



Data Collection Survey on Recovery of Tourism affected by COVID-19 in the Republic of Maldives

Volume 2

Maldives Tourism Recovery Plan

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Acronyms

BML	Bank of Maldives
EWT	Employee Withholding Tax
HACCP	Hazard Analysis & Critical Control Points
IFC	International Finance Corporation
IPT	Personal Income Tax
ISA	Income Support Allowance
JICA	Japan International Cooperation Agency
MATATO	Maldives Association of Travel Agents and Tour Operators
MBS	Maldives Bureau of Statistics
MCAA	Maldives Civil Aviation Authority
MCS	Maldives Customs Service
MED	Ministry of Economic Development
MOF	Ministry of Finance
MIRA	Maldives Inland Revenue Authority
MMA	Maldives Monetary Authority
MMPRC	Maldives Marketing & PR Corporation
MNPI	Ministry of National Planning, Housing and Infrastructure
MOT	Ministry of Tourism
NBS	National Bureau of Statistics of the Maldives
NCIT	National Center for Information Technology
SDFC	SME Development Finance Corporation
SME	Small and Medium Enterprises
SRM	Statistics Regulation of the Maldives
TIMS	Tourism Information Management System
TSA	Tourism Satellite Account
TSAM	Tourism Satellite Account of the Maldives
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNWTO	United Nations World Tourism Organization
WTTC	World Travel & Tourism Council

Executive summary

This present report about the tourism recovery plan for the Maldives is the second out of three reports within the framework of the project titled “Data Collection Survey on Recovery of Tourism affected by COVID-19” implemented with the support of Japan International Cooperation Agency (JICA) and the World Tourism Organization (UNWTO)

The global tourism industry is undergoing a massive transformation, since the beginning of the COVID-19 pandemic in 2020. New protocols for travel and tourism have been introduced to address hygiene and safety aspects during the pandemic. Established source markets have changed significantly for many destinations (especially the Chinese and US-American markets) as travel restrictions are continuously revised, resulting in an alteration of travel behaviour. Various tourism destinations around the world are working on strategies for repositioning and innovating marketing concepts, most often combined with a significant upgrade of the digitalization of statistics, services and booking facilities. Many small island developing states (SIDS) in the Caribbean and Indian Ocean had to acknowledge their dependency on international tourism severe difficulties, especially in 2020.

The Maldives was one of the first countries worldwide that introduced successful measures for opening borders implementing strict COVID-19 protocols. This competitive advantage has helped the island state to recover well in terms of arrival numbers in 2020 and 2021 in comparison to other destinations. However, the pandemic has also revealed challenges that the country’s tourism industry is facing.

The objectives of this report are to present the results of an in-depth assessment of key priority topics (such as HR and employment, marketing, sustainability, ICT readiness, and support to the tourism sector businesses, among others) as well as recommendations on how to overcome related challenges and issues supporting the sustainable recovery of the industry.

The analysis is backed with a detailed review of the past and present performance of the national tourism industry with a focus on the COVID-19 impact on businesses and employees. Tourism recovery measures that were taken by the Ministry of Tourism as well as other key stakeholders are presented in detail. Twelve key recovery strategic recommendations have been identified (built around a strategic logic as depicted in the chart below) with the objective of improving the Maldives tourism sector resilience and competitiveness. For each of the three pillars four key recommendations have been elaborated. At the end of each key recommendation, a table with key actions to implement (including leading implementation partner and a timeframe) is presented.

The tourism recovery plan

The proposed tourism recovery plan for the Maldives is directed towards enhancing resilience and strengthening the tourism competitiveness. Although the country has achieved excellent recovery figures (tourist arrivals) in 2020 and 2021 (due to a strong competitive advantage based on the COVID-19 travel measures introduced by the government) there are many elements along the tourism value chain which could be implemented to remain globally competitive. As other countries, particularly in Asia, are slowly opening their borders and easing travel restrictions again (e.g., Thailand), the Maldives will see strong competition in the short term. This is taken into consideration for all the recommendations that have been elaborated within the plan’s logic.

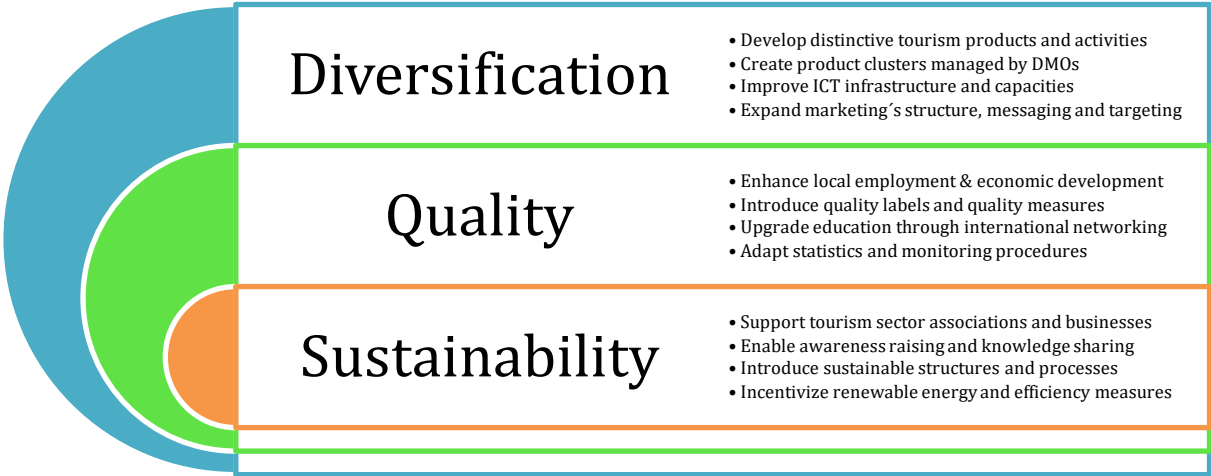


Figure 1: Pillars for enhancing resilience and strengthening competitiveness in the Maldives
 Source: Elaboration by the consultant

Pillar 1: Diversification

At present, the tourism market of the Maldives, especially source markets, products, and activities, is hardly diversified. The country depends very much on a small number of source markets of visitors interested in resort tourism. The tourism industry is very much dependent on resort product and its visitors. Moreover, the resort tourism product is overrepresented. The chart below shows the sales volume of resorts and guesthouses for the years 2016 to 2021. While the resorts had record sales for a total of US\$ 3.74 billion, the guesthouses had US\$ 39 million in 2021, representing a share of 1%. Moreover, the resort sales showed an increase of 10% with respect to 2019 while the guesthouse sector had a loss of -33% of sales within the same period.

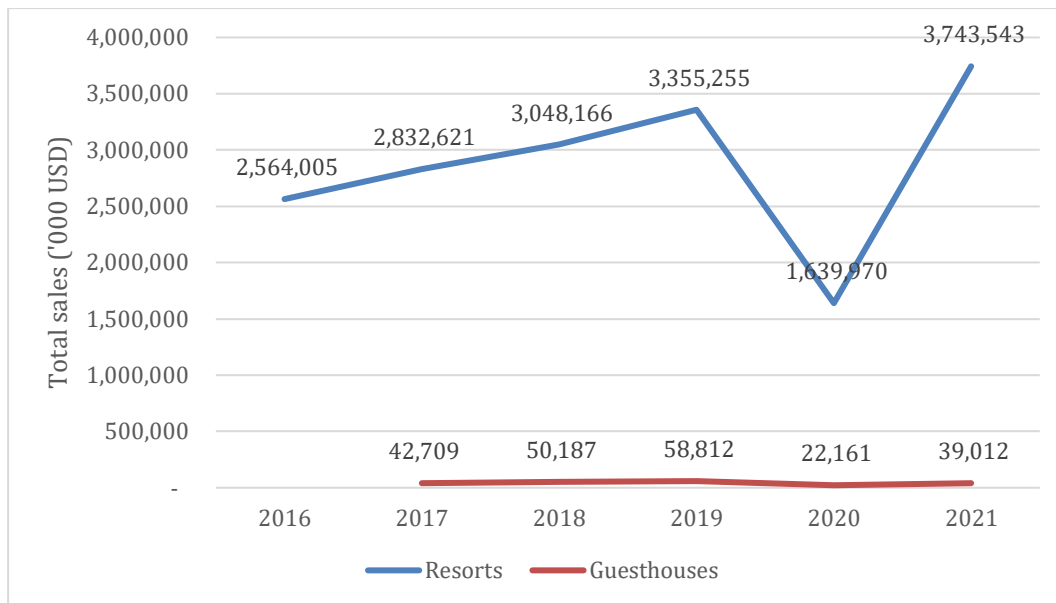


Figure 2: Sales of resorts and guesthouses 2016-2021
Source: elaboration based on data from MOT.

Based on the above it is recommended that **new tourism products enabling cultural, culinary, sport and eco-tourism activities** are introduced, particularly on inhabited islands. This shall lead to the creation of **product clusters** that are managed by regional **destination management organizations** for certain atolls.

The diversification of products around different geographical areas will attract a varied mix of visitors, in particular non-resort tourists, typically travelling to inhabited islands. Resorts will also benefit from the development of new products as their visitors will be able to make daytrips to experience certain attractions at nearby populated islands.

Individual travelers, in particular non-resort tourists, are very demanding all along the customer journey. This includes the pre-booking steps, online booking facilities, updated travel information and digital/cashless payment. Therefore, it is recommended to **improve ICT infrastructure and capacities** to cope i) with the travel behaviour of this group of tourists and ii) to keep up with the global technological transformation of the tourism industry. On the demand side, it empowers visitors to identify, customize, and purchase tourism products and services. On the supply side, it plays a critical role for the competitiveness of tourism organizations and destinations, providing tools for developing, managing, and distributing tourism products.

Marketing activities have a decisive role when it comes to promoting tourism to inhabited islands. A **strategic collaboration between the Maldives Marketing & PR Corporation (MMPRC) and the Ministry of Tourism (MOT), including the hotel and guesthouse sector,**

is recommended to ensure the successful integration of tourism to inhabited islands into the overall outstanding resort tourism concept of the Maldives. Moreover, it is recommended to **expand and continue the islands.mv project** within the Ministry of Tourism to create the leading, go-to website that provides up to date, local island information and details for all travellers to the Maldives.

Pillar 2: Quality

The Maldives is a tourism destination with established high tourism quality. Due to the envisaged goal of further growth of travellers, the country needs to enhance actions to achieve substantial numbers of trained personnel for the future economic prosperity and the wellbeing of its guests.

It is recommended to **enhance local employment and economic development** through the improvement of statistical data on HR, awareness raising about employment opportunities and bridging gaps between the local and international workforce.

Further **recommendations related to quality** are the introduction of a comprehensive **complaints management system**, the introduction of internationally recognized **quality labels** and the initiation of **support programs for women and youth** enabling inclusive growth (social sustainability and benefits for the local population) as well as environmental sustainability. The valorization of the Maldivian tourism related **educational institutions and its international networks** also play a critical role in regard to quality upgrade.

Additionally, the improvement of statistics and monitoring can significantly contribute to the overall upgrade of quality in the Maldives. Good **coordination between different actors is key** to coherent and efficient dissemination of data. Specific regular survey instruments, such as the biannual exit survey for international tourists, could be strengthened to overcome identified gaps and shortcomings. Data on the fast-growing guesthouse market - a government priority and a potential instrument for local development in more peripheral regions and a broader participation of the population in tourism benefits, is not of the same quality as data on the longer established resort sector. In a similar sense, regionally disaggregated data (on tourism, but also on other topics) is also scarce, and should be strengthened in light of the ongoing political and administrative decentralization process.

Moreover, measures are being proposed to overcome these shortcomings with the aim of **providing better and more information to support policymakers and managers in post-COVID-19 recovery**, and to elaborate sustainable tourism development strategies for long-term success of the industry.

Pillar 3: Sustainability

Social, economic, and environmental sustainability is a key indicator for successful tourism destinations. In order to ensure social sustainability in the Maldives, it is recommended that **potential conflicts of interest** between the local population and tourism businesses about fresh water, fishing and the availability of land are managed with care before it leads to severe issues. Recommended actions related to economic sustainability include the **active support to businesses and sector associations**. Various associations have not been active since early 2020 and lack in proper management, finance, and access to other key stakeholder groups within the industry. It is recommended that the MOT reaches out actively to the various associations, establishing **communication channels and information exchange platforms**, as well as appointing a specific association liaison officer for constant collaboration and update. The MOT needs the business associations for the implementation of their plans in product development, sector diversification, marketing, and positioning, as well as actions taken for the protection of the environment. The **introduction of awareness raising and knowledge sharing strategies and measures** will help in overcoming the present difficulties.

Tourism in the Maldives is very much dependent on the magnificent and sensitive natural environment. **Eco-friendly business policies and practices** shall not only be introduced but more importantly monitored, eventually with paying attention to the **Measurement of Sustainable Tourism (MST)** in the national tourism statistics and/or the installation of an **UNWTO-INSTO** (International Network of Sustainable Tourism Observatories) office.

The Maldivian tourism industry is heavily dependent on fossil energy resources. Each resort island uses fossil fuels to power its electricity. The same applies to local islands where hotels and guesthouses are operating. Fossil fuel prices are volatile, and it needs to be imported and paid for in foreign currencies. It is recommended that this dependency is reduced through the **introduction of the many innovative renewable energy opportunities**. In order to incentivize the operators to invest in sustainable energy supply, it is recommended that **taxes such as VAT and import taxes are reduced** if not totally cut on the hardware infrastructure, installation, and maintenance services. The same **recommendations apply to all equipment that ensures energy efficiency** for reducing the consumption of water and electricity. Further actions for the thermal insulation of buildings, irrigation systems, and the incentivized use of e-mobility vehicles (powered with renewable energy sources) shall be realized.

1 Introduction

The Maldives celebrates its golden year of tourism in 2022: 50 years of tourism since the first tourism resort opened in 1972. In the years 2020 and 2021 the Maldives have been awarded various prizes of the World Travel Awards to praise the successful re-opening of tourism activities in the framework of the COVID-19 pandemic. 167 island resorts are operating at the moment. 40 new resorts will be opening their gates by 2025 and another 40 structures have already received permission for construction beyond that year.¹ 805 guesthouses and hotels are currently registered by the Ministry of Tourism of the Maldives, and it is envisaged that many more will start operations in the next years. Tourism is the most important economic sector for the Maldives, generating more than two thirds of the national GDP.²

The COVID-19 pandemic has shown how much the country is dependent on its foreign visitors, and the Ministry of Tourism has reacted quickly. Thanks to the introduction of various measures with regards to opening the borders, monitoring, and controlling the spread of the virus, among others, the national tourism industry recovered well in comparison to many other destinations around the world.

The main objectives of the current report are to i) give a detailed overview of COVID-19 impact on the tourism sector, ii) analyse how the Ministry of Tourism and other key stakeholders reacted to recovery measures, iii) provide an assessment of the priority topics such as marketing, employment and HR, ICT readiness and sustainability, iv) and formulate recommendations on how the sector can best recover while keeping the destination Maldives highly competitive.

Methodology for data collection and analysis

The methodology of this study is based on the following activities:

- exchange of data and information with the Ministry of Tourism;
- around 20 online qualitative interviews with public and private key stakeholders;
- around 35 personal qualitative interviews with public and private key stakeholders;
- desk research and qualitative analysis of the conducted interviews;
- quantitative analysis of collected data;
- on-site assessment during the first mission of the consultants to the Maldives between January 29th and February 17th, 2022.

The report has been validated during a second mission of the expert team to the Maldives

¹ Source: Ministry of Tourism

² Ibid.

between May 22nd and May 31st, 2022. The key results and main recommendations were presented in front of the Minister of Tourism, Senior staff of the Ministry of Tourism, the MMPRC and other key stakeholders during a meeting in Male on May 23rd in Male.

1.1 Structure of this report

Chapter two provides an overview about the past, present, recovery phase and future of tourism in the Maldives. Since the Tsunami catastrophe that started in Indonesia which also reached the Maldives at the end of 2004, a steady and ultimately steep increase of tourist arrivals has been observed until 2019. The COVID-19 pandemic heavily impacted the national tourism industry in 2020, especially between the months of March and July when almost all flights were cancelled. The overall decrease of arrival numbers in 2020 was -67.4% with respect to 2019. A detailed analysis about the impacts on the supply side and on employees is further described. Due to the many interventions from the Ministry of tourism the decrease of arrival numbers in 2021 was reduced to -22%. A detailed study on the measurement of the current situation of the tourism sector is presented in Attachment 1.

An analysis of new plans and developments shows that the tourism supply will be steadily growing in the short to medium term. By 2025, the bed capacity shall reach a total of 50.000 in 207 island resorts. With regards to tourism on inhabited islands, a total of around 17.000 beds shall be offered by 1.000 hotel and guesthouse businesses.

Chapter three is a consolidated review of all COVID-19 related recovery measures taken by the Ministry of Tourism, other national Ministries as well as international donor agencies. The Maldivian government undertook various administrative and policy support measures for tourism industry recovery. This included the close collaboration of the Ministry of Tourism with private insurance companies offering comprehensive insurance packages to international arrivals, as well as a successful marketing campaign managed by the MMPRC. Efforts to provide safe travel conditions and the focus on the early vaccination of tourism employees also contributed to the positive results. 32% of all financial support funding from the government was dedicated to the tourism industry's most important elements, such as accommodation facilities and food services. Additional support programs were funded by international donors such as the World Bank, UNDP, the European Union, as well as UNWTO with funding from JICA.

To compare the tourism performance of Maldives during the COVID-19 pandemic, a benchmark study for tourism recovery measures has been carried out and is presented in

Attachment 2. The benchmarked countries (Seychelles, the Dominican Republic and Italy) were selected upon six distinctive criteria. The Maldives shows very good results with respect to the high vaccination rate among tourism sector employees and measures taken for travel stimulation. The government's decision to participate in the COVID-free corridors has allowed the Maldives to keep up with and even outperform their main competitors.

Chapter four contains the assessment of priority topics of the study. Presently, existing tourism products and activities are assessed with respect to those offered by island resorts and those available at inhabited islands. This is done because the main purpose of visit among resort tourists and other visitors differs substantially. A lack of activities for non-resort visitors, travelling around inhabited islands was detected. This also concerns the assessment of product clusters and missing destination management organisations which are usually managing tourism products in certain areas.

An assessment about the ICT readiness of the national tourism industry demonstrates the fact that there is low use of technology and a low rate of digitalisation among tourism businesses with regards to their skills and capacities, data collection, online booking facilities, applications, and payment solutions.

A detailed assessment of marketing activities covers digital marketing and its difference among resort tourism and tourism on inhabited islands. Moreover, the travel patterns and possibility of existing and potential source markets visiting the Maldives is analysed. This is followed by an assessment of the national media plan for making the work in tourism more attractive. Furthermore, the analysis covers the identification of most suitable source markets and core messages to motivate bookings.

The tourism value chain is assessed from a perspective of employment and quality looking at the topic of local employment and local economic development potential along the value chain. A gap analysis between the local and the international workforce is presented with a focus on gaps in education, salaries, motivation, and stability. Incentives to work in tourism for the local workforce are further assessed. Educational institutions and their networks, which are regarded as an important asset for quality in tourism, are analysed. This service quality in resorts and in guesthouses is subject of the following assessment.

In the framework of the present project, the structure, processes and institutional landscape of tourism statistics and data provision in the Maldives have been assessed.

Overall, the system of tourism statistics is solid and extensive, and key indicators are collected

regularly/continuously and made publicly available. A detailed assessment about statistics has been carried out in the component 1 report titled “Measurement of the current situation of the tourism sector”. (see Attachment 1) The present report on Tourism Recovery Plan refers to the results of component 1.

The support mechanisms for tourism SMEs are considered a priority topic and are assessed in the following, focussing on guesthouses, diving centers, tour operators and travel agencies, as well as on sub-sectors in the supply chain such as artisans and handicraft workshops. Agriculture and fisheries considered as indirect tourism sector businesses are also assessed. Incentives to stimulate travel such as the COVID-19 corridor, priority vaccination among tourism employees, and price policy are analysed.

With regards to the assessment of sustainability measures the analysis focuses on opportunities to reorient the tourism value chain towards sustainability. The analysis about sustainable consumption and production shows the potential social and economic conflicts of interest about fresh water supply, availability of land and fish. These potential conflicts are carried out among the population of inhabited islands and local tourism businesses.

The assessment chapter includes an analysis about the current use of renewable energy facilities and energy efficient tools. The environmental impact of tourism is further assessed primarily concerning issues with residual waste and wastewater management on inhabited islands.

Chapter five contains the detailed recommendations for the recovery approach of the Maldives following the same structure as chapter five. In this way, the reader can easily refer from the assessment to the recommendations and vice-versa.

Twelve key recommendations have been elaborated. At the end of each key recommendation, a table with key actions to implement (including leading implementation partner and a timeframe) is presented. These key actions can be interpreted as a guideline on how to implement the respective recommendation. The given timeframe for the recommendations concerns the necessary time of implementation with regards to short, medium, and long-term.

2 Tourism performance, vision, and scenarios in the Maldives

Tourism industry in the Maldives until 2019

Tourism in the Maldives started with the opening of the first island resort in 1972. The distinctive product of the “one island, one resort” model has been a significant success factor for the national economy since then. The figure below shows the arrival numbers from 2000 onwards. During the last two decades, there were only two periods of decreased arrival numbers which were linked to regional and global crisis. The tsunami that hit the islands in November 2004 affected the arrival numbers for 2005 severely. The global economic crisis that started in 2008 had overall smaller effects but still resulted in a decrease of arrival numbers in 2009. The highest record of arrivals was achieved in 2019 with more than 1.7 million arrivals.



Figure 3 International tourist arrivals to the Maldives 2000-2021
 Source: Maldives Tourism Yearbook, various years

The figure below shows the development of tourism since 1972 with the number of beds in all accommodation categories.

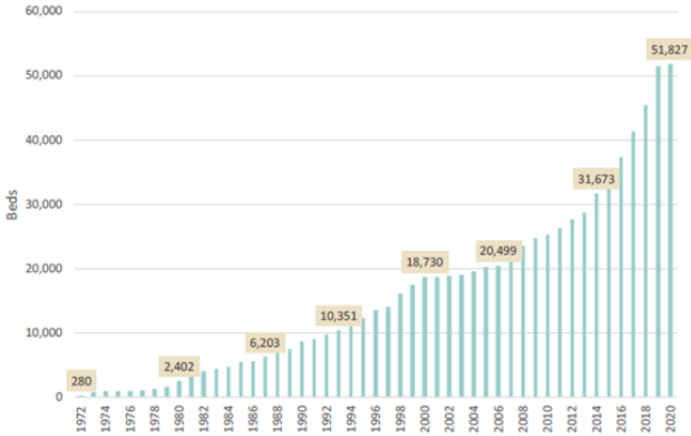


Figure 4 Tourist accommodation growth and capacity
 Source: Ministry of Tourism, MOT

The impact of the pandemic on tourism

As a tourism-dependent economy, the Maldives was severely affected by the COVID-19 pandemic. A relatively quick reopening of some subsectors of the industry (read: resorts), the introduction and communication of safety measures, a successful vaccination campaign

among tourism staff, and the fact that competing destinations stayed under lockdown for much longer, helped to enable a relatively quick partial recovery, although some subsectors, notably guesthouses on inhabited islands, were affected much stronger, and had to stay closed for much longer than others. This is also valid for other tourism service providers such as diving centers.

After years of remarkable growth rates, international tourist arrivals in 2020 dropped to approximately the level of the mid-2000s. Borders were closed for international visitors from 27 March until 14 July 2020. Overall, tourist arrival numbers in the Maldives decreased by -67.4% from 2019 to 2020. While significant, these numbers are both below the global average (-74.0%) and the average decrease in the region of Asia and the Pacific (-84.2%).

COVID-19 impacts on the supply side

On the supply side, the picture is more complex. During the lockdown and closure of the border for tourists, most businesses, including resorts, hotels, guesthouses, and vessels, halted their operations as well.

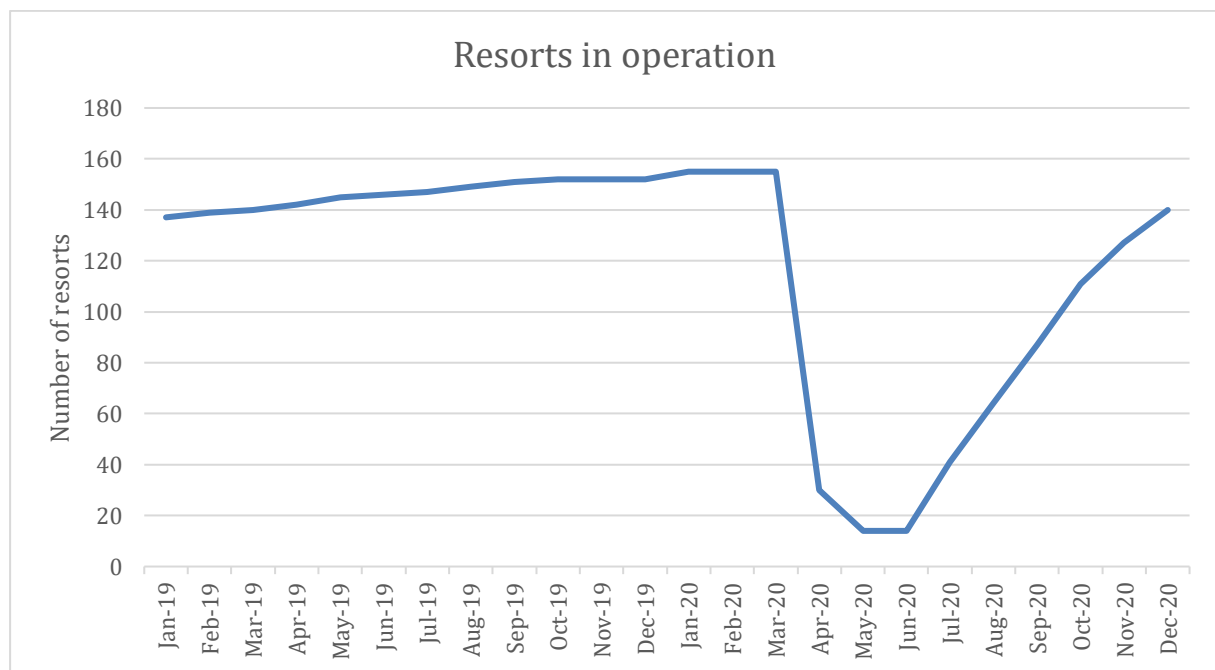


Figure 5: Number of resorts in operation 2019-2020

Source: MBS Resort Employee Survey 2020 with data from MOT

However, many resorts (as well as vessels) were able to reopen rather quickly after the reopening of the border in July 2020. The “one-island-one-resort” concept of Maldivian resorts allowed for implementation of effective COVID-19 mitigation measures and helped to build

trust among consumers. Guesthouses, on the other hand, were forced to stay closed for much longer periods since inhabited islands were put under strict lockdowns.³

The differences in impacts on the resorts and guesthouses sectors can also be seen when looking at total sales. While sales in resorts in 2021 (MRV 3,743,543,000) even surpassed pre-pandemic figures (MRV 3,355,255,000 in 2019), guesthouses have not yet recovered and total sales in 2021 (MRV 39,012,000) were still 33.7% below the figures of 2019 (MRV 58,812,000).

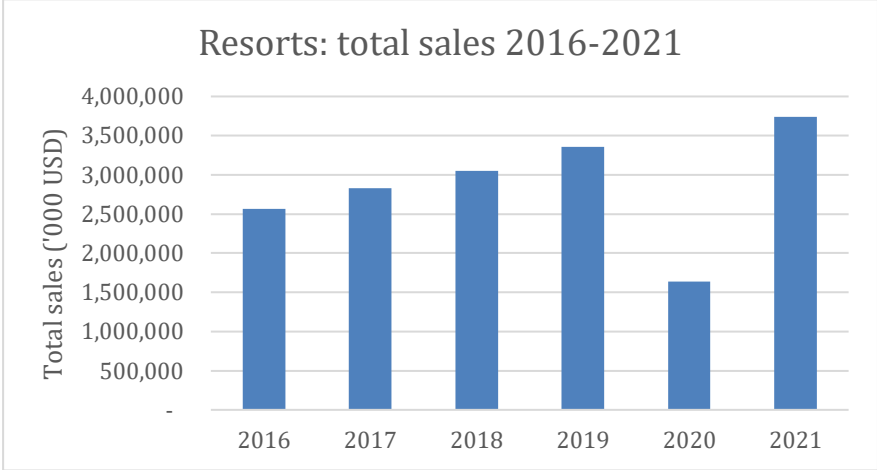


Figure 6 Total sales in the resorts sector 2016-2021
Source: Ministry of Tourism, MOT

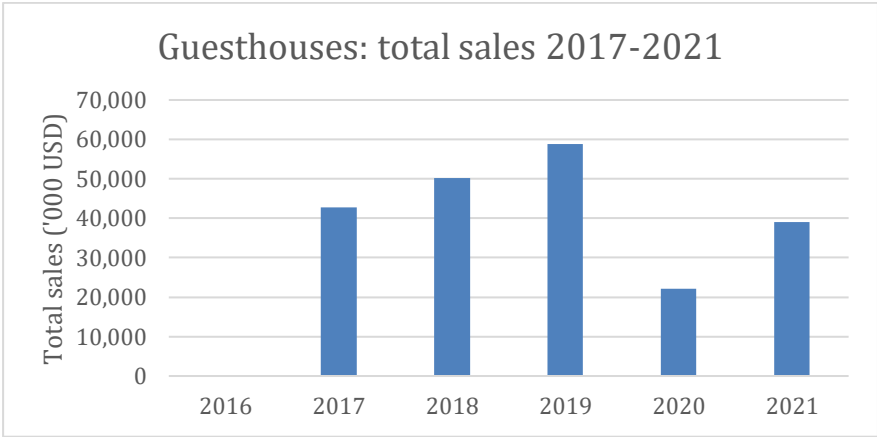


Figure 7 Total sales in the guesthouse sector 2017-2021
Source: Ministry of Tourism, MOT, no data for 2016

In addition, the development of revenue per bed night in guesthouses has stagnated over the past years (and slightly decreased by -5.1% between 2019 and 2021), whereas resorts even increased this indicator compared with pre-pandemic times – here, revenue per bed night in 2021 (USD 436.2) was 15.2% higher than in 2019 (USD 378.5).

³ See <https://visitmaldives.s3.amazonaws.com/KgrvXKqg/mggoe5ku.pdf> for a detailed overview of approved opening dates of licensed tourism facilities of different types.

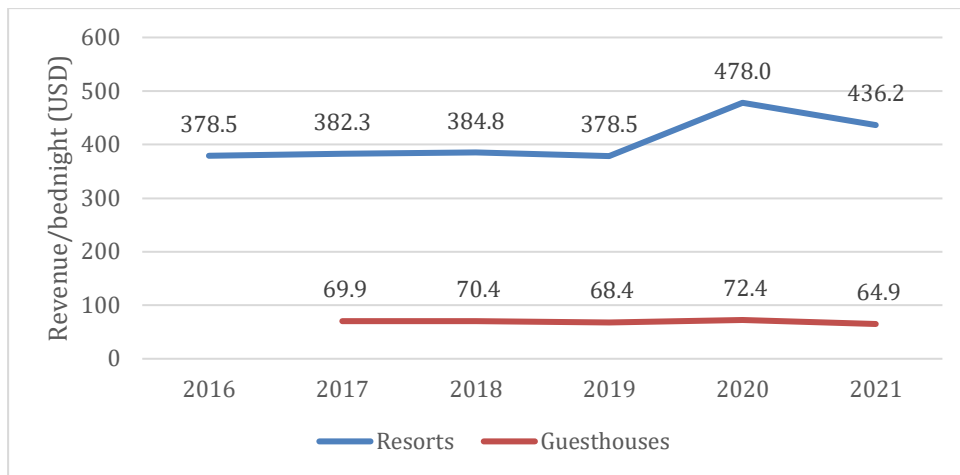


Figure 8 Revenue/bed night in resorts vs. guesthouses 2016-2021

Source: Ministry of Tourism, MOT

Overall, the Maldivian GDP shrank by -33.5% in 2020 according to data from the World Bank⁴. During the same period, poverty rates, which had been continuously and significantly reduced over the past decades, thanks to the tourism industry's function as driver of the national economy, increased from 3.8% in 2019 to 14.3% in 2020⁵. With the reopening of borders and tourism businesses, the recovery prospects for the economy in total have also improved, and real GDP was projected to grow by 22.3% in 2021, and poverty rates to decline to 9.1% in 2021 and to 4.3% by 2023.

A Maldives Monetary Authority (MMA) report published in October 2021 provides an extensive overview of COVID-19 impacts on the tourism sector and GDP in the Maldives (Shuaib, 2021).

COVID-19 impacts on employment

Around 30% of employment in the Maldives are directly or indirectly linked to the tourism sector. According to a study on the COVID-19 impacts on employment published by the Ministry of Economic Development, it is estimated that around 12% of these were impacted by the crisis. Impacts in this sense refer to reduced salaries, no salaries or termination of contracts. In some cases, staff salary was first reduced, and later contracts were terminated when it turned out that first estimations of the magnitude of the crisis had been overly optimistic.

⁴ <https://data.worldbank.org/country/maldives> (accessed 06 April 2022)

⁵ <https://www.worldbank.org/en/country/maldives/overview#1> (accessed 06 April 2022)

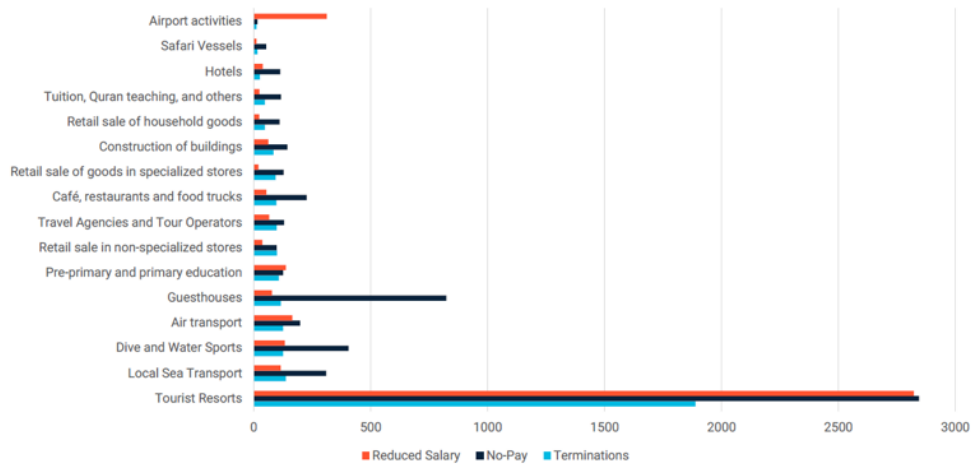


Figure 9 Workers affected by COVID-19 per tourism sectors
Source: Ministry of Economic Development

When resorts reopened relatively quickly, it was difficult to hire large numbers of workers in some areas. Reasons include the emigration of expatriate workers, the reorientation of workers toward other industries during periods when they were not or not fully paid, and the restrictions due to the COVID-19 management measures imposed by the government, which required, for instance, tourism workers to stay on resort islands for extended periods of time without the possibility to visit family and friends on local islands, a restriction that made it challenging for many locals to accept a job (especially women). These factors help explain why the average number of employees at tourism resorts were still much lower at the end of 2020 than 12 months earlier

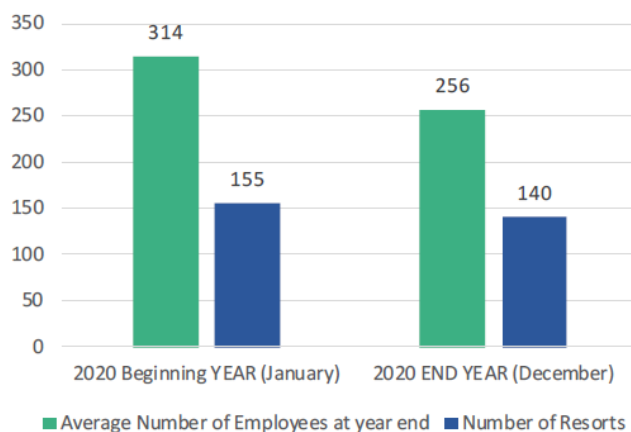


Figure 10 Employees in tourist resorts, beginning and end of 2020
Source: MBS Resort Employee Survey 2021

Overall, in the Maldivian economy, young people were specifically hit by the impacts of COVID-19, compared to other age groups. This becomes evident when looking at the age distribution of beneficiaries under the governmental Income Support Allowance (ISA) program, initiated

for workers who had their incomes reduced (or completely lost) during COVID-19. Workers in the age group 20-24 (the age group of school-leavers entering labor market) have been affected the most, with around 16% of the population in this group being impacted either in the form of job loss or income loss (indicated by the black line in the chart).

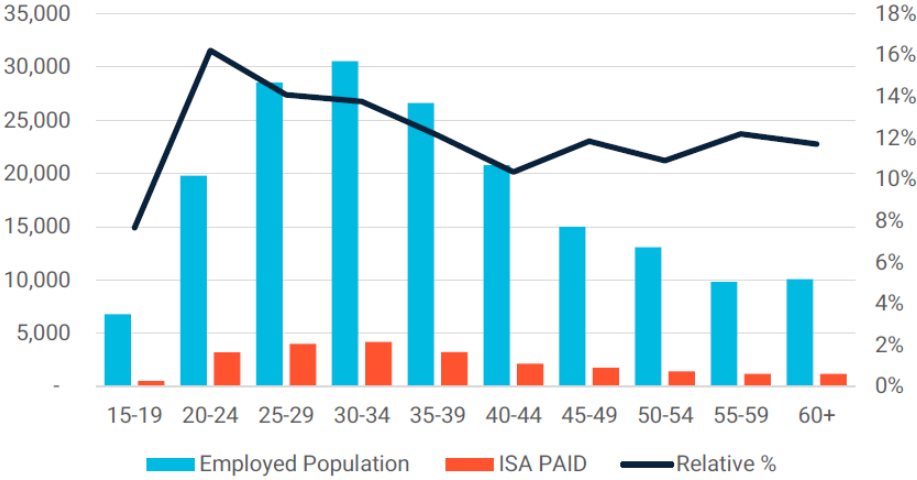


Figure 11 Age distribution of recipients of Income Support Allowance
 Source: COVID-19 impact on employment study by MED

With regard to gender, women have been more severely affected by the crises. There was already an underrepresentation of women in the national labor force, and a significant number of women are engaged in the informal sector, thus not featuring in official statistics, and are ineligible for many support programs. Furthermore, a large proportion (56%) of self-employed people receiving ISA were women, mostly in low-income occupations.⁶ The pandemic thus threatens to roll back impressive progress made towards gender equality that had been achieved over the past decades.

COVID-19 impacts on tourism statistics and monitoring

The pandemic disrupted or delayed some data collection processes; however, overall, most were carried out regularly, and no significant gaps in the regularly collected data can be observed.

Limitations that did occur include:

- The delay of the visitor survey to December 2021; only one visitor survey was carried out in 2021, and none in 2020, as opposed to the pre-pandemic practice of two regular surveys.

⁶ MED (2021): The impact of COVID-19 pandemic on employment in the Maldives (URL: <https://www.trade.gov.mv/uploads/14/newweb/reports-and-publications/impact-of-covid-on-employment.pdf>; accessed 05.May 2022).

