		300	Resort
6	Maanagala (Matu)		100	Resort
7	Maarehaa		NA	Resort
Gaaf Dhaal Atoll		9	854	
Existing		1	200	
1	Ayada Maldives (Magudhdhvaa)		200	Resort

Island		No. of Facilities	Beds	Type
Upcoming		8	654	
1	Gazeera		44	Resort
2	Kaadedhdhoo		200	Transit Hotel
3	Kaishidhoo		60	Resort
4	Konotta		100	Resort
5	Lonudhuahutta		100	Resort
6	Maavaarulu		NA	Airport
7	Vatavarreha		150	Resort
8	Kooddoo Airport		NA	Airport
Dekunu Province (South Province)		6	1,406	
Gnaviyani Atoll		1	120	
Existing		0	0	
Upcoming		1	120	
1	Fuvahmulak (City Hotel)		120	Hotel
Seenu Atoll		5	1,286	
Existing		4	1,086	
1	Amari Addu Maldives (Herethere Island Resort) (Handhufushi)		546	Resort
2	Shangri - La Villingili Resort & Spa		284	Resort
3	Equator Village - Gan		156	Hotel
4	Gan Island Retreat		100	Hotel
Upcoming		1	200	
1	Hankede (City Hotel)		200	Hotel

Source: Ministry of Tourism, Arts & Culture (end of October 2012)

SAFARI BOATS

THREE GENERATIONS OF SAFARI BOATS

The Safari boat / liveaboard story began in the mid 1970s. The initial product offerings were local yacht *dhoni* fitted out for diving trips. One main cabin accommodated up to six foreign guests in bunk beds below a central, elevated deck. The late 1980s saw vessels that were specially built for cruising and outfitted with amenities. As the years went by, further improvements in the standards and quality of the liveaboard vessels were realized. Some of the present day vessels mirror the types of facilities available in resorts. The Safari boat operators recognize 3 generation of boats, as illustrated below.

Modern boats like Sea Spirit and Sea Queen have the look of European-designed luxury motor-yachts. They have air-conditioned cabins with attached bathrooms, soundproofed generators, high-tech water systems and galleys furnished to professional standards. Typically with three decks and accommodations for up to 30 ranging from triple rooms to suites. Navigation systems include high-end GPS and chart plotters. Some vessels use a separate *dhoni* for diving, allowing the entire vessel to in the style of a luxury high-end yacht.

1ST GENERATION

Figure 5-4 Aladeen Safari Vessel. Length: ??? Berths: 1 Cabin (6 Pax)



NEED GOOD PHOTOS

2ND GENERATION

Figure 5-5Baraabaru Safari Vessel. Length: 57ft Berths: 8



NEED GOOD PHOTOS

Figure 5-6Dhuni Safari Length: Berths: 10



NEED GOOD PHOTOS

Figure 5-7 Keema Safari Length: 27m Berths: 6 Cabin



3RD GENERATION

Figure 5-8 MV Seaspirit Length: 28m Berths:6 Cabin



Figure 5-9 Fathimah Safari, with 8 luxury cabins, the vessel caters for divers, whale watchers, surfers and island hoppers.



DRAFT 1 FOR COMMENT

SAFARI ROUTES

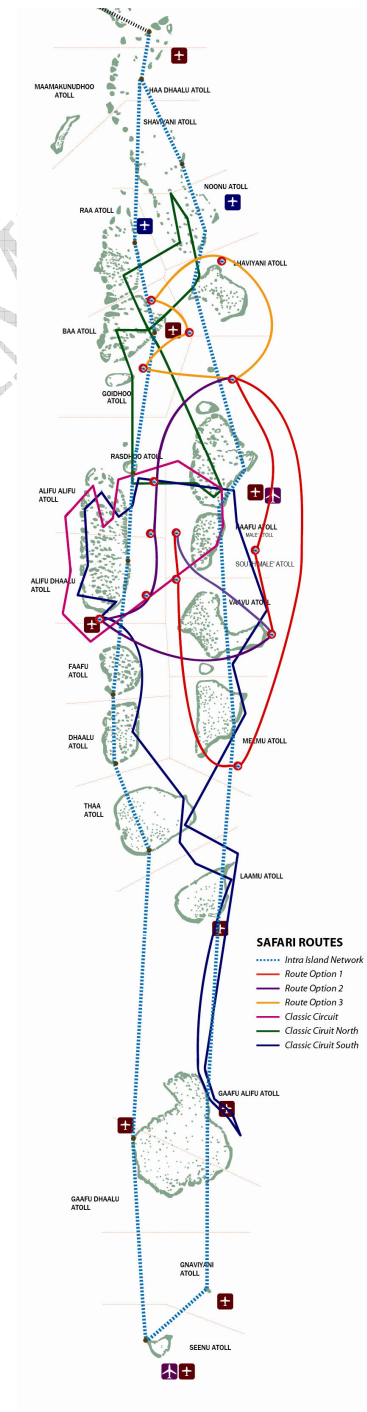
Safari routes are based on the operations of individual vessels.

Before the recent domestic airports were opened, most routes rotated around the Male Atoll. Trips started from Male and visited North and South Male Atolls and Ari atoll. As new airports were opened, the routes have expanded to cover more far-flung locations. Trips are Typically 8 days (7 nights), 12 days, 15 days, 22 days or 30 days. Some safaris operate from Laamu and Huvadho and Addu Atoll region, where airports are located. Depending on the itinerary of the guest, the trips could also take in Noonu, Raa and Shaviyani or even the upper north Haa Dhaalu Atoll.

A typical one-week Safari route visits:

- i. North Male' Atoll, South Ari Atoll, North Ari Atoll and South Male' Atoll
- ii. A typical two-week Safari route visits:
- iii. South Male' Atoll, South Ari Atoll, North Ari Atoll and North Male' Atoll

Figure5-10: Common Safari Routes



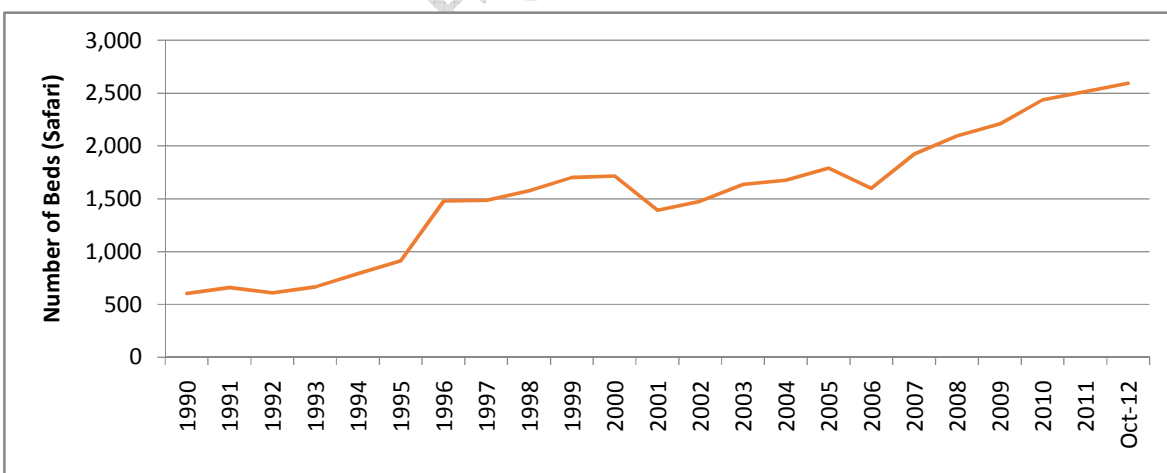
Three others route options are:

- i. South Male', Felidhe atoll, East extreme coast, Mulaku atoll, North male' atoll , South male' atoll, Felidhe atoll, and
- ii. South Male' atoll, Felidhe atoll, East extreme coast, West Felidhe atoll, South Ari atoll, West Ari atoll, Mid Ari atoll, Rasdhoo atoll, North Male' atoll
- iii. North Male' atoll, South Baa atoll, Mid Baa atoll, North Baa atoll, North Ihaviyani atoll, Mid & south Ihaviyani atoll, North Male' atoll

Route options are illustrated on the following map. Most route decisions are based on diving preferences. Clients will chose between: outer reef wall dives; inner atoll pinnacle dives; and drifts dives and reef features such as: fish diversity; drop offs; over hangs; slopes; coral caves, sea fans, hard and soft corals and wrecks.

SAFARI BOAT GROWTH

Figure 5-11: Safari Boat Growth



Source: MOTAC 2012

Safari boat growth has not been steady. In the 1990s numbers began declining and it appeared the novelty had worn off. The resort product was at that time moving ahead strongly. Recently, safaris have returned to growth. There were 157 safari vessels with a

cabin capacity of 2514 in 2011 and by the end of October 2012 this had grown to 160 vessels with a bed capacity of 2591.

As to the future, activity-driven marine products using safari boats - especially involving diving and surfing - are envisaged as having highly valuable position in the Maldives product mix. Just as resorts have followed their markets upwards, so too should safari boats. There has always been a moderately strong demand at the high end for diving. There is now also a substantial high end market for surfing. Decisions about how to match the demand and evolve the safari boat product further should, like resorts, be made by the private sector with advice and support from government. The Safari boat sector is willing to engage with government to make this masterplan period one where the facilities needs of safari boats are better catered for in planning.

Just as resorts took off when they became more family-oriented, it is tempting to eye the booming world market for cruising and ask could fourth generation safari boats become a Maldives product in the world cruising market? Could Maldives one day be renowned for unique fly/cruise packages? Previous masterplans have pointed to the homogeneity of scenery and the lack of historical or cultural attractions as constraints to cruising. On the other hand, many of Maldives' new markets are keen on island hopping and engaging with Maldivian communities.

In this regard, it is recommended that the safari boats industry should be considered important stakeholders in the agenda to develop a better range of attractions and activities for tourists on inhabited islands. When the inhabited islands of Maldives become more attractive places to visit, what is now referred to in almost derogatory terms as "island hopping" could become a "Maldives cruise" product with almost limitless scope. One strategy for rapidly developing the cruise sector would be to ease current restrictions and allow foreign ownership in safari boats and foreign-owned vessels of suitable standards to operate in Maldives under strict and concession arrangements profitable to government and considerate of the local industry.

The newly created LAM is an excellent focus for the safari boat sector to articulate its needs to government. Government should discuss with LAM the options for driving growth in the liveaboard sector. The high potential for future growth in Safari boats should be factors in the planning of transport hubs and in atoll-level planning for tourism development. Safari boats need safe anchorage with capacity for 200 boats and a purpose-built berthing area near Hulhule' international airport. They also need marinas in key atolls (eg Noonu Atoll and Faafu Atoll) for stopping and replenish supplies and to give guests a break from the sea. The latter need should be matched with the planning of 'island roles' advocated elsewhere in this report. Carefully planning with safari boats sector coupled with capacity building projects at community level will create opportunities on inhabited islands, especially those with good berthing facilities and local enthusiasm for enterprise in the activities and attractions sector.

SMALL HOTELS AND GUESTHOUSES

Overall, there was a decrease in the number of guesthouses from 2007 to 2009, going down from 24 to 22 within that period. Since then the number has risen to 26 will the number of registered guesthouse beds at 995. Guesthouses are typically defined as an accommodation establishment, other than a tourist resort or a tourist hotel, that is compliance with standards determined by the MOTAC to provide board and lodging or [only] lodging for tourists for a payment decided at a certain rate per day of stay.

Guesthouses are currently the most contentious aspect of the accommodation sector. MOTAC is routinely giving permission for guesthouses on land designated for private dwellings. The development of guesthouses on other inhabited island land is not being allowed pending the outcome of 4TMP. In general terms, the recommendation of 4TMP, based on the analysis in this document, is the same restrictions should continue. Decisions about how to develop tourism on inhabited islands require careful, site-specific analysis with participation by local communities and local industry. It is not appropriate to apply

ablanket solution by policy decision or regulation. In Voume 1, the Strategic Action Plan details proposals for such site-specific planning.

There were guesthouses in Maldives before tourist resorts were developed. Guesthouses of the 70's on isolated islands were closed in line with new regulations restricting negative social impacts on local communities. Tourist guesthouses were then only allowed only on Male'. The pattern was established of tourists staying onisolated resorts, well away from local populations. Registered hotels came to be allowed on inhabited islands where guesthouse where allowed previously. Parliament passed a resolution authorizing registration of guesthouses on any island in 2008 and MOTAC commensed issuing guesthouse licences on inhabited islands.

In recent times, some substantial guesthouses have evolved on the Greater Male' islands of Male' and Hulhumale' (not on Villi-Male') to compete in the transit-stay market. In general terms, guesthouses outside Male' atoll are struggling.Many have been conceived with no target market in mind. Guesthouse developers, perhaps influenced by people who have spent their careers in accommodation, simply believe that building tourist accommodation is a guarantee of success. Many envisage bookingsattracted through the Internet, assuming that somewhere in the world,someonemust be interested. Those further advanced in their thinking, realizing the handicaps of the lack of attractions on inhabited islands coupled with constraints on beach attire and alcohol, have sharpened their target to activity-driven guests, believing visitors will be willing to dive or surf all day and use the guesthouse only in the evening.

The 4TMP planning team's market analysis has shown that Maldives attracts leisure visitors who expect eitherresorts or safari boats. There are few FITs and no established patterns of circuit travel. In future,given that local residents everywhere are friendly and English-speakingthere could be circuit travel using the inter-island ferries network or the new domestic airports. Maldives could attract people who prefer to travel unbooked, exploring, making their minds up what to do and see when they arrive. Such visitors are a popular

market for guesthouses and have frequently driven community-based tourism development in Asia. The lessons from elsewhere in Asia suggest that if Maldives wishes to launch into attracting FITs as a growth strategy, it should do so carefully and in a planned way. Once an FIT pattern is established, is hard to change. Distance and price are likely to preclude the lowest end of back packers / world travelers, although recent suggestion about connecting Male', Colombo and Kochi with a passenger ferry might lower the price barrier.

For the moment, until a carefully considered decision is made about whether to seek FITs, MOTAC should continue to maintain the status-quo on guesthouse and city hotel development on non-residential land on inhabited islands. It should de-emphasize the accommodation sector on inhabited islands, except in places where transit, business and domestic markets clearly exist – ie in the Greater Male' islands, on Addu Atoll and eventually around Hanimaadhoo airport in the north. All guesthouse applicants should be required to specify target markets and justify that demand exists.

Further, MOTAC should drive a programme of planning atoll and island level to match community aspirations and social / cultural constraints with real market opportunities. This needs to be done in a site-specific way. Recognizing that at this level of tourism, Maldives is operating at a very unsophisticated level, international agencies can lend a hand, especially by bringing to bear community tourism development methodologies that have worked well in other Asian countries. Lessons from Nepal, Lao PDR, Cambodia, Thailand and Indonesia can be adapted for Maldives. The focus must not be on accommodation, but rather on the activities and attractions sector, linking island communities with the mainstream patterns of Maldives tourism. This should be a major theme of the 4TMP implementation period.

Where strong transit, business and domestic markets do exist, guesthouses and small hotels should be fostered and supported with regulations that: minimize social impacts; encourage high standards of design, development and management; and with guest safety as a paramount concern. Guesthouses and small hotels should be encouraged, through marketing advice and assistance, to follow their markets upwards, just as resorts

and safari boats have done. Artificial lines between “guesthouses” and “small hotels” need not be drawn. Benchmarks of scale and quality could distinguish between guesthouses and small hotels on the one hand and a registered city tourist hotel on the other. Registration as a city tourist hotel should be open to operations on either residential or designated public land with prerequisite quality standards. Registration should attract privileges and obligations.

DRAFT 1 FOR COMMENTS

6 ACTIVITIES AND ATTRACTIONS

HISTORY OF ACTIVITIES AND ATTRACTIONS

ACTIVITIES AND ATTRACTIONS IN 1 TMP 1982

Coral islands were already the prime attraction. "A relaxing holiday on the beach and in the water" was the main product. Maldives was to be positioned as the place to realise the dream of a holiday on an exotic uninhabited tropical island. Long coral sand beaches, live coral reefs and channels for snorkeling and diving were prerequisites for resort islands. Lagoon islands were particularly suitable. Sport fishing in both lagoon and the ocean was viewed as an attraction. Water sports such as water skiing and wind surfing should be developed. Inhabited islands should be places to make and sell handicrafts. Divers were already only 10 to 15% of total arrivals. The key comparative advantages of Maldives for diving were: extensive good diving spots; the variety of fish species; and few tourists.

ACTIVITIES AND ATTRACTIONS IN 2TMP

Diving at resorts now typically costs USD 300 to 350 for an open-water course or for 6 days unlimited hire. It was estimated that 300,000 dives were being made each year. Resorts also now offered watersports and haddhonis for excursions. Reef fishing and big game fishing were viewed as potential for Japanese, Far East, European and emerging South African market. Male' was perceived as important excursion destination as well as a transit centre. Work was required to realise Male's "vast visitor attraction potential". Visitors to Male were disappointed at the lack of things to see and do. A pattern of day visits to inhabited islands near resorts and the appearance of souvenir shops on inhabited islands was noted. Open, cool and colourful markets were recommended rather than closed, hot and concrete block shops. Island visits were referred to an "excursion product". Monthly incomes of USD 12,000 to USD 36,000 were reported on inhabited islands. Dhigurah in South Ari Atoll was recommended as the pilot for an "integrated community development product" with a semi-

integrated resort and community-based attractions. 2TMP also proposed setting aside agricultural islands, nature preserves and picnic islands. The “cultural incompetence” of many tour guides was blamed for the tourists’ lack of cultural awareness. Instead, local guides should be trained.

ACTIVITIES AND ATTRACTIONS IN 3TMP

3TMP hardly mentioned the activities and attractions sector. Its cornerstone theme was that visitors had voted Maldives as the destination “with the most beautiful beaches, the most romantic islands, and as the most beautiful island destination in the world”.

RECENT EVENTS IN ACTIVITIES AND ATTRACTIONS

2TMP envisaged Maldivian heritage, culture and arts as a value-added component of tourism, needing to be maintained and showcased. A new National Museum in Male’ was completed in 2010. A cultural center was set up in Dhangethi with the support of resorts in South Ari atoll. However, its management model was not successful. It has since been envisaged that cultural and heritage sites could be managed through a public/private partnership model. Local performing arts activities in resorts are increasing.

RESORT-BASED ACTIVITIES AND ATTRACTIONS

Resort-based tourists typically choose from a range of optional recreational activities within the resort and excursions outside the resort. Outside activities range from fishing trips to exploring uninhabited islands “Robinson Crusoe style” or visiting nearby inhabited islands to experience the culture and way of life of Maldivians. Inside the resort boundaries are snorkeling and watersports, pools and spas, the latter increasingly fitted with the most sophisticated therapies.

Spa tourism was first introduced to the Maldives in the late 1980s with simple saunas and steam baths. More facilities were introduced in the 1990s, such as jacuzzis, chilled pools and

massage centers. Spa services became so popular that it became virtually mandatory for all resorts to have one and many resorts now include the word “spa” in their name. Investments were made on building the infrastructure for spa facilities and masseurs and specialists were brought in to offer these services. Most of the spas concentrate on East Asian practices of relaxation and rejuvenation. Many also offer Swedish and Turkish style massage.

All resorts cater for divers and snorkellers, most organising twice-daily diving excursions and usually at least one snorkeling trip per day. Dive centres at resorts are professionally run to high international standards. Reputations for service vary. Divers chose resorts for their location and ease of access to dive sights. Most resorts have at least 10 sites close by. Most resorts also have a water-sports centre offering canoes and windsurfers. Some also offer water skiing, kite-boarding and wakeboarding.

Most resorts will offer a sunset, sunrise or night-fishing trip. The trips with the best reputation amongst tourist are authentically Maldivian experiences on local boats. Resorts near Male arrange a big-game fishing. Large, well-equipped boats are used to catch dorado, tuna, marlin, barracuda and jackfish among others.

DIVING AND SURFING

Diving was the main reason early tourists came to Maldives. Diving still dominates in the Safari boats. Serious divers will generally take a safari boat and opt for a route and schedule based on visiting their preferred selection of dive sites. All resorts have access to good reefs. Some share popular dive sites. A few resorts have obvious advantages, such as the Equator Village, where coral was not affected by the bleaching event in 1998. Most resort diving is from boats.

Surfing has recently increased in popularity, attracting the increasingly affluent world surfing markets. Safari boats conveniently cater for surfers (‘surfari’) when seas are too rough for diving. Unlike diving, which has almost limitless resource scope, surfing is

restricted to relatively few ideal areas. Only a few resorts have their own surf breaks. Nearby resorts organize boat trips to the breaks. Crowding and other resource sharing issues are occurring. The most important surf breaks should now be declared as “commons” with equal rights for all, managed by industry-driven roster arrangements and with oversight and arbitration by the proposed new Tourism Planning Committee (see Chapter 11 Industry Organisation and Governance).

CULTURAL AND COMMUNITY-BASED

Creating opportunities for local communities to participate in tourism has been an aim in all previous masterplans. 1TMP saw inhabited islands playing an important role in tourism, especially associated with arts and handicrafts, even while its main emphasis was on separating resorts from society. Subsequent masterplans softened the separation idea. 2TMP advocated cultural villages. 3TMP focused on guesthouse development.

There is no shortage of enthusiasm at present for community engagement in tourism. Motivation is strong amongst political leaders at island and atoll level. Island councils are currently putting pressure on MOTAC to give approvals for guesthouse and hotels on government land on inhabited islands so that councils themselves can engage in tourism to generate income for communities. Unfortunately, accommodation is the first thing councils propose. Interviews with central government officials also regularly include reference to community-based tourism success stories in guesthouses, homestays, village stays, etc elsewhere in Asia.

Within government, but until now there has been little attention to the activities and attractions sector for generating opportunities for community participation in tourism. It is a clear recommendation of 4TMP that this prejudice should be overcome. The international market potential for guesthouses on inhabited islands is tiny at best. However, there is good evidence of very strong interests from the markets already coming to Maldives in activities and actions. The best potential for community participation in tourism lies in providing

opportunities for existing tourist markets to engage with Maldivian communities, learn about Maldivian lifestyles, fish on Maldivian fishing boats, buy Maldivian handicrafts, eat Maldivian food, learn something of Maldivian history and culture, etc.

In the private sector, whenever the topic of community-based attractions arises, industry leaders give well-rehearsed arguments against attempting to attract markets that travel with a specific focus on culture. Nor will the established industry abide any suggestion that Maldives has cultural attractions in the league of Sri Lanka's cultural triangle or Cambodia's Angkor Wat. These arguments are entirely correct. Maldives tourists come and will continue to come primarily for beach and marine activities. Taking visitors to see historical monuments will ever be a prime motivator of a visit to Maldives. However, activities and attractions involving Maldivian crafts, social interactions with Maldivian people and engagement with Maldivian lifestyles are popular now and have potential to grow and to add significant value to Maldives' primary beach product.

There are many Asian examples to aspire to. Souvenir industries can start humble ways and grow to be sophisticated. In Cambodia, the company that runs and makes products for the souvenir shops in the international airports (<http://www.artisansdangkor.com>) started out as a French bilateral aid project in two small villages near Siem Reap. Nepal's Tibetan carpets, Lao's silk weaving, Lombok's pots, all started out as aid-assisted community enterprises selling first to tourists, then directly to world markets. In many other more modest ways, Asian destinations have learned to develop village guiding, historical interpretation, fishing expeditions, village restaurants, etc into successful tourism products.

Of the many such success stories that exist in Asia, few started with the access to wealthy tourist markets that Maldives residents on inhabited islands have now. One or two inhabited islands in Northern Male' receive more than 200 guests per day, many willing to pay US\$30 for a painted t-shirt. On most islands, souvenir shops already exist. Local boats capable of taking guests fishing exist. What has not happened yet is any careful and systematic process to plan community-based tourism; engage, empower and organize

groups through participatory planning; and build capacity through programmes of training tailored to the aspirations of entrepreneurs. Case studies elsewhere in Asia have demonstrated that such interventions work and can create sustainable community-based tourism.

