

MALDIVES THIRD TOURISM MASTER PLAN

2007 - 2011



Ministry of Tourism and Civil Aviation





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ACKNOWLEDGEMENTS

The Maldives Third Tourism Master Plan: 2007-2011 is the product of the tireless efforts of a dedicated technical team that comprised a Chief Technical Expert and local consultants; a Project Steering Committee; stakeholders in the private and public sectors as well as the staff of the Ministry of Tourism and Civil Aviation.

The formwork for the Third Tourism Master Plan was developed with the assistance of the United Nations World Tourism Organisation that fielded a Project Formulation Mission for the Third Tourism Master Plan in November 2005. The thrust of the report of the Mission was on expanding the industry across the country to generate more benefits for the Maldivian people, reduce economic leakage from the tourism sector, and increase employment opportunities for Maldivians by improving human resource development and training for the industry.

We gratefully recognize this contribution of the UNWTO.

The areas of focus identified in the UNWTO report were reviewed and carefully examined, analysed, assessed and addressed by the technical team in the formulation of the Master Plan. It was a job well done, and we know that it warrants no less recognition.

The indomitable energy of Professor Jack Carlsen of Curtin University of Technology, Australia, deserves special mention as he developed the framework for the Master Plan and led the technical team, grabbing every opportunity to discuss and debate exhaustively pertinent issues with the members of the team, players in the industry and senior officials of the Ministry.

The Project Steering Committee that represented the relevant private and public sector agencies provided the technical team with guidance and direction on all aspects of the Master Plan. The cooperation extended by the PSC had no boundaries. We note this with deep gratitude.

Stakeholders in the industry were open and frank in their views and opinions in the consultations with them. Their engagement injected enormous confidence into the process. Their contribution was significant, and one that helped greatly in the shaping of the strategies for the plan period as well as in looking beyond the plan period. We thank them most sincerely.

The staff of the Ministry went beyond the call of duty in organizing and servicing meetings, and in arranging consultations for the Master Plan formulation exercise. Their secretarial support ensured that there was no loss of time in the completion of the Maldives Third Tourism Master Plan. Their indefatigable toil deserves commendation.

We also thank most sincerely all others associated with the formulation of the Third Tourism Master Plan who may have been overlooked as a group or as an individual

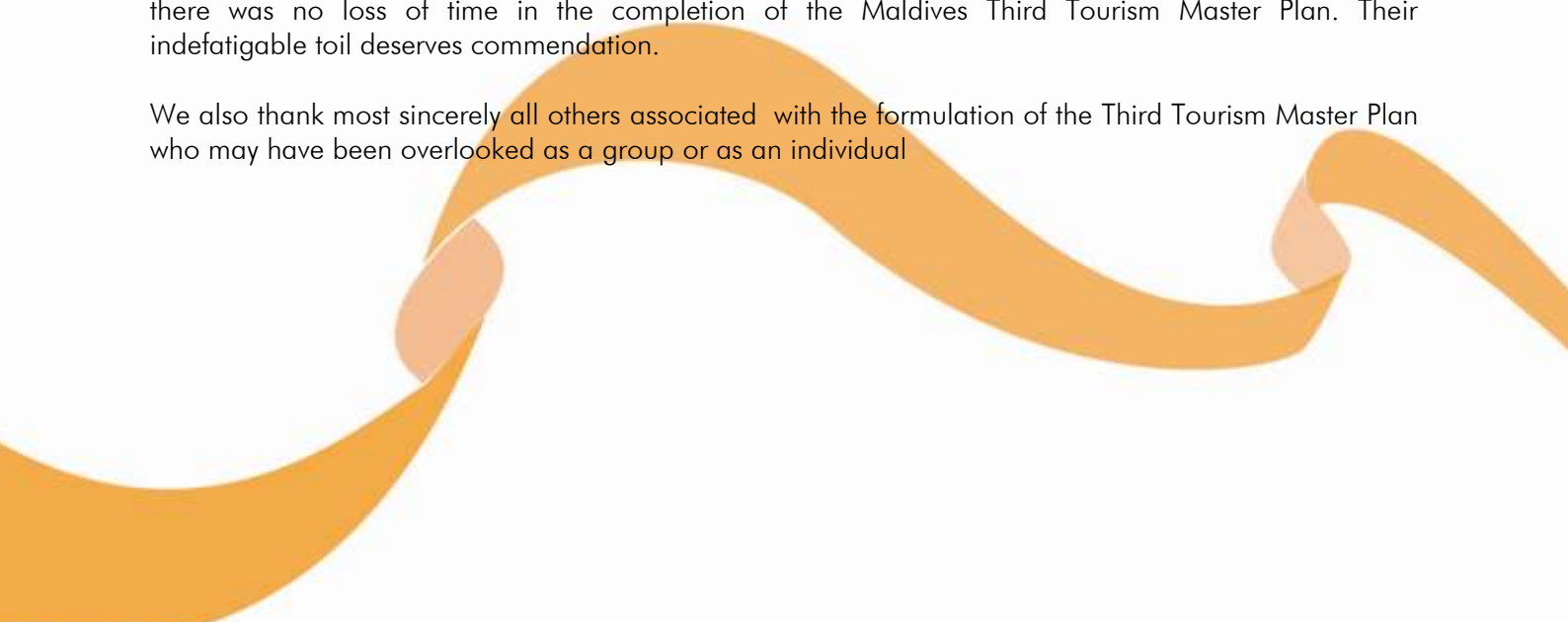


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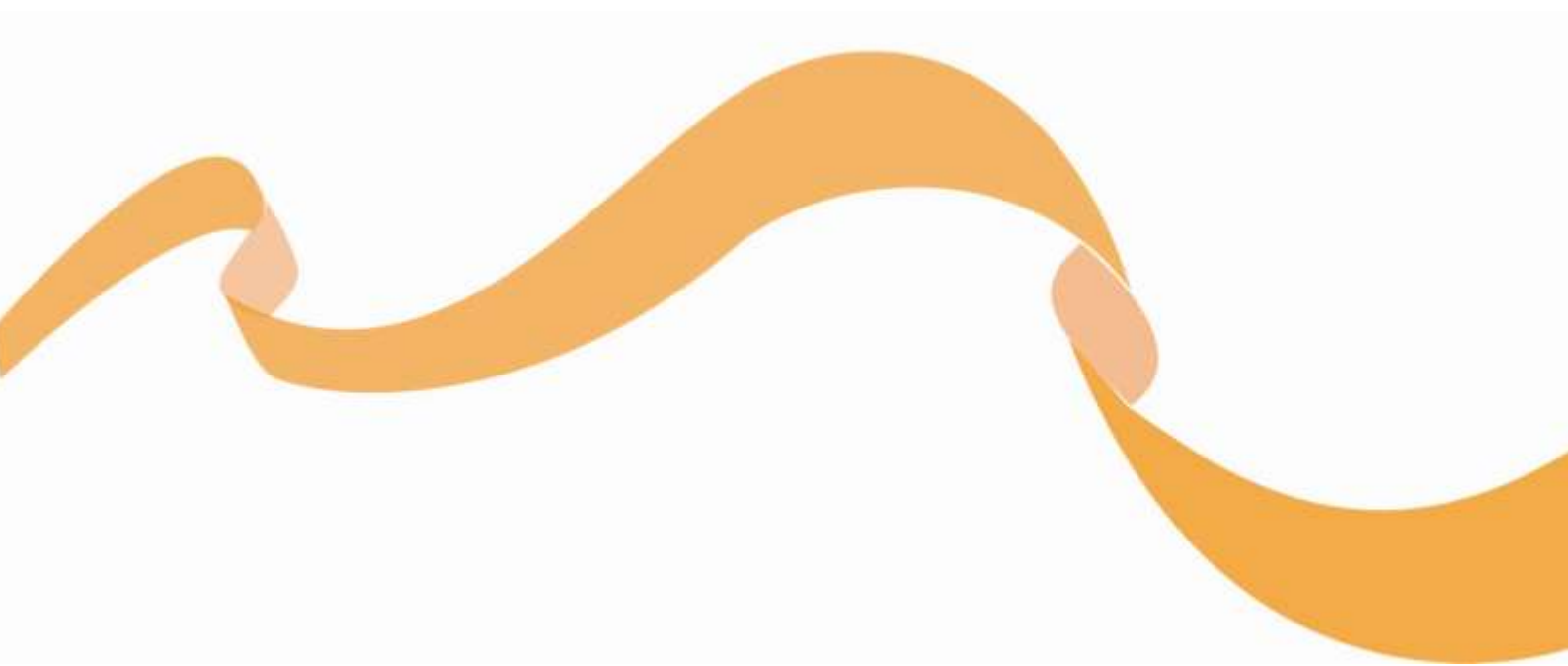
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FOREWORD

On 3rd October 2007, the Maldives will mark 35 years of tourism in the country celebrating a success story that has a small beginning but a steep ascent to fame. The industry was born to the private sector and bred by the private sector. Even today, the private sector leads and drives the industry, while the Government largely acts as the regulator and facilitator. Indeed, the success of the Maldives tourism industry is attributable to the strong public-private sector partnership.

Over half a million tourists visit the Maldives every year now. With matching developments in related sectors, the figure is expected to double by the end of the Third Tourism Master Plan period.

The Third Tourism Master Plan shares many similarities with the previous Plans in terms of the stress on sustainable development of tourism. Hence, the emphasis on developing tourism in harmony with nature; facilitating private sector investment; developing human resources; increasing employment opportunities; diversifying markets and products; and spreading the economic benefits of tourism across the entire archipelago more equitably recur in the Third Tourism Master Plan.

Notwithstanding the similarities, the Third Tourism Master Plan differs from the previous Plans in that it is designed to be a living document responding to changing market forces and features, traveller needs and expectations and the dictates of the environment. Sweeping economic developments in the Maldives coupled with rapid growth in the tourism industry worldwide defying many downside risks and adverse situations necessitate that such flexibility be built into the document to allow for continuous adjustments.

The vision of the Third Tourism Master Plan has been one of expanding and strengthening the Maldives tourism industry as an instrument of economic and social development in a manner that benefits all Maldivians in all parts of the country, while remaining as a sought after and dream destination.



Mahamood Shougee
Minister of Tourism and Civil Aviation

LIST OF ABBREVIATIONS

ADB	Asian Development Bank
DTFI	Department of Tourism and Foreign Investments
EIA	Environmental Impact Assessment
FHTS	Faculty of Hospitality and Tourism Studies
GDP	Gross Domestic Product
HDC	Hulhumale' Development Corporation
IAS	Island Aviation Services Ltd
ICT	Information and Communications Technology
MACL	Maldives Airports Company Limited
MAT	Maldivian Air Taxi
MATI	Maldives Association of Tourism Industry
MATATO	Maldives Association of Travel Agencies and Tour Operators
MMA	Maldives Monetary Authority
MNDF	Maldives National Defence Force
MoAD	Ministry of Atolls Development
MoCPI	Ministry of Construction and Public Infrastructure
MoE	Ministry of Education
MoEDT	Ministry of Economic Development and Trade
MoEEW	Ministry of Environment, Energy and Water
MoFA	Ministry of Foreign Affairs
MoFAMR	Ministry of Fisheries, Agriculture and Marine Resources
MoFT	Ministry of Finance and Treasury
MoH	Ministry of Health
MoHA	Ministry of Home Affairs
MoHEESS	Ministry of Higher Education, Employment and Social Security
MoHUD	Ministry of Housing and Urban Development
MoIA	Ministry of Information and Arts
MoJ	Ministry of Justice
MoPND	Ministry of Planning and National Development
MoTC	Ministry of Transport and Communication
MoTCA	Ministry of Tourism and Civil Aviation
MNSL	Maldives National Shipping Limited
MPS	Maldives Police Service
MRC	Marine Research Centre
MRF	Maldives Rufiyaa
MTDC	Maldives Tourism Development Corporation
MTPB	Maldives Tourism Promotion Board
NCIT	National Centre for Information Technology
NDP	National Development Plan
PO	President's Office
PSC	Project Steering Committee
STMP	Second Tourism Master Plan
TMA	Trans Maldivian Airways
TTMP	Third Tourism Master Plan
UN	United Nations
UNWTO	United Nations World Tourism Organization
USD	United States Dollar



SECTION ONE – INTRODUCTION

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SECTION ONE - INTRODUCTION

The Maldives Third Tourism Master Plan (TTMP) covers the period 2007 to 2011. The policies, strategies and actions incorporated into the Master Plan align with the policies in the 7th National Development Plan (7th NDP) and relevant sectoral plans. Policy documents that informed the formulation of the TTMP include the following:

- The Project Formulation Report for the Third Tourism Master Plan prepared for the Government of Maldives by UNWTO
- Draft 7th National Development Plan, formulated by the Ministry of Planning and National Development
- The Review Report of the Second Tourism Master Plan compiled by the MoTCA
- The First and Second Tourism Master Plans for the Maldives.

The TTMP was formulated by the Ministry of Tourism and Civil Aviation (MoTCA) under the direction of a Project Steering Committee (PSC), comprising 14 Government Ministries, selected on the basis of their institutional and or portfolio links with tourism development and planning in the Maldives. A list of PSC members and PSC's Terms of Reference are included in Annexure A.

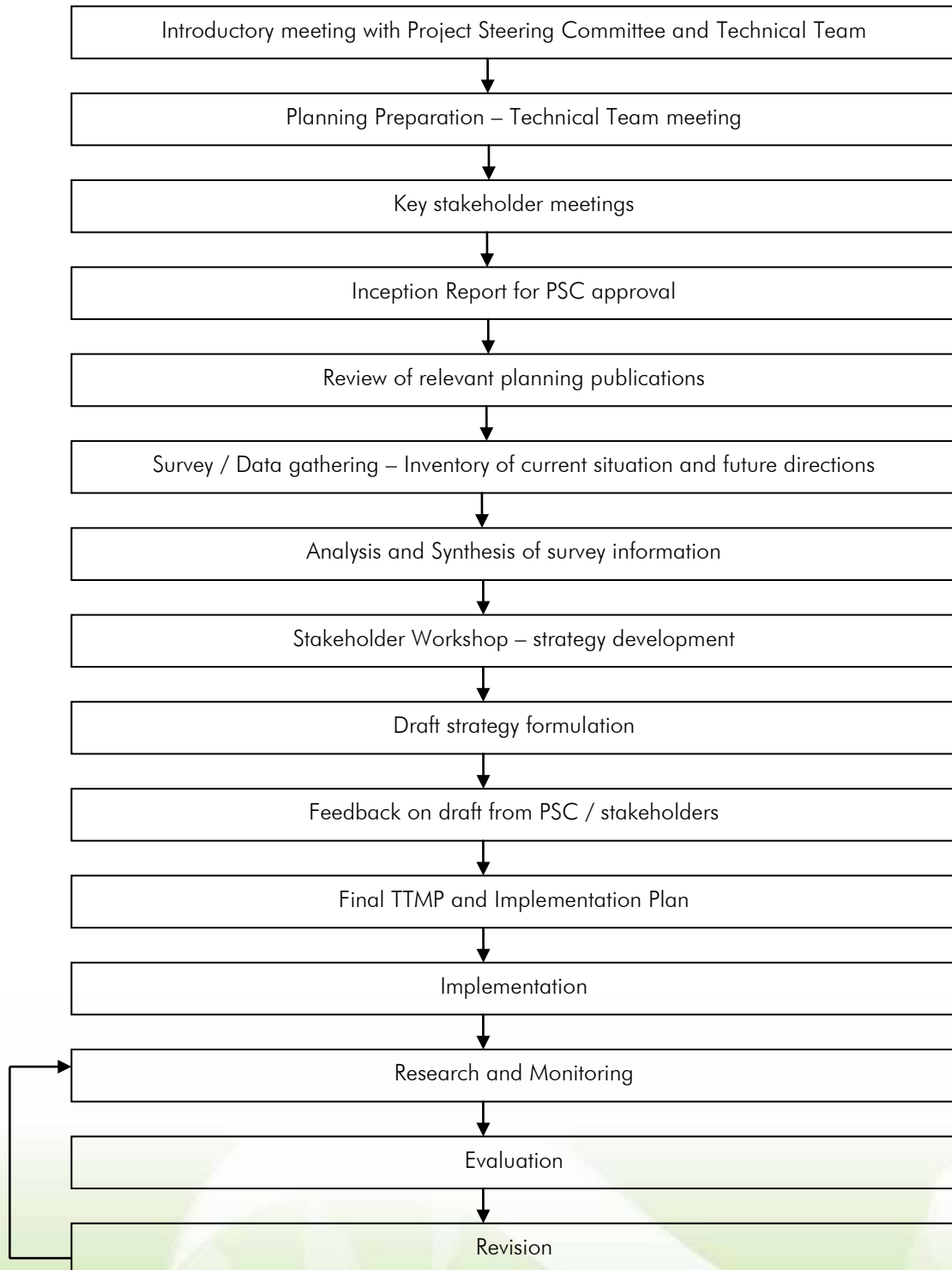
The TTMP formulation process was conducted by a Technical Team appointed by MoTCA, under the leadership of a Chief Technical Expert. The compositions of the Technical Team are included in Annexure B, and participants of the project support team in Annexure C. The Technical Team consisted of Maldivian consultants with expertise related to the following areas of tourism:

- Economics and finance
- Markets and product development
- Human resource development
- Environmental management
- Community-based tourism
- Legal and institutional processes
- Infrastructure and support services

1.1 Third Tourism Master Plan: The Planning Process

The PSC and the TTMP Technical Team agreed that a dynamic planning process be adopted for the TTMP. This is in recognition of the dynamic tourism planning environment in the Maldives that will exist in the next five years, with regard to changing product, market and institutional conditions. For this reason, the TTMP Planning Process described in Figure 1 was developed, involving stages of research and monitoring, evaluation and revision as integral components of the process. In this sense, this TTMP will be a "living document", responsive to the changing market forces and features, product development needs and environmental dictates that occur over the life of the Plan. This is a significant departure from the approach used in the First and Second Tourism Master Plans, but one that is necessary to accommodate the projected changes in the status and direction of tourism in the Maldives. The present situation and the future direction of each of the key areas of focus of the TTMP are analysed in more detail in Section Three.

Figure 1 – TTMP Planning Process



Previous tourism master plans were reviewed to set the context for the TTMP. In this regard, First and Second Tourism Master Plans were reviewed, based on input from the Maldives Association of Tourism Industry (MATI) and other industry stakeholders. Section Two provides an overview of the key recommendations and achievements of the First and Second Master Plans. Policy integration between the TTMP and the 7th NDP was also examined.

The TTMP was completed in a dynamic political, social and economic environment and with limited time and budget allocation; therefore integration of key areas of focus across all areas of Government was not always possible. However, the process was successful in initiating extensive consultation and collaboration across the public and private sectors to address the range of issues confronting tourism development in the Maldives.

A comprehensive review and analysis of the current situation of tourism as it relates to the economy, marketing, human resources, environment, community, legal setting, institutions and infrastructure was completed. This situation analysis included indications of the future direction of tourism with respect to the key aspects mentioned above. Tourism's importance as a key economic driver and the challenges ahead of it in terms of product and market development, human resource development, environmental management, legal and institutional strengthening, community-linked tourism development and infrastructure and support services were identified in the situation analysis. This analysis provided for development of strategies and actions in this Plan. Section Three provides a brief situation analysis of the industry.

Extensive consultations with key public and private sector stakeholders in separate meetings, and at a stakeholder workshop helped the development of strategies for inclusion in the TTMP. These strategies were presented to the PSC and circulated for public comment prior to finalisation. The strategies are supported by actions, with corresponding time-frames for implementation, monitoring, and performance indicators.

1.2 Vision of the Third Tourism Master Plan

These reviews and consultations led to a vision of expanding and strengthening the Maldives tourism as an instrument of economic and social development in a manner that benefits all Maldivians, in all parts of the country. This vision also encompasses steady development of the industry as a model of sustainable development of tourism with environmentally and socially responsible tourism practices of internationally acclaimed standards. The following goals are identified to achieve this vision:

1.3 Goals of the Third Tourism Master Plan

- Facilitate sustainable growth and high-level investment in the industry, while enhancing the public share of economic benefits from tourism.
- Increase employment opportunities and gainful community participation in the tourism industry.
- Develop and maintain supporting infrastructure required for the growth of the tourism industry.
- Ensure environmental sustainability in the development and operation of all tourism products, and strive for global excellence in environmentally-responsible tourism.
- Continue to brand the Maldives as a unique destination with innovative products and retain the Maldives positioning as a top ranking tourist destination in traditional and emerging source markets.
- Continue to strengthen the legal and regulatory framework and the institutional capacity of the Ministry of Tourism and Civil Aviation.