- Institutions carrying out surveys observed lower response rates from businesses during the pandemic – this refers to, for instance, MBS’s resort employees’ study. This can easily be explained by the fact that many businesses were closed (including virtually all guesthouses), and the ones that remained open were operating with reduced staff (see 0) while at the same time having to deal with COVID-19 mitigation and safety measures on top of usual tasks, meaning that less resources were available to address issues not directly related to daily operations.

The recovery of the tourism industry in the Maldives

The recovery of the tourism industry in the Maldives in 2020 and in 2021 was significant and much faster than in most competing destinations.

Table 1 Rate of tourism recovery in the Maldives vs the world 2021, 2022

Year / destination	World	Maldives
2020	-72%	-67%
2021	-72%	-22%
2022 ⁷	-67%	-13%

Source: UNWTO Tourism Dashboard

As seen in the table above with data taken from the UNWTO tourism dashboard⁸, the Maldives recovered earlier and faster compared to world results.

The recovery is mainly based on the high-end island resorts which hosted most of the visitors. Low-end island resorts as well as hotels and guesthouses have been struggling for a longer time. Almost half of the guesthouses and most of the diving center businesses have still not opened at the time of writing this report (May 2022). SMEs and family-run businesses were especially hit harder than the rest in the industry. However, the employment numbers have risen again to the numbers of 2019, particularly in the resort sub-sector. The quick recovery was possible due to various support measures by the government which are analysed and mentioned throughout this study.

Tourism forecasts and scenario planning for the recovery of the tourism sector

The UNWTO constantly updates the global arrival numbers and depicts forecast scenarios of

⁷ Data available only for January 2022.

⁸ Source: <https://www.unwto.org/international-tourism-and-covid-19>, retrieved in April 2022

how the tourism sector recovers in the future. The figure below shows the actual arrival numbers from January 2020 until January 2022. The green and orange lines are forecast scenarios. In the best-case scenario, the global tourism industry will recover with a change of -50%, in the worst case with a change of -63% until the end of 2022 in comparison with the global arrival numbers for 2019.

International tourist arrivals: 2020, 2021 and scenarios for 2022 (y-o-y monthly change over 2019, %)

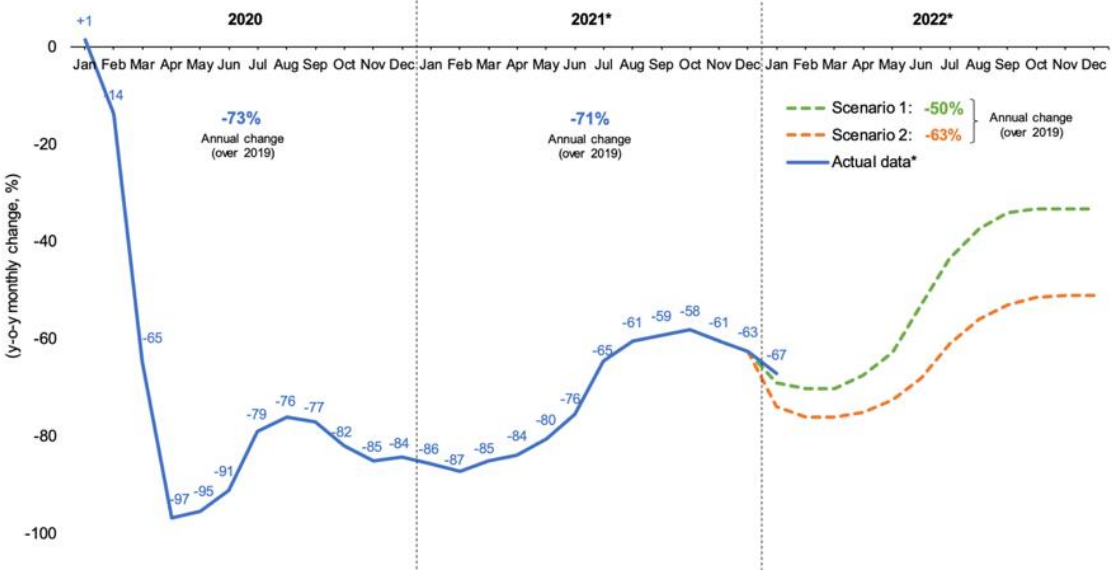


Figure 12 International tourist arrivals 2020, 2021 and projections for 2022
 Source: UNWTO, Tourism Barometer, March 2022

For the Maldives, such a forecast of arrival numbers is difficult as many different internal and external factors contribute to the overall development. Instead of such a calculation, which will always remain indicative, the tourism recovery plan presents a forecast and trend analysis of tourism accommodation structures and its bed capacity. Based on the confirmed data of future tourism supply it can be deduced that there will be more demand for the newly established structures.

In 2021, there are 167 registered island resorts with a bed capacity of 39.604. These numbers are expected to increase to 207 island resorts and a bed capacity of around 50.000 by 2025. Another 37 island resorts are planned for construction and will be opened beyond 2025. No detailed data about the opening years and bed capacities were made available for the analysis.

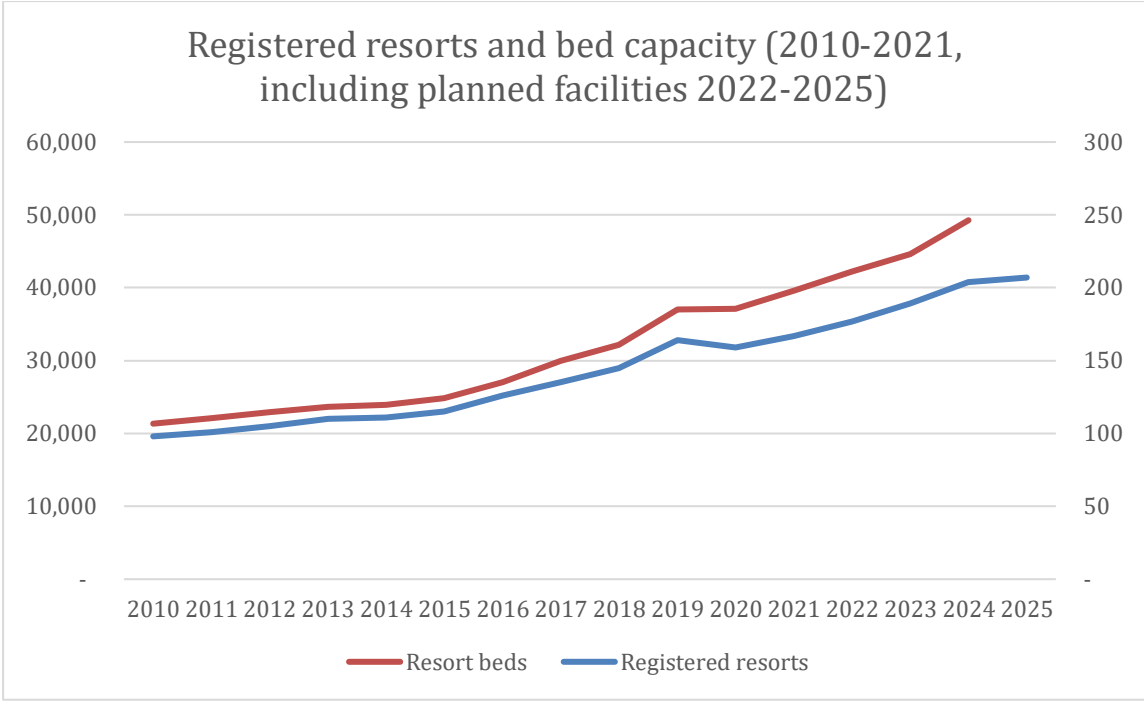


Figure 13 Registered resorts and bed capacity 2010-2021, planned facilities 2022-2025
 Source: Ministry of Tourism, MOT

For the hotel and guest houses sector such an analysis is somehow more difficult as guesthouses can be registered and opened more easily. The licensing procedures are quicker and there is a bigger market of local people who are interested in opening small-scale accommodation structure. Nevertheless, the forecast shows that by 2025 there will be around 17,000 beds available, operated by around 1000 businesses.

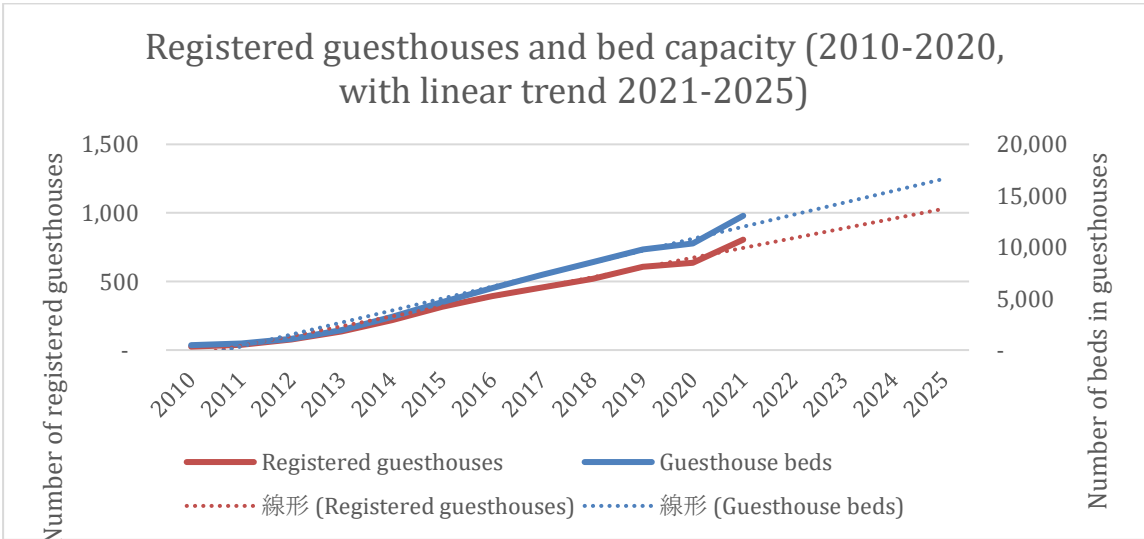


Figure 14 Registered guesthouses and bed capacity 2010-2020, linear trend 2021-2025
 Source: Ministry of Tourism, MOT

Assuming that the pre-pandemic trends continue, the guesthouse sector would grow faster than the resort sector over the next years, leading to even more urgent need for more controlled and strategic planning, as depicted in the following chart:

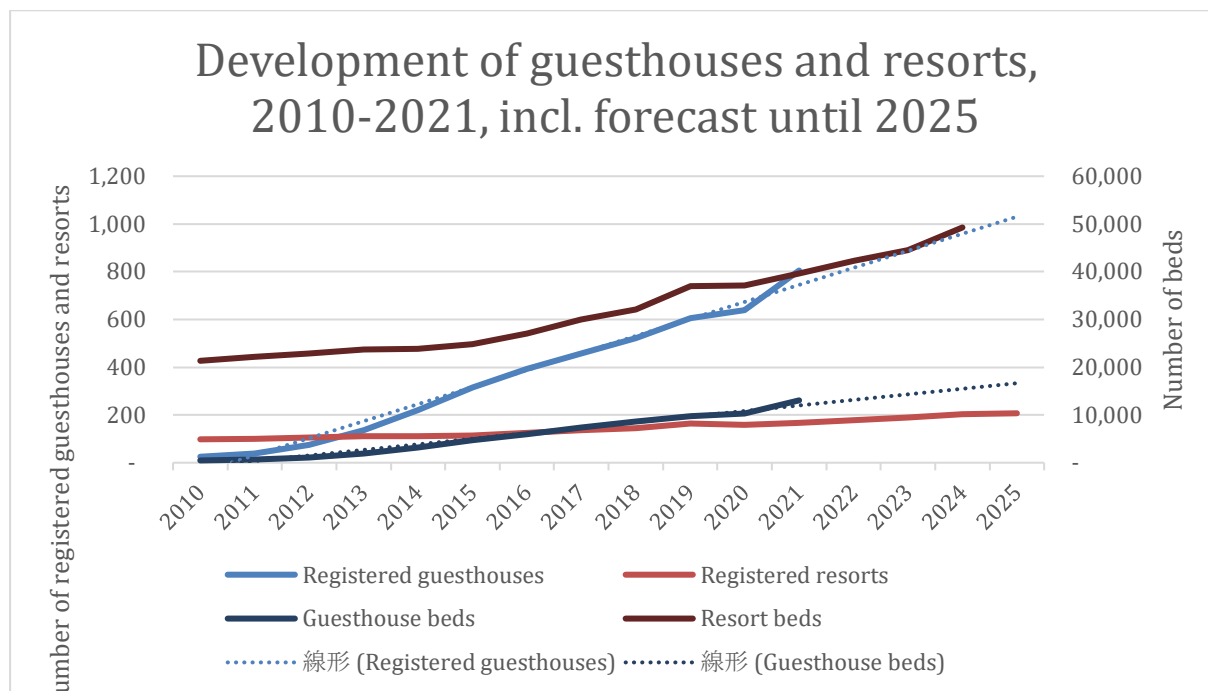


Figure 15 Development of guesthouses and resorts 2010-2021, forecast until 2025
Source: Ministry of Tourism, MOT

Future openings	Number of resorts	Number of beds
Opening resorts in 2022	10	2,640
Opening resorts in 2023	12	2,340
Opening resorts in 2024	15	4,684
Opening resorts in 2025	3	No data
Other resorts in development beyond 2025	37	10,000 (estimation)
TOTAL	77	19,664

Table 2 Data on new resort openings planned until 2025
Source: Ministry of Tourism, MOT

With regards to the resorts in development, out of 77 planned structures, 37 structures did not communicate the number of planned beds. While 40 structures are planning a capacity of 9,664 new beds, it is estimated that the remaining 37 structures will have a similar capacity of around 10,000 beds. Hence, a total number of around 19,664 new beds is estimated for all resorts in construction beyond 2025.⁹

⁹ Source: Ministry of Tourism, MOT, Planning Department

The following table summarizes the planned hotels and guesthouses which sum up to 36 until the end of 2023. A total of 728 new beds are planned.

Upcoming hotels and guesthouses	Number of structures	Number of beds
2022	4	472
2023	32	256
Total	36	728

Table 3 Data on new hotels and guesthouses until 2023
 Source: Ministry of Tourism (MOT)

3 Review of the tourism recovery initiatives undertaken by the MOT and other key stakeholders

Administrative and policy support by the Maldivian government to tourism industry recovery

The Maldivian government undertook several measures to support the tourism industry during the COVID-19 pandemic. While borders were closed completely for several months, effective containment measures and the unique one-island-one-resort approach in the Maldives allowed for a relatively quick reopening of at least some components of the national tourism industry. The MOT and other entities supported trust building by providing clear and extensive information on their respective websites.

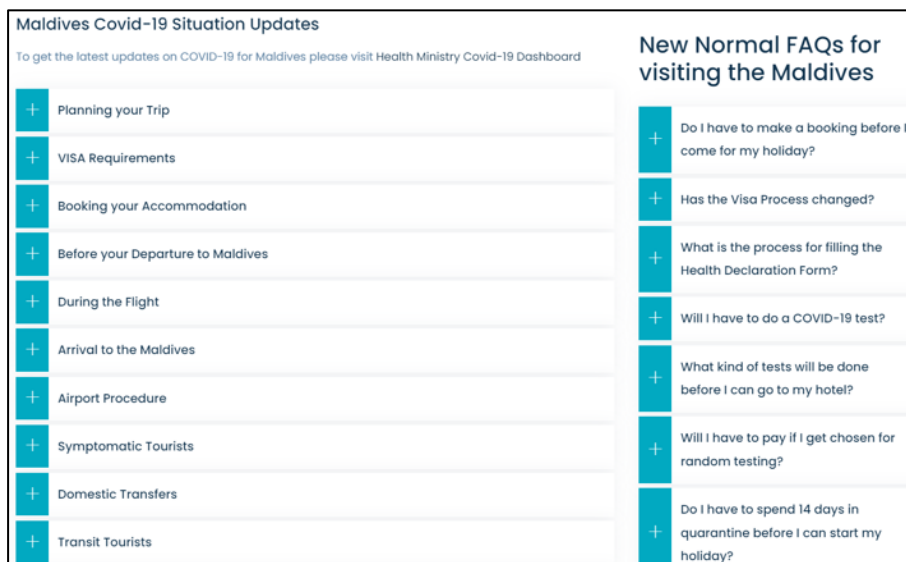


Figure 16 Information for travelers regarding COVID-19 regulations on MOT website

Specific measures also included:

- A coherent testing strategy and strengthening of health and safety, e.g., by following best-practice examples from other destinations experienced with epidemics such as SARS, by providing sufficient PCR tests, and by training health workers with the help of international experts on Ebola.
- The Maldives introduced the three-tier loyalty program “Maldives Border Miles” to attract international tourists and incentivize longer length of stay as well as repeat visitation. Under this program, visitors can earn points for each visit, which can be redeemed for benefits such as discounts at partner businesses (spas, restaurants, excursions, etc.), and amenities such as privileged customs clearance.

- The MOT collaborated with a private insurance company to offer comprehensive insurance packages to international tourists against typical costs related to COVID-19 infections (e.g., for isolation, medical treatment, and necessary transport).
- The Maldives Marketing & PR Corporation (MMPRC), in charge of destination marketing for the country, ran a successful marketing campaign during the lockdown period and post re-opening, supporting the industry efforts to revive the industry.
- Efforts to provide safe travel conditions during the pandemic were recognized by the World Travel and Tourism Council (WTTC) by awarding its Safe Travels Stamp to the Maldives in September 2020. This certification is recognized by the UNWTO as well as by over 200 travel companies and was developed during the COVID-19 pandemic to support rebuilding consumer confidence by ensuring standards for enhanced hygienic and safety conditions during travels.

Financial support from the Maldivian government

The Maldivian government provided financial support to both tourism businesses and employees in numerous ways, including:

- With support from the World Bank / International Finance Corporation (IFC), the government of the Maldives rolled out an Income Support Allowance (ISA) program in May 2020. Under the program, Maldivians who were unemployed, on no-pay leave, had their salaries reduced, or (as freelance or self-employed persons) their earnings affected, were eligible to apply for financial support. One third of all ISA beneficiaries were working in the accommodation and food service activities, underlining the significance of the tourism sector for the national labor market, and the impacts of COVID-19 on the latter. As of January 2021, a total of 107,647 applications had been submitted by 27,151 individuals (for comparison: the Maldives had a total workforce of 181,144 employed persons in 2019. A total of MRV 421,022,772 (EUR 24,846,027) has been disbursed under the ISA program during the same period.

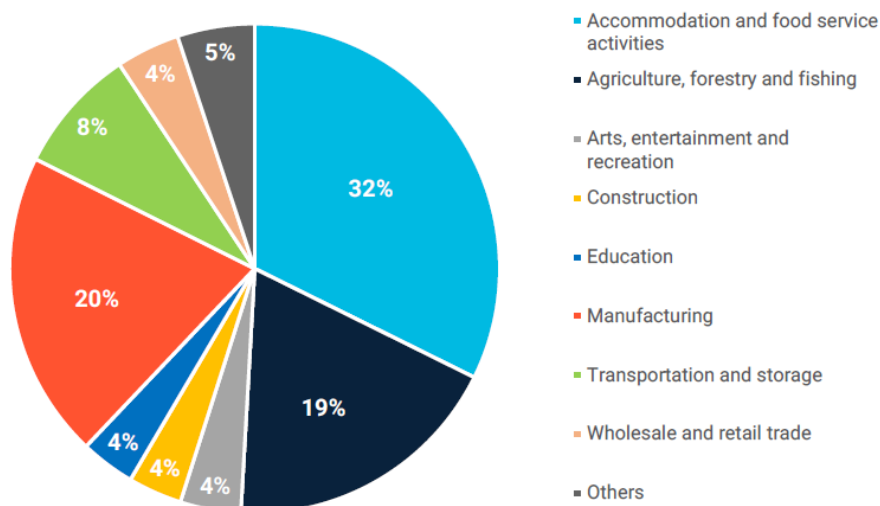


Figure 17 Composition of ISA beneficiaries by broad industry level

Source: Ministry of Economic Development: COVID-19 impact on employment study

- Also, as part of the government’s relief package, loans were made available for SMEs in the tourism and other sectors.¹⁰ SMEs with an annual turnover of less than MVR 10 million (approx. EUR 590,000) in 2019 were eligible. The program was implemented through the Ministry of Finance and SME Development Finance Corporation (SDFC), a governmental institution providing loan schemes to support local economic development, e.g., in the local tourism (guesthouse) sectors. Eligible SMEs could apply for loans up to 10% of its annual sales turnover for the past year (capped up to MVR 500,000) at 6% interest per annum for a 3-year period. The repayment period excludes the grace period up to 6 months in which no interest is charged. Funding was contingent on SMEs not laying off local employees due to the COVID-19 outbreak and during the funding period.

Support programs by international donors and institutions

Several international institutions stepped in to support recovery of the tourism industry, as well as the (largely tourism-dependent) overall economy in the Maldives. Notable examples include:

- The **World Bank**, through its **International Finance Corporation (IFC)**, approved investments of up to USD 50 million in the Bank of Maldives (BML) to support the governmental relief packages and provide financing for private sector companies and small and medium sized businesses in the tourism sector, to help preserve jobs and combat the negative shocks of COVID-19 on the economy.

¹⁰ <https://www.finance.gov.mv/covid-19/businesses/covid19-recovery-loan-scheme/sme> (accessed 18 July 2022).

- **UNDP** provided technical assistance to support a rapid livelihood assessment of COVID-19 impacts, which was carried out by MED, MBS, and other government entities.
- In 2021, **UNDP and MOT** launched the Re-Imagining Tourism Project, which focuses on strengthening local tourism structures, sustainable development, and diversification in one pilot region (Laamu Atoll). The project is funded through UNDP Core Funds under its Rapid Financing Facility and is a part of the global UNDP's raised commitment to supporting SIDS countries' COVID-19 sustainable recovery.
- The **European Union** provided EUR 2 million for its *EU Support for a Resilient Recovery of SME Tourism Industry in the Maldives* program. Of this budget, EUR 1.4 million are foreseen for SME recovery grants, while parts of the total budget will be used to implement a technical assistance component of the project, notably training programs for beneficiaries aimed at high impact areas such as improving business operations, financial management, sustainable waste management and creating access to international markets.
- MEERY Maldives: Enhancing Employability and Resilience of Youth” project is a collaboration between the Ministry of Higher Education, the Ministry of Economic Development, and the World Bank. Funded by the World Bank, the objective of the MEERY project is to empower young people with skill sets and entrepreneurship training relevant to address the job market against the backdrop of the COVID-19 pandemic.
- **UNWTO**, with funding from **JICA**, initiated the project on *technical assistance to promote recovery of the tourism activity in the aftermath of the lockdown, regaining consumer confidence and building resilience in the tourism sector in the Republic of Maldives*, under which the present report is produced, and which also focuses on sustainable tourism recovery measures.

Appraisal of COVID-19 support measures

Arguably, the nature of the Maldives's core tourism product, the “one-island-one-resort” concept, has been most instrumental in mitigating the impacts of COVID-19. It allowed the destination to open its borders to international tourists relatively quickly, before the main competitors. From a demand perspective, the most important support measures were thus the ones intended to strengthen trust on the consumer side, e.g. hygienic measures, vaccination campaigns for tourism staff, COVID-safe travel certification schemes, and marketing campaigns to communicate these policies in major source markets.

From a local socioeconomic perspective, support programs for tourism workers (income subsidies) were of great importance, allowing workers to endure periods of reduced salary payments, thus keeping at least a large part of the workforce ready for the reopening phase. Finally, both the government's as well as international donors' activities targeting a more strategic reorientation of the industry, e.g. by strengthening the local guesthouse sector and focusing on more sustainable and resilient tourism products and value chains, go beyond the impacts of COVID-19, but aim to use a window of opportunity for strategic changes.

4 Assessment of priority topics for the tourism recovery plan

4.1. Assessment of tourism products, ICT readiness and marketing

4.1.1. Currently existing tourism products and activities

The tourism products and activities in the Maldives are manifold thanks to the wonderful nature of the islands and the creativity of the tourism businesses. However, the perception of a sun, sand, sea destination with high-priced resorts is also reflected in the tourism product that is mainly expected by the visitors: resort tourism. Within this product, there are some differences in price, quality, and service standards but not in the form of the holiday activity itself. The activities offered by the resorts are more or less the same.

The graph below shows the purpose of visit. Most of the activities are connected to resort tourism, such as rest and relaxation, health and spa, wedding, and honeymoon. Diving and snorkelling are highly demanded activities which can also be enjoyed outside of a resort. This comparative graphic gives evidence that tourists that are interested in diving and snorkelling are visitors who are staying at hotels and guesthouses, managing their trip to local islands by themselves, or with packaged tours purchased from tour operators. Visitors interested in surfing, sailing, fishing often prefer hotels, guesthouses and homestay accommodation structures and are also more interested in activities around cultural tourism. Activities related to culture or culinary tourism cannot be selected in the existing exit survey.

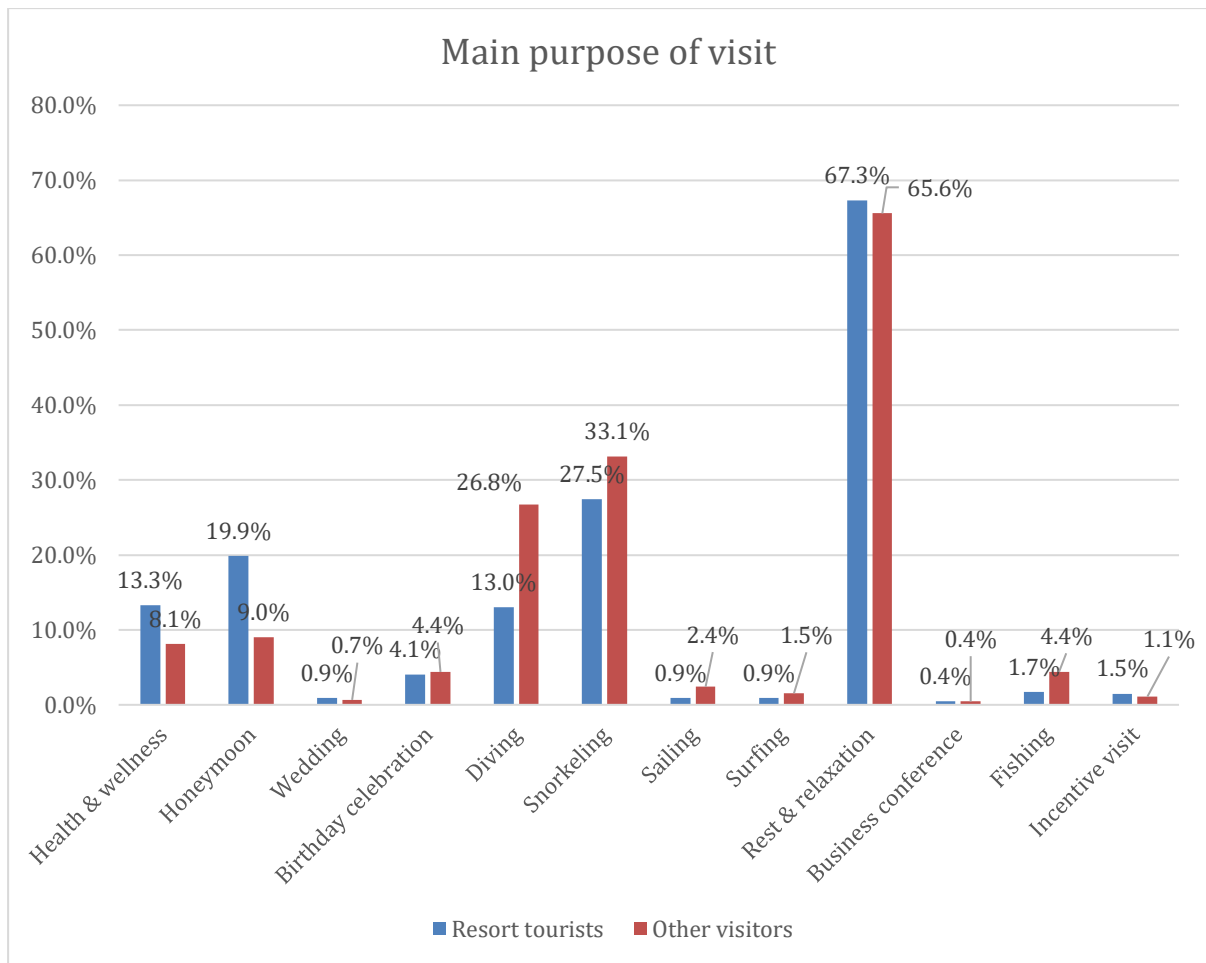


Figure 18 Main Purpose of Visit to the Maldives
Source: Ministry of Tourism (MOT)

Typical activities that are enjoyed at resorts are the following:

- Spa and wellness treatments; gyms, yoga classes;
- Weddings and romantic travels; romantic beach dinners;
- Luxury and high-end retreats;
- Individual snorkeling and diving;
- Watersports such as ski-do, banana boat, etc.
- Family resorts offer a wide range of entertainment opportunities for kids;

The safari boat product also offers mainly sun and sea activities as listed below:

- Adventure activities;
- Sport fishing;
- Group snorkeling and diving;
- Watersports;

Individual travellers that prefer staying in guesthouses and hotels usually experience the

following products and activities:

- Urban tourism with the visit to museums, monuments and markets in Male and Hulhumale;
- Island hopping with boats, airplanes and water-planes;
- Eco-tourism with specifically guided excursions;
- Individual snorkelling and diving offered by operators on inhabited islands.

The services and activities in ultra-luxury and high-end resorts can differ substantially from non-luxury facilities. Such additional services are usually carried out on an individual basis (like individual yoga classes, snorkeling tours, and other water sports, etc.) and tendentially there is no request that cannot be fulfilled by such structures.

MICE (Meetings, Incentives, Conferences and Events) and business tourism are relatively negligible in the Maldives at the moment. Although there are many trading companies travelling from the main import/export markets, a distinctive MICE tourism sector has not been established so far. This is primarily because of the lack of infrastructure such as seminar rooms and event halls that can host several hundreds if not thousands of participants. Such critical infrastructure is not available in the Maldives which is why business tourism must be defined differently on the small islands. Present tourism products and activities in the Maldives:

Table 4 Present tourism products and activities in the Maldives

Tourism product	Activity
Nature /adventure / sport tourism	<ul style="list-style-type: none"> - Diving - Snorkeling - kite surfing - wind surfing - wave surfing - sport fishing - boating - sky diving
Cultural tourism	<ul style="list-style-type: none"> - Urban tourism (Male and Hulhumale)
Recreational and luxury	<ul style="list-style-type: none"> - Spa and wellness treatments - Wedding - Romantic
Educational / scientific	<ul style="list-style-type: none"> - biosphere engagement - internships

4.1.2 Assessment of tourism product clusters and destination management organisations

At present, there is a considerable lack of distinctiveness of the various tourism destinations around the Maldivian atolls and inhabited islands. Apart from a few islands that are focused on specific activities thanks to their magnificent natural environment (surfing, whale shark snorkeling, turtle islands, diving spots, etc.), most of the atolls and islands do not have a unique selling point (USP). The competitive advantage of the islands is missing. Due to the low awareness of what local islands can offer in terms of tourism, tourists face the lack of motivation to visit these islands. If most islands offer more or less similar attractions, why should tourists move around and do island hopping?

This issue is linked to the above chapter about tourism products and activities. The majority of the resorts offer the same kind of holiday style with a few activities. The same applies to most of the inhabited islands, which do not offer anything distinctive apart from a few aspects that are listed in chapter 4.1.1.

Tasks such as the management and development of tourism products, the regional promotion of distinctive activities as well as engagement of private tourism stakeholders are often accomplished by destination management organisations. It has been assessed that such bodies do not exist in the Maldives.

4.1.3 Assessment of ICT readiness of the tourism industry

The ICT sector in the Maldives accounted for less than 4% of real GDP in 2018. Maldives ranked 85th worldwide (out of a total of 176 countries) and 13th at regional level in the ICT Development Index value and rankings for 2017. Therefore, in terms of the level of ICT development, the Maldives still have a long way to go. Among the sub-indices, the Maldives show a very low performance in ICT skills. Broadband internet is very expensive in the Maldives, leading to unfavorable conditions for digital businesses and preventing the usage of cloud services and other technologies. Technical infrastructures are generally lacking on many islands, making it expensive and difficult to operate digital businesses from the remote locations. For most citizens, mobile access is the only feasible option to access the internet. While mobile coverage is mainly good throughout the country, access costs are rather high compared to other countries in the region.¹¹

¹¹ Source: ADB, 2020: <https://www.adb.org/sites/default/files/institutional-document/674971/maldives-economic-update-2020.pdf>, retrieved in 2022.

There is a considerable lack of data about the current rate of digitalization of the Maldivian tourism businesses. However, from the many personal meetings and interviews with various tourism operators in different sectors (accommodation, transport, tour operator, marketing, etc.) and from online desk research, the following results can be drawn from the assessment.

General use of technology and rate of tourism business digitalization:

Tourism businesses in the Maldives are digitalized to a limited extent. Almost all of them are using various international booking platforms, the majority are using social media channels for marketing purposes, a specific group of businesses operates a proper website, and a large group offers cashless payment solutions. Generally, there is a lack of understanding, appreciation and confidence in the power of specific technology and the benefits of collective data use. Partly, this is due to the following reasons:

- limited digital capacities and skills of tourism business operators;
- limited knowledge about the benefits and advantages of using up-to-date technology and digital devices for data collection, marketing, booking, selling of distinctive services;
- limited use of tourism technology and digital services by the MOT;
- limited incentives for making investments in tourism technology and innovation by the Maldivian Government.

Data collection from accommodation facilities:

There is a considerable lack of data collection from accommodation facilities. While resorts and safari boats show a very high rate of tourist arrival data transfer to the MOT, the hotel and guesthouse sector show a limited response rate. The reasons for this are manifold and include the following:

- at present, the data transfer requested by the MOT works via the sending of excel sheets by e-mail. This form of data transfer is inconvenient and time-consuming for the accommodation businesses;
- Accommodation businesses are not aware of the power of tourist arrival data and its benefits for data analysis, business monitoring, marketing opportunities, among others;
- There are currently no useful sanctions or incentives implemented by the MOT to expect a 100% data transfer rate;
- Guesthouse and homestay operators do not have the digital skills nor the interest of complying to data request.

Online booking facilities:

Based on the interviews and online research, it can be assumed that the vast majority of resorts and hotels operate a proper website with a booking facility. This further includes the use of various social media channels for marketing purposes. Those that do not operate their own website use booking platforms of external online travel agents such as booking.com, Expedia, among others.

The guesthouse sector apparently has a lower rate of operating proper websites. Direct booking (e.g., via telephone or e-mail) is hardly possible as most of the local guesthouses mainly use external booking platforms. This creates not only a dependency on external services but also represents a loss in revenue as such platforms require commission payments to the structures.

The online booking of individual tours and activities around the Maldives is hardly diffused. Online research on the biggest booking platforms for such activities have resulted in a few findings only.¹²

Applications:

Travel applications are very common and popular in many destinations around the world. In the Maldives, such apps (e.g., Tripadvisor, Booking, AirBnB, Skycanner, etc.) show results that are limited to accommodation and restaurants. Other tourism activities are hardly diffused and cannot be booked. Several resort islands, especially international chain resorts, have been operating their own apps with a boost of additional services, in particular during the pandemic. These apps facilitate the booking of on-site activities managed by the resorts, including spa treatments, snorkeling and boat trips, room service, dining, menu, recreational activities, and others. As per information by the resort management representatives, these apps are used by around 10% of the guests. In addition, the apps have not contributed to a higher sales rate of the mentioned services.

This result fits the above data (see figure 18 about main purpose of visit): the “Rest & Relaxation” positioning of the “no-news, no-shoes” island resorts is leading to less activities being undertaken by resort guests than local island travelers. The resorts are running the risk of becoming the image of an uninspiring holiday due to the lack of available activities and incentives.

The transportation sector in the Maldives has no relevant digital services, apart from online

¹² The results of the online research are added to 5.1.3

booking facilities of certain airlines, some speed boat companies and taxi services in Male with the Avas-ride app.

Payment solutions:

The payment of tourism services in the Maldives is mostly possible with cashless devices: online via websites and booking platforms as well as POS with credit cards. Services and activities that are still cash based are souvenir shops/merchants, artisan shops, food markets, small supermarkets, taxi services, restaurants and bars, family run guesthouses, among others. No relevant report and data about the topic of the payment devices in the tourism sector has been made available for further analysis.

4.1.4 Assessment of marketing activities

a. The Marketing role of the Ministry of Tourism and the Maldives Marketing & Public Relations Corporation (MMPRC)

The Ministry of Tourism currently has no responsibility for the marketing of the Maldives. This task is handled by the State-Owned Enterprise, the Maldives Marketing & Public Relations Corporation (MMPRC). The MMPRC are the National tourism office “responsible for carrying out promotional activities to become the most preferred island destination of the world under the theme of the Maldives...the Sunny Side of Life; whilst adhering to its mission to promote quality and sustainable growth in the local tourism industry to deliver long term economic, social, and cultural benefits to the country.”

The MMPRC receives funding from the Ministry of Finance, whose 2021 budget indicates a payment of MVR154.2 million (US\$10 million) per annum, for ‘Government Tourism Promotion Budget.’ It also charges membership to private partners (hotels, travel agents etc.) to be invited to participate in trade shows and events, and charges extra for attendance.

The MMPRC has 123 Resorts and hotels (although they have 122 resorts and 7 hotels on their website), 11 guesthouses (13 on their website), 11 ‘others’ (10 liveboards on the website) and 59 Travel Agents as current, registered members.¹³

The MMPRC is run by a Board of Directors, led by the Managing Director (MD). None of the Board represents the Ministry of Tourism nor any other Government Ministry. According to

¹³ Source: <https://corporate.visitmaldives.com/> and <https://visitmaldives.com/en/stay>

Section 17 of their Articles of Association, the MMPRC is required to have 7 people on its Board: *“The Board of Directors shall be 7 (seven).”*

The Board of Directors is in effect the gatekeeper for all marketing activities for the Maldives and the MD seeks their approval for the strategy and execution of their tasks. Article 63 states that “The Managing Director shall procure, every financial year, a three (3) year business plan of the Company comprising detailed marketing, operations, and financial plan, to be submitted to the Board for approval.”

During the field research, no access was given to the MMPRC Business Plan, so this report can only assess the marketing work based on publicly available information and the responses given in an online call with the MD and written responses to questions submitted in February 2022.

b. Budget

Given the total MMPRC budget of US\$10 million, it is reasonable to expect that many tough decisions are made by the MMPRC in regard to budgets, activities, target markets, key messaging etc. which will impact the quality and depth of messages delivered on digital platforms. Rated on any given metric (number of visitors, spend per head, international competition comparative spends etc.) the Maldives communications spend is underfunded vs international norms. For example, the Hong Kong Tourist Board recently announced a one-off increase of US\$45 million for post-COVID opening plus borrowed a further US\$20 million, all on top of their usual budget. Australia spent US\$20 million in 4 weeks in February/March 2022 in just 5 EU countries to announce their re-opening and is expected to spend 5 times that in all of 2022.

c. Tourist establishments

While the Maldives trailblazed with its unique and world class, ‘one-island, one-resort’ concept, the diversification and growth of inhabited island tourism and specifically guesthouses, hotels, and homestays, needs to be addressed, not least in the number of guesthouses that have opened in the last 10 years or so. According to the latest data available in January – March 2022, there was an average of 636 guesthouses open in the Maldives, versus an average across 2021 of 475.