The Cambodian example above illustrates the potential for community-based products to even reach up towards the sophisticated levels of the rest of Maldives tourism. Turning village-level crafts into valuable art is often a matter of applying good design and market intuition. The churned-out replica artifacts need to be replaced with things that fit well in the homes of long-haul markets.

It is a firm recommendation of 4TMP that Maldives should embark on a path towards leveraging community development from activities and attraction for day visitors coming to inhabited islands on resort excursions and on a safari boat stopovers. This makes much more sense than seeking non-existent markets for overnight stays in guesthouses. Product development at the community level will not happen without assistance. Government can and should help. This is an ideal focus for NGOs with community development agendas. It also is highly recommended as a focus for international agencies interested in supporting Maldivian communities on inhabited islands.

Community development using tourism as a development tool can and should be linked to other agendas, eg: environment; gender; conservation; cultural preservation; and social harmony. Any reluctance by international agencies to engage in tourism development should be put aside. At the community level, Maldives tourism is unsophisticated and lagging well behind the rest of Asia. It needs to catch up. The mainstream industry has reason to help. Society's acceptance of the tourism sector is at stake. Re-emphasis on the activities and attractions sector is the best direction to channel the island councils' enthusiasm to engage in tourism enterprise.

7 SUPPORTING SERVICES

HISTORY OF SUPPORTING SERVICES

SUPPORTING SERVICES IN 1TMP

Diving accidents were feared and decompression chambers were called for. Other perceived safety problems were around navigation hazards, life jackets, fire-fighting equipment, emergency radios and distress signaling equipment on boats. The VHF radio system was coping with industry needs. There was a need for wholesalers with buffer stock. The proposed new tourist centers were to have medical clinics, tourist information, exhibit centres, shops, transport, storage of supplies and staff training facilities.

SUPPORTING SERVICES IN 2TMP

Weaknesses were perceived in hygiene and medical facilities. The new markets were less forgiving in this regard. Concern was expressed about the method of oil supply and the consequences of an oil spillage. Communications were considered inadequate, but plans were in place to improve coverage by mobile phones. Desalination plants were generally working well, as were sewerage systems. Solid waste dumping at sea needed to be stopped. Separate organic and inorganic dumps were proposed and consideration was to be given to recycling plants. The judicial system was slow, which was acting as a constraint to investment.

SUPPORTING SERVICES IN 3TMP

Regional ports and distribution centres were required for resort construction material and additional and bunkering at Male', Gan and other domestic airports required for servicing resorts. A Tourism Crisis Management Unit was needed within MOTAC. "Safe resorts" may be required in addition to "safe islands". It was estimated that 95% of population now have mobile telephone service. In addition, resorts have fixed telephone line and internet

services. These excellent communications were perceived as opening up great opportunities in e-marketing, e-booking and e-advertising. There was a pressing need for upgrading of health facilities in regional hospitals. Integration was required between the Health Master Plan, the Transport Master Plan and the Tourism Master Plan. The industry may consider entering into arrangements with an air ambulance service provider in association with International SOS for urgent medical evacuations. There were four certified decompression chambers and more were needed in strategic locations.

RECENT EVENTS IN SUPPORTING SERVICES

After the 2004 tsunami a Tourism Emergency Operation Centre (TEOC) was established within MOTAC. An audit of emergency evacuation and communication infrastructure capacity was completed and resorts were integrated into the National Disaster Management Centre (NDMC) evacuation plan. The SNAP plan for disaster risk reduction and climate change adaptation has been implemented. Most resorts now have a Disaster Response Team (DRT). The Tourism Crisis Management Unit called for by 3TMP will be implemented by MOTAC when required. Safety and security training and emergency simulation exercises are carried out regularly, organized by MOTAC, Maldives Police Service and resorts, with technical help from the UK. Mobile phone and high-speed internet connections are available in all tourist resorts.

The government has privatized regional hospitals with the aim of enhancing of facilities and services. MOTAC inspections look into safety aspects of all tourist establishments. Security and safety aspects on liveboard vessels are currently not checked by MOTAC.

An important new development in the way MOTAC communicates with the industry is the Tourism Information Management System (TIMS). Still under development, TIMS has been conceived to enhance MOTAC's workflow and provide a faster and efficient service to the industry and public. The Maldives National Center for the Information Technology (NCIT) is undertaking development of the system as part of a government-wide programme of e-

government. Whereas MOTAC has traditionally used fax and email to collect information and communicate with the industry, in future this will all be online.

SOLID WASTE AND SEWERAGE

Solid waste disposal is probably the single most important support service the otherwise independent tourism industry requires of government. At present, this is not being well delivered. Recommendations for improvements are discussed in the Environment and Conservation Chapter and included in the Strategic Action Plan.

HEALTH, SAFETY AND SECURITY

Health, safety and security are the priorities in terms of government support for visitors. The number of reported medical emergencies continues to rise. Most resorts now have an in-house doctor, but only limited medical facilities. It remains important for government to develop regional hospitals. Hospitals on inhabited islands play an important role. They should not only be available for tourists, but they should be places where tourists feel welcome, ideally integrated into a tourist-friendly part of the island. Staff training and the multi-language signing should reinforce the welcome atmosphere. 3TMP's recommendation regarding an international health insurance consultation to determine acceptable standards of medical care should remain on the priority list.

Continued government attention is required around provisions for tourist safety. Inspections currently conducted by MOTAC do look into safety aspects of resorts and hotels. Clear standards are required for this, mutually agreed with the industry. Tourist vessels should be included in the standards and in safety inspections. MOTAC should work with DAM on an agenda to ensure suitable placement of decompression chambers in strategic locations.

The TEOC within MOTAC should continue to communicate with the industry to improve its functioning. This communications should be incorporated in MOTAC's online tourism information system (TIMS). In the course of the 4TMP implementation period, high priority

should be given to making the TIMS an effective, two-system communication process between the government and industry. With a dispersed industry, on-line communication is an ideal arrangement for safety and security planning and for all support and coordination services from government to the industry. TIMS needs to be worked on, modified and updated based on feedback from industry. Within a short period, the whole of MOTAC should be familiar with TIMS and regularly communicating with the industry through it.

The Disaster Response Team DRT system needs to be maintained and extended to include liveboard vessels. The Tourism Crisis Management Unit needs to conduct regular crisis management simulation exercises in partnership with MNDF, MPS, health facilities and other stakeholders. Discussions should continue with Maldives Police Services to refine police protocols for tourism security and safety. Protocols and outcomes of simulation exercises should be posted on TIMS.

COMMUNICATIONS AND VISITOR INFORMATION

MOTAC and the industry should continue to lobby for improvements to mobile phone and high-speed internet access in all the tourist resorts. By in large, the existing systems are excellent.

For a country that depends so heavily on tourism, there is a striking lack of information for tourists. Analysis and planning is needed around visitor information at the main hubs, starting with Greater Male islands, then Addu Atoll. The assessment should take a visitor's-eye view of the information provided now at airports, waterfront focal points and key points of interest. Both public and private sector sources of information should be included. For example, while the Atlas of the Maldives is good, it is not very assessable. Simple, give away tourist road maps would help.

While some interpretation is available in museums and tourist guides may be hired, there are few helpful interpretive signs on streets. It is unusual for a destination with 1 million

visitors that there is no tourist newspaper. Targeted guidebooks and food guides (perhaps linked to a restaurant award system and food-oriented special events) could also feature in plans to improve visitor information services, especially in main transport hubs. By taking a planned approach, government and the industry can ensure visitor information is done well and in a manner sensitive to the social and cultural context. A simple list of do's and don'ts in a popularly tourist road map, for example, could dramatically influence visitor behaviour. After this work is done for the hubs, a similar approach should be used in tourism planning for inhabited island. Visitor information makes tourists feel welcome.

SHOPPING

At present, respected guide books warn tourists to: “bring everything you’ll need for the duration of your stay”; “while all resorts have small shops selling essentials, they’re generally overpriced and the selection tends to be tiny” and “going to the nearest supermarket to pick up something you’ve forgotten is simply not an option”. By contrast, in every other destination where mainland Chinese markets have recently appeared around Asia, the retail sector is benefitting substantially.

Maldives is looking for ways to leverage new enterprise based on its success in tourism. Shopping has to be the single biggest opportunity as yet untapped. This is an area where the established industry should consider making a universal decision to be helpful and supportive to the development of inhabited islands. Is it really necessary or even possible that resort shops should be all things to all resort guests? Why not make the island excursion day a shopping day? Why not make an industry-wide decision to encourage inhabited islands to be colourful, friendly, welcoming and fun places to shop?

Government need not engage in the tourist retail sector except to: i) work with the industry to encourage provision for quality tourist retail activity in the planning for tourism in and around transport hubs; ii) encourage tourist retail activity on inhabited islands as part of the proposed atoll-level tourism planning and programmes to develop inhabited island roles in

tourism; and iii) ensure that land is allocated to tourist shopping and other tourist attractions and activities sector enterprise (everything other than accommodation) in the land-use plans of inhabited islands.

DRAFT 1 FOR COMMENTS

HISTORY OF ACCESS TO MALDIVES TOURISM PRODUCTS

ACCESS IN 1TMP 1982

In 1982, tourists were coming by scheduled flights from Colombo and Trivandrum or by charter from Europe. Lack of capacity between Colombo and Male was a constraint. A maximum distance from each of the three service centres to their furthest resort was proposed as 20 nautical miles or 3 to 4 hours travel by boat. The three service centres were to be self-funding through landing fees and charges for services. A subsidy for internal air travel was proposed funded by a tax on charter flights, thus allowing all three centers to have good connections to Colombo. Local boat transport by adapted *dhoni* was perceived as successful, although other boat transport was required. Tourists sometimes missed flights through delays caused by engine breakdowns and bad weather. Hulule' International Airport had recently been extended to 2,840 m and was managed by a British group. Improvements to maritime transport rules and regulations were recommended.

ACCESS IN 2TMP 1995

Hulhule' Airport runway was now 3,200 m. Terminal and landside improvements were underway. Apron space was becoming a constraint. So too, it was predicted, would be the lack of a domestic transfer terminal and other infrastructure provisions for longer-range transfers. Floatplanes had just started. A fleet of 3 floatplanes had a seat capacity of 39. Maldives' reliance on airlines was emphasised. A call was made for aggressive and innovative charters willing to compete with scheduled carriers from Asia, a pattern that had worked from Europe. The cost of fuel at Male was a constraint. Domestic airports were now available at Gan, Kadehdhoo (Gaaf), Kadhdoo (Laamu Atoll) and Hanimadhoo. There were nine helipads on islands as far north as Kuredu in Lhaviyani Atoll. 2TMP recommended "fast surface boat transport between atolls". Also recommended, a transit

hotel on Hulhule'. Gan is proposed as the best option for the second, wide-bodied jet-capable airport.

ACCESS IN 3TMP 2007

The limitations of a single runway at Male' International Airport (MIA) on Hulhule' were compounded by the intersection of the approach by seaplanes. Capacity limitations in apron space and in arrival and departure areas added to the constraints. There were now four domestic airports. Gan was scheduled to commence international operations in November 2007. Other domestic airports were Hanimadhoo, Kahdhoo and Kaadedhdhoo, each with about 1,220 m runway length and small aprons. International arrivals by air were expected to grow. Gan would require runway extension to accommodate larger long haul flights and a CIP lounge. More domestic airports were required. In addition to a seaplane hub at MIA, two other such hubs were also needed, one in the south and one in the north. An organised marine transport network was needed connecting resorts and population centres to facilitate medical and other emergency evacuations and to cater for the movement of labour. The only yacht marina was on Island Hideaway at Dhonakulhi with capacity for 25 yachts. Given the role seaplane operations now play and their inability to operate at night, it was considered important for domestic airports to have night operation capability.

RECENT EVENTS IN ACCESS

In 2010, MIA was renamed Ibrahim Nasir International Airport and leased to the GMR-Malaysia Airport Holdings consortium. Government's intention was to modernize facilities and improve service standards at the airport. Improvements have since been made in the arrival and departure halls and business class lounges. Refurbishment of the domestic terminal is currently underway. Public perceptions of foreign control of the international gateway airport coupled with a proposed airport development charge of US\$25 per passenger have recently created a hot political issue.

Private jets currently face several difficulties due to limited space at Ibrahim Nasir International Airport. The problem has been partially solved by using Gan International Airport as an alternative. At times up to 24 private jets may be parked on the apron at Gan. GMR has plans to expand apron parking space at Ibrahim Nasir International.

Plans were made to upgrade existing facilities at Gan International Airport to facilitate the landing of wide-bodied aircrafts, enabling direct long haul flights to Gan. Because the forecasted growth of beds in the southern province did not materialized, implementation was scaled back. Many facilities were completed, including a new terminal upgraded to international airport status. Therecently formed Gan International Airports Company Limited (GIACL) has plans to fully upgrade Gan International Airport, including extending the runway, by the end of 2013. A seaplane base is also planned to support underdeveloped resort island leases in Huvadu atoll.

Studies have been conducted on the upgrading of Hanimaadhoo airport in the north. A memorandum of understanding was signed with a potential developer then withdrawn. In broad terms, Hanimaadhoo Airport is being prepared for privatization. In the Upper North Province there are only 456 beds in operation. Another 3 resorts are planned, involving 400 beds. Of these, only the Uligamu Hotel development leased to MTDC has commenced constructions, although recently progress has been held up due to access issues, land rents and uncertainty over liquor licencing.

Islands have been identified and leased for domestic airport development. Other islands havebeen leased to raise equity financing for domestic airport developments. In this manner the number of airports in Maldives has expanded to 9. This PPP process has had its complications and lessons have been learned. The complete list of current Maldives airports, domestic and international, is: Gan in Addu Atoll; Hanimadhoo in Haa Dhaal Atoll; Kahdhoo in Laamu Atoll; Kaadedhoo in Gaafu Dhall Atoll; Koodoo in Gaafu Alif Atoll, Fuvahmulak in Gnaviyani Atoll and Dharavandhoo in Baa Atoll; Maamigili in Alif

Atoll and Hulhule' in Kaafu Atoll. Coming soon will be Maafaru on Noonu Atoll and Ifuru on Raa Atoll.

A national marine transport network has been conceived, enabling local communities to bring their produce to the nearest market place and resort staff to travel. More transport links are required between community islands and resorts to make this effective for tourism's purposes. There were no significant developments or upgrading of existing cold/dry storage facilities during the 3TMP period.

Discussions are continuing with the Liveaboard Association of Maldives (LAM) on the need for a safe harbour and bunkering facilities for the growing fleet of safari vessels. The Maldives Association of Yacht Operators (MAYA) has joined LAM in advocating for bunkering facilities throughout Maldives.

INTERNATIONAL AIR GATEWAYS AND TRANSPORT HUBS

Currently, virtually all tourists still arrive through Ibrahim Nasir International Airport. At peak times the airport is operating at the limits of its capacity in many ways. Apron space is limited. The constraint of only a single runway remains. Many other facilities, including cold and dry storage, also still need to be upgraded. Without a major upgrade, the capacity of Maldives' international gateway airport will soon start to limit tourist arrivals.

Gan has already been upgraded to international airport status, with full CIQ, but it only operates when there is demand from charters. No scheduled flights arrive at Gan. Recently there have been no charters. Whereas Maldives' main markets are long haul, Gan is only able to receive medium haul planes. There are few charters generated in the medium haul range.

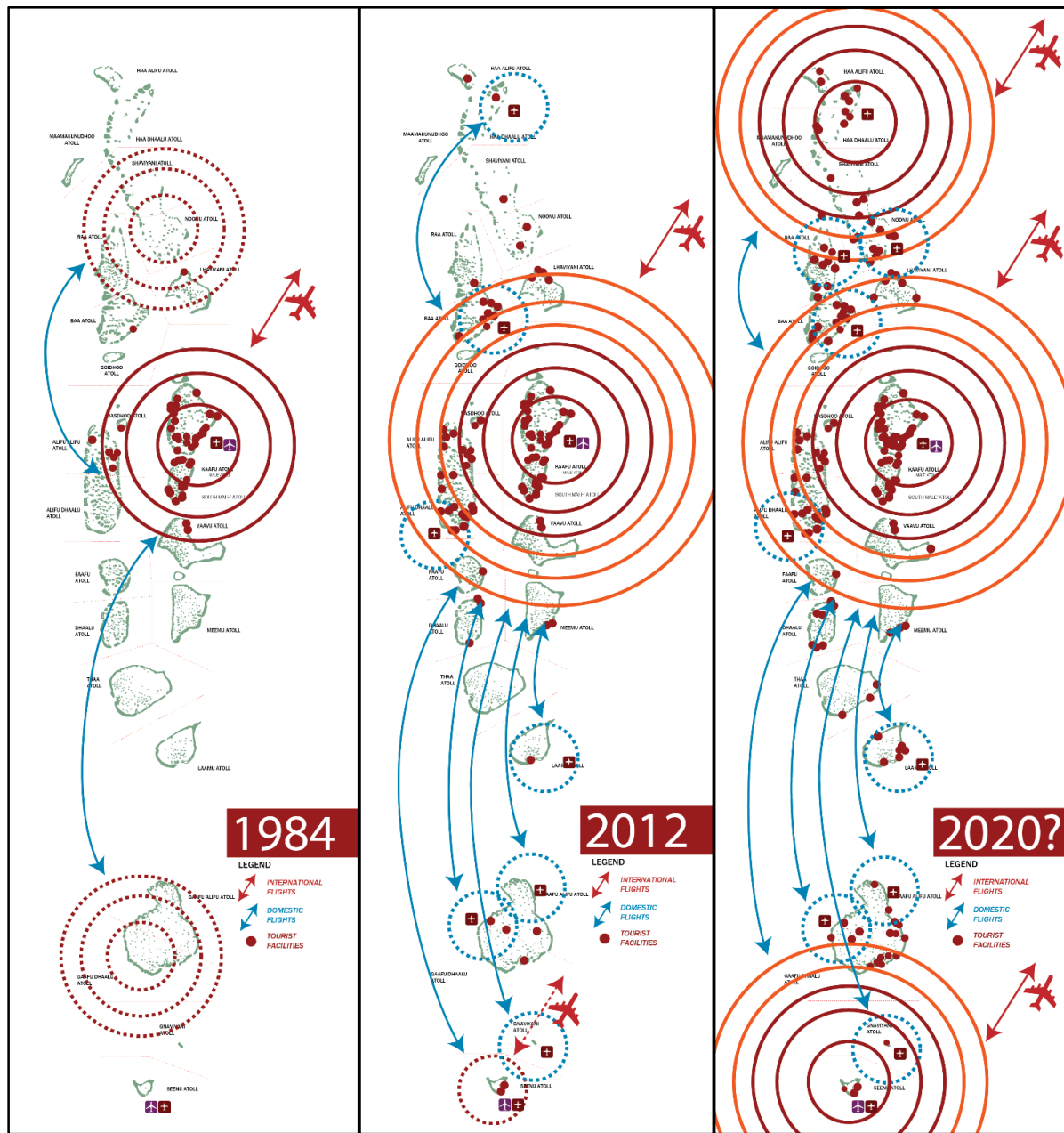
All previous tourism masterplans have called for the development of additional major transport hubs to the south and north. 1TMP set out an ideal transport pattern for tourism development. The reason it was not implemented is explained above in the Chapter 5

Accommodation (see Resorts). Over the years, this ideal has not changed much. From the tourism industry's viewpoint, there remains a vital structural need for major investments in the development of southern and northern transport hubs. The need is even greater at present, and affecting Government income, because a solution is required to the difficulties currently faced by the leased but underdevelopment properties in the south and north.

The industry sees no reason why charters cannot operate to the south and the north, as soon as about 2000 beds are available in each vicinity. Resort investors need the certainty of knowing the hubs will be developed before finishing the underdeveloped properties. Market planners project continued demand from long haul markets. Charters have worked well for Maldives consistently in the past.

1TMP suggested the hubs could be developed either by government, private sector or by PPP. The Maldives government has recently proven it can successfully develop domestic airports through PPP arrangements, albeit there is a need to learn from the recent trials and errors. It is the recommendation of 4TMP that a similar approach be adopted now to drive the development of southern and north hubs. Maldives has a group of industry pioneers, represented by MATI, with demonstrated track record as agents of development. Government should look to MATI to perform as a 'tourism industry chamber of commerce', acting in the interests of the whole industry to give wise advice to government and to help broker the necessary PPP arrangements to get the hubs moving.

Figure 8-1: 1984 = Transport Development Concept proposed in 1TMP; 2012 = Actual Situation at Present; 2020 = Possible Future High Growth Scenario



Addu Atoll is the logical place to start. Although lacking beautiful islands of its own, with a seaplane base and marina for safari boats, Addu would become the hub to many beautiful islands. Addu also has an enthusiastic City Council and a strong political voice calling for more development. Brokered by a reformed MATI (see Chapter 11), a consortium could be forged of GIACL, Addu City Council, MTDC and other existing investors around Addu, to plan and drive development of the southern hub. Initially, the consortium could be

mandated only to plan and make recommendations, requiring only a small budget. If the consortium ultimately proves worthy, it could be empowered by legislation to manage and control, becoming an authority over the tourism hub functions with a self-funding mechanism based on the activity through the hub. Major investments for hub development could remain private or PPP and at arms length from the consortium itself. Land may or may not be vested with the authority. The consortiums most important functions would be to plan and drive development, then manage the hub.

A similar style of government / industry partnership is also required to drive and manage change around the Male' hub and to plan for the northern hub. Central government needs to establish and nurture these arrangements, then step away. Again, a reformed MATI could be called on for advice and to broker PPP arrangements. In both cases the local authorities should also be involved. In both cases the overriding mandate should be plan and drive change, then manage the result.

SEAPLANES

Maldives reputedly now has the largest seaplane fleet in the world. It has become a very popular form of domestic transfer between resorts and Ibrahim Nasir International Airport. Seaplanes are now linked with Maldives' market image. Seaplanes images feature in marketing collateral. The whole industry is enamoured with the seaplane service and the government is impressed. Maldivian Air Taxi has 20 planes and operates to 40 resort islands and Trans Maldivian Airways has 25 planes and operates to 23 resort islands. They operate only in daytime for safety reasons. Ideally, the seaplane success story should now be repeated from bases at new southern and northern tourism transport hubs.