Finally, the following measures will be adopted with respect to the implementation of the TTMP:

1. The Project Steering Committee will be invited to form a Tourism Action Group, with the task of monitoring the implementation of specific actions, as well as responding to other matters of relevance to the TTMP.
2. The Planning, Legal and Registration, Environmental Regulations, and Monitoring functions of MoTCA will be strengthened with additional trained staff.
3. A new Research Unit of MoTCA/MTPB will be formed.
4. Consideration will be given to the outsourcing of activities such as monitoring industry standards and market research currently undertaken by MoTCA and the MTPB respectively.
5. Consideration will be given to provide training and education programs, as well as professional development opportunities, for MoTCA staff.
6. Request will be made for MoTCA to be given an increase in funding that matches the implementation and monitoring needs of the TTMP.
7. MoTCA shall continue to integrate tourism planning with national development planning, policies and strategies as well as other relevant planning processes throughout the life of the TTMP.

1.4 TTMP Presentation

This Master Plan is presented as a “living document” aligned with the principles of continuous planning, that is a planning process that continually integrates with other planning processes and adapts to the changes in the planning environment. There are several planning and development processes occurring within the Government of Maldives, Ministries and the private sector that impinge upon the tourism planning process. Rather than plan independently of these, it was agreed with the Project Steering Committee to pursue a continuous planning process, which is responsive and dynamic rather than fixed and static. The most significant planning process in the Maldives at present is the 7th National Development Plan (NDP) and this TTMP has deliberately been aligned with the strategies of the 7th NDP. Accordingly, as national policies, strategies and actions that influence tourism are implemented, the TTMP under the direction of the MoTCA and the PSC can adapt and integrate with the main national planning process and other relevant planning processes.

It is anticipated that the Maldives Third Tourism Master Plan, once implemented, will help to create an environment in which tourism can continue to contribute more to the economic and social development of the Maldives and to provide the quintessential island holiday experience for all visitors who choose the Maldives as their holiday destination.



SECTION TWO - REVIEW OF TOURISM IN THE MALDIVES

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SECTION TWO - REVIEW OF TOURISM IN THE MALDIVES

This section provides an overview of the Maldives' tourism industry, and outlines the framework used in the planning processes. This Master Plan is designed within the framework of the 7th National Development Plan (NDP) 2006 - 2010, and utilises the findings of the evaluation of First and Second Tourism Master Plans.

2.1 Overview of the Maldives Tourism Industry

Tourism in the Maldives began in 1972 with a mere 280 beds on 2 resort islands. Since then, the industry has grown rapidly transforming the Maldives into a quintessential island holiday destination with global reputation, winning international acclaim and awards. The growth of the industry has progressed largely on a planned path determined by the First Tourism Master Plan (1983-1992) and the Second Tourism Master Plan (1996-2005).

The industry has demonstrated enterprising spirit and the innovative ability of the Maldivians. Economically, as in many small island states, tourism has become the key platform for national economic development. Today, tourism accounts for 27 percent of the GDP, about 51.5 percent of foreign currency earnings, and for more than 22,000 jobs.

Sustainable tourism development has been the key to the Maldives' success as a tourist destination. Every resort, due to the geography of the country and the small size of the islands, is on an isolated island. The allure of tiny, fragile, coralline delicate islands is the major feature that differentiates as well as enhances the exclusive image of the Maldives in the marketplace. An elaborate regulatory framework that forms the core of the legal regime governs the environment issues, resort development and operational issues and health and safety issues that determine the appeal and quality of the Maldives tourism product.

Of the 1190 islands that make up the archipelago's 26 atolls¹, 89 islands had been developed into tourist resorts by the end of 2006. An additional 51 islands have been allocated and offered for resort/hotel development. Initially, resort development was concentrated in the central region of the country within easy reach of the Male' International Airport. However, under a recent policy decision, islands for resort/hotel development have been released across the country, along with plots of land for city-style hotel development in inhabited islands.

Tourism capacity (as measured by bed numbers) had an annualised average compound growth rate of 11.65 percent between the years of 1972 and 2005. It must be noted that this rate was at a high 26.5 percent between the years 1972-1982 and dropped off to 6.7 percent for the years 1982 – 2003.

The volume of international visitors or tourist arrivals has risen from 42,000 in 1980 to over 600,000 by 2004 producing an annual growth rate of above 9 percent, compared with a global average of around 5 percent. The supply of tourist accommodation increased from 2,400 beds to 19,600 over the same period. The STMP forecast that visitor arrivals would reach a total of 650,000 by 2005 and had an indicative target of 20,500 for bed capacity increase by the end of the Master Plan period.

¹ The Maldives comprises of 26 geographical atolls and 20 administrative atolls.

2.2 The First Tourism Master Plan-1983

In November 1980, the Department of Tourism and Foreign Investments (DTFI) commissioned the DANGROUP under assistance from the Kuwait Fund for Arab Economic Development to carry out a feasibility study for project preparation in the tourism sector. The outcome of this study was the First Tourism Development Plan of the Maldives, now referred to as the First Tourism Master Plan, FTMP.

The FTMP outlined a detailed framework for planned tourism development and encouraged the authorities to think ahead, pre-plan and craft strategies that would yield optimum benefit to the country. It emphasised the inclusion of economic, social, cultural and physical aspects in planning for sustainable tourism development. Elaborated below are key areas of focus of FTMP.

2.2.1 Environmentally Sustainable Tourism

In particular, FTMP focused attention on *preservation of the environment* and *centralised infrastructure*, creating a legacy defined by unprecedented awareness amongst stakeholders in practising sustainable and responsible tourism. As a result of the FTMP process, environmental protection and sustainable development measures have been engendered effectively.

Additionally, since the FTMP process, controlled and planned tourism came to be the accepted form of tourism development for the Maldives; with the Maldivian Government strictly controlling the lease process of earmarked islands; and when leases are awarded, supervising periodically as to whether development was occurring according to guidelines set by the Ministry of Tourism. Developers came to be quite passionate about adopting sustainable developmental concepts. For example, developers willingly adhered to policies on (1) limiting built-up space to protect the environment and limit the number of tourists on any one island, (2) limiting building heights to be compatible with the natural vegetation on the islands, and (3) ensuring measures for reef protection.



2.2.2 Establishment of Tourism Zones and Tourist Centres

The FTMP recognised that Male' Atoll had reached an exhaustion point and a new concept of zoning must be considered for future developments. Accordingly, in promoting the development of new and separate zones, FTMP outlined three models for tourism development. These include: (1) the laissez faire model defined as "the case where the Government lets the past development continue with no or limited restrictions"², (2) a planned-development model with Male' as the key "tourist centre" with resorts in Ari, Baa, Vaavu and Lhaviyani Atolls, and (3) a model of new zones with respective tourist centres across the country.

The FTMP conceptualised that each regional tourist zone will be served by a tourist centre, i.e. an island having "a complete internal transportation and communication system, central facilities for storage and supplies, central services and tourist information."³ The FTMP recommended that "the development of new centres will require a comprehensive and integrated plan and close Government participation and control"⁴ in ensuring the success of such centres.

The following islands were identified as potential centres: (a) Gaafu Alifu/Gaafu Dhaalu Zone: Laabadhuvaa Island (b) Raa/Baa Zone: Digili Island (c) Noonu Shaviyani Zone with Karimma Vattaru Island and (d) Faafu/Dhaalu Zone with the inhabited island of Kudahuvadhoo Island as centre.

But, efforts to develop an initial tourist-centre in Ari Atoll did not emerge exactly as planned. In this case the FTMP did not recommend tourism development in Ari Atoll on the basis of "lack of fulfilment of the general planning criteria" espoused by the FTMP⁵, and doubted "whether it is physically possible to develop 3000 to 4000 beds in Alifu Atoll." Although the "tourist centre" concept did not materialise, Ari Zone did develop with 4700 beds. This development demonstrated the industry's dynamism and ability to forge ahead regardless of the challenges.

The rationale behind advocating such tourist centres was to suggest ways and means of developing new and separate tourist-centres in parts of the country where economic growth are needed.⁶ Towards that end, a thorough analysis of the infrastructure and facilities available on the ground at that time was made⁷, including transportation, communications, water-supply, sewerage, waste disposal, energy and general supply to the resorts. The FTMP tabled these issues for discussion on a comprehensive and cohesive basis, for the first time.

It is difficult to conclude if the FTMP attempted to place tourism as the lynchpin of the economy or it was designed to align the tourism industry within the broader umbrella of development planning. Nonetheless, the FTMP assumed that regional development and growth pole planning would take place concurrently with tourism development, via the mechanism of the national development planning process⁸. To that end, the FTMP had laid down criteria and benchmarks for the development of the perceived main components of the industry, including the layout for a (sample) tourist-centre, conceptual design of a standard tourist island, an exhibition centre, environmental protection guidelines, and project details for

² FTMP Vol I Page 1

³ FTMP Vol I Page 5

⁴ FTMP Vol I Page 6

⁵ FTMP Vol I page 55

⁶ FTMP Vol I page ii

⁷ FTMP Vol I Part II.6 at page 151

⁸ National Development Plans are produced in five yearly cycles by the Ministry of Planning and National Development. It is outside the scope of this paper to make an evaluation of the regional growth pole planning process independently.

fruit and vegetable gardening for resort consumption⁹. These standards were accepted by the industry as basic guidelines at the time.

2.2.3 Institutional Strengthening

The FTMP's most significant thrust was the call for institutional strengthening. It emphasised the need for creation of financial institutions and enabling legal framework for attracting foreign investments. Subsequently, the Department of Tourism and Foreign Investment was allocated further funding and the Department became a Ministry in 1988 with wider mandates. Although a financial institution to specifically assist tourism development has not emerged, existing banks' support to the industry has been strengthened. The legal framework to encourage foreign investment has been implemented as well. However, these areas need further development.

The extent and degree to which some of the suggestions made by the FTMP in regard to, especially, the aspects of physical infrastructure control, and centralisation of marketing efforts¹⁰ have met with less enthusiasm, with the private sector stakeholders organising amongst themselves to cater independently and/or jointly to the growing needs of servicing the industry. For example, the FTMP's attempt to create a centralised public transportation system within the atolls did not succeed as planned. Instead, pockets of successful private operations mushroomed, transporting goods and people between various atolls of the Maldives, which have been operating successfully albeit informally for years.

Overall, the FTMP's recommendation that "Government will need a higher degree of control (over) the behaviour of individual resorts"¹¹ has contributed to increased industry concern over the bureaucratisation of processes and procedures. Today the avenues of consultation between the Government and the private sector are more open, however, although they need further strengthening. As a result of the FTMP's call for greater control, until very recently the Government awarded resorts by due consideration to concepts and required resort builders to strictly adhere to prior approved concepts. In an attempt to give greater freedom for resort builders to be innovative, such restrictions have been removed.



⁹ FTMP Vol II

¹⁰ FTMP Vol I part II.5

¹¹ FTMP Vol I page 212

2.2.4 Human Resource Development

The FTMP called for placing the responsibility of staff training and general education of staff with the resort management.¹² However, training for the industry did not develop as rapidly as the growth of the tourism industry. For example, inclusion of Tourism Studies in secondary education curriculum, which is considered an important foundation step to introduce and familiarize students to careers in tourism, was implemented only as late as 2002.

It should be noted that resort-based training has started taking root, although accurate statistics in this regard are not available.

At the time of the FTMP process, it was noted that “no formal hotel training system existed”.¹³ However, today, the Government-owned School of Hotel and Catering Services (established on 22nd April 1987) is now elevated to Faculty level under the Maldives College of Higher Education (MCHE). The Faculty is offering joint-degrees in conjunction with universities from countries such as the UK and Australia. Despite the awarding of this higher status skill shortage in the industry has remained a problem. Change to University status of the MCHE in 2007 presents an opportunity to deliver stand-alone degree programs in the Maldives for the first time.



¹² FTMP Vol I page 26

¹³ FTMP Vol I page 221

2.3 The Second Tourism Master Plan-1996-2005

The consultation process of the Second Tourism Master Plan (STMP) began in 1994 with the assistance of the European Union. It was completed in 1996. The key theme of the Plan was that “the role of the Government should be to facilitate the business environment whereby the private sector can operate efficiently”.¹⁴ This impetus for “enabling the private-sector” is considered a policy shift from the “control” mindset of the FTMP.

The STMP focused on six broad strategic directions:

1. Balancing Regional Development
2. Facilitating Private Sector Investments
3. Strengthening the Institutions
4. Developing Human Resources and Cultural Aspects
5. Harmonising Tourism and the Environment
6. Strengthening Marketing and Promotion

2.3.1 Balancing Regional Development

While taking steps to maintain the premium destination status of the Maldives, the STMP suggested careful expansion of tourism to three regions, under well managed conditions. The development strategy¹⁵ detailed in the STMP included the development of the following regions:

- A: Central Region
- B: The Central Region and Beyond
- C: Regional Expansion

These regions follow from and build upon the zone theme expounded by the FTMP, with three main nodes¹⁶. The Central Region (A) is meant to maximise capacity utilisation in and around Male’; and the Central Region and Beyond (B) is meant to include Male’ Atoll plus the Ari Region and nearby atolls; and finally the Regional Expansion (C) referred to the development of southern and northern zones, embarking on the regional airport growth poles.

Regional development was considered in the STPM as an important focus, with concentration on developments in the southern region while extending development to the north.

The STMP should be credited for providing the vision of developing a second international airport in the southern region.¹⁷ The STMP’s thrust to develop tourism in Addu Atoll was in contrast to the position in the FTMP that referred to Addu Atoll as unsuitable for tourism. Furthermore, the STMP recommended development of resorts close to existing domestic airports.

¹⁴ STMP Vol I page I

¹⁵ STMP Page 19

¹⁶ FTMP Vol I page 63

¹⁷ STMP Vol I page 23

2.3.2 Facilitating Private Sector Investment

The STMP envisaged the scale of investment in tourism during the 10-year plan period to be substantial in relation to past investment trends. It predicted that USD 50 million per year would be invested during the first five years, and USD70 million per year in the following five years. It also recommended that the responsibility of mobilising investment should rest in the private sector, while the Government should play the role of facilitator. Acknowledging the Government's challenge to invest in infrastructure, the STMP advocated that the spatial development policy should facilitate easy and rapid expansion of the industry without having to rely on the Government to build the tourism related infrastructure investment.

The STMP called for a formal and transparent framework for financing capital projects. It outlined strategies to increase local investments, including the enactment of enabling legislation to encourage Maldivians to invest in tourism by purchasing shares. Regarding foreign investments, it identified the need to pave an avenue for foreign investments to engage in tourism projects in a transparent and formal manner. It also called for a level playing field for local and foreign entrepreneurs, to allow access to capital on equal terms.

Of the recommendations made in the STMP, several have been implemented. The Tourism Law enacted in 1998 provided an incentive for resorts to sell shares to the public in return for a longer lease period. This was meant to facilitate greater private sector investment in resorts. However, this policy did not materialise as several related issues were not adequately addressed in the bill or in subsequent regulations to induce the resort owners.

Nonetheless, the formation of the Maldives Tourism Development Corporation (MTDC) in 2006 as a Government-led initiative designed to provide an avenue for Maldivians to invest in tourism helped to achieve this goal. MTDC aims to have as many as 30,000 share-holders on its register, and currently has issued shares to 19,000 individuals.

The STMP also recommended facilitating private sector investment in tourism-related infrastructure, on a built-and-operate basis. Such investments suggested included airports, airport services, service centres for atolls, and helipads. During the STMP, the Government awarded two domestic airports (one in Alifu Dhaalu Atoll and one in Laviyani Atoll) as private initiatives on build-and-operate basis. Five other domestic airport bids were floated but did not succeed due to lack of investor interest. Hence, the Government is in the process of considering further incentives and additional avenues to facilitate private sector to invest in such infrastructure.

2.3.3 Strengthening the Institutions

While acknowledging that the Ministry of Tourism had successfully led the development of tourism in the past, the STMP suggested new roles and functions for the Ministry to further enhance future planning, development, marketing and human resource development.¹⁸

To enhance public-private partnership in marketing tourism, the STMP recommended the formation of the Maldives Tourism Board (MTB). Such a Board was created in the name of the Maldives Tourism Promotion Board (MTPB) in 1998. This Board was tasked with marketing and promotion of the Maldives as a destination with the private sector participation for maximising tourist arrivals and revenue for the benefit of the whole economy¹⁹. Combining the Department of Civil Aviation and the Ministry of Tourism was another significant action recommended by the STMP to benefit from the synergies between domestic

¹⁸ STMP Vol I page 32

¹⁹ STMP Vol I page 34

and international air transport access and tourism development. This was achieved right after the end of the STMP plan period.

Other major structural changes identified in the STMP but did not take deep root included the formation of a Maldives Tourism Training Board (MTTB). Likewise, the feasibility study for the creation of Tourism Development Finance Institution was also not realised during the STMP period²⁰.

2.3.4 Development of Human Resource

The STMP forecast the development of 10,000 beds during the plan period, requiring 8,400 trained staff. Given the increasing number of school leavers, the STMP also predicted that sufficient trainable young people would be available for the industry over the plan period²¹. However, the STMP rightfully identified and predicted that young peoples "attitude" towards tourism as the impediment in achieving the desired number of trained staff for the industry. Therefore, it recommended the development of an organized programme operated jointly by the public and the private sector to promote positive understanding and image of tourism as a career, and as an important contributor to the economic well being of the country. The purpose of this awareness program was to encourage young people to enter the industry. In this regard, introduction of tourism studies as an optional secondary school subject could be considered as an effort that would make a lasting contribution. However, much needs to be undertaken to develop greater awareness of the benefits of tourism to bring about attitudinal change towards tourism.

Nevertheless challenges faced by the public and the private sector in encouraging the youth to work in tourist facilities were: (1) tourism in its outset was not a popular social phenomenon; (2) the working conditions and remuneration was less attractive compared to other competitive jobs; (3) perception by female workers of resort life activities, making it socially unattractive²². On the other hand, the STMP stated that "unemployment is likely to become a major problem for Maldives"²³. Hence, in terms of providing suitable employment, it suggested that tourism was the industry most capable of providing a safety net²⁴.

In order to carry on with the development, the STMP suggested various targets and actions that needed joint attention by both the public and the private sector. Attitude towards taking tourism as a career was to be addressed by a variety of awareness programs that were targeted to parents and pupils. This would remove cultural and social inhibitions as well as restrictions on part-time work in resorts²⁵.

Provision of equal opportunities and conditions for women for employment in resorts required better accommodation facilities and transportation networks between resorts and residential islands. The STMP highlighted that gender issues be addressed not only within the context of work environment but also in training, recruitment and career development. Additionally, regular inspection of staff facilities and improvement of the terms of employment were identified by the STMP as a necessary action²⁶. These measures would lead towards reduction in the number of expatriates. The Government was to plan a reasonable reduction in the number of expatriates throughout the STMP period.

²⁰ STMP Vol I page 34

²¹ STMP Vol I page 35

²² STMP Vol I page 36

²³ STMP Vol I page 36

²⁴ STMP Vol I page 36

²⁵ STMP Vol I page 38

²⁶ STMP Vol I page 38

The STMP envisaged the need for suitably qualified/skilled staff for the industry and thus the need for training over the plan period, given the positioning of the Maldives as a premium destination serving an up-market and exclusive clientele. The STMP advocated the case that Maldivians should be provided with high level industry skills since such clients would tend to identify the staff with the country and its people²⁷. The Maldives has, indeed, developed over the past decade as an exclusive destination with high-end resorts. However, training has lagged far behind the needs of the industry, making it heavily reliant on expatriate expertise. The population consolidation programme would improve the supply of labour in and around regional growth poles relieving the labour situation within tourism industry and other related industries.

2.3.5 Harmonising Tourism and the Environment

The STMP noted that the National Environmental Action Plan (MPE 1989) provided the framework for environmental planning and management in Maldives²⁸. The protected dive sites were identified and designated for protection based on the NEAP. It was an achievement, but the establishment of a fully operational and sustainable Marine Park did not come into operation.

On the other hand, environmental awareness programmes highlighted by the STMP took its course on various occasions. Resorts have adopted such programmes sensitising the tourists and the surrounding community towards an eco-friendly environment. The launching, and awarding of the “Green Resort Award” each year to the resort that practises most environmentally sustainable approaches within and around the tourist facility acted as the driving force towards adopting the environmentally friendly resort concept in the Maldives.

In relation to harmonising the tourism industry with the environment, the STMP focused on resort infrastructure standards that provide for environmental protection and preservation. Regulations governing the Environmental Impact Assessments (EIA), the solid waste management systems and the operational standards of resorts have strengthened the environment protection regime. The STPM also encouraged environmental self-regulation by the industry and called for support to the industry in strengthening these efforts. Today, such self-regulation is a trend evident in many resorts.

The STMP called for repositioning of the Maldives as a “premium ecotourism destination” and the responsibility of this repositioning to be placed with the Maldives Tourism Promotion Board (MTPB). The Board’s efforts to position the Maldives as a unique eco-tourism destination continue seeking “branding” for the product.