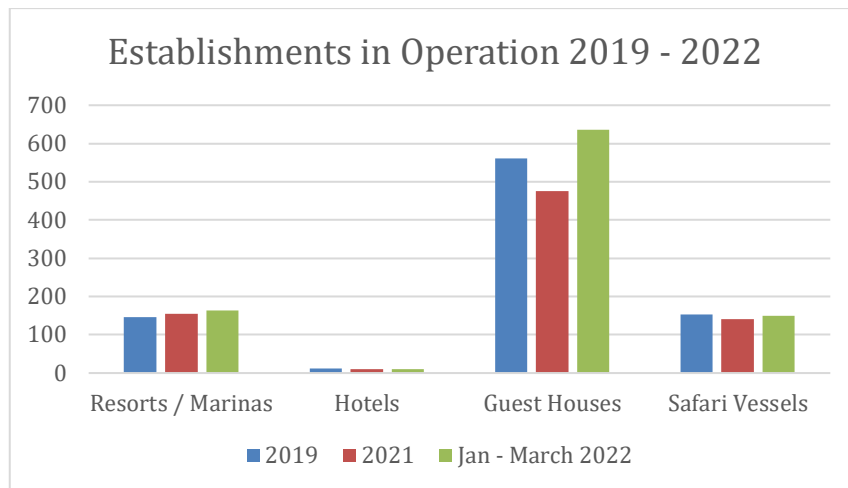


Figure 19 Tourist establishments in operation 2019-2022
Source: Ministry of Tourism, MOT

There were 8 more resorts/marinas in operation in 2021 vs 2019 (154 vs 146), while the number of guesthouses in operation declined by 86 (475 vs 561) and safari boats declined by 14 (140 vs 154). Hotels were down one, from 11 in 2019 to 10 in 2021.

In January – March 2022, resorts & marinas have further increased to 163 (+17 vs 2019), and guesthouses have had a large increase, to 636, (+75 vs 2019).

Hotels are back at 11 (same as 2019) and safaris are at 149, still 5 less than 2019.

While the increase in operational guesthouses is encouraging, there are two issues:

- a) There are 834 registered guesthouses in the Maldives (as of March 2022). That means there are a further 198 guesthouses yet to open. In contrast, there are just 168 registered resorts/marinas (vs 163 operating) and 154 registered safari boats (vs 149 operating).
- b) Seasonality. The Maldives has a seasonal pattern of arrivals. In 2019, 48% of all arrivals arrived in the five months of Dec'18 – April '19, while just 36% arrived in the 5 months of May – September. Guesthouses bear the brunt of this seasonality with occupancy rates plummeting from 52.8% in February to 21.9% in July. However, the weather is effectively the same all year round, so there is no natural reason to have a decline in visitor numbers.

In the future, digital marketing can provide an opportunity to grow and develop the guesthouse market. While currently the majority of digital marketing is focussed on the Master image and perception of the 'one-island, one-resort' concept, the guesthouse market is still relatively unknown and suffers from lack of awareness and therefore preference.

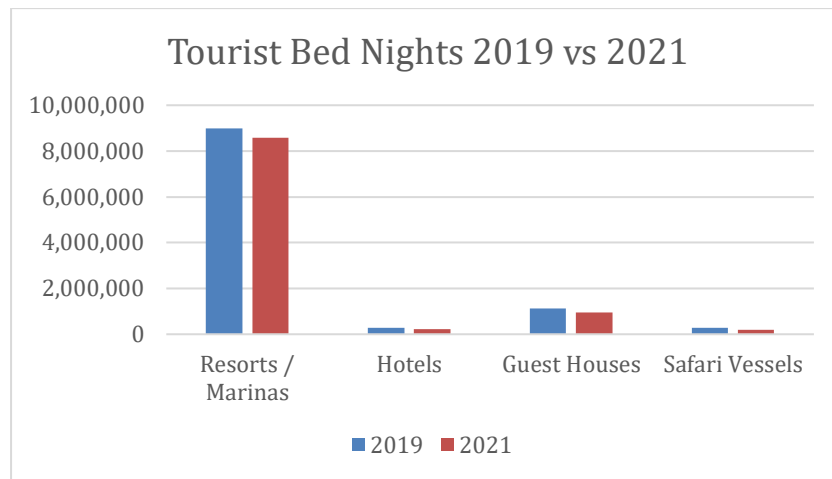


Figure 20 Tourist bed nights 2019 vs 2021
Source: Ministry of Tourism, MOT

Resorts, mainly ‘one-island, one-resorts,’ dominate tourist bed nights. Part of the issue is that the Maldives is best known for ultra-luxurious, world-class resorts and domestic, inhabited island tourism is a different holiday experience.

In a sense, the Maldives is a victim of its own success. Most destinations start with lower end accommodation and work up to the luxury level of accommodation. The Maldives, instead, works the other way round (luxury to lower end) and is attempting to do what has never been done before, anywhere in the world.

Most countries have a long history of travel and tourism, and the travel trade was built organically around the needs and wants of travellers and traders, from the Appian Way to the Silk Road, often in the form of hostels and inns, and slowly working towards what we know as ‘luxury’ hotels and resorts. However, in the Maldives, international tourism was banned up until 1972, when the first ever resorts Kurumba Island and Bandos Island opened, and international tourism started. While 2022 is the 50th anniversary of the opening up of the Maldives to international visitors, today the Maldives is faced with the legacy of its outstanding success. The creation of the ‘one island one resort’ concept has led to the development of probably the world’s leading luxury resorts and has helped win the Maldives the accolade ‘The World’s Leading Destination¹⁴’ for the last two years at the World Travel Awards. However, local island tourism in hotels and guesthouses were banned up until 2009 and ‘homestays’ (e.g., Airbnb)

¹⁴ Source: <https://www.cimbusinessesevents.com.au/maldives-named-worlds-leading-destination-for-the-second-year-running/#:~:text=Maldives%20named%20World's%20Leading%20Destination%20for%20the%20second%20year%20running,-17%20December%202021&text=The%20Maldives%20has%20been%20named.%2C%20Vietnam%2C%20USA%20and%20Greece>

were only allowed from January 2022.

The present task is to open the Maldives tourism industry to cheaper and more affordable accommodations on local island tourism in guesthouses, hotels, and homestays, whilst maintaining and growing the image, visitor numbers and revenue of the 'one island, one resort' It is this diversification and expansion - from high to lower end - that no other destination has had to contend with, and which has never been tried before.

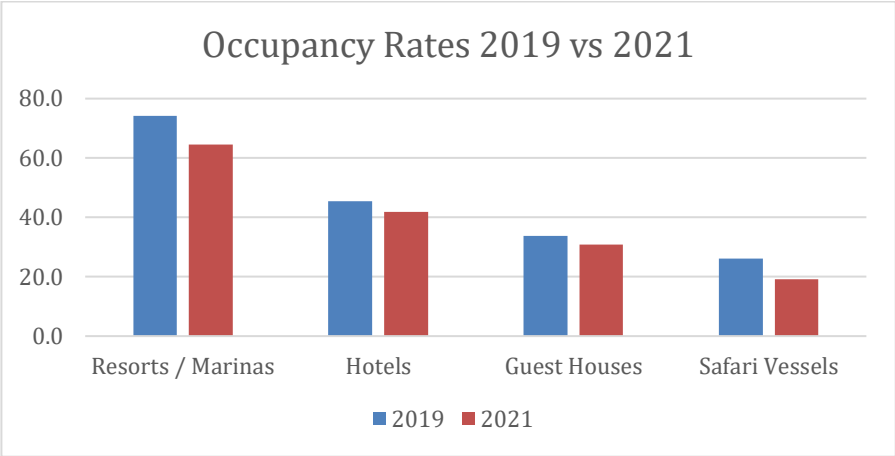


Figure 21 Occupancy rates 2019 vs 2021
Source: Ministry of Tourism, MOT

Occupancy rates were lower in 2021 than 2019 but note that guesthouse occupancy was under 34% in 2019, less than half the occupancy of resorts (74%).

In 2021, the total resorts were at around 64% occupancy, while guesthouses were at around 31%, hotels at 42% and safari boats at 19%, while it should be noted that figures for 2019 were at 74%, 34%, 45% and 26% respectively.

Table 5 Occupancy rates in tourist accommodation 2021 vs 2019

% Occupancy rates 2021 vs 2019	2019	2021	% Difference
Resorts & marinas	74.1%	64.5%	-12.9%
Hotels	45.4%	41.9%	-7.7%
Guesthouses	33.9%	30.9%	-8.8%
Safari boats	26.2%	19.2%	-26.7%

Source: Ministry of Tourism, MOT) data, calculations by author

However, the current marketing philosophy and strategy is that the choice of accommodation (resort, guesthouse, hotel etc.) is up to the individual visitor and is not something that marketing tries to influence. Instead, as seen in 5.1.4, the message focuses on the core brand image, which has worked very well to restore confidence, preference, and bookings in post-COVID tourism recovery but is also leading to a one-sided impression of the Maldives as a destination.

d. Assessment of digital marketing activities

The MMPRC manages and run the website visitmaldives.com and uses the expected 'core' social media channels; Instagram, Facebook, LinkedIn, and Twitter, under the same handle, VisitMaldives using their global tag line 'The Sunny Side of Life', which has been used for around 20 years.

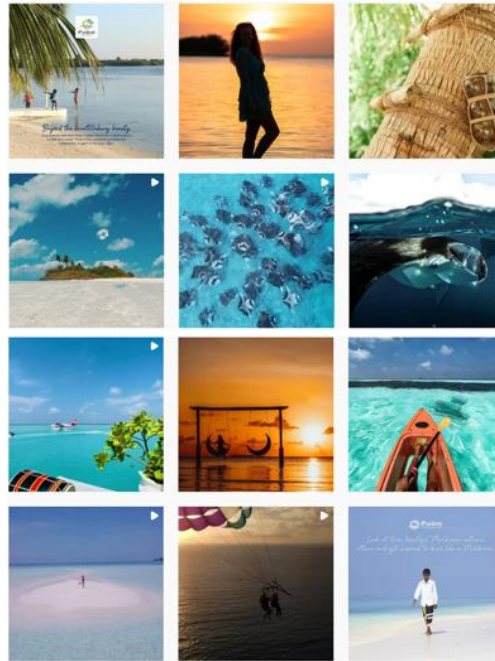
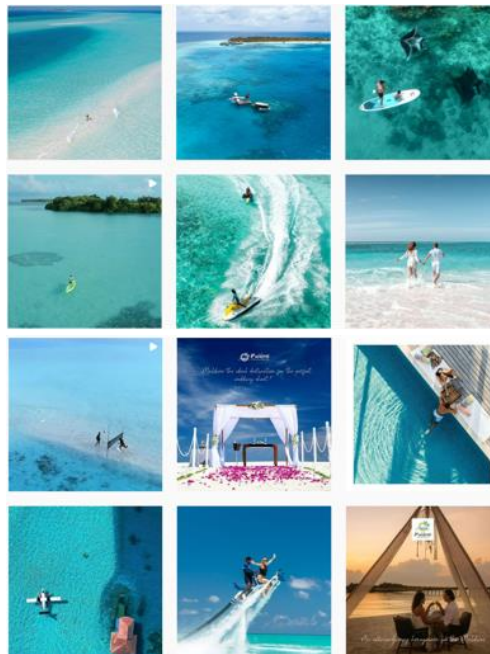


Figure 22 Collection of recent social media posts



See 5.1.4 for more details.

As befits the image conscious style of Instagram, Facebook and much of social media, the VisitMaldives team uses an alluring array of images, focussing on sea, sand, and sun. People

when featured, tend to be young, single or as a couple and occasionally with a young child. All are Western. While accommodation is not often shown, it is recognisable to be the high-end resorts, not local island guesthouses or hotels. Local culture is also largely absent and easily overlooked.

The overall take out is the Maldives is exotic, exquisite, a perfect desert island get-away-from-it-all place with abundant sea life. It is gentle, calm, and indulgent. The strong take out is that a holiday in the Maldives is a luxurious and aspirational experience for couples and young families.

As such, it is entirely in keeping with the “one-island, one-resort” concept and fits with and supports the Maldives global image, reputation, and perception as a truly unique, luxurious, and unspoilt part of the world.

This image, built up over many years by the work of the MMPRC has supported the Maldives tremendously well during the pre-, on-going, and post- pandemic stages. The Maldives has regularly appeared on holiday wish-lists after people have been ‘locked down’ at home. Online Travel Agents frequently reported the Maldives as their ‘most searched for’ lists¹⁵.

Their activity has translated into strong bookings (vs other countries) when countries have opened to international travel. Arrivals to the Maldives in 2021 were down 22.1% vs 2019 (a record year for the Maldives), while globally, travel was down 71.3%.

Additionally, people’s saved income, from not going out, not going on holiday, not commuting etc., has resulted in an interest in spending more than usual on holidays – partly as a reward or a treat after such difficult times. And thanks to the last 20 years of messaging, image, and perception, what better place to enjoy a luxury holiday than the Maldives.

¹⁵ Sources:

<https://www.travelagentcentral.com/destinations/stats-maldives-greece-fiji-are-top-searches-for-u-s-travelers#:~:text=The%20most%20searched%20destination%20in,tranquil%20beaches%20and%20luxury%20properties>
<https://www.traveltrademaldives.com/maldives-listed-as-uks-most-searched-holiday-destinations-for-2021/>
<https://www.traveltrademaldives.com/maldives-second-most-googled-destination-for-post-lockdown-holidays/>
<https://www.thetraveldaily.co.uk/article/2021/07/30/revealed-maldives-spain-and-greece-are-most-sought-after-holiday-destinations>
<https://visitmaldives.com/en/news/maldives-makes-it-to-lonely-planets-list-of-top-six-destinations-to-travel-to-in-2021>
<https://www.traveldailynews.com/post/maldives-revealed-as-the-most-popular-travel-destination-of-2021>
<https://corporatemaldives.com/maldives-dominates-as-the-most-searched-travel-destination-on-google-in-the-uk/>
<https://www.traveldailymedia.com/maldives-most-people-look-forward-to-visit-post-covid/>
<https://imtmonline.com/2020/07/14/the-maldives-top-holiday-destination-for-europeans-next-year/>
<https://edition.mv/news/13920>

Given the nature of the COVID pandemic, the image of the Maldives drives strong appeal which does translate into bookings, especially as many popular winter sun destinations were still closed to tourists in winter 2021/22 e.g., Thailand, Malaysia, Vietnam, USA, (some) Caribbean islands and Australia.

And when the Maldives became one of the first countries in the world to re-open to tourists in July 2020, the COVID protocols and safety measures that the MPRC featured and focussed on were also right on message, re-assuring potential visitors that the Maldives was the right place to visit in pandemic times.

In this context, the MPRC's approach to digital and messaging makes a lot of sense and has been well executed, resulting in a rapid and effective recovery relative to other competing destinations.

Table 6 Visit Maldives Social Media following as of May 2022

Facebook	959,548 followers
Instagram	428,000 followers
Twitter	68,700 followers

However, attention needs to be paid to the number of followers and subscribers to the digital accounts. While not a key metric, the number of followers does reflect the interest in and engagement of the posts. The variance in the number of followers and subscribers suggests a difference in approach that may need some exploration and improvement and perhaps the setting of targets e.g., to achieve 1m+ followers, especially on Instagram and Facebook. In this regard, the number of subscribers and video views on YouTube is also much lower than expected. Some examination of the popularity of videos will help focus the priorities in this regard.

islands.mv and visitmaldives.com

The Ministry of Tourism is currently working on an exciting project: islands.mv, a website that, when finished will detail all the inhabited islands of the Maldives. It is a huge undertaking and one that will finally put the whole of the Maldives within reach of the average traveller and visitor. Islands.mv will become the showpiece of local island tourism, working in conjunction with the local island councils to allow the islanders to have a way of presenting themselves, to the world.

The islands.mv site went live in March, but it is still under development. The content, when finished, will be incredibly useful and contains all you need to know about local island tourism.

Currently, the main website, visitmaldives.com has only a short and small section on local islands and local culture and islands.mv will be a great addition to the tourism offering in the Maldives when it is completed.¹⁶

The main website does a good job of promoting the entire Maldives, but it is concerning that of the total “772 guesthouses” mentioned on the site, only 11 are featured on the site itself. This further emphasises that the focus of the marketing is on the resorts, as the site features 123 resorts out of the total of ‘165’ mentioned.

In contrast, and although still under development the islands.mv site already has details of nearly 50 local island guesthouses.

e. Advertising, PR, Familiarisation trips (FAM) and Events

The use of social media channels is highly important and relatively cost effective, but the use of ‘paid for media’ is also important. Of note in the press releases are big advertising deals with CNN and BBC Global News, which are expensive regional and global TV opportunities and a new, month-long advertising deal with Zee Network in the Middle East.

A global advertising campaign with CNN coincided with the Maldives’ borders reopening for international tourists on the 15th of July 2020. The campaign lasted 3 months and the first part of the campaign launched “5 reasons to Insta love Maldives,” featured on the CNN weather watch during the campaign period and viewed by a substantially large audience across the globe.

Another Global CNN campaign started in September 2021, including a Destination Maldives section on CNN Travel that captured the stories of the people, places, and cultures of the Maldives. During the three-month campaign, CNN shared dedicated content on digital and broadcast mediums, including articles, videos, commercials, and social media campaigns. A 30-minute programme, “Reconnect with Maldives” first aired on 11th December and was shown on CNN International’s Europe, Middle East Africa, Asia Pacific, South Asia, North America, and Latin America feeds. Through this programme viewers got a glimpse of what visitors can expect to experience in the Maldives, including local life in the UNESCO Biosphere Reserve, Baa Atoll, traditional music, how locals make the instruments, local food, and life within local communities. It also featured the work of Manta Trust and Reefscapers, the first

¹⁶ Source : <https://visitmaldives.com/en/places>

local female PADI course instructor, a local chef and the all-women *boduberu* (traditional drums) music group “Faimini Boduberu Group”. The programme was also posted on CNN’s social media platforms.

The international advertising campaign with BBC Global News started in April 2022 showcased the Maldives as a safe, prepared, and welcoming luxury destination, through the voices of the people of the Maldives. It promotes the Maldives as a safe haven prepared to welcome tourists, including the different aspects and segments of Maldivian tourism, including the stories of the people, to be shared globally online on BBC Travel:

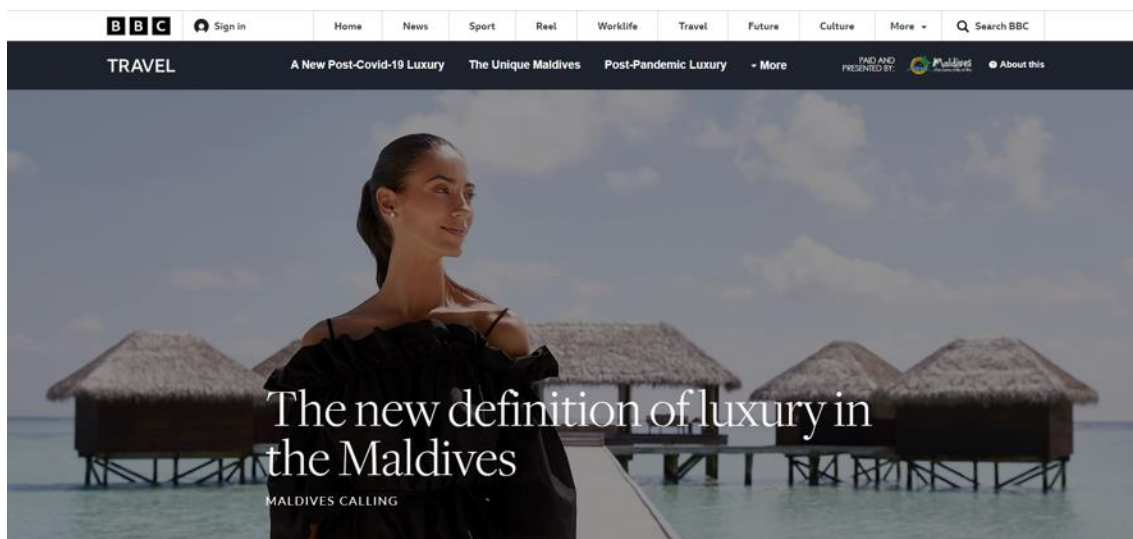


Figure 23 Maldives featured on BBC travel

And recently it was announced that TV ads will be broadcasted on the two main Zee Network Middle East channels, Alwan and Aflam, for one month. The 15-second spots will feature the Maldives offering “unique stay options and experiences for tourists seeking luxury, romantic, honeymoon, family, adventure vacation options.”

However, given the cost of these pieces of activity versus the total budget, it is very likely that little additional traditional paid for media is used in the core markets; and PR, social media, and FAM trips (see 5.1.4) do the majority of the work.

Through their local PR agencies, the MMPRC has been working with various online influencers and travel journalists and have been working hard to secure the best coverage. Some of their 2020/21 activity, as supplied by MMPRC includes:

- Middle Eastern Influencer FAM Trip, 26th October – 1st November 2020: Sherif & Becky, two well-known influencers in the Middle Eastern region
- Luxury Influencer Fam Trip – UK, 01st – 12th November 2020: Natalie Lefevre

- Influencer FAM Trip 01 – Brazil, 10th -18th July 2021: Bruno Santos and his wife, Carol Taurisano.
- Influencer FAM Trip - Middle East Cosmo Clubhouse, 7th September - 14th September 2021: The influencers from Cosmo Clubhouse are Marwa Al Hash, Layla Akil, Nadine Hossam, Mony Helall, Sara Al Humiri, and Twinkle Stanly
- Influencer FAM Trip Brazil, 2nd - 8th September 2021: Thiago Correa
- Influencer FAM trip – India, 19th – 22nd September 2021: The influencer brother duo, Sidharth Nigam and Abhishekk Nigham.
- Influencer FAM Trip 3 – Brazil, 7th -13th November 2021: Marcos Vaz and Ines Lafosse
- Influencer FAM Trip – India: 21st - 26th November 2021: Karenvir Bohra & Teejay Sidhu

The Maldives must capitalise on the trend to use influencers to push messages on social media, although some form of analysis and reporting on the results are also needed. The use of influencers should continue and become more diverse and influential to help grow the Maldives global digital presence.

According to the 2021 Tourism Yearbook and the Monthly Tourism Bulletins, the MMPRC has conducted many activities, FAM trips and events, on and offline in 2020 and 2021.¹⁷ The campaign partners are the top online and offline media and markets.

A full list of activities can be found in 5.1.4 but suggested highlights of activity undertaken in 2020 and 2021 are as follows:

The Re-opening

In July 2020, the Maldives re-opened with the line: ‘Re-Discover Maldives: the Sunny Side of Life’ at a virtual press conference seen and attended by representatives of over 21 countries’ travel trade and approx. 300 attendees.

Skyscanner

In September 2020, the UK added the Maldives to its list of ‘safe’ destinations and Skyscanner, one of the world’s largest flight and travel sites saw a 282%¹⁸ increase in searches to the Maldives from the UK alone. In October 2020, the Maldives started a campaign with Skyscanner one of the largest flight and travel sites in the world to promote the Maldives targeting over 50 million residents of the UK, Italy, and Russia.

¹⁷ The activities are included in 5.1.4

¹⁸ Source: Skyscanner

A dedicated Visit Maldives page on Skyscanner platforms, showcased different experiences for tourists with emphasis on the unique isolation and seclusion the Maldives provides, ensuring social distancing and less crowded islands, making it safe and peaceful for travelers to enjoy their holiday. Ads were displayed throughout Skyscanner's platforms to encourage travel intent to the Maldives and maximize the reach of content. This included Skyscanner's homepage and the most prominent positions on flight search results.

Tripadvisor

"Escape to Maldives: Calm Awaits" ran from January 2021 to September 2021, targeting the US, Europe and APAC region. Tripadvisor is one of the world's largest travel communities famous for its consumer reviews and ratings. Whilst the borders of nearly all countries being targeted in Europe, Asia and the USA were closed, the purpose of the campaign was to keep potential tourists dreaming of visiting the Maldives and encouraging them to travel once restrictions are lifted.

Kayak

Maldives Marketing & Public Relations Corporation (MMPRC) has commenced a joint campaign with the Indian travel agency Kayak from May 14th to May 22nd, 2020. Ads depicting 'Visit Maldives...later' were displayed throughout the website, intended to encourage visitors to travel to the Maldives once the pandemic has passed.

Russia

Given the impressive increase in the number of Russian arrivals in 2021, it is important to note that the MMPRC made a remark to heavily target Russia in late 2020 and 2021, noting in August 2020 that 'Major campaigns for the Russian market are in the pipeline such as promoting Maldives on digital platforms. In addition, we will be closely working with top travel agents and tour operators in the coming months to promote Maldives and to boost arrivals from the Russian market. The market is expected to bounce back compared to other markets and move towards a gradual growth.'

Advertising on 360° TV Channel, one of the top TV channels in Moscow and the Central region of Russia started in August 2020, encouraging hopeful travelers to "Visit Maldives Soon." August 2020 was very early in the pandemic and coincided with the re-opening of the major resorts in the Maldives. More than 3 million viewers were expected to be reached during the morning and evening news, the channels' late-night show and the weekend weather reports.

Visit Maldives participated in the Deluxe Travel Market – Oriental Edition targeting Russia and the CIS region in September 2021. Attendees were travel and trade agents involved in

promoting destinations to luxury travelers from Russia and CIS region (Kazakhstan, Azerbaijan, and Uzbekistan).

They also attended MITT 2021, the Moscow Dive Show, Luxury Travel Mart (LTM) Moscow, The Big Ocean Show and held engaging roadshows across Russia. They also held an exhibition with National Geographic in Moscow & St. Petersburg showcasing the beauty of the Maldives and held a campaign with Expedia positioning Maldives as the top destination in the Russian and global market. This was in addition to a social media marketing campaign, training webinars with ATOR, Moya Planeta TV show broadcasts, and Co-op with TEZ tour.

In October 2021, they started a one-month joint campaign with Anex Tours, one of the country's largest, and the owners of AZUR AIR, which started charter flights to the Maldives in December 2020¹⁹. The campaign focused on trade and consumers and included screening advertisements in three shopping malls in Moscow and St. Petersburg, radio advertising with Relax Radio and outdoor advertising activity in Moscow. Webinars were also held during targeting regional agents of Anex Tour, informing them of the offers and new flights to the Maldives. Social media posts relating to the Maldives were shared with the regional agents on the Telegram and Instagram pages of Anex Tour.

Similarly, in October 2021, the MMPRC rightly held focus on this important market and stated that in order to further increase arrivals from Russia, they held webinars, campaigns, familiarization trips, major fairs and exhibitions and online campaigns with Travelata, Sletat and Squizz.

Italy

In 2020 in Italy, the Maldives showcased several activities on social media platforms and a live streaming program, as well as increasing the destination presence on Italian media, newspapers and magazines. The live streaming program had 13 episodes of 1 hour each, and more than 26 special top guests including presidents of sports committees, world champions, etc. joined in this program. The engagement attracted 18k followers (averaging 4k followers per episode). The media coverage value was estimated at EUR 280k²⁰.

In October 2020, the Maldives took part in the TTG Travel Experience event in Rimini, Italy; the first fair since the pandemic started.

¹⁹ <https://raajje.mv/92743> December 27, 2020 'Azur Air commences flights to Maldives.

²⁰ Source: Maldives Marketing and Public Relations Corporation (MMPRC)

Selected FAM trips

The first FAM trip since the pandemic came in October 2020 featuring five Indian media journalists from major well-known publications such as The Pioneer, Tripodo, Times Travel (TOI), Hindustan Times and Conde Nast India.

Also in October 2020, Sherif & Becky, two influencers from the Middle Eastern region with a combined follower base of more than 1.5 million followers, arrived in the Maldives to promote the destination.

A group of German journalists from leading magazines and publications arrived in December 2021 under a joint campaign with Condor. The media team consisted of writers from publications and magazines which are highly popular among affluent audiences in the German market with a reach of millions of readers.

In January 2022, Japanese journalists were warmly welcomed to the Maldives and experienced the unique offering for themselves. See more information about FAM trips in 5.1.4.

Other activities in summary

Some of the other noteworthy campaigns which were carried out include the DNATA campaign in the Middle East market; outdoor campaigns targeting consumers in the UK and South Korea; a trade push with Travel Weekly in the UK; a campaign with German Bridal Magazine and a social media campaign with Marco Polo, also in Germany; WeddingSutra in India; Opodo and Odigeo in France and a Visit Maldives newsletter with French tour operator, Very Chic.

Due to the challenges of the global pandemic, the MPPRC had to re-strategize destination promotion campaigns accordingly. Marketing activities were shifted to online and digital platforms to showcase not just the beauty of the Maldives but to highlight how the naturally distanced islands make it the safest destination for tourists, increasing tourists' trust in the country.

The MPPRC has PR agencies in 14 countries and regions which are listed in 5.1.4. It is noted that these PR agencies are geographically based, not topic based. This could be an opportunity in the future to work with specialist PR agencies to work on specific topics such as diving, snorkeling, surfing, wildlife (especially sea-life), local island tourism, arts, culture, and cuisine etc. Appendix 5.1.4 also lists the events and trade shows the MPPRC have attended or will attend virtually or in person in 2022.

f. Analysis of travel patterns and possibilities of existing and potential source markets visiting the Maldives.

The 'one island, one resort' concept versus inhabited islands, hotels and guesthouses is the fundamental issue facing the image, perception and marketing of the Maldives and thereby influences the choice of source markets, between the two types of accommodation.

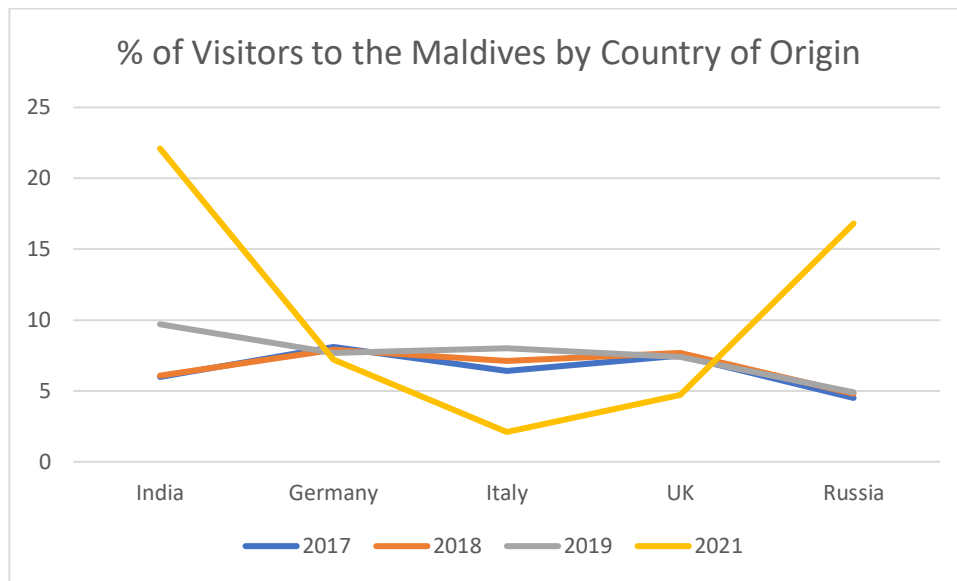


Figure 24 % of visitors to the Maldives by country of origin
Source: Ministry of Tourism, MOT

In 2021 (yellow line) India and Russia made up for the lack of China and the lower volumes from Western Europe. However, both have issues in 2022, as further elaborated below.

In addition to the diversification of accommodation, post-COVID travel patterns are affected by three key issues:

- Re-opening dates of other countries, e.g., Thailand (a main competitor) to inbound travel. It is possible that once these competitive destinations re-open there is a chance that fewer people will visit the Maldives. This assumes that people are choosing the Maldives through lack of choice rather than a desire to visit the Maldives. However, as seen above the Maldives is high on people's travel wish lists and as such, it is likely that at least in the short term, the number of arrivals to the Maldives will be unaffected by the re-opening of rival destinations.
- Re-opening dates of countries e.g., China (a main source market) to international outbound travel. The Chinese market has been the No. 1 market by arrivals for several years. Its borders

closure has had serious implications for visitor numbers to the Maldives. It can be expected that once China re-opens, a huge wave of pent-up demand will happen, and will see a huge increase in the numbers of Chinese visitors and hence total visitor numbers. Similar scenarios may also happen from other Asian markets e.g., Japan, Malaysia etc. although their impact upon total arrivals in Maldives will not be as high as China.

- COVID protocols, e.g., quarantine and testing requirements.

As COVID protocols and restrictions are relaxed, people are more likely to want to travel.

The Maldives was one of the first countries to open up, in August 2020. As has been reported in many articles and reports, the ‘one island, one resort’ concept was the perfect answer to COVID protocols and measures. As such, many marketing messages used the role of COVID protocols and hygiene factors to their advantage to persuade visitors that the Maldives is/was safe to visit, rather than promote the virtues of the Maldives itself. This is exemplified by the Maldives receiving the ‘Safe Travels’ badge in conjunction with the WTTC as early as September 2020.

Today, post-COVID tourism recovery is well under way in certain markets, and covid protocols will soon be a hinderance to travel, not a benefit. The impetus for these markets will be to get back to normal as quickly as possible by ditching quarantine, vaccine certificates, social distancing, and masks. Those countries offering free and easy access, as well as minimal, if any, COVID protocols will continue to be the first to benefit from the post-COVID travel world.

It is predicted that Europeans especially, will, by summer 2022, actively avoid holidaying in countries with strict COVID protocols and a ‘return to normal’ message will be vital. However, some markets have not yet opened up – specifically China. ‘COVID safety’ messages may be needed as they re-open but would have to be assessed at the time. An observation, based on 2020/21 trends could be that once restrictions are lifted, then there will be a surge in demand as many, especially wealthy middle-class travellers, will be desperate to visit abroad for the first time in over 2 years. The Maldives will be in a prime position to capitalise on this demand – thanks to its current image as the premium, luxury, ‘get away from it all’ destination.

The Russian invasion of Ukraine caused a cessation of all international flights from Russia to the Maldives and has had an impact upon the number of visitors from Russia and Ukraine especially in March 2022:

Table 7 Impact of the Russian Invasion on Russian and Ukraine visitor numbers to the Maldives

	March 2021	March 2022	Jan – March 2021	Jan – March 2022
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Russia	22,826	8,806 (-14,020)	63,523	52,235 (-11,288)
Ukraine	5,372	330 (-5,042)	17,921	8,249 (-9,672)

At the time of this report, it is reported that flights to and from Russia will resume from mid-May 2022.

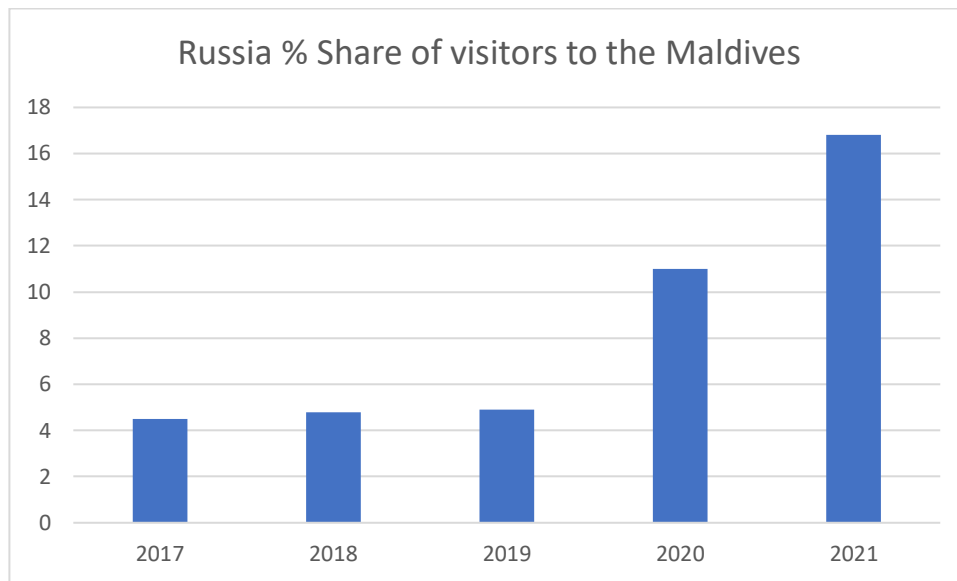


Figure 25 Russian share of visitors to the Maldives 2017-2021
Source: Ministry of Tourism (MOT)

The % of Russian visitors increased from 4.5% in 2017 to 16.8% in 2021

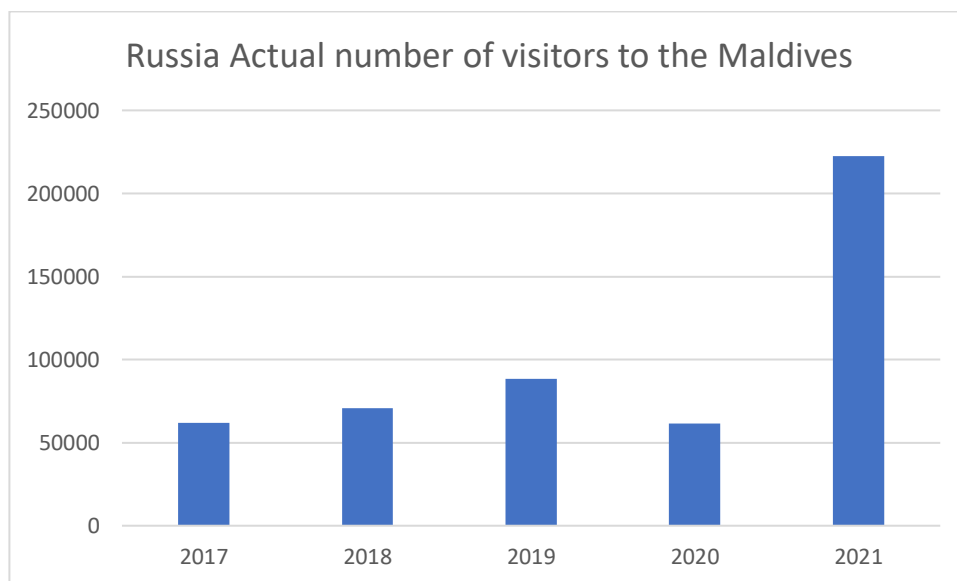


Figure 26 Russian actual number of visitors to the Maldives 2017-2021
Source: Ministry of Tourism, MOT

Actual number of Russian visitors to the Maldives increased from 61,931 in 2017 to 222,422 in 2021.

In January – April 2, 2022, due to flights from Russia stopping in March, the share of Russian market had fallen to 11.9%, overtaken by the UK on 12%. India was third at 10.9%.

However, the number of Indians has fallen over the same period, January – March 2022 vs January – March 2021:

Table 8 Number of Indian visitors to the Maldives 2022 vs. 2021

	January – March 2021	January – March 2022
India	69,730	46,683 (-23,047)

Source: Ministry of Tourism, MOT

This is probably due to the fact that so many Indians came to the Maldives in 2021 (291,787 in '22 vs 62,960 in '21) in order to carry out their quarantine before flying on to other destinations for work e.g., the UAE and Middle East. As such it is unlikely that the number of arrivals from India in 2022 will match the number of arrivals from 2021.