Figure 8-3: Seaplane Routes and Distances

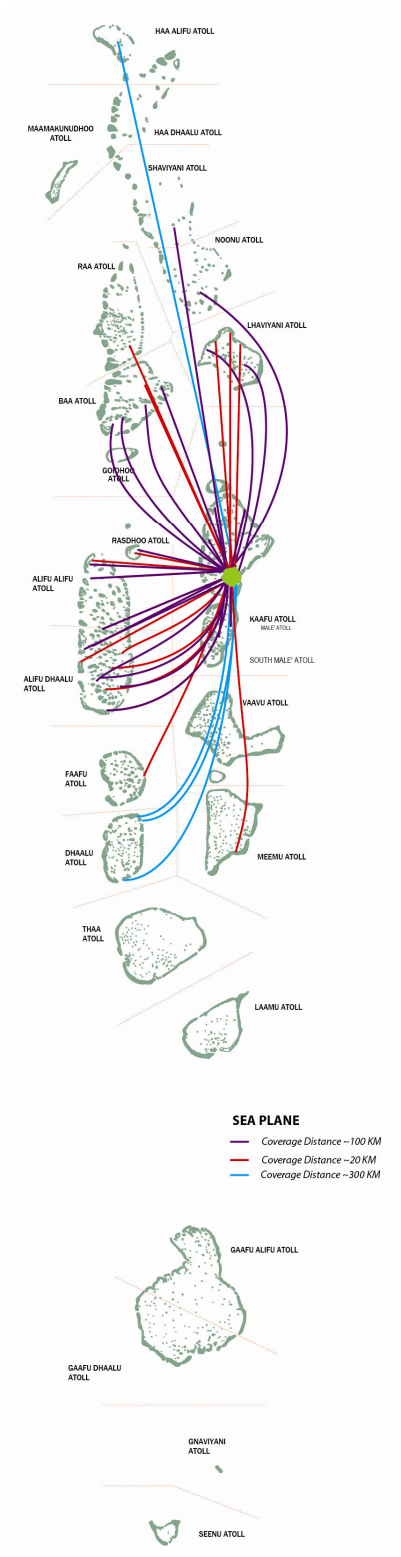


Figure 8-2: Existing and Upcoming domestic air linkages

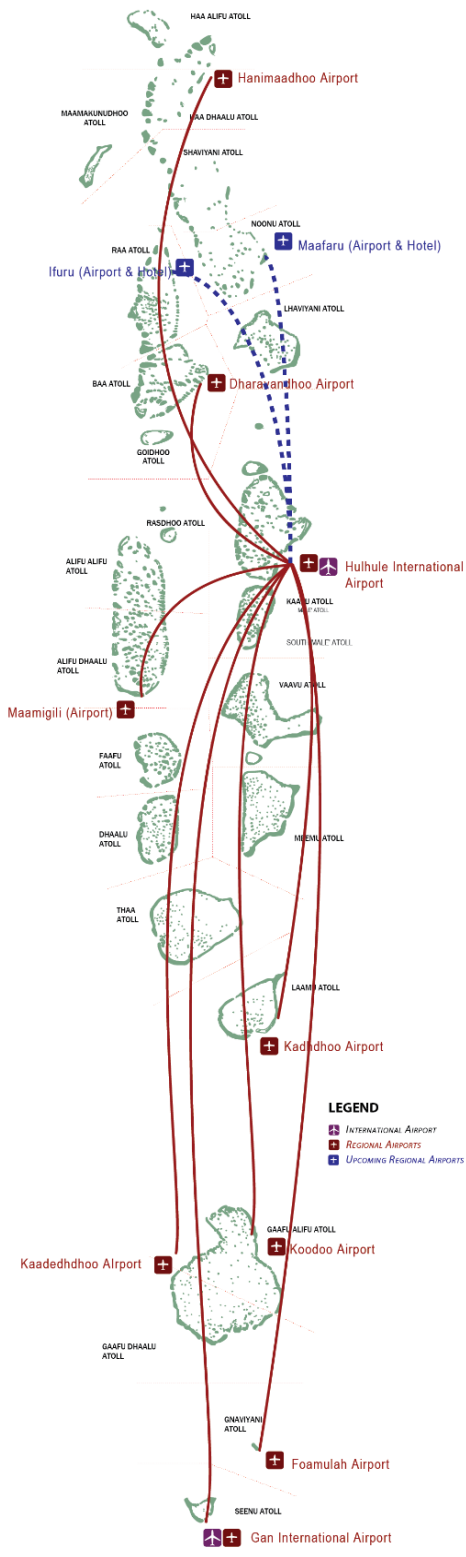


Figure 8-4: Maldivian Air Taxi (left) and Trans Maldivian Air (right)



DOMESTIC AIR LINKAGES

Domestic airports are the single biggest change that has occurred in the access sector in recent years. 3TMP was the only masterplan to mention more domestic airports. It noted that government at the time had plans to build more domestic airports and this would integrate well with spatial expansion of the tourism industry. Whether that has happened or will happen is debatable. Standards of domestic services are clearly much improved. However, sections of the industry remain unconvinced about the basic idea of domestic airline transfers to resorts. Key concerns are around connection times. Resorts that can use seaplanes prefer their certainty and character. Resorts that rely on domestic transfers either run their own airline or struggle with scheduling.

The new network of domestic airport could lead to major product innovations. It could lead to new ways to package remote places using safari boats – fly/dive, fly/surf, fly/cruise. It will undoubtedly expand the opportunities for circuit travel and could support high-end FIT patterns. Resorts could start getting a walk-in trade. Residents on inhabited islands with or near domestic airports could have another source of tourists. Communities on islands with domestic airport favoured by tourist could have all the business opportunities of a mini transport hub.

The implications the new domestic airport network should be taken seriously by the industry. Now is the time to plan. Carefully introducing an FIT pattern based on the airport

network, over long time frame, with clever marketing could be a sensible move. The strong international trend towards Internet bookings¹ among other things is currently fuelling independent travel. Given the built-in filters of cost and distance, there is unlikely to be a risk of a low-end pattern² developing. The risk would be non-existent if the whole Maldives tourism chain gets involved. European tour operators now routinely offer 'dynamic packaging' as they lose ground to independent travel³. Tourism New Zealand is currently promoting "semi-FIT travel" to the Chinese market. Considering what a "semi-FIT" package might be in Maldives (fly, resort, cruise, resort, fly?) could not only be profitable, but also a strategic hedge against the independent travel trend continuing to take hold in Maldives' major markets.



Figure 8-5 : Dharavandhoo airport , Baa.Atoll

¹US Think Travel survey recently found 85% of leisure travellers now consider the Internet their main source for travel planning information.

² Using examples from the region, the Nepal industry is at present struggling with the market perceptions that it is a cheap destination. Bhutan is trying hard to avoid this using complex pricing mechanism. Maldives on the other hand is automatically going to relatively costly.

³ UK package tour operators have seen their share of total holidays decline from over 60% two decades ago to 42% in 2011.

WATER TRANSPORT

Speedboats are another Maldives tourism success story. Like seaplane, the main strategic implication of their success is to seek to replicate it in southern and northern hubs. Although outside the scope of a tourism masterplan, another way to leverage on the success of designing and manufacturing speedboats would be to start exporting speedboats. The same could apply to luxury safari boats.

The new, nation-wide marine transport network recently introduced will play an important role in society. What roles it will play in tourism are yet to be seen. International tourist guidebooks are already announcing that the combination of ferries and guesthouses means Maldives is now open to independent travel. All the above comments about planning and managing new FIT patterns also apply here. The new ferries could feature as part of a Maldives version of “semi-FIT” packaging.

TOURISM AND RECREATION PLANNING AT THE TRANSPORT HUBS

Maldives should learn from many Asian destination that take great care of the first impressions visitors receive at and around the gateway airport and secondary hubs. A visitors-eye view should be taken in planning for facilities around hubs. Ensuring visitors receive excellent first impressions should be a major objective. Planning for the hubs should consider how tourism could add value to townships: through jobs; by providing markets for enterprise; by justifying improved infrastructure; and by being an economic rationale for attention to aesthetics, revival of culture and interpretation of history.

There is an urgent need for a tourism and recreation strategy for the Great Male’ islands. Successive masterplans have commented on the tourism potential of Male’. The sooner planning takes place for this, the easier it will be to achieve. Rather than trying to ignore Male’, the industry should confront and advocate for its potential. Waterfront transformations, in the manner many Asian cities have recently achieved, can assist and be assisted by tourism. The study should start with a thorough analysis of Greater Male’s

tourism transport hub functions, now and future. This is where the economic drivers lie. The needs and potential for water transport passenger terminals should be central to the brief. The study should assume that safari boats will continue their evolution into sophisticated “Maldives cruises”. A proper cruise center should be envisaged for the domestic cruise product, with facilities also for visiting international cruise vessels

The study should also consider the needs of residents and the potential for tourism and recreation to play a role in social development and cultural agendas. As well as identifying zones where tourism could drive urban development and city life, other zones could be protected from tourism. The overall aesthetics of the townscape should be considered from the viewpoint of Maldivians. Future notions of linking islands should be considered alongside the need to control the vehicles and avoid traffic congestion. The integration of public and tourist transport should be a major theme, again using tourism as the rationale for improvements that will benefit all Maldivians.

The study could including: protecting and restoring parts of the old “atolhu fihaara” water front character; improving the local markets and Male’ fish market as visitor experiences; connecting Male’s pockets of history, linking them with walks that can be taken guided or unguided with a brochure or smart phone app; and tourist guides to shopping and quality food outlets. MOTAC, NGOs and external funding agencies should also assist Male’ City Council in its ongoing programmes for greening Male’ and improving the quality of urban life. The study should be participatory, allowing Male’s residents a full say. This study could be a model for plans at other hubs, starting with Addu.

9 ENVIRONMENT AND CONSERVATION

HISTORY OF ENVIRONMENT AND CONSERVATION CONCERNS IN THE TOURISM SECTOR

ENVIRONMENT AND CONSERVATION CONCERNS IN 1TMP 1982

The industry's focus on environmental conservation and management began early. In 1TMP, emphasis was placed on maintaining the underwater beauty, white sandy beaches and on selected environmental management for coral reefs, solid waste, sewerage and ground water. Planning controls to maintain the visual amenity of islands were introduced. Environmental issues also came to the forefront following the 1987 flooding event. The National Environment Action Plan (NEAP I) was formulated in 1990, paving the way for the Environmental Protection and Preservation Act (4/93) and subsequent regulations.

1TMP argued for conservation measures because the tourism product of Maldives is based on natural resources. Within each zone, there should be space for inhabited islands, agricultural islands, uninhabited islands and islands for nature protection. "Only by having sufficient islands conserved can the Maldivian way of life and the natural beauty of Maldives be maintained". 1TMP recognised that environmental damage needed to be controlled, a sanitation code for resorts was required and building regulations were called for. Marine impacts were flagged, including: coral damage from blasting, dredging, discharges, mechanical damage, ecological changes and discharge of brine.

ENVIRONMENT AND CONSERVATION CONCERNS IN 2TMP 1995

2TMP was written at a time when environmental concerns were gaining impetus. The Fourth National Development Plan (1994-1996) highlighted environment as one of the four priority areas. NEAP I had laid the focus for environmental conservation and minimizing adverse impacts of development. A regulatory framework had been introduced. Natural storm events in 1991 helped to drive the case for environmentally sound development.

Thus, 2 TMP stressed minimizing the adverse impacts of new resort construction and key operational activities.

In the late 1990s and early 2000s, the environmental focus shifted towards holistic sustainable development. The Second NEAP (1999) placed impetus for the tourism sector on sustainable tourism development inclusive of environmental and socio-economic development. It also focused on regulatory enforcement and development controls through Environment Impact Assessments (EIAs) and environmental monitoring.

The Indian Ocean Tsunami Disaster in 2004 and flooding events in 2006 led to the inclusion of climate risk and disaster risk as an additional dimension for resort environmental management and safety. The National Adaptation Programme of Action (NAPA) highlighted tourism as a high-risk sector and included a number of strategies to reduce those risks over time. A disaster reduction plan was also prepared for the tourism sector mandating all resorts to prepare island level disaster management plans.

Regulatory strengthening in the mid-2000s led to the introduction of two critical regulations: (i) Regulation on the Protection and Conservation of Environment in the Tourism Industry (2006) by Ministry of Tourism and; (ii) The EIA Regulation (2007) by EPA. Both these regulations, while not much different from existing planning and impact mitigation practices, formed the key instruments for new resort developments and existing resort redevelopments.

ENVIRONMENT AND CONSERVATION CONCERNS IN 3TMP, 2007

3TMP continued the previous themes in environmental management but with a stronger focus on marine conservation, awareness, monitoring and establishment of Environmental Management Systems (EMS) for all resorts. The Third NEAP had a strong focus on the concept of resilience. Tourist resorts were to be “resilient islands” against climate change and disaster impacts and a demonstration of adaptation measures. In addition, key policies

on: waste management; conserving biological diversity; regulatory enhancements; and environmental stewardship were continued.

3TMP praised developers for adopting sustainable developmental concepts: limiting built-up space to protect the environment; limiting the number of tourists on any one island; limiting building heights; and ensuring measures for reef protection. It noted that the 20% built-up area limit on resort islands has helped maintain the defining features of tourism. Recent rapid growth has presented challenges, especially relating to: i) preserving natural beauty of the islands; ii) ensuring the adherence to EIA requirements during and after resort construction; iii) conservation of reefs; iv) disposing of garbage generated by tourist resorts, and v) discharge of sewage and effluent water.

RECENT EVENTS IN ENVIRONMENT AND CONSERVATION RELATED TO TOURISM

As a result of the recommendations in 3TMP, environmental regulations are being reviewed. The Regulation on the Protection and Conservation of Environment in the Tourism Industry came into force in July 2006. This includes a basic guideline on the treatment of sewage and wastewater. The Green Leaf and President of Maldives Green Resort awards have been created. Individual companies incorporate their corporate social responsibility programs in their own promotional activities.

Environment-related seminars are held locally by various organizations in the Maldives including private sector organizations. Health checks of dive sites, resort house reefs and marine protected areas in partnership with site users and relevant stakeholders are currently being planned. Individual resorts conduct cleaning programs of house reefs and nearby dive sites. EMS familiarization workshops are planned and will be conducted when EMS resort listings are available.

The Maldives is also a signatory to a number of environmental conventions including the Convention on Biological Diversity and United Nations Framework Convention on Climate Change (UNFCCC), and the Kyoto Protocol to the UNFCCC. These conventions and

protocols provide additional controls and considerations for sustainable tourism development.

The last national development plan, known as the Strategic Action Plan (SAP) 2009-2013, provided a basis for environmental planning, budgeting, performance measurement and accountability. The current policy focus is to ensure sustainable adaptation measures and is developed based on the view that ability to adapt to environmental degradation is fundamentally linked to good governance and careful planning. Some of the key policies relevant for the tourism sector are:

1. Strengthen EIA process with an emphasis on EIA Monitoring
2. Conserve and sustainably use biological diversity and ensure maximum ecosystem benefits
3. Develop resilient communities addressing impacts of climate change, disaster mitigation and coastal protection
4. Ensure management of solid waste to prevent impact on human health and environment through approaches that are economically viable and locally appropriate.
5. Develop a low carbon economy to achieve carbon neutrality by 2020.

Apart from the national development plans, the main sector-specific policies and strategies are prescribed in the Third National Environment Action Plan (NEAP III) and Maldives National Strategy for Sustainable Development (NSSD). The SAP itself highlights that these documents form part of the key directive documents in the sector.

NEAP III identifies six key results to seek between 2009 and 2013. They are: (1) resilient islands; (2) rich ecosystems; (3) healthy communities; (4) safe water; (5) environmental stewardship, and; (6) carbon neutral nation. A total of 30 goals have been identified to

achieve these results. Tourism sector has been specifically targeted for climate risk reduction.

The NSSD defines six key goals to be targeted between 2009 and 2013. They are: (1) protect coral reefs; (2) achieve carbon neutrality in energy; (3) ensure food security; (4) establish a carbon neutral transport system; (5) protect public health, and; (6) achieve full employment and ensure social security. The tourism sector policies can influence all these goals.

In recent years, focus has been placed on climate change adaptation. The National Adaptation Plan of Action (NAPA) and the First National Communication to the UNFCCC specify adaptation strategies and policies. These documents have become the basis for international funding of projects in this area.

In addition, the Maldives has made international pledges around two key policies for the near future. They are: i) to become a carbon neutral country by 2020, and; ii) to establish the entire country as a marine reserve. The tourism sector will have to play a lead role in these policies. The tourism industry is the biggest consumer of electricity. Resort house reefs and dive sites are already better managed than elsewhere.

The recurring themes of key policy documents are summarized as:

1. Protect coral reefs and conserve biodiversity
2. Establish healthy communities with a focus on water, air quality and waste management
3. Regulatory enhancements
4. Capacity building and awareness
5. Building resilient islands with a focus on climate change adaptation & disaster risk reduction
6. Achieve carbon neutrality with a focus on green energy technology

CURRENT ENVIRONMENT AND CONSERVATION ISSUES IN THE TOURISM SECTOR

The broad themes of environmental issues facing the tourism industry have remained fairly constant over the last 30 years. The generally proactive attitude of the modern Maldives tourism industry towards environmental management and conservation has meant there have been unprecedented improvements over the last 15 years. Improvements in the tourism sector have occurred largely in isolation from other sectors, including the public sector. There are now significant gaps in sophistication between the private sector and the public sector, particularly in terms of environmental management practices and the regulatory enforcement. These gaps have reached a point where they are holding back further improvements in the tourism industry.

The key environmental and conservation issues currently facing the tourism sector are:

WASTE MANAGEMENT

One of the most significant environmental issues facing the islands of Maldives, at present, is improper waste management. The resort islands have fared much better due to the policies targeted at enforcing on-site waste management, starting from 1TMP. The current issues facing resorts are related to waste from other inhabited islands or marine vessels beaching on resort islands and surrounding marine pollution. This has led to significant aesthetic issues and to physical loss of marine life in resort house reefs and world-renowned dive sites.

Most inhabited islands currently do not have proper waste management systems. Waste is often dumped onto the shoreline, lagoon or coastal areas. It is either floated out during high tides or lighter material like plastic bags is deposited in the lagoon by wind. These materials often end up in the reefs, ocean or the beaches of other islands, including resorts. They may also undertake open burning to dispose the waste and the effects of the smoke, in some cases, can be felt in neighboring resort islands. The current waste management challenges

are generally attributed to the dispersed nature of islands, lack of established local municipal services, lack of awareness and finance, and an increase in imported packaged products.

The island of Thilafushi, the central waste dumpsite located near Male', is a particular concern for the tourism sector due to the negative attention it receives from international media. The practices in Thilafushi run counter to international best practices and may contribute to tarnishing the image of a pristine Maldives. Activities such as open burning and dumping in the lagoon create significant aesthetic problems for the surrounding resorts and may be seen from international flights arriving at Male' International Airport.

Waste management for the liveaboard vessels has also emerged as a key challenge. At present, these vessels can only dispose their waste properly in Thilafushi Island, which is located well away from their main areas of operation. Poor waste management facilities in inhabited islands prevent them from off-loading waste to these islands. Liveaboard vessels have often been accused of dumping waste in the ocean. At present, there is no specific waste management regulation for these vessels.

CORAL REEF MANAGEMENT AND CONSERVATION

Ever since the introduction of tourism, marine biodiversity has been regarded as one of the most significant resources of the industry. In fact, the "Maldives Brand" in tourism continues to be modeled around rich marine life, pristine waters and white sandy beaches. These features are rated by the industry as amongst the best in the world.

Coral reefs and marine biodiversity in general continues to be affected by natural and man-made pressures. Natural pressures linked to climate, such as bleaching and variations in ocean water parameters, threaten to cause occasional mass mortality and a general decline in reef quality. Some parts of the Maldives are still reported to be recovering from the impacts of the coral bleaching events in 1998.

Man-made pressures to the marine environment include marine pollution from improper waste management, damage to marine life and water quality from dredging, reclamation or beach replenishment, over-extraction of reef resources for export or, sometimes, for sale to tourists and illegal extraction of protected species. Tourism sector activities such as night fishing and diving also continue to affect marine life due to improper practices by some operators.

A number of marine protected areas have been established across the country but conservation efforts have been hampered due to limitations in regulations, stewardship or ownership issues, lack of management plans, monitoring or policing and absence of data for evidence-based decision making.

LIMITATIONS IN ENVIRONMENTAL PLANNING

Consultations with the industry members and public officials reveal emerging limitations to the consideration of conservation at a sector level. At present, the environmental regulations of EPA and MOTAC are focused on project-level assessment and development controls. Thus, the end result is, at best, reduced impacts from the project activities by developers.

The current process fails to detect sensitive environments and development proposals with high environmental impacts before an agreement is signed with the developer. Sometimes, the environmental impacts of a new batch of islands to be leased for resort development should be considered as a whole, before they become individual projects. In recent years, the matter is made worse due the individual project developer paying a substantial sum in advance to government to secure an island or site. Once government has received payment and included the sum in its forward budgetting, it becomes too late to reconsider development of the site on environmental grounds.

Environment impact assessments (EIAs) are focused mainly on minimizing the impacts of the development. An example of an emerging challenge to environmental planning is the demand for reclaimed islands near Male' International Airport to develop resorts. Once an

agreement on reclaiming a resort is issued with a developer, it may be impractical to effectively deal with the environmental risks at a later stage. Thus, a more strategic approach to sector-level environmental assessments appears to be a necessity.

Weaknesses in EIA documents, the follow-up process and non-enforcement of environmental monitoring outcomes are also raising questions in the industry about the effectiveness of the current EIA process.

LIMITATIONS IN ENVIRONMENTAL REGULATIONS

Regulatory enhancements are continuously required to adapt to the changing conditions in the industry and to fill existing gaps. The tourism sector already contains some of the most stringent environment controls and regulations in the Maldives. This has become a challenge in itself for the industry since the other sectors, including the public sector, now lag behind in proper regulation and enforcement. As discussed above, in waste management regulations there is a wide gap between the industry and the public sector. The tourism sector is now relying on improvements in the rest of the country for any further progress.

The most significant regulatory reforms required in the environmental arena at present are: new environmental regulations for live-aboard vessels and for hotels and guesthouses on inhabited islands; an upgrade of sewage and wastewater disposal guidelines for resorts; and new regulations to incorporate climate resilience and energy efficiency for all tourist establishments.

ENVIRONMENTAL MANAGEMENT

Holistic environmental management using an environmental management plan is mandatory for all new development projects under the new EIA regulations (2012). 3TMP focused on environmental management systems (EMS) in tourist resorts, but these ideas were not implemented. This emphasis should be renewed.

CLIMATE RISKS

Reducing climate change impacts has emerged as a key national strategy for long-term sustainable development. Changes to the world and local climate have been reported in numerous studies and the incidence of climate related natural hazard events has increased. The tourism industry is considered most at risk due to the high exposure of tourism infrastructure to hazards like coastal flooding and erosion. Development controls have ensured that resorts establish most of their rooms within close proximity to the shoreline. The small size of most resorts has made entire islands susceptible to flooding. In addition, two cornerstone resources of Maldives tourism are at risk: i) beaches, due to sea level rise; and ii) coral reefs, due to rising temperatures.

Thus, given the national focus for climate resilience and the significance of tourism in the Maldivian economy, it is essential to start introducing long-term adaptation measures in the tourism industry.

ENERGY SECURITY

Maldives, as part of its contribution to reducing carbon emissions and controlling human impacts on global climate change, has recently pledged to make the country carbon neutral by 2020. Thus, there is officially a nationwide effort to reduce the use of fossil fuel, use of renewable energy and improve energy efficiency.

Maldives imports all its fuel. Fuel also contributes over 20% to the price of all imported commodities. The tourist establishments with high numbers of arrivals that are based on the 'one island one resort' concept are the most significant consumer of fuel, both for electricity generation and for transportation. Thus, the tourism sector is expected to contribute to the carbon neutral goal by introducing measures over the next eight years for energy efficiency and replacing fossil fuel with renewable energy.

10 ECONOMIC CONTRIBUTIONS AND BUSINESS DEVELOPMENT

HISTORY OF ECONOMIC CONTRIBUTIONS AND BUSINESS DEVELOPMENT

ECONOMIC AND BUSINESS ISSUES IN 1TMP 1982

From the industry's inception in the early 70's, resort development on islands had been achieved through forming third party agreements with original agricultural leaseholders. 1TMP considered that small and spread out resorts offer better conditions for a viable industry than large resorts and concentrated development. Concern was arising that government should receive a reasonable share of revenues. In 1980, estimated tourism earnings were 60% of visible exports and 12% of national income. Total tourist expenditure was US\$7.1 Million. The local component of that was US\$3.7 Million. Total local expenditure per guest was \$39 per night. Total government revenues in 1980 were US\$2.3 million. The employment effect was 2,930.

ECONOMIC AND BUSINESS ISSUES IN 2TMP 1995

By 1995, substantial reinvestment of profits was occurring. Successful companies had become multiple resort owner/operators and suppliers of resources. The industry was already faced with a shortage of development finance. Inflation was high and local banks were reluctant to provide anything but small, short-term financing. While the industry supported government moves to normalise resort island lease arrangements, this too was adding to the problem. Concerns were being raised about sales of equity to foreign investors. Resorts were now more expensive to build, lease fees higher and domestic transfers longer. The estimated cost of a resort bed was US\$40,000. Tourism earnings in 1993 were US\$146 million, up 6% on 1992. Maldives had become critically dependant on tourism income. Tourism then generated 40% of government revenue and 70% of foreign currency earnings. The 1993 foreign currency earnings of US\$79 million came from gross earnings of US\$153 million. Remissions of earnings by expatriates were estimated at US\$8 million.