2.3.6 Marketing and Promotion

The STMP recommended the creation of the Maldives Tourism Promotion Board and tasking it with marketing and promotion. The STMP advocated having public and private sector partnership in the MTPB with the Government in the lead so that the expertise of the private sector could be utilised for creative thinking in marketing.

The STMP suggested presenting the Maldives as a premium eco-destination by leaning on the unique natural features. Whether or not the premium product label is to be pursued and continued, further policy consideration is required for the Maldives in the light of market forces, features and trends.

²⁷ STMP Vol I page 38

²⁸ STMP Vol I page 40



SECTION THREE - SITUATIONAL ANALYSIS

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SECTION THREE - SITUATIONAL ANALYSIS

This section will analyze and articulate future planning directions for each of the key areas mentioned below. This analysis relates to the findings of the Report of the Mission on Technical Assistance for the Preparation of the TTMP prepared for the Government of Maldives by the UN World Tourism Organization. Areas of focus included in this section are:

- Economic and financial status
- Tourist arrival trends, markets, and product analysis
- Human resource development
- The state of the environment
- Community involvement
- Legal and institutional strengthening
- Infrastructure and services

3.1 Economic and Financial Analysis

The Maldives recorded relatively strong economic growth over the past three decades, reaching a GDP of USD 706 million in 2004 and an economic growth rate of 8.8%. Today, the Maldives GDP per capita income is the highest in the South Asian region, with USD 2,293 in 2005. The Maldivian economy is mainly driven by the tourism, fisheries and construction industries. Tourism has contributed over 30% to the GDP in the past decade.

As a result of the devastating Asian Tsunami in December 2004, tourism's contribution to GDP declined to an estimated 23%. The tourist arrivals declined by 35.9 % in 2005 compared to the previous year. Among countries affected from the tsunami, the Maldives sustained the highest economic loss due to the economy's heavy reliance on tourism. The economic loss is estimated to be USD 470 million, i.e. 62% of GDP in 2005. Therefore, the Maldives did not reach the pre-tsunami forecast GDP growth of 7.5% and instead registered a negative 5.2% change in the GDP for 2005.

However, in 2006 the tourism industry bounced back to pre-tsunami level, lifting the entire economy out of an anticipated recession. This recovery of the tourism industry is attributed to the joint efforts made by the public and the private sectors to revive the industry. The Maldives has obtained international praise for its efforts to recover the tourism industry in a short span of time. In 2006, the Maldives registered a positive growth of approximately 18.7% over the previous year, stabilising the economy and repositioning it in the pre-tsunami growth pattern.

Table 3.1: Key Economic Indicators

	2000	2001	2002	2003	2004	2005	2006
Real GDP Growth rate	4.8	3.5	6.5	8.5	9.5	-4.6	19.1
GDP (million USD)	539	558	594	645	706	674	802
Population	271,410	275,975	280,549	285,066	289,480	293,746	298,968
GDP per capita (USD)	1,986	2,021	2,118	2,262	2,440	2,293	2674 (est.)
Total External Debt (% GDP)	31.2	32.1	40.4	41.8	42.7	53.0	62.9

Source: Monthly Statistics Vol. 8, No.5, MMA, May 2007; Statistical Year Book of Maldives 2006, Ministry of Planning and National Development.

The Government's direct revenue from tourism includes (1) the lease rent from resort islands, (2) the tourist bed tax, and (3) the airport departure tax. Income from resort leases in 2005 amounted to MRF 571.10 million (USD 44.44 million) and reached MRF 1,291.30 million (USD 100.49 million) for 2006. The current tourism bed tax of USD 8 per day which generated MRF 345.02 million or USD 26.85 million in 2005 amounted to MRF 506.55 million or USD 39.42 million in 2006. Finally, the tourist airport departure tax generated USD 5.37 and 7.18 million in 2005 and 2006 respectively. The total tourist arrival for 2005 was 395,320 (a decline from 616,716 in 2004 due to the tsunami) and tourist arrivals in 2006 was 601,923, contributing to the increase in revenue from the bed tax and the airport departure tax. In short, tourism's direct contribution to the Government's revenue was estimated at USD 76.65 million and USD 147.09 million in 2005 and 2006 respectively.

Table 3.1.1: Sources of Revenue

Source of revenue	2005 (USD)	2006 (USD)
Bed tax	26,848,249.03	39,424,124.51
Airport departure tax	5,365,248.00	7,176,712.15
Lease rent	44,436,238.41	100,490,507.81
Total	76,649,735.44	147,091,344.47

Tourism also contributes indirectly to Government revenue through import duties, bank profit taxes and as dividends from public enterprises that support the industry. Such companies include the Maldives Airports Company, Island Aviation Services and the Maldives In-flight Catering Services, which contributed a total of MRF185.5 million (USD14.4 million) in 2005. In 2005, bank profit tax amounted to MRF. 65.7 million (USD 5.1 million). It is estimated that tourism accounts for just over 50 per cent of bank profits. Furthermore, in 2005 Government collected an estimated MRF. 1,133 million (USD 88.2 million) as import duty, and it is estimated that at least 25 per cent of the import duty is attributable to tourism. Table 3.2 shows the Government's direct expenditure on tourism.

Table 3.2: Tourism Sector Expenditure

	2000	2001	2002	2003	2004	2005	2006
Total Govt. Expenditure (MRF. Million)	2,739.9	2,912.1	3,135.5	3,551.9	3,779.1	5,775.4	8,215.2
Tourism Expenditure (MRF. Million)	27.7	31.4	35.9	34.9	56.3	57.4	106.7
% of Tourism Expenditure	1.0	1.1	1.1	1.0	1.5	1.0	1.3

Source: Statistical Year Book of Maldives 2006, Ministry of Planning and National Development; Budget 2006.

Total Government expenditure for 2005 was MRF 5,831 million of which tourism expenditure was MRF 91 million (1.6% of total expenditure). The bulk of this expenditure is allocated for the Maldives Tourism Promotion Board and the rest towards the administration cost of the Ministry of Tourism and Civil Aviation. Table 3.3 shows Government spending on tourism.

Table 3.3: Direct Government Spending on Tourism Industry (MRF million)

	2004	2005	2006
Ministry of Tourism and Civil Aviation	9.6	11.7	12.7
Civil Aviation Department	4.1	4.4	5.2
Maldives Government Tourist Office	4.8	5.4	8.1
Maldives Tourism Promotion Board	34.4	68.2	86.0

Source: Government Budget 2006, Ministry of Finance and Treasury

While the income from the tourism industry is significant, the economic leakage from the industry is also substantial. Economic leakage from tourism occurs due the following: (1) high level of imports, (2) repatriation of wages by expatriate workers, (3) repatriation of profits (4) provision of tourism services such as travel bookings by foreign tour operators and travel agents, and (5) dependence on foreign airlines. Virtually all inputs for construction and operation of resorts are imported, and close to 50% of resort employees are expatriates who repatriate a high proportion of their income.

3.1.1 Future Economic and Financial Directions

More equitable distribution of the economic benefits from tourism among Maldivians is essential to ensure sustainable social and economic development of tourism. Avenues to achieving this objective include (1) increasing the linkages of tourism with other sectors, (2) increasing local investment in resorts, hotels and support services and (3) development of tourist resorts and hotel throughout the country in a manner that directly benefit island communities. These potential avenues for future are examined further below:

- **Increasing linkages with other sectors.** The leakages from the tourism sector can be reduced through strengthening the linkages between the tourism sector and other supporting sectors namely fisheries, agriculture and handicraft. Similarly, the elimination of foreign middlemen in the supply of capital and consumables to the industry by switching on to Maldivian businesses can also help to reduce leakage from the industry.

- **Increasing local investment opportunities in resorts, hotels, and support services.** The bidding process could include incentives for formation of public limited companies so that more Maldivians can participate as industry shareholders. Furthermore, the tourism legislation could be revised to provide greater incentives for tourist resort entrepreneurs to go public by forming companies and issuing shares. Banking and financial institutions in the Maldives should be further encouraged to lend to small and medium Maldivian entrepreneurs who wish to invest in tourism related businesses. The Government could take the lead in borrowing low-cost finance from international lending agencies and in on-lending it to small and medium Maldivian businesses through established mechanisms and institutions, such as the Bank of Maldives.
- **Developing tourist resorts and hotels throughout the country in a manner that directly benefit island communities.** Tourism development in the Maldives has reached the stage of spreading the benefits of the industry to all people in all parts of the country by locating resorts in all atolls. Priority should now be placed to position resorts close to population centres so that more Maldivians would find it an attractive option to obtain employment in resorts. Today, most people who work in resorts have to work away from their home communities and their families. However, if people could reside at home with their families and be able to work in resorts, more Maldivians including women are likely to seek employment in resorts. Besides, locating resorts across the country and closer to the communities would naturally improve the access for tourists to visit those communities and appreciate local culture aside from communities shopping there.

To obtain higher level economic benefits from the tourism sector, steps need to be taken to increase Government revenue from tourism. Growth in the bed capacity will undoubtedly increase the income from the tourism industry. However, emphasis should also be placed on inducing greater visitor expenditures. Visitor expenditures are dependent on the number of visitors, their expenditures per day, and the length of stay. Therefore, focus should be placed on high yield visitors with higher spending habits and on creating means to cater for and encourage their spending habits.

The current tourism tax structure should be also be reviewed and revised to correlate with the income/revenue of tourism establishments. As such, a progressive tax in the form of a Goods and Sales Tax would be most appropriate to increase revenue from tourism without unduly placing a heavy tax burden on resorts and hotels.

In order to reduce leakage from the workforce, more effort is needed to train Maldivians in medium and high skill jobs in the industry. Likewise, recognizing that growth in tourism will inevitably lead to an inflow of expatriate labour, measures could be taken to encourage expatriate labour to spend more in the Maldives.



3.2 Tourist Arrivals, Markets and Product Analysis

This section discusses tourist arrivals, markets and products. These areas are analyzed together due to their interrelationships: arrival trends depend on source markets and products offered. Arrival patterns are presented first, followed by a brief market and product analysis. Finally, future directions that relate to marketing and product development are presented.

3.2.1 Arrival Trends

The image of the Maldives as a high quality, unique destination has been maintained in the source markets, and thus has enjoyed healthy growth over the past five years. According to Tour Operators, the main competing destinations to the Maldives are in Asia, the Caribbean, and in the Middle East such as the Red Sea. But the Maldives has positioned itself as a unique and high quality destination and has differentiated the destination from its competitors.

The growth rate in terms of arrivals for 2006, which is 52.3%, is higher than the current global growth rate of 5%. The average growth rate for the past ten years from 1995 to 2004 is 8.3%, reflecting steady expansion of the industry. Bed-nights as an indicator of tourist arrival trends also shows a positive growth. As Table 3.4 shows, except for 2001 and 2005 the growth rates in bed-nights have been positive.

Table 3.4: Tourist Bed Nights, Occupancy Rate and Average Duration of Stay, 2001 – 2006

Year	Tourist Arrivals	Tourist Bed Nights	Bed Night Growth %	Occupancy Rate %	Average Length of Stay (Days)
2001	460,984	3,932,748	-0.1	65.6	8.5
2002	484,680	4,066,640	3.4	69.0	8.4
2003	563,593	4,704,601	15.7	77.2	8.3
2004	616,716	5,110,587	8.6	83.9	8.3
2005	395,320	3,300,125	-35.4	64.4	8.3
2006	601,923	4,826,162	46.2	81.4	8.0

Source: Ministry of Tourism and Civil Aviation

The dramatic decline in growth rate in 2005 was caused by the December 2004 tsunami that adversely affected the industry in 2005. In 2004, the Maldives had a total of 5,110,587 bed nights and an average occupancy rate of 83.9%. However, 2005 saw a decline in bed nights as well as in the average occupancy of the destination due to the after effects of the tsunami.

Two additional indicators that reflect the health of the industry are occupancy rate of resorts and the average stay that relates to occupancy. As can be seen from Table 3.6, the average duration of stay of tourists to the Maldives has remained quite constant at about eight days over the past six years.

The occupancy rate varies depending on the season. The two tourist seasons in the Maldives are winter (European winter) which is the main season, and summer (European summer) which is the low season; that are referred to as high and low season respectively. However, the low season is changing as demand has increased and as the Maldives has become a popular destination with year-round demand. Hence, the Maldives experiences less seasonal variation today. As seen in Table 3.5, a lower average

occupancy rate in the destination is seen only in May and June. The figures for 2005 reflect the adverse effects of the tsunami. The occupancy rate of 2006 shows the quick recovery of the industry from the tsunami.

Table 3.5 Monthly Average Occupancy Rates in Resorts and Hotels, 2001 – 2006

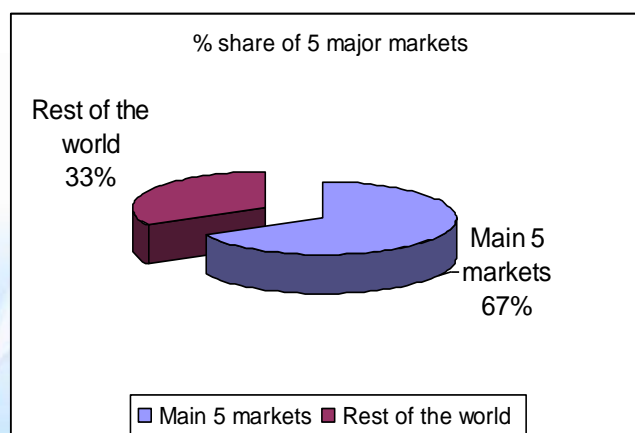
Month	2001	2002	2003	2004	2005	2006
Jan	86.6	67.1	90.4	100.5	32.6	94.4
Feb	89.9	81.8	95.5	100.8	64.9	96.8
Mar	83.3	79.3	87.3	97.9	73.7	93.7
Apr	76.7	70.0	80.3	90.6	61.9	92.2
May	51.5	56.4	55.8	68.0	52.1	67.1
Jun	42.6	42.0	46.6	57.4	46.3	56.7
Jul	57.4	57.0	63.4	73.5	60.7	68.8
Aug	69.9	77.1	84.6	92.3	77.5	86.1
Sep	60.0	68.4	72.1	80.9	68.0	73.1
Oct	53.8	73.6	76.4	83.8	75.3	81.4
Nov	55.5	76.8	87.3	87.0	85.1	84.0
Dec	60.2	78.1	87.0	74.5	74.5	82.4
Average	65.6	69.0	77.2	83.9	64.4	81.4

Source: Ministry of Tourism and Civil Aviation

3.2.2 Source Markets

Europe has been the main market generating an average of 77.6% of the total tourist arrivals to the destination from 2001 to 2006. Key source markets in terms of countries include Italy, UK, Germany, and France. Japan competes with the European markets in terms of the number of arrivals, ranking fourth among source markets. Figure 3.1 shows the percentage share of the five main sources of tourists to the Maldives from 2001 to 2006.

Figure 3.1: Percentage Share of the 5 Major Markets to the Maldives 2001 – 2006



Source: Ministry of Tourism and Civil Aviation

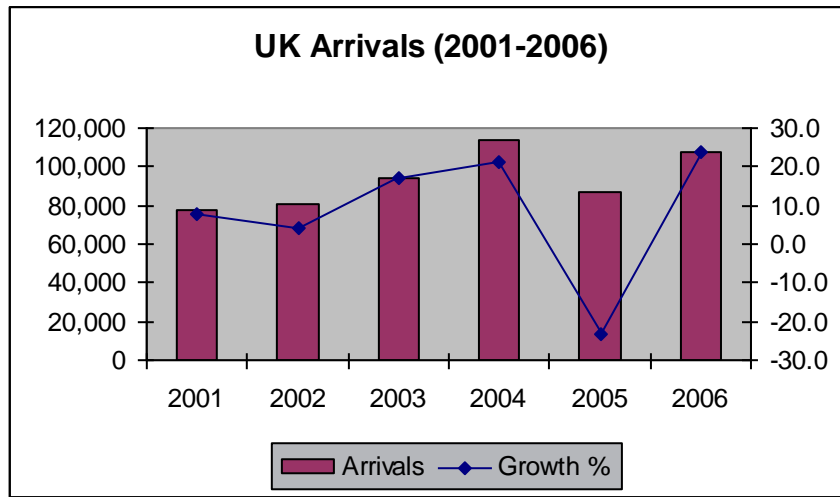
The top five tourist markets to the Maldives in terms of arrival figures are Italy, United Kingdom, Germany, Japan and France.

The arrival trends in the key source markets are provided below, followed by arrival trends in the “emerging” markets.

United Kingdom

Figure 3.2 demonstrates the number of UK arrivals and the growth percentage of the market to the Maldives from 2001 to 2006 compared to the same period in 2005.

Figure 3.2: Number of UK Arrivals and Growth Percentage (2001 – 2006)



Data source: Ministry of Tourism and Civil Aviation

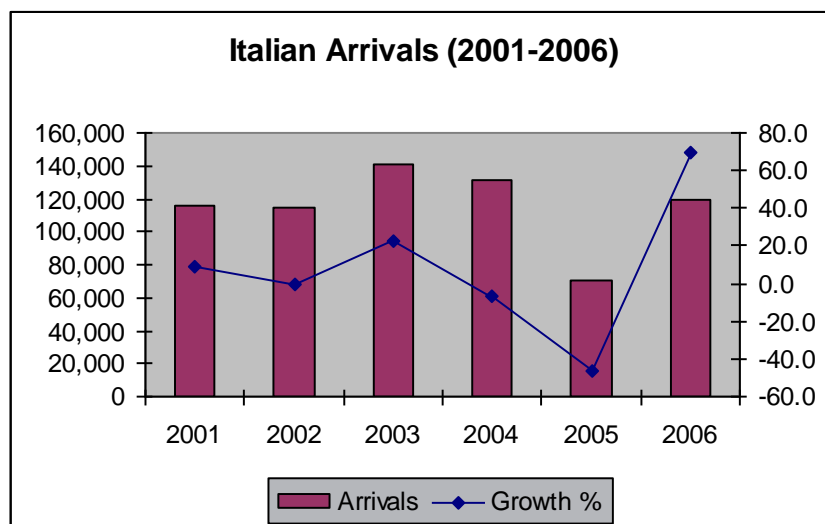
Britain has been the second ranking source of tourist arrivals to the Maldives except in 2006 when it became number one (107,995 tourists at the end of 2006) over-taking Italy with a market share of 22.1%. In 2006, the British market showed further growth, rising to 23.8% compared to the previous year, capturing a share of 17.9% of the total arrivals.

Italy

The first tourists to the Maldives were from Italy in 1972, and since then the Italians have always been one of the top source markets for the Maldives. For the past six years, Italy ranked highest (except in 2005) with an annual average share of 22.1% of total arrivals. In 2006, the Italian arrivals increased by 69.6% compared to the previous year with 118,929 arrivals and a share of 19.8% of the total arrivals, the high increase being attributable to the sharp drop in 2005.

Figure 3.3 shows the number and growth percentage of the Italian arrivals to the Maldives from 2001 to 2006 over the same period in 2005.

Figure 3.3: Number of Italian Arrivals and Growth Percentage (2001 –2006)



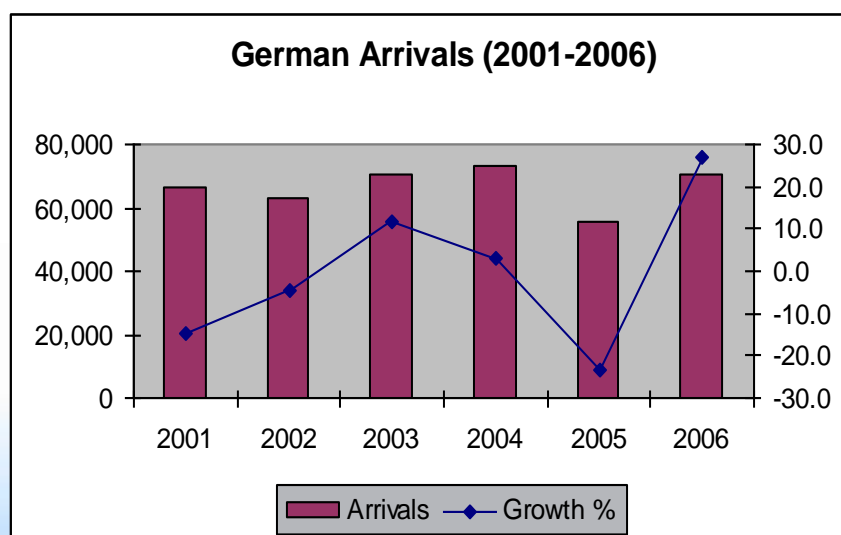
Source: Ministry of Tourism and Civil Aviation

Germany

Germany has been a traditional market to the Maldives and continues to be one of the most important source markets to the country, taking third among source markets. However, the performance of the German market has seen ups and downs in the past six years. Yet the arrivals from Germany have been increasing since 2002.