Overall, the number of arrivals up to April 2, 2022, was up by 44% versus 2021, but still down by 10% versus 2019. Quite what will happen in the rest of 2022 is very difficult to predict as it also depends on which other destinations Russians are allowed to visit (e.g., Thailand) and when or if China re-opens to allow international travel.

However, it is worth pointing out that Russia was over-represented in visitor numbers in 2021 and 2022 probably also due to the closure of more popular destinations in Asia e.g., Thailand. As countries such as Malaysia, Vietnam, and Thailand, opened up in 2022, it would have been expected to see a reduction in the number of Russian visitors from 2021 levels. As of now, it is almost impossible to gauge until it is known if and where Russians can fly again.

The MMPRC is arranged by market and lists a target group of over 50 countries, comprising well over 90% of all arrivals in 2019 and 2021. The main target markets are mentioned in 5.1.4. During the field research, no further information was received regarding the budget split between these markets or what activity has taken place in these markets.

In summary, the MMPRC's core markets match the profile of visitors to the Maldives, and as such the marketing activities carried out in 2020 and 2021 can be assumed to have contributed

to the post-Covid recovery seen to date.

g. Other core messages that will motivate and encourage bookings and visits

The main messages are furthering the international and world class image and lifestyle of luxury resorts in the Maldives – island life, no news, no shoes etc., and as such can be assumed to have significantly contributed to the post-COVID recovery.

The Maldives has been able to take part in the Stay Safe messaging for COVID safety and its resurgence in arrivals in 2020 and 2021 shows that these messages were effective. However, it is to be expected that these messages will reduce in effectiveness in markets that have fully re-opened e.g., in Western Europe but may be necessary for other Asian markets as they re-open e.g., China, Korea, and Japan.

‘Tales of the Maldives’ is a relatively new sub-brand to promote the local culture of the Maldives. It is a series of short films showcase some of the Maldives most captivating folklore and folk tales, carrying on the local tradition of powerful storytelling. From the tales of Don Hiyala and Alifulhu to the role of magic and the supernatural in Maldivian society, ‘Tales of the Maldives’ delves into the Maldivian history and culture to tell local stories of romance, intrigue, magic, and wonder.

The films feature nine stories from Maldivian folklore - The First Coconuts, The Giant Triton Shell, Maldivian Magic, Dhon Hiyala and Alifulhu, Communal Spirit in Maldives, Satho Raha, Bodu Niyama Thakurufaanu, Body Mas Meeha and The Legend of Koimalaa. The intention is to create a connection between visitors to the Maldives and its people, culture, folklore, natural assets, and experiences which appeal to both locals and foreigners.

However, the impact of this campaign is unclear, especially on local island tourism. It is also unproven that such messages are complimentary to the core message and lack clear pull-through and call to action.

The Maldives has re-launched its MICE offering to critical acclaim, “Redefining MICE.” The purpose is to promote the Maldives “as an emerging top destination to conduct meetings, incentives, conferences, and exhibitions (MICE) events. The aim is to redefine the business environment, which is often thought to be somber, serious, and limited to boardrooms and conference halls. The Maldives will be promoted as a destination that is perfect to seamlessly merge business with leisure by promoting different experiences.”

While it remains to be seen if the campaign can be successful in attracting large conferences and events, the regional market e.g., within a 3 to 4 hour flight time includes the Middle East, India, and Singapore. Given the cost, the expensive and luxurious image of the Maldives, the real target is more likely to be a smaller, senior management trip than a larger all-staff session. The re-launch should be applauded for seeking to re-position and re-define the way the facilities of the Maldives can be used, and it should be monitored for its effects and results.

4.2 Assessment of the tourism value chain from a perspective of employment and quality

4.2.1 Local employment and economic development

a. Local employment - HR and the value chain

The tourism value chain in the Maldives is composed of several elements. Table 9 shows the elements through which goods and services are provided directly to tourists. In addition, for each of these elements a wide range of economic linkages exists with other sectors for the supply of goods and services, such as agricultural and fishery products, furniture, IT services, construction, etc..

Table 9 Tourism value chain elements

Transport	Accommodation	Food & Beverage	Water Sports	Others
Air/Sea Planes, Speed Boats	Resorts & Guesthouses Safari Boats Homestays ²¹	Restaurants Cafés	Diving Centers	Souvenirs Tour Guides Tour Operators

The unemployment rate in the Maldives in 2020 was around 7 %.²²

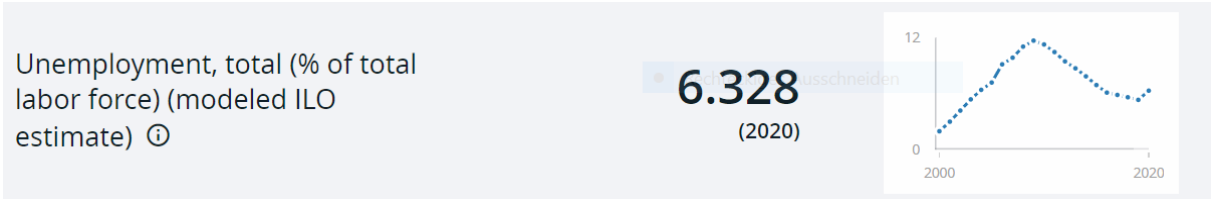


Figure 27 Unemployment rate illustration

During interviews with employers from the tourism industry it was stated that people who want to find a job may find one and do not necessarily have to seek for work in the tourism industry.

There is a tendency in the Maldivian labour market, that certain jobs are not eagerly taken up by Maldivians because of low prestige, relatively low income or sociocultural and/or religious reasons. This also applies to the tourism industry, especially for female workers. Those jobs tend to be filled by the foreign workforce, e.g., Bangladeshi, Thai, Sri Lankan, Indian nationalities, among others.

²¹ At present there are no documents which have been made available to analyze properly the product.
²² Data Source: The World Bank Data Bank <https://data.worldbank.org/country/maldives>.

Specific numbers of unemployed national workforce with tourism background education are not available at present but can be considered as rather low. Open positions at the resorts show a demand for more national workforce which cannot be matched by currently available employees. However, there are voices from the industry that there are many open spaces to be filled.²³

The impact of the COVID-19 pandemic on tourism enterprises and employees

The UNDP Rapid Livelihood Assessment Impact of the COVID-19 Crisis in the Maldives (June 2020 and August 2020) provides a deep insight into the impact of the pandemic on the employment sector in the Maldives. As tourism is the most important employment sector in the Maldives this study gives a good overview of the impact on the various employment groups. This study has been taken as a key background source for the present assessment.

In the Maldives, tourist resorts are the biggest employers in the tourism industry. Hence, the pandemic and the global economic downturn impacted the tourist resorts the most. A resort management survey in 2020 indicated that 96% of the approximately 45,000 employees on payroll in the resorts were retained with partial pay for the initial period of closure of resorts (April-June period), while only 4% of employees were terminated.²⁴

As a result of the temporary closure of resorts in the second quarter of 2020, resort employees earned no service charge between April and June 2020. Service charge income contributes to more than 40% of the monthly income earned for those resort workers below professional levels and managerial positions. The average monthly service charge income earned between April and June in 2019 was USD 482, which resort employees lost over the same period in 2020, which is equivalent to USD 32 million in losses for local employees in resorts during this period.²⁵

Notably, a large number of the 1,186 people working for third-party service providers of the resorts were affected. A large proportion of these third-party employees of resorts are foreign migrant workers undertaking elementary work such as gardening, cleaning, and maintenance.

The large scale and immediate impact of the crisis on employment in the tourism sector is evident from the JobCenter data of over 7,500 employment complaints. More than half of the

²³ Qualitative led interviews with resorts, safari boat owners, others.

²⁴ Source: UNDP Rapid Livelihood Assessment Impact of the COVID-19 Crisis in the Maldives

²⁵ Ibid.

cases (54%) relate to employees working directly in the tourism sector and 14% of the cases relate to those working in the transport sector, which is linked to tourism. According to the JobCenter data, the majority of those affected work in service areas, in lower-paying categories, or were self-employed.

More than half of the employment complaints in the JobCenter relate to those under the age of 30. The JobCenter data shows that, across the tourism sector, redundancy and therefore loss of income impact was highest amongst young people between 15-20 years. Most people in this age group served in elementary and clerical level jobs.

Services of freelancers, seasonal workers and local vendors providing goods and services to resorts have been temporarily stopped and majority work on mutual understanding basis, indicating a high prevalence of loss of work amongst informal sector catering the resorts. These include recreation/ entertainment providers to resorts, cleaning services provided to resorts which often involves women, reef fish providers, local boat (Dhoni) operators etc.

Short term employability and income opportunity within the tourism industry is uncertain for many including those in job transition. Those in job transition phase, have lost jobs, are on no pay, are unemployed and seeking for new jobs and are new entrants to the labour market are amongst those are unlikely to secure employment or incomes in the short term, from the tourism industry. Likewise, freelance service providers and community vendors of goods and services are undergoing multiple challenges with no formal recognition and loss of income affecting their livelihood and wellbeing during this period. The short-term income opportunities for freelance workers and some vendors look unpromising with low occupancy forecasts and slow growing demand in the tourism sector.

Job recuperation in late 2020 and 2021

The assessment shows that the Maldives has recuperated quickly regarding tourism arrival numbers during the COVID-19 pandemic as outlined in chapter 3. Due to the opening of borders during 2020 with strict entry protocols, the arrival numbers increased again and subsequently, the workforce could re-enter the tourism industry in large numbers. However, there are various cases of employees switching their profession (e.g., from working in a resort before the pandemic and driving taxi after the pandemic) have taken place. Furthermore, there are also cases where employees have been recruited from their previous pre-COVID employer to a new employer, high – end resorts seem to especially have taken these opportunities, thus leading to a certain fluctuation in the tourism employment market. Looking into the future (post –COVID era) the need for an increased number of national and foreign workers is evident.

More detailed information on tourism employment will become available in the future with the launch of the “Fahiway” App²⁶. The app, operated by the Ministry of Tourism, is a platform that connects tourism workers and tourist facilities. The app will share information about the employees and jobs in the tourism industry. The Ministry of Tourism has revealed that it is mandatory²⁷ for all tourist facilities to use the “Fahiway” app for tourism workers and the app will be officially launched in June 2022. Once the “Fahiway” app is used, information on all resorts, guesthouses, hotels, and safari employees will be available to the Ministry through the app. The information will also facilitate the compilation and regulation of the list of needed tourism workers.

Currently, detailed numbers for new tourism developments are not fully available as there is no stated timeline on the dates for their completion²⁸.

According to the latest information made available by the Ministry of Tourism in April 2022, the following number of resort beds are under development in the future.

Table 10 Resort beds under developments 2022 - 2024

Year	2022	2023	2024	TOTAL 2022-2024
Resort Beds	2640	2340	4684	9664

Considered a staff key ratio of 1,5 employees per bed, as stated by resort owners, it is estimated that between 2022 and 2024 a total of 6,442 tourism employees are needed for the new resorts under development, as shown in table 11:

Table 11 Employment demand projections 2022-2024 for resorts under development

Year	2022	2023	2024	TOTAL 2022-2024
Employees needed	1,760	1,560	3,122	6,442

In addition, for 2022 it has been reported that 472 new beds will become available in upcoming hotels & Luxury Safari Boats.

²⁶ https://www.tourism.gov.mv/news/fahiway_app_news
²⁷ <https://www.traveltrademaldives.com/fahiway-app-to-be-made-mandatory-for-all-tourist-facilities-from-june-2022/>
²⁸ There is a list of upcoming/ new tourist facilities and developments that can be found https://www.tourism.gov.mv/en/registered/new_developments

The “MEERY MALDIVES”²⁹ study, carried out prior to the Covid-19 pandemic, estimated that employment in tourism accommodations would grow from 49,129 in 2019 to 86,519 in 2023, i.e., 37,390 new positions would need to be filled between 2019 and 2023.³⁰

Table 12: Projection of manpower in tourism sector by MEERY Maldives

			2019		Additional as per SAP 2019-2023		Total staff by 2023
			Registered beds	Staff	Registered beds	Staff	
	Staff/bed ratio	Bed share of total					
Resorts	1.2	76%	35,016	42,019	26,650	31,979	73,999
Hotels	0.48	4%	1,756	843	1,336	641	1,484
Guesthouses	0.68	20%	9,216	6,267	7,014	4,770	11,036
			45,988	49,129	35,000	37,390	86,519

This study (published in 2020) does not consider the COVID-19 turbulences. If considered, extrapolations could be made with the prognosis of a post-COVID scenario using further refined numbers from the MOT’s list of “New Developments – Tourist Facilities Under Development in Maldives”.³¹

With regard to further employment promising segments in the post-COVID era, especially on the inhabited islands, the restaurant segment is of future interest. At present, it demonstrates an underrepresentation of authentic Maldivian food products and variety. Skilled and creative chefs preparing, and marketing local products might have a huge potential. A promising sign is the Chefs Guild of Maldives initiative with a well-known key player from the industry, Ms. Mariyam Noordeen.

The main revenue makers and favorite products in the tourism industry with regard to human resources developments are within the accommodation sector, primarily the resorts, which are meant to grow in numbers within the next years, but also the guesthouses, which enjoy a special attention by the government concerning their potential growth in numbers for more participatory tourism on the inhabited islands.

²⁹ The “MEERY Maldives: Enhancing Employability and Resilience of Youth” project is a collaboration between the Ministry of Higher Education, the Ministry of Economic Development and the World Bank. Funded by the World Bank, the objective of the MEERY project is to empower youth with skill sets and entrepreneurship training relevant to address the job market amid the COVID-19 pandemic to foster livelihoods.

³⁰ MEERY Maldives: Enhancing Employability and Resilience of Youth Ministry of Higher Education Republic of Maldives Training Needs Analysis for Tourism Sector Report (SAP – Standard Assessment Procedure)

³¹ Source: https://www.tourism.gov.mv/en/registered/new_developments

Resorts – Specific Observations

The Survey “Employment in Resorts 2020” published by the Maldives Bureau of Statistics, Ministry of National Planning, Housing, and Infrastructure estimated resort employment at 44,954 in 2019 in the 147 resorts in operation. Locals accounted for 47% of employees. This analysis focuses on the employment data collected in the Resort Employment Survey 2021.

In order to get a sense of the fluctuations in employment during the year, due to the pandemic, the survey collected employment for three different points in time during the year 2020 (beginning of year-January, Mid-year-June, and end year-December). The Resort Employment Survey 2021 was implemented during May to June 2021 and targeted all resorts in operation.³²

Number of employees in the tourist resort, 2020

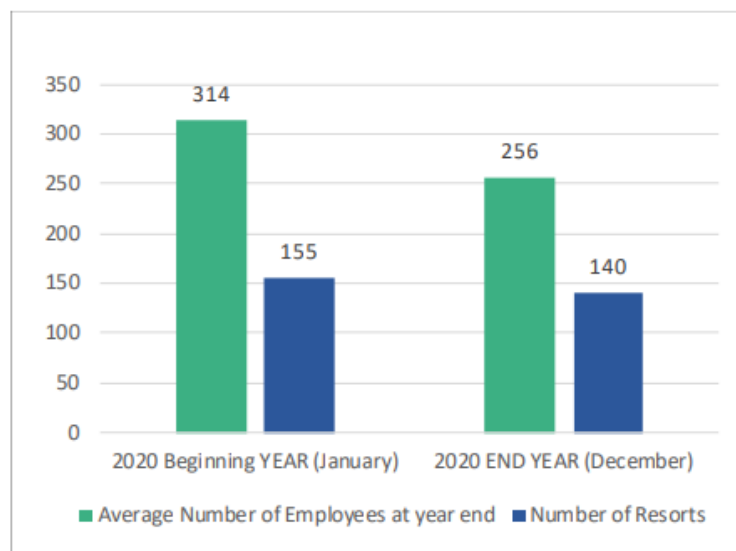


Figure 28

employees in tourist resorts 2020

Number of

³² It was a web-based survey focused to all resort establishments, mainly collecting data on employment. Responses were received from 42 resorts. These data were raised to the total resort population, based on total operational resorts at the end of 2020 and is used in this analysis.

Average Number of employees in the tourist resort, 2020

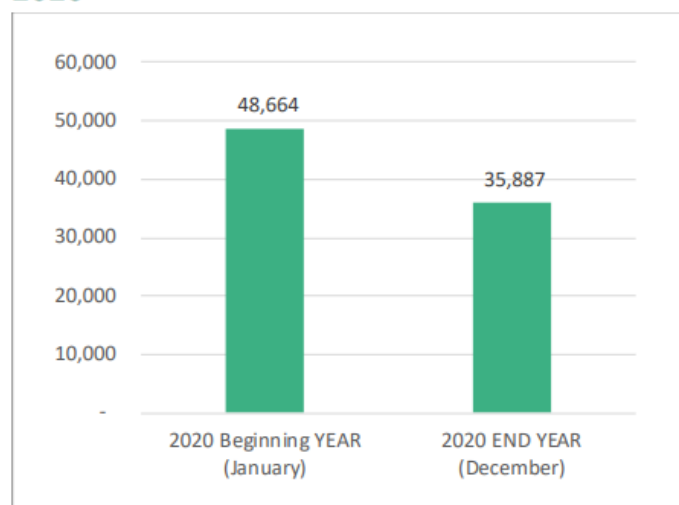


Figure 29 Average number of employees in tourist resorts 2020

According to statistics published by the Ministry of Tourism, a total of 155 resorts were in operation at the beginning of 2020, which dropped to 14 resorts in June 2020, when borders closed due to the COVID pandemic. Since re-opening in July, the number of resorts in operation gradually increased to 140 by the end of the year.³³

Challenges detected:

Social challenges: A specific impediment for national Maldivian workers, specifically in the resorts, is the difficult situation of staying without the family for a long period of time. Had it been complicated already before COVID, now, due to the regulations of restricted travel between resorts and Male or other inhabited islands, working in a resort means quite a lot of hardship, especially for women being far away from their families. The Maldives has one of the highest divorce rates, which could be partly attributed to the fact that married couples with one or both partners working in tourism resorts may only have very few possibilities to spend time together.

Legal challenges: Resorts appear to be very autonomous, and workers' rights might not be fully represented throughout the Maldives. Interviews with TEAM (Tourism Employees Association of Maldives) which considers themselves as a kind of Union, gave certain insights regarding ongoing challenges.³⁴

³³ "Employment in Resorts 2020: Maldives Bureau of Statistics, Ministry of National Planning, Housing and Infrastructure

³⁴ Interview with TEAM (Tourism Employees Association of Maldives) in February 2022

Economic challenges: An important topic for HR is the Minimum Wage effected by the Ministry of Economy on 1st of January 2022. The wage basis is made per business size and not sector-wise. Micro-businesses with employees up to 5 persons are exempt from the minimum wage. Small enterprises with 6-30 employees are subject to pay a minimum of USD 300 for a 48-hour week. A medium size business is classified with 31-100 employees and is subject to pay USD 467. A large business (not falling under micro, small or medium) is subject to pay USD 519. As most of the tourism establishments in the Maldives (tourist resorts) are classified as private large-scale businesses, the latter amount is paid the resort employees. It must be highlighted that the minimum wage is only subject to be paid to national workers.

A split situation in the labor market is existing where national and foreign workers do the same labor but receive significantly different pays which could lead to socio economic tensions. However, after two years of working within the same enterprise foreign workers shall receive the minimum wage that is valid also for national workers.

Employee's Income: The specific financial attraction regarding the 10% service fee distribution on an equal basis to all employees in the resorts have made those working places highly attractive. High-end resorts may pay service fee repartitions as high as 2000 USD monthly to their employees, so that leading resorts seem not to have problems of winning qualified workforce and do not suffer from high fluctuation rates.

Needs for more skilled workers by the resort stakeholders have been mentioned about languages as well as technical positions and as well as in the kitchen segment, cooks, and chefs.

It has been stated by resort owners that the staff capacity relation of estimated 1,5 (also numbers of currently 1,3 have been found) member of staff per bed should be further increased which leaves plenty of space for new positions in the industry segment. Especially this high-end tourism product of the Maldives requires levels of skill in its workforce that people from neighboring islands have difficulty in providing.

Guesthouses

At present around 50% of the guesthouses have reopened (as per verbal information by the guesthouse association), the other 50% still stay closed due to COVID-19 impacts. Support by the government had been given to guesthouses regarding the utility bill settling in 2020.

Challenges detected:

Guesthouses should have a minimum of 6 rooms. However, there are cases where a

guesthouse might use the name “hotel” and/or market its structure as a hotel on online booking platforms. This is done to have a competitive advantage and could confuse the expectation of the visitor. Some guesthouses are locally owned and run as family businesses, others are subleased to foreign investors and staffed with foreign workers. The guesthouse sector enjoys a lot of government attention and is fostered also by SME lending programs as from the SDFC³⁵.

Another challenge detected is the staffing of the guesthouses. It might be run by a local family so that local personnel or family members will have the benefits of work and employment. But there is also the challenge of non-islanders who will set up an enterprise and staff it with foreign workers. Island council members have an important role when it comes to tourism development on the inhabited islands, especially the development and distribution of more tourism enterprises. On some islands, council members may have limited experience and expertise with tourism, which may create risks of haphazard and over-development. This could result in changing the character of an island due to inappropriate high visitor numbers encouraged by too many guest house developments.

Although the Polytechnic – TVET Authority is running courses on how to manage a guest house, it appears that additional know-how transfer is needed, especially for the managers/owners before the guesthouse industry will prosper homogenously throughout the Maldives. Intercultural awareness concerning international guest demands and tourism aesthetics are scarce. Specific challenges are related to the limited capacity in ICT readiness and its skills among guesthouse staff.

Safari Boats

Fluctuation of skilled personnel has been reported, which is been “head hunted” by resorts. Difficulties in hiring staff, specially finding captains, but also chefs have been identified. According to some owner’s estimations, about 43 % of the revenue declined during the pandemic. Companies do not have huge reserves, and the government offered loans. Most of the boats maintained the staff using them for other works but many freelance workers e.g., diving guides got lost. Various open job opportunities for employment on boats have been stated: Captains, PADI Diving instructors and mechanics.

b. Mitigation measures taken for tourism employees

³⁵ SME Development Cooperation Maldives

As part of the economic relief to address the adverse social and economic impact of COVID-19, the government rolled out a response package to provide financial support to households, individuals and businesses affected by the pandemic. The support package included working capital for businesses and micro, small, and medium-sized enterprises, loan moratorium for businesses and individuals, income support allowance to affected individuals, and utility discounts to households.³⁶

1. Financial support by the government was paid to employees in 2020 (6 months) - 22.000 local payroll employees of resorts who have been affected by the pandemic have received financial support.³⁷
2. This did not apply to the 17.000 foreign payroll employees: Although some foreign workers could or had to stay in the places of work at the beginning of the pandemic, repatriations took place during the ongoing economic pressures of the pandemic.³⁸
3. Owners of resorts and safari boats have received loans.
4. Guesthouses which stayed closed due to COVID-19 could open again in October 2020. Utility payments were delayed in payments for up to 6 months.³⁹

Due to the current rapid recovery of the tourism employment market no topics of urgent needs for mitigation for tourism employees in the Maldives could be detected.

c. Gap Analysis between Local and Expat Workforce

The Maldives has experienced an eleven-fold increase in its total migrant population since 1990, and this population is projected to be around 33 % of the resident population by 2029. Migrants from less developed neighboring countries – notably, Bangladesh, India, and Sri Lanka – come to Maldives in search of employment opportunities.⁴⁰

Working in the tourism industry for foreign workforce is restricted at present for a tourism enterprise by a maximum of 55% foreign workers and 45 % Maldivian workers. Overall, migration and migrant workers have massively contributed to the Maldivian economy and the labor market has become heavily dependent on international migrant labor within certain economic sectors and occupations. The tourism sector was initially subject to a limit on the number of foreign nationals it could employ. However, the limit was gradually reversed from a ratio of 55:45 (locals to foreign nationals) to 45:55. The ratio seems not strictly observed by all

³⁶ For details see: Asian Development Bank ADB Maldives Economic Update 2020

³⁷ Source: UNDP rapid livelihood assessment.

³⁸ Ibid.

³⁹ It is not clear how many guesthouses went bankrupt. For example, in Hulhumale leased properties with leases up to 5000 USD per month, many went bankrupt.

⁴⁰ Source: UN – IOM, 2018: https://publications.iom.int/system/files/pdf/mp_maldives_2018.pdf, retrieved in 2022.

employers, as they find it difficult to attract local workers for various reasons, for example, resorts' isolated locations, the stigma associated with work in resorts, and the lack of soft and hard skills among local jobseekers. It has been observed in the Maldives that international migrant workers, especially those employed in the tourism and construction sectors, are particularly vulnerable to labor abuses.⁴¹

Table 13 Local vs foreign employment data in resorts

2019 Employment in Resorts	<u>National: 21,332</u> <u>48 % (45% male and 3% female)</u>	<u>Foreign: 23,622</u> <u>52% (45% male and 7% female)</u>
<u>2020 Employment in Resorts</u>	<u>National: 15,093</u> <u>42.5 % (40% male and 2.5% female)</u>	<u>Foreign: 20,794</u> <u>57.5 % (49% male and 8.5% female)</u>
<u>2021</u>	<u>Not available</u>	<u>Not available</u>

Source: Employment in Resorts 2020: Maldives Bureau of Statistics, Ministry of National Planning, Housing, and Infrastructure

Based on an interview with the Maldivian Labor Authorities in March 2022, it can be estimated that at the end of 2021 employment levels have reached 90 % of the pre-COVID numbers.

Gaps between local and foreign workforce have been existing already before COVID-19. The MEERY Maldives project raises the quality and quantity issues with the current workforce in the tourism sector posing a serious challenge for the Maldives. Key positions in the tourism sectors (e.g., accommodation and travel businesses) are more likely to be filled with foreign personnel as the industry is struggling to look for qualified staff in the future. This largely results from the problems encountered in the education and training system to deliver education and training programs to the future workforce and equip the required skills in their students. A particular challenge relates to the need to train chefs in specific cuisines in order to cater for the tastes of the international luxury traveler.⁴²

Gap of education

A consistent gap previously mentioned is a certain misbalance between Maldivian staff and foreign workers with higher education and skills who enter the country with concluded (foreign) education and thus are better prepared for higher value positions. Analysing the Situation of

⁴¹ UN Maldives Common Country Analysis, 2020

⁴² Meery Maldives: Enhancing Employability and Resilience of Youth Ministry of Higher Education, Republic of Maldives Training Needs Analysis for Tourism Sector Report

Children and Young People in the Republic of Maldives, as also quoted by UNICEF, there are limited numbers of Maldivians with skills to work in higher skilled and more technical positions due to non-availability of specific training in the country and lack of financing opportunities to go for training abroad.⁴³ This also has been backed up by a recent interview with the Polytechnic (TVET) institution mentioning shortages of sufficient full-time teaching and training personnel.

According to the resorts, the main gaps between Maldivian and foreign work force are the following:

- Language gaps
- Educational gaps, meaning specifically diplomas from the tourism industry
- Lack of nationally trained cooks and chefs being able to care for the demands of upmarket international tourists

Gap of salaries

While the demand for labour in the tourism sector is growing, employers tend to prefer migrant workers due to the lower wages that they are willing to accept, their dependence on the employer for income and avoidance of deportation.⁴⁴

A new challenge might be the minimum wage for national workers which does not apply to foreign workers and might lead to strong frictions within the tourism industry.

Also, there seems to be a “grey – black” employment market, driven especially by Indian nationals who try to enter as tourists making reservations in guesthouses but then being a “no show”. These are “Guests” booking via online travel agents that then simply do not arrive but enter the “grey” tourism worker market. This adds to the challenge of lower wages to be paid to foreign workers and a lower attractiveness for managers to hire national tourism workers.

Gap of motivation

One challenge of unemployment in the Maldives is not a lack of jobs, but limited linkages with employment opportunities that results from skills mismatch of youth exiting the school system and their preferences toward white-collar jobs that limit job uptake by young Maldivians.⁴⁵ Young Maldivians are hardly tempted to take over “blue collar” and lower wage positions which

⁴³ UN Maldives Common Country Analysis, 2020

⁴⁴ UN Maldives Common Country Analysis, 2020

⁴⁵ UN Maldives Common Country Analysis, 2020

are combined with other obstacles as afore mentioned like social challenges, being separated from the families and friends.

Gap of stability

Data from the jobcenter.mv about the employment impact of COVID-19, which was published in the UNDP rapid livelihood assessment, makes clear 54% were from the tourism and food services. Transport was the second most impacted sector with 14% of the total national employment number. According to the JobCenter data for the tourism sector, 31 % reported redundancy/complete loss of income, 30 % reported no pay leave, and 39 % reported receiving partial pay.

During COVID-19, the situation for workers underwent many changes and faced instability. Some national workers were laid off and received a temporary support from the government. According to a UNDP study and a resort management survey, “96% of the approximately 45,000 employees on payroll in the resorts were retained with partial pay for the initial period of closure of resorts (April-June period), while only 4% of employees were terminated.” The resort management survey shows that about 4 % of payroll employees were immediately terminated, which means that potentially 1,800 local and foreign payroll employees in resorts lost their jobs in March/April as a result of the COVID-19 crisis. This indicates that loss of employment was avoided by the majority of payroll employees working in resort establishments in the initial phase of the resort closure (April-June 2020).

Regarding foreign workers, there were no support paid from the state, and repatriation took place, although now it has been stated from various sources from the industry, that figures of foreign work force are again back to normal.

Those resort employees that were affected the most from the pandemic were people aged 25 years and above. It did not have such a significant impact on people aged between 18 and 24 as analysed by the MBS.⁴⁶

Another challenge (as mentioned by a UN report and following the interview with the labor authorities) concerns social security and health care. It is no longer mandatory for employers to enroll migrant workers in the Maldives Retirement Pension Scheme, and migrant workers, even long-term residents, are not entitled to any of the social security measures that citizens

⁴⁶ Source: Employment in Resorts 2020: Maldives Bureau of Statistics, Ministry of National Planning, Housing and Infrastructure

are entitled to. Despite an obligation for employers to provide all migrant workers with health insurance, the coverage provided – especially to lesser skilled workers – is typically the most basic. In practice, this results in migrants not seeking medical care until a health condition is acute. In the Maldives, given its small and dispersed population, international migrant workers are an essential mainstay of the economy”.⁴⁷

d. Initiatives to attract Maldivian National to work in tourism

Numerous initiatives have been launched during the last decade which are supported or funded by the government and private initiatives to attract more Maldivian Nationals, especially younger people, to work in the tourism industry. ⁴⁸

Although efforts are visible, e.g., as interviews in local journals or TV spots or job fairs, it can be assumed that for in post COVID-19 era, there is potential to undertake more initiatives. The most promising current initiatives are listed below:

1. Initiatives published as in the “The islandchief” journal. A striking example on how to motivate (young) people and especially females is found in Vol. 66 from January 2022 (www.islandchief.com) with chef Mariyam Noordeen, the founder and president of the Chefs Guild of Maldives. She demonstrates possibilities on how young and innovative chefs can find creative and rewarding work for example in the restaurant businesses.
2. The promotion commercials in national TV channels of the Maldives, e.g., Maldives TV (<https://maldivestv.mv/>) or PSM – Public Service Media. Here high-quality tourism related animations and short stories of success work in tourism regularly are broadcasted.
3. The afore-mentioned MEERY project to empower youth with skill sets and entrepreneurship training relevant to address the job market amid the COVID-19 pandemic to foster livelihoods.
4. Private initiatives of resorts, e.g. Four Seasons to invite Maldivians to “days of the open resort” and demonstrate the work environment.

Maldivian school-leavers are not enthusiastically motivated and prepared to work in tourism jobs like housekeeping and kitchen positions. Very few women work in tourism, primarily due to cultural norms of a care role assigned to women and social expectations and stereotypes.⁴⁹

⁴⁷ UN Maldives Common Country Analysis, 2020

⁴⁸ E.g., the President’s Office Training initiative in Strategic Human Resource Development Plan For the Tourism industry 2011-2015 Ministry of Tourism, Arts and Culture, Republic of Maldives

⁴⁹ UN Maldives Common Country Analysis, 2020

e. Inclusive growth: social sustainability and benefits from tourism for the local population

The Maldives is expanding and rapidly diversifying its source markets and further increasing numbers of guesthouses on inhabited islands as analyzed in the scenario planning in chapter 2. Guesthouses are slowly re-opening to individual tourism as the rules of inhabited island visits for tourist are being relaxed.

Guesthouses can provide more jobs for island inhabitants than resorts, which employ largely international migrant workers.⁵⁰ The re-opening of guesthouses during the COVID-19 pandemic has started on a slower pace than the resort re-openings. Guesthouses are in the focus of the government to be fostered in the future, as further explained in chapter 5.2.1. It can be assumed that guesthouses will provide the most direct benefits to inhabited island entrepreneurs, their family members as well as other local and national workforce on the island.

Following a field visit and assessment to Himafushi, a mixed picture was found concerning the readiness of the product guesthouse for the Fully Independent Traveller (FIT). Challenges regarding the development of a quality product “Guesthouse” (from an HR point of view) are listed below. The sector lacks in:

- Know how - what quality does the international visitor expect in relation to the price charged
- Tourism aesthetics: Harmonious design of the islands public areas does not necessarily match with the design of the guesthouses
- The diversity of the food products offered, especially with local food culture
- The diversity of distinctive tourism products and activities on local islands (also detected in chapter 5.1.1)
- Sufficient national workforce to work in the tourism industry also taking into account the seasonality challenges guest houses are faced with

The local population does not appear fully familiarized with the tourism product. The island councils, as legal body responsible for permissions and overall tourism infrastructure, are not fully familiarized with the tourism product, FITs and island stays. Qualitative know how, e.g., the orientation of international ECO quality labels is missing. Although an island might appear attractive in principle, there is still open space for a development of enhanced “USP – Unique Selling Points” propositions possible.

4.2.2. (Service) Quality assessment

⁵⁰ UN Maldives Common Country Analysis, 2020

a. Visitor satisfaction, complaints management and quality labels

Assessing the Maldives Visitor Survey Reports within the last 3 years, there seems to be no serious challenges regarding service quality in the Maldives. Tourism Quality should be driven by the Customer's point of view first, and this is well being addressed in the Maldives. The majority of respondents of the Maldives Visitor Survey Report February 2020 rated their place of stay in the Maldives as excellent or very good for all areas at their place of stay.

Tourism Quality Service Chain Overview

Looking into the tourism quality service chain not all areas are thoroughly covered by the visitor survey.

Table 14 Tourism quality service chain elements

Points of Arrival & Departure	Accommodation	Food & Beverages	Beaches Diving	Excursion & Tour Guides	Spa & Wellness	Souvenirs Handicraft
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Friendliness of staff received the highest ratings: with 95% rating it as excellent or very good. Safety, comfort, service, and cleanliness were also rated excellent or very good by the majority of respondents (Maldives Visitor Survey Report February 2020).

What has not been possible to assess is the handling of minor or serious complaints related to a comprehensive complaints management system. Anecdotal evidence by visitors to the Maldives showed they are confused how to issue a complaint to the responsible authority.

What seems evident is a lack of tourism quality labels aiming at an international clientele. Before COVID-19, the recognized high value product, especially "resorts" may have been less inclined to obtain quality labels. Recently, due to the strong goal to have increasingly more inhabited island tourism through guesthouse development, ecological orientated quality labels are becoming increasingly more important to attract higher spending and ecologically conscious tourists. For documentary purpose, the achievement of the Green Key Label by the Sun Island and Royal Island Resort in March 2022 is mentioned⁵¹.

⁵¹ <https://maldives-magazine.com/news/the-green-key-awards-sun-island-resort.htm>

According to the materials made available, only the segment of Spa & Wellness seems to be partly overpriced regarding quality and price relation.⁵²

However well the tourism service quality appears in this survey; it is useful to analyze and look at some specific elements of the tourism quality service chain of the Maldives:

Resorts

Resorts appear to have a high independence regarding their product in the Maldives. There is an inspection scheme conducted by the MOT⁵³. However, no complaints management system so far has been developed in the Maldives with an easy access for the customer to address any challenges to the MOT based on a structured system. At present, there is a website⁵⁴ that guests can use, which includes an email address where comments can be submitted.

Resorts are not star rated by a specific governmental system. However, there are ratings according to marketing structures, e.g., with tour operators or international magazines, e.g., FORBES or other private initiatives. Here, the marketing effect stands in the center of such actions and is not clearly connected to the quality of trained human resources.

Food and Beverage

A differentiation can be observed regarding the food products which seem excellent in most of the resorts but lacking variety for the FIT in the inhabited islands who would be staying at guest houses. Ratings for dining experience at places of stay were collected with the Maldives Visitor Survey and published in the same report from February 2020. 50% of the visitors stated that the quality of food was excellent while 33% said it was very good. 48% stated that the Maldivian cuisine was excellent and 36% said it was very good. With regards to the diversity of choices 46% said it was excellent. Only 4% stated that the three categories would be poor.

A nationwide quality food initiative involving local food product processing and culinary “adventures” for FIT tourist is not in place.

b. Tourism safety and security

⁵² Maldives Visitor Survey Report February 2020

⁵³ Reference is made here to the revised materials by the MOT: QUALITY ASSURANCE AND REGISTRATION SECTION MINISTRY OF TOURISM, REPUBLIC OF MALDIVES Tourist Hotel Inspection Checklist.

⁵⁴ Source: https://www.tourism.gov.mv/en/page/contact_the_ministry_of_tourism_maldives

COVID- 19 related measures

A detailed chronological documentation of the reopening of the Maldives can be found in chapter 3. One of the most important factors to build consumer confidence is the communication of hygiene measures taken to combat the pandemic in the country and guidance in case a tourist gets infected during the holiday. Clear and transparent communication and follow-up on these topics help to build consumer confidence. The Maldives follows consequent communication of protocols and structured approval procedures⁵⁵. Health and hygiene measures are constantly updated and available to tourists.⁵⁶ The involved authorities are the Ministry of Health, Ministry of Tourism and the immigration authorities appear to be cooperating efficiently. It is clear that the authorities have followed the internationally published important documents related to COVID-19.

The control of **Food Safety** at the **Resorts** is under the overall supervision of the Ministry of Tourism, whereas when eventual action is required, the relevant unit of the Ministry of Health is mobilized, e.g., in severe cases like food poisoning. The Public Health Inspectorate states to follow the WHO guidelines in line with international standards. According to the Public Health Inspectorate, they found that Resorts follow the HACCP (Hazard Analysis & Critical Control Points) standards. Expatriates and foreign workers in the Resorts hold a valid health certificate as part of their working visas.

Concerning the Guesthouses, it is unclear if personnel are familiar with HACCP measures. No specific Food Safety Licenses are currently needed at guesthouses. It is unclear if tourism employees will be trained in basic food safety measures after the end of COVID-19 and upon reopening.

4.2.3 Assessment of educational institutions and its networks

The Polytechnic and National University of the Maldives are offering tourism related programs and courses. During COVID-19, according to the numbers submitted, enrollment and graduation stayed relatively stable, and the demand is increasing again.

The TVET – Polytechnic states continuous demand for their tourism & hospitality education courses. They run Tourism-related courses focusing on tour guiding and guest house operations, which were recently commenced from late 2019. There are no difficulties in running

⁵⁵ See 5.2.2 Approval Procedure to Restart Tourism in Maldives

⁵⁶ Source: <https://visitmaldives.com/en/covid19-updates>

programs that do not need much in terms of facilities (e.g., tour guiding or front office), however conducting courses like pastry, baking is challenging due to lack of premises and materials.