Proposals to improve the investment climate included: encouraging international law firms; constitutional amendments to include more precise definition of rights; establish a court of higher jurisdiction; translate laws; longer leases of islands; changes to accounting law; introduction of bankruptcy; and regulation of the banking sector. Income to government was based on bed tax plus land rental.²TMP outlined strategies to increase local investments, including encouraging existing tourist facility management companies to sell public shares and at the same time allow more Maldivians to have direct participation in the sector.

ECONOMIC AND BUSINESS ISSUES IN 3TMP 2007

Recovering from the 2004 Tsunami, tourism's direct contribution to Government revenues was US\$76.65 million in 2005, then US\$147.09 million in 2006. Economic leakage occurred from: i) high level of imports; ii) repatriation of wages by expatriate workers; iii) repatriation of profits, iv) provision of tourism services such as travel bookings by foreign tour operators and travel agents, and v) dependence on foreign airlines. Avenues for more equitable distribution of the economic benefits were sort, including: i) increasing the linkages of tourism with other sectors, ii) increasing local investment in resorts, hotels and support services and ii) development of tourist resorts and hotel throughout the country in a manner that directly benefit island communities. Higher levels of economic benefits from the tourism sector could be obtained through growth in bed capacity and by inducing greater visitor expenditure. Therefore, the focus should be on high yield visitors and encouraging their spending habits. In 2006, the government had created Maldives Tourism Development Corporation (MTDC), a Government-led initiative, designed to provide an avenue for more Maldivians to invest in tourism.

RECENT EVENTS IN ECONOMIC CONTRIBUTIONS AND BUSINESS DEVELOPMENT

The Tax Administration Act was ratified in March 2010. The Maldives Inland Revenue Authority (MIRA) was established for implementing taxation policies. A tourism based

goods and services tax T-GST was implemented in January 2011. A bill to increase airport departure tax failed to pass in parliament in 2009.

In 2010, the government leased Ibrahim Nasir International Airport to GMR-Malaysia Airport Holdings consortium to develop and manage. The consortium was to pay US\$ 78 million upfront, one percent of the total profit until 2014 and 10 percent of profit from 2015 to 2035. The consortium planned to levy an airport development fee commencing in 2012. Late in 2012, the Maldives government pulled out of the contract with the consortium.

Quarterly reviews are published of key economic indicators related to tourism. In 2011, MOTAC worked with MOFT and a World Bank technical assistance project in preparation of tourism forecasting models.

3TMP's proposal to create a unit in the MOTAC to encourage resort-community partnership programs was partially realized through the formation of an Industry Human Resources unit. With help from UNDP, programmes were conducted in the northern regional atolls to promote resort-community partnerships.

A study to determine the effectiveness of the activities to strengthen resort-community linkages in income generating activities is ongoing. Projects by MED in association with ADB and UNDP have helped support small and medium enterprises.

In order to establish greater backward linkage with fishing and agriculture the government is providing incentives to local growers to cultivate agricultural produce for resorts.

In 2008, Invest Maldives played a role in showcasing investment opportunities. Later, Invest Maldives' functions were incorporated into the Maldives Marketing and Public Relations Corporation (MMPRC). MMPRC is now carrying out the functions of the former MTPB. Neither MMPRC nor MOTAC are currently carrying out investment promotion activities.

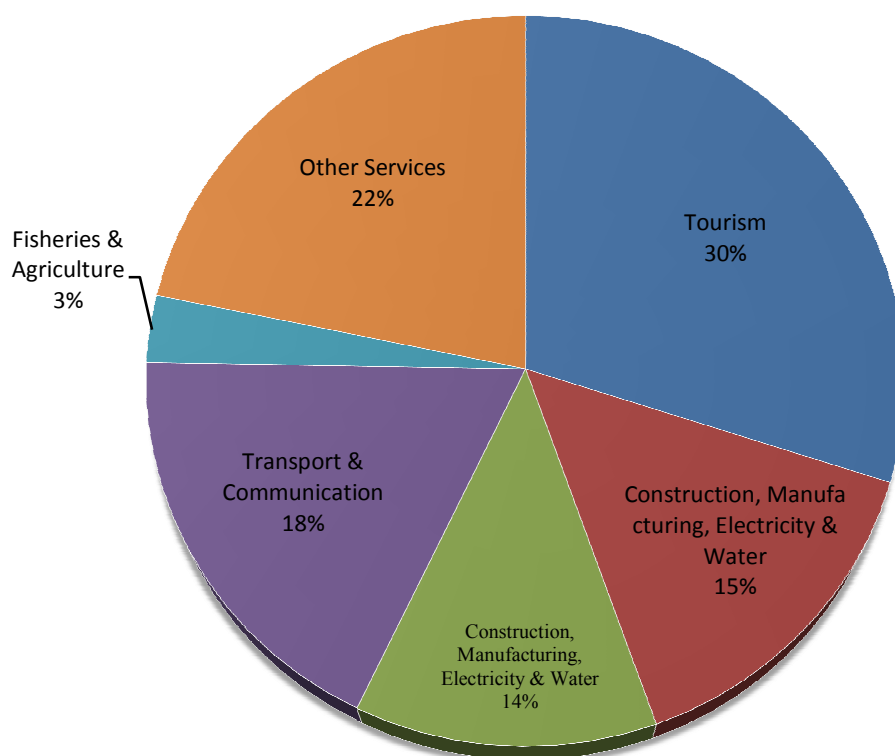
Tourism remains the Maldives' main source of Government revenue and primary foreign exchange earner. It brings in over 30 percent of direct GDP compared to the next highest sector of transport and communication at 18.3% (Figure 2.1). As previously mentioned, the indirect contribution of tourism to GDP is much higher considering its direct relationship with industries such as transport and construction. Given the high reliance on tourism, the country's economic wellbeing often hinges on the health of the sector.

MOTAC publishes an annual Tourism Yearbook that contains a recap of the previous year and updated statistical information on the tourism industry. It highlights key tourism indicators of the Maldives and for the past five years and provides information on the performance of the Maldives tourism industry in the prior year. The publication is divided into five sections:

1. Tourist Accommodations
2. Tourist Arrival Trends
3. Forecasts
4. Airline Statistics
5. Economic Indicators of Tourism
6. Tourism Highlights⁴

⁴ Of the previous year

Figure 10-1 : GDP by Sectors 2011



Source: MOTAC 2012

Government expenditures on tourism are very small compared to the overall contribution of the sector to the economy. Tables 2.2 and 2.3 are compiled by the Maldives Monetary Authority (MMA) to show a balance of payments. The figures illustrate expenditures trending downward with government spending less than half in 2011 of what it did in 2007 despite tourism receipts experiencing double-digit growth (excluding 2009) during that same period. This trend is less significant that it appears since the sector is largely private sector driven and government is making investments in other sectors that support tourism.

Table 10-1: Tourism Receipts and Growth Rates 2006 – 2011 (Million U.S. Dollars)

Year	Tourism Receipts ^{1/}	Growth Rate (%)	Exports, FOB	Imports, CIF
2007	1,304.42	17.55	107.75	1,092.02
2008	1,437.02	10.17	125.87	1,382.11
2009	1,317.19	-8.34	76.37	962.53
2010	1,545.25	17.31	73.91	1,090.86
2011	1,868.20	20.90	114.81	1,328.55

Note: 1_/revised estimates based on GST data from MIRA. (Before the introduction of TGST in 2011, an estimation model was used which included tax returns and expenditures made by tourists in the resorts, souvenir shops, local transport, etc)

*Sources: Maldives Monetary Authority
Maldives Customs Services*

Table 10-2 : Government Expenditure on Tourism 2006 – 2011 (Million Rufiyaa)

Year	Government Expenditure		Tourism Expenditure		% Share of Tourism Expenditure
2007	8,325.40	_/	108.20	_/	1.3
2008	10,342.40	_/	93.30	_/	0.9
2009	11,104.30	_/	56.60	_/	0.5
2010	9,976.10		45.40		0.5
2011	11,607.32		58.44		0.5

Note: _/ Revised

Source: Ministry of Finance and Treasury

Macroeconomic imbalances have plagued governments for the past few years and the country has still not fully recovered from the 2004 Tsunami disaster. High government expenditures and foreign debt servicing costs threaten to bankrupt the country if these are not reined in soon. Expenditures in 2011 were 63.1% of GDP, ranking it amongst the worst

in the world⁵. There are efforts underway⁶ to tighten fiscal policy and address the increases in total external debt, which is the only truly sustainable way forward.

GOVERNMENT REVENUES FROM TOURISM

Over 90% of the government tax revenue is from tourism, import duties, and transportation-related taxes⁷. Tourism is overwhelmingly the largest generator of revenue for government and is vital to the Maldivian economy.

The tourism tax policy has gone through some changes over the past several years in an effort to better align taxes with industry realities. Currently government collects six different taxes from tourism-related activities.

Tax policy is driven from the inherent need to raise revenues to offset growing fiscal expenditures by the Government. The most controllable and sustainable avenue is to take immediate action on the overall Government expenditures and begin to rebuild the country's usable reserves⁸. The recent GFC exposed the fragile nature of a Maldivian economy heavily weighted in one sector.

Recent studies indicate that the tourism price elasticity of demand (PED)⁹ is at .41 compared with a .67 average of other countries. As seen in Table 2.5, the tourism taxed percentage of revenue increased sharply in 2011; this was due to the introduction of the T-GST which was

⁵ Maldives Monetary Authority (MMA) 2012

⁶ With past support of neighboring country governments and agencies such as IMF, ADB, and the World Bank

⁷ CIA World Factbook

⁸ Net official reserves

⁹ Refers to the responsiveness to quantity demanded to changes in price

collected at 6 percent. However, if the Maldives decides to move more concerted into mid-level markets in order to diversify and off-set the luxury market's known growth constraints it will be faced with less favorable PED than it currently holds. The PED number of .41 is based on a Maldives tourism market that is almost entirely concentrated on the luxury customer whereas many other destinations competing for the same luxury customer also offer products in the mid and lower price range which are traditionally more sensitive to price increases¹⁰. High-end markets enjoy a unique status where demand usually adjusts more slowly to price increases as compared to lower level products. While there is room for modest increases to drive up revenue, government should proceed with caution so the gains made in tax revenue are not off-set by losses in tourism demand

Table 10-3: Different taxes collected by the government for tourism related activities

Tax	Amount	Information
Tourism-General Sales Tax (T-GST)	6%	Tiered increase 3.5% (2010), 6% (current), 8% (Jan 2013), 15%(June 2013) Currently generates 1.5 to 1.7 billion Rf (US\$ 100 to 113 million) per annum 15% is estimated to generate an extra 2 billion Rf (US\$ 133 million) per annum
Bed Tax	US\$ 8 per accommodation bed per night	Changed from US\$ 6 per bed night ¹¹ Scheduled to cease at the end 2013 but could be extended 1 billion Rf (US\$ 67 million) per annum Hurts guesthouses and safari
Land Rent Tax	US\$ 8 per square meter of building	Changed from rent per bed Loss of revenue for government & increase in profit for established resorts because the 20% allowed build up area increased to 30%. Insufficient research was conducted on this tax before implementation
Business Profit Tax	15% of net profit	15% of any profits earned

¹⁰Thus driving up the overall PED percentage

¹¹ Bed nights = Number of pax * number of nights

Withholding Tax	10% on payments to non-residents	10% on payments to non-residents for things such as management fees and technical services
Airport Service Charge	US\$ 18 on each non-resident departure	Rolled into ticket price
Airport Development Tax	US\$ 25 per person PROPOSED	The 25-year concession agreement with GMR needs to be resolved as soon as possible because US\$ 25 per passenger is accumulating daily and the estimated buy out for the Government currently exceeds US\$ 700 million

Table 10-4: Tourism Revenue and Tax 2006-2011(In Million Ruffiya)

Year	Government Revenue		Tourism Revenue		% Share of Tourism Revenue	Tourism Tax		% Share of Tourism Tax to Tourism Revenue	
2007	6,527.20	_/	2,216.00	_/	34.0	547.30	_/	24.7	_/
2008	6,939.30	_/	1,969.80		28.4	566.55		28.8	
2009	5,313.30	_/	1,429.81		26.9	531.41		37.2	
2010	6,392.40	_/	1,711.30		26.8	602.70		35.2	
2011	8,323.30		3,305.00		39.7	1,588.00		48.0	

Note: / Revised

Source: MOTAC 2012

FOREIGN EXCHANGE

The limitation in local financing resources, especially for large resorts, causes foreign banks to finance the majority of projects. This results in a large proportion of foreign exchange earnings being spent on servicing debts from overseas.

An opportunity to retain foreign exchange lies with national ownership and employment. A situation has been developing where, although 75% of tourism providers are legally owned by Maldivians, they are increasingly (almost 60%) being operated by foreigners through complete control or joint venture partnerships¹².

¹²Maldives Tourism Sector – Position Paper. June 24, 2012.

Concurrently, the Maldives, like many of its contemporary destinations, suffers from economic leakages from various sources within tourism. While no specific studies have been undertaken to review the extent to which leakages remove tourism revenue from the economy, models predict the percentage of tourism dollars not landing in the hands of nationals between 60-80%¹³. The importation of almost all goods and a large portion of labour¹⁴ are two of the main sources of economic leakages.

INVESTMENT CLIMATE

Traditionally the Maldives has been an attractive place for foreign entrepreneurs seeking to capitalize on a strong, upscale tourism market. However since the 2008 global financial crisis (GFC), the country has faced challenges in attracting foreign direct investment (FDI) to the tourism sector.

The Ministry of Economic Development's website (www.investmaldives.org) offers information and procedures for investing in the Maldives. There are two options for establishing foreign investments in the Maldives:

- Registering a joint-venture investment whose ownership of 51% or more is held by a Maldivian or wholly owned Maldivian entities incorporated in the Maldives
- Registering investments whose ownership on 51% or more held by foreigners or entities incorporated outside of the Maldives

¹³Maldives Tourism Sector – Position Paper. June 24, 2012.

¹⁴ 60-70% in the tourism sector by some estimates

The following incentives are offered to foreign investors:

1. Right to 100% foreign ownership
2. Legally backed investment guarantee
3. Provision for overseas arbitration of disputes
4. Long-term contractual agreements and long term lease of land
5. Freedom to use foreign managerial, technical and unskilled workers
6. No foreign exchange restrictions
7. No restrictions on the repatriations of earnings or profits

There are currently no restrictions placed on foreign investments related to leases or development and operation of tourist resorts. Any local or foreign party that holds lease rights to a resort island can transfer it to a sub-lessee and must comply by the terms of the sublease agreement.

UNDERDEVELOPED ISLANDS

There are currently 72 islands leased for resort development projects that have not been completed. These underdeveloped islands are assets that present a huge problem for the entire industry. The projects sit at different levels of completion with some yet to begin construction. Until the resorts are fully operating, this is lost tax revenue for government.

The various reasons for the lack of development on these islands are, but not limited to:

1. Lack of financing available
2. Insufficient developer liquidity

-
3. Increase in cost of building materials because of inflation and high transportation costs
 4. Over supply of islands in the market, with lack of clarity regarding new tenders
 5. Inadequate bidding process with no underwriting
 6. Poor spatial planning for island tenders
 7. Lack of clear policies on allowing license to sell pork & liquor on hotels or resorts developed on lands leased on local islands.
 8. Infrastructure promises not followed through
 9. Developers are financially underwater due to the .5% compounding interest penalty

The assets create numerous issues for government and resolving them is important to long-term revenue generation. It is difficult for government to accurately forecast tax revenue because of the status of these resorts. Maldivian islands, especially those that are optimal for tourism development, are a finite resource. Currently, leasing new islands serves short-term revenue needs with potential problematic consequences of a diluted and oversupplied market. Transportation infrastructure to support these developments is essential and needs to be developed to ensure the success of future projects.

PRIVATE SECTOR CREDIT

Private sector credit (PSC) has been gradually increasing since the GFC but still remains relative to the available projects that are in need of funding. Raising capital locally remains a challenge of the tourism industry in the Maldives given the modest cash flows and restrictive debt ceilings. Depth in the financial market is limited and banks may only lend

up to 15% of total financed debt to a single borrower¹⁵. This means projects, especially resort developments, may require 3 or 4 banks to fund a single project.

The financial sector in Maldives is dominated by the banking industry, which has seven banks currently operating in country. They consist of one locally owned commercial bank (Bank of Maldives), branches of four foreign banks, one locally incorporated subsidiary of a foreign bank, and an Islamic Bank. Non-banking financial institutions in the country include players in the general insurance market, a finance leasing company, a specialized housing finance institution, and a money-transfer business.

Lending to the tourism sector accounts for 59% of the banking sectors' total lending which is close to the regulated ceiling of 60%¹⁶. While resort developers and other tourism ventures would like this percentage to increase to 70% a more balanced solution is to identify strategies to decrease economic leakages and increase cash flows so the banks can maintain portfolio diversification in order to handle industry downturns.

Most resort developers borrow offshore to finance construction due to the thin capitalization of local banks. These offshore financiers collect amortization payments and often require high cash flows as additional security. The amount of projects using offshore financing typically results in resort revenues bypassing the Maldivian banking sector for overseas debt servicing.

¹⁵Total across the borrower's projects in all sectors combined.

¹⁶TTMP Review. 15

Four issues have been cited as constraints to lending from the banking industry¹⁷:

The *liquidity of developers* has been an issue and continues to be problematic for lenders when developers do not have the funds to withstand unexpected material cost increases or construction delays. Less leveraged developers decrease the lending risk for banks and lower the amount of capital required to complete a project.

The use of *operating (or management) agreements* have increased the funding need beyond the original amount requested since they are often added after the loan underwriting has occurred. These agreements can create problems for both the developer and lender since they are long-term and often overlook the optimistic projections used to entice owners into signing. Managers (or operators) do not have the monetary investment in the property therefore they fail to understand the complete financial picture of the investment.

Uncertainty in the *supply of islands* has put creditors on edge. Investment underwriters analyze a multitude of factors that ultimately project an estimated return on investment (ROI). The unclear island tender process makes it difficult to accurately underwrite an investment.

The *supporting infrastructure* to tourism investments is often overpromised and under-delivered. Given the remoteness of the Maldives from other population centers and raw materials, infrastructure is particularly important for containing costs. The history of undelivered infrastructure by the government is evident in the calls in previous masterplans for the Gan airport to be developed into a fully functioning international airport with the ability to handle wide-bodied aircraft. The lack of timely follow through by government further limits funding from foreign investors who are may be unfamiliar with the Maldives context and/or with the tourism sector.

¹⁷ Based on meetings with banking industry leaders on 6 November 2012

The Tourism Act states that all resorts and hotels will be leased for 25 years, and if the initial investment exceeds US\$ 10 million, then the lease period would be extended for up to 35 years from the date of lease. In 2010, new regulations allowed the payment of fees to extend the lease period of resorts up to 50 years¹⁸. The amendment also assisted by allowing a leaseholder to transfer rights to a second party prior to the development and commencement of operations on any resort or hotel. This was a step forward towards addressing potential financing constraints between leaseholders and investors.

However, inconsistent government policies surrounding the investment environment continue to be a deterrent to attracting foreign exchange into the tourism sector. The current Foreign Investment Act does not contain comprehensive guidelines or regulations for investors who wish to invest in the Maldives.

Investors cite lack of clarity in Maldivian business laws as one area that could use improvement and consistency. Banks and investors need to know that they are fully supported by Maldivian law in the case of default or hardship. The current judicial system is slow and can often tie investors up for years in court with no clear outcome. Another area that offers little comfort to foreigners who are interested in long-term business transactions in Maldives is the work permit renewal system, which currently reviews a foreign investor's status on an annual basis.

Foreign direct investment (FDI) into the tourism sector has fueled industry growth over the past few decades and continues to be the main economic driver of the sector. It will be important for the government to act on issues that are threatening the continuation of FDI

¹⁸ TTMP Review, 48

into the country and to look at new innovative incentives such as tax holidays or streamlined country registration process to encourage sustainable economic growth.

POTENTIAL FOR NEW PRODUCT DEVELOPMENT

MARKET TRENDS

The Maldives has always been, and continues to be, a high-end sun and sand destination. The GFC in 2008 hit the entire industry hard with significant declines in all market segments. In 2010, tourist arrivals to Maldives improved considerably by increasing 20% over the previous year. The contribution of tourism to the country's GDP remained at an average of 31% in the past five-year period (2005-2010)¹⁹.

The bulk of tourist arrivals traditionally have originated from Europe, but due to several factors, including the GFC, that market is shrinking. Asian and Pacific markets, particularly China, have been filling the gaps in demand. In 2012, Chinese travelers to the Maldives accounted for almost 25% of the total visitors²⁰. The segmentation shift presents a unique opportunity for new product development and economic growth in the Maldives.

TRADITIONAL VERSUS EMERGING MARKET SEGMENTS

The three largest tourist market segments are relaxation, honeymoon, and diving. The largest growth segment has been in the relaxation category with overall arrivals increasing from 55% in 2008 to 64% in 2011. While honeymooners and divers have been static in the

¹⁹Tourism contribution to GDP was rebased in 2011 and accordingly the rebased numbers show tourism contributed 35.7 percent to the GDP in 2010. MOTAC, 2010a, Tourism Yearbook.

²⁰ According to the MOTAC Visitor Survey Segmentation from 2004, 2008, & 2011

traditional European market, Chinese relaxers have tripled and honeymooners have doubled since 2008²¹.

The Chinese traveler on average tends to have a shorter duration of stay and spend less money per day than the typical European visitor to the Maldives. The new Chinese traveler to the Maldives is knowledgeable, sophisticated, technologically-savvy, and predominately below 45 years of age. They are often more activity driven and do not spend their whole trip at one resort like their European counterparts. The World Bank estimates Chinese travelers will make up 42% of all tourists in the Maldives by 2016.

Destinations in Africa and South Asia have been adapting to this surge in Chinese travel with catered offerings of gambling, shopping, and cuisine. Unlike their African and South Asian counterparts, the Maldives has a product that is universally appealing to all markets and does not require a significant product shift. The 'adaptations' should be more subtle and do not need to change the primary high-end beach destination product offering.

ADDING VALUE TO BEACH

The Maldives is an aspirational destination to all travelers seeking a relaxing beach holiday in paradise. Recognizing that the Maldives is first and foremost a sun and sand destination, the biggest potential for adding value to a traditional beach holiday lies in offering interesting engagements with island communities. These engagements can be retrofitted to a particular market segment and should not divert from the Maldives core strength as the aspirational upscale beach destination. The value-add product can be developed in a way that does not alienate a particular segment, but rather builds off the Maldives core strengths with several dynamic complementary offerings.

²¹ MOTAC, 2012

DIVERSIFICATION

Tourism began in the Maldives with less than 300 beds in 1972 and has grown to over 25,000 beds in the past several decades. The country has established itself as a very successful high-end beach destination with five-star resorts serving as the foundation of the tourism industry. Developers have regularly argued that the only profitable way is through ultra-luxury properties, however recent market studies have revealed that there is an solid growth opportunity in the mid to upper market segments²².

The lessons from the GFC and the rapidly expanding middle class in Asia bode well for mid-upper market product development. Diversifying product offerings and developing 3 and 4 star properties provide numerous opportunities for expansion of economic benefits well beyond resorts. Although the ultra-luxury market is often more resilient to market downturns, there is increased competition from regional and global destinations for that limited customer base. It will be important for the Maldives to look beyond all-inclusive 5 star resorts catered only to Europeans in the next decade and to be mindful of new markets and product offerings for growth and prosperity.