The number of German arrivals and the growth trend of the German arrivals to the Maldives from 2001 to 2006 over the same period of the previous year are shown in Figure 3.4.

Figure 3.4: Number of German arrivals and Growth percentage (2001 – 2006)



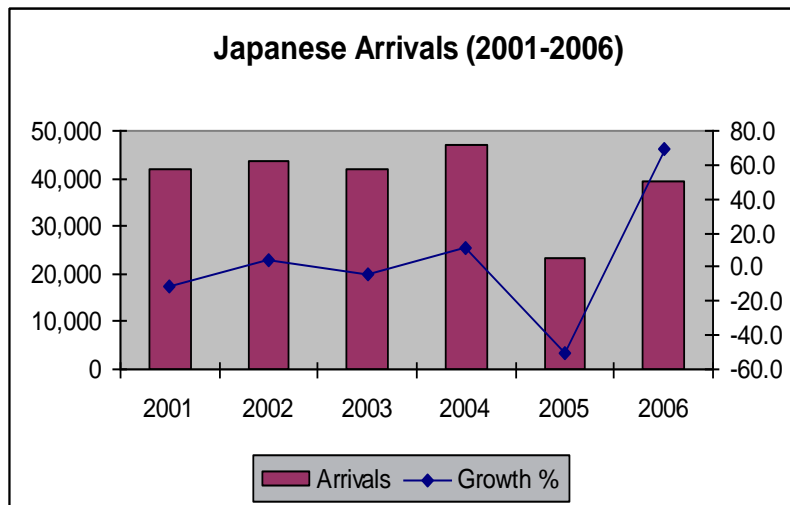
Source: Ministry of Tourism and Civil Aviation

Japan

The Japanese arrivals have maintained an average share of 6.6% from 2001 to 2006. Japanese arrival trend to the Maldives in the past six years demonstrates that this market is highly susceptible to negative developments in the world. In 2001, the Japanese arrivals to the Maldives declined by 11.2% due to 9/11, and in 2003 it declined by 3.7% due to the outbreak of SARS in Asia. In 2005, the Japanese arrivals had a tremendous decline of 50.4% compared to 2004, due to the tsunami.

Figure 3.5 shows the Japanese arrivals and growth percentage of this market from 2001 to end of September 2006 compared to the same period in 2005.

Figure 3.5: Number of Japanese Arrivals and Growth Percentage (2001 - 2006)



Source: Ministry of Tourism and Civil Aviation

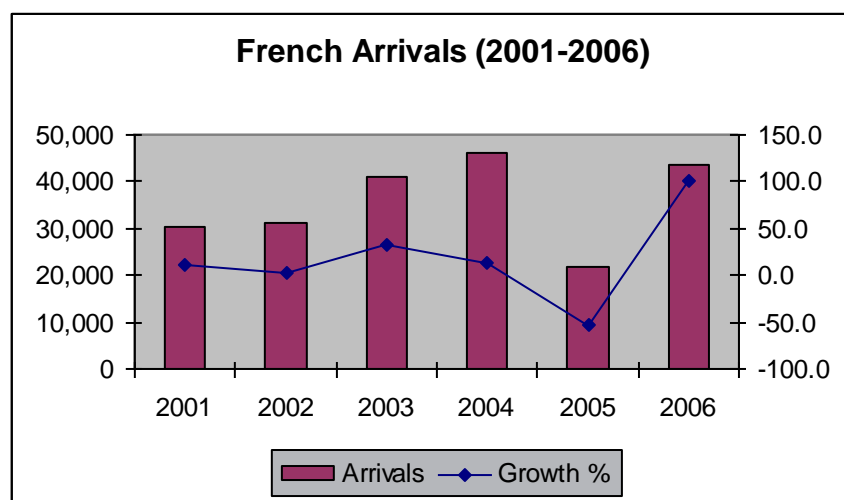
The Japanese arrivals have recovered from its set back in 2005. In 2006, Japanese arrivals recorded 39,528 which is a growth percentage of 69.9% compared to the previous year.

France

French arrivals to the Maldives have been increasing for the past six years, except in 2005 when there was a decline due to the effects of the tsunami. The Maldives is growing in popularity in the French market and it has become the fourth largest source with a share of 7.2% of the destination's total arrivals by the end of 2006.

Figure 3.6 demonstrates the French arrivals and growth percentage of French tourists to the Maldives from 2001 to 2006 compared to the same period in 2005.

Figure 3.6: Number of French Arrivals and Growth Percentage (2001 – 2006)



Source: Ministry of Tourism and Civil Aviation

Table 3.6 shows the arrival numbers and share of the main source markets to the Maldives from 2001 to 2006.

Table 3.6: Top 5 sources of tourist arrivals to the Maldives 2001 – 2006

	Country	2001		2002		2003		2004		2005		2006	
		Arrivals	Visitor Share %	Arrivals	Visitor Share %	Arrivals	Visitor Share %	Arrivals	Visitor Share %	Arrivals	Visitor Share %	Arrivals	Visitor Share %
1	Italy	115,740	25.1	114,955	23.7	140,304	24.9	131,044	21.2	70,115	17.7	118,929	19.8
2	United Kingdom	77,151	16.7	80,377	16.6	93,989	16.7	113,991	18.5	87,264	22.1	107,995	17.9
3	Germany	66,149	14.3	63,212	13	70,762	12.6	72,967	11.8	55,782	14.1	70,830	11.8
4	France	30,542	6.6	31,228	6.4	41,055	7.3	46,156	7.5	21,640	5.5	43,627	7.2
5	Japan	41,895	9.1	43,705	9	42,081	7.5	46,939	7.6	23,269	5.9	39,528	6.6

Source data: Ministry of Tourism and Civil Aviation

Other significant sources of arrivals from Europe include Switzerland (4.4% share in 2006) and Austria (2.3% share in 2006), which have remained loyal visitors to the Maldives in spite of the sluggish growth. Asia accounted for 20.2% of the total arrivals to the country in 2006. The main sources in Asia for the Maldives in 2006 after Japan were China (4.4%), and India (2.0%).

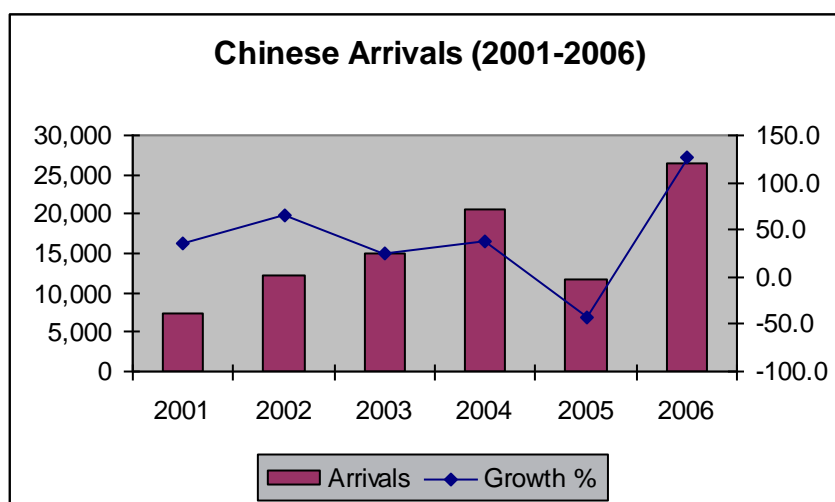
3.2.3 Emerging Markets

The past decade has shown growth in arrivals from emerging markets, particularly China, Russia and India. China, Russia and India have provided steady growth in visitor numbers. Brief analysis of arrival trends from these emerging markets are provided below.

China

Globally, China is becoming the most important emerging source market for outbound tourists, and is considered now among the world's top 10 outbound tourist nations. The current annual figures for Chinese outbound tourists stand at over 30 million, with an average annual growth rate of 13.9 percent (CNTA, 2005). The Maldives has benefited from the growth of Chinese outbound tourists. The Maldives obtained Approved Destination Status (ADS) from the Chinese Government in December 2002, and ever since the arrivals from China has had a significant growth. In 2002, Chinese visitors to the Maldives had a growth of 64.7% after the Maldives became an ADS country. In 2003, the Chinese arrivals had a growth of 24.2% and in 2004 a growth of 37.1%. In 2005, there was a significant decline but it picked up again in 2006 with a growth of 127.4%, taking a share of 4.4% of the total arrivals to the destination. Figure 3.7 shows the arrivals and the growth pattern of the Chinese arrivals from 2001 – 2006.

Figure 3.7: Number of Chinese Arrivals and Growth Percentage (2001 – 2006)



Source: Ministry of Tourism and Civil Aviation

Russia

The Russian market is a fast growing market for the Maldives with tremendous growth in visitors over the past six years, the exception being the negative growth in 2005 due to the tsunami. In 2002, this market saw a growth of 89.6% over 2001, and since then it has grown remarkably year after year, barring 2005. The Russian arrivals had a share of 3.6% of the total arrivals to the Maldives by end 2006. Figure 3.8 demonstrates the number of arrivals and the growth percentage of Russia from 2001 - 2006.

Figure 3.8: Number of Russian Arrivals and Growth Percentage (2001 – 2006)



Source: Ministry of Tourism and Civil Aviation

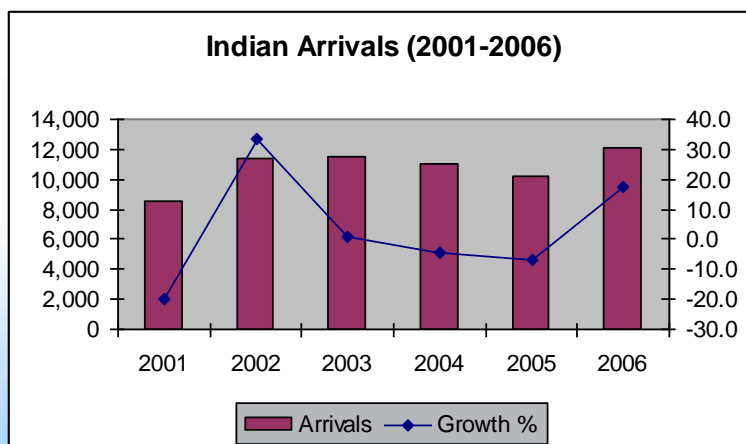
India

Seven million Indians travel abroad each year, with the total growing at 10.5% per year since 2001 (PATA, 2005). Singapore, Thailand and China receive the largest number of Indians, but Sri Lanka has been experiencing the fastest growth in Indian arrivals, averaging an annual 35% growth since 2000 (PATA, 2005).

India holds significant potential as a tourism source market because of its population size, its expanding middle class, which is growing by 30 million each year, and its rising disposable incomes. Many Indians with high disposable incomes are making overseas travel a routine part of their modern life style.

India is the third largest tourism source to the Maldives from the Asian market with a share of 2% of the total arrivals to the destination as per 2006 figures. In the past six years, the Indian market has performed quite well even though it was erratic and maintained about 2% share of the total arrivals to the country. Figure 3.9 shows the number of Indian arrivals and the growth trend of the Indian market to the Maldives from 2001 to 2006.

Figure 3.9: Number of Indian Arrivals and Growth Percentage (2001 – 2006)



Source: Ministry of Tourism and Civil Aviation

3.2.4 Number and type of resorts

By the end of 2006, there were a total of 20,505 tourist beds in the Maldives. These include tourist accommodation in tourist resorts/marinas, hotels, guest houses, and safari vessels. As shown in Table 3.7, the bed capacity increased gradually in the past six years.

Table 3.7: Number of Accommodation Establishments and Bed Capacity, 2001 – 2006

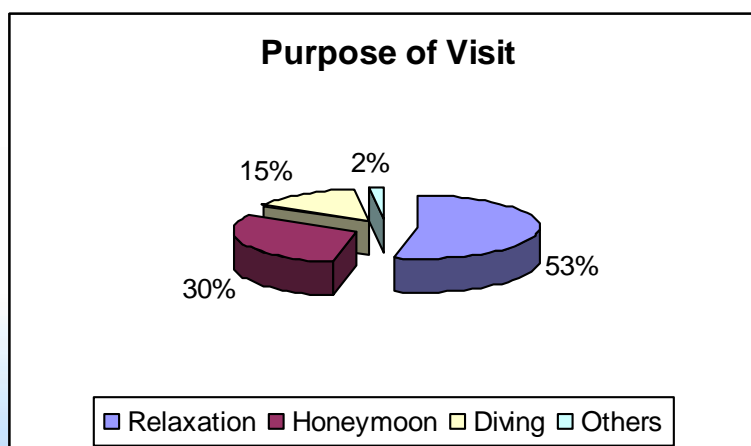
	2001		2002		2003		2004		2005		2006	
Category	No	Beds	No	Beds	No	Beds	No	Beds	No	Beds	No	Beds
Resorts/Marinas	87	16,318	87	16,400	87	16,444	87	16,858	88	17,348	89	17,802
Hotels	9	688	8	670	8	670	8	636	8	636	9	713
Guest Houses	20	367	17	282	24	360	28	425	28	425	21	391
Safari Vessels	92	1,392	96	1,475	113	1,636	113	1,676	121	1,789	116	1,599
Total	208	18,765	208	18,827	232	19,110	236	19,595	245	20,198	235	20,505

Source: Ministry of Tourism and Civil Aviation

3.2.5 The Tourism Products of the Maldives

As seen from Figure 3.10, the majority of visitors (53%) to the Maldives come to enjoy a product tailored for leisure and relaxation. The Maldives is also a romantic destination that appeal to honeymooners. The under-water beauty of the Maldives has always attracted divers. These three market segments dominate the major share of tourist arrivals to the Maldives.

Figure 3.10: Purpose of Visit



Source: Data from Ministry of Tourism and Civil Aviation

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 and possibility to cater for a broad spectrum of holiday makers: those seeking the sunny side of life; those seeking the colourful side of life; those seeking the thrilling side of life; those seeking the spiritual side of life; and those yearning to get away from the hustle bustle and humdrum of modern life. In the main European and Asian markets for the Maldives, visitors to the destination have voted for the Maldives as the destination with the most beautiful beaches, the most romantic islands, and as the most beautiful island destination in the world. European Dive Magazines such as the German dive magazine *Unterwasser* continue to choose the Maldives as one of the best diving destinations in the world.

The health and spa market segments are also attracted to the Maldives due to the quality of spas in the Maldives. Most resorts in the Maldives now have a spa on the island.

3.2.6 Cruising in the Maldives

The cruise product or 'live-aboards' as better known in the Maldives, started modestly in the 70s. The live-aboard vessels had basic facilities and were mostly diving safaris then. Today, the cruise market has developed into a luxury experience with all comforts in the cabins such as hot water, air conditioning, attached toilets and fresh water.

By the end of 2006, there were 116 live-aboard vessels in the Maldives with a total of 1,599 beds.



3.2.7 Future Market and Product Directions

The appeal of the Maldives amongst traditional markets seems permanent and sustainable - a genuine attraction towards unique, clean, peaceful, beautiful tropical islands. Therefore, the future market direction would be towards a stronger presence in these countries leaning on these natural assets, even when considering market and product diversification. Industry relations with travel trade businesses in traditional markets would be maintained and strengthened. Additional efforts would be undertaken to promote the Maldives to the public in traditional markets. Strategies would be formulated and implemented to ensure affordable prices are maintained, so that the Maldives would not lose out on the traditional charter clientele in the European source markets.

The major five markets for the Maldives generated 67% of the total number of tourists to the destination from 2001 – 2006, creating a situation of high dependence on a few source markets. While efforts must be made to sustain this market, greater focus on the growing markets are essential to tap into new markets. This direction will include strengthening promotion in the growing European markets such as Switzerland, Austria and the Scandinavian countries. Russia is a promising emerging market. Apart from holiday makers, marketing and promotion efforts should be aimed at Meetings, Incentives, Conventions and Exhibitions (MICE) travel, that bears enormous potential.

Chinese visitors to the Maldives had grown after the Maldives became an ADS country. Given the number of outbound Chinese tourists, the potential of the Chinese market cannot be over-exaggerated. Similarly, Indian market will receive greater promotion and marketing attention targeting at the honeymoon market, family holiday market, and wellness and spa market. Other Asian markets where the Maldives should continue to keep a strong presence are South Korea, Hong Kong (for Chinese as well as for expatriates), Singapore and Malaysia.

Australia and New Zealand will also receive special attention as potential growth markets. Since the Gulf and the Middle East enjoy easy access to the Maldives with regular schedule flights from Dubai and Doha, the Maldives could be made an ideal holiday destination for Arabs, and the growing expatriate community in the Gulf and the Middle East.

3.2.8 New Market Segments, Product Diversification and Marketing

During this Master Plan period, the Maldives will attempt to capture a higher share of the Meetings Incentives Conventions and Exhibitions market, especially from source markets closer to the destination such as Asia (Singapore, China, Hong Kong, and Japan) and the Gulf and the Middle East (Dubai, and Doha). Recent tenders for resort and hotel developments have required conference facilities designed to attract meetings and conferences market segments. Other areas for further development include family holidays, health and wellness, seniors markets and special interest groups.

An increasing number of resorts have developed facilities to target family holidays, and further encouragements would be provided to capture this segment because the Maldives is a safe and ideal destination for family holidays. Health and wellness holidays are gaining international reputation, and are becoming more and more popular in the world today. The Maldives with its pristine environment and the pleasant climate offers an attractive destination for health and wellness holidays. The development of high-standard spas with multiple treatments is leading the Maldives in this direction. Additional efforts will be made to further develop this segment.

The special occasions segment would also be targeted more strongly. Enhancing the romantic image of the Maldives and advertising especially for this segment (anniversaries and special occasions) would be undertaken. Furthermore, the senior or silver market that consists of people who have the time and money and looking for safe and relaxing holidays would also be explored. The Maldives offers ideal conditions for big game fishing and dolphin watching. As such, these would be explored with greater vigour.

The Maldives has a strong identity of a perfect tropical island destination and the resorts offer different experiences to a variety of market segments. While retaining this identity, the Maldives tourism product would be diversified to attract other market segments that complement the current product. Such products identified for development include Eco Tourism Resorts, Health Resorts, Luxury Islands, Floating Resorts, Budget Resorts, Live-aboards, Luxury Yachts, and Training Resorts.

All marketing communications would be designed to retain the unique image and brand of the Maldives. Marketing strategies would include print advertisements in magazines and automobiles, radio programs, television advertisements, and participation in tourism and travel trade fairs. Inviting travel journalists and travel television program producers to the Maldives will be continued. Regular and frequent communications with relevant media will continue. The Government will continue to encourage individual resorts to conduct marketing activities in co-operation with Tour Operators as well as with Airlines operating to the Maldives. Events that would add value to the destination and also strengthen the image of the destination would be held in the Maldives with high media coverage including international television coverage.

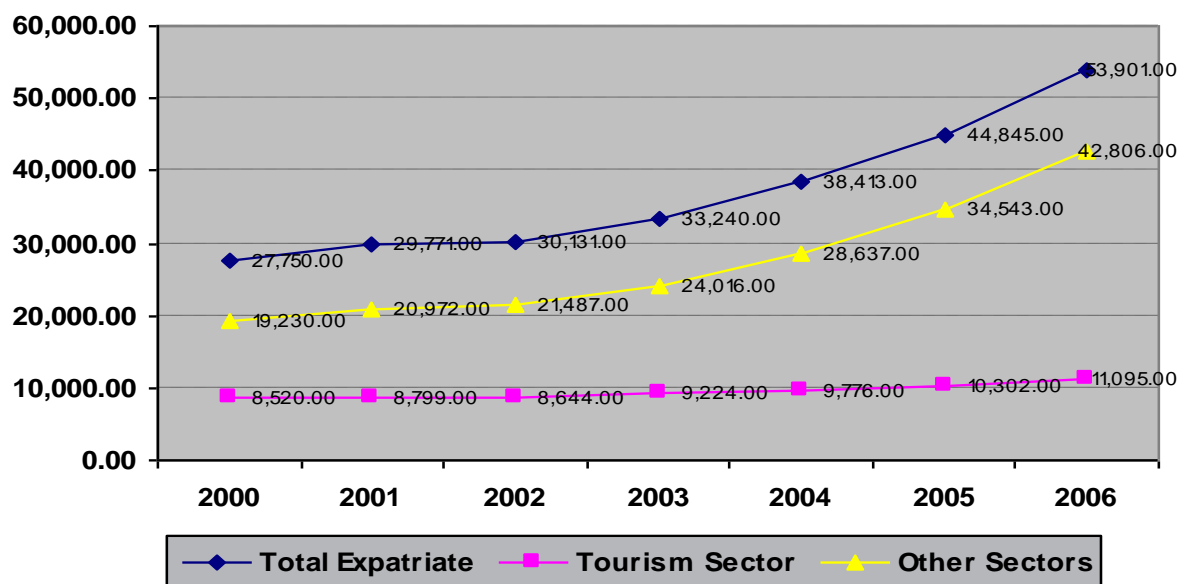
In the future, more emphasis will be placed on web-based promotions. Consideration will be given to advertising in travel websites and websites frequently browsed by the target markets for the destination.