The Guesthouse Management Course is especially high in demand, with actual 32 students attending – the average class size are 15 students. Polytechnic states motivation and scope for skills training in the tourism sector and wishes to build better working relationships with tourism stakeholders, especially resorts. There is not much international exposure but the membership in UNEVOC (The UNESCO - UNEVOC International Center for Technical and Vocational Education and Training).

The Maldives National University offers several Certificate (C3), Diploma, Bachelor, and Master programs with international compatible curricula, focusing on Culinary Arts, Front Office and Patisserie, with an annual enrollment between 29 and 48 students per course.

Analyzing relevant studies⁵⁷, e.g., the UN Maldivian Common Country Analysis and interviewing educational institutions, challenges can be found which are relevant for the tourism related education in the Maldives in general:

Challenges detected are:

- lack of soft skills and training in both technical and academic for getting jobs;
- weak quality and relevance of TVET, which also reduces students' interest;
- inadequate linkages between tertiary education institutions and private firms, e.g. the resorts
- lack of full-time teaching capacity in TVET
- missing grants for the students, including living allowance
- rudimentary international exposure and networking of the institutions (especially Polytechnic/TVET)
- limited number of classrooms

Analyzing the numbers obtained from both, Polytechnic, and the National University of the Maldives, it is obvious that enrollment potential and courses offered are too small compared to the national skilled workforce needed for the future – see 5.2.1.

⁵⁷ UN Maldives Common Country Analysis, 2020

4.2.4 Assessment of statistics

An extended assessment of the tourism statistics system is included in a separate report (Component 1 of the project). The report analyzes the statistical framework of tourism and related data from a demand and supply side perspective and provides an overview of COVID-19 impacts based on available data. Data gaps are identified, and recommendations derived to strengthen the system of statistics to support monitoring, management, and strategic planning (see 5.2.4).

4.3. Assessment of tourism sustainability measures

4.3.1 Assessment of support mechanisms for tourism SMEs

Support mechanisms for tourism SMEs can be manifold, from a political perspective, a business view, and a civil point of view. The following tables show the numbers of the presently registered tourism SMEs and resorts in the Maldives.

Table 15 Registered tourism businesses

Tourism business	Number
Travel agents and tour operators	556
Tour guides	16
Dive centers	194
Yacht marinas	3
Total	769

Source: Ministry of Tourism, MOT

Table 16 Registered tourism accommodation facilities

Type of facility	Number	Rooms	Beds
Resorts	157	18,764	37,652
Hotels	10	677	1,364
Guesthouses	731	6,259	12,206
Homestay Guesthouse	1	3	6
Vessels	143	1,193	2,704
Bareboat	9	87	169
TOTAL	1,042	26,983	54,101

Source: Ministry of Tourism, MOT

Guesthouses and homestays:

Guesthouses, and in particular homestays, are a relatively new form of accommodation facilities which are mainly used by individual travelers (FIT) and other niche tourist segments. In February 2022, 731 guesthouses were registered by the MOT. There was no data available about the number of operating and non-operating guesthouses. During an interview with the MOT, it was stated that an estimated maximum of 50% of all guesthouses were operative in February 2022. Weak management and marketing opportunities were stated as the main reasons for this low performance.

For homestays, no data were made available, and it was not possible to make an assessment

of a homestay operated by a local family. On the MOT website, there is currently one homestay structure registered with 3 rooms and 6 beds. This business model was announced by the MOT at the beginning of January 2022 and is hardly diffused around the islands so far. The homestay tourist model received political support from the MOT, but no further applicable business support has been made available to the family operators so far.

The Business Center Corporation (BCC) has conducted one specific training session for 20 families interested in opening a tourist homestay business. Presently, the training material is updated and further training sessions for enhancing homestays are planned to be carried out in 2022.

Diving companies:

Diving tourism is one of the Maldives' most outstanding products. The MOT website lists 194 registered dive centers on its islands, most of them are located in resorts and tied to safari boats. Currently, the diving sector finds itself in difficulties. It was not only hit very hard by the pandemic, but it is still hardly recovering from the impacts. While the general tourism recovery was possible thanks to the performance of the resort sector, diving tourism could not follow up with that upturn development. On the one hand, this was due to insufficient public financial support measures, on the other hand it is due to the many freelance workers who had left during the pandemic and have not returned yet. The lack of professional divers, which was an issue even before 2020, is now bigger than ever.

During the pandemic, marketing of diving tourism was neglected especially by resorts whose primary interest was in filling the beds – without giving much attention to which traveller segment is sleeping in them. Moreover, diving tourists are rather from the FIT segment than resort tourists and there is no evidence of a marketing strategy for catering to these individual diving tourists.

Furthermore, there is a considerable lack of information and data about the national diving sector. This includes the supply side (data about the workers in the sector, information about the diving centers and schools, diving locations, etc.) and the demand side (detailed profile about travelling behaviour of diving tourists).

Business support services

The SME Development Finance Corporation (SDFC) has been established in early 2019 as a specialized financial institution providing financial products and ancillary services to MSMEs and entrepreneurial start-ups with the primary purpose of easing access to finance for MSMEs. SME development is considered a key element and a measure for equitable economic

development, and for strengthening the competitiveness and robustness of the economy. MSMEs make up 93% of all businesses in the Maldives. Access to finance is singled out as the greatest challenge facing MSMEs and a barrier to the growth of the SME sector in Maldives. Presently, the financing industry at large have come short of offering financial products and services that are affordable and are in line with the needs and circumstances of MSMEs. The tourism sector is one of the key focused sectors by the SDFC. Especially the establishment and development of local tourism and related support services within the atolls in the Maldives are prioritized by SDFC.

The Business Center Corporation (BCC) is an important SME support structure in the Maldives. It started its services in 2017 and was a crucial helper to SMEs during the pandemic. From July 2019 until December 2021, it has provided consultations and business-related information to 4,300 beneficiaries. It stated that 8% of these inquiries were directly from the tourism sector. As most of the economy in the Maldives is somehow connected to tourism, the BCC supported many businesses that are indirectly connected to the tourism industry.⁵⁸

During 2020, BCC supported the UNDP with data collection for the rapid livelihood assessment and contacted around 5,000 businesses. At present, BCC counts 11 business centers with 80 employees around the country.

Sub-sectors in the tourism supply chain

Handicrafts: The BCC started the initiative “Authentic Maldives” in 2020 with the first souvenir shop opened at the airport in the same year. Authentic Maldives aims to connect national artists, handicraft workshops, artisans and other related MSMEs who are interested in selling their products in souvenir shops. The products must be made at least 30% in the Maldives to qualify. As of February 2022, Authentic Maldives groups 130 actors with more than 1,000 listed products. BCC helps the actors become registered businesses, get financing, and find funds for investment, be part in a commercial network, give them a platform to sell the products, among other services.

The products range from sweets and delicacies, products made from local fish, cosmetics, paintings, postcards, photographs, books and brochures, jewelry and costume jewelry, plates and cups, small furniture, tablecloths, and bed linen, among others.

⁵⁸ Source: Business Center Corporation, 2022

BCC stated that more than 50% of the artisans are women and under the age of 35. The artists are sourced through various marketing activities on TV, local radio and on the BCC social media channels and website.

Agriculture: The agriculture sector, which is a crucial input and supply chain source for the tourism industry, is relatively small in the Maldives with a contribution to 1.3% to the GDP.⁵⁹ However, it remains an important partner industry for tourism. Agronat, a state-owned company and an initiative by the Ministry of Agriculture provides services for enhancing small scale agricultural businesses with enabling market access for farmers, supply chain management, production capacity development, among others.⁶⁰ Agronat is a similar support structure for farmers as the BCC is for other regular SMEs and those to-be opened. The Ministry's objective is to revitalise the agricultural sector as per the Blue Economy vision.

Fisheries: Many resorts source fish directly with reef fish that is caught by nearby fishermen. Based on a survey⁶¹ a resort purchased 520.5 kg reef fish per week on average, in addition to 370.3 kg per week of tuna (tuna is mainly for the consumption of the resort staff). Many of the smaller resorts (up to 50 rooms) can source 70-80% of its fish needs from the fishermen. Based on interviews it was stated that many resorts can source 10-20% of its overall food products from the Maldives (not the quantity consumed).

Guesthouses and homestays can source usually even more fish from the reef fishermen and local agricultural products and nearby farmers. These family-run accommodation facilities stimulate the small island economies with the provision of visitor services and indirectly related tourism businesses, this includes bars, restaurants, supermarkets, agricultural producers, transportation services, traders of goods for facility infrastructure and maintenance services, etc. Directly related tourism services are also increasingly offered by locals such as snorkeling, fishing and boat excursions, local island guided tours, among others. Specific data and numbers about the size of these activities are not available.

Incentives to stimulate travel:

The Maldivian Government as well as the private tourism businesses have introduced a series of incentives to stimulate travel to the islands during the global pandemic. Strategic actions and decisions have been taken to keep the impact on the national tourism industry relatively

⁵⁹ Source: ADB, 2020: <https://www.adb.org/sites/default/files/institutional-document/674971/maldives-economic-update-2020.pdf>, retrieved in 2022.

⁶⁰ Source: <https://agronational.mv/en>, retrieved in February 2022.

⁶¹ Report on survey on reef fish landings to resorts, 2016.

low, in comparison to other destinations. This section assesses the most successful incentives that have been introduced.

COVID corridor and closed island resort loops:

As already mentioned in the benchmark analysis, the Maldives have participated in the COVID-19 free corridor. From September 28, 2021, by order of the Ministry of Health of EU states, COVID-free Tourist Corridors have been introduced for the territories of Aruba, Maldives, Mauritius, Seychelles, Dominican Republic, Egypt (limited to the tourist areas of Sharm El Sheikh and Marsa Alam), on return from which it is not necessary to do the fiduciary isolation. In order to benefit from this exception, passengers have to:

- show before boarding the Green Pass and a negative test carried out within the last 48 hours;
- undergo, if the stay abroad is longer than seven days, an additional test on site;
- show, upon re-entry into the national territory, a negative test carried out in the 48 hours prior to boarding;
- undergo, upon arrival at the domestic airport, a final, additional test that proves negative.

By respecting these few steps, it has been possible for travellers to return to their home countries without the quarantine period because they have been travelling in a COVID-19 free bubble – a closed loop strategy which was particularly “simple” to implement at island destinations.

High vaccination rate of tourist employees:

In November 2021 Maldives published the information that 95% of its tourist employees were fully vaccinated.⁶² By mid-February 2022, this rate increased to 98% and 30% had received the booster.⁶³ One of the most successful strategies to receive such an impressive result was that authorities launched the COVID-19 inoculation drive for tourism industry workers on 4 February 2021. Priority was given to vaccinate tourism sector employees who come in close contact with tourists, such as those working on liveaboard vessels, in resorts, guesthouse employees and those performing guest service roles at various tourist establishments.

⁶² Source: <https://raajje.mv/110043>, retrieved in February 2022.

⁶³ Source: <https://raajje.mv/113731>, retrieved in February 2022.

Moreover, the Ministry launched the "I'm Vaccinated" campaign with an aim to share a positive message regarding vaccinations of staff employed in the industry as well as promoting initiatives taken to ensure the Maldives remains one of the safest travel destinations. The booster doses were rolled out for tourism sector front-liners in association with the Health Protection Agency.



Figure 30 Vaccination campaign illustration

A vaccination tracker has been installed to get an objective overview about the current situation of vaccinated tourist employees.⁶⁴ Although this website has been updated only until July 2021 (since then there was no further data update), it can be seen that the vaccination campaign mainly reached the resort employees (almost 30,000 at that time)⁶⁵. The number of vaccinated guesthouse staff was 306 and only 70 employees of all hotels were vaccinated in summer 2021. Hence, the stimulation to travel with respect to vaccinated employees did not reach tourism at inhabited islands which happens in hotels and guesthouses. Tourist employees were not treated equally with regards to the accessibility to vaccinations. In particular, tourism SMEs in the accommodation sector faced a shortage of vaccinations. This can be attributed to various factors, such as:

- family run businesses such as guesthouses count only a few employees, as the family members are not officially employed;
- workers at hotels and guesthouses are not registered and therefore do not count as employees;
- many guesthouses and hotels have closed their business and the travel stimulation with vaccinated employees was irrelevant.

Another travel stimulation was the 3V initiative which stands for “visit, vaccinate and vacation” which has been introduced by the Government and taken further by tourist resorts. These resorts promoted a stay in their premises with the possibility to get vaccinated against COVID-19 upon arrival.⁶⁶ No further data about the actual number of vaccinated tourists was made available.

⁶⁴ Source: <https://vaccinated.visitmaldives.com>, retrieved in February 2022. This website has been updated in July 2021 for the last time.

⁶⁵ The total number of resort employees was 42,019 in 2019.

⁶⁶ Source: https://www.travelconnectionmaldives.com/blog/travel_guide/maldives-launches-vaccine-tourism-giving-covid-vaccine-to-tourists/, retrieved in February 2022.

Tourism marketing campaigns:

Various tourism marketing campaigns were launched by stakeholders such as marketing agencies and resorts to promote a better travel image from 2020 onwards. One of such campaigns was launched with the tagline “Isolation never looked this good” to emphasize its unique reputation of being a niche destination.⁶⁷

Generally, the tourism operators in the Maldives have applied a considerable push in the use of digital marketing which has produced positive results in terms of visitor arrivals. Moreover, the Maldives was awarded with the price “World Leading Destination” in 2020 and 2021.⁶⁸ The destination has gained lots of international reputation and benefitted from the awards, using them in the many promotion campaigns.

Lowered prices for the destination Maldives:

A successful strategy for the Maldives was to lower its prices, especially in the resort sector, as most of the guesthouses and hotels were less operational in 2020 and 2021. While the prices for airfare tickets were more expensive during that time, the cost for the average bed in the country’s resorts decreased considerably in 2020. As the Maldives are perceived as a rather expensive destination, the lowered prices showed success for the stimulation of international travellers.

Competitor countries and other regional destinations closed for tourism:

The Maldives benefitted from the fact that many competitor countries, especially in South-East Asia and South-Asia have been closed for a long time. Some main competitors which have also introduced the COVID-19 free corridor, such as Seychelles, Zanzibar, and Mauritius, opened their borders for international travellers way later than the Maldives. Destinations such as Thailand and Indonesia have opened in 2022 only. Hence, the closure of many popular tourist destinations with similar services at lower prices, have been profitable for the businesses operating in the Maldives.

Certainly, this fact has not been a pro-active travel stimulation strategy by the national tourism service providers, but they quickly understood how to benefit from the current situation and the international demand for leisure tourism.

⁶⁷ Source: <https://www.cnbc.com/2020/11/26/maldives-travel-resorts-set-up-social-distancing-for-tourists.html>, retrieved in February 2022.

⁶⁸ Source: <https://www.worldtravelawards.com/award-worlds-leading-destination-2021>, retrieved in February 2022.

4.3.2 Knowledge sharing

The MOT's most important activity with regards to knowledge sharing is the publication of various documents on the official website.⁶⁹ The listed documents which are ready for download include the tourism act, tourism policy, regulations, guidelines, developments, and updated COVID-19 related information. The directory hosts documents about the registered tourism businesses such as resorts and other accommodation facilities, safari boats and other floating businesses, travel agencies, dive centers and tour guides.

Other important publications include the tourism master plan, visitors survey, daily/ monthly/ quarterly and annual statistic reports, a monthly tourism bulletin, a weekly tourism status update, as well as other publications such as island scoping studies open for bidding processes.

4.3.3 Sustainable structures and processes

Opportunities to reorient the tourism value chain towards sustainability:

Many ways and opportunities exist to reorient the country's tourism industry towards sustainability, especially with regards to the most important product which is resort tourism. At the moment, the industry is highly dependent on its resorts and international tour operators / travel agencies, which became evident during the pandemic. Mass tourism, as it is practiced by resorts, can contribute to social, economic, and environmental sustainability in various ways. These are further discussed in chapter 5.

With the opening of more guesthouses and more tourism products for individual travellers the dependency on resorts could be decreased. Guesthouses and homestay facilities tend to be more socially sustainable as they source products from local SMEs, sustain a large group of local businesses and workers, and create jobs and value on the individual islands.

The minimum wage which was enacted by the Government in 2021 is a step in the right direction to distribute wealth to the society but not all workers benefit from that policy. Freelancers, workers in family run businesses and people without a work contract are hardly covered by the minimum wage benefits. In addition, the minimum wage does not apply to migrant workers for the first two years of working in the Maldives.

⁶⁹ Source: www.tourism.gov.mv

Concerns have been expressed that the years prior to the pandemic, with a peak of arrivals in 2019 (1.7 million), were very challenging for the overall infrastructure and transportation system of the Maldives. As visitor arrivals are gradually increasing to pre-COVID-19 levels, the destination starts facing challenges to handle this. The general tourism environment is risking a collapse when the islands will receive high visitor numbers as it was in 2019; this includes the supply of food, supply of energy (fossil fuels), supply of workers and the overall stress on the natural environment of the atolls.

A reorientation of sustainability along the value chain implies the focus on more quality tourism services. The table below shows the resorts that are planned to be open in the near future. Certain sustainability practices need to be applied to the new tourist structures as further explained in chapter 6.

Table 17 Data on upcoming resort developments

Future openings	Number of resorts	Number of beds
Opening resorts in 2022	10	2,640
Opening resorts in 2023	12	2,340
Opening resorts in 2024	15	4,684
Opening resorts in 2025	3	No data
Other resorts in development beyond 2025	37	10,000 (estimation)
TOTAL	77	19,664

Source: Ministry of Tourism, MOT

With regards to the resorts in development, out of 77 planned structures 37 structures did not communicate the number of planned beds. While 40 structures are planning a capacity of 9,664 new beds it is estimated that the remaining 37 structures have a similar capacity of around 10,000 beds. Hence, a total number of around 19,664 new beds is estimated for all resorts in construction beyond 2025.⁷⁰

The following table summarizes the planned hotels and guesthouses which sum up to 36 until the end of 2023. A total of 728 new beds are planned.

Table 18 Data on upcoming hotels and guesthouses

Upcoming hotels and	Number of structures	Number of beds
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⁷⁰ Source: Ministry of Tourism, MOT, Planning Department

guesthouses		
2022	4	472
2023	32	256
Total	36	728

Source: Ministry of Tourism, MOT

The above numbers signal that the Maldives are looking for more quantity in terms of visitor arrivals, especially those that are interested in the resort sector.

Sustainable consumption and production:

In achieving Goal 12 of the 2030 Agenda for Sustainable Development, countries commit to making fundamental changes in the way societies produce and consume goods and services. By adopting to sustainable consumption and production (SCP) modes, the tourism sector in the Maldives can help accelerate the shift towards sustainability. Several initiatives are already in place in the Maldives to integrate SCP in the tourism sector.

Sustainable production

The green tax is in fact a sustainable production mechanism for supporting projects for sustainability. For each tourist night in a resort, a green tax of 6 USD, and for each tourist night in a hotel and guesthouse, a green tax of 3 USD must be collected by the respective accommodation facility. A Green Tax Advisory Board is responsible for decision-making about the distribution mechanism of the collected funds. According to the Green Fund Report of December 2021 the funds are mainly spent for inhabited island projects and for regional/national strategic projects. The regional/national strategic projects include activities such as Greater Male Environment Improvement and Waste Management, Maldives Clean Environment Project, among others. Inhabited island projects include coastal protection, waste to energy plants, water and sewerage system, sanitation, sustainable energy development, drainage system, water system, upgrade of waste management center, among others.

Sustainable consumption:

The Maldives has a very sensitive environment due to its exposure in the middle of the Indian ocean. Tourism development on inhabited islands currently faces issues with respect to social and environmental sustainability are the supply of fresh water, the availability of free land and of fish. These issues are subject to potential future conflicts of interest about resources with the local population of the inhabited islands.

Supply of fresh water: Tourism is a water intensive sector where most of the fresh water is used by accommodation facilities for the rooms/bathrooms/pools, cleaning of linen/towels,

overall house cleaning and the kitchen. In the Maldives fresh water supply is either sourced by wells (mostly on inhabited islands) or by desalination water plants (mostly on resort islands as well as on Male, Hulhumale and other larger islands).

Conflicts of interest about fresh water may arise on those islands which suffer from little water supply by wells and on those islands where the well-water is contaminated from wastewater (e.g., in Fenfushi). The local population is competing for access to fresh water with guesthouses who need to provide enough fresh water for their visitors. Questions about the right of access to fresh water arise in such destinations, and further guidance and investments are required on those islands to secure sustainable consumption of fresh water by both the local people and the tourism sector.

Availability of free land: Land is very scarce in the Maldives. More than 150 new and uninhabited islands have been identified for potential resort investment in recent years. On inhabited islands the local population is allowed to construct guesthouses on plots that have been identified by the local island councils. Hence, a considerable percentage of the available land is dedicated to the national tourism industry.

Availability of fish: After tourism the fishery industry is the second biggest economic sector in the Maldives. Most of the caught fish goes as raw export to Asia (Thailand), Europe (Germany) and Middle Eastern countries. A considerable portion of fish also goes to the national tourism industry. The local population mainly purchases the fresh fish from island fishermen. Tourist resorts and guesthouses also source fresh fish from local fishermen.

Various cases have been noted where local fishermen catch reef fish at the reefs that are technically part of resort island boundaries. Visitors sometimes complain about the fact that their personal privacy in their resort bungalows is limited and that they feel uncomfortable by fishermen who come too close to the island. The resort management usually reports these incidents to the Ministry of Fisheries. The respective Ministry then advises the local island councils and fishermen not to fish at resort boundary zones.

Given the fast-growing number of resort development around the atolls these issues may occur more frequently and further guidance and awareness raising can help to facilitate co-existence of tourism and fishery in the atolls.

4.3.4 Environment and energy

Environment: The biggest environmental issues that the tourism industry in the Maldives

faces at present are the supply of fresh water, wastewater treatment and waste management. On the islands where fresh water is scarce also the wastewater management is inexistent or of low quality.

Residual waste management is a severe issue not only on all Maldivian islands but also in the ocean. Waste management is mainly dependent on the interest and goodwill of each island council. On islands such as Fenfushi and Dhigurah, waste is managed very well by the councils. The waste is collected from door to door, transported to a local segregation plant where biological waste is composted and other waste (plastic, metal, etc.) are collected or burnt in a controlled way. On islands such as Maamigili, the waste is dumped on a waste dump in a rather uncontrolled way. However, waste collection remains a big issue on all islands because of the big masses of waste that are dispersed in the environment. Moreover, residual waste, primarily plastic, is scattered in the water from where the waves transport it to the white beaches. Big islands with long beaches suffer more from floating waste than smaller islands. The collection of waste washed ashore seems a never-ending task.

A big contribution to environmental sustainability is currently implemented by UNDP. Projects cover the areas of water security, wastewater management, household and chemical waste management, agriculture, food production, among others. More information on the UNDP projects regarding the protection of the environment is presented in the box below.

UNDP projects for protecting the environment⁷¹

The water security projects look in particular at fighting water shortages with the set-up of integrated water resource management plans for water emergency, primarily in the north of the Maldives. The largest impacts of water shortage have been identified in the north. Rainwater harvest facilities have been constructed targeting 105,000 inhabitants on 29 islands. Further, the project supports the emergency with regular water audits, policy regulation recommendations and water production.

Several initiatives for waste management have been set up on the national level on hazardous chemical waste. On the local level 9 integrated waste management plants have been financed in the south of the country. On a community level various grassroot actions have been implemented such as providing grants to island councils for coming up with their own waste solutions including collection, segregation and composting.

UNDP is currently implementing various projects to tackle plastic waste and to promote the circular economy. UNDP assists the Ministry of Environment with a provision of emergency waste management facilities in the north atolls. Building on the outcome of a system design thinking training with key stakeholders. UNDP collaborates with state entities to assist implementation of community-based innovative ways of plastic waste management. Various locally and community-led waste management practices are also supported by the GEF Funded Small Grants Program. UNDP and the Environment Ministry tackle legal framework and systematic response to hazardous chemicals management.

Climate change: Global climate change has already had observable effects on the environment during the past decades. The extent of climate change effects on individual regions will vary over time and with the ability of different societal and environmental systems to mitigate or adapt to change.

The Maldivian tourism industry is presently suffering from climate change effects such as beach erosion, coral bleaching, unreliable precipitation patterns and water shortage, among others. This comes with certain negative impacts for the satisfaction of visitors. Attempts for decreasing beach erosion at resort islands with rocks and sandbags have a visual impact on

⁷¹Source: <https://www.mv.undp.org/content/maldives/en/home/covid-19-pandemic-response/support-to-national-response.html>, retrieved in March 2022.

the white sandy beaches. This might affect the attractiveness of the natural environment and may cause client dissatisfaction.

Moreover, beach restoration attempts with sand pumps come with an additional cost for the resorts. Coral bleaching and the restoration of corals have similar impacts. Unreliable precipitation patterns have an impact on the national agricultural sector and hence on the reliability of the availability of local food production.

Renewable energy, energy efficiency, e-mobility: The Maldivian tourism industry is heavily dependent on fossil energy resources. Each resort uses fossil fuels for its electricity household. The same applies to local islands where hotels and guesthouses are operating. Fossil fuel prices are extremely volatile and need to be imported and paid in foreign currencies.

Only very few resorts and other accommodation facilities manage to produce up to 10% of their electricity needs with renewable energies. Photovoltaic panels and solar thermic panels are the most widely used renewable energy sources in the tourism industry. There is no data available about the currently installed Megawatt power.

Tools and equipment for energy efficiency such as for the reduction of water and the reduced consumption of electricity are hardly diffused. Especially A/Cs, kitchen equipment, washing/drying machines and the light installations consume the most power. In particular, the older resorts and guesthouses have not invested in any energy-efficiency upgrade.

E-mobility is practically not existent in the Maldives. Some resorts and guesthouses operate e-bikes, e-powered golfcarts and e-scooters but the electricity for charging the vehicles again comes from fossil fueled power houses.

5 12 key recommendations for tourism recovery in the Maldives

Twelve key recommendations have been identified to form the tourism recovery strategy of the Maldives covering the necessary steps to make the country's tourism industry competitive and to enhance its resilience. The individual recommendations along the main topics are of divergent nature, with different impacts and weight of importance. While some recommendations can be game changers for the industry, others can be considered as auxiliary steps for the successful implementation of the strategy. However, all of them are highly relevant for enhancing the diversification, improving the quality, and contributing to the sustainability of the tourism industry in the Maldives.

The performance of the tourism sector is critical to the country's economy. However, the future of tourism may be at risk because of external factors such as a pandemic (COVID-19 in 2020-2022), a regional epidemic (SARS in 2002-2004), global economic crisis (in 2008), a regional conflict (the Russian invasion in Ukraine in 2022), global energy supply and price crisis (in 2022), natural catastrophes (tsunami in 2004), climate and non-climate influences, among others. Non-climate influences – such as land-use pressure and coastal erosion, waste management, limited freshwater supply, biodiversity loss, and changes in the political landscape – can introduce challenges to tourism. The Maldives has already experienced extreme events that are consistent with projected climate-change, and projections show that climate hazards will continue to become more severe.⁷²

Increased resiliency in tourism requires integrating appropriate adaptation measures in planning, policies, and projects. Enhancing resilience also requires concerted efforts by various Ministries and private sector partners on risk and crisis management and communication. Detailed analysis and recommendations on this topic go beyond the scope of the Tourism Recovery Plan but may be addressed in a joint follow-up activity by JICA and UNWTO.

The global tourism industry is very competitive. The Maldives will face strong competition in 2023 when its direct competitors will open their borders again. This strategy aims at preparing the Maldivian tourism sector for that scenario. Upon findings and analysis of desk research as well as field missions to the Maldives, the recovery strategy model is based on three pillars which are directed at strengthening the country's tourism competitiveness. These pillars focus on the development of crucial areas in the tourism industry of the Maldives which are backed

⁷² Source: Economic costs and benefits of climate change impacts and adaptation to the Maldives tourism industry (2015) Ministry of Tourism. Financed under the tourism adaptation project implemented by GEF and UNDP.

by twelve key recommendations, and are identified as follows:

- **Pillar 1: Diversification**

Currently, there is a lack of tourism product variety and supply. The majority of activities such as snorkeling, diving, wellness, and similar activities are offered by tourism resorts. Resort tourists do not have a large choice of options for activities. Hence, there is no motivation for them to leave the resorts for discovering the inhabited islands. Resort tourists tend to relax during the first half of their stay, for the second half they would like to get more active. On the one hand, the resorts run the risk of offering rather uninteresting holidays, on the other hand, this is a lost opportunity for many local businesses. There is a need for development of distinctive tourism products and activities (*recommendation 1.1.*) such as cultural, culinary, eco-tourism, adventure, sports, among others, as well as an upgrade of existing activities such as boating, fishing, spa and wellness, and others.

In order to make the many atolls of the Maldives more attractive and to stimulate travel to various islands during a holiday trip, it is necessary to group certain locations with specific activities. The identification of unique selling points (USPs) for tourism purposes is crucial for the differentiation of the atolls. Moreover, every tourism product, especially those that can be enjoyed on inhabited islands, somehow needs to be managed. In modern tourism destinations the development of products and other activities (stakeholder engagement, marketing, and communication, etc.) are under the responsibility of so-called Destination Management Organisations (DMOs). The DMOs concept does not yet exist in the Maldives, and it could be useful for product diversification and promotion with a view to enhancing the local economic impact of tourism. In order to diversify the islands of the Maldives, it is therefore recommended to create product clusters which are managed by DMOs (*recommendation 1.2.*).

In the Maldives, the use and diffusion of common travel technology tools as well as the overall level of market innovation lag behind global leading tourism destinations. Internet costs are relatively high, and the connectivity can be challenging on certain inhabited islands. Tourism sector associations, guesthouses and locally run tour operators hardly use advanced travel-tech. At the same time, the Ministry of Tourism does not act as a trailblazer when it comes to technology due to a lack of capacities and innovative initiatives. Successful diversification and modernisation of the tourism industry is only possible through the improvement of ICT infrastructure and related capacities (*recommendation 1.3.*).

The Maldives as a tourist destination enjoy an excellent positioning when it comes to resort tourism. The country's global reputation as "paradise on earth" due to remote islands spread

around the ocean and resort luxury services is remarkable. However, the situation on inhabited islands with its guesthouse sector and the many social challenges is very different. This needs to be considered in a national marketing and promotion strategy. The structure of the tourism marketing framework, the strategic collaboration of its key stakeholders (MOT and MMPRC), the messaging of the islands and its activities, as well as the new tourist targets need to be expanded for the diversification of the destination (*recommendation 1.4.*).

- **Pillar 2: Quality**

In the Maldives, there are significant differences in terms of quality, in particular between the “resort tourism” product and tourism on inhabited islands. The resort tourism sector is quite standardized (consumers get the quality they have paid for) as well as diverse in the provision and perception of hospitality services (from luxury and high-end, to upper and medium class services). The guesthouse and local island tourism sector mainly provides medium to low class services which stand in high contrast to the resorts. The national tourism industry is constantly growing in terms of arrival numbers, revenues, and the development of new resorts and guesthouses. In order to keep the increasing number of future tourists happy, a larger number of workers in the tourism sector is needed for the future. The working conditions and economic opportunities for the local workforce shall be enhanced to create a better tourism industry environment (*recommendation 2.1.*).

The customer perception of quality can fluctuate substantially on inhabited islands and to a certain extent also at resorts. With the aim to standardize the quality level of accommodation structures in particular, the introduction of certain tourism quality labels and especially of quality measures is recommended (*recommendation 2.2.*).

Quality can be improved through capacity building and even more sustainably through sector related education of the youth and young professionals. The few national tourism and hospitality schools need to foster their international networks with other schools/universities and create an exchange system of its teachers, professors, as well as students to gain better international experience (*recommendation 2.3.*).

Somehow similar to the topic of service quality is the situation with regards to tourism statistics and business data. Generally, the resorts comply to the national policies of collecting and communicating arrival data, the guesthouse sector, however, is rather reluctant in these terms. The difference results in a rather scattered landscape of tourism statistics on a national level leading to overall low data quality. It is hence recommended that the key tourism data stakeholders adapt the present statistics and monitoring procedures to international standards

in order to create benefits for the public authorities and private businesses at the same time (*recommendation 2.4.*).

- **Pillar 3: Sustainability**

During the pandemic, various tourism sector associations (diving, boating, tour operators, tour guides, etc.) suffered a loss of many members. At the time of consultation, several associations have not been able to resume their usual activities because many member businesses have closed or not recovered well enough. Weak associations create a vulnerable sector environment when it comes to representing certain business group interests in front of public institutions. Economic sustainability can be enhanced when tourism sector associations and its businesses get backing support from the Ministry of Tourism (*recommendation 3.1.*).

Today, the collection of data and in particular its analysis are important tasks in a technology driven industry such as tourism. Although a lot of data is gathered in the Maldives, not all relevant information is analysed and distributed to a larger audience. The tourism businesses need constant updates about travel and market trends, new flight connections, tourism geopolitics, as well as new policies and laws with respect to the national tourism sector. In order to disseminate this large amount of information a national knowledge sharing strategy and platform shall be created to constantly inform the tourism stakeholders.

Moreover, not only the tourism businesses but also the local population lack in knowledge about the particular environment of the Maldives. Especially environmental pollution through residual waste, wastewater, as well as the conservation of wildlife are topics that need to be addressed in schools and at universities to raise awareness and sensitivity about the country's most important tourism asset (*recommendation 3.2.*).

Topics such as carrying capacity and limits of acceptable change in order to understand the limit of how many tourists and how many tourism businesses shall be allowed on local inhabited islands are important for the destination's sustainability and livability. Furthermore, social conflicts may arise due to challenges of the distribution of fresh water, the malfunctioning management of wastewater and the scarce availability of land. To address these challenges, it is essential that actions and procedures are introduced which contribute to social and environmental sustainability (*recommendation 3.3.*).

The Maldives is very much dependent on the import of fossil fuels as the country's electricity and transport systems are entirely based on the supply of petrol. This creates high vulnerability due to price fluctuations (as currently occurring due to the international energy crisis) and is

further damaging the environment of the islands. There exist many technological solutions for using renewable energy and especially for installing energy-efficient and water saving devices and tools. It is recommended that the import, installation, and maintenance of such technology be incentivized by the state creating financial benefits for the businesses and environmental recovery of the destinations. (*recommendation 3.4.*).

5.1 Pillar 1: Diversification

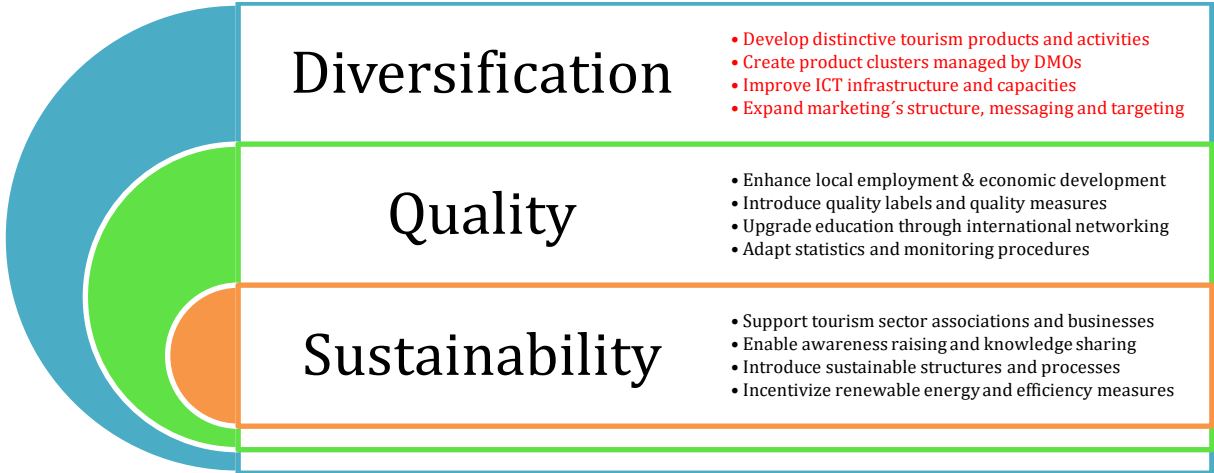


Figure 31 Diversification pillar

5.1.1. Develop distinctive tourism products and activities

Recommendations for tourism product diversification and development

Tourism in the Maldives means much more than just resorts, and there is an immense potential for visitors to explore the nature, culture, life, and other interesting elements on the inhabited islands. This section describes in detail the various opportunities and gives recommendations about which new products and activities shall be exploited and developed. Within the framework of post-COVID-19 recovery the topic of diversification of tourism products is of particular interest. Many destinations around the world are elaborating new strategies of market positioning with new products and activities as well as marketing actions. Without the development of new products, the Maldives could face the risk of lacking behind other destinations. Travellers are becoming more aware of topics around sustainability, culture and culinary, health and wellness. Publications from the World Travel and Tourism Council, Skift, and expedia have also mentioned these topics are the new traveller trends in 2022.

Key recommendations for tourism product development and diversification:

Table 19 Key recommendations for tourism product development and diversification

New/upgraded tourism product	Activity
a. Nature / adventure / sport tourism	<ul style="list-style-type: none"> - International sport events (sky diving, apnoe diving, etc.) - Recreational fishing

	<ul style="list-style-type: none"> - Eco-tourism
b. Cultural tourism	<ul style="list-style-type: none"> - Culinary - Slow Food travel - Agro-tourism - community-based - Homestay - Handicraft and souvenir workshops
c. Recreational, wellness and luxury tourism	<ul style="list-style-type: none"> - Yoga retreats - Ayurveda and traditional medicine - Psychological treatments and digital detox - Liveaboard island hopping
d. Business / educational / scientific tourism	<ul style="list-style-type: none"> - Digital nomads - research and field work - conferences and seminars

a. Nature / adventure / sport tourism:

In addition to the already existing products and activities as analysed in the assessment, there are opportunities to further develop international sport events in the Maldives. Sport disciplines that do not need any specific infrastructure (such as a stadium, roof covered halls, swimming pools, etc.) and hence concentrate on the given natural infrastructure such as the water and the sky are recommended:

Water sport events: Apnoe diving or free diving is a niche sport discipline that relies on breath-holding until resurfacing rather than taking advantage of the use of breathing apparatus such as scuba gear. There are various competitive sub-disciplines in which competitors attempt to attain great depths, times, or distances on a single breath. The Maldives offers various locations where such events can take place.

Various associations and organisations carry out international apnoe and free diving competitions which attract many sports enthusiastic travellers, such as:

- CMAS (World Underwater Federation)⁷³:
- AIDA (International Association for the Development of Apnea)⁷⁴

Recreational fishing is a major recreation and tourism activity and is an integral part of the “Blue economy”. Recreational fishing is defined as fishing by those who do not rely on fishing to supply a necessary part of their diet or income⁷⁵, although in some cases, fishing may have a dual role of providing recreation and tourism opportunities as well as fish for eating.⁷⁶

The UN General Assembly has declared 2022 the International Year of Artisanal Fishing and Aquaculture (IYAFA 2022), an opportunity to give visibility and support to a key sector in the process of reaching several of the objectives under the Agenda for Sustainable Development (Agenda 2030).⁷⁷ This initiative can be taken as an impetus for supporting the development of spearfishing and recreational fishing in the Maldives. Recreational fishing is already a developed activity mainly provided by safari boats but there is an opportunity that also individuals on inhabited islands offer such kind of activity.