ECONOMIC INTEGRATION

LOCAL EMPLOYMENT

The current ratio of national to foreign hires in the tourism industry stands at roughly 50:50. Women represent only 7% of the industry and only 2% are Maldivian women. Another disparity exists as foreigners represent 25% of residents but almost 80% of the employed population. There is currently no effective strategy in place for human resource

²² UNWTO 2011

management and the absorption of Maldivian workers into tourism²³. While historical and cultural factors play a large role in remediation of this gap, current laws are in preparation to regulate the ratio of locals to foreigners to 55:45 as a way to encourage less disparity and provide a framework for future gains²⁴.

The opportunities have not always been clear to women and youth for employment in the tourism industry. The resorts often operate autonomously from one another, hiring from word of mouth and recommendations. The Government needs to facilitate more dialogue between resorts, vocational training, and the local people in order to encourage increased Maldivian employment in the sector.

RESORTS

The vast majority of tourist beds in Maldives are located in resorts. Resorts dominate the tourism product in the Maldives under the “one Island, one resort” policy. Resorts are the backbone of economic activity in tourism. The majority are five-star properties that operate self-sufficiently with limited interactions with nearby island communities. An estimated 90% of resorts currently have their projects financed off-shore, resulting in a periodic outflow of debt servicing (i.e. principle and interest)²⁵.

The owners are comprised of large companies, international developers and local entrepreneurs who have varied experience levels. Resorts train their own employees on-site and often have staff accommodation contained within the property. Resorts have

²³ Strategic Human Resource Development Plan for The Tourism Industry 2011-2015. November 2011

²⁴ Strategic Human Resource Development Plan for The Tourism Industry 2011-2015. November 2011.

²⁵ Draft Concept Note for the Economic Policy Note on Maldives Tourism Sector, World Bank, 2011

traditionally engaged with nearby island communities on an ad hoc basis for excursions or food purchases.

There is an opportunity to institutionalize these resort-community relationships and MOTAC is well positioned to take the lead going forward. MOTAC should assist the resorts in marketing the island community engagement stories, which will especially resonate with repeat visitors who make up a relatively high level of resort customers. The 2008 Tourist Profile and Opinion survey showed that 23% of international visitors to Maldives were repeat visitors; this proportion grew to 27% in the 2011 Maldives Visitor survey. Repeat visitation is highest among Europeans – at 35% - with the Swiss, German, Italians and British the most likely to be on a return visit.

LIVEABOARDS AND CRUISES

The liveaboard (or safari boats as they are locally known) product is unique and under-utilized in the Maldives. The boats serve as a natural link to local island activities and products. The Live-aboard Association Maldives (LAM) and Maldives Association of Yacht Agents (MAYA) have been positioning the sea-based accommodation product as major growth area for the tourism sector, but with several infrastructure and policy constraints.

3TMP called for the construction of marina facilities to serve as a port of call with capacity for berthing 25 yachts. In addition it recommended a designated harbor for liveaboards close to Male and Gan. Neither has come to fruition and currently the liveaboard vessels anchor near Hulhumale' without a safe area to dock.

GUESTHOUSES

At the end of 2011, there were 659 total guesthouse beds in the country compared with a 22,120 beds in resorts²⁶. The development of guesthouses to date has been supply-driven with not much attention given to market segments or forecasting models. Guesthouses are often marketed as budget accommodation, but there are no standards governing guesthouse operations or development. There is little distinction from one guesthouse to another, leaving the consumer and tour operators guessing unless they are familiar with the property.

Guesthouses on an inhabited island are only permitted on land designated for residential use. City hotels are typically on designated public land. Due to the strong historic emphasis on resorts in the Maldives, the secondary accommodation market has suffered and lacks a clear direction. Where obvious markets exist, especially around transport hubs, a quality-controlled but otherwise relatively free marketplace should be encouraged in the development of guesthouses and small hotels. In other places, where no obvious international tourist markets exist, numbers of guesthouses should be restricted to the level necessary for the business and the domestic tourism market.

LOCAL COMMUNITY AND SMES

Local communities have had limited engagement in the tourism sector compared to other countries and island nations. This has mostly occurred by design with the bulk of tourism activities taking place on uninhabited islands.

Two new types of organizations have emerged that offer a pathway for communities and SMEs to better integrate into the tourism industry:

²⁶ MOTAC 2012

1. Island Councils

2. Community Cooperatives

Island councils now serve as important units for local government services since government passed the Decentralization Act of 2010. The elected administrative divisions of the Maldives consist of atolls, islands, and cities with a goal of fostering locally-driven decision making. Under this new policy comes opportunity for islands and atolls to sustainably plan out strategies that will increase economic benefits through engagement with tourism sector.

Community cooperatives have been around for a long time but are a newer concept in the Maldives. They are used to assist micro and small businesses gain access to market but there is still limited local expertise on how to guide the cooperatives. Cooperatives have the ability to create the scale that is needed to engage in business and enter into formal partnerships with resorts, cruise boats, and larger tourism businesses.

The UNDP organizes an annual Partnering for Development (P4D) Forum that brings together local producers/sellers and resort owners/operators whereby they have the opportunity to form direct linkages/relationships that can lead to national economic and social prosperity. This type of formal platform is helpful for strategic networking amongst stakeholders and ultimately negotiating business contracts.

A need exists for other international agencies to join UNDP a concerted effort to bring international skills and experience to bear to generate small businesses around tourism at the community level. As outlined elsewhere, opportunities exist in the activities and attractions sector. At the community level, tourism in Maldives is currently unsophisticated and in need of assistance. Many other development agendas – environment, climate change, conservation, community development, gender, social development, cultural conservation – can be linked to the real and present need to help communities on inhabited islands engage in the value chain of mainstream tourism.

COMPLEMENTARY SECTORS

The Maldives tourism industry is heavily reliant on imports. The majority of construction materials and food are imported causing considerable capital outflow. Resorts often purchase goods directly from international suppliers instead of sourcing locally.

Figure 10-2: Supply chain movement of food products

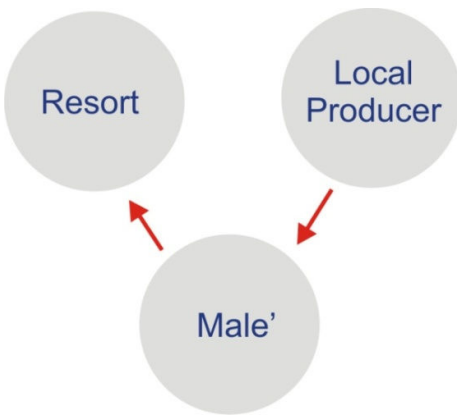


Figure 10-2 illustrates the supply chain movement of food products from island communities to Male', which are then sold directly to resorts. Resorts go to Male' for convenience and ease of purchasing all goods in one place. Nearby island communities currently struggle to provide the volume, consistency, and often quality of food that the resorts require. Strengthening the capacity of the local island producers to deal directly with resorts will drive down the overall price of products because of lower transportation costs.

The Maldivian people stand to benefit from better integration of the agriculture, fisheries, and transportation sectors into the existing tourism value chain. Like several other small island nations, development in the Maldives is also constrained by the absence of land based mineral resources, the limited scope for expansion of the agriculture sector, and vulnerability to natural disasters and environmental hazards.

11 HUMAN RESOURCE DEVELOPMENT

HISTORY OF HUMAN RESOURCE DEVELOPMENT IN TOURISM

HUMAN RESOURCE DEVELOPMENT IN 1TMP, 1982

Each tourism service centre was predicted to require 4,000 employees. Ideally, local Maldivian should be employed so staff can have a relatively normal family life. A hotel training school was proposed. The need to improve levels of service, especially around food, was established. Training of hotel managers was perceived as a problem. Other HRD proposals included short-term courses, using resorts in off-season for training, short seminar courses and short-term training abroad. "Maintaining an individual Maldivian touch" to resort operations was seen as important. The generally flexible and adaptable attitude of the Maldivian workforce was perceived as an advantage. In regard to enterprise at community level, it was envisaged that increasing the number of private guesthouse would make control of social and cultural impacts difficult. Further, guesthouses only attract low-end tourists bringing limited economic benefits. The best way to minimize social impacts was seen as building tourism facilities only on uninhabited islands and keeping tourist visits to inhabited islands to a minimum.

Continuing the theme of keeping tourists away from vulnerable areas, 1TMP proposed that only Buddhist historic sites should be used for tourist visits so as "not to interfere with local culture and religious sentiment". Contact between tourists and handicraft-producing islands should be avoided. Rather, arts and crafts centre should be built at each tourist centre. Cultural performances should be limited in order not to change traditions. An "adaption programme" should be applied to help communities come to terms with tourism. A tourism development fund was proposed to encourage a few, locally-owned "primitive resorts". A household survey suggested that 89% of residents thought tourism was good for Maldives. When asked why tourism was harmful, 58% indicated behavioural issues around drinking, drugs, dress and other offenses to culture and religion.

The industry was facing a "manpower crisis" in both skilled and unskilled workers. It was estimated that 38% of the tourism workforce were now expatriates, mainly from neighbouring countries. Young Maldivian school leavers were "not considered suitable due to lack of marketable skills". Allowing a further increase in expatriate workforce was recommended and "modest measures" proposed to address Maldivian employment. Remuneration, living conditions, separation from families and the management styles were key factors in the low productivity of the local workforce. Attention to the prestige of the jobs was suggested as one part of the answer. The industry has a serious image problem within Maldivian society. Higher skilled and better-paid jobs go to expatriates. A policy of preference to Maldivian nationals was recommended.

Attention to improving working conditions, especially long separations from family and employment of females was recommended. Resort-owned staff accommodation on neighbouring inhabited islands was recommended as a model for the future. Special facilities for female employees were required. 2TMP also called for: i) a tourism awareness programme; ii) more integration of practical and academic training; and iii) tourism training elsewhere in South Asia. 2TMP expensively analysed gender issues, especially around employment, but also around social attitudes, government policies on women's participation in tourism and MATI's activities to promote women's employment in tourism. Only 2% of all employees were women and most of these expatriates. A major constraint was parental concern for the good reputation of young females. 25% of hotel school pupils were female, but the dropout rate was high. The ratio of men to women ratio in some atolls was 1:4. The challenges arising associated with migrant labour was introduced.

At community level, because of the separate islands policy, "Maldivian society has barely been exposed to foreign values and anyway has proved resistant to them". On the other hand, this policy had also slowed the process of society adapting to tourism. Tourism was therefore not playing a strong role as a catalyst for social development. The facilities and

technology gap between resorts and inhabited islands had become very marked. 2TMP recommended: i) information dissemination about resort life and the pluses and minus of tourism; ii) active planning to link tourism with other sectors of economy; and iii) moves to involve communities in regional planning. Reports of negative social impacts associated with resort staff were few. Generally, Maldivian staff members were showing maturity and strong values. While the families of resort staff were better off financially, they were paying a high price in separation and instability. Relationships between resorts and communities were of most concern.

Regular meetings between resorts and atoll chiefs were recommended. The social carrying capacity of tourism needed to be considered on a case-by-case basis. Excursion islands in South Ari may have reached capacity as they had become "open air museums". In Male', 'voluntary unemployment' was becoming a concern. Migration to Male' was strong, with 50% of Male's population now registered to another island. The exclusive focus of tourism development on Male and Alifu Atolls had given rise to this. Out-migration from Addu, especially by males, was pronounced. Issues around land ownership were arising. By tradition, land was granted by government to build a dwelling and then remains in a family in perpetuity. Title remains with government. Land can therefore be leased but not mortgaged. This constrains participation in tourism. The "modernization gaps" that were appearing could be addressed either by slowing resort development or by spreading out the impacts and benefits. Regional development should favour less-developed atolls and focus on clusters of islands where high levels of economic integration could be achieved.

HUMAN RESOURCE DEVELOPMENT IN 3TMP, 2007

The tourism industry by this time provided 20,000 jobs for Maldivians. While increases in the level of expatriate worker in the tourism sector had been relatively low compared to other sectors, it was important to address it. Every year there would be around 10,000 Maldivian school leavers. School leavers' perceived jobs in tourism as low grade. Isolated work settings were a reason why many young people, especially women, were discouraged.

Two factors had led to the increase in expatriate employment: i) lack of Maldivian interest in certain employment categories and ii) Maldivians not qualified for other categories. Few Maldivians were trained as chefs, dive instructors or accountants. In general, 7% of the tourism jobs were management, 12% supervisory and 81% functional. In resorts, room boy jobs were appealing to Maldivians, but cleaner or labourer jobs were almost 100% expatriates. Almost all restaurant waiters were Maldivian. 7% of the employees in resorts were female of whom only 2% are Maldivian. The type of accommodation provided by tourist resorts was not suitable for female employees.

The Faculty of Hospitality and Tourism Studies (FHTS) was offering courses and training at 3 campuses: Male, Addu and, in a PPP arrangement, at Adaaran Resort at Hudhuranfushi. The Ministry of Higher Education, Employment and Social Security (MHESS) was developing a vocational qualification framework for the industry. The broad HR policy was to train and provide employment opportunities for Maldivians and to reduce the number of expatriates employed. Government had imposed a 50% ceiling on expatriate staff employed in a resort or hotel. FHTS should concentrate on diploma, and degree level programmes, while other training institutes should conduct entry-level courses. The need for a tourism careers awareness campaign was given priority. Islands were leased for training resorts, one in North Haa Dhaalu Faruokolhu and one in the South Laamu Gan Island. However, these training resorts were not realised during the planned period.

Community-based tourism had not taken root. It was thought that community-based tourism may be a way to promote culture, protect heritage and bring economic opportunities to inhabited islands. On the other hand, thoughtful consideration was recommended towards: i) the potential for devaluing the quality and standards of tourism; ii) the smallness of islands could pose a challenge; iii) community interest comes primarily from community leaders and many Maldivians may not want the negative impacts; iv) measures to limit the negative socio-cultural impacts must take centre stage; and v) resorts should be encouraged to organize excursions to inhabited islands. Local culture and heritage could become attractions through a gradual process of promoting cultural tourism.

As well as cultural or historic attractions, cultural experiences for tourists and art and crafts industry should be supported by micro-credit financing.

RECENT EVENTS IN HUMAN RESOURCE DEVELOPMENT IN TOURISM

The number of tourism job opportunities has increased with growth, but Maldivians have not taken up the jobs. The demand for employees remains on average 1.5 staff per tourist resort bed. High-end tourist resorts require at least 2 staff per tourist bed. There is a prevailing attitude in government that this needs to be addressed. Concern remains over the growth of the expatriate workforce. In 2011, the stipulated local to expatriate staff ratio of 50:50 for tourist resorts was reviewed and an increase of expatriates allowed to 45:55. Recently, job fairs have been held in collaboration with MHYRS. There are plans to conduct more job fairs in Male' and other islands with large populations.

Bidders for resort islands are required to submit a human resources development plan and marks are allocated accordingly. However, there is currently no follow-up to monitor implementation of the plans. Past calls for better transportation between resorts and local islands should be addressed to some degree within the government's proposed new nationwide transport network.

The Hotel School established in 1987 subsequently became part of the Maldives College of Higher Education (MCHHE) and recently, in 2011, part of the National University. The industry perception is that these moves have not increased local employees at supervisory and management levels. In order to stem the increase in expatriates taking these positions, a complex new quota system is being considered, based on occupation classifications and resort classifications.

A technical and vocational skills training program was initiated in 2005 associated with a loan agreement with ADB, the purpose of which was to increase the skilled workforce in all the industries in the Maldives. Formal training programs of technical, vocational education and training (TVET) started in 2008. At the end of 2010, a total of 3,884 persons were

trained. Numbers trained in tourism-related fields were not clearly identified. In 2011, the government launched the “8,500 placements” program out of which 3,800 semi-skilled traineeships are to be conducted by the end of 2013. Most placements are expected to be directly or indirectly in the tourism sector.

CURRENT HUMAN RESOURCE DEVELOPMENT SCENE

EMPLOYMENT AND UNEMPLOYMENT

According to the most recent data on labour force participation and employment, from the 2010 Household Income & Employment Survey, the total Maldivian employment was estimated to be 144,658 of whom 57% were males (81,958) and 43% females (62,700). The total number unemployed was estimated at 38,602, bringing the total labour force to about 183,260 out of an estimated population of 319,700 aged 15 and over. Nearly 38% of Maldivians in this age group do not participate in the labour market at all. The labour market in the Maldives is heavily concentrated in and around Malé. Households living in the outer atoll islands rely primarily on fishing, agriculture and income generating opportunities around informal trade.

The majority of Maldivians are employed in financing, insurance, real estate and business services (31,741), manufacturing (19,259), tourism (12,713), fishing and agriculture (12,624), wholesale and retail trade (11,711) and construction (5,930). The labour market is characterized by a lack of participation, spatial inequity and gender imbalances. The unemployment rate is significantly higher in the atolls than in Malé across all age groups. The number not economically active at all was higher in Malé.

Male unemployment rates are estimated to be considerably lower than their female counterparts – 8% versus 24%. As in many other Asian countries, the burden of home-care, the age of the youngest child, number of children and spacing between them, household production, and, socio-cultural practices and religious beliefs are important influences on female labour force participation.

The rapid growth in the number of expatriate workers, estimated to be around 80,839 (2008) representing more than 25% of the Maldivian population and just less than 80% of total Maldivian employment, is becoming an area of concern. There are economic and social implications of such a large contingent of expatriate workers. These relate to labour substitution between locals and expatriates, the outflow of resources through foreign remittances, and socio-cultural differences that are at odds with local customs. Expatriate workers are heavily concentrated in construction, tourism, health, education and other social services, and increasingly in wholesale and retail trade.

A recent UNDP/World Bank Vulnerability and Poverty Assessment found that households with one or more members working in the tourism sector are more likely to escape the poverty thresholds than other households. However, only 15% of employed Maldivian men and 4% of employed Maldivian women work in the sector (Census 2006). There is no coherent strategy for human resource management and the absorption of Maldivian workers into tourism. Job security, a well-defined career path and benefits, non-discrimination and proximity to home-island or Malé are the primary motivating factors for Maldivian job seekers in tourism. The lack of opportunities at the managerial level deters many Maldivians from participating in tourism.

Currently, each resort has its own supporting infrastructure. The resorts import labour as well as consumption goods from abroad. The need for attention to human resource development issues is demonstrated by low levels of female participation in the economy, especially in tourism, the insufficiency of education, information and different medium, as appropriate, and in planning of individual and household livelihoods.

Furthermore, an industry perspective on issues associated with local employment is not available and with new resorts soon to become operational, there is an urgent need for a strategy addressing the human resources' challenges in the tourism industry.

YOUTH EMPLOYMENT

People of Maldives live on islands, between which they often commute by boats. The population is dispersed across the length the breath of the country, a few islands having a population of less than 100 people (Reference Table PP4 Census 2006)²⁷. The total population is 298,968 of which males are 151,459 and females are 147,509. The difference in the number of males to females is 3,950 is cause for concerns and questions.

A quick look at the age and sex wise population figures (Table PP8 of the Census 2006) shows interesting facts. There are 82 fewer females than males between the ages of 1 and 2 year olds. Until the age group of 24 years, the female population is less than males. Females get lesser and lesser in each age group till the age of 25 years; the highest difference is 1223 lesser females in the 15-19 age groups. Then from 25 years to 49 years the male population decreases. After 50 years and beyond the female population is once again less than that of males.

Males after the age of 25 either migrate for education purposes or employment or go off on fishing boats. The gap in the number of males from 25 to 50 years is also a gap in the labour force, which is filled by migrant workers.

Table 11-1 No of students studied 'A'level and 'O'level based on gender

	Male	Female
O' Level	17,745	19,693
A'Level	2,163	1,746

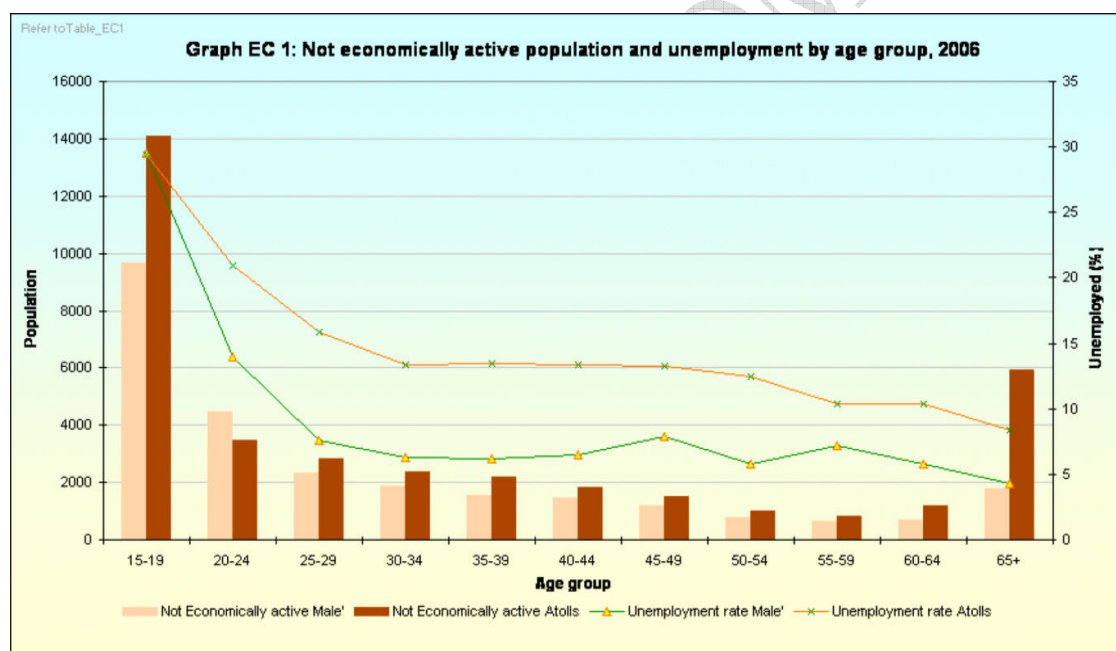
Source: Census 2006

²⁷ Table PP 4: Number Of Islands By Size Class Of Population And Sex, Maldives, Population and Housing Census 2006

Intakes at primary school level are almost the same for boys and girls. Girls continue in school till the “O” levels with a certain percentage of attrition. After the “O” levels the drop out is very sharp for both male and female students but more in numbers for the girl students. The numbers who go on to complete diplomas matches the dropouts at “O” level.

However that is not the complete story because the question is what happens to the dropouts? Where do the young Maldivian males go? The unemployment rates are lesser in the Male’ City than in the Atolls as the opportunities for employment or economically gainful activities greater in Male’. However, unemployment remains between 5% to 15% through all age categories in Male’.