3.3 Human Resource Situation Analysis

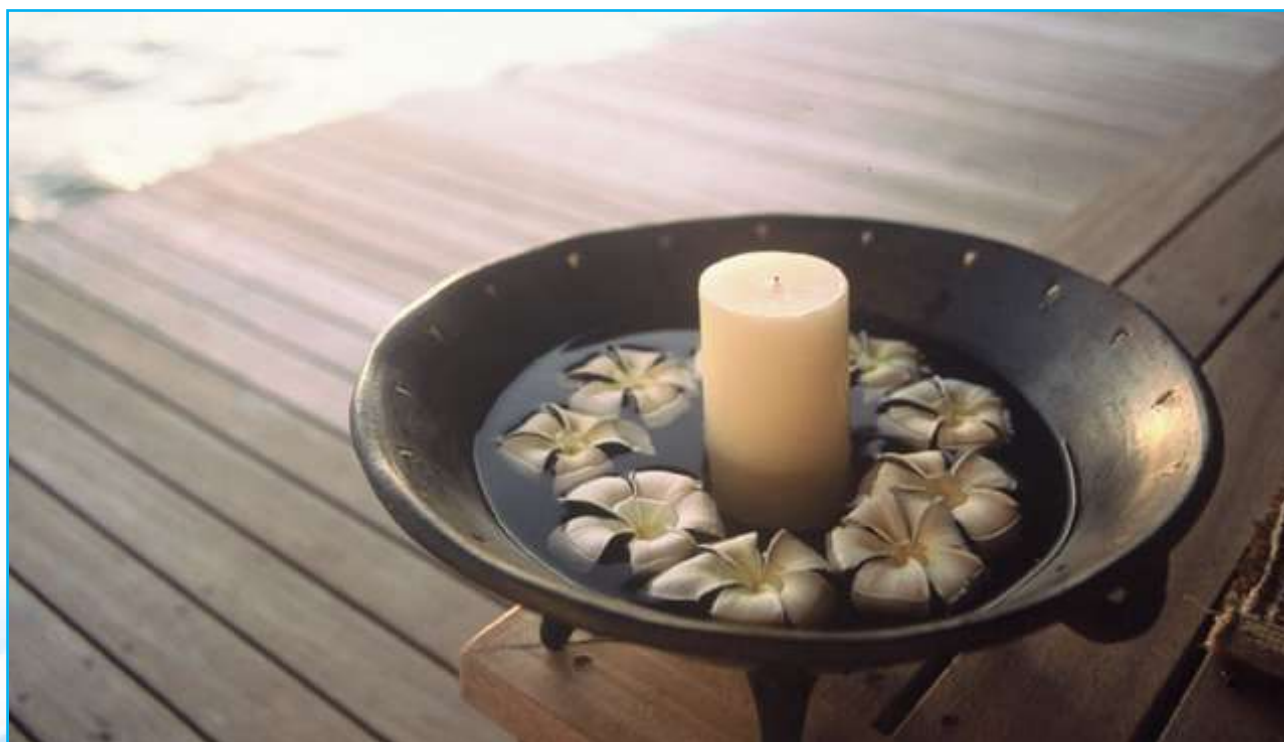
The Maldives has a relatively young population – forty five percent is below 20 years of age. Consequently, seventy one percent of the total population is less than 35 years of age. Given this high percentage of youth population, tourism is considered as one of the most promising sectors to provide gainful employment for the growing young population. It is estimated that at present the tourism industry provides 20,000 jobs, which include direct employment in resort islands, safari vessels, hotels, and guest houses. In considering the future employment creation capacity, tourism is estimated to provide at least 10,000 new jobs over a three year period. These will include a good mix of technical, vocational and semi-skilled jobs.

While tourism is geared to create new employment opportunities, the concern over the growing share of expatriate workforce in the tourism industry remains to be addressed. The total expatriate workforce has increased from 27,750 in 2000 expatriates to 53,901 in 2006, a 94% increase in six years. Although, the increase of expatriates in the tourism sector is relatively low when compared to other key sectors (see Figure 3.11), it is crucial that the industry and the Government take greater initiatives to address the matter.

Figure 3.11: Expatriate Employment 2000 to 2006



Source: Ministry of Higher Education, Employment and Social Security



3.3.1 Human Resources Supply and Demand

It is estimated that every year there will be around 10,000 school leavers, and many would attempt to find employment immediately after leaving school. Most of these school leavers would have completed O'level studies and would be seeking technical and skilled jobs. Tourism industry offers opportunities for these school leavers for employment in the industry and its supporting disciplines such as refrigeration, electricity, carpentry, water treatment, design and construction and many more.

While tourism offers employment in various fields, a key impediment to increasing Maldivian employment in the industry has been school leavers' attitude towards resort-based jobs. Many are unaware of the job opportunities that the industry offers and many perceive jobs in the industry as low grade.

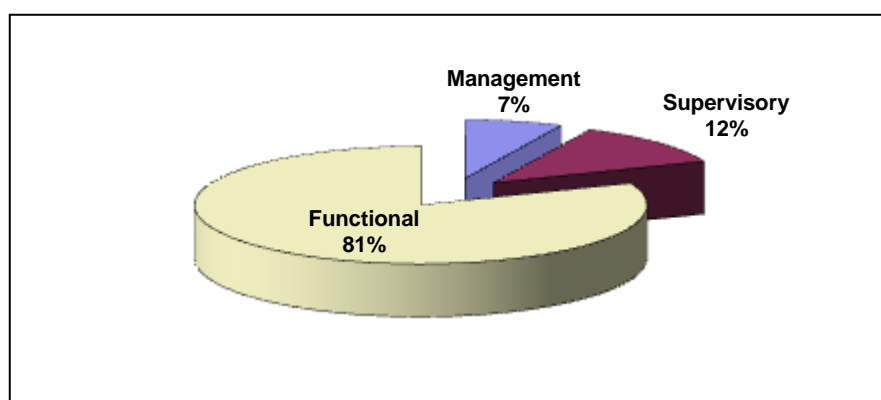
Since resorts are developed on isolated islands, resort employees' have to work away from their home and family for long periods of time. This isolated work setting is one reason why many young people, especially women, are discouraged to enter the tourism sector. Hence, raising awareness levels about job opportunities and locating resorts close to communities or, placing resorts and hotels on inhabited islands, would go a long way in increasing Maldivian employment in the tourism sector.

The limited supply of local labour is also likely to hamper the efforts towards greater localisation of the work force in tourism. It is estimated that the national workforce is 88,000, and this number is insufficient for the needs of the growing economy. While jobs in the tourism sector will continue to increase over the next five years, so would employment opportunities in the fishing industry. Processing plants such as canneries are likely to increase in the future as the economy goes for value adding businesses.

Two factors lead to the increase in expatriate employment in the tourism sector. One is that Maldivians are not interested in certain employment categories and the other is that Maldivians are not qualified for certain employment categories. The labour category and top level technical categories such as Chefs, Accountants and Dive Instructors are mainly dominated by expatriates. On the other hand, there are very few Maldivians trained as Chefs, Dive Instructors, Accountants, and for many other technical jobs. As a result, expatriates dominate these highly paid employment categories. Many Maldivians complain that expatriates are paid higher salaries in these employment categories.

In general, 7% of the workforce is management, 12% is supervisory and 81% is functional. As shown in Figure 3.12, 28% of the workforce in a typical resort is in the Housekeeping and Maintenance Department. Out of this, almost 100% of the room boys are Maldivian but the cleaners or labourers are almost 100% expatriates. The reason for this difference is believed to be the income and the type of work. The job of a room boy is appealing to Maldivians because at times they get more tips than their salaries. The same applies to restaurant waiters. Almost all the restaurant waiters are Maldivian.

Figure 3.12: Tourism Workforce Distribution



Source: Ministry of Tourism and Civil Aviation

3.3.2 Gender Imbalance in Employment

Currently, 7% of the employees in tourist resorts are female of whom only 2% are Maldivian. Most widely believed reason for such an imbalance is linked to cultural factors and the negative perception of the industry. The fact that students are discouraged to visit tourist resorts unless accompanied by parents or guardians illustrates the social inhibitions.

Apart from cultural factors, in general, the type of accommodation provided by tourist resorts is not suitable for female employees. That makes it difficult for most of the resorts to attract women. Most of the women employed in tourist resorts prefer the option to commute daily to work accounting for the fact that fewer women consider employment in tourist resorts.

3.3.3 Human Resources Development

Faculty of Hospitality and Tourism Studies (FHTS) of the Maldives College of Higher Education (MCHE) is the institution currently offering courses and training for the tourism industry. FHTS has three campuses: the main campus in Male, a campus in Addu (opened recently) and the third campus opened in December 2006 at Adaaran Resort at Hudhuranfushi. This third campus is a private-public partnership. As can be seen in the table 3.8, the enrolment figure and graduate figures have been declining at a time when the need is increasing. Although there was an increase in enrolment figure from 2003 to 2004, the figures have dropped from 899 in 2004 to 392 in 2006. Resorts have, consequently, started offering their own apprenticeship programmes and some of them are getting good responses.

Table 3.8: FHTS Enrolments and Graduates 2003 to 2006

	2003	2004	2005	2006
Enrolment	814	899	654	392
Graduates	391	564	332	196

Source: FHTS 2006

The Ministry of Higher Education, Employment and Social Security (MHESS) is completing an Integrated Human Resource Development Project to produce course material that can be used by any institution or trainer. This is an initiative to encourage resorts and private sector institutions to begin training and to develop a vocational qualification framework for the industry.

3.3.4 Future Human Resource Direction

The broader human resource policy is a dual purpose policy that aims to train and provide increasing employment opportunities for Maldivians and to reduce the number of expatriates employed in the industry. Reducing expatriate employment as a policy imperative has its limitations in that simply adequate numbers of Maldivians are not available to meet the demand. The total population of the Maldives is 300,000, out of which only 88,000 are economically active. The projection that by 2010, tourism accommodation sector alone will require 29,000 employees, exposes the challenges that lie ahead of the industry in terms of labour needs.

As a disincentive to increase expatriate workforce, the Government has imposed a 50% ceiling on expatriate staff employed in a resort or hotel. Another strategy recently used to reduce expatriate employment is a clause in the bid document for resort development that provides additional points for greater localisation of staff. Recently awarded resort lease contracts have included the requirement as part of the contract.

Areas that need careful attention in the future include monitoring adherence of employment regulations by all resorts. Compliance with the employment regulations of the Ministry of Higher Education, Employment and Social Security, is monitored in the case of the tourism industry by the Ministry of Tourism and Civil Aviation. Hence, the Ministry's monitoring capacity will have to be strengthened. The current political and legal reform process in the Maldives is creating greater awareness and interest in employee rights. As a result, the labour sector is likely to experience new developments that may pose greater challenges for the tourism industry in terms of its labour requirements.

Since FHTS alone cannot meet the industry training requirements, the Ministry would advocate that FHTS concentrate on diploma, and degree level programmes, while the other training institutes conduct accredited short entry level courses as a first step towards a career path. The Government would complement these with the creation of further training opportunities through the development of training resorts (i.e. resorts that require training certain number of students a year).

Given the limited Maldivian workforce and the educational background of school leavers, the Government would pursue training of Maldivians for skilled and high paying jobs in tourism. In this regard, the focus will be on replacing expatriates with Maldivians in the middle to top level jobs in the tourism sector and leave the lower level jobs to expatriates.



3.4 Environmental Analysis

The Maldives tourism industry has remained mindful of the fragility of the environment. Accordingly, the development of tourist resorts has been subjected to environmental considerations. Both FTMP and STMP drew the link between environmental protection and sustainable tourism development. The Maldives has maintained a 20% built-up area limit in resort islands. Strict enforcement of the limit has helped the Maldives to retain the natural environment of the resort islands. Furthermore, by regulation, height of buildings is kept below the tree line to ensure that the natural look of the islands is kept intact. Buildings are allowed on the lagoon under product diversification, but for every room built on the lagoon equal an open space must be left free on the island. All guest rooms face the beach, with a minimum of five metres of beach length available for every room. These are some of the defining features of the regulations that have helped the sustainable development of tourism in the Maldives.

While these, and other regulations governing the operation of resorts have ensured environmentally sustainable tourism practices in the Maldives, recent rapid growth of the industry has presented further challenges. These challenges relate to (1) preserving natural beauty of the islands, (2) ensuring the adherence to EIA requirements during and after resort construction, (3) conservation of reefs (4) disposal of garbage generated by tourist resorts, and (5) discharge of sewage and effluent water.

Listed below are issues that need attention with respect to the development of the tourism industry, as they relate to the environment.

3.4.1 Strengthening MoTCA and MEEW's Capacity to Monitor EIA Follow-up

Human resource limitation of MoTCA is one reason for the difficulties in the enforcement of the regulations. The UNWTO's technical mission for the project formulation for the TTMP noted that the requirement for EIA for development projects is mandatory. Under the present arrangements, MoTCA coordinates the EIA process with the MEEW which is responsible for the implementation of the provisions of the Environmental Protection and Preservations Act (EPPA, Law No. 4/93). UNWTO report notes that lack of clear guidance by both MoTCA and MEEW makes the developers feel that the EIA is a perfunctory requirement. Neither MoTCA nor MEEW has adequate capacity to follow up on the Decision Notes regarding the EIA.

3.4.2 Promote Environmental Management Systems

EMS is a process where 'environmental management' is fully integrated into the organizational structure within the resort management. There will be clear roles and responsibilities for each staff within the organization to achieve the environmental objectives and targets. An environmental manager or an environmental officer can be responsible for management of the environmental aspects of the resort. Many resorts already have an 'environmental officer' whose job is to educate the guests on the environmental issues. This task should go beyond that of a PR exercise. Some encouraging signs are visible in this direction as the EIA proposals for development of new resorts have EMS proposed for environmental management systems.

3.4.3 Inappropriate use of hard Engineering Solutions

The development of resorts to cater for the high-end market means large investments in resorts, even to the extent of using hard engineering solutions to overcome impediments caused by the natural configuration of the islands and reefs. Many have opted to reclaiming land and the construction of breakwaters which have led to physical modification of the island resulting in the deterioration of the natural environment. More emphasis shall, in the future, be paid to developing resorts in harmony with nature to prevent environmental disasters.

Some developments and re-developments propose significant 'environmental modification' as part of the development or expansion of the island. While a change in the character of the island may appear to enhance the aesthetic beauty of the island, developers should be discouraged from adopting development designs that require, for instance, large reclamation works, dredging, reef clearance or removal of certain natural features of the island. Better selection of islands for resort development could avoid applications and approaches.

3.4.4 Minimizing the Impact of Channel Clearance and Construction of Sea-walls

While regulations govern channel clearance and sea-wall construction, some developers take advantage of weak monitoring on the part of MoTCA to deviate from the regulatory regime. Therefore, a better monitoring mechanism needs to be developed within MoTCA for non-reversible environmental modifications, particularly channel clearance and sea-wall construction.

3.4.5 Poor Sewage Treatment Facilities and Inadequate Waste Disposal

Many resorts developed in the 1980s and early 1990s continue to use inappropriate methods of sewage and waste disposal. Disposal of raw-sewage to outer reef should be prohibited after a specified grace period for switching over to methods which treat sewage such as Sequence Batch Reactor (SBR), which is now commonly used in new resorts. Procedures whereby non-combustible and non-compactable waste can be transported to a 'waste management site' should be encouraged. MoTCA should coordinate with MEEW in the formulation of the proposed national solid waste management policy.

There is a wide gap between the technology used in the older and more recently built resorts for sewage treatment and disposal. While many recently built resorts have voluntarily adopted high standards of sewage treatment and the use of recycled water for watering plants, the older resorts still discharge untreated sewage into the sea beyond the reef edge. There is need to enforce high standards of sewage treatment on these older resorts. With respect to waste disposal, recently established resorts have the practice of transporting the waste (scrap metal, plastic metal cans, glass bottles plus construction and other waste) to designated disposal centres, whereas other resorts use incineration and compaction to eliminate and reduce waste. Use of incineration and compaction should be encouraged, and the development of regional waste disposal centres needs to be accelerated.

3.4.6 Conflict of Interest with Fishermen and Dive Operators

Economic activities have increased exploitation of the reef resources which is in direct conflict with non-extractive use in the tourism sector. The widespread increase of reef fishing is now beginning to detract the diving experience. Negative impacts on the natural condition of the reefs are caused by increasing demand for reef fish; both by the tourism sector and by the export driven nature of reef fisheries (e.g.

sea-cucumber, live-tropical fish, groupers and sharks. With a projection of over 1,000,000 tourist arrivals per year within just a few years, and an average length of stay of about 8 days, it is calculated that there will soon be a demand for over 12,000 tonnes of reef fish per year in the tourism sector alone. This would put substantial pressure on the reef fish resources which will lead to the development of tension between fishermen and dive operators. Thus, there is need to help promote sustainable use of the fisheries resources. Reef fish features highly on many resort and safari boat menus. Indeed many visiting tourists expect to eat fresh reef fish, as part of their overall holiday experience. Tourism sector can be a major force in driving towards the establishment and effective management of marine protected areas.

Many tourists visiting the Maldives enjoy fishing. Some take just a single night-fishing excursion as part of their overall holiday package while few make fishing a major focus of their holiday. For all participants in a night-fishing trip, the thrill of a good catch becomes part of their overall Maldives experience, and this would be diminished if reef fish stocks were over fished.

Unfortunately, unlike the tuna resources, the reef fisheries resource is very limited in the maximum quantity that can be harvested over a long period of time. Current reported reef fish catch is 16,000 tonnes per annum and it is estimated more than 7,000 tonnes of reef fish is consumed by the tourist resorts alone. With the projected 1.0 million tourists arriving by 2012 it is estimated that more than 12,000 tonnes of reef per year would be required by the tourist resorts alone. With the increase in local and overseas demand for reef fish, it is unlikely that the resource will be sustainable without an appropriate regulatory regime. Already there are signs of serious over-exploitation in many fisheries: reef sharks, sea-cucumber and groupers. Lobster may follow soon. The tourism sector can help the relevant Government agencies in their efforts to manage the reef fisheries resources; to monitor and enforce protected dive sites; to establish new marine protected areas; to better reporting of reef fishery consumption / purchases; to coordinate any pertinent research activities and finally to share the research results that resorts may conduct.



3.4.7 Increased Damage to and Degradation in Coral Reefs

Coral reefs are increasingly threatened from 'natural' and human induced disturbances: Natural disturbances such as global warming (e.g., increase in the incidence and frequency of flooding) anthropogenic disturbances such as those due to development related stress (e.g. need for harbour, channel excavation, coastal modification and reclamation). The unprecedented El Niño warming event destroyed over 90% of shallow water coral communities. Fortunately, many reefs are recovering though slowly, (e.g., reefs in Ari Atoll). Yet, their recovery may be hampered by the aforementioned human-induced stresses. To facilitate recovery and maintain the natural beauty of the coral reefs, an integrated reef management system is required.

3.4.8 Encourage the use of Renewable Sources of Energy (wind & solar)

The modern high-end resorts require large amounts of energy while all the electricity generated in the resorts is exclusively produced by diesel powered generators. With the rising price of diesel fuel, the production of electricity has become very expensive, making renewable energy sources an attractive alternative. The Government is also very concerned about the impact of global warming on sea level. Therefore, use of alternative sources of energy, in particular, renewable energy should be encouraged. Dhuvaaafaru Island that is being built under the Tsunami Recovery and Reconstruction Programme attempts to make use of wind and solar power to complement energy produced by diesel generators. The success of the project will be important in this regard. Furthermore, the use of solar and wind energy would help decrease the greenhouse gas emissions from the Maldives, and substantiate the Maldives' commitment to the Kyoto Protocol.

3.5 Community-based Tourism Analysis

Community-based tourism is defined as tourism that "centres on the involvement of the host community in planning and maintaining tourism development in order to create a more sustainable industry". Community-based-tourism implies respect and concern for the natural heritage, particularly where the environment is one of the attractions. Advocates of community-based tourism in the Maldives present the case in which such tourism would lead to promotion of culture and protection of heritage as tourists are often attracted to culture and heritage. Cultural and heritage tourism has not taken root in the Maldives despite the fact that the country rich in culture, heritage sites, and history.