Sky sport events: Sky diving is slowly coming to the Maldives islands. Dedicated events such as the “Maldives Boogie 2022”⁷⁸ organized by Fyre Parachute shows that the Maldives is also known as a destination for such niche events. More of such events shall be conducted, and more sky diving events shall be incentivized to happen on the islands to make the Maldives an international hotspot for sky diving. Events can attract visitors who are willing to spend more on accommodation and usually stay longer in a certain destination. Such clientele also contributes to viral social media promotion.

Eco-tourism activities: Although tourism in the Maldives is very much based on its nature, distinctive activities with regards to eco-tourism have hardly been developed so far. The many islands offer vast opportunities to explore mangrove woods, bird-watching activities, local fauna, natural island habitats, etc. Such activities require well-educated guides who are able to explain the many attractions in detail and with profound scientific knowledge. Eco-tourism activities could integrate various stakeholders along the tourism value-chain such as boat and kayak renting, small tour operators, specific guides, artisans and handicraftsmen, sustainable

⁷³ Source: <https://www.cmas.org>

⁷⁴ Source: <https://www.aidainternational.org/Events/EventCalendar>

⁷⁵ Source: Food and Agricultural Organisation of the United Nations (FAO), 2012.

⁷⁶ Source: FAO, 2012

⁷⁷ Source: <https://www.fao.org/artisanal-fisheries-aquaculture-2022/home/en/>, retrieved in March 2022.

⁷⁸ Source: <https://fyreparachute.com>, retrieved in March 2022.

agriculture, turtle conservation, and the collaboration of particular NGOs who help preserving the nature. Strategic collaborations with organizations such as the “International Ecotourism society”⁷⁹ is recommended.

Moreover, eco-tourism activities are interesting for niche tourists travelling for educational, scientific, and voluntary purposes. Such visitors stay in the country for a longer period and make local expenditures for accommodation, food, souvenirs, and other items. Such visitors also stay within the country and most often also with local communities, having an impact on local island tourism.

b. Cultural tourism:

Cultural tourism - defined by the UNWTO as tourism centred on cultural attractions and products - is one of the fastest-growing segments of the tourism industry, accounting for an estimated 40% of all tourism worldwide.⁸⁰ It intersects with heritage, religious sites, crafts, performing arts, gastronomy, festivals, and special events, among others. In recent years, however, attention has shifted from the purely quantitative growth of cultural tourism demand, towards qualitative changes in the nature of that demand. For example, research has highlighted the development of different segments of cultural tourism demand, the increasing search for cultural ‘experiences’ and the growing integration of cultural tourism with other tourism sectors, such as religious tourism, gastronomic tourism, and literary tourism. More recently, there has been growing discussion of a ‘creative turn’ in cultural tourism, driving a shift towards less tangible tourism assets and more actively involved forms of tourism consumption. As an OECD report (2014) underlines, this shift is producing a radical realignment of the relationship between the creative industries and tourism and producing important changes in the way in which ‘cultural tourism’ is produced for, and consumed by, tourists.⁸¹

Some of the cultural tourism potentials are described below:

⁷⁹ Source: <https://ecotourism.org/our-members-partners/>

⁸⁰ Source: <https://en.unesco.org/news/cutting-edge-bringing-cultural-tourism-back-game>, retrieved in March 2022.

⁸¹ Source: Richards, G. (2014) Tourism trends: The convergence of culture and tourism.

- Island known for cultural dances and music: Mulaku island on Meemu atoll with the Dhandijehun dance and music.
- Island known for unique cultural settings: living with seabirds in Mundhoo island in Laamu atoll.
- Island known for heritage: Story about Dhonhiyala and Alifulhu on Dhonfanu island in Baa atoll.
- Mashi Maali parade.



Figure 32 Image of cultural dance

Culinary tourism: Culinary, ethno-gastronomy, local cuisine, or food tourism: there are many terms which link travel and the interest of experiencing different kinds of ingredients, dishes, recipes, and agricultural products. According to the World Food Travel Association, “Food is now a main motivation for travelers choosing their destinations. Travelers are spending more time and money on unique food and beverage experiences. A global increase has been witnessed in the number of food tour companies, food and beverage focused events and food and beverage experience-focused marketing efforts.” Culinary tourism has become a mainstream in the travel industry. The 2020 Food Travel Monitor gives insight into the current food travel trends, stating that 53% of all travelers are culinary travelers and that 49% of all travelers are beverage travelers.

These numbers are evidence that culinary tourism can be a relevant source for product diversification in any destination, including the Maldives. The rich heritage of a south Asian cuisine, mixed with religious influences (halal food), local fish and seafood, and locally produced fruits and vegetables form the basis of unique culinary experiences along the atolls.

Because of the fishing histories of many coastal communities, heritage tourism and place promotion are often strongly connected to the local fishery or even particular species, types of fishing or products. This relationship can be expressed in events and festivals, restaurant menus and even destination branding, although it is interesting to note that despite the growth of interest in local foods in tourism and hospitality, local fish are often left off the restaurant menu.⁸² In this regard, fish can be a strong factor for attraction in culinary tourism in the Maldives. The 2022 International Year of Artisanal Fishing and Aquaculture (promoted by FAO) can be taken as a hook to start a potential collaboration for that topic.

Some of the culinary tourism potentials are described below:

⁸² Source: Hall, M. (2021) Tourism and fishing. *Scandinavian Journal of Hospitality and Tourism*. Vol. 21, 2021 (4). <https://www.tandfonline.com/doi/full/10.1080/15022250.2021.1955739>, retrieved in March 2022.

- Islands with known culinary specialties: Dhidhdhoo island with Hitchaai (special curry) Baiy (rice) as well as Golha riha (curry) on Laamu atoll.
- Uligamu, the largest BBQ in the Maldives.
- Cooking classes of curry could be introduced as tourist activities.

Slow Food Travel: To encounter and to connect have always been strong motivations for traveling. The fascination and pleasure of traveling consists of the new experience one encounters, the new things one learns and the people one meets. Slow Food Travel is a project from Slow Food with the goal to enrich the travel experience with the essential aspects of self-awareness and sensory perception. Slow Food Travel⁸³ offers Travel with an additional value for those who want to enrich or revitalize their knowledge and seek unforgettable, authentic experiences.

Some of the potentials for slow food travel are listed here:

- Watermelon farming on Thoddoo island
- Kuhlhavah (Mangrove apple) farming on Landhoo island
- Coconut plantations with potential for a “coconut life cycle” workshop including all potential products: coconut oil, milk, water, cookies, ice-cream
- Slow Fish as a sub-product of Slow Food Travel could be introduced, integrating local fisherman holding simple workshops about the daily life of a fisherman and his tasks, the different fishing methodologies which are closely related to the local culture and history.

Agro-tourism: Agro-tourism is a wide-spread concept of culinary tourism in Europe, particularly in Italy where more than 24.000 agro-tourism structures exist around the country. An agro-tourism structure is typically a family-run agricultural business that can host tourists in a limited number of rooms, usually on the countryside or in mountainous areas. The visitors are primarily attracted by the agricultural products which are based on small-scale sustainable breeding, production, and processing techniques. Often, the visitors can participate in cooking classes, production processes, harvesting and bottling activities, and other interactive forms of visiting the farms. Also, in the Maldives similar activities can be carried out with farming families, fish production and fishermen activities. Interested farmers and fishermen can be set

⁸³ More information about Slow Food Travel see 5.1.1

in contact with tour guides and tour operators who are willing to collaborate and organize specific tours for visitors.

Community-based tourism: Community-Based Tourism (CBT) is a type of tourism development that aims to counteract the negative impacts of conventional/mass tourism. It is growing in popularity, and it is specifically intended for disadvantaged members in society. Most of the benefits should go to the people who make tourism happen in their localities – the small local operators. This is a necessary imperative to grow local economies and providing employment and incomes for local people through their own entrepreneurship. Community-based tourism activities can be combined with above stated products and activities of culinary tourism, Slow Food Travel, fishing activities, artisan workshops, activities, and performances around the musical heritage, etc.

Homestay: The homestay product has been announced by the MOT at the beginning of January 2022 and is therefore a very new business activity in the Maldives. No further awareness raising about registration, business operation, or specific homestay focus atolls have been implemented. It is highly recommended that a potential homestay tourism impact study is commissioned with an in-depth analysis about the potential size of the market, a scenario forecast about how many homestays will be needed in the next five years to host the projected visitors, additional infrastructure needs for the individual travel segment, a training needs assessment for the family operators, and an analysis about the potential issues (social, cultural, economic and ecological) that such an open form of community-based tourism are likely to cause in the next years.

In order to make such a product attractive and successful, it is recommended that certain quality standards must be elaborated from the early beginning. As most of the homestay service providers will be families with a very limited background in the hospitality sector it is further recommended that the registered actors can get access to trainings similar to those suggested for the guesthouse sector.

c. Recreational, wellness and luxury products:

The tourism products and activities around the recreational and luxury sector are the most important for the Maldives as it is highly demanded. This sector is already very well established throughout the atolls, especially among the resorts. However, some activities, in particular yoga, Ayurveda and traditional medicine, psychological treatments, and digital detox, could be practiced even more as the international travel trends show growing demand for the future.

Yoga retreats, Ayurveda and traditional medicine, psychological treatments and digital detox: According to the Global Wellness Index 2022, the wellness economy has a share of 14.5% to the national GDP in the Maldives, ranked 2nd only after the Seychelles and followed by three destinations in the Caribbean, in 2020.⁸⁴ According to the “Analysis of the Global and Asian Wellness Tourism Sector” financed by the ADB, the Maldives were ranked 9th in the international top-ten wellness destinations for the US outbound market in 2018.⁸⁵

Given this excellent service sector performance, it is recommended to further invest in the creation of new and tourism trend-following activities in order to maintain the high rankings also for the next years. The tourism demand for traditional medicine, mental health and digital detox is rising, especially in countries such as India, Sri Lanka, Thailand, and Indonesia. These are also the biggest competitors of the Maldives in the wellness sector. Service upgrade, specific training and marketing for the mentioned activities is recommended for the Maldivian sector of these activities in order to keep up with the competitors. The Maldives shall not fall behind these countries which are investing in service upgrade.

Live-aboard Island hopping: The safari boat tours are another highly demanded activity in the Maldives and this trend should further be sustained. The national boating association has a well-working management body and is keen on introducing new activities. The boats are important stakeholders as they represent a unique product: a moving accommodation. Such a product will enjoy more demand as more individual tourists will be travelling to the Maldives and overall transportation is considered as an issue because of high costs and irregular services. The limitless scope of a product such as island hopping and “Maldives cruise” is even more interesting when more inhabited islands establish distinctive points of attraction.

d. Business, educational, and scientific tourism:

During an interview with MOT, it was stated that there are no plans to opening a business tourism or MICE bureau in the Maldives. This decision is certainly based on the fact that the Maldives are not considered as an international business tourism destination, mainly due to the missing infrastructure which is necessary for hosting large-scale events and conferences.

The business, educational and scientific tourism product that is proposed here is focused rather on small groups of researchers and students that are travelling for purposes of studying,

⁸⁴ Source: https://globalwellnessinstitute.org/wp-content/uploads/2022/02/GWI2022_GlobalWellnessEconomy_CountryRankings_Final.pdf?inf_contact_key=9e92c14ee9a4ac1e7e7fff0b333aef32842e902fbefb79ab9abae13bfc46658, retrieved in March 2022.

⁸⁵ Source: <https://www.adb.org/sites/default/files/institutional-document/633886/adou2020bp-global-asian-wellness-tourism.pdf>, retrieved in March 2022.

research, field work trips, small conferences, and seminars.

It is recommended that an individual person from the MOT is dedicated to establishing partnerships with universities and research institutes around the world, especially those that focus on relevant topics such as marine biology, coastal preservation and protection, climate change, fisheries, etc. Small international conferences with 50-100 participants about such topics can be held in the Maldives. Further, individual or group research field trips should be promoted as the Maldives offer the perfect setting for doing research about the mentioned topics.

Digital nomads: In particular, during the pandemic, the travel segment of the digital nomads grew substantially. While this market was focused on North America and Europe at the beginning (before the pandemic), this is no longer the case. People from around the world tend to combine work with leisure and travel. This group of “business tourists” like to stay up to a month in a country they have never been to, usually working 30-40 hours a week from their hotel room and exploring the surroundings in the evenings and on weekends. They require quiet hotel rooms and a reliable internet connection. Some structures in the Maldives are already catering to that travel segment, and it is recommended that the Maldives positions itself as the best work/leisure destination in South Asia.

Table 20 Key action table: Pillar 1, Recommendation 1

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 1: Diversification			
Recommendation 1: Develop distinctive tourism products and activities			
a. Nature / adventure / sports tourism:	<ul style="list-style-type: none"> • Support the organization of niche sport events (apnoe, sky diving) • Support the establishment of other leisure niche sport activities such as spearfishing; • Facilitate increased market positioning of the Maldives as a diving and safari boat destination; • Create strategic collaboration with international associations and organizations about eco-tourism, such as the global eco-tourism network, Planeta, etc.⁸⁶ 	<ul style="list-style-type: none"> • Ministry of Tourism • Tourism sector associations • International event organizations and marketing agencies 	Short term
b. Cultural and culinary tourism:	<ul style="list-style-type: none"> • USP fact-finding mission for distinctive cultural tourism potential on islands, verification of the identified islands such as Mulaku, Mundhoo, and Dhonfanu; • Close collaboration with the identified island councils and the communities; 	<ul style="list-style-type: none"> • Business Center Corporation • International donor institutions for third party funding (JICA, 	Short term

⁸⁶ More information: <https://www.bigvolcano.com.au/ercentre/assoc.htm>

	<ul style="list-style-type: none"> • Recommended activities to boost the development of culinary tourism: <ul style="list-style-type: none"> • Facilitation of a Slow Food Travel project (combining the sustainable Slow Food philosophy with tourism) • creation of a culinary tourism strategy containing the following tasks and activities: <ul style="list-style-type: none"> • The Maldives Culinary Center: creation of a hub for cooking master classes, special events with professional and internationally known chefs from the Maldives (this can be extended to Sri Lanka and India), promotional events, etc.; • the “Taste of Maldives” platform: an open-source data platform for storing information about recipes, dishes, ingredients, including photos and videos, etc.; • publication of a special journal about Maldivian food with insider topics, interviews with chefs and global/regional food travel trends; • Implementation of trainings with a considerable number of chefs to raise awareness about the value of gastro tourism and about creating culinary experiences; • Implementation of trainings with guides focusing on fish, fruit, culinary and gastronomy in the Maldives; 	<p>FAO, ADB, UNWTO, UNESCO, EU, WBG, etc.)</p> <ul style="list-style-type: none"> • Slow Food International⁸⁹ 	
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⁸⁹ More information: <https://www.slowfood.com>

	<ul style="list-style-type: none"> • Implementation of various Slow food activities and organization of stands at agriculturally related events in the Maldives; • Participation at the exhibition Terra Madre – Salone del Gusto in Italy; • Collaboration with FAO⁸⁷ on agricultural projects. • Creation of an agro-tourism concept with the collaboration and expertise of Slow Food; • Start strategic collaboration with specific organisations such as the Worldwide opportunities on organic farms (WOOF) for culinary and agro-food tourism;⁸⁸ • Identification of islands and communities that are interesting for community-based tourism; • Diffusion of the homestay concept and support of the operators with the integration into the guesthouse association; 		
c. Recreational and luxury tourism	<ul style="list-style-type: none"> • Focus on treatments with traditional medicine, yoga retreats, mental and psychological retreats; • Incentivize resorts and other structures to offer the above-mentioned activities with the facilitation of capacity building, workshops and marketing; 	<ul style="list-style-type: none"> • Ministry of Tourism • Tourism sector associations (resorts and boats) 	Medium term

⁸⁷ For more information see: <https://www.fao.org/srilanka/news/detail-events/en/c/1476029/>

⁸⁸ More information: <https://woof.net/fowo/>

	<ul style="list-style-type: none"> • Liaise with safari boats and vessels about the introduction of liveaboards island hopping activities; 		
d. Business, educational and scientific tourism:	<ul style="list-style-type: none"> • Focus on small groups of students and researchers traveling for purposes of research field trips, seminars and small conferences in specific academic niche disciplines about the environment, the ocean, and sustainability; • Create strategic alliances and collaboration with sector specific organizations such as Carpe Diem;⁹⁰ • Positioning of the Maldives as a destination for digital nomads 	<ul style="list-style-type: none"> • Ministry of Tourism • Tourism sector associations (hotels and guesthouses; international eco-tourism and educational tourism tour-operators) 	Short term

⁹⁰ More information: <https://carpediemeducation.org>

5.1.2 Create product clusters managed by DMOs

It is recommended to create distinctive tourism product clusters around the atolls and islands of the Maldives. The Maldives, as a destination, is in need of establishing specific regional clusters to make the atolls more attractive and to give travel incentives to the visitors.

It is recommended to carry out large-scale research with the objective of finding distinctive features, attractions, activities and hence USPs for all atolls and island groups. The MOT department of diversification has already started with working on such a project – the objectives though need to be aligned to the need of the product clusters.

As an example, one atoll / island group shall be clustered as the culinary tourism islands, Slow Food Travel islands, (women) handicraft/artisan islands (with specific raw material), educational/scientific atoll, eco-tourism atoll, etc. With such distinctive USPs it is easily possible to create destination branding, certain labels, plan specific events, etc. and give the tourists more reasons to travel around the atolls.

Such clustered islands are further in need of local guides and rangers with specific knowledge and experience regarding the distinctive products and activities. New job opportunities would be created along the tourism value chain as both individual tourists, and small groups will be dependent on local guides as well as additional transportation services.

It is further recommended that PPPs are established for the management of the proposed tourism product clusters. Such bodies can be run like a destination management organisation with the aim to lead the following activities: tourism product development, destination marketing, foster local commercial networks, business support, liaise with the regional and national government on relevant tourism development questions. Currently, no specific policy or regulatory framework exists that provides guidance on the establishment and management of DMOs in the country. Therefore, through a rapid assessment of related policies and regulations, as well as a possible review of best practices from other countries, technical assistance could be provided to help create a legal basis for developing DMOs based on a public-private partnership model for the management of tourism product clusters.

Table 21 Key action table: Pillar 1, Recommendation 2

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 1: Diversification			
Recommendation 2: Create product clusters managed by DMOs	<ul style="list-style-type: none"> - Identification of regional tourism product clusters - USP-fact finding mission for tourism products and activities; - Establishment of atoll destination management organisations (PPP format) to enhance the diversification and distinctiveness of the atolls and island groups - Elaboration of a legal and financial PPP model for tourism product clusters and destination management organizations. 	<ul style="list-style-type: none"> - Ministry of Tourism - Tourism sector associations - Business Center Corporation - International donor institutions for third party funding (JICA, ADB, UNWTO, UNESCO, EU, WBG, etc.) 	Long term

5.1.3 Improve ICT infrastructure and capacities

The following key recommendations are directed towards the transition to digital tourism business models, services, and marketing.

Key recommendations:

a. Technology adoption: The Government, in particular the MOT, must play an active role in boosting technology adoption, in particular to the adoption of advanced digital technologies within the MOT for its own activities, services, workflow, publications, and communications. Digital adoption can increase the effectiveness and efficiency of private enterprises, not only for improving their daily operations but also for creating unique experiences for tourists. Technology adoption activities include the following:

- a cloud-based system for data storage and collaboration: most of the data of MOT employees is simply saved and stored on individual computers and hence only available to a few persons. Presently, there is no central data storage logic, and the possibility for digital collaboration among the various departments with the MOT is limited.
- Customer Relationship Management System: the MOT lacks in the usage of an online CRM system. Such a software is relevant for having a central contact database, contact tracking by keeping a complete audit trail of every interaction, a general mode for a hybrid work model among departments and external partners, upgrade, and simplification of digital communication channels.
- Open data approach: an open data culture needs to be introduced (not only within the MOT but within the overall governmental apparatus of the Maldives) in order to benefit from the advantages of data-driven analysis. This includes the revision of the current open data policies by the Ministry of Justice and Ministry of Interior affairs.

b. Smart tourism atoll: One way to help increase tourists' confidence and willingness to travel is to create an environment conducive to the conversion of key tourist destinations into "smart" destinations through the modernization and upgrade of technology infrastructure. Massive investments to improve ICT infrastructure in major tourist destinations are vital. A pilot atoll could be selected to apply a big data approach for the local tourism industry. As technology, digitalization and innovation are the future components of tourism with regards to planning, booking, and experiencing activities,

it is now time to invest in a pilot project.⁹¹

- In order to make better use of the opportunities offered by digitization in the tourism industry, the goal of the big data pilot atoll is building an open digital data infrastructure as a basis for innovations and new business models in tourism for the pilot region. In addition to the integration of existing data flows, the organization and support in the collection, processing and provision of relevant data is an important contribution to the dissemination and use of tourist information via various channels. The atoll data cloud, which can be planned as a data hub, should enable simple data exchange for different actors in the future and provide all relevant tourist information in the atoll up-to-date and centrally for further use.

c. Accommodation facility data collection: there is a need of collecting more and better data from tourists arriving at accommodation facilities around the country. Currently, the response rate is low among guesthouses, and the available data is not used at its best for marketing and forecast. The following actions are recommended to increase the response rate and to exploit the data:

- Introduce a new mode for data collection and transfer, e.g., by means of a user-friendly application to be used by all registered accommodation facilities;
- Create incentives for operators to transfer the requested data, e.g., the more data is transferred from a business, the more information about overall performance, marketing, forecast, etc. it will get from the MOT;
- Elaborate new standards for tourist arrival data collection with the creation of new variables, e.g., place of residence, travel party, age, purpose of travel, major interests, etc.
- The National Bureau of Statistics has the scientific capacities to support as a partner with implementation.

d. Capacity building and skills enhancement for using digital tools and devices: The Government needs to provide adequate support to the private sector so it can adopt new technologies. Targeted marketing and communication campaigns on social media can further be used to promote the rich and diverse offerings of the destination along with unique experiential opportunities to tourists. Technology will also enable the private sector to continue innovating to provide new itineraries, routes, and experiences

⁹¹Source: a similar pilot project has been set up in Germany, <https://bayerncloud.digital/projekt/zielsetzung/>, retrieved in March 2022.

for domestic and international tourists.

e. Diffusion of cashless payment opportunities:

Digitalisation has expanded its value and scale by removing barriers to travel transactions and reducing transaction costs. The inhabited islands of the Maldives are rather cash-based destinations – but cash is becoming inconvenient for travellers, this is why several activities are proposed under point e. in table 22 below to eventually increase digital payment possibilities More digital payment solutions will also decrease the rate of informal businesses and increase the tax revenue for the Government.

The below chart depicts all steps along the tourism customer journey. The collection of user data along all these steps is of high importance. In order to do that, tourism businesses need to apply digital tools. Only then will the full capacity of big data for a territorial analysis of tourist behaviour can be guaranteed.

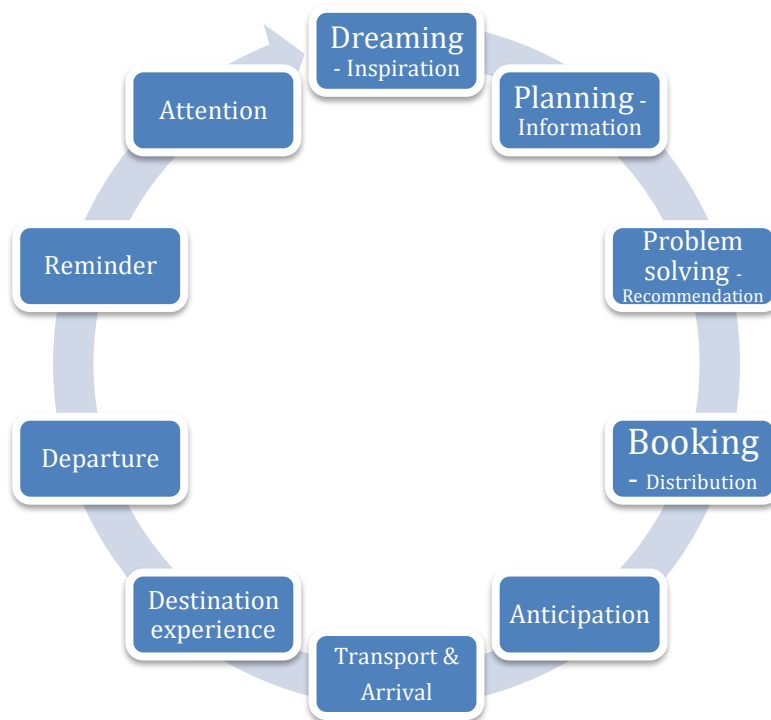


Figure 33 Stages of a tourism customer journey stages of a tourism customer journey
Source: Elaborated by the consultant.

Table 22 Key action table: Pillar 1, Recommendation 3

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 1: Diversification			
Recommendation 3: Improve ICT infrastructure and capacities	a. Technology adoption: <ul style="list-style-type: none"> • Upgrade the IT department of the MOT with specialized staff or establish a new and individual MOT “department for digital technology and innovation” that covers the agenda of the digital transformation of tourism in the Maldives • Selection and implementation of a cloud-based data storage system such as from IBM or Oracle • Selection and customization of a CRM system such as Bitrix24 	- Ministry of Tourism	Short term
	b. Smart tourism atoll: <ul style="list-style-type: none"> • Select a pilot atoll where a big data tourism stakeholder project can be implemented • Start stakeholder consultations about the willingness to participate and discuss objectives and goals for collaboration • Provide tools to improve and strengthen the competitiveness of the smart tourism atoll and give every 	<ul style="list-style-type: none"> - Ministry of Tourism - International funding institutions - Local island councils 	Medium term

	stakeholder the opportunity to have a leading role, e.g., by using the Toumake platform ⁹²	- Tourism sector associations	
	<p>c. Accommodation facility data collection:</p> <ul style="list-style-type: none"> • Select a tourist arrival data collection software • Collaborate and consult with the National Bureau of Statistics • Implement the new data collection software with pilot atolls and offer training sessions to atoll and island councils, as well as directly to accommodation businesses 	<ul style="list-style-type: none"> - Ministry of Tourism - National Bureau of Statistics 	Short term
	<p>d. Capacity building and skills enhancement for using digital tools and devices:</p> <ul style="list-style-type: none"> • Survey with tourism business operators about the need for capacity buildings (digital training needs assessment); • Selection of specific training topics after an in-depth analysis of the survey; • Research about the best partner institution for implementing the trainings; • The training to businesses can start at selected atolls and islands. 	<ul style="list-style-type: none"> - Ministry of Tourism - Business Center Corporation 	Medium term

⁹² More information: <https://www.toumake.biz/english>

	<p>e. Diffusion of cashless payment opportunities:</p> <ul style="list-style-type: none"> • Feasibility assessment for the implementation of digital payment solutions: a feasibility study based on desk research as well as a survey with the relevant tourism service provider stakeholders is recommended. The desk research will look for answers about the overall availability and quality of mobile internet, its infrastructure vision for the future and a short analysis about the situation in neighboring countries/touristic locations. The survey with the stakeholders shall answer to questions about the current issues /advantages of cash and digital payment, the interest of stakeholders to make digital payments available for the customers, and the timing for a proposed system change. • The study will identify the challenges involved in receipt and processing of payments and based on financial technology solutions currently existing within and outside the country. The output shall be feasible solutions for how the analyzed challenges can be resolved and how the stakeholders can be convinced to follow the digital and technology-based path of the future in global tourism. 	<ul style="list-style-type: none"> - Ministry of Tourism - Business Center Corporation - Maldives Inland Revenue Authority 	<p>Short term</p>
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5.1.4 Expand marketing's structure, messaging and targeting

a. Overall recommendations on marketing activities

Local Island Tourism: MMPRC

As the Ministry of Tourism currently does not have the remit to market the Maldives, these initial recommendations apply to the MMPRC.

The largest issue is the need to promote local island tourism, including guesthouses, hotels, and homestays. The MMPRC can help do this by diversifying and re-structuring to give a voice to local island marketing.

Firstly, the MMPRC should actively encourage more than the current number of 11 guesthouses to become members of the MMPRC. As of January – March 2022, there are 834 guesthouses registered and, on average, 636 operational. To further help the sector, it is recommended to appoint a Guesthouse and Hotel Association Maldives representative to the MMPRC Board of Directors, to bridge the current gap to Guesthouses and their needs.

A closer working relationship between the Ministry of Tourism and the MMPRC will only be beneficial, and it is recommended that a Ministry of Tourism representative is also appointed to the Board of the MMPRC. There used to be an MOT representative on the Board and this position should be re-instated. Adding these two positions will bring the number of Directors to the necessary 7 as stated in the Articles of Association.

Creating a Hotel & Guesthouse department within MMPRC, with a clear and separate budget (ideally in addition to whatever is currently spent, see final point) will bring clear insight and relevant execution to the burgeoning local island market and ensure that the sector is represented in all forms of marketing. It is strongly recommended to develop and create a sub-brand to promote local island tourism, (similar to "Tales of the Maldives") but able to support and strengthen the local island holiday experience, e.g. The Pearls of the Maldives; Affordable Maldives; Undiscovered Maldives; Local Maldives; Find your Favourite Island; islands.mv etc.

Given the nature of the tasks facing the MMPRC and the huge recovery issues and efforts from the pandemic, a Steering Committee or Advisory Board is recommended to be formed to review MMPRC activities on a quarterly basis. This will be formed from all sectors of the Maldivian travel industry: airlines, airports, safari boats, local inter-island boats, hotels, guesthouses, and resorts. This will enable direct feedback on the post-COVID recovery plans and will allow the MMPRC to adapt and be more flexible at this critical time, especially in regard

to the changing situation with the source markets. It will also have the benefit of bringing these people onboard to support the work of the MMPRC and will help expand and broaden their membership.

Image and Perception Brand Tracking

The MMPRC promotes the image of the Maldives, but there is no image and perception research conducted before people visit the Maldives, in the target and source markets to understand current perceptions and to measure the impact of their campaigns. Given the potential negative perception and image issues in diversifying to include local island tourism, it is recommended to undertake an annual image and perception research project, possibly in co-ordination with other large scale research companies to benchmark vs other destinations, e.g., FutureBrand, Anholt IPSOS Nation Brand Index, Destination Brand etc.

b. Budget

The budget of US\$10 million needs to be assessed and possibly increased. This is based on the number of visitors targeted, the cost of media and activities in the primary source markets and the need to communicate the diversification of the tourism offering to include hotels and guesthouses on local islands rather than just the 'one-island, one-resort' concept. Additionally, ironing out the seasonality of arrivals will need new messages and communications to encourage people to come to the Maldives in the summer.

c. Digital marketing activities

There are a variety of digital activities to be reviewed and addressed. The majority of work is undertaken by the MMPRC, but there is one project currently managed by the Ministry of Tourism, islands.mv, which is recommended to remain under the control of the MOT.

The following recommendations are based on the information available at the time of the report and feature a variety of structural and specific comments.

- The social media channels (Instagram, Facebook etc.) must show a wider, more diverse image of the Maldives to help increase local island tourism. Photography and video currently feature mainly resorts and the one-island one-resort lifestyle and does not feature the local island culture, activities, and accommodation. Again, the use of a new, specific local island sub-brand is recommended to help differentiate messages between sectors and target audiences.
- Bring in an experienced social media specialist (if one is not already employed) to help

build online following, manage messages, and increase diversification. The use of hashtags must be reviewed and the entire tourism industry in the Maldives must use a consistent set of hashtags to drive awareness and reach. It is also recommended using an outside marketing agency to help build a structure, team, and strategy to add focus and experience to the critical social media output.

- The MMPRC is recommended to work with key travel influencers, especially niche travel blogs to create unique and bespoke social media events to bring the concept of local island tourism to life. This will work hand in hand with the above changes to showcase the full Maldivian offering.

At the same time, the MMPRC and its social media team is recommended to work more closely with resorts to capitalise on, share and work with their influencer and social media programmes. The role of the social media specialist will help co-ordinate all the disparate messages to create waves of online activity that will deliver significant increases in reach.

As majority of local island reservations are made on booking.com, it is recommended to put specific marketing focus onto them and international tour operators and travel agents to develop guesthouses and hotel tourism. Specific guesthouse and hotel promotions with key private partners especially online travel agents and airlines will again drive awareness, preference, and bookings.

d.islands.mv

This project is being undertaken by the Ministry of Tourism, and while currently there is no marketing capability within the MOT, it is strongly recommended that the islands.mv project stays within the Ministry as a long-term project.

With the right expertise and content, islands.mv can become the defacto guide to all local islands, activities, events, hotels etc. This project could be a game-changer for local Maldives tourism, but currently doesn't go far enough and the site, which is live at the time of this report is under-prepared and, in some cases, half-finished with e.g. gaps where photos should be. It may be best to consider taking the site offline until all sections are complete or look the part.

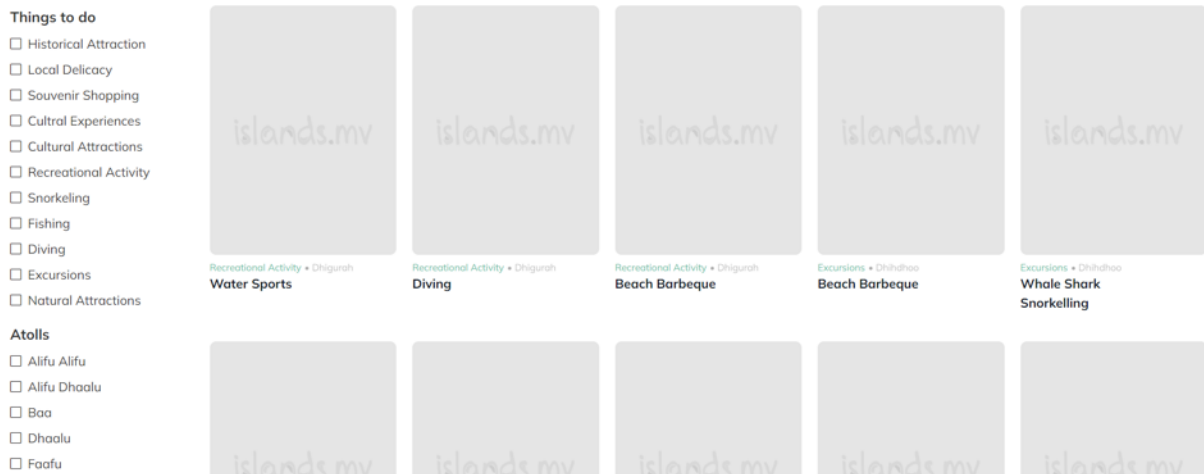


Figure 34 Screen capture from island.mv, May 11th, 2022

Specifically:

The islands.mv project is a huge undertaking and is being developed by an internal team within the Ministry of Tourism. With the help of the local island councils, when finished, the site will show the details, accommodations, food and beverage, shops, and attractions of each of the inhabited islands. It will then become the go-to tool for travellers to review and decide which islands they want to visit and where to stay, and what to do, when in the Maldives.

It is recommended to source a local island travel agent or tour operator to create a local booking engine linking the local hotels and guesthouses to ensure that online bookings from the site are done fully in the Maldives, so keeping all the revenue in the Maldives.

The site will attract international and local advertising and sponsorship e.g., hotels, airlines, dive shops, sailing, boat hire, phone, and Wi-Fi services, etc. Ultimately, it is conceivable that the site is self-funding.

However, and most importantly, without constant attention and promotion, the website will simply be ignored and fall into dis-use, which is why it is recommended that the current team stays at the MOT in order to co-ordinate and manage the site efficiently and effectively. This can only happen if the site is regularly updated with the latest news, events, and activities.

The recommendation is that the internal team at the Ministry of Tourism liaises with the local island councils to constantly and regularly update and develop the site to ensure it is always up to date with events and activities, promotions, and new openings etc. and manage the booking engine. A formal process with the local island councils will be established to ensure that the site is up to date e.g.:

- Island councils check the site once a week to ensure it is correct and up to date.
- All relevant and new information is passed to the islands.mv team at the Ministry of Tourism to update the site.
- Hotels, shops, dive centres, water sports and tourist attractions etc. on the island do the same and inform of any new news or photos or videos to be uploaded to the site either centrally through the island council or direct to the MOT team.
- All local island hotels, guesthouses, shops, attractions, and inter-island ferries use and promote islands.mv to their customers, thereby gaining awareness, usage, and preference, allowing the site to grow in popularity.
- It is strongly recommended that traveler reviews are added to the site to encourage re-visits and more use as people will turn to the site for the best travel advice in the Maldives.

It is recommended that the MOT seeks sponsors for the site to fund development and growth.

e. Addressing different source markets and target audiences

As these topics are so inter-linked, and it was not possible to review the messages and media in depth, this section deals with the issues raised in Section 5.1.4 c, e, f, and g.

Due to the recovery in tourism arrivals, and the bounce back of the re-opening of resorts in particular, it can be concluded that the general level of marketing activity taking place has worked well and should be continued.

Despite the lack of specific data regarding messaging, targeting or media outlets used, again it can be concluded that the total level of activities is contributing well to the resurgence in tourism to the Maldives since 2020. However, a detailed audit of the messages and media used, is strongly recommended to be able to deliver recommendations on targeting and messaging. This report addresses the issues of macro targeting and the need / desire / objective of increasing local island tourism to boost the entire Maldives tourism industry.

The key and currently closed markets of China, Japan and Korea will have a significant and positive effect on arrivals when they re-open, while the Russian and Indian markets are expected to decline vs 2022. But the Western European markets will continue to rebound and growth from the Middle East, and the Americas will continue. As such, the core target and source markets are all being covered by the MMPRC, but it will need to react to the Chinese and other Asian markets re-openings accordingly with re-assuring messages of COVID safety.

This will require input from local Chinese agencies to ensure the message is correct and appropriate as their continued mass lockdowns and zero-COVID policy is now unique in the world.

As it has not been possible to review the marketing or business plans, it is strongly recommended to carry out a review of all activities taking place in each market by a Marketing and communications expert, including the messages used and a media specialist to measure the cost effectiveness of the media buys and impact of the activity within each market. Experience shows that large contracts handled directly by Governments and SEOs with large media organisations e.g., the BBC, CNN etc. typically pay up to twice the actual going market rate.

The marketing for the Maldives needs to work on two fronts:

1. The resort audience.
2. The local island hotels and guesthouses audience.

The resort audience is made up of the traditional international and global audiences whereas the local islands must find new markets, both geographically and socio-economically.

As such there is no 'market shift;' if both sectors are to thrive, marketing must be expanded and will require additional budget, or a diversification and new distribution of the current budget.

The best way to segment the audiences is by source of business. Resorts generate the majority of their bookings through traditional, luxury travel agents and DMCs.

Hotels and guesthouses on the other hand, receive most of their bookings through online travel agents e.g. booking.com and direct through their own websites. Currently only the larger sized hotels, for example in Maafushi, receive significant volume of bookings via package travel agents and tour operators. And size of establishment will become an issue as the Maldives looks to diversify as the tour operator mass market expects larger hotels in order to make the bookings simpler and more cost effective.

It is vital to fully understand this difference in source of business between resorts and local island tourism hotels and guesthouses in order to fully focus and target key marketing actions against, especially within the current budget and to focus the correct messages to each audience.

The resort market needs to emphasise the key aspects of the Maldives: sun, sea, wildlife, beautiful, remote island life: and the no shoes, no news lifestyle which has put the Maldives at

the top of the global luxury holiday market.