Figure 11-1 Economic Activity and Unemployment



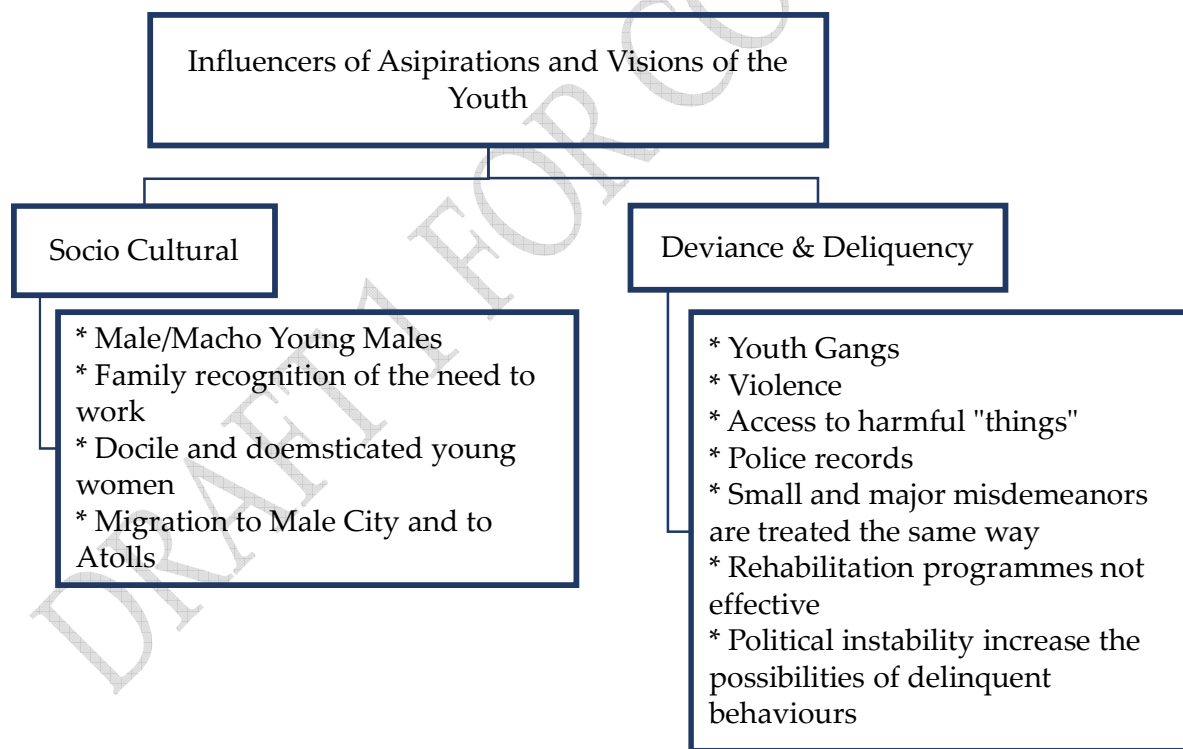
Source: Census 2006

The sectors with most economic engagement in Maldives are the craft and related trades workers. They are the highest scoring occupations returned by the census respondents with 12,769 male and 12, 560 females. Most of them are own account workers or contributing family members. Skilled agriculture and fishery workers are the next big employers for males 9,459 and they too are own account workers. 2,843 women are in this economic

category and 1,235 are own account workers. Fishing and to some extent agriculture are the primary occupations of the people of Maldives, as it is a sea encircled country. Own account workers and group workers are the biggest format of engaging in this activity as well.

These and other data highlight that though the population of Maldives is small, commuting is a major problem for all and especially for women who live in far off islands. Access to education is a major constraint as youth especially girls find it difficult to commute and also the female youth begin to engage in surrogate reproductive roles of caring for the family and siblings very early in their life. Male youth are missing in the productive ages. Those that are around are mostly engaged in own account work. As reported in the earlier section, only 14 % of youth are employed in the tourism sector.

Figure 11-2: Influence of Aspirations and Vision of the Youth



The above diagram presents the broad influencers on the aspirations of the youth especially the males. The socio cultural influencers are not very different from other South Asian youth. Their socialization processes and the behaviours that are rewarded are responsible

for their low aspirations and lack of direction. This is not a judgment on the youth but on the need for a system that encourages aspirations and provides many and different opportunities to fulfil their dreams.

The emergence of gangs in Male' and other cities require great understanding and attention. The systems and procedures that exist do not provide the space to the youth to make mistakes and to learn from them. This was voiced as a major deterrent to youth getting employment even if they have a minor offence booked against them.

Figure 11-3: Youth in Tourism/ Resilient Livelihoods

Youth in Tourism / Resilient Livelihoods	
Education & Skills Training	Employment opportunities in sectors related to the tourism industry
<ul style="list-style-type: none"> • Youth Councils to be included as partners in programmes for youth • Upper secondary education does not indicate future paths in careers • Less respect for TVETs and other Apprentice programmes • Academic programmes could be built on the block study system which leads to a certificate, diploma and the degree • Career paths for youth missing • Career and life counseling before cross roads are reached 	<ul style="list-style-type: none"> • Resorts • Tourism related • Guest houses and Liveaboards • Entrepreneurship development • Transport operations and Management • Communication systems • ICT hardware and software • Media • Tourist security • Interior designing

Creating opportunities for resilient livelihoods for the youth of Male' is a major endeavour of concerned stakeholders. A resilient livelihood is that which weathers and withstands the effects of all kinds of changes like in the political system, in the larger economy, market fluctuations and natural disasters. A resilient system of livelihoods can withstand shocks and rebuild itself if necessary after any change or natural afflictions. As mentioned elsewhere, democracy and development are new in Maldives, hence shocks of change and

new systems emerging have to be anticipated in order to protect the youth and the rest of the population.

The lists in Figure 11-3 above were prepared after many discussions with stakeholders and the representatives of the youth themselves. The focus on one kind of tourism is being challenged although *sotto voce*. The fact that the Maldives is now a middle income country at the same time having serious sex ratio imbalance (refer to **Error! Reference source not found.**) and dropouts after high school were underlined in the discussions. Resource allocation and building of skills and encouragement to innovations and entrepreneurship among youth was flagged as important.

Table 11-2: Total Population in 5-Year Age Groups by Sex 2006

Age Groups	Both sexes	Male	Female	Male - Female
All ages	298,968	151,459	147,509	-3,950
Under 1	5,462	2,777	2,685	-82
1-4	20,709	10,585	10,124	-461
5-9	29,867	15,352	14,515	-837
10-14	36,999	19,111	17,888	1,233
15-19	39,904	20,155	19,749	-306
20-24	34,809	16,933	17,876	-943
25-29	24,581	11,915	12,666	-751
30-34	20,635	10,022	10,613	-591
35-39	18,174	8,780	9,394	-613
40-44	15,871	7,828	8,043	-215
45-49	13,569	6,872	6,697	-175
50-54	7,936	4,147	3,789	-458
55-59	5,859	3,046	2,813	-233
60-64	5,566	2,852	2,714	-138
65+	13,944	7,790	6,154	1,636
Age not stated	5,083	3,294	1,789	

Not all students who join primary schools go up right through to masters level, but the options in vocational skills development that are available to the “O” level dropouts should be presented as respectable, attractive and able to generate good remuneration for the youth

who enter these programmes. The flexibility of combining education with employment was also discussed and some successful experiences were shared as examples. The block course method of education was also favoured by the youth themselves.

Youth are currently disenchanted with resorts that they feel have no opportunities for them or relevance to them. The new democratic space is bringing out voices favouring the use, ownership and benefits from the resources of the country first by the Maldivian. The political processes going on in the country are having a major influence on the aspirations of youth.

The resorts sector can absorb all the youth who are prepared to join, provided that their records are clean and they are qualified. The best way to gain experience on a young person's bio-data is in resorts and through an internship. However, many youth do not see working in a resort as their goal in life. Rather, they seek to build up resources and experience to begin their own enterprise or business. The above listing of tourism related or supporting skills and professions were also mentioned by youth as providing a chance of working on their own as well as for a role in tourism.

YOUTH ENTREPRENEURSHIP IN PARTNERSHIP WITH THE TOURISM SECTOR

Youth groups understand that they must have "bankable" projects. They made suggestions about creating a facilitating body (with youth representatives, government, banks, civil society and lawyers and subject experts) so that creative projects can be developed that are bankable and therefore can be funded. The groups also suggested that projects supported this way be monitored closely for achieving milestones. They pragmatically suggested that a tolerable margin of error, mistakes and possible failure be built in. This will take away the "sting of being a loser" and help a positive approach to learning and experimenting.

The high number of crafts and related trade workers and who are working as own account workers or contributing family members gives reason to support a strong but a well prepared comprehensive input on entrepreneurship development and development of the

social enterprise model. The private sector could also work on the model of social returns on investment as a methodology for its CSR activities.

Youth bodies, even those that function under the government aegis, have very few resources and little freedom to function with creative and innovative ideas that could make the Maldivian economy, society, art and culture vibrant and topical. The creation of this space will add value to the industry of tourism, the chief income earner for the country.

FACTORS IMPACTING WOMEN'S PARTICIPATION IN TOURISM

INCLUSIVE DEVELOPMENT AS A KEY PRINCIPLE

Inclusive development has no one definition²⁸. The underlying value is that access to opportunities is a human right. Inclusive growth therefore is "growth coupled with equal opportunities." Inequality in opportunities diminishes growth and makes it unsustainable. This in turn could lead to inefficient use of human and physical resources, lower the quality of institutions and policies, erode social cohesion, and foster social conflict. These inequalities are often reflected in social exclusion, which public policy and interventions should address.

In the context of a tourism masterplan it is important to explore the economic opportunities created by tourism for women, especially poorer and normally unreached women. Experience has shown that the inclusiveness depends on supportive domestic policies (e.g. right mix of incentives), institutions, and adequate infrastructure.

²⁸ Occasional Paper No. 8 Inclusive Growth and Inclusive Development: A Review and Synthesis of Asian Development Bank Literature Ganesh Rauniyar and Ravi Kanbur

December 2009

In the report of the Universal Periodic Review at the UNGA in 2011, the government acknowledged “...that serious obstacles to that goal (of equality between men and women in law and practice) persisted, despite important steps such as the removal of the constitutional bar that had previously prevented women from running for President. Persistent *de facto* discrimination against women stemmed from both religious influence and a Government that had been characterized by strong, centralized patriarchal rule. Violence against women was also a real problem in Maldives.”

Currently Maldives has moved into the middle-income country category and at 0.767 (2007 index) the Gender Development Index (GDI) is almost equal (99.5%) to the Human Development Index (HDI) and ranks the Maldives 47th of 155 countries with both HDI and GDI values. Despite the aspirations and goals of equality of all citizens and the achievement of the basic human capabilities, with a value of 0.429 (2007 index) Maldives ranks 90th out of 109 countries in the Gender Empowerment Matrix (GEM). The GEM reflects a considerable gap in women’s opportunities in taking active part in economic and political life.

The Census 2006 data and each part of the analysis reports present the evidence of the achievement of basic human capabilities in the areas of universal primary education, increased secondary education, decreased maternal and infant mortality. The interesting shifts are in the patterns of employment and labour force participation and in the much to be desired change in participation and contributions in decision-making.

ENABLERS OF WOMEN’S PARTICIPATION

The Constitution of the Maldives (2008) guarantees equality between men and women in law and practice. Gender mainstreaming has been adopted as national policy to integrate gender perspectives in policy, planning and budgeting. The Policy is forward-looking and seeks transformation of gender relations by stating one of the guiding principles as: “... recognition that traditional, customary and cultural practices that negatively affects women

and girls are a violation of human rights.” And the third guiding principle is: “...recognition that public and private are not separable spheres of life”.

A number of laws that are in the pipeline and a few that have already been enacted address the position of women in the Maldivian society. The process of democratization and reorganizing of government agencies and their mechanisms is ongoing. This scenario presents opportunities for the inclusion of women and provides the space for women to contribute and participate in the decision making for the nation.

A PROFILE OF THE WOMEN OF MALDIVES

Census data provides critical information to show how women’s lives are changing and evolving in Maldives. In contrast to earlier years, more women are now delaying marriage and childbirth in order to pursue education and to build careers. Men enjoy an economic advantage over women, mostly because women move in and out of the labour force in order to give birth, care for children and engage in other domestic activities. Women participating in economic activities are more likely to have economic independence, social security and social and individual development.

The sex ratio has been improving, which is an indicator of the improved health systems and decreased rates of maternal mortality and infant mortality and of young girl children. Admission and retention for literacy and primary education are reaching parity both in Male’ and in the atolls. More boys are being sent to Male’ for secondary education. Most girls drop out and live the life of their mothers, taking care of siblings, doing household chores, joining the family owned business or economic activities and eventually get married as soon as the legal age permits.

It is at the lower secondary and at secondary school levels that the disparity begins to show and this is attributed to the unavailable relevant schools at atoll level. The attrition at this level makes a significant impact on the life options and economic opportunities that the girl

children could avail in the future. Half of the population of women tends to get married before 25 years.

It is worth noticing the fact that divorce rate is much higher among females than males.

Marriages and divorce are statuses that impinge on the employment and entrepreneurship possibilities of women.

UNEMPLOYED WOMEN

Unemployment is widespread among females, and this problem is most profound in the atolls, with the figure totalling to 27 percent in 2006. In Male' the unemployment rate is 16.7 percent, and when comparing to the rate of growth of unemployment, it is noticed that unemployment is growing at a much faster rate in Male' than in the atolls. The reasons for unemployment are different for men and women. For women, a number of reasons are related to their roles as homemakers while for men sometimes it is also a choice they make.

Forty percent of women choose to be unemployed as they are discharging their household responsibilities while only 2% men choose to be unemployed due to household responsibilities. Only 32.5% women are not in the job market since they are studying or training while 71% males have the same status. Family and relatives of 3 % women object to their being employed, as compared to 1% of men. 11% men are out of the job market as they reported health conditions while a lesser percentage of women 9% reported health conditions. Unemployment is also been attributed as a cause of increased gang involvement of the youth men and now women as well.

HEADS OF HOUSEHOLDS

In Maldives, households are arranged in an extended family system. For the purpose of the census a person who makes day-to-day decisions and should be present when the information is canvassed is the head of the household. 42% of the households in Maldives

are headed by females, female headed households in Male' is 40% and the percentage for the atolls is 44%. More women who head households are unemployed and only 47% are employed compared to the 84 % employed males. This lopsided ownership of assets and low employment increases the vulnerability of women.

The definition of head of household for the census purposes highlights the responsibilities women shoulder while the males are away. However, the social and cultural acceptance of women being the head of households will take a long time to be established, as the role of breadwinner and customary ownership of the house and property are still male prerogatives. It is a typical case of responsibilities without resources and decision-making authority for women.

VIOLENCE AGAINST WOMEN

It is an often-repeated statistic that every one in three women between the ages of 15 and 49 years have reported some form of physical or sexual violence at least once in their lives.

DECISION MAKING POSITIONS

The proportion of women as legislators, senior officials and managers is low compared to men, with women accounting for 2% on island councils and 8% in parliament. The presence of women in the judiciary is 2%, as lawyers 26%. This low presence has an impact on the law making and implementation, as well as whether planning and budget allocation is done in a gender-sensitive and responsive manner.

PROFILE SUMMARY

All social indicators in Maldives are embedded in a context that is patriarchal. Predetermined gender divisions of labour, gender roles and other general expectations of behaviour are often factors hindering and resisting any significant changes in the position of women.

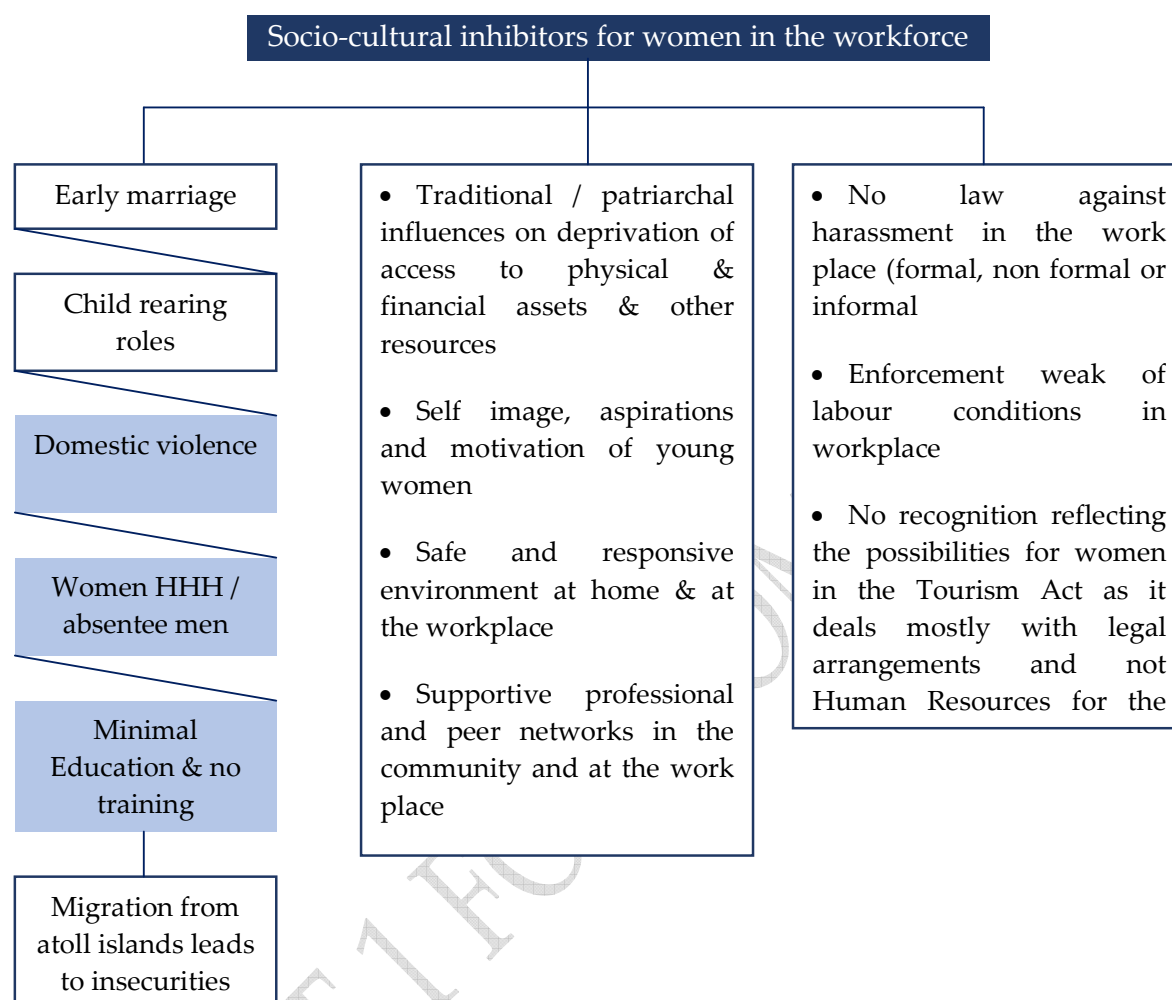
Gender relations are evident in the division of roles and labour and of resources between women and men. Cultural ascriptions of difference in ability, aspirations, attitudinal, personality and physical traits and their responses and actions continue to be determinants of women's position and condition in the economic and social life of Maldives. When the male members of the family migrated to other locations for work, the women typically stays back with the older family members and in the name of the absentee male member takes care of all aspects of running the household. Women traditionally did not claim the right to be heads of the household. The dichotomy of *de jure* and *de facto* is being played out.

Due to the gendered division of labour, unpaid work like housework and own account, often subsistence, work is not counted. Women who participate in the labour market for paid employment do so while continuing to perform the majority of the housework.

The absence of convenient and affordable childcare facilities is one main reason why a large number of women with children are unable to work for extended periods. The absence of childcare facilities means that most of the women have to leave their children with extended family members or older siblings which in turn is a cause of female children dropping out of school after primary education.

sums up the situation and condition of women in Maldives especially from joining the work force.

Figure 11-4 Socio-cultural inhibitors for women in the workforce



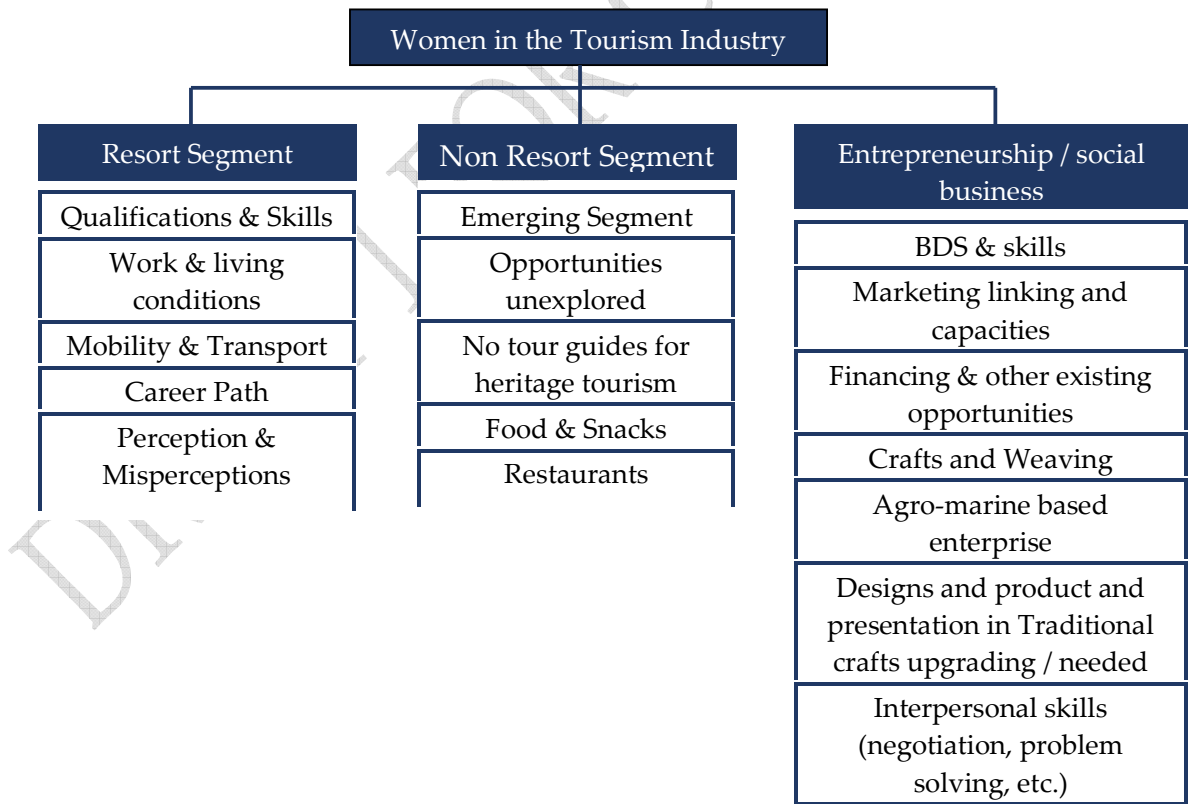
In spite of constraints there is visible change in respect of the increase in the number of women employed in the government, education, health and other professional sectors. However, without institutional change in policies and practices, and individual autonomy, deep-rooted iniquitous gender relations would dominate and determine the lives of individuals especially of the women.

SOCIO-CULTURAL INHIBITORS AND FACILITATORS OF CHANGE IN SOCIAL RELATIONS AND THE POSITION OF WOMEN:

CHALLENGES THAT PREVENT OR DISCOURAGE WOMEN FROM PARTICIPATING IN TOURISM

Maldivian society is patriarchal with a male dominated culture that reflects its sea faring history. The geographical location has brought diverse influences over the centuries to the string of islands and atolls of this country which were either accepted, assimilated or continue as a syncretic feature of modern Maldivian society. Religion provided a shared identity. However on closer enquiry, the social relations that mark the Maldivian society are not homogenous.

Figure 11-5: Women in the Tourism Industry



In most societies there is a wide difference between belief systems and practices that have origins in religion and those that are rooted in cultures that predate the advent of a particular religion. This distinction between religion and culture is blurred and undistinguishable in most cases, as is the case in Maldives, where many inequities stem from the defining of the political, social and economic aspects of the life of a society through the dominant patriarchal system that limits voices, capacities and access to resources. These values, attitudes, and behaviours are deeply rooted now in society, and are not challenged by members of the community. In order to create a level playing field for women in the tourism sector, it is important to understand and address the social inequities and constraining factors that hinder women's participation in the labour workforce.

Lack of proper and safe housing is a major impediment for women who would wish to move away from their homes for further studies or to take up a job in the tourism sector or any other. Often they stay with either relatives or friends if their parents do not have any accommodation in Male City. Not once was there any mention of a working women's hostel or hostel for students.

Lack of opportunities for training and capacity building are constraints. Opportunities for capacity building through short certificate courses, on the job trainings, and diplomas and degrees for working in the tourism sector are growing in collaboration with the private sector. One suggestion made across the board was to include in the school curriculum the value, nature and the workings of the tourism as an industry and its social and cultural impacts on the economy, social life and culture of Maldives. This needs to be introduced at the earliest levels in the school teaching. This would create an appreciation of the important contribution the industry has made to the Maldives and its people.