Community-based tourism is expected to bring in greater economic opportunities to inhabited islands in the form of jobs and other gainful activities generated as a result of tourist demand. More importantly, setting up resorts closer to inhabited islands would facilitate Maldivians to seek and remain in employment in resorts and hotels, while maintaining a family and living in their own homes. Women too would find it attractive to seek employment in tourism if resorts are situated closer to their home communities. However, impediments do exist that need thoughtful consideration before formulating a policy to develop community tourism in the Maldives. Such impediments include the following:

3.5.1 Policy on Development of Resorts on Uninhabited Islands

The current policy is geared towards locating tourist resorts on uninhabited islands. This policy has been effective in limiting the influence of tourism on local communities. Additionally, resorts built on isolated islands have supported branding Maldives as a high-end and upmarket destination. It is widely believed

that if Maldivian communities are allowed to run tourism enterprises on inhabited islands, then the quality and standard of the tourism product of the country would decline. Any new policy that could potentially compromise the exclusive up-market tourism image of the country needs careful consideration.

3.5.2 Geography

It is believed that the smallness of its islands would pose a challenge to development of community tourism in the Maldives. Only few islands in the Maldives are larger than one square kilometre. Thus, limited land is available on inhabited islands for commercial purposes. However, few large islands exist where hotels could be built.

3.5.3 Community Willingness

Within the past two years, the community interest in setting up tourist hotels and resorts on inhabited islands has been growing. However, this interest has primarily come from community leaders. Community-based tourism does need wide-spread support of the community and, therefore, further study is required to obtain community view on the issue. While the benefits of community-based tourist establishments such as provision of jobs are obvious, many Maldivians may not want tourism to happen on residential islands because of the perceived negative socio-cultural impacts.

3.5.4 Negative Socio-Cultural Factors

Tourism as a social activity encompasses both negative and positive impacts on the host community. Such negative impacts include deterioration of host community culture, loss of amenities, demonstration effects, introduction of new diseases, growth in crime and restrictions on movement. Therefore, should the development of community-based tourism become policy, mitigation measures to limit the negative socio-cultural impacts must take centre stage. Involving community in the development of tourism, including setting regulations and standards for community-based resorts and hotels, is an essential strategy to minimize such negative impacts.

Community-based tourism would open several opportunities for gainful economic activities. Such activities do not have to be limited to positioning resorts on inhabited islands or communities. Immediate steps that could be taken to increase the benefit of tourism to local communities include:



3.5.5 Increasing Opportunities for Tourists to Visit Local Communities

As resorts are isolated from communities, excursions to inhabited islands have taken root in Maldivian tourism industry. Many island communities have developed tourist shops and other attractions, including specialized restaurants, to serve the tourists who visit their communities. However, tourist resorts have often times shown resistance to organizing such trips since resorts themselves operate tourist shops and other recreational activities. Therefore, tourist resorts need to be encouraged to organize more such excursions to inhabited islands. Similarly, island communities need to be encouraged to initiate attractions, cultural and historical sites, and activities that would lure the tourists.

3.5.6 Increased Involvement of Maldivian Women in Tourism

To optimize the employment opportunities for women in the tourism sector, the industry needs to create a conducive and appealing environment for women. This can be achieved through creating awareness and better family friendly working conditions for women in the industry. The perception that the tourist industry is a male-dominated industry also needs to be challenged. Provision of incentives or bonuses, in terms of either finance or holidays, or providing special accommodation for women, may also attract more women to join the industry.

3.5.7 Developing Cultural Attractions, Arts and Crafts

Along with sun, sea and sand, the local culture and heritage could become attractions for tourists if efforts are undertaken to do so. Development of cultural tourism could be achieved through a gradual process whereby the Government and the tourism industry play their respective roles in promoting cultural tourism through continuous encouragement and engagement with island communities. Such engagements could lead to the development of cultural or historic attractions where applicable, and facilitate the creation of cultural experiences for tourists by island communities. The art and craft industry at present is heavily dependent on cheap imported items and, therefore, opportunity exists to support island communities to engage in the production of such items locally. Island communities would need micro-credit financing mechanisms by either the Government or the industry, to initiate such economic activities.

3.6 The Legal Framework: An Analysis of the Instruments and the Institution

The current procedures and arrangements for leasing islands and land for the development of tourist resorts and hotels are contained in the Maldives Tourism Act (Law No.2/99). The Maldives Tourism Act is the principal legislation that governs and regulates the leasing of islands for development as tourist resorts, the main terms and conditions of lease agreements and other aspects of the tourism industry in the Republic of Maldives.

3.6.1 Leasing Islands for Resort Development

The Maldives Tourism Act in its Article 5 prescribes the procedures to be followed in the leasing of islands for development as tourist resorts. Article 5 states that islands and land must be leased in a public tender to the best qualified bidder in accordance with pre-established procedures. An exception to this general rule is contained in the same Article for islands and land in which the Government of Maldives invests on its own or through joint ventures. The purpose of the

exception is to retain an option for the Government to attract parties that will make large investments that could promote and add advantage to the tourism industry of the Maldives as well as to promote investment in other sectors by providing opportunities in tourism to such potential investors. For example, if a foreign airline company sought to enter into a joint venture to own and operate a Maldivian airline, an island could be leased to them as an incentive or if an infrastructure investment is required for a strategic sector, the same could be done.

However, as of 2005, several changes have been brought to the bidding documents to simplify the evaluation and award criteria. The vigorous evaluation process that existed before has been replaced by a system whereby the evaluation is automatic and almost all bidders become the best qualified bidder and the winner is determined by drawing lots. Some of the safeguards to ensure the financial and management abilities of the bidders have been removed. The result is that if the lease of an island is awarded to a party that does not have the ability to raise funds to pay the initial rent payment, then such party is compelled to enter into an arrangement with a third party with the required financial capability.

3.6.1.1 Lease Agreement

The lease agreement for lease of islands for development of tourist resorts used by the Ministry of Tourism and Civil Aviation is an agreement that has evolved with time. The basic text originates from the first lease signed by the Government and even today some of the concepts and thinking from the very early days have remained in the agreement. Such concepts have not changed despite the changing circumstances of tourism in the Maldives. Such clauses relate to insurance (Clause 16), granting of rights and interests (Clause 19), emergency and public purposes (Clause 21), handing over of the resort (Clause 22) and termination of the lease. Another factor that is relevant in reviewing the existing lease agreements is the variations among the existing lease agreements. Some of the terms of existing leases have ceased to have effect by the force of the Maldives Tourism Act of 1999.

The Maldives Tourism Act requires the lease agreement to include provisions relating to the lease period, construction periods within the lease period and commencement dates, early termination of the agreement, lease rent and the manner in which lease rent is to be determined and paid, sublease and management contracts and breach of the agreement by the lessee. The same Act further determines the duration of lease periods, their extension, handing over of resort upon expiration of the lease and the consequences thereof.

3.6.1.2 Term of lease or lease period

General lease (25 years): The Maldives Tourism Act in its Article 8 states that islands and land must be leased for development as tourist resorts for a maximum period of 25 years, except in the case of investments exceeding USD10 million and investments by public companies.

Investments exceeding USD 10 Million (35 Years): The Act in its Article 9(a) provides that the Government may at its discretion grant the lease of an island for a maximum period of 35 years, if the initial investment made for the development of the resort exceeds USD 10 Million. However, there are discrepancies in the interpretation of the initial investment made on an island and the practice of the Ministry in granting leases for 35 years is varied and no consideration has been given to the discretion given to the Ministry to grant leases for periods between 25 years and 35 years depending on the amount of initial investment made. Further, Article 77(2) of the Constitution of the Republic of Maldives which stipulates that no part of the territory of the Maldives shall be leased or otherwise given possession of to a foreign person or party for a period exceeding twenty five years without the approval of the

People's Majlis, restricts the lease of islands to foreign companies and nationals wishing to make investments exceeding USD 10 Million.

Public companies (50 years): The Act in its Article 9(b) provides that in cases where an island is leased to a public company such island may be leased for a period of 50 years, provided that such public company meets the conditions stipulated in the Act. The requirements for public companies listed in the Act are that: the company be registered in the Maldives; the development and operation of tourist resorts be included as an objective of the company in its memorandum of association; all the shareholders of the company be Maldivian nationals; at least 50% of the shares of the company be sold to the public and that no more than 1% of the shares of the company publicly sold be held by any single shareholder except in the case of an investment company which is permitted to hold up to 5% of the shares sold to the public. The lease period of 50 years has not attracted any public companies and the reason seems to be the restrictive conditions imposed. It is believed that the requirement to sell 50% of the shares of the company to the public without any single individual shareholder owning more than 1% is not incentive enough for existing resort owners to go public in the interest of extending their leases to 50 years. Furthermore, questions are asked as to the financial ability of the general public to buy shares of existing resort owning companies. Public companies in the Maldives are yet to gain full confidence of the public.

3.6.1.3 Expiration of lease and compensation

The Act in its Article 11 states that upon expiration of the lease agreement of an island or land leased for development as a tourist resort or upon early termination of the lease agreement prior to the expiration of the term of the agreement, such island must be leased in the same manner in which new islands are leased. If such island is awarded to a party other than the previous lessee, then such party is required to pay the Government for the buildings and other property on the island within a period of one year from the Due Date of the lease. Such payment is to be made after making deductions for depreciation as determined by the Auditor General and the previous lessee is to be compensated for the buildings and property on the island in the same manner, but within a period of two years.

3.6.2 Current Tourism Taxation and Tariff Regimes

The Maldives Tourism Act provides for lease rental, tourism/occupancy/bed tax and registration/licence fees as sources of direct income to the Government from tourism. The Law on Exports and Imports (Law No. 31/79) provides a comprehensive regime for import duties.

Lease Rental: Article 6 of the Maldives Tourism Act makes it mandatory for the lease rent, the manner in which lease rent is to be determined and paid to be stipulated in the lease agreement. The bidding process, bid evaluation criteria and the high marks awarded to the highest rent amount proposed have compelled bidders to propose very high lease rentals. Some continue to argue that this practice has made the Maldives expensive for tourists and might pose future problems to the industry. They further argue that such high rentals hinder obtaining finance for the development of resorts. In order to address the issue, the Ministry has in 2006 started to invite bids for the lease of some islands with fixed rents.

Tourism/Occupancy/bed tax: Tourism/Occupancy/bed tax is fixed in Article 35 of the Maldives Tourism Act. Currently, tourism tax is fixed as USD8.00 from each tourist per day of stay at a tourist resort, tourist hotel, and tourist guest house or tourist vessel.

Registration/Licence fees: The law provides for fees to be charged for registration of certain tourist establishments and for licences issued to such establishments. However, the fees charged for registration and licences are mostly one time levies and the amounts are not significant.

3.6.3 Review of the Tourism Act and Regulations

The Maldives Tourism Act (Law No. 2/99) was enacted in 1999 to provide for the designation of Zones for the development of tourism in the Maldives, leasing of islands for development as tourist resorts, leasing of land for development as tourist hotels and tourist guest houses, leasing of areas for development as marinas, management of such facilities, and the operation of tourist vessels, diving centres, travel agencies, and providers of such services. With the entry into force of this Act, the then prevailing two laws relating tourism, Law No17/79 (Law on Tourism in the Maldives) and Law No. 3/94 (Law on Leasing of Uninhabited Islands for the Development of Tourist Resorts) were repealed.

The Act contains provisions on leasing of islands for development as tourist resorts, basic terms and conditions for the lease of islands, the sale /transfer of lease rights to third parties, termination of leases, operation of tourist resorts, tourist hotels and tourist guest houses, tourist vessels, diving centres, travels agencies, taxation, and on miscellaneous issues including a duty to provide information to the Ministry of Tourism and Civil Aviation, power to exempt import duties on construction materials imported for building resorts, hotels, yacht marinas and authority to set standards of services at tourist facilities.

The Act provides the necessary basis for further codification of the law relating to tourism. However, many of the provisions of the Act are in need of revision to suit the prevailing circumstances. The Act does not contain provisions for new developments such as picnic islands and private islands. Flexibility is lacking in lease conditions and the Act does not provide for creative mechanisms for raising finance for present day tourism development.

3.6.4 Other Related Laws and Regulations

3.6.4.1 Current immigration and employment laws

There is no specific and separate Act dealing with immigration. The existing legislation deals with charging resident and visa fees from foreign nationals resident in the Maldives. Tourist visas are issued for three months on arrival.

Labour relations in the Maldives are presently regulated by regulations issued by the Ministry dealing with labour i.e. Ministry of Higher Education, Employment and Social Security. A comprehensive labour law has been drafted and submitted to the People's Majlis. The absence of a Labour Act is one of the main reasons for the unenthusiastic implementation and enforcement of labour regulations. Many employed in tourist resorts may not have employment agreement with their employers. This leads to arbitrary termination of employment by both the employee and the employer without proper notice, thereby causing substantial strain on human resource management.

3.6.4.2 Foreign Direct Investment Laws

Foreign investments in the Republic of Maldives are governed and regulated by the Law on Foreign Investments in the Republic of Maldives (Law No.25/79). Article 1 of the said Foreign Investment Act states that a foreign Government or a foreign national or body incorporated outside the Republic of

Maldives may invest in the Republic of Maldives in accordance with the said Act. According to Article 2 of the Act the nature and areas of any Foreign Investment that could so be made in the Republic of Maldives shall be decided by the Ministry of Tourism should the investment be tourism related and by the Ministry of Trade and Industries should it be in other sectors. Article 3 of the Act requires all foreign nationals investing in tourism to sign an agreement with the Ministry of Tourism and such agreement is to set out the terms and conditions and the manner of implementation of the investment scheme and programme.

Most foreign nationals and companies investing in the tourism sector are not aware of the existence of the Foreign Investment Act. The Ministry needs to strengthen the application of the Act to foreign companies that have leased or subleased or are operating or managing resorts and disseminate information on the foreign investment regime to the foreign companies and individuals providing services as operators of diving centres.

The need to review and revise the Foreign Investment Act to encourage and facilitate further direct foreign investments in tourism and to provide a secure regulatory framework for both the existing and potential foreign investors is acute and urgent.

3.6.5 Government Ownership and Partnership in Tourism Ventures

Islands are leased for development as tourist resorts by the Ministry of Tourism and Civil Aviation and the Ministry enters into and signs lease agreements with the lessees on behalf of the Government. Hence, the Ministry acts as the Lessor of the resorts and is the owner of all islands developed as tourist resorts. There is a clear distinction between the ownership of the property created on an island and the ownership of the island itself. This distinction or the nature of the transaction sets out the Ministry in partnership with the developer/operator of the tourist resort, to a certain extent putting into question the function of the Ministry as the regulatory authority of the tourism industry.

Although the Government does not own and operate tourist resorts as such, one island that came into Government ownership (Farukolhufushi, Male' Atoll) is leased to a private party to be operated and managed, and Nasandhura Palace Hotel in Male' is owned, operated and managed by the Ministry. The Government also has a substantial interest in Hulhule' Island Hotel, the land for which is leased by the Maldives Airports Company Limited.



The Government holds 45% share in the recently established Maldives Tourism Development Corporation (MTDC) Plc. The Ministry has allocated 15 islands to MTDC for development as tourist resorts. Many agree that the establishment of a public company to develop and operate tourist resorts is an important step towards increasing the involvement and participation of the general public in the tourism industry and to address the issues of social imbalances in the industry.

Companies in the Republic of Maldives are established and regulated by the Companies Act of the Republic of Maldives (Law No.10/96) and the Registrar of Companies/Ministry of Economic Development and Trade makes regulations under the Companies Act. The Ministry of Tourism and Civil Aviation is the regulatory authority for the tourism industry.

MoTCA has made efforts to review and revise the existing regulations. The regulatory framework needs further strengthening as new developments occur in the industry. In doing so, there should be broader consultations with the stakeholders apart from the consultations with the relevant Government agencies.

3.6.6 More Transparency in Island Leasing Arrangements

The Government has always made best efforts to ensure fairness in the leasing of islands for development as tourist resorts. Such efforts resulted in strict bid evaluation criteria and vigorous bid evaluation processes, at times not with the desired effects. The recent changes in the bid evaluation criteria and the evaluation process compromised the requirements of financial and management qualifications of the parties winning the bids for lease of islands. Hence, further review of the bidding process and winning criteria for the lease of islands is required to ensure greater fairness and capability of the winner to deliver the project.

3.6.7 Extension of Lease Periods

The current lease periods are inadequate to ensure large investments and to maintain quality of the resorts and the services provided during the entire period of the lease. Extension of lease periods is required to encourage large investments, to encourage foreign investors, and to maintain the quality of tourist resorts during the entire period of the lease.

However, better formulae need to be worked out to deal with resulting social inequalities in the areas of the distribution of wealth and investment opportunities. If lease periods are extended without addressing the social inequalities, future generations may be prevented from becoming owners/operators of tourist resorts considering the fact that the number of islands available for tourism development is limited. Encouraging and increasing the participation of public companies in tourism and providing the necessary incentives to public companies may be required prior to extending lease periods to justify the social concerns that would arise from such extensions. It is apparent that the majority of Maldivian resorts are controlled by a small number of individuals and families.

Increasing business and investment opportunities in other sectors of the economy would also assist in maintaining social harmony in a small community such as in the Maldives in a situation where a segment of the population might feel deprived of certain business opportunities as a result of lease extensions.

3.6.8 Transfer/Sale of Lease Rights

The Maldives Tourism Act by the force of its Article 12 and the corresponding clause of the lease agreement restrict the transfer of any rights under the lease agreement to a third party prior to completing the construction of the resort and commencing the operation of the resort. This has resulted in delays in the construction of resorts and restricts and limits the ability of lessees to raise finance for development of resorts. It has further compelled lessees to enter into risky arrangements without proper legal protection with potential investors to raise finance for development. The recent relaxation of the restriction on transfer of rights before completing the construction and commencement of operations is clearly a step forward in easing the search for suitable potential investors.

3.6.9 Review and Amendment of the Maldives Tourism Act and the Lease Agreement

The Maldives Tourism Act and the lease agreement need to be reviewed and amended to facilitate further development of tourism in the Maldives. The Act may be reviewed taking into account the possibility of enacting several laws with each law dealing with a separate subject. For instance, an Act on Tourist Resorts, Hotels and Guest Houses, an Act on Tourist Vessels, An Act on Diving Centres, an Act on Tour Operators and Travel Agents, etc. may be more appropriate for efficient and comprehensive regulation of the tourism industry.

3.6.10 Tourism Taxation Reform

The tourism tax regime requires urgent amendments to encourage more and larger investments in the industry and to ensure that the Government revenue from the industry is commensurate with profits from the industry.

3.6.11 Improved Monitoring of Lease Conditions in Northern, Central and Southern Regions

The expansion of tourism to outer atolls would strain the limited resources of MoTCA. The Ministry is mandated to implement and to ensure compliance with lease agreements. In this regard, it is now time to consider the option of establishing two regional offices of MoTCA, one in the North and the other in the South. Another option to address the issue of monitoring compliance with lease agreements and trade standards may be to contract out such monitoring to Atoll Offices or to private companies.

3.6.12 A New Statutory Authority to Regulate Tourism Development and Enforce Tourism Laws

The present role of MoTCA as the regulatory authority for the tourism industry, and its functions as the owner and Lessor of islands leased for development as tourist resorts, and MoTCA's participation in companies engaged in tourist resort development and operation may compromise MoTCA's role as the regulatory authority. Hence, the establishment of a separate public/corporate entity for leasing islands and or participation in companies engaged in the development and operation of tourist resorts may have to be considered soon.

3.6.13 Policies for Institutional Strengthening, Governance and Democratization

The present decision making processes are substantially influenced by the leading entrepreneurs in the industry. Hence, mechanisms have to be established for broader consultations with the public at large in making decisions that are of national concern, such as the extension of lease periods. Mechanisms need to be established to facilitate the private sector and the public to participate in and contribute to the revision of Maldives Tourism Act and the regulations made under the Act.

- (a) *Co-operation and participation between public and private sectors:* Institutionalize a regular forum for the Government and industry to discuss industry related issues. Consider making it mandatory to consult the forum in making industry related decisions by the Government.
- (b) *The Role of NGOs/associations in the tourism industry:* The only active association playing a major role in tourism industry is MATI. The recently established association of travel agents (Maldives Association of Travel Agents and Tour Operators – MATATO) is yet to begin active functioning. Establishing new NGOs and industry associations such as divers association, water sports association etc. and enhancing their role would add considerable benefit to the industry.
- (c) *Participation of employees:* Currently there is little participation, if any, of employees in decision making in the tourism industry. A role and mechanism for the employees to participate in regulating and policy making, especially in making decisions that would affect their lives is crucial for increasing productivity and for ensuring the quality of service.

3.7 Infrastructure and Support Services Analysis

3.7.1 Airports

Although Male International Airport (MIA) can receive wide-bodied aircraft such as Airbus 340 and Boeing 747-300, it can hold up to a maximum of 5 such aircraft. The limitations of a single run-way at MIA are compounded by the intersection of the approach by sea planes. Capacity limitations in arrival and departure areas add to the constraints at the MIA.