These core messages must remain and target high net worth individuals and upmarket travel agents, ably supported by the 160+ resorts themselves with marketing budgets and PR experts of their own. The core markets will continue to be China (when it re-opens), India, Germany, Italy, UK, France, USA etc. Russian arrivals will be wholly dependant upon the effects of the Ukraine invasion and the re-starting of direct flights. But focus also needs to be made on new and emerging middle-class markets, especially in the Middle East (Saudi Arabia), South America and Asia.

One consideration is that as other markets open the allure of the Maldives diminishes. The Maldives will be faced with increased challenges of regional competitors out-spending them and out-targeting them with a broader and cheaper tourism offering.

While continuing to target the affluent resort market, a parallel strategy for local island hotels and guesthouses and to communicate a broader range of activities needs to be developed.

The local/regional markets will be key to the different holiday style of local island tourism and economy, as well as solving the seasonality issue e.g., India, Middle East especially UAE, Singapore, Indonesia, Malaysia. Central and Eastern European markets will also become more important e.g., Slovenia, Czech Republic, Israel, Poland, Hungary etc.

While the core messages are important to promote and maintain the Maldives as a highly aspirational destination, more needs to be done to open and diversify the perception of the Maldives to a wider range of target audience.

Local island tourism provides good opportunities to showcase more of the Maldives - culture, local people and population, crafts, cuisine as well as emphasise the different islands and atolls. A wider range of activities can be explored e.g., surfing, diving, sailing, and water sports in general. Seasonality issues can also be tackled and showcase the attractiveness of the Maldives in summer, especially to the regional source markets. Research also shows that the local island holiday maker is more into the activities and events in the Maldives, and this provides an opportunity for the Maldives to further increase desire, interest, and bookings.

In summary, a balance is needed between the message that the Maldives is the most exclusive and luxurious destination in the world (resorts); and that the Maldives is open and accessible to all (local island hotels and guesthouses) with plenty of activities and experiences to offer all year-round.

Hence the different source of business is a crucial and critical way to separate out the messaging and targeting.

The islands.mv project can manage all of the above issues and can easily become the leading source of information on the local islands for travellers and tourists.

f. Further Recommendations to improve Marketing

The success of the 50th anniversary campaign shows that a unifying project can galvanize the disparate elements of the Maldives tourism economy. It is recommended developing and agreeing on a clear objective e.g., '2.024 million by 2024' and strategy to align all parts of the Maldivian tourism economy, promote tourism to the local population and prioritize and focus on key developments and most effective projects.

It is recommended to review and increase the MOT budget and staffing levels especially in key areas e.g., Quality, Diversification, legal and data / statistics, islands.mv etc. The MOT urgently needs a budget to travel to islands and resorts to check on quality and infrastructure as well as liaise with local island councils on islands.mv.

A change in legislation to cap 'guesthouses' at 25 rooms maximum is proposed. Currently, homestays can have a maximum of 10 rooms before being classified as guesthouses but there is no upper limit to the size or number of rooms for guesthouses. Currently there are only 11 registered hotels in the Maldives and some guesthouses have 100+ rooms. Making larger establishments trade as hotels allows implementation of a clear improvement in standards and quality benchmarks, raises Government revenue, as well as allowing the gradual phasing out of the use of the misleading term 'guesthouses' when describing the development of large boutique accommodations.

Alongside this change it is recommended to put in place a classification system to deliver quality and improve standards and consistency especially in hotels. New stricter quality classifications will improve standards and quality of experience, and ultimately, prices and revenue.

The MOT and MMPRC can improve their understanding of the impact of their marketing activities by involving the Guesthouse and Hotel Association of the Maldives, and other key tourism organizations, e.g., Maldives Association of Travel Agents and Tour Operators (MATATO) to measure effectiveness of new source markets and rapid identification of new

markets, the development of hotels on local inhabited islands and occupancy and seasonality issues.

As some national flag carriers from Europe only fly to the Maldives in the traditional wintertime, or operate a reduced capacity in summer, new and existing regional and Asian carriers should be encouraged to come or expand operations in the off-peak summer months. This is particularly appealing to low-cost carriers e.g., Air Asia, Wizz Air (from Abu Dhabi), FlyDubai, SpiceJet, Lion Air, Jetstar etc. It is proposed to develop new low-cost summer landing packages in conjunction with the Ministry of Finance to encourage these airlines to increase inbound summer tourism from nearby, regional markets up to 4-5 hours flying time.

At the same time, it is recommended putting together a proposal for the Ministry of Transport to allow open-jaw, multi-destination flights within the Maldives by international airlines, which will encourage tourism in the outer atolls and local islands, as well as increase competition for flights and crucially reduce internal flight costs.

Table 23 Key action table: Pillar 1, Recommendation 4

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 1: Diversification			
Recommendation 4: Expanding marketing's structure / messaging / targeting. a. Overall Recommendations: MMPRC	Present proposals to the MMPRC to agree: <ul style="list-style-type: none"> • Increasing the number of guesthouses to join the MMPRC. • Additions to the MMPRC Board of Directors. • Implementing a Steering Committee / Advisory Board. • Creating a local island Hotel & Guesthouse department within the MMPRC. 	Ministry of Tourism and the Maldivian Marketing & Public Relations Corporation	Short-term
c. Digital Marketing Activities - MMPRC	<ul style="list-style-type: none"> - Review the budget, current spending and campaign messages and targeting in a thorough audit. - Present the need for a sub-brand for local island tourism. - Hiring a social media expert and using a marketing agency to help capacity build - Undertake formal meetings with the key online booking agents to work on a global level to increase and improve visibility of the Maldives to promote local island tourism 	Ministry of Tourism and the MMPRC	Short-term
d. islands.mv	<ul style="list-style-type: none"> - Conduct a workshop to discuss the way forwards including content, management, and finance for islands.mv within the Ministry of Tourism. 	Ministry of Tourism	Short-term

	See 5.1.4		
e. Travel patterns, possibilities etc.	- Audit of communication messages and media plans including spend and targeting.	MMPRC	Short Term
f. Further Recommendations to improve Marketing	<ul style="list-style-type: none"> - Set up a strategic review to agree and finalize a key objective for Maldives tourism e.g., 2.0 million by 2.025. Review budget and staffing levels of the MOT vs objectives and responsibilities. - Amend planning regulations to cap guesthouses at 25 rooms max (like homestays have a cap currently). - Deliver a benchmark study of quality assessments in impacting tourism. - Open discussions with MATATA and Hotel & Guesthouse Association to improve co-ordination and information sharing. - Discuss opening of international and local air routes with the Ministry of Transport and possible ways to incentivize low-cost carriers to fill the summer months. 	Ministry of Tourism	Short term

5.2. Pillar 2: Quality

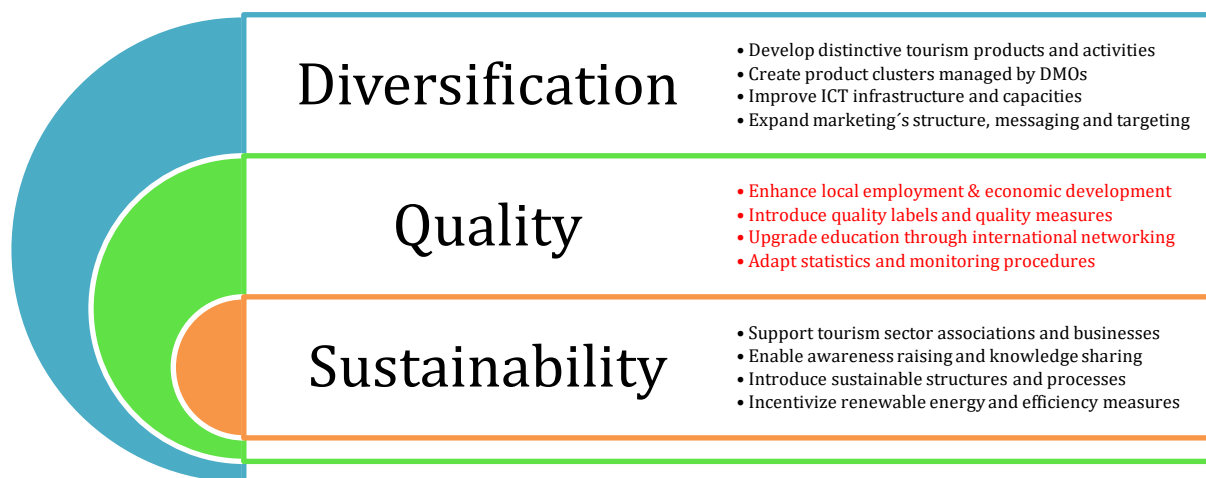


Figure 35 Quality pillar

Recommendations on the tourism value chain from the perspective of employment and service quality

Directing the tourism value chain from a HR perspective towards sustainability would mean a strong emphasis on actions that boost the participation of local Maldivians in tourism related actions on all levels. The presented recovery recommendations are not intended for use when the COVID-19 pandemic is formally over, but to immediately start implementing measures for pending challenges, which have been existing already before and were documented in previous studies.

5.2.1 Enhancing local employment - HR and local economic development

- a. **Recommendations concerning the HR & local economic development are given for immediate action and implementation.**

In depth **HR - Statistical data collection** concerning needed workforce in the tourism industry by segments and by national and foreign workforce should be available. This could lead to a potential of solid forecasting of workers needed with regard to new developments envisaged. Additionally, the educational needs in cooperation with the TVET institutions and Tourism educational institutions could be cross checked.

Awareness for tourism employment and the tourism product potential among the local population could be raised. Especially young people should be further attracted. This would

imply actions such as “the open resort days” for families throughout the country with numerous specific events involving all segments and stakeholders of the tourism industry. Furthermore, the national food product can be focused upon by connecting with local initiatives, e.g., the Chefs Guild of the Maldives. Reference is made to recommendations about the introduction of a gastronomy tourism strategy and related product development such as Slow Food Travel in 5.1.1.

Mitigation of social related work issues in the resorts is recommended: The situation of local workers, especially women, should be improved with regard to social compatibility support. Schemes for daily return visits with the family would be good to be considered or/and intervals of spending time with the family be improved. The elaboration and approval of a policy paper as a recommended code of conduct would be helpful.

The Prevention of legal challenges in the resorts is recommended: To avoid supreme dominance of the employer and to ensure the rights for national and foreign workforce the representation of the Tourism Employees Association of Maldives in each enterprise would help to ensure a fair balance between workers’ rights and workers’ duties.

Island Councils and Guesthouses cooperation could be enhanced: The quantity and quality of the guesthouse product could be further homogenized. Know-how for holistic island tourism development should further empower the Island Councils to oversee the tourism products. Guesthouse owners and managers could be more familiarized with managerial, intercultural and ICT related skills. Reference is made to the recommendations listed in 5.1.3 and 5.3.1.

b. Key recommendations for mitigation measures for tourism employees

“After the crisis is before the next crisis”: The Maldives could draw conclusions from the current COVID-19 crisis and may look upon internationally proven measures taken by other countries. “**Short time work**” might be an interesting instrument.

Short-time work is a political instrument to avoid redundancies. Short time work is applied by the employer voluntarily registering the employees with the state entity for compensation. Short-time work can be defined as follows: “In an employment relationship, the term short-time work refers to the temporary reduction in regular working hours.” Short-time work affects all or some of the employees of a company. Short-time work aims to avoid redundancies due to significant absences from work.

The reference period for short-time work is generally limited to twelve months. The short-time allowance consists of the difference between the regular and the reduced net salary. The affected employees receive a wage replacement benefit from an unemployment insurance (backed up by a state fund) to partially compensate for the loss of earnings. In some European countries, this difference is granted at 60% for single people and households without children, for households with children the rate rises to 67%.⁹³

In the specific case of the Maldives as many employees would have to stay on the resort islands short-time work could be combined with accompanying (re-) training measures.

“Short time work” would give more attractiveness to enter and to continue to work in tourism as the relevant legal measures make the tourism industry more resilient and tourism workers would feel “insured” during hardship times as natural disasters or pandemics.

To finance a “short time work scheme” a reserve fund should be created from tax revenues during economically stable phases and administered by a state entity, e.g. the Ministry of Economics in cooperation with the Labour Relations Authority of the Maldives.

c. Recommendations for bridging the gaps between Local and Expat Workforce

Bridging the Gap of education

Diploma & Certification for National workers of the Tourism Industry

Based on a solid data evaluation, e.g., using the results of the Fahiway App the number of staff working in the tourism industry, especially in the resorts, with or without diploma/formal education should be assessed by segments.

In cooperation with interested resorts, tourism enterprises and the respective tourism educational facilities diploma courses, should be offered to the interested staff members to conclude their diploma or/ and recognised certificate.

Special attention should be given to TVET related activities, e.g., service, food & beverage, housekeeping and cooks and chefs. Additionally, a tourism language program should be offered for the most important guest arrival languages, e.g., English, Chinese, Japanese.

⁹³ In Europe several countries, especially Austria and Germany have made excellent experiences regarding the temporary introduction of “short time work”.

The recommendation is to start such diploma – certification programs with a pilot project involving one educational institution, e.g., the Polytechnic TVET institution or/ and the National University of the Maldives plus 1-3 resort and later multiply and decentralize throughout the territory of the Maldives. An extra benefit of such measures will be enabling national workforce to participate in quality training and retraining. As a lot of the staff will be working on the resort or and inhabited islands, the curricula should predominantly concentrate on online classes.

Especially in the resorts, national workers have acquired knowledge over many years in their function but never have been able to conclude their formal education with a diploma or recognized certificate. These measures ideally bridge the gap between national long-term working individuals and formally qualified foreign worker staff.

ICT capacity readiness tests should be embedded in such a pilot for the tourism workers and staff members and corresponding courses be planned and offered.⁹⁴

Bridging the gap of salaries

The newly implemented minimum salary should be equalized for national and foreign workforce to avoid social frictions and perceived injustice among the different groups.

Bridging the gap of motivation

Young people are less motivated to work in the tourism industry as it would be needed to fill the open positions currently and in the future. A game changer could be to increase already existing awareness campaigns for tourism for Maldives Nationals, especially young people. A yearly event calendar throughout the Maldives should be planned with different stakeholders, e.g., from the watersports, youth and sports associations, universities, vocational training centers, island councils, resorts to involve also the schools getting familiarized with the Maldives, to work in tourism.

Tourism job fairs could take place parallelly to the annual calendar of events.

The proposed project of the “Tourism Competence Boat” with a fixed itinerary in combination with yearly events should be streamlined. Here, specifically addressing the potential of the “blue collar” tourism worker segment would be helpful.

⁹⁴ Source: https://www.researchgate.net/figure/Example-of-an-ICT-skills-test-item_fig1_313369744

In parallel a social cultural in-depth study to understand more the regional level specifics why or why not Maldivians would like to work in the Tourism Industry should be commissioned⁹⁵.

Bridging the gap of stability

Foreign workers are not enjoying the same benefits as national workers which means instability for the individual foreign employee and the employer as well. Foreign workers in long term positions should be allowed to settle down in the Maldives and get offered a permanent residence, not necessarily nationality. This would be an incentive against fluctuating within the tourism labor market.

d. Recommendations for the development and upweighting of national recruitment and incentives to work in tourism

Although initiatives on these topics have been found and assessed, see 4.2.1. d) according to the future needs of more national tourism workforce for the industry measures should be intensified.

Specific “open door days” with the resorts should be intensified to demonstrate the present requirements of the job profile positively, not only for “white collar” positions but especially for positions in the kitchen, service and housekeeping. Especially for the Youth the contact with successful and established role models from the tourism industry would be stimulating.

Possible incentives could be highlighted such as how to organize and improve the topic of daily transportation needs for women from their place of living to their place of work. To overcome stereotypes being existent in families, preventing especially young women to be able to work in the industry. Here measures as the “open door day” should be focused on.

In connection with the negative stereotyping of tourism the revision of the free flow alcohol cruises could be considered as cross cultural and religious implications might damage the tourism image of the local Muslim population.

Actions, interests, and events of national and international sponsors, e.g., from the sport gear producing industry, could be used to link them with job fairs and demonstrating the “beauty” of

⁹⁵ Following the interviews regarding the 5th Tourism Master Plan HR Consultant (UNDP) a geographically zoned in depth study is needed, which so far has been impossible to do on short missions.

potentially new and existing jobs in the tourism industry, e.g., emphasizing on tour and island guides, diving instructors, surf instructors.

Tourism career awareness building and guidance for a position in the tourism sector may already start in the schools. A tourism orientated mindset from a schooling could be encouraged already at secondary school. Secondary school leavers could be made aware during their term concerning the tourism related career & study offers, e.g., from Maldives National University and Maldives Polytechnic institution.

From a Marketing perspective, the first step is to actively promote the benefits of tourism to the Maldives, with an emphasis on the money and income that tourism brings to the Maldives and the sheer number of people whose jobs rely on the tourism industry in whole or at least in part. Linking working in tourism to the benefit of families and bringing up children and looking after grandparents in communities will help show that working in tourism is beneficial to the lifestyle and culture of the Maldives.

Next, it is recommended bringing the actual experience of working in hospitality to life through personal stories and testimonials, especially amongst women. An interesting opportunity for this would be taking some Maldivian workers to tourism hot spots and locations where working in hospitality, even as waiter or waitress, is a real career e.g., Paris and New York.

And the hospitality industry itself needs to open up to educate and inform local islanders to help explain what is required. The best way to do this is to address the issue from school age. Integrating schools into the hospitality industry will reap huge long-term benefits, through resort and hotel talks and visits. This will help grow understanding of the sector and convey the importance of language, hygiene and adherence to hotel and resort operating standards and procedures.

Finally, a bold step is recommended: producing a real-life, 'Reality TV programme' to be produced by and shown on national Maldivian TV, that could take the form of 'The Apprentice.' Selecting many college students, they can be seen put through their paces, working at various hotels and resorts and finally, one is voted champion e.g., 'Maldives Next Best Butler.' The intention would be to show the tourism industry in the best possible light, showcase the world of resorts and guesthouses and show the reality of working in hospitality and tourism.

e. Recommendations for inclusive growth: social sustainability and benefits from tourism for the local population

There is a unique chance for local development and local employment in the tourism industry when the COVID-19 pandemic has passed completely through quality tourism on the inhabited islands, also if the product of Guest Houses will undergo international orientated quality development in combination with the holistic island development itself.

Stakeholders on the islands could be made the offer to improve their tourism knowledge as much as possible. The main focus would be offers to the Island City councils, the guest house owners/entrepreneurs, the employees of tourism related businesses. Furthermore, the tourism awareness for the population in general should be risen. "Tourism is important for small islands because of their location, physical features, flora and fauna, which combined, present a unique proposition to create a visitors' paradise by virtue of their islandness"⁹⁶.

Key contents for tourism development can be offered in open workshops, e.g.:

"Aesthetics in tourism": Although aesthetics in Tourism could be considered as highly subjective across cultures, however there are some specific human least common denominators based on the senses hearing, smelling, and seeing which could be agreed upon such as visual beauty, good smell, clean air, calmness – no noise, tasty products.

"Authenticity of the tourism product: This includes understanding of the visitor regarding the positive impacts of tourism among the local population and the general attitude towards cross cultural exchanges not losing local identity be it of regional habits, religious aspects, et al. It is wise to consider that small island destinations can be proactive and sensitive about their communities with respect to tourism development.

Environmental factors of the tourism product: Islanders may optimize their knowledge concerning treatment of waste, ecological energy topics, preservation of the natural environment, initiatives for sustainability et al.

Micro regional tourism carrying capacity studies could be initiated to make sure the development of tourism is conformed to the views of the local population-, and tourism stakeholders, especially the Island's City Councils.

⁹⁶ Community-based Tourism in the case of The Maldives by Andrea Giampiccoli et al. Durban University of Technology, Ritson Campus, Department of Hospitality and Tourism, April 2020

USP – Unique Selling Proposition consultancy for local island councils would ensure development of initiatives in a gender sensitive manner and promote equal participation.

The start of a **support program for women** to become engaged in locally driven tourism initiatives, e.g., the production and sale of local handicrafts and organic food production for tourist restaurants and guest houses would be recommended.

A pilot project for **culturally sensitive island stay programs** including “educate the tourist topics can be recommended as a future initiative. An international culturally sensitive tour operator, e.g., the German “Studiosus Reisen Munich”⁹⁷ could be approached to jointly develop a respective offer.

⁹⁷ Source: www.studiosus.com

Table 24 Key action table: Pillar 2, Recommendation 1

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 2: Quality			
Recommendation 1: Enhance local employment and economic development a. Improve HR Statistical Data Collection	<ul style="list-style-type: none"> • Fully implement the Fahiway App • Update the tourism development lists • Coordinate actions concerning education based on forecasted tourism development numbers 	<ul style="list-style-type: none"> • Ministry of Tourism 	Short – up to 1y
Rising of awareness for tourism employment and the tourism product potential	<ul style="list-style-type: none"> • Organize days of the open resort with cooperative resorts • Liaise actions with the MERRY Maldives Initiative • Organize product presentation of traditional food 	<ul style="list-style-type: none"> • Ministry of Tourism • Chefs Guild of Maldives 	Medium – up to 3 y
Resorts: Mitigate social related work issues	<ul style="list-style-type: none"> • Round table discussions on the topic • Elaboration of a code of conduct 	<ul style="list-style-type: none"> • Maldives Association of Tourism Industry (MATI) 	Short – up to 1y
Resorts: Prevention of legal challenges	<ul style="list-style-type: none"> • Joint information events in the resorts 	<ul style="list-style-type: none"> • Tourism Employees Association of Maldives 	Short – up to 1y
Training of Island City Councils	<ul style="list-style-type: none"> • Workshops for social carrying capacity • Holistic Tourism Product Development 	- Ministry of Tourism	Medium
Training of Guest House Managers & Owners	<ul style="list-style-type: none"> • Offer more courses on Guest House Management and Tourism product development 	<ul style="list-style-type: none"> • TVET Maldives/Polytechnic 	Short – up to 1y

<p>b. Mitigation measures for tourism employees</p> <p>Short time work</p>	<ul style="list-style-type: none"> Consult the proposal of short-term work in a round table with stakeholders from the tourism industry 	<ul style="list-style-type: none"> Ministry of Tourism 	<p>Long term 3 years and more</p>
	<ul style="list-style-type: none"> Create a reserve fund 	<ul style="list-style-type: none"> Ministry of Economics 	
	<ul style="list-style-type: none"> Administer the fund in times of need 	<ul style="list-style-type: none"> Labour Relations Authority 	
<p>c. Bridging the Gap of Education</p> <p>Diploma & Certification for National workers of the Tourism Industry</p>	<ul style="list-style-type: none"> Assess the data of employees without diploma/recognized certificates with the Fahiway app Round Table with the stakeholders' resorts, MEERY Maldives, TVET Polytechnics Elaborate a pilot project with a foreign donor' financing Multiply the pilot project 	<ul style="list-style-type: none"> Ministry of Tourism Japan International Cooperation Agency 	<p>Short – up to 1y</p> <p>Medium Term up to 3 years</p>
<p>Bridging the Gap of salaries</p>	<ul style="list-style-type: none"> Wages should be equalized to avoid social injustice Corresponding legal actions to be taken 	<ul style="list-style-type: none"> Ministry of Economic Development 	<p>Short – up to 1y</p>
	<ul style="list-style-type: none"> Establish a tourism event calendar team inviting stakeholders from the private & public sector 	<ul style="list-style-type: none"> Ministry of Tourism 	<p>Medium Term up to 3 years</p>

Bridging the gap of motivation	- Program an annual event calendar throughout the Maldives and streamline it with the tourism competence boat itinerary		
	- Commission a social cultural in-depth study "Tourism work motivation"	- Ministry of Tourism & Foreign Donor	Short – up to 1y
Bridging the gap of stability	- Allow foreign tourism workers to settle permanently in the Maldives - Prepare the relevant legalization	- Maldives Immigration	
d. Development and upweighting of national recruitment and incentives to work in tourism	- Organize Sspecific "doors open days" with the resorts ⁹⁸	- Ministry of Tourism	Short – up to 1y
	- Develop a Reality TV show with local TV Companies	- Ministry of Tourism	Short – up to 1y
	- Establish a tourism event calendar team inviting stakeholders from the private & public sector involving Ministry of Education, Ministry of Youth, Sports and Community Empowerment - Program an annual event calendar throughout the Maldives and streamline it with the tourism competence boat itinerary	- Ministry of Tourism	Medium Term up to 3 years

⁹⁸ Here the benchmarking actions of the Banyan Tree Resort could be focused upon. Also the Four Seasons Resorts already have been showing their willingness to participate in further of such actions.

	- Start tourism career awareness building and guidance for a position in the tourism sector already in the schools – revise curricula accordingly	- Ministry of Education	
e. Inclusive growth: social sustainability and benefits from tourism for the local population	- Island workshop offers for stakeholders and inhabitants on key contents for sustainable tourism development: Tourism Authenticity; Aesthetics; Environment	- Ministry of Tourism - Foreign Donors	Short – up to 1y
	- Initiate Micro regional tourism carrying capacity studies on inhabited islands	- Ministry of Tourism - Foreign Donors	Medium Term up to 3 years
	- Initiate a support program for women to become engaged in locally driven tourism initiatives	- Ministry of Tourism - Foreign Donor	Short – up to 1y
	- Pilot project: Culturally sensitive island stay programs	- Ministry of Tourism - Foreign Donors - Foreign Tour Operator - Guest House Associations	Medium Term up to 3 years

5.2.2. Introducing quality labels and quality measures

The recovery from COVID-19 can be used as a good moment to reflect on the increased international quality trends to maintain and obtain sustainable (high) spending customers. Quality systems, programs, labels, and criteria can be regarded as a part of tourism quality development, so quality can be seen as a component of sustainability and contributes as a central component in tourism service provision.

Quality initiatives, especially quality – price – service orientated measures should be enhanced where existent or initiated.

a. Complaints management and quality labels

A comprehensive complaints management system for all tourism enterprises should be designed and installed.

A best practice example is the internationally recommended benchmarking model, the Spanish system titled “Hojas De Reclamaciones (Customer Complaint Forms)⁹⁹”. In short, it works like this: A customer is dissatisfied with a (tourism) enterprise hotel, restaurant, shop, or other type of business, he can make an official complaint through the national authorities: It is law that businesses must have these books of forms on their premises and that they have to process the complaint immediately when it is being made. As it is a preventive and not a complaint encouraging system, in most of the cases, it is enough when the customer asks for the Customer Complaint Forms and often does not need to get to that stage, because the business will not want the authorities officially looking into their business.

The Introduction of Quality Labels is recommended: Considering specific sectors of the Maldives and the related Tourism Quality Service Chain quality labels would be an option for tourism enterprises to maintain and increase their service quality. It is recommended to initiate a quality cycle with the selective introduction of internationally recognized quality labels.

The Blue flag¹⁰⁰ quality label introduction would be a visible upgrade of the existing beaches: The iconic Blue Flag is one of the world’s most recognized voluntary awards for beaches, marinas, and sustainable boating tourism operators. In order to qualify for the Blue Flag, a series of stringent environmental, educational, safety, and accessibility criteria must be met and maintained. Blue Flag contributes to the Sustainable Development Goals. Blue Flag

⁹⁹ Source: <https://www.spanishsolutions.net/legal-issues-in-spain/hojas-de-reclamaciones-customer-complaint-forms/>

¹⁰⁰ Source: <https://www.blueflag.global/>

is a world-renowned ecolabel trusted by millions around the globe. The mission of Blue Flag is to promote sustainability in the tourism sector, through environmental education, environmental protection and other sustainable development practices. As to the high quality of beaches in the Maldives, it could be easily foreseen that many Islands would qualify.

The Green Key¹⁰¹ label could be introduced for the accommodation sector: Green Key is a voluntary eco-label awarded to more than 3,200 hotels and other establishments in 65 countries. The Green Key award is the leading standard for excellence in the field of environmental responsibility and sustainable operation within the tourism industry. This prestigious eco-label represents a commitment by businesses that their premises adhere to the strict criteria set by the Foundation for Environmental Education. A Green Key stands for the promise to its guests that by opting to stay with the Green Key establishment, they are helping to make a difference on an environmental level. Green Key is eligible for hotels, hostels, small accommodations, campsites, holiday parks, conference centers, restaurants and attractions.

For the Maldives, the main stakeholders of attention would especially be the Guest Houses and Resorts. The award of the Green Key Label to the Sun Island and Royal Island Resort in March 2022 can be interpreted as a promising sign for more enterprises to follow.

Capacity Building regarding International Spa & Wellness Quality Criteria and Certification is recommended: The benefit for the resorts of a potential strong internationally recognized Spa & Wellness Quality Label is not only service quality related, but also regarding the fair price quality range. Here some optimization aspects had been detected during the assessment of the customer feedback.

With a wellness certification according to the International Spa Standard, by a competent testing service provider, a resort may document the quality as a wellness provider showing that excellent wellness quality in terms of hardware and software is a top priority. A seal of quality is a strong argument for marketing and competitiveness. This is how to secure the trust of guests. By combining it with other standards (e.g., ISO 9001, 14001, HACCP or DIN EN ISO 22000) a resort can also create valuable synergies.”¹⁰²

¹⁰¹ Source: <https://www.greenkey.global/>

¹⁰² For best practices and activities of TÜV Rheinland, Germany, see <https://www.tuv.com/germany/de/internationaler-spa-standard.html>

The more continuous quality cycles¹⁰³ are initiated by Maldivian tourism enterprises, the more personnel will be qualified in related systematic training processes and receive rewards on the midterm by highly satisfied guests.

The additional value for entrepreneurs of the quality labels are more international marketing benefits at relatively low costs to obtain a quality label.

b. Tourism safety and security

The protocols for tourism facilities addressing tourism safety and security can be considered as very efficient. As many COVID-19 related measures are no more in existence relatively few actual recommendations can be given.

Key recommendations

- **The arrival and departure situation** and procedures of the visitor on the international airport in Malé should be revised concerning waiting time and COVID-19 protocol related measures.
- **The content of published COVID-19 measures on the different institutional webpages should be constantly monitored from a tourist point of view.** It is recommended to designate a responsible person from the Ministry of Tourism to act as a quality “mystery” shopper who in regular intervals checks the COVID-19 relevant institutional webpages and feeds back any inconsistencies to the relevant authorities.
- Ministry of Tourism: <https://www.tourism.gov.mv/covid19>
- Ministry of Health: <https://covid19.health.gov.mv/guidance-for-international-travelers-to-the-maldives/?c=0>
- Maldives Immigration : <https://immigration.gov.mv/faq-for-visiting-the-maldives/>
- Imuga app: <https://imuga.immigration.gov.mv/>

Synchronizing of these webpages of all involved institutions regarding combined updated information would be required.

Additional initiatives to build consumer confidence and communication of health and hygiene measures (if still required) would be to give a clearer view on how the tourist will be treated in case of a COVID-19 infection while in the Maldives and also illustrating examples:

¹⁰³ Elements and Developments: International quality Tourism in Europe and overseas, Verbenico workshop 2018, Dr. Stefan Thelen
<https://ocms.at/upload/kunden/4/bilder/croatwokshoppres2014webpaage.pdf>

a) In a resort, **b)** On an inhabited island (Guest House), **c)** On a safari boat, **d)** In the capital city. Who finances what? Which options do exist?

If still required in the COVID-19 context: PCR tests at relevant points as boat embarkations to the inhabited islands and at the airport could be controlled efficiently.

Table 25 Key action table: Pillar 2, Recommendation 2

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 2: Quality			
Recommendation 2: Introduce Quality Labels and Quality Measures a. Quality related recommendations	<ul style="list-style-type: none"> • Commission an in-depth study for the specifics of a Maldivian Customer Complaints system involving entities e.g., tourism police, customer protection agencies and stakeholders from the tourism industry • Implementation of a tourism customer complaints management system 	<ul style="list-style-type: none"> - Ministry of Tourism - International donors 	Short – up to 1y
	<ul style="list-style-type: none"> • Promote the beach quality label “Blue Flag” to Island City Councils in quality workshops 	<ul style="list-style-type: none"> - Ministry of Tourism & Island City councils 	Medium Term up to 3 years
	<ul style="list-style-type: none"> • Promote the environmentally friendly ecological quality label Green Key to tourism enterprises, especially guest houses, and resorts in quality workshops 	<ul style="list-style-type: none"> - Ministry of Tourism 	Short – up to 1y
	<ul style="list-style-type: none"> • Quality label introduction for Spa & Wellness products being offered in quality workshops to resorts 	<ul style="list-style-type: none"> - Ministry of Tourism & Association of the resorts 	Medium Term up to 3 years

b. Tourism safety and security	<ul style="list-style-type: none"> • Airport procedures COVID-19 related arrival and departure to be revised 	- Airport Authorities	Short – up to 1y
	<ul style="list-style-type: none"> • Revise the content of published COVID-19 measures from a tourist point of view • Designate a “mystery shopping” person • Feed back to the involved authorities to synchronize the webpage information 	- Ministry of Tourism	Short – up to 1y

5.2.3 Upgrade of educational institutions and its international networks

More financial and logistical support is needed to the existing educational institutions based on the increasing numbers of Maldives nationals to go for tourism education. Especially when the promotion campaigns to attract young people to work in the tourism industry will be activated.

Additionally, two key developments are recommended to demonstrate high commitment to the tourism competence and further dissemination of tourism related know-how throughout the Maldives.

The Tourism Competence Promotion Boat could circle the territory of the Maldives continuously with a predetermined schedule showing presence regarding increased tourism awareness activities, quality orientated R & D measures as well as locally specific training and consultancy concerning the guesthouse and regional product development.

The International Tourism Hotel Training & Boarding School to foster international educational networking on an academic and vocational level demonstrating applied tourism quality by local and international teaching staff and practical experience of the national students. Such a school shall be opened on a far remote norther or southern atoll to correspond with the Government's objective of decentralization. This shall give the opportunity to people to get quality education who are living far away from the capital.

Table 26 Key action table: Pillar 2, Recommendation 3

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 2:			
Recommendation 3: Upgrade education through international networking a. educational institutions and its networks	<ul style="list-style-type: none"> Forecast tourism development numbers and correlate them to estimated positions needed for newcomers to the tourism industry 	<ul style="list-style-type: none"> Ministry of Tourism 	Short
	<ul style="list-style-type: none"> Revise curricula accordingly and multiply the offer of diploma and certification classes and courses 	<ul style="list-style-type: none"> Ministry of Education 	Medium
	<ul style="list-style-type: none"> Elaborate a feasibility study for the tourism competence boat 	<ul style="list-style-type: none"> Ministry of Tourism Foreign Donors 	Short
	<ul style="list-style-type: none"> Implement the project tourism competence boat with the help of a foreign donor 	<ul style="list-style-type: none"> Ministry of Tourism Foreign Donor 	Medium
	<ul style="list-style-type: none"> Elaborate a feasibility study for the Tourism Hotel Training & Boarding School 	<ul style="list-style-type: none"> Ministry of Education Foreign Donors 	Short
	<ul style="list-style-type: none"> Implement the project Tourism Hotel Training & Boarding School with international support and international links to educational institutions 	<ul style="list-style-type: none"> Ministry of Education Foreign Donors 	Medium

5.2.4 Adapt statistics and monitoring procedures

In the following, main recommendations are described that are based on an assessment of the measurement of the current situation of the tourism sector in the Maldives, which has been presented in a separate report. The following has been taken into consideration when developing these recommendations:

- The main focus was on recommendations that can be implemented without prohibitively high costs.
- That said, some sound statistical procedures may require investments, especially when they are related to development of new technology. Thus, in selected cases, such recommendations are indicated as well.
- No distinction was made between recommendations on updating of COVID-19 impact monitoring, and general monitoring of tourism. The reason behind this approach is that it is argued that regular sound monitoring is needed, independently of sudden crises. However, there is a strong recommendation to carry out special surveys and studies when crises occur, to complement the regular statistical monitoring.

a. Key recommendations on demand side data:

Tourist arrival numbers derived from border control (Maldives Immigration)

COVID-19 impacts on tourism demand can be relatively well assessed with existing data. Notably, **tourist arrival numbers** appear to be accurate and up to date, since they are being derived from Maldives Immigration's border control posts and mandatory entry forms.

Recommendation: data from the IMUGA system includes more information than visitor numbers and nationalities. It is recommended to make full use of existing data from arrival and notably departure forms, e.g., with regard to places and length of stay, and other tourist behavior patterns.

Ideally, this data should be publicly available in anonymized form for analyses, e.g., by businesses or research institutions.

Statistical reports from tourism businesses (MOT)

Reportedly, the level of compliance with the obligation to send monthly statistical reports to MOT varies substantially between different types of establishments. While resorts appear to generally have a high level of compliance, it is much lower in the guesthouse sector due to reasons described in Attachment 1 "Measurement of the current situation of the tourism sector".

TIMS is a good step in order to facilitate monthly reporting, but it is apparently still not known amongst all businesses, notably SME.

- It is recommended to increase communication on the importance and procedures of statistical reporting. In this regard, close cooperation with industry representatives and associations, e.g., MATI or GAM, as well as local councils, is advised.
- Ideally, electronic submission could be enabled through a mobile app with monthly reminders.
- Another, although more costly option would be the automatic submission in compliance with existing data protection laws through an online system, e.g., comparable to the eSTATISTIK.core system used in Germany (see below). However, development and implementation of such a system goes beyond the scope of this project, beyond the tourism sector, and the responsibility of MOT.

Example: online tool for automatic submission of mandatory statistical data by businesses

.CORE / eSTATISTIK.core (Germany)

.CORE or eSTATISTIK.core is an innovative online reporting procedure of the statistical offices of the German central and state governments, which has been offered for data deliveries to official statistics since 2005 and represents a convenient alternative to paper questionnaires and online questionnaires.

In contrast to reports by means of questionnaires, the data requested by the statistics can be obtained automatically by the companies or public agencies requiring information from their respective software system in electronic form using eSTATISTIK .core. Before transmission, users can usually check the data on the screen to ensure that it is complete and correct. Afterwards, users transmit the data package (XML) via a secure Internet connection to the central data entry of the official statistics. From there, the data delivery is immediately forwarded to the relevant statistical office.

□ <https://digitallibrary.un.org/record/541703?ln=en>

□ https://www.destatis.de/EN/Service/Reporting-Online/_node.html

Green Tax data (MIRA)

Data on overnight stays provided by MIRA is directly derived from Green Tax payments by tourism facilities. As described above, there are some indications suggesting that compliance with tax obligations differs between subsectors of the tourism industry.

- Although the topic of tax avoidance goes beyond the scope of this project, it may be worth conducting more in-depth assessments into compliance with existing laws and regulations with regard to the Green Tax.

Visitor survey (MOT)

The visitor survey is a key instrument to provide insights on demand side structures of international tourism in the Maldives. As described in Attachment 1 “Measurement of the current situation of the tourism sector”, the methodology, notably the questionnaire design, leaves room for improvement, which could, for the most part, be implemented relatively easily.

- It is recommended to conduct a workshop with representatives of MOT, the consulting company contracted for survey implementation, and other stakeholders, so as to jointly discuss possibilities for improving the methodology.
- Besides updating the questionnaire, it may be advisable to change the implementation period to a regular monitoring on selected days throughout a full year, rather than conducting two surveys over a two-weeks period. A continuous implementation period does not mean that the number of survey days or the sample size would have to be increased; rather, survey days should be distributed so as to adequately represent relevant seasons, flight arrival patterns, weekdays, and weekends, etc.
- If face-to-face surveys could be implemented rather than self-administered questionnaires, this would lead to (a) reduced margins of error due to misunderstandings and allow for (b) more complex questions, e.g., on expenditures. However, it would require higher costs (or smaller sample sizes at similar costs).