The TVETs were labelled as the "second chance" but this label did not make the TVETs the preferred choice, rather the lesser choice or reluctant choice. Career counselling, particularly focused on women encouraging them to join the tourism industry and addressing their specific needs, is lacking.

On a visit to the Polytechnic in Male', a random look at the subjects listed out for exams were Electronic Engineering, Digital Engineering, Electrical Installation, Physics, Engine Repairs & Maintenance, Consumer Electronics, mathematics and one other subject. There was not a single female student among the 347 names of the students on the notice board.

LACK OF TECHNOLOGY TO SUPPORT WOMEN IN THEIR REPRODUCTIVE AND PRODUCTIVE ROLES:

Women have always used technology however basic and simple in their home care and maintenance work and in the subsistence activities that they have been engaged over ages. The availability and ability to procure efficient and time saving technologies will reduce the double burden of women. Other useful technologies those are essential for the work that will bring economic returns should also be made more women friendly and be made available. Availability of communication equipments is essential to meet the needs of connectivity, information sharing and security of women.

Lack of an overall understanding and appreciation of gender relations and its impact is a major constraint. It will be important to bring on board young men and the older members of the community to understand the contribution of women as equals. There is a lack of an appreciation of the role of women and their contribution towards the family, community and the development of the country. Gender sensitivity and skills to conduct basic gender analysis would provide insights that may change attitudes and subsequently behaviours.

CONCLUSIONS ON GENDER

MYTHS THAT NEED TO BE UNPACKED AND DEMYSTIFIED IN ORDER TO INCREASE PARTICIPATION BY WOMEN IN THE TOURISM INDUSTRY

- i. It is said that women will not be allowed join the tourism industry to be exposed to bikinis, talking to other men who are not mehram, potential for extramarital liaisons and so on. Some resorts that are close to inhabited islands have made many efforts to inform and show the communities in their neighbourhood what the resorts are really all about, how they operate and the working conditions of the staff. A number of resorts have living areas and common areas for the staff very clearly segregated with all the facilities of recreation and rest as well as to offer prayers.
- ii. It is said that tourism is not an industry for women. The tourism industry in Maldives is evolving with varied products. Merely focusing on the resorts is not the full story. Developing the activities and attractions sector on inhabited islands will open up new and alternate avenues for women to be employed. As the tourism sector grows and diversifies, more space will be created for women to participate in areas such as: travel agencies; information technology; catering; food standards; other quality and standards; handicrafts and souvenirs; souvenir clothing; processed foods; media; performing arts; other arts; janitor and cleaning; waste management; driving and transport of different kinds.
- iii. It is said that the tourism industry is not a respectable place for women, as there is the possibility of harassment when at work and in the work place. The need for law against sexual or any kind of harassment at the work place is currently being discussed. A number of companies have already made it very clear that there is zero tolerance to harassment and it is considered a major misdemeanour and receives strict action.

STRATEGIC DIRECTIONS

In conclusion, the one island one resort policy was developed in the context of the early 1970s. Even now, for an Islamic country there are many details of life on a resort that are rather un-Islamic. Hence, it is challenging for women to work in the resort sector. Aside from cultural barriers, the lack of proper accommodation and facilities in a number of resorts and the necessity to stay away from home overnight all contribute to women not being able to join resorts for employment.

The government and key players in the tourism sector recognize the importance of including women in the economic and social development processes of the country. All the stakeholders of tourism are working to ensure that the law, structures, systems, mechanisms, processes are in place and resources are made available to achieve this goal.

Based on a quick appraisal by the 4TMP planning team, 3 strategic directions are proposed to include women in the tourism sector and in tourism-related sectors. The achievement of these will provide a positive experience and climate to build on the next levels of participation and contribution by women:

- i. Developing career paths for women in the tourism sector
- ii. Facilitating entrepreneurship among women in the tourism sector
- iii. Making women feel safe and be safe at home and at work in tourism

OVERVIEW OF HRD NEEDS

To address the current challenges in the employment, inclusion and gender situation, interventions are required that:

1. Ensure an increase the pool of Maldivians, men and women, who are available for employment in the tourism industry by creating a national appreciation and recognition of the value that tourism brings to the Maldivian people. Sustained An awareness drive with the aim of creating a positive attitude towards employment in tourism and related activities and at the same time create an interests among young people through, information about attractive remunerations and perks. This intervention will ensure that more Maldivian families look favourably upon the employment of their wards in the tourism industry.
2. Ensure qualitative improvements in Tourism related education and technical training that qualifies Maldivian youth for employment in the resorts and other tourism segments.
3. Ensure that Maldivian standards for training delivery and for qualification criteria are shared with the vocational training agencies and polytechnics and different certification and testing systems are available.
4. Ensure that benefits from tourism are available beyond the formal employment in tourist resorts by creating different economic opportunities at atoll levels.
5. Ensure that Employment Act is implemented through improved coordination through institutional strengthening of tourism stakeholders and elaboration and adaptation of the implementation monitoring mechanisms.

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6. Ensure that the tourism industry becomes more women friendly and has zero tolerance of all kinds of harassment in the workplace.

INCREASING INTEREST IN TOURISM EMPLOYMENT

The challenge is to overcome the reservations towards tourism employment by changing exiting perceptions and socio-cultural reservations. The rationale for an intervention is that interest in working for the tourism sector needs to be enhanced with special emphasis on the sections where Maldivians are under-represented. Advocacy and information dissemination for creating a favourable employment option for women and youth to engage in tourism industry and tourism related sectors. Information emphasizing the possibilities of employment in the industry for women and young school-leavers, the working conditions, career opportunities, diversity, international exposure, remuneration contributes in building a positive image of the tourism industry which till recently was not a favoured employment option for Maldivian young people especially women.

PROPOSED ACTIVITIES

Curriculum Expanded

Tasks:

- i. *Curricular activities like essay, drawing, crafts competition on topics related to tourism in Maldives.* An annual essay, drawing, crafts competition among students of lower secondary and higher secondary on the themes related to the concept of “working for a living”. Ensure that at least half the participants are girl students.
- ii. *Resort visit programme.* School and resorts with mutual consultation organize a visit of girl and boy students and male and female teachers to resort at least once a year. Schedule prepared a year in advance and published at Island Council Office and schools. Parents and siblings to visit resorts with scholars from grade 10-11. The

Island Women Associations will be also vital opinion makers and will also be invited to the resorts

- iii. *Atoll-relevant module incorporated.* Heritage, entrepreneurship, economic linkages, resort spin-off that are true reflections of the situation at a specific atoll.
- iv. *Employment market access module for aspiring students.* Employment, application, presentation, etc. Strong emphasis on the concept of “working for a living”. Encourage girl students to aspire for “working for a living” and also to consider one of the many segments of Tourism as real vocational, professional options.
- v. *Soft skills modules.* Communication, personal care, time-management, problem solving, negotiation, self-reflection, cross cultural appreciation, gender sensitivity and other skills which improve interpersonal communication and relationships
- vi. *Improved technical curriculum content combined with practicals and field visits.* Uphold resorts as the quality to aspire for in the industry. Field exposure to inhabited island attraction, safari boat, resort, F&B outlet.

National Awareness Drive towards Active Involvement in the Tourism Industry

Tasks

- i. *Improving the image of tourism jobs: “Faces in Tourism”.* Individual profile of 30 MV resort employees covering the scope of skills, backgrounds, education and responsibilities; Facebook, Twitter, print, YouTube video,
- ii. *Linking back; school visits by current staff.* Guest lecture by currently employed resort staff member who attended that specific school; themed & documented by MTAC (appointee) for use in curriculum development.
- iii. *School visits by the Seniors officials and Industry leaders.* Target of 1 visit each month to enhance the profile of employment in the industry.

-
- iv. *CBO/NGO functional & operational in tourism.* NGOs and CBOs to collaborate with the Ministry of Tourism and the industry to address heritage & tourism linkages; climate change, cultural change and the tourism industry – expands current community organisations’ mandate to include tourism aspects around climate adaptation, cultural safeguarding, biodiversity conservation, tourism as catalyst of heritage conservation. Linked to strategic target 6.3. Formation of a youth group which is like a corp for National Service, at the vanguard of conservation and preservation of heritage sites and manage the waste management, tourist security, flora and fauna reef protection and so on.
- v. *School cooking week introduced.* Resort chef to arrange school cooking week with male and female students, school staff specific school; creation of local dish/recipe/food item to be used/sold at resort on fair trade principles
- vi. *Visitor language booklet.* Enhance interest and exposure to languages/ cultures. Distributed to grade 8-10 as part of tourism curriculum. A brochure on the expectations sensitivities expected of the visitors while they are in the Maldives. To be distributed among the Students as an Advocacy material.
- vii. *Atoll tourism week introduced: “What makes my atoll different from other atolls”!* MOTAC to host atoll tourism forum; 0.5 trade discussion/0.5 value chain. Roll-out based on staff origin list. Programme designed by MOTAC in cooperation with resorts, island council; value chain function for economic linkages and awareness programme; island visits.
- viii. *NGOs and Women’s Development Committee supported* to address challenges around female employment. At least one women’s group to hold a mandate in tourism issues.

Tasks:

- i. *Fair Trade Label: “Maldivian & More” introduced.* Create a Maldivian Certification Scheme that awards HR commitments and best practice. Assessment/scoping of possible linkages to certification programme in generating markets and large international management brands
- ii. *Self-regulation by (atoll) industry.* Percentage of local, trained and certified staff employed merits branding and accreditation of the resort. MOTAC to initiate the dialogue at selected atolls and draft/communicate the agenda, schedule of meetings/ locations to create an “atoll brand” based on local staff.
- iii. *Generating market exposure.* Travel magazine write-up on the ‘real’ Maldivian resorts (web and print)

ENHANCING CAREER DEVELOPMENT

The challenge is that the industry requires a labour force with an evolving hospitality skills set that conforms to international demand associated with high-end leisure products in order to safeguard its competitive position which is not found at present, especially amongst the entrance level employees. The industry does not provide an incentive for trained individuals as it operates a position-based remuneration system, which does not recognise skills and/or experience at functional level. The work force in general does not develop a career, is demanding and un-loyal and has a limited productive time in the industry totalling less than 15 years on average.

The rationale for intervention is the need is to improve the measurable skills of the Maldivian work force to ensure an industry wide skills comparison system in line with the visitor product. Emphasize on soft-skills like attitude, motivation and inter-personal behaviour. Lengthen the productive time in the industry by identifying and introducing

incentives for upward mobility. Special emphasis to rectify positions in which Maldivians are stuck, such as waiters & room boy or positions where Maldivians are under-represented, such as the food & beverage production units.

PROPOSED ACTIVITIES:

Training

Task:

- i. *Certify resort-based training.* Ensure on-the-job training programmes are certified to national accreditation standards at 30 resorts. Establishment of operational guidelines related to training resorts and on-resort training
- ii. *Training effort database created:* Improve the coordination of training activities that are being conducted throughout the Maldives by different companies, institutions and non-governmental organisations.
- iii. *Scholarship fund established:* Administrated by the MTAC based on published guidelines. Donations by operational resorts and introduction of scholarship payment as part of new resort development. Creation of a formalised relationship with 5-7 international tourism & hospitality establishments for the advancement of staff in specialised fields of: F&B production; HR management; Heritage & Community tourism; Fair Trade in tourism; Carbon neutral tourism operations; Marketing; Research and Development.
- iv. *Pre-joining training incentive introduced.* Industry to introduce a (self-regulated) once-off payment for people joining after formal training – linked to 6.3.1.5
- v. *Hotel School established.* Determine the feasibility of a Hotel School at Faru Kolhufushi certified by an international renowned hotel training institute. Possible link with the Faculty to be assessed.

Tasks:

- i. *Self-regulation standards on career paths introduced.* Assistance to the industry to form code of conducts and standard. Detailed HR enhancement for Maldivians should be part of new resort licences, renewals and/or interventions where formal warnings have been issued.
- ii. *Establishment of Island based info centre / NGOs* Access and use of the database for recruitment and other HR purposes. Coordinating the process of individual resorts in recruiting island inhabitants

COMMUNITY BENEFITS THROUGH INCLUSIVE DEVELOPMENT

The challenge is that the 'one island, one resort' concept has created two parallel universes in the Maldives and very little integration exists between inhabited islands and resorts. Many socio-cultural challenges hinder the engagement of Maldivians, especially women, in direct employment at resorts. Little integrated market dynamics exist around tourism at atoll level. The resort product creates self-sufficient enclaves that are completely isolated from local communities creating a feeling amongst local residents that tourism brings no benefits. This means that the negative perception around tourism is not countered by any positive attributes. The rationale for intervention is the need to create market linkages for opening up economic opportunities for atoll communities from integrating tourism into existing inhabited-island livelihoods, positive and tangible linkages, with resort tourism and other related segments, are created thereby lowering the threshold for entering the tourism industry integrating tourism into existing inhabited-island livelihoods.

PROPOSED ACTIVITIES:

Organise Island Tourism Associations

Tasks:

- i. Form a local tourism association at island level to serve as guides, interpreter, caterer, home stay, cultural performances, etc. Organisational development and training for island association. National accreditation by the MOTAC.. Special emphasis to be placed on the inclusion of women groups and providing the resources for them to be able sustain their involvement.

Capacity building in product development at community level

Tasks:

- i. Development of Maldivian lifestyle tourism products for visitors Building on the unique social patterns of Maldives society, develop tourism products based on: quality island shopping experiences; locally made souvenirs of all kinds; local guiding and historical interpretation; fishing experiences in true Maldivian style; and social interactions with communities around food – eg. banquet excursions. Benchmark destinations that are successful in locally owned activities and attractions sector – such as Bali. Encourage international expertise in community-based tourism development based on activities and attractions.
- ii. Creation of community concessions: Head-lease for resort/ picnic islands to island tourism associations. Shareholding in resort / dive operation. Economic user rights of protected marine resources (concession) policy and by-law formulation to ensure user rights over tourism activities are vested with island communities and responsibilities towards resource management defined. Commensurate capacities developed in the atoll councils and island councils to manage these concessions

-
- iii. Establish of inclusive atoll forums. Create an organisational structures for atoll forums based on existing and identified stakeholder groups, including non-governmental organizations and women's groups, in the creation and implementation of sustainable inclusive market initiatives linked to resort economies. These will be initiated and controlled by island/atoll councils.
 - iv. Phased transition from resort- based staff housing to inhabited-island housing as catalyst for local economic development. Determination of actual and projected numbers based on MOTAC data collection set on localisation. Operational structure defined and linked to government scheme around transport and housing and atoll development plans. Incentive scheme and certification of resorts that meet target of outsourced staff housing. Extensive community involvement for developing the staff housing facilities.

IMPROVING GOVERNANCE OF HUMAN RESOURCE DEVELOPMENT

The challenge is to establish an enabling environment for meaningful and sustainable development of human resources in the tourism industry, overcoming three hurdles: i) the confusing and conflicting mandates, responsibilities and procedures around human resources issues; ii) the weakness in enforcement and control of current policies and regulations; and iii) weak and erratic communications between and amongst tourism's stakeholders. The rationale is to meet the requirement for transparent, clear and appropriate mechanisms with clearly defined mandates to support human resource development and to operationalize the Employment Act in the tourism sector amongst government, private sector and community stakeholders at national and atoll level.

PROPOSED ACTIVITIES:

Government Control

Tasks:

- i. *A clear, user-friendly work permit system created and appropriately enforced.* A work-permit system is to be established that is beneficial for the Maldives, enforceable and practical in its administration and with a fixed quote for 5 years.
- ii. *Mandate & authority of MOTAC redefined and strengthened.* MOTC should strengthen its mandate around human resources in tourism by creating a research and development section that is able to capture and analyse data for the benefit of enhancing HR issues. The inspection system of the Ministry should be redesigned to include technical specialised fields around power/water supply and retention, dive school, motorised transport, cooling and safety/security. Capacity strengthening and upgrading of the skills and knowledge of the team of inspectors from the MoTAC and other line Ministries. Verification of HR structures should form a separate inspection effort that is based on industry standards (to be formulated) and the (new) work permit system. Stakeholder consultation around HRD is required.
- iii. *Tourism mandate introduced at island/atoll council level.* Island/atoll councils will be awarded a clear mandate in tourism that occurs in their constituency. This should focus on the identification of site & cultural attractions on inhabited and uninhabited islands, the endorsement of community-based organisations with a tourism mandate, the administration of (possible) concession rights granted to island communities and the support to the proposed liaison offices. Relevant skills provided to members of the Atoll and Island councils.

Tasks:

- i. *Incorporate a tourism mandate and initiative amongst 10, island-based NGOs.* Conduct a national NGO & Tourism workshop in Malé (1 day) to determine opportunities for involvement in tourism at island level. Creation of a NGO tourism work plan around recruitment, career planning and value chain development and (where possible) the operation of an island information centre.
- ii. *Establish structured, thematic industry forums.* To enhance the dialogue and enable better data collection, a human resource industry forum will be established constituted of HR practitioners to share information, practices and establish, and check, industry standards and requirements.
- iii. *Atoll (province) industry representation introduced.* At all 20 atolls, an industry representative structure will be established with an agenda to discuss HR and other industry issues and provide inputs into the national dialogue.

STRATEGIES FOR POSITIVE DISCRIMINATION TOWARDS WOMEN

CAREER PATHS FOR WOMEN IN TOURISM

The challenge is that employment of women is almost non-existent in the resorts sector. The deterrents to women joining the tourism industry are the physical location and set up of the resorts and lack of facilities for the women employees in the work places. Women in the tourism sector also face harassment as they in a non-traditional setting with other colleagues leading to unwanted attention and behaviours that are offensive and intimidating.

The rationale for intervention is the need to encourage girls to join the tourism sector through focus on training them in the vocational as well as interpersonal skills to prepare them to be effective employees and, by introducing clear guidelines or law against

harassment in the workplace, ensure that the tourism becomes more women friendly and has zero tolerance of all kinds of harassment.

PROPOSED ACTIVITIES:

Tasks:

- i. *Encouraging female students to join vocational and professional courses which will enable them to join the different parts of the tourism industry.* Media and community programmes which show the opportunities for women in the Tourism industry. Occupational and professional programmes which focus on combining industry specific knowledge and skills as well as Interpersonal skills for personal effectiveness. Career Guidance for female students to answer for questions of young adults on cross roads of productive and reproductive lives.
- ii. *Career paths for women joining the Tourism industry.* Coaching and mentoring for the women on the job so that they have support in their career progression.
- iii. *Facilities for women in the workplace.* Reference to the Employment Act the facilities for women must be in place at all the workplace ensuring their privacy.
- iv. *Law or Guidelines on harassment in the workplace.* In combination with the Employment Act provisions and mechanisms for dealing with all kinds of harassment in the workplace

FACILITATING ENTREPRENEURSHIP AMONG WOMEN IN TOURISM

The challenge is to establish systems, processes, structures, capacities and resources to facilitating entrepreneurship among women in tourism. The rationale is that favorable conditions are required for the participation of women to develop SMEs to meet incrementally the requirements of diverse products and services in the tourism industry.

PROPOSED ACTIVITIES:

Tasks:

1. Gender-sensitive value chain analysis for product identification.
2. Access to and management of resources - credit, infrastructure, raw materials, equipment and tools, transportation, quality assurance market linkages.
3. Skills development trainings for identified products and assistance in designing of the product so it is competitive in pricing
4. Marketing platforms for products that are identified and opportunities created for marketing.
5. Interpersonal skills for increased effectiveness - negotiation, problem solving, communication and so on.
6. Data gathering and analysis to read trends in employment & entrepreneurship among women.
7. Strengthen and build women's associations at island level
8. Use media use in portraying role models and also dissemination of information.
Include coverage of national events recognizing the women who are contributing

MAKING WOMEN FEEL SAFE AND BE SAFE AT HOME AND AT WORK IN TOURISM

The key challenge is to make women feel safe and be safe at home and at work, free from violence and harassment. The rationale is to provide a general environment that assures safety from violence and harassment, as the security and honour of women is used as a concern and reason for keeping them away from the public areas and work places especially those related to tourism. Violence and harassment have economic consequences for the

individual, family and the employers or the business. The wellbeing of the subjects of violence and harassment is also compromised in terms of mental and emotional health.

PROPOSED ACTIVITIES:

Tasks:

- i. Implement the Domestic Violence Act. All duty bearers in the different agencies like the police, courts, etc to be trained investigate and try the cases related to domestic violence with efficiency and sensitivity.
- ii. Short-stay homes provided with facilities and security for the victims and counselors trained to support suffering women and children and so on.
- iii. Wide dissemination of the provisions of the Domestic Violence Act. Government (preferably the President's Office) communication referring the Law to all local governments, public & private sector agencies.
- iv. Media reporting (eg "naming and shaming") of perpetrators of domestic violence.
- v. Government to enact an instrument against all kinds of harassment, especially sexual harassment in the workplace and public places. Drafts of the instrument prepared after consultations with major stakeholders. Instrument passed for enforcement as stakeholders see fit. The instrument publicized and redressal mechanism set up in public and private sector establishments and offices.
- vi. Recruitment of staff trained to handle domestic violence cases as well as harassment cases. Recruitment, training and equipping staff, male and female, for swift response, sympathetic listening and filing complaints, appropriate medical steps post violence, investigating and reporting on cases of domestic violence.

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- vii. Periodic monitoring and review of the implementation processes and follow up of complicated or complex cases. Data and information be used for gaps identification and correction.
 - viii. Create a platform for public sharing of data and trends on domestic violence at national, atoll and island levels.

DRAFT 1 FOR COMMENTS

12 INDUSTRY ORGANISATION AND GOVERNANCE

HISTORY OF INDUSTRY ORGANISATION AND GOVERNANCE

INDUSTRY ORGANISATION AND GOVERNANCE IN 1TMP 1982

1TMP called for a planning exercise to prepare zoning plans for all atolls and assign uses to every island, in order to establish the basis for future government approvals. The then Department of Tourism and Foreign Investment (DTFI) was to be strengthened. A new tourism board was to be created and a resort association formed for each tourism zone with mandatory membership. A central tourism development committee would coordinate all government activity, with its own secretariat. A tourist centre management organization and regional tourism committees would be formed for each of the three main hubs. The regional tourism committee would include atoll chiefs. Central government's main role would approve resort development and control resort quality. Government would also invest in infrastructure such as airports and telecoms. New tourist centres at the focal point of each hub would be organized based on private, public or PPP models. All resorts should continue to be private. The legal framework for foreign investment would be strengthened. 1TMP also recommended setting a 20% built area percentage, maximum height of buildings concealed within the vegetation and 5 meter linear beach for each room as minimum standard.

INDUSTRY ORGANISATION AND GOVERNANCE IN 2TMP 1995

The key thrust of 2TMP was that "the role of the government should be to facilitate the business environment whereby the private sector can operate efficiently". This was regarded as a considerable shift from what was perceived as a "control mindset" in government during the period following 1TMP. 2TMP did recommend further controls by government over building standards. A tourism board was proposed as a public / private partnership for decision-making.

By 2007, the tourism board idea had eventuated in form of the Maldives Tourism Development Board, but was dominated by government. 3TMP noted that leading entrepreneurs were influencing key decisions. Mechanisms were needed for broader consultations with the industry, in particular: an annual tourism forum. 3TMP also called for reform to the NGOs/associations in tourism. 3TMP also called for:

The 3TMP Steering Committee should become a tourism action group.

- i. Planning, legal, environmental and monitoring functions of MOTCA should be strengthened.
- ii. A new research unit of MOTCA/MTPB should be formed.
- iii. Consideration should be given to outsourcing industry standards and market research.
- iv. Consideration should be given to providing training for MOTCA staff.
- v. MOTAC should receive an increase in budget to implement 3TMP.
- vi. MOTCA should integrate tourism planning with national development planning

RECENT EVENTS IN INDUSTRY ORGANISATION AND GOVERNANCE

New associations have been created in the sector: Maldives Association of Travel Agents & Tour Operators (MATATO), Tourism Employees Association of Maldives (TEAM), Liveaboard Association of Maldives (LAM) and Divers Association of Maldives (DAM).