In addition to the MIA, the industry is served by four domestic airports among which is the Gan Airport in Addu Atoll that is scheduled to commence operations as the 2nd international airport in November, 2007. The other domestic airports are the Hanimadhoo Airport; the Kahdhoo Airport; and the Kaadedhdhoo Airport all with about 1,220 m runways and small aprons.

The current capacity of MIA and the four domestic airports is insufficient to cater for the planned expansion of the tourism industry. International arrivals by air are expected to grow at an average rate of 8% per annum, reaching a total of 1 million in the year 2012. The Gan International Airport (GIA) is expected to receive directly 50% of the tourists destined for Addu Atoll, while the other half will transit in Male' and take on domestic flights.

As more resorts begin operations in the Southern Zone, the Gan International Airport will require extension of its runway to accommodate larger long haul flights. Likewise, a CIP lounge in the GIA will need to come in to cater for the up market clients.

The planned geographical expansion of the industry necessitates development of additional domestic airports, in addition to upgrading the Gan Airport to an international airport.

The Government's decision to develop ten new domestic airports in addition to the ones planned in Alifu Dhaalu and Lhaviyani atolls addresses the above-said need and integrates well into the spatial expansion of the tourism industry. These domestic airports are expected to become operational within the next two to three years. Of them, selected airports must have refueling and engineering facilities. In addition to the sea-plane hub at MIA, two such hubs also need to be developed, one in the South and one in the North. The development of a hub at Gan Airport to coincide with the airport going international in November 2007 is, perhaps, more urgent, in this respect.

Similarly, urgent upgrading and improvement of the facilities at the MIA is equally important to keep up with the demands of growing passenger traffic. A CIP lounge and better all-weather passenger movement facilities must be made top priorities of the competent authorities.

The Airport Master plan that is in the final stages of formulation consists of several important steps essential to cater for the increase in passenger traffic forecast in this 3rd Tourism Master Plan.



3.7.2 Marine-transport, Storage Facilities and Distribution Logistics

Supply of construction material for the new resorts has already strained the capacity of seaports and storage facilities. Yet, the demand for resort construction material is expected to continue to grow over the next two to three years as more islands are designated for resort development. Furthermore, the opening of new resorts is expected to double the international freight. Hence, the planned development of regional ports and their proper functioning are urgent requirements to meet the constructional and operational needs of the expanding tourism industry. The future supply needs will also require the development of distribution centres for construction material and the creation of additional cold/dry storage facilities for provisions and bunkering at Male' and Gan International airports, at domestic airports and at other strategic locations.

An organised regular marine transport network connecting resorts and population centres will have to be in place to facilitate medical and other emergency evacuations and to cater for the movement of labour, supplies and to meet other logistical needs. The Transport Master Plan must have an integrated approach and must address these needs.

3.7.3 Other Capacity and Infrastructure Constraints

Given the role sea plane operations play in the transfer of tourists, and its inability to operate night flights, it will be important for the domestic airports to have night operation capability to handle to-and-fro transfer movements of tourists. In situations of medical and other evacuation, such capability can make the difference, and improve the confidence of the tourists in the destination.

3.7.4 Information and Communications Technology

According to information published by the Telecommunications Authority of the Maldives, 95% of the population has got access to mobile telephone service provided by Dhiraagu and Wataniya, in addition, to the 31, 937 fixed telephone lines in the country. All tourist resorts have fixed telephone line services in addition to internet services, as do all other business establishments in the country. The excellent communication facilities in the country open up great opportunities in e-marketing, e-booking and e-advertising for the industry. The industry must resort to e-methods of doing business and must encourage resort managements to train staff in e-methods of business.

3.7.5 Disaster Management Planning

The Asian tsunami that hit the Maldives and 12 other countries in the region on 26 December 2004, awakened the Maldives to the vagaries of nature. A joint assessment by the World Bank-ADB-UN System and the Government had estimated the total damage from the tsunami at \$470 million, which amounts to 62% of the Maldives GDP.

Following the tsunami, the UNDP prepared a report on disaster management strategy and plan for the tourism sector of the Republic of Maldives in August 2005. This report stressed the need for disaster management planning and the need for the Government and the Ministry of Tourism and Civil Aviation to establish a focal point for the industry in the event of a crisis. The report recommended that the Ministry of Tourism and Civil Aviation establish a Tourism Emergency Operations Centre (TEOC). Proceeding from the recommendations in the report, workshops were conducted to train resort/tourist

establishment managements to prepare their own Disaster Preparedness Plans. The Ministry must ensure that every resort has completed and submitted its DPP to the Ministry, and could require every resort/tourist establishment to have its own Disaster Response Team ready in place.

The absence of institutional structures within the Ministry is, perhaps, a hindrance to monitoring disaster preparedness in the industry. In this regard, a Tourism Crisis Management Unit needs to be established within the Ministry with a clearly identified mandate.

The TCMU may be tasked with conducting regular crisis management simulation exercises in resorts/tourist establishments in association with the MNDF, the Police, Health and Atolls Development Ministries.

The MoTCA, perhaps, also needs to review its resort construction regulations with a view to developing “safe resorts” following the “safe island” concept that is being pursued after the tsunami of 2004.

3.7.6 Construction of Marina Facilities

Given the natural beauty of its islands and the geographical location of the Maldives, there is great potential in making the Maldives a preferred port of call by cruising yachts. Not much effort seems to have gone into exploiting the potential here except for the only yacht marina on Island Hideaway at Dhonakulhi.

The marina and resort complex on Dhonakulhi Island has a capacity for berthing about 25 yachts and for accommodating 50 guests in 25 family sized beach bungalows.

The potential for marinas needs to be studied as it can prove to be an equally profitable business. Yachts traversing the Indian Ocean can be attracted to the Maldives with suitable marina facilities including bunkering, water and dry and cold provisions. The same study can be tasked with identifying suitable locations that can be leased for development of marinas through an appropriate tendering process.

3.7.7 Other Emergent Infrastructure Issues

As spatial expansion of tourism gains more momentum, medical emergencies reported indicate a pressing need for upgrading of health facilities in regional hospitals. The location and the accessibility of regional hospitals pose serious constraints in timely intervention by medical personnel in cases of medical emergencies. In this regard, there must be more integration between and among the Health Master Plan, the Transport Master Plan and the Tourism Master Plan.

The industry can also consider entering into arrangements with air ambulance service providers, particularly those based in the region such as International SOS, for emergencies that may require urgent medical evacuation abroad.

Diving accidents indicate the need for more decompression chambers as spatial expansion continues. Over 15% of the visitors to the Maldives are divers interested in the underwater beauty and curios of the Maldives. At present, there are four certified decompression chambers. More needs to be developed in strategic locations when tourism spreads to all atolls in the Maldives.



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SECTION FOUR – STRATEGIES AND ACTIONS

The “strategies” in this document are statements derived to achieve the vision and goals set out in this Master Plan. These strategies reflect the Government’s policy directions and would adapt to the changing scope, availability of resources and evolving conditions. The success of each strategy will be monitored during the Master Plan period.

Furthermore, specific actions designed to achieve the strategies are listed under the respective strategies. Each action includes a “due date” and a “performance measure” meant to measure the success of the action. The Ministry of Tourism and Civil Aviation will assume the lead role in ensuring that these strategies and actions are carried forward with the support and participation of the relevant Government agencies and other industry stakeholders.

4.1 Facilitate sustainable growth and increase investment in the industry, while enhancing public share of economic benefits from tourism

4.1.1 Improve investment climate to facilitate Maldivian and foreign investments

	Actions	Due Date	Performance Measure
1	Propose extension to the lease period of resort and hotel, through amending the tourism law, to attract and encourage investments, and reinvestments in the resorts and hotels	2007	Submission of the proposed changes to the tourism law to the Peoples’ Majlis
2	Propose a revision to the tourism law to provide a stronger incentive (in terms of lease period) for tourism companies to issue public shares in tourist resorts	2007	Submission of the proposed changes to the tourism law to the Peoples’ Majlis
3	Remove restrictions to transfer of any lease rights to a second party, prior to the development and commencement of the operation of resort or hotel	2007	Removal of the current clause from the lease agreements
4	Review and remove disincentives in resort tenders for foreign investors to participate in public tender of resorts	2007	Review and removal of disincentives for foreign investors to participate in tenders
5	Hold a biennial tourism development and investment conference with international participation, to show-case tourism products and investment opportunities in the Maldives and elsewhere	1 st Conference in 2008	Conference held



4.1.2 Increase public revenue from tourism through revising tax regulations and by increasing the supply of tourist beds according to projected demand

	Actions	Due Date	Performance Measure
1	Revise Tourism Law to achieve a more equitable tax regime	2008	Revision of Tourism Law
2	In view of the demand and supply estimates (Table 4.1.2.1), increase lease rent to the Government, by leasing of islands and land for resort and hotel development	2006 - 2011	Percentage increase in least rent revenue
3	Increase revenue from airport departure tax through increased number of passenger traffic	2006 - 2011	Percentage revenue increase from airport departure tax
4	Prepare the industry and create a mechanism to support implementation of the tax legislation	2008	Readiness of the industry for corporate tax, Number of awareness programs held
5	Through release of new islands and land for resort and hotel development, increase the supply of beds as depicted in Table 4.1.2.1	2006 - 2011	Number of new beds per year allocated and/or opened between 2006 and 2010

Table 4.1.2.1: Projections

Year	Estimated growth in Arrivals	Projected Percentage growth	No. of new beds required for the market	Total No. of beds	Projected % increase in beds
2006	601,923	-	-	20,064	-
2007	653,086	8.5	1700	21,770	1.0%
2008	711,864	9	2000	23,729	9.2%
2009	797,288	12	2800	26,576	14.2%
2010	908,908	14	4000	30,297	19.5%
2011	999,799	10	3000	33,327	6.5%
2012	1,099,779	10	3400	36,659	-

Variables:

8.5% growth (latest 10 years average growth, excluding 2005 & 2006)

8.1 days average stay

80% occupancy (natural average)

30 tourists per bed (average)



4.1.3 Retain economic benefits through improved linkages with economic activities of island communities

	Actions	Due Date	Performance Measure
1	Create a unit at MoTCA to identify, encourage and initiate resort-community partnership programs and projects	2008	Creation and functioning of the resort-community partnership unit
2	Conduct a base-line study to determine the level of linkages between tourism and other economic activities of island communities	2008	Completion of study
3	Identify, and initiate resort-community partnership programs and projects that would increase usage of local produce by resorts	2007	Identification of resort-community partnership programs and projects. Number of programs and projects initiated
4	Hold annual theme-based Multi-Sectoral Tourism Workshops to identify and discuss issues, challenges, and opportunities to enhance multi-sectoral linkages with tourism	2008 - 2011	Holding of annual workshops
5	Conduct a study to determine the effectiveness of the activities carried out during the Master Plan period to strengthen resort-community linkages in income generating activities	2009 - 2011	Completion of the study

4.1.4 Strengthen the collection and dissemination of economic and financial data related to the tourism sector

	Actions	Due Date	Performance Measure
1	In consultation with the Ministry of Finance and Treasury, design and conduct a biennial national tourism survey to gather economic and financial data of the tourism sector	2008	Design and implementation of the survey
2	In consultation with the Ministry of Finance and Treasury, publish a quarterly review consisting of key economic indicators related to tourism	2008 - 2011	Quarterly publication issued
3	Strengthen the Ministry of Tourism and Civil Aviation's ability to ensure timely collection and dissemination of data related to tourism	2008	Collection and Dissemination of Data



4.2 Increase employment opportunities and, open up opportunities for gainful public and community participation in the tourism industry

4.2.1 Promote careers in tourism for school and college graduates

	Actions	Due date	Performance Measure
1	Conduct school-based awareness programs on tourism and career opportunities in tourism	2007-2011	Number of Programs conducted
2	Monitor and enforce the implementation of the human resource development commitments in lease agreements	2007-2011	Number of Programs conducted
3	Review the quota system to provide for an increase in the number of Maldivians employed in Supervisory and Management positions of the industry	2008	Percentage of Maldivians in Senior Management positions

4.2.2 Increase awareness of the potential benefits of community-based tourism

	Action	Due Date	Performance Measure
1	Design and implement a nationwide, comprehensive awareness program on the benefits of tourism to atoll communities	2007 - 2008	Community-based tourism awareness program implemented
2	Conduct workshops at atoll levels to create awareness on how community-run tourism enterprises could be established	2007 - 2011	Tourism enterprise workshops conducted

4.2.3 Increase number and ratio of Maldivians participating in the tourism industry

	Actions	Due Date	Performance Measure
1	Conduct a study of opportunities (employment/self employment/small business start-ups) in the tourism industry for Maldivians at atoll/regional levels	2008	Atoll tourism opportunities identified
2	Disseminate information on opportunities in the tourism industry for employment/self employment/small business start-ups to island communities	2008 - 2011	Awareness programs conducted
3	Hold consultations to encourage resorts to establish scheduled transport services between resorts and inhabited islands	2008 - 2009	Transport services established
4	In affiliation with Ministry of Education promote tourism related vocational skills training at secondary schools	2008	Establishment of vocational skills training

4.2.4 Create an enabling environment to ensure a wider distribution and retention of the benefits of tourism among Maldivians

	Actions	Due Date	Performance Measure
1	Undertake island community-industry consultation on community-linked resorts and hotels on inhabited islands	2007	Community-based tourism action plan completed
2	Tender islands/plots of land in close proximity to population centres for resort/hotel development	2007 - 2011	Number of Resort/Hotels on islands

4.2.5 Promote heritage and cultural centres in Male' and inhabited islands

	Action	Due Date	Performance Measure
1	Support the National Centre for Linguistic and Historical Research in their initiative to develop the National Museum as a key tourist attraction in Male'	2008	Development of National Museum
2	In partnership with National Centre for Linguistic and Historical Research conduct a national audit of cultural and heritage sites	2008 - 2009	Conduct the audit in 2007
3	With community ownership develop and promote prominent cultural and heritage sites/buildings on inhabited islands as tourist attractions	2008 - 2011	Community-owned Heritage site developed as attractions
4	Recognize and facilitate performing arts from atolls and islands as a tourism business venture for communities in partnership with National Centre for the Arts	2008 - 2011	Number of performing groups in atolls
5	In partnership with relevant Government agencies and banks facilitate micro credit financing to encourage start up of "cultural centres" as tourist attractions in islands	2008 - 2011	Number of loans and number of projects

4.2.6 Establish greater backward linkage with fishing and agriculture

	Actions	Due Date	Performance Measure
1	Conduct a workshop/seminar with resort operators to determine constraints in the purchase of fish and agricultural products from producers in islands and ways and means of addressing such constraints	2007	Supply constraints identified 'Buy Local' Program conducted
2	In partnership with Ministry of Fisheries, Agriculture and Marine Resources provide technical assistance to farmers of agricultural islands to increase the quantity of produce for supply to tourism establishments	2008 - 2011	Assistance programs developed



4.3 Develop and maintain supporting infrastructure required for the growth of the tourism industry

4.3.1 Enhance the national air-transport network by improving existing airport facilities and developing additional domestic airports to serve the needs of tourism expansion

	Action	Due Date	Performance Measure
1	In partnership with airports ensure that re-fuelling, emergency facilities, safety measures, and additional support facilities for aircrafts are developed in parallel with the expansion of tourism industry and related air transport	2007 - 2011	Flight operational requirements met
2	Facilitate setting up of sea-plane hubs in the Southern and Northern Zones to cater for the increasing number of resorts and hotels in these regions	2007 - 2011	Zone-based seaplane operations established
3	With private participation, facilitate the development of additional 10 domestic airports, to match the geographical expansion of the tourism industry	2008 - 2011	Domestic airports developed

4.3.2 Ensure that needs of all airport users are met in a timely and cost effective manner

	Action	Due Date	Performance Measure
1	Upgrade airport infra-structure to allow all-weather uninterrupted passenger movement	2008	All-weather infrastructure established
2	Improve the existing customer facilities at Malé International airport and regional airports	2008	Customer service at airports improved
3	In partnership with Male' International Airport advocate CIP facilities and establish parking facilities for private jets on Male' International Airports	2008	CIP and private jets parking facilities established

4.3.3 Expand the capacity of Gan International Airport to accommodate growth in the Southern Zone

	Action	Due Date	Performance Measure
1	Ensure extension of runway, within the next three years, to meet the needs of air-capacity expansion in view of the projected passenger traffic	2008 - 2011	Runway extended as required
2	Ensure upgrading of the GIA terminal, within the next three year period, to accommodate projected increase in passenger traffic	2008 - 2009	Terminal expansion completed
3	Facilitate the development of a sea-plane base in Addu Atoll to meet the needs of Southern Zone expansion	2008 - 2009	Sea-plane base developed

4.3.4 Upgrade Hanimaadhoo Airport to accommodate tourism growth in the Northern Zone

	Actions	Due Date	Performance Measure
1	In partnership with relevant Government authorities, conduct a study to upgrade Haa Dhaalu Hanimaadhoo domestic airport to facilitate Northern Zone expansion	2008	Study conducted
2	Facilitate the development of a sea-plane base in Hanimaadhoo to meet the needs of Northern Zone expansion	2008-2010	Sea-plane base developed

4.3.5 Enhance the national marine-transport network, storage facilities, and distribution logistics for the tourism industry

	Action	Due Date	Performance Measure
1	Identify the cargo and staff transport needs of the tourism industry over the next five years, and ensure that these needs are sufficiently addressed within the national marine transport network that has been initiated	2007 - 2011	Male' and Southern network established Male' and Northern network established
2	In partnership with resorts, facilitate the development of community island to resort transport systems to facilitate movement of staff and local produce	2008 - 2009	Appropriate infrastructure and support services developed on the required islands
3	Advocate and encourage establishment of cold/dry storage facilities at Male and Gan International Airports, Hulumale', and regional airports, and other strategic locations to cater for the needs of the tourism industry	2008 - 2011	Facilities established

4.3.6 Further development of harbour facilities for bunkering of safari vessels

	Action	Due Date	Performance Measure
1	Facilitate the development of an appropriate harbour for live-aboards close to the Male' and Gan International Airports with supporting facilities that includes fuel storage, water, food, and other supplies	2008	Service provided
2	Improve existing harbour services by providing access to fuel, water provisions	2009	Facilities in harbours
3	Develop harbours with bunkering facilities strategically across the country	2008 - 2011	Facility developed and in operation

4.3.7 Introduction of emergency evacuation, transport and communication infrastructure for resorts

	Action	Due Date	Performance Measure
1	Conduct an audit to establish the emergency evacuation and communication infrastructure capacity	2007	Audit completed
2	Integrate resorts into the National Disaster Management Centre evacuation plan	2007 - 2008	Integration of resorts to evacuation plan

4.3.8 Encourage public and private sector investment in tourism infrastructure and development projects

	Actions	Due Date	Performance Measure
1	Identify infrastructure projects related to tourism that are appropriate for private and public-private investments	2008 onwards	PPP infrastructure projects identified
2	Conduct feasibility studies of projects identified for public or public private partnerships and tender such projects to facilitate private and public-private investments	2008	PPP project feasibility studies completed
3	Raise public awareness regarding the benefits of private and public-private partnership in tourism	2007 onwards	Number of awareness activities conducted

4.3.9 Strengthen the preparedness of the tourism industry to resort-specific crisis and industry-wide disaster situations

	Action	Due Date	Performance Measure
1	Establish a Tourism Emergency Operation Centre (TEOC) to respond effectively to any industry-wide disaster, with National Disaster Management Centre and all other relevant authorities	2008	TEOC established
2	Establish the Tourism Crisis Management Unit to study and collaboratively implement policies, procedures and programs required to maintain high level safety standards and responsiveness to crisis and emergencies in the sector	2008	Tourism Crisis Management Unit established
3	Establish Disaster Response Team (DRT) at Resorts and other tourism related establishments	2008 - 2009	DRTs established by September 2007
4	In partnership with MNDF, Police, Health Facilities and other stakeholders, develop a program of regular crisis management simulation exercises at resorts and at all tourism-related establishments	2008 - 2011	Crisis management simulation exercises formulated

4.3.10 Optimize the operation and utilization of Information and Communications Technology (ICT) for smoother operation of tourism and other related establishments

	Action	Due Date	Performance Measure
1	Facilitate the provision of high-speed internet connection to all tourist facilities	2008 - 2011	Internet speed and accessibility
2	Advocate and facilitate the provision of mobile phone and internet access to live-aboard, across the span of operation within Maldives	2008 - 2011	Internet speed and accessibility

4.3.11 Upgrading of central and regional hospitals and atoll medical facilities to provide medical care at standards acceptable to international health insurance providers who provide insurance for tourists.