Regional statistics

There is a lack of regional statistics, which is problematic, especially with the guesthouse sector experiencing substantial growth. Data on local tourism demand should be available that goes beyond arrivals, overnight stays, and occupancy rates. Notably, expenditures, spatial behavior, motivations, and more detailed sociodemographic data of visitors should be assessed, so as to develop more detailed visitor profiles for local contexts and gain more insights into local economic effects of tourism, allowing for, inter alia, a better and more efficient target marketing and product differentiation for local islands.

- A workshop is recommended to discuss possibilities of improving local or regional tourism statistics, notably with regard to assess regional economic impacts from tourism with the help of regionalized input-output models.

b. Recommendations for supply side data

Specific studies on the guesthouse market and local tourism development

The guesthouse sector has experienced substantial growth over the past years. However, guesthouse development is happening without much strategic planning at local levels, which is mostly related to the laissez-faire approach in existing regulations, whereby every landowner can establish a guesthouse, and licenses can be requested after the development phase. Yet, the guesthouse sector poses specific challenges, as well as opportunities, that are more context-specific than in the case of resorts, and that require sound analysis and planning.

- It is recommended to conduct local assessments on ecological and socio-cultural carrying capacities for tourism, and more generally on the impacts and contributions of tourism in the local community and environment, which would allow for more sustainable local development, better planning of infrastructure needs, and ensure acceptance of tourism on behalf of the local population. This aspect has also been highlighted with regard to the assessment of strengthening quality in the present report.
- This could be framed under the Measuring the Sustainability of Tourism project¹⁰⁴. UNWTO, in collaboration with the UN Statistics Division, is propelling the development of the Measuring the Sustainability of Tourism (MST) program to provide to all countries in the world a common framework to measure the impacts and contributions of tourism on the economy, society and the environment, at both the national and sub-national levels. The Statistical Framework for MST is a valuable guiding tool for countries to produce credible, comparable, and integrated data to better guide decisions and policy with respect to sustainable tourism - including the Sustainable Development Goals.

Institutional issues

- **Increase institutional capacity in MOT and MBS, and strengthen efficiency with regard to statistics**
Currently, both MBS and MOT, key actors for compilation, analyses, and dissemination of statistics, are understaffed. Furthermore, with regard to MOT, there appears to be potential for more efficient use of existing personnel resources.
- It is required to provide adequate staff numbers for key institutions in charge of statistics and measurements of the tourism industry, the most important economic sector in the Maldives.

¹⁰⁴ Source: <https://www.unwto.org/standards/measuring-sustainability-tourism>

- Some time-consuming activities could be organized more efficiently. E.g., MOT's tourism section currently compiles regular daily reports, which binds resources, but is of questionable value as long as most data is only available at aggregated monthly levels. Based on a first assessment, data in daily reports often does not change, which means that the frequency of publication could be reduced so as to free resources for other tasks.

Table 27 Key action table: Pillar 2, Recommendation 4

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 2: Quality			
Recommendation 4: Adapt statistics and monitoring procedures a. Recommendations on demand side data	-Tourist arrival numbers derived from border control: <ul style="list-style-type: none"> • To make full use of existing data from arrival and departure forms with regards to places and length of stay, and other tourist behavior patterns • This data to be ideally available publicly in anonymized form for analyses by businesses and research institutions 	<ul style="list-style-type: none"> • Ministry of Tourism • Maldives Immigration 	short
	-Statistical reports from tourism businesses: <ul style="list-style-type: none"> • Increased communication on the importance and procedures of statistical reporting including close cooperation with industry representatives and associations • Electronic submissions to be enabled through a mobile app with monthly reminders or automatic submission through an online system that is comparable to the eSTATISTIK.core system used in Germany 	<ul style="list-style-type: none"> • Ministry of Tourism • Local councils • Tourism Industry Associations 	short
	-Green tax data:	<ul style="list-style-type: none"> • Ministry of Tourism 	short

	<ul style="list-style-type: none"> • Conducting in-depth assessments into compliance with existing laws and regulations with regard to the Green Tax 	<ul style="list-style-type: none"> • Maldives Inland Revenue Authority 	
	<p>-Visitor survey:</p> <ul style="list-style-type: none"> • Conducting discussion workshops on methodology improvement 	<ul style="list-style-type: none"> - Ministry of Tourism - Consulting companies in survey implementation - Tourism Industry Stakeholders 	short
	<p>-Regional statistics:</p> <ul style="list-style-type: none"> • Workshop to discuss possibilities of improving local or regional tourism statistics with regards to the assessment of regional economic impacts from tourism with the help of marginalized input-output models 	<ul style="list-style-type: none"> - Ministry of Tourism 	short
b. Recommendations on supply side data	<p>-Specific studies on the guesthouse market and local tourism development:</p> <ul style="list-style-type: none"> • Conduct local assessments on ecological and sociocultural carrying capacities for tourism 	<ul style="list-style-type: none"> - Ministry of Tourism 	medium
	<p>-Increasing institutional capacity in MOT and MBS, and strengthen efficiency with regard to statistics:</p> <ul style="list-style-type: none"> • Provision of adequate staff numbers for key institutions in charge of statistics and measurements of the tourism industry 	<ul style="list-style-type: none"> - Ministry of Tourism - Maldives Bureau of Statistics 	medium

	<ul style="list-style-type: none">• Time consuming activities to be more organized more efficiently with regards to the frequency of publications		
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5.3 Pillar 3: Sustainability

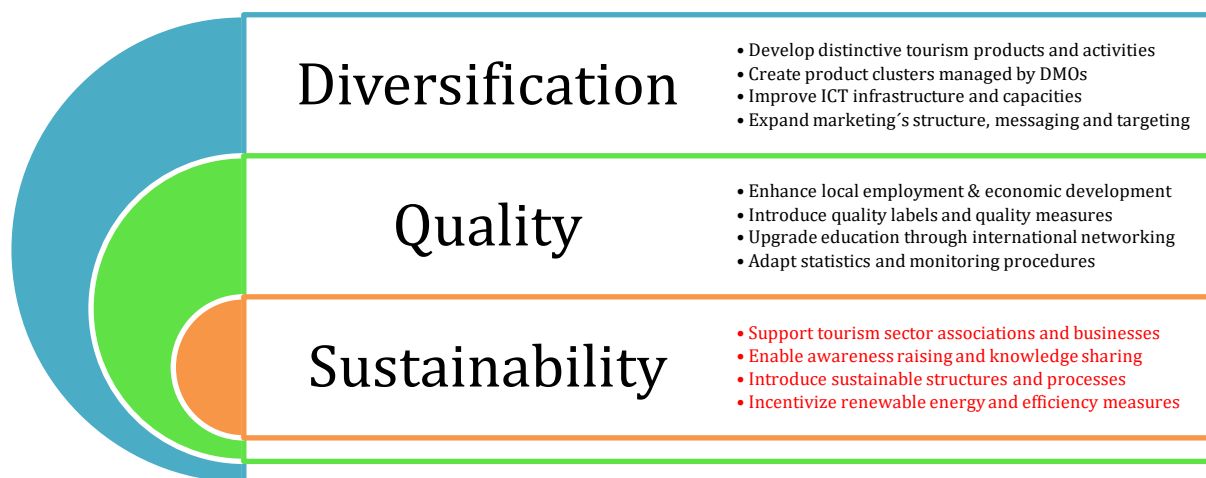


Figure 36 Sustainability Pillar

5.3.1 Support tourism sector associations and businesses

Key recommendations for support mechanisms for tourism SMEs

a. Guesthouses and homestays:

The accommodation sector beyond the resorts and big hotels is in need of various support mechanisms from state authorities or state-owned service enterprises. Although BCC offers a considerable number of specific trainings, most of them are not directed to guesthouses (GH) and homestays (HS). The consultant was not enabled to visit a homestay structure in the Maldives, but it is assumed that the homestay sector faces very similar challenges as the guesthouse sector. Hence, the following recommendations are directed at both SME and traditionally family-run companies where women and the youth are playing an important role.

Support to upgrade a guesthouse and homestay association: at present, the guesthouse association in the Maldives is lacking in proper association management, stakeholder engagement, communication, and PR, as well as overall support to its members. It is recommended that a unified guesthouse and homestay association is set up properly, transparently, and in a financially sustainable way. Such an association, covering the smallest accommodation facility related SMEs, shall have various representative and operative duties, such as listed below:

- **The association management board shall speak** on behalf of its members to related governmental institutions, in particular to the MOT and Ministry of Economy for negotiating financial support measures; finding out and publishing information of

how existing funds can be accessed by the SMEs; negotiate support projects from third-party funding (such as ADB, JICA, UNWTO, UNDP, WBG, etc.);

- **The objective is to unify all operating guesthouses** in one organisation and link them with those who are interested in the homestay business. At present there is hardly any difference between these two services, they have more elements in common than they are distinct from each other. This is the reason why the guesthouse sector can act as the dray-horse in this small-scale and family-run accommodation sector. Both business types can offer only a few rooms, the guesthouse is more anonymous and offers room cleaning services, the homestay type is more concentrated on the visitor experience with a local family;
- **The association shall be actively involved in the MOT-led** decision-making process of elaborating its service standards and quality control measures.
- **The association shall collaborate with a partner institution** to implement the following main responsibilities and activities:
 - **Improve overall service quality** covering cleanliness, aesthetics, furniture, F&B, etc;
 - **Digitalisation, marketing and booking:** enhancing the efficiency of e-marketing, installation of a “Maldives guesthouse and homestay” booking website, supporting its members with the overall digitalisation of its services including smart payment solutions, etc;
 - **Accommodation business management:** support with the analysis of the traveller segment, individual activities, employment and formalisation of family members, additional visitor services, networking and collaboration with other tourist services (snorkeling, diving center, guide services, souvenirs, etc.);
 - **Training and education:** Maldivian guesthouse operators approach their companies often with the mind-set of a resort business, simply because many have gained their tourism experience in the resort sector. The resort model thinking can however not be applied to the guesthouse. The guesthouses, hotels and homestays are very much inter-dependent with the local island’s direct and indirect tourism businesses. These interlinkages must be clearly understood as well as that in the tourism sector each service provider is a competitor and a collaborator at the same time. The difference of such concepts (resorts and local island tourism) shall be major topics in the trainings about house management, among others.

b. Local tour operators, travel agencies and tour guides:

Given the power of big international tour operators selling tours to and around the Maldives, most of the local tour operators and tour guides are downgraded to operating as ground handlers. This situation weakens the local businesses in terms of contracting power and high

dependency on international clients. Moreover, many of the sector associations have not been active since spring 2020 (such as Maldives tour guide association, Maldives Association of Tourism Professionals (ATP) and Association of Travel Agents (ATA)) and there is no detailed data available about the businesses. The pandemic had a strong impact on the related businesses which have still not recovered well as can be understood from the association's inactiveness. There is a need to reinforce the sector associations and hence, the following recommendations for support mechanisms are stated:

- **Support to activate the sector associations:** the MOT shall take a leading role in approaching the sector associations for analysing their inactivity;
- **Sector representative at MOT:** within the MOT a position for a sector representative person shall be created with the main role to liaise actively with these associations. This representative shall be responsible for the following activities, among others:

Table 28 Sector representative roles

Topic	Action
Data collection	Regularly collect data about the number of employees, operative status, new registrations, digital services, etc.
Quality Standards	Implementation of basic quality standards among TOs/Tas/DMCs/Tour guides
Product promotion	Product promotion is a key element in putting across the benefits of developed or created products to the tourism industry. Well-designed marketing and promotional strategies ensure long-term success.
Itineraries and packages	Implementation of annual trainings in the creation of itineraries and travel packaging.
Amenities and activities	Due to a lack of amenities and activities, there is a continuous demand for new products. Through market research and business to community meetings, these products can be developed.
Certification and Labeling	Certification and Labeling is one of the major projects that will eliminate bogus DMCs and will improve the quality standards of travel agencies.
Online booking	There is a lack of Online Bookings of tours and packages of local DMCs as mentioned in the ICT section. Specific training for association members as well as e-learning programs for the tourism industry should be provided.

Business and price transparency	Business transparency is when the DMCs being upfront and visible about their actions and whether those actions are consistent with its values. Using travel insights and creation complaint mechanism as well as the evaluation survey will eliminate business ethical problems.
Social Media Marketing	Social Media Marketing of the businesses must be updated and upgraded. Content management, as well as visuals, should be in proper format and updated. Each product requires different content and media format.

c. Yacht, vessel, safari boats:

The global demand market for recreational tourism with yachts, vessels and safari boats is considerably big.¹⁰⁵ It has been steadily rising in the last decades¹⁰⁶ and can still be better exploited in the Maldives. Several support measures need to be introduced in order to make this sector more successful.

- **Marketing to major source markets:** marketing activities to specific source markets and its segments is an important measure that needs to be taken in order to position the Maldives better for such a product. Traditionally, European and Japanese travellers are very much interested in such a type of recreational activity. In addition to the established travel segment of travellers between 38-55 years the elder travel generation should also be taken into account for marketing activities. The visit at particular boating travel fairs shall be considered. In this way, the boating companies would have to invest less in direct marketing campaigns and could direct a bigger part of their revenues in improving their individual service quality.
- **Enhance direct booking facilities:** during an interview with the boating association, it was stated that only a few companies host direct booking facilities. The consequence is that international intermediary companies get their share from the travel bookings, money that goes abroad and is not taxed in the Maldives. Hence, direct booking facilities, such as through individual boat company websites or national booking platforms, shall be supported and incentivized.
- **Stimulation for captains:** In order to enhance the number of operators of boats there is a need for stimulating the education of captains – a highly demanded job position. Only Maldivian nationals can work as boat captains for companies registered in the Maldives. Currently, each boat company is investing by itself in the training of captains. There is a risk that educated boat captains then get engaged by other operators such as resorts because of higher salaries. The regulation for the licencing and certification of boat captains shall be improved with regards to a standard education.

d. Diving tourism:

The Maldives is widely known as one of the best destinations for diving and 16.2% of visitors stated that diving was their main purpose of visit. Due to the internationally growing market of diving tourism¹⁰⁷ and the large number of operating companies in the Maldives, there is big

¹⁰⁵ Source: <https://www.gminsights.com/industry-analysis/recreational-boating-market>, retrieved in March 2022.

¹⁰⁶ See 4th Tourism Master Plan.

¹⁰⁷ Source: Albayrak, T. (et. al.) (2019) Mass tourism underwater: a segmentation approach to motivations of scuba diving holiday tourists. *Tourism Geographies*, 23(5-6): 1-16.

potential in a better exploitation of this product.

- **Marketing strategy:** Divers are often adventure seekers who like to travel locally, spending days on different islands and atolls, searching for the direct contact with island communities and staying overnight in guesthouses. Divers are Enthusiastic Positivists, Youthful Hedonists, Amateur Explorers, and Single Regulars, travellers who stay in resorts, book safari boats and like to travel to remote inhabited islands likewise. A decent marketing strategy is urgently needed to position the Maldives better in the diving tourism segment.
- **Unified diving association:** in February 2022, the Maldives Diving Association was not active and was without an executive board, stating that it once counted around 400 individual members. In order to build a strong diving tourism sector in the Maldives, a strong management body is needed. It was stated that the sector hardly received any COVID-19 related compensation or financial assistance which is also due to the loose business structure of most small-scale diving centers. Most of the workers are freelancers with or without work visa, not all of them are equipped with a working contract. The main activities of a well-managed association are lobbying, education, and marketing. As a best practice example, the National Italian Divers Association, FIAS¹⁰⁸, is mentioned here to give an insight into their responsibilities and activities. The MOT shall be the driving force in setting up the structure and in leading the discussions about how the Government can support this important sector.
- **Data collection:** there is a considerable lack in diving tourism data in the Maldives. At one side, there is a lack of data about the workers in the diving sector: about their roles, position, and education (professional instructors, trainers, non-professional workers), national or international. At present, there is no unified diver's registry which makes it difficult to have a clear picture about the actual diving supply in the Maldives. It is recommended that a decent database is be installed to analyse better what are the sector needs. From this information it can be easily deduced how the issues should be confronted and who needs to react to improve the diving tourism segment.

Key recommendations for business support services

The following recommendations are very much tied to the suggested development of cultural tourism.

¹⁰⁸ Source: <https://www.fias.it>, retrieved in March 2022.

In the Maldives there are various elements of the cultural and creative industry¹⁰⁹ that can be supported for being further commodified by cultural tourism. The cultural tourism product in the Maldives shall be dedicated to experiences around the intangible cultural heritage of the islands. In particular, there is big potential to develop the following proposed activities:

e. Musical and dance performances:

Resorts have expressed the concern that it is very difficult to find adequate artists who can perform music and dance. The biggest issue is not the quality but the fact that there is no continuity in sourcing the artists as they are changing jobs frequently. This is a sign that musicians cannot live from their artistic activity as there is not enough demand.

Live music and dance performances have the potential to become intrinsic parts of the tourism experience at a resort and also at guesthouses. These are the events that will be remembered by the tourists visiting the Maldives and shall therefore be sustained. Although the costs for transport and hosting a band with dancers (usually consisting of a party of 5-7 people) maybe considerably high in the Maldives, certain incentive mechanisms (ideally fiscal incentives) shall be introduced to foster music performances and hence more local cultural touch in the resorts and guesthouses.

- In order to benefit from the potential, certain measures shall be implemented by the MOT in close collaboration with the Ministry of culture, arts and heritage. A cultural economy census, focused on musicians and dancers in the Maldives, shall be commissioned to get reliable data about the supply market. As in many other sectors in the Maldives, also the culture and creative sector suffers from limited data availability. This lack of data leads to a limited understanding of the sector's scope, challenges, opportunities, and impact. It hampers policy formation and strategy implementation for the sector as neither government nor industry have the data and information required for evidence-based decision-making. As a result, many industry practitioners have to forge their own path, without sufficient foresight, information, and support.
- An artist-client matchmaking system (could be a website) shall be introduced so that supply and demand side can find each-other more easily.
- Closer collaboration with the UNESCO office for the Maldives shall be carried out as this institution is heavily involved in creating support structures for the culture and creative sector.

¹⁰⁹ More information about the cultural and creative industry is added in 5.3.1

f. Art, handicraft and artisanry:

The culture and creative sector in the Maldives is certainly also comprised of actors who are making a living with handicraft and artisanry. Most of such products are sold as souvenirs to shops and resorts. Only very few artists are able to sell their products directly to the end-consumers. The overall assessment of the souvenirs is that the products are mainly of low quality, mostly imported (from India, China and other markets) and of unattractive design. Most of the products offered on the market are not very attractive, do not have a practical value, and are comprised of the usual souvenirs that can be found anywhere around the world. In addition, a big range of animals (such as giraffes, elephants, lions, etc.), made of different materials, that do not have anything in common with the islands of the Indian ocean can be found almost everywhere. The distinctive recognizing pattern as well as the typical Maldivian touch is missing in most of the products. Given the limited supply of high-quality souvenirs the following activities are recommended to support this sector of the culture and creative industry:

- Souvenir design upgrade: the handicraftsmen and artisans of the Maldives shall be supported with a large-scale project about product design upgrade. Within such a project the following tasks shall be covered:

Table 29 Proposed baseline study for souvenir market upgrade

Baseline study about souvenir upgrade:	Support measures for the actors:
<ul style="list-style-type: none"> – a census of available artists with a focus on women and the youth; – analysis about the available materials for souvenir products; – analysis about the potentially imported high-quality materials used for souvenirs; – analysis about the present skills and capacities of the artists; – analysis about the demand market, sales channels and most important sales partners; – study of proposals for new designs, products, materials and souvenirs; 	<ul style="list-style-type: none"> – support with the establishment of an association of handicraftsman, artisans and artists; the sector is in need of a unified voice; – trainings about the improvement of sector professionalism and industry understanding; – introduction of support services such as lawyers, publicists, artist managers, image developers; – trainings in skills development for digital marketing, merchandising, distribution, and branding; – better access to financing, i.e., through third party funding from

<ul style="list-style-type: none"> – analysis about the availability of artisan workshops that can offer activities and carry out specific experiences for visitors. 	<p>international organizations and banks.</p>
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Once the above preparatory activities have been carried out the next steps of product development for the artisans can be started. The objective is that several artisans open their doors to visitors for offering inter-active workshops such as for painting, jewelry making, souvenir production with different materials, etc.

- workshop and symposium about socially and environmentally engaged art: the organization of a socially and environmentally engaged art symposium¹¹⁰ (ISEAS) is recommended to be held in the Maldives in 2023. This annual event connects local and international artists with scientists in the natural and environmental disciplines. The underlying aim is to develop the art world to have a greater impact on local as well as global society and community or environmental issues through art. The symposium is influenced by dialogical aesthetics and theories of conversation pieces and community-based art education. Such an international event would give support to local artists which also influences artisan work for tourist souvenirs.

g. Legends, myths and stories:

It is recommended to run a survey and collection about national legends, myths and stories from all atolls and islands on the Maldives. At the moment, there is hardly any information available to visitors at inhabited islands with regards to history, traditions, culture or religion. Content creation for books, leaflets, websites and especially for tour guides urgently needs to be carried out. Individual travellers are interested in the local people, their culture and traditions, local language, cuisine, daily life habits, music, poetry, artisans, fishermen, and also in stories that are embedded in these contexts.

- The elaborated content can then further be used for marketing and promotion purposes by the MOT, partnering marketing agencies, and all those tourism businesses that get access to the database.

Key recommendations for incentives to stimulate travel

During the pandemic from 2020 and 2021 the Maldives have actively introduced a series of successful incentives to stimulate the travel of international visitors. Additionally, the island state understood soon and well how to profit from the closure of competitor countries. Many

¹¹⁰ More information: <https://www.researchcatalogue.net/view/696352/696353>

visitors who usually would travel to South-East Asian destinations have been targeted and lured to the Maldives. However, as the pandemic is slowly becoming more controllable, more countries are easing travel bans and opening up for international tourism, the following years will be crucial for the Maldives. It will be difficult to top the high arrival numbers of 2021. A new set of travel stimulation incentives needs to be introduced to keep the Maldives on the international traveller wish list.

High vaccination rate: The high vaccination rate among tourist employees was a key success for welcoming a large number of tourists to the many resorts. It is recommended that this success is communicated as such in ongoing campaigns, to make the global travel industry understand that the Government has taken excellent steps and decisions to allow travel to its islands. Hoping, that the COVID-19 pandemic does not return or repeat, the Maldives has to be realistic and be prepared for similar emergencies in the future. The Maldives needs to be further perceived as a travel-safe destination where extreme hygiene and health situations are managed properly. This topic is an important fact for the Chinese market which has not opened yet. For such a market, this factor is further a big incentive.

Niche destination: The Maldives is perceived as a destination with exceptional island nature, white beaches, clear waters and an abundance of fish. The tourism services are of highest quality for those who can afford it. It is certainly recommended that this perception keeps on prevailing among global travellers. Moreover, the Maldives shall put itself ever more in the corner of a unique niche destination for travellers with high demands.

Tourism product development: Travellers will be encouraged to travel to the Maldives if more activities can be carried out. 5.1.1 about tourism product development is focused on the elaboration and realisation of new activities.

Airport landing tax: During consultations with airlines in the Maldives, it was mentioned that the existing airport landing tax (managed by the government) is hampering new airlines to bring visitors. It is recommended that the airport landing tax is discussed and potentials for reducing the tax for new airlines is considered.

Table 30 Key action table: Pillar 3, Recommendation 1

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 3: Sustainability			
Recommendation 1: Support for tourism sector associations and businesses	Support mechanisms for tourism SMEs: <ul style="list-style-type: none"> • a. Support to the establishment / upgrade / strengthening of a sector representative guesthouse and homestay association with a transparent management structure and clear objectives; the association shall have a direct link and spokesperson within the MOT for constant collaboration, update and exchange of data and information • b. An individual spokesperson and liaising-partner within the MOT is needed to support the TO/TA/tour guide businesses as proposed with the list of activities • c. Close collaboration with the providers of the country’s most outstanding tourism products such as recreational boating and diving <ul style="list-style-type: none"> ○ Increased marketing activities and better positioning of the Maldives for safari boating and diving • d. Support to the unification of all diving businesses, diving professionals and individual members to form a strong group which is able to lead the diving tourism product in the Maldives 	<ul style="list-style-type: none"> • Ministry of Tourism • Business Center Corporation • Tourism Sector associations 	Medium term

	<ul style="list-style-type: none"> ○ Strong collaboration with BCC about eventual business support to safari boat and diving center businesses ○ The MOT shall install an individual person to liaise with the boating, safari and diving businesses, implement support measures (similar to those presented for the TO/TA sector), act as a spokesperson from the MOT on behalf of the sector representative businesses 		
	<p>Business support services:</p> <ul style="list-style-type: none"> • e. Cultural and creative economy census and survey with a focus on artists, artisans, musicians, performing arts and dancers <ul style="list-style-type: none"> ○ creation of a business match-making platform for actors in the creative economy • f. Actively support and lead the implementation of a handicraft and souvenir design upgrade project with the support of an international expert¹¹¹ <ul style="list-style-type: none"> ○ Support the organization of an international socially and environmentally engaged art symposium in the Maldives in 2023;¹¹² • g. Collection and survey about stories, myths and legends 	<ul style="list-style-type: none"> • Ministry of Tourism • Business Center Corporation • National Bureau of Statistics • International donor institutions for third party funding 	Short term

¹¹¹ More information: <https://www.giuliovinaccia.org>

¹¹² More information: <https://iseasfinland.com>

	across all atolls to create content for products and marketing		
	<p>Incentives to stimulate travel:</p> <ul style="list-style-type: none"> • Positioning of the Maldives as a niche destination known for luxury resorts and as a unique destination for travellers with high demands • Use of the successful vaccination campaign as a proof that the Maldives is a travel-safe destination • Evaluate the airport landing tax for new airlines 	<ul style="list-style-type: none"> • Ministry of Tourism • Ministry of Health • Maldives Marketing and Public Relations • Maldives Inland Revenue Authority • Ministry of Finance 	Short term

5.3.2 Enable awareness raising and knowledge sharing

Awareness raising programs and knowledge sharing platforms as well as activities are currently inexistent within the tourism industry of the Maldives. There seems to be scarce exchange of information and the major industry stakeholders are not aware of how the little existing information can be utilized for their business performance. It is therefore recommended that the MOT takes the lead in the following activities:

a. Awareness programs:

Importance of data: one the most important awareness programs that shall be implemented by the MOT is one about the importance of data sharing among the tourism industry partners. At present, the lack of adequate and reliable data within the industry is one of the biggest issues. The partners must be aware that data is powerful when it can be analysed on a big scale – big data. Only in that way analyses can be made about the effectiveness of marketing campaigns (if money was spent right), visitor segments and travel behaviour, forecast about occupancy and arrivals, etc.

Awareness raising activities about the protection of the environment: Maldives' unique environment must be better protected not only by the tourism industry but also by its local population. Awareness raising campaigns shall be conducted in schools and at university. It is recommended that diving schools are integrated into such activities because of the following reasons:

- Diving schools and centers are currently less operative due to lesser diving tourists in the Maldives – this means that they are available for doing awareness campaigns;
- Diving centers are businesses that are dependent on clean nature and are constantly in touch with it – this means that diving centers are very much aware about the actual state of natural conservation;
- It is recommended that diving centers get financial support for carrying out awareness raising dives / snorkeling trips with school kids. In this way, the younger generations will be aware of the beauty of the ocean, about the danger and risk of pollution, and about the importance of collecting waste and conserving the environment.

b. Knowledge sharing:

In order to start a process of knowledge sharing there must be a strategy of knowledge management first. Knowledge management (KM) is the process of organizing, creating, using, and sharing collective knowledge within an organization or industry. Successful knowledge management includes maintaining information in a place where it is easy to access. Decisions need to be taken about what kind of information should be shared with the industry partners and how.

- **Creation of spaces for sharing to happen:** at present, the only relevant information that is shared by the MOT are the statistical reports that are available on the website. With regular virtual events such as “Top Learnings from this Month” knowledge exchange among the industry partners can be encouraged. Moreover, a specific event organised by the MOT for all industry partners, such as an “annual tourism summit”, further encourages the businesses to participate more actively in the exchange of information. The event shall have the focus to present all relevant statistics, give an overview about what the MOT has achieved during the last 12 months and an outlook about its projects and activities in the next year.
- **An intelligence platform** shall be installed that can go beyond the limitations of video conferencing and messaging apps. Such intelligence platforms can facilitate knowledge sharing, retain know-how and provide the partners with access to expertise at all times;
- **The process of knowledge sharing** needs to be formalised by the MOT with a clear strategy. This shall also include various KPIs (Key Performance Indicators) such as number of publications per month, number of downloads per month (with an analysis about the user profile), number articles contributed by international experts, visitor numbers of annual tourism summit, visitor number of monthly online events, as well as standard website and social media channel analytics.

Table 31 Key action table: Pillar 3, Recommendation 2

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 3: Sustainability			
Recommendation 2: Awareness programs and knowledge sharing	<p>a. Awareness programs:</p> <ul style="list-style-type: none"> • Elaboration of a communication strategy for raising awareness about the importance of an open-data culture within the tourism industry; • Awareness raising campaign about the protection of the environment, in particular for schools and university, in close collaboration with diving centers; • Diving centers shall be remunerated for implementing the related activities • Awareness raising campaign about the protection of the environment for all tourism related businesses: online campaign, organisation of particular events, production of documentaries, etc. 	<ul style="list-style-type: none"> - Ministry of Tourism - Business Center Corporation - National Bureau of Statistics - Maldives Inland Revenue Authority - Tourism sector associations - Diving centers - UNDP 	Short term
	<p>b. Knowledge sharing:</p> <ul style="list-style-type: none"> - Elaboration of a knowledge management strategy - Installation of a knowledge sharing intelligence platform - Organisation of regular events for stakeholders. 	<ul style="list-style-type: none"> - Ministry of Tourism - Business Center Corporation 	Medium term

5.3.3 Introduce sustainable structures and processes:

Recommendations for sustainable consumption and production

For the further development of tourism in the Maldives, in particular on inhabited islands, potential conflicts of interest on the natural resources such as water, fish and land shall be taken into consideration. Given the numbers of future investment and infrastructure development in tourism, it is clear that the national tourism industry will further grow. As the numbers of the tourism businesses and international arrivals will increase, there is a risk that existing conflicts of interest may expand without careful engagement and management.

- **Fresh water supply:** Fresh water supply must be guaranteed to the entire local population of an island before any tourism business can get access to it. The local population must always have priority. Such a policy shall be introduced to incentivize the local island councils to secure fresh water supply. No tourism business shall be allowed to operate if secure fresh water is not available for all inhabitants. Certainly, this needs to be calculated and forecasted: a certain amount of water (e.g., 100-120 litre) per local resident and available tourist bed per day must be secured. On such a basis the policy shall be introduced.
- **Fish:** there are cases in the Maldives where resorts complain about fishermen catching fish at their own resort reef – but at the same time they purchase the reef fish from those fishermen. This paradox needs to be cleared with policies and monitoring actions. Financial compensation could be one option to keep the fishermen off the resort boundaries.
- **Land availability:** conflicts of interest about available land between the local population and owners of tourist businesses can be avoided. The local island councils shall take into account the concept of limits of acceptable change (LAC). The philosophy of the LAC is that change is an inevitable consequence of resource use, and that a framework is required to tackle resource management problems from the perspective of the extent to which change is acceptable. The Limits of Acceptable Change (LAC) model was developed for managing protected landscapes by determining what environmental impacts from “desirable” social activities are acceptable, and then determining management actions to ensure that the activities remain constrained within the LAC.
- **Reduction of solid waste:** all tourism services must ensure processes that reduce solid waste. Waste and its management are an issue along the tourism value chain as it is produced within each element. It is recommended that the MOT together with the Ministry of Environment elaborate a catalogue of all opportunities where

waste can be reduced along this value chain. This certainly starts with the import of packaged goods, continues with all possibilities of goods to be refilled, reused or recycled, and even goes further to directives for using biodegradable detergents, soaps, and other refillable cleaning products, including cleaning and maintenance products for boats, vessels, and airplanes.

- **Make waste collection more profitable:** waste management is a business opportunity and shall be communicated like that by the Government, the regional atoll councils and the island councils. Where the collection of user bills for the collection of waste is an issue certain actions can be introduced: e.g., the collection can be facilitated by combining waste bills with electricity or water bills. On a national level, taxes on importers or producers of waste can be imposed. Moreover, recycling fees or waste dump gate fees can be collected.
- **Green Tax:** the green tax is already used well for tackling the many environmental issues that the Maldives is facing. More monitoring of the effects is recommended in order to better understand how the actions paid with the green tax money are benefitting the locations. More data potentially means more knowledge about what happens at the islands where new wastewater plants or waste collection measures are introduced.

Given the strong impact of the tourism industry on the environment and the overall energy household it is recommended that certain environmental measures are implemented. The Government has become fully aware of the environmental challenges of tourism development and operations. If the following recommendations will not be implemented on the short term both the environment and tourism can suffer from severe consequences which could be irreversible within the next years. The environment will not be able to recover, and the tourism industry will not be able to sell the Maldives as the same destination as it was known before.

Key recommendations for protecting the environment:

Waste management and wastewater treatment are the most important protection measures that the tourism industry can contribute to the overall environmental protection of the Maldives. Given its big impact on the national GDP the industry shall also be responsible for keeping the islands clean for the local population.

- Only those local islands that are able to manage the residual waste and wastewater issues shall be allowed to have open accommodation businesses: This measure increases the pressure on the local island councils to invest in environmental protection facilities. When the tourism businesses are not operating, the island councils lose revenues from tax and lease contracts.

- Island councils will actively engage in better infrastructure for waste and wastewater management, will be able to employ people in this sector and will pay more attention to its daily operations as their performance shall be monitored.
- Reinforce the ban on single-use plastics: Although the government has introduced a policy to reduce single-use plastics, it is recommended that this be further enforced. The general import of single-use plastic products shall be reduced significantly, not only for the sake of tourism but for the general protection of the environment. Given the issues with waste management, such products can easily be tackled with a ban of imports.
- Ban on plastic bags: shopping bags made of plastic are an issue in the Maldives. Its ban is recommended not only in tourism areas but in the whole country. They can be easily substituted with biodegradable bags.
- Plastic waste recycling plant: The Maldives needs a plastic waste recycling plant. Most of the dispersed waste around the islands and the ocean is plastic. When collected it shall be either exported or recycled.

Table 32 Key action table: Pillar 3, Recommendation 3

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 3: Sustainability			
Recommendation 3: Introduce sustainable structures and processes	Recommendations for sustainable consumption and production: <ul style="list-style-type: none"> • Local islands need to get training about carrying capacity and limits of acceptable change in order to understand the limit of how many tourists and how many tourism businesses shall be allowed on the individual island. • A national tourism policy shall be introduced that prohibits islands without a functioning fresh water, wastewater and waste collection system to operate tourism businesses. • An analysis about the potential waste reduction on all islands (including resort islands) with tourism operations needs to be commissioned. Based on the results specific waste reduction policies shall be introduced. • Monitoring measures for environmental sustainability, by paying attention to the Measurement of Sustainable Tourism (MST) in the national tourism statistics and/or with the opening of a UNWTO International Network of Sustainable Tourism Observatories (INSTO). INSTO seeks to support and connect destinations that are committed to regular monitoring of economic, 	<ul style="list-style-type: none"> - Ministry of Tourism - United Nations World Tourism Organization - Ministry of Environment, Climate Change and Technology 	short

	environmental, and social impacts of tourism, to unlock the power of evidence-based decision making at the destination-level, fostering sustainable tourism practices locally and globally.		
	<p>Recommendations for protecting the environment:</p> <ul style="list-style-type: none"> - Consider the expansion of a policy for banning single use plastics, in particular for all tourism establishments, focusing on resorts and other accommodation facilities and restaurants. - Consider a nationwide ban on the use of single-use plastic bags. - Consider the installation of atoll plastic recycling plants; 	<ul style="list-style-type: none"> - Ministry of Tourism - United Nations World Tourism Organization - Ministry of Environment, Climate Change and Technology 	Medium term

5.3.4 Incentivize renewable energy and efficiency

Key recommendations for increasing the use of renewable energy and energy efficiency as well as e-mobility in the tourism sector:

The Maldives is dependent on fossil fuels for the country's energy supply. Today, there are many technologies available to reduce this dependency. The tourism sector, the most important economic sector of the country, shall be a good example for all other industry sectors. As the tourism sector consumes most of the energy, it should also contribute to energy saving. Tourism risks being considered a rather dirty industry if emissions keep rising steeply without any effective measures.

- Existing tourism resorts shall actively try to enhance the percentage of their energy consumption that is covered by renewable energies. New tourism resort establishments shall ensure that a significant part of their energy consumption comes from renewable sources.
- The purchase of renewable energy equipment and services by all tourism related businesses shall be tax incentivized by the government: all expenses should be deductible from revenue tax. This includes photovoltaic power panels, small wind power plants, power accumulators, power distribution systems, transportation and installation costs, maintenance costs, etc.
- Tax incentives for e-mobility: further tax incentives should be introduced for the purchase of e-mobility vehicles (e-bikes, e-scooters, e-carts, e-boats, etc.) including its power distribution systems, power accumulators, and photovoltaic power panels.
- Tax incentives for energy-efficient and energy-saving measures: all kind of equipment that reduces the amount of energy (power and water) shall be tax incentivized. This includes LED lighting systems, energy saving equipment such as A/Cs, kitchenware (most of the power is needed in the kitchen), washing and drying machines,

Key recommendations of how the tourism sector can mitigate and adapt to climate change:

- Tax incentives: The purchase of equipment and services that mitigate and adapt to climate change effects shall be tax incentivized by the Government. This includes all activities (assessment and planning, hardware equipment, installation services, maintenance services) against beach erosion, flooding, reforestation of mangrove woods, beach nourishment and revitalisation, etc.
- Further tax incentives shall be given for the following activities: thermal insulation of buildings against heat, vertical greenery, improvement of irrigation systems in

agriculture, waste-water recycling plants, water pipe systems.

Table 33 Key action table: Pillar 3, Recommendation 4

Pillar / recommendation	Key actions to be taken	Implementing / lead institution	Short/ medium/ long-term
Pillar 3: Sustainability			
Recommendation 4: Incentivize renewable energy and efficiency	Recommendations for increasing the use of renewable energy and energy efficiency as well as e-mobility in the tourism sector: <ul style="list-style-type: none"> - Implementation of policies about the obligatory completion of the production of renewable energies; - Introduce tax incentives and abolish VAT for the purchase of related equipment for tourism businesses; - Incentivize the purchase of e-mobility vehicles which are 100% powered by green energy; - Incentivize the purchase and abolish VAT on all products related to energy-efficiency and saving. 	<ul style="list-style-type: none"> - Ministry of Tourism - Ministry of Finance - Maldives Inland Revenue Authority - Tourism sector associations - United Nations Development Programme - Third party international donor agencies 	Medium term
	Recommendations of how the tourism sector can mitigate and adapt to climate change:	<ul style="list-style-type: none"> - Ministry of Tourism - Ministry of Finance 	Medium term

	<ul style="list-style-type: none"> - Introduce tax incentives for the purchase of equipment and services to mitigate and adapt to climate change effects; - Introduce tax incentives for the purchase of equipment for thermal insulation, wastewater recycling plants, water pipe systems, etc. 	<ul style="list-style-type: none"> - Maldives Inland Revenue Authority - Tourism sector associations - United Nations Development Programme 	
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6 Road Map

This road map is intended to be a guide towards resilient and inclusive tourism development in the short-mid-term perspective. The following recommendations