MOTAC now routinely discusses policy issues with key players in the industry and with the industry associations prior to making changes. Relationships between the public and private sectors of tourism are cordial. MOTAC has recognised the need to adopt a

“destination management organization” approach, listening to the needs of all industry stakeholders and gaining industry support.

Civil aviation was separated out from MOTAC in 2008. At the same time, a Department of Heritage, the National Center for the Arts and the National Library were added. An Industry Human Resource section has recently been added and a new data management system (TIMS) is soon to go online. The 3TMP’s call for a northern zone office and southern zone office of MOTAC has not eventuated.

Under the Local Government Act, MOTAC has been called on to train local government staff and council officers in monitoring and licensing tourism activities. Training was conducted in 2010 and 2011. Training and certifying of inspectors to support MOTAC’s monitoring of tourist establishments has been carried out with the cooperation of FHTS.

ANALYSIS OF INDUSTRY ORGANISATION AND GOVERNANCE

REFORMING MATI

The industry needs to reorganize to be more effective in driving development, marketing and destination management. The first step should be to release MATI from its role of umbrella body for the whole industry and to reposition it in the role it does best. MATI should be “the tourism sector’s chamber of commerce”, a source of wise counsel for government and for investors of all kinds, dedicated to pursuing industry growth. There may be no need for a change of name, or of mandate, except to release claim to representing the entire industry. The question of how the resort and hotel sector select representation for its voice is a matter for the industry to decide.

The point of recommending this change is to clarify MATI’s true role and free it up from the representative role that it struggles with. MATI should be highly valued by all parties as a source of mature, high-level advice and as the focal point for debate on economic matters of

all kinds associated with tourism. When economic interventions are discussed in government, MATI should be called on first for guidance.

An important role is envisaged for a reformed MATI in the implementation of 4TMP involving brokering partnerships and putting investors and industry players together. MATI is envisaged as the agency able to create effective PPP arrangements in order to drive change. In this way, MATI should become positioned as a respected, powerful, private sector "agent of change" in an industry largely led by the private sector. MATI should represent, in an open and even-handed way, a group of industry pioneers who understand tourism and wish to see it grow. Tourism destinations throughout Asia seek, but do not often have such a powerful vehicle for driving development. Refocused in this manner, MATI could become the envy of tourism destinations throughout Asia.

ORGANISING DEVELOPMENT AT THE HUBS

In the first instance, MATI should be asked to create a consortium of investors, local authorities and tourism property owners to drive the planning and development agendas for Gan tourism transport hub, as outlined in Chapter 7 above. Acting first in an advisory role to plan and advocate for development of the hub, if it proves successful the consortium could ultimately be empowered by legislation to manage and control key functions of the hubs on an on-going basis. The lessons from government's recent experiences with building airports by PPP should be brought to bear in decisions on funding arrangements for the development work. Decisions on ownership of facilities should be made on a case-by-case basis. The idea of the consortium / authority is to provide the powerful, local decision-making required to drive development of the hubs to a high standard.

A reformed MATI should also be asked to create a similar consortium for planning and development of the Greater Male' tourism transport hub. The safari boat sector should feature prominently, as should Male' City Council. Central government's role should be to set the consortium up, then step aside while providing encouragement and support. A brief

for a tourism and recreation strategic planning exercise is outlined in Chapter 7 above. The objective of this work is to prepare a rational planning framework for future development and revitalization of this vital gateway zone, where no such strategy exists at present. The plan would indicate strategic directions in: waterfront development and cruise centre, solid waste management, small scale infrastructure, beautification, historical interpretation (markers / signs), a “Maldives host” programme to train front line people (from customs officers to taxi drivers) in basic hospitality and the provision of visitor information at the airport and in town.

FEDERATION OF TOURISM ASSOCIATIONS

With the recent segmentation of the industry into separate associations (MATATO, TEAM, LAM and DAM), it is time for a federation of tourism associations to be created as the apex tourism industry representative body and partner to MOTAC on a day-to-day basis in planning and to MMPRC in marketing. The most difficult hurdle will be to establish how the federation will be funded and staffed. The industry should get on with solving this as a matter of priority. In order to get the federation off the ground, MOTAC could assume the temporary secretariat role, as it has recently for the formation of new associations.

The foundation documents of the new federation should empower it to act as the voice of the industry on behalf of all its member associations, including MATI, in dealings with: i) tourism industry problem-solving; ii) tourism marketing iv) tourism planning v) tourism industry standards; and vi) tourism law. Rather than disempowered member associations, the federation should adopt a principle of involving member associations in discussion affecting their sector. The federation should act as a clearing-house for sharing ideas and information. It should have a newsletter. It should be an industry coordination body. It should strive to create the sense of a cohesive Maldives tourism industry that knows where it is heading.

Importantly, the new federation should partner with MOTAC on a Tourism Planning Committee that convenes as required to address resource sharing problems and physical planning issues and with MMPRC on a Marketing Committee with responsibility to plan and implement annual marketing plans. In both cases, these standing committees should be chaired by government, but founded on the principle of finding ways for both public and private sectors around the table to agree on decisions in all but exceptional cases.

The federation should also partner with MOTAC and MMPRC to create, on one day each year an annual tourism industry forum. The purpose of the forum should be to air problems, allocate responsibilities for solutions and to actively review progress with implementation of 4TMP.

CHANGES WITHIN MOTAC

Within MOTAC, an atoll and island tourism planning unit should be established. It may need a separate office. Its entire agenda should be tourism development planning at atoll and island level, including through advice and assistance to atoll and island councils. It should also be the focal point for international assistance projects in community level tourism advocated elsewhere in this report.

To ensure continuity and retention of knowledge, all international assistance projects that involve tourism should be asked to contribute in some way, typically contract personnel, to the unit. The unit should include tourism planning expertise, environmental expertise (climate change / green tech) to address the needs of resorts and community development expertise to manage participatory development programmes at island level. The unit should facilitated international projects at atoll and island level. Typically, projects could engage NGOs to implement. Community-level product development units of this type attached to national tourism organisations have been successfully trialed in Nepal and Lao PDR.

MOTAC should also take the lead in other way to contribute to better industry organization and governance. In particular, the new tourism information system (TIMS) should be made as

comprehensive as possible. The aim should be to create an effective online network handling all interactions between government and industry in tourism. MOTAC personnel, through constant interaction with the private sector, should be encouraged to feel part of the industry.

An agenda of tourism law reform should be pursued, continuing the public / private legal dialogue started in the 4TMP preparation process. Amendments should be made to the Tourism Act and regulations added and updated as required. The MOTAC legal team should also maintain a background agenda to prepare for a major law reform, perhaps in the following masterplan period. Immediate reform priorities should go to new or updated regulations for: tourist resorts; hotels on inhabited islands; guesthouses on inhabited islands; travel agents, tour operators and tour guides; and tourism planning at atoll and island level.

Finally, MOTAC currently houses various independent departments within its umbrella - the Department of Heritage, National Center for the Arts, National Library, National Bureau of Classification and Department of Information. These non-tourism functions are a distraction from the core business of administering tourism. In the next round of government reorganization, consideration should be given to encompassing only tourism-related agencies within the Ministry.

ANNEX 1: STAKEHOLDER CONSULTATION GROUPS

GOVERNMENT INSTITUTIONS

Organization	Name	Designation
TVET	Ms.Aminath Asra	Director (Maldives Qualification Authority)
Ministry of Transport	Richard Edmunds	Consultant for Maldives Maritime Master plan
Ministry of Gender and Human Rights	Ms.Mariyam Sidheen Ms.Mamdhooha Ali Ms.Zulaikha Shabeen	
Ministry of Human Resources, Youth and Sports	Ms. Aiminath Lugma Ms. Saudath Afeef	Assistant Director Assistant Director
Ministry of Education	Ms.Waleedha Mohamed Ms.Fathimath Muna	Educational Development Officer Deputy Director General
Polytechnic	Mr.Ismail Shafeeq Mr. Nasih Jamal	DM of Education Acting Director of Programs
Faculty of Hospitality and Tourism Studies	Ms.Zeenaz Hussain Mr.Anil Adam Ms.Aishath Zahira Ms.Zeenath Solih	DEAN of Faculty of Hospitality and Tourism Studies Associate Lecturer Associate Lecturer Associate Lecturer
Maldives Food and Drug Authority	Ms.Saajidha Mohamed Mr.Sathish Moosa	Scientific Officer Microbiologist
Ministry of Economic Development	Ms.Saeeda Umar	National Implementation unit Coordinator for EIF and Aid
MMPRC	Mr. Mohamed Maleeh Jamal Mr. Mohamed Adam Ms. Fathimath Afrah Ms. Fathimath Raheel Ms. Ibrahim Aasim	Deputy Minister Acting Managing Director Marketing Executive Senior Marketing Officer Deputy Director
Ministry of Education	Ms.Aminath Ali	
Addu city Council	Mr.Ali Sawadh Mr.Ibrahim Shinaz Mr.Abdulla Thoyyib	Project Officer Town Board Councilor

	Mr.Abdulla Sodiq Mr. Mohamed Saudy Hassan Mr.Ibrahim Fatheen	Mayor Director Assistant Program Officer
Dharanboodhoo Council	Mr.Ahmed Rasheed Mr.Mohamed Fayaz. Mr.Mohamed Nazeef Mr.Ali Majid	President Council Member Asst. Director Councilor
Ministry of Fisheries and Agriculture	Dr.Mohamed Shiham Mr.Adam Manik Mr.Ibrahim Shabau	Director General Deputy Director General Deputy Director General
Department of National Planning	Mr. Mohamed Imad	Executive Director
Maldives Monetary Authority	Ms. Idhuham Hussain Ms.Mariyam Rashfa	
Ministry of Environment and Energy	Mr.Mohamed Hamdhaan Zahir Mr.Hamdhoon Mohamed Ms.Aileen Niyaz	EPA Min .of Environment and Energy Min of Environment and Energy
Male' City Council	Mr.Ibrahim Sujau	Councilor (Male' City Council)
Local Government Authority	Ms. Naseema Saleem Mr. Ahmed Shukury Hussain Ms. Fathimath Zeena Ali	Advocator C.E.O Director

NGO'S AND ASSOCIATIONS

Organization	Name	Designation
Live and Learn	Ms.Fathmath Shafeeqa	Country Manager
UNDP	Ms.Zindu Salih Ms.Athifa Ibrahim Ms.Safa Mustafa	Assistant resident rep Program analyst Project Assistant
UNFPA	Ms.Shadiya Ibrahim	Assit Resident Representative
UN Women	Ms.Michiyo Yamada	Gender Specialist
Youth Council	Mr. Ahmed Shuhoodh	Youth Centre Vice President
MATATO	Mr. Ibrahim Shareef	Vice President

LAM	Mr.Ahmed Zubar Adam Mr. Mohamed Shahid Mr.Ahmed Riyaz Mr.Muhuthar Hassan Mr.Moosa Rasheed	President (LAM) Deputy Secretary General Board Member MUNI Board Member
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COMMITTEES & FOCUS GROUPS

ADVISORY COMMITTEE

Name	Organization	Designation
Mr. Mohamed Umar Manik	Maldives Association of Tourism Industry (MATI) / Universal	Board /Chairman
Mr. Hussain Afeef	Crown Company Pvt. Ltd	Director
Mr. Qasim Ibrahim	Villa Hotels Pvt. Ltd.	Chairman
Mr. Ahmed Siyam Mohamed	Sun Travels and Tours. Pvt. Ltd.	Chairman
Mr. Ahmed Saleem	Crown Company Pvt. Ltd	Director
Mr. Ahmed Hamza	AAA Hotels and Resorts Pvt. Ltd.	Director
Mr. Mohamed Waheed Deen	Deens Orchid Agency	Chairman
Mr. Husein Hilmy	Sunland Travels Pvt. Ltd.	Director
Mr. Ibrahim Noordeen	Maldives Association of Tourism Industry (MATI)	MATI Board member
Mr. Solah Shihab	Voyages Maldives Pvt. Ltd	Managing Director
Mr. (Bandhu) Ibrahim Saleem	Island Aviation Services Ltd	Managing Director
Mr. Ahmed Mujuthaba	G. Funfen	
Dr Abdul Samad Abdulla	Minister of Foreign Affairs	Minister
Dr. Ahmed Shamheed	Ministry of Transport and Communication	Minister
Dr Mariyam Shakeela	Minister of Environment and Energy	Minister
Mr. Mohamed Ibrahim	Maldives Airports Company Ltd. (MACL)	CEO/MD
Mr. Samy Ageel	Regional Airports	MD
Mr. Mohamed Maleeh	Maldives Marketing and Public Relations	Deputy Minister

Jamal	Corporation	
Mr. Ahmed Zubair Adam	Liveaboard Association of Maldives	President
Mr. Armando Kraenzlin	Four Seasons Hotels and Resorts	General Manager
Mr. Ranjit Phillipose	Taj Exotica Resort and Spa Maldives	General Manager
Mr. Mark S. Hehir	One and Only Reethi Rah	General Manager
Mr. Carsten Schieck	Conrad Maldives Rangali Island	General Manager
Mr. Ahmed Nazeer	Maldives Association of Tourism Industry (MATI)	Financial Controller
Mr. Mohamed Latheef	Ministry of Transport and Communication	Permanent Secretary
Mr. Ahmed Mahureen	Deputy Minister	Ministry of Transport and Communication

TECHNICAL COMMITTEE

Name	Organization	Designation
Mr. Idrees Badheeu	Ministry of Defence and National Security	Lieutenant colonel
Mr. Rilwan Adam	Ministry of Home Affairs	Project officer
Ms. Saeeda Umar	Ministry of Trade and Economic Development	Coordinator - National Implementation unit for EIF and Aid for Trade
Mr. Mohamed Gassan Maumoon	Ministry of Human Resources, Youth and Sports	State Minister
Mr. Mohamed Maahidh Shareef	Ministry of Human Resources, Youth and Sports	Permanent Secretary
Ms. Mariyam Zoon	Ministry of Human Resources, Youth and Sports	Deputy Director
Mr. Mohamed Aazim	Ministry of Housing and Infrastructure	Assistant Planner
Ms. Aminath Athifa	Ministry of Housing and Infrastructure	Deputy Executive Director
Mr. Hussain Sinan	Ministry of Fisheries and Agriculture	Director
Mr. Ahmed Anwar Abdul Azeez	Ministry of Environment and Energy	Environment Analyst

Mr. Hussain Maniu	Ministry of Health	Senior Public Health Program Officer
Mr. Hisaan Hassan	National Disaster Management Centre	Project Director
Mr. Mohamed Imad	Department of National Planning	Assistant Executive Director
Ms. Fathmath Shafeega	Department of National Planning	Deputy Director General
Mr. Anil Adam	Maldives National University	Associate lecturer
Ms. Valeedhaa Mohamed	Ministry of Education	Educational Development Officer
Mr. Mohamed Sunaadhu Ahmed Latheef	Ministry of Gender, Family and Human Rights	Minister's Personal Assistant
Mr. Mohamed Shareef	Ministry of Gender, Family and Human Rights	Senior Social Officer
Ms. Fathmath Afra	Maldives Marketing and Public Relations (MMPRC)	Marketing Executive
Mr. Abdullah Rasheed	Maldives Civil Aviation Authority	Deputy Director General
Mr. Shamoon Adam	Local Government Authority	Director General
Mr. Bandhu Ibrahim Saleem	Island Aviation Services Ltd	CEO
Mr. (Sim) Ibrahim Mohamed	Maldives Association of Tourism Industry (MATI)	Board Member
Mr. Salah Shihab	Maldives Association of Tourism Industry (MATI)	Board Member
Mr. Ibrahim Khalid	Maldives Airports Compnay Pvt Ltd (MACL)	Head of Safety and Standards
Mr. Mjuthaba Latheef	Maldives Airports Compnay Pvt Ltd (MACL)	General Manager, Concessions and Business Management
Mr. Mohamed Khaleel	Maldives Association of Travel Agents and Tour Operators (MATATO)	President
Mr. Mohamed Riyaz	Maldives Association of Travel Agents and Tour Operators (MATATO)	Vice President
Mr. Ibrahim Shareef	Maldives Association of Travel Agents and Tour Operators (MATATO)	Representative
Mr. Fathmath Zoona	Divers Association of Maldives (DAM)	President
Ms. Hasrath	Divers Association of Maldives (DAM)	Representative

Mr. Ahmed Zubair Adam	Liveaboard Association of Maldives	President
	(LAM)	

Mr.Mohamed Yamaany	Facutly of Hospitatily and Toursim	Associate lecturer
	Studies	

ENVIRONMENT FOCUS GROUP MEETING

Name	Designation	Org
Mr.Mohamed Moosa Didi	Asst.Engineer	Min of Housing and Environment
Mr.Abdul Muhusin Ramiz		Maldives Meteorological Services
Mr.Fayyaz Ibrahim	Dive School Instructor	DAM
Ms.Gwen Maru		UNDP
Mr.Mohamed Shahuruzyiyad	Asst. Manager	Kuramathi Island Resort
Mr. Ibrahim Ali	Resident Manager	Kuramathi Island Resort
Mr.Nihal Fernando	Chief Engineer	Velassaru Resort
Mr.Ahmed Jameel		Velassaru Resort
Mr.Ismail Azmeel	CSR Manager	Sonevafushi
Mr.Ibrahim Mohamed		EPA

MEETING WITH MARKETING FOCUS GROUP

Name	Designation	Org
Yoosuf Riffath	Representative	MATATO
Mohamed Riyaz	President	Maldives association for Yatch Agents
Fathmath Afra	Marketing Executive	MMPRC

AVIATION GROUP

Name	Designation	Org
Mr.Ziyad Hussain	Manager	Air India
Mr.Prasad Gopalan	Chief Commercial Officer	GMR
Mr.Mohamed Fauzi Ahmed	Chief Operating Officer	GMR
Mr.Abbas Mohamed	Director General	Regional Airports
Mr.Ahmed Shameem	Manager	Regional Airpots

Mr.Saamee Ageel	Director General	Ministry of Transport and Communication
Mr.Tryonee Soza	Country Manager	Srilankan Airlines
Mr.Ahmed Ijaz	Sales Manager	Srilankan Airlines
Mr Mohamed Azim	Assistant Planner	Ministry of Housing and Infrastructure
Mr.Mujthaba Latheef	Deputy Director	Maldives Airports Company Pvt.Ltd
Mr.Hussain Fazeel	Commercial Executive	Maldives Airports Company Pvt.Ltd
Mr.Ajwad Musthafa	Deputy Director	Ministry of Environment and Energy
Ms.Aishath Aileen Niyaz	Environment analyst	Ministry of Environment and Energy
Mr.Ibrahim Raafiu	Director	Mega Malives
Mr.Mohamed Didi	Deputy Managing Director	Gan airport
Mr.Rilwan Shareef	Managing Director	Fly Me
Mr.Abdulla Nashid	Technical Driver of Villa Air and Director of Villa Airport	Fly Me
Mr.Jimmy Lee	General Manager	Singapore Airlines
Ms.Fathimath Ramiza	Director of Air Navigation	MCCA
Mr.Ahmed Nazim	Sales Manager	Maldivian Airtaxi
Mr.Bandhu Ibrahim Saleem	Chairman	Island Aviation Services Pvt.Ltd

ARRC/ARAM/MTTA/TGAM

Name	Designation	Org
Mr. Keith Hasasn Dohko	World Bank	Economic Development Consultant
Mr.Ahmed Mohamed	General Secretary	Airport representative recreational club
Mr.Ibrahim Unaish	Founder	Airport representative recreational club
Mr.Ali Nafiu	President	Airport representatives association of Maldives
Mr.Abdulla Shareef	Board Member	Airport representatives association of Maldives
Mr.Mohamed Imthiyaz	Secretary General	Maldives Tourism and Tour guides Association
Mr.Ibrahim Abdulla	Representative from Souvenir shops	Maldives Tourism and Tour guides Association
Mr.Adnan Ibrahim	President	Tour Guide Association of Maldives

Mr.Abdullah Rasheed	Vice President	Tour Guide Association of Maldives
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MEDIA GROUP

Name	Designation	Org
Mr.Ahmed Abeer Ismail	Assitant Director	National Centre for the Arts

LEGAL GROUP

Name	Designation	Org
Mr. Mohamed Hilmy		Rajje Chambers
Mr. Zaid Ahmed		Rajje Chambers
Mr. Abdulla Saeed		Rajje Chambers
Ms. Minna Nafiz		Avant Garde Lawyers
Mr. Mohamed Fizan		Shah, Hussain & Co
Ms. Aishath Haifa		Shah, Hussain & Co

DEVELOPERS AND NEW RESORTS

Name	Designation	Org
Asad Ali	Managing Director	Driftwood
Abdul Sattar Hassan	Managing Director	EFZY
Hussain Shimaz	Director	Loama Maamigli
Ibrahim Mohamed	ED	Gasveli LS
Mr.Ahmed Salih	PS	MOTAC
Ms.Aishath Ali	DG	MOTAC
Mr.Ali Shinan	Asst Director	MOTAC

BANKS

Name	Designation	Org
Ms.Ibthishama Ahmed	Director of Corporate Banking	Bank of Maldives
Ms.Shaziyya Adam	Head of Corporate Finance and Relationship	Bank of Maldives
Mr.L. Dissanayake	Chief of Operations	Bank of Ceylon
Mr.Ritzza Rasli Bin Mohd Rosli	Senior Manager	Maldives Islamic Bank

Mr.Gopi Krishna (SBI)	Senior Vice President	State Bank of India
Mr.Eraj Wimalasuriya	Country Manager	HSBC
Mr.Hassan Zameel	MOTAC	Deputy Director General
Ms.Mariyam Sana	MOTAC	Assitnat HR Officer

SAFARI AND TOUR OPERATORS

Name	Designation	Org
Mr.Mohamed Ali	Director	In Tour Maldives
Mr. Abdulla Sujau	Director	Maldives Boat Club

GUEST HOUSE GROUP

Name	Designation	Org
Mr.Ahmed Habeeb	Owner	Palm Villa
Mr.Abdulla Naseer	Owner	Ripple Beach
Mr.Ismail Rasheed	Manager	Skai Lodge
Ms.Mariyam Hishma	Supervisor	Azoush guest house
Mr.Mohamed Ghassan	Supervisor	Azoush guest house
Mr.Rohana Wimalantne	General Manager	Mookai Hotel
Mr.Aboobakuru Yousuf	Operations Manager	Mookai Hotel
Mr.Abdul Shukoor	Owner	Sukey Group Maldives
Mr.Shifan Naseem	Manager	Sukey Group Maldives

PRIVATE

Org	Name	Designation
Addu International Airport Pvt Ltd	Ms.Rimna Hassan	Finance Manager
	Mr.Abdul Majahid	Senior Technician
	Mr.Hussain Saleem	Asst. Manager
	Mr.Ahmed Shafeeg	Deputy Manager of Operations
Shangri - La Villingili Resort & Spa	Mr.Rene Egle	General Manager
	Ms.Allison Martin	Consultant
	Ms.Nila Suparmi	Director of HR
Amari Addu Maldives	Mr.Abdulla Shuja	HR Manager
	Mr.Shafwaaz Abdulla	Reservation Team Leader
	Mr.Ibrahim Naeem	IT Manager
	Mr.Ali Jeffery	Dive Centre Base Leader
	Mr.Nish	Water sports manager
Royal Island Resort and Spa	Mr.Mohamed Rashad	General Manager
	Mr. Deva Kumar	Chief Accountant
	Mr. Hassan Ibrahim	Reservation Manager
Reethi Beach Resort	Mr.Peter Gremes	General Manager
	Ms.Denise Schmidt	Front office manager