	Action	Due Date	Performance Measure
1	Hold an international health insurers consultation to determine acceptable standards of medical care required for their clients	2008	Number of medical facilities awareness programs held
2	In partnership with Ministry of Health, raise the standard of medical care available at central and regional hospitals and atoll medical facilities, to cater for the expansion of the tourism industry	2008 - 2011	Emergency facilities and services tested and approved

4.3.12 Strengthen surveillance and security for the safety of all tourists

	Action	Due Date	Performance Measure
1	Conduct public awareness regarding the indispensability of maintaining national safety, security and public law and order to tourism development	2008	Number of awareness programs conducted
2	Create an annual forum for national security stakeholders and tourism industry to discuss and identify safety and security issues that relate to tourism industry	2007	Register established
3	Require hiring, on-going training and certification of security staff at resorts and tourism-related establishments	2008 - 2009	Numbers of staff trained and hired
4	Regulate safety and security audits and simulation exercises at all resorts and other tourist establishments	2008 - 2011	Number of staff trained

4.4 Ensure environmental sustainability in development and operation of all tourism products, and strive for global excellence in environmentally-responsible tourism**4.4.1 Strengthen the environment regulatory regime pertaining to tourism related products and facilities**

	Actions	Date	Performance Measure
1	Issue environmental regulations for live-aboard vessels (safari vessels)	2008	Draft regulations completed
2	Issue environmental regulations for hotels and guest houses	2008	Draft regulations completed
3	Strengthen standards for sewage and waste water disposal for all tourist establishments	2008	Standards established

4.4.2 Promote environmental conservation through marketing and awareness programs

	Actions	Date	Performance Measure
1	Recognise environment friendly initiatives by tourism service providers and use such initiative in destination promotion	2007 - 2011	Monitor environmental programs of resorts
2	Showcase the diversity and fragility of the Maldives marine environment in marine and dive fairs	2007 - 2011	Promotional activities held
3	Promote environment research based tourism to niche markets such as marine biologists, scientists and researchers	2007 - 2011	Promotional activities held
4	Organise an international seminar on environmentally sustainable tourism	2009	Seminar held

4.4.3 Strengthen environmental monitoring of coral reefs, dive sites and marine protected areas

	Actions	Due date	Performance Measure
1	Conduct health checks of resort house reefs in partnership with resorts	2007 - 2011	Health checks of resort house reefs conducted
2	Conduct health checks of dive sites in partnership with site users	2007 - 2011	Health checks of dive sites conducted
3	Conduct health checks of marine protected areas in partnership with Ministry of Environment, Energy and Water and other stakeholders	2007 - 2011	Health checks of marine protected areas conducted

4.4.4 Encourage and facilitate resorts to implement Environment Management System [EMS]

	Actions	Date	Performance Measure
1	Conduct EMS familiarisation workshops in association with Ministry of Environment, Energy and Water	2008 - 2011	Number of EMS systems implemented
2	Identify EMS resorts in destination service provider listings	2008 - 2011	EMS resorts listed

4.5 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

4.5.1 Identify and encourage innovative product development to enhance product diversity and strengthen the market position of the Maldives tourism products

	Actions	Due Date	Performance Measure
1	Conduct an annual product and market analysis that reveal product profile and market segments, and product utilization, and opportunities for new product developments	2008 - 2011	Completion of analysis
2	Review and bring appropriate changes to the existing resort building regulations to further facilitate innovative resort designs	2008 - 2009	Revision of building regulations
3	Study the potential and facilitate the development of innovative products such as: (1) water-based theme parks, (2) atoll-based cultural centre, (3) training resort, (4) community-linked resorts on inhabited islands, (5) family resorts (6) tourist shopping complexes	2007 - 2011	Study conducted and innovative projects implemented
4	Lease land to develop hotels in close proximity to international and domestic airports	2007 - 2011	Number of Land leased

4.5.2 Strengthen co-ordination of marketing activities with the tourism industry

	Actions	Due Date	Performance Measure
1	Develop the annual destination marketing plan with broader consultation and input from the industry	2007 - 2011	Preparation of annual marketing plan with broader industry consultation
2	Implement the marketing plan with quarterly consultations with the industry	2007 - 2011	Completion of quarterly consultation with stakeholders in implementing marketing plan.

4.5.3 Maintain a steady increase in tourist arrivals by continuing to market the Maldives in traditional markets and marketing aggressively in new and emerging markets

	Action	Due Date	Performance Measure
1	Develop a 3 Year Strategic Marketing Plan in accordance with new product development	2008	Strategic Marketing Plan Developed
2	Facilitate promoting, networking and selling opportunities for the industry partners at target markets by taking part in appropriate trade and consumer exhibitions and fairs, road shows, workshops	2007-2011	List of selected events and participation in them
3	Enhance the existing promotional literature in market-specific languages to make them more effective in various geographic, demographic, and special interest market segments	2008	Promotional material produced / published
4	Produce new promotional literature for target markets with updated information and reflection of new tourism developments	2008-2009	New Literature published

4.5.4 Promote Maldives in affiliation with strategic international travel-trade partners

	Actions	Due Date	Performance Measure
1	Continue to identify and implement appropriate joint marketing activities with travel trade partners	2007-2011	Number of co-operative marketing activities and the increased sales
2	Conduct a biennial workshop with the participation of travel partners to identify weaknesses in promotional activities and improve on them	1 st workshop in 2008	Number of workshops held and documented report for the next workshop

4.5.5 Optimise the use of Information and Communications Technology (ICT) in tourism marketing and promotion

	Action	Due Date	Performance Measure
1	Conduct biennial training workshop for industry stakeholders on current international trends, techniques and strategies in using ICT in product marketing.	1 st workshop in 2008	Annual workshops on electronic marketing conducted
2	Facilitate the development of an internet booking system in partnership with industry stakeholders (travel agents, operators and resort and hotel owners) at Maldives International Airports	2008	System in place
3	Provide a platform for the industry to advertise their products through MTPB's website by introducing a Members Area on MTPB's website	2007	Monthly monitor of Internet presence of Maldives

4.6 Continue to strengthen the legal and regulatory framework and the institutional capacity of the Ministry of Tourism and Civil Aviation

4.6.1 Strengthen the legal regime to address emerging issues in the industry

	Actions	Date	Performance Measure
1	Draft and submit airline passenger rights bill to the Parliament for consideration	2007	Airline passenger rights bill submitted
2	Draft and propose legislation to create Civil Aviation Authority	2008	Civil Aviation Authority created
3	Propose amendments to the Tourism Act to increase lease period of resorts and hotels	2007	Tourism Act reviewed Revisions bill prepared
4	In consultation with the Ministry of Economic Development & Trade introduce antitrust law/antimonopoly law to Maldives	2008	Antitrust Law/antimonopoly Introduced
5	Review the Foreign Investment Act/Regulations to identify and address disincentives for FDI in tourism	2008	Foreign Investment Act/Regulations reviewed
6	Host stakeholder consultations to identify revisions required in tourism – related legislations and regulations	2009	Review Regulations

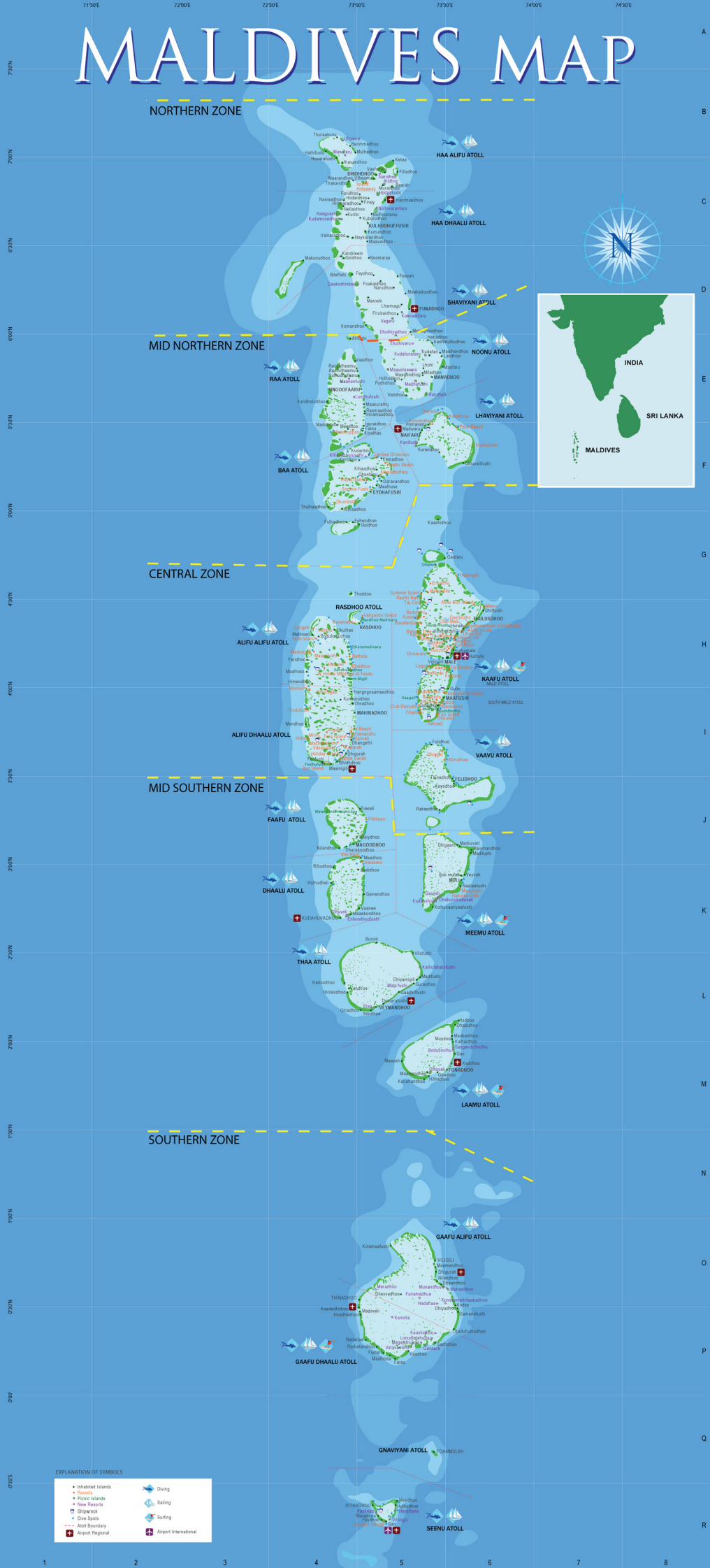
4.6.2 Strengthening governance and democratization in the tourism industry

	Actions	Date	Performance Measure
1	Identify and provide a public – private sector consultation mechanism for policy issues in the tourism industry	2008 - 2011	Mechanism established
2	Identify and establish a mechanism to address and resolve labour grievances and disputes in the industry	2007	Mechanism established
3	Promote participation of NGOs/associations in the tourism sector	2008	Number of NGOs associations established

4.6.3 Strengthening the institutional capacity of MoTCA

	Actions	Date	Performance Measure
1	Review and rationalise the existing organisation structure of MoTCA	2007	MoTCA structure revised
2	Strengthen the MoTCA's capacity to advocate employment in tourism, and address human resource needs of the industry	2007 - 2011	Number of new employees
3	Strengthen the Ministry of Tourism and Civil Aviation's capacity to ensure appropriate collection and distribution of data	2008	Collection and distribution of Data
4	Establish a Northern Zone office and a Southern Zone office of MoTCA to monitor compliance of resorts/hotels with tourism laws and regulations	2008	Northern and Southern Zone offices of MoTCA established
5	Train and certify a pool of inspectors to support MoTCA's monitoring of tourist establishments	2008 onwards	Number of inspectors trained and inspections carried out
6	Establish a South Asian Institute for Tourism Research and Development (possibly within the SAARC framework)	2010	Proposal submitted to appropriate agencies of the Government

MALDIVES MAP



ANNEX – A

Project Steering Committee

Ministries / Agencies

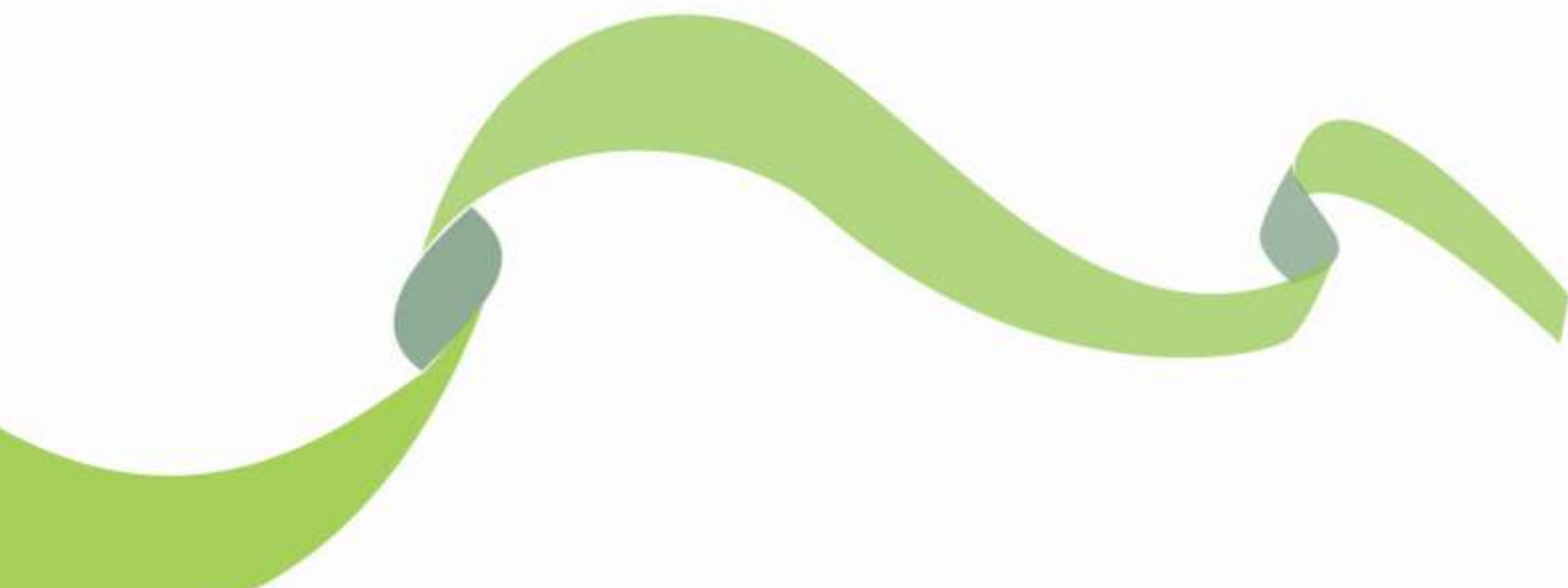
Ministry of Tourism & Civil Aviation
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 Ministry of Tourism & Civil Aviation
 Ministry of Planning & National Development
 Ministry of Transport & Communication
 Ministry of Defence & National Security
 Ministry of Economic Development & Trade
 Ministry of Environment, Energy & Water
 Ministry of Higher Education, Employment & Social Security
 Ministry of Health
 Ministry of Finance & Treasury
 Ministry of Atolls Development
 Maldives Police Service
 Maldives Airports Company Ltd.
 Maldives College of Higher Education
 Ministry of Fisheries, Agriculture and Marine Resources

Representatives

Mr. Abdul Hameed Zakariya
 Mr. Mahmood Razee
 Dr. Abdulla Mausoom
 Mr. Ahmed Mohamed
 Mr. Ahmed Wajeeh
 Mr. Ahmed Shahid
 Mr. Yoosuf Riza
 Mr. Amjad Abdulla
 Mr. Mauroof Ahmed
 Mr. Ahmed Af-aal
 Mr. Ibrahim Waheed
 Mr. Mohamed Farooq
 Mr. Abdulla Riyaz
 Mr. Mohamed Shareef
 Ms. Mariyam Noordeen
 Dr. Abdulla Naseer

Terms of Reference of the Project Steering Committee

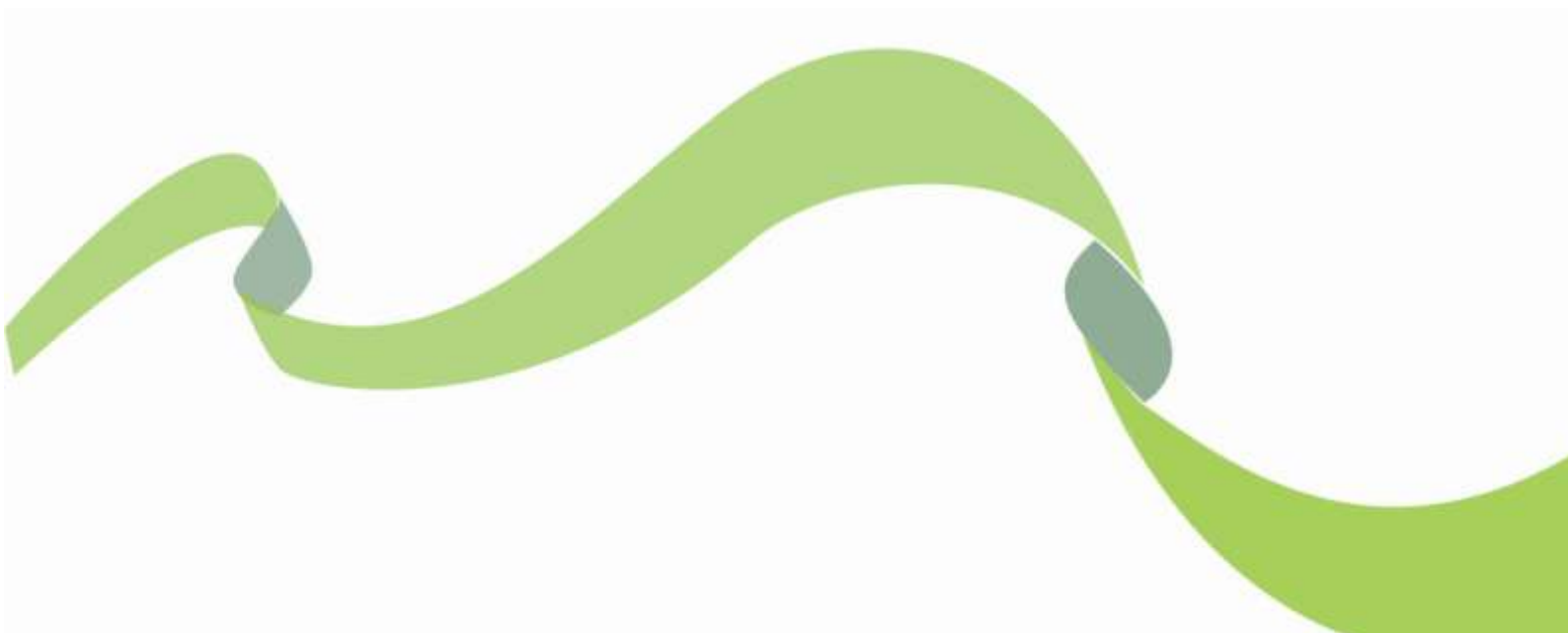
1. Provide overall guidance and direction to the Chief Technical Expert and the Technical Team on all aspects of the TTMP.
2. Provide feedback on the project Inception Report, the Draft and the Final TTMP.
3. Inform the Technical Team of developments in their respective areas of responsibility that are relevant to tourism and the TTMP.
4. Provide the Technical Team with relevant documentation that can be used to develop the TTMP.



ANNEX – B

Chief Technical Expert and Technical Team

Professor Jack Carlsen Sustainable Tourism Development Consortium Australia	Chief Consultant
Dr. Mohamed Munnavvar (Hasankaarige, Male')	Tourism Institutional & Legal Specialist
Dr. Mohamed Shiham Adam (Em'boo, Male')	Environmental Consultant
Ms. Agisa Abdullah (Rafeeguge, Male')	Tourism Marketing & Promotion Specialist
Mr. Mohamed Amjad (Male'Hiyaa 2, 11-04, Male')	Human Resources Development Expert
Mr. Arif Abdul Samad (Alamage, Kendhoo)	Community-Based Tourism Planner
Ms. Fareeha Shareef (Yellow Rose, Male')	Tourism Economist & Investment Expert
Ms. Athifa Ibrahim (Male'Hiyaa 2, 11-04, Male')	Environmental Consultant



ANNEX – C

Project Coordination Team

Ministry of Tourism & Civil Aviation/Maldives Tourism Promotion Board

Dr. Abdulla Mausoom	<i>Director General/MTPB</i>
Mr. Hassan Zameel	<i>Assistant Director</i>
Mr. Mohamed Farshath	<i>Assistant Director</i>
Ms. Suzana Thoufeeg	<i>Planning Officer</i>
Ms. Aminath Shaneez	<i>Planning Officer</i>
Mr. Ali Waheed	<i>Administrative Officer</i>
Mr. Mohamed Imdhah	<i>Planning Officer (Trainee)</i>

Layout and Design – Support Staff

Ministry of Tourism & Civil Aviation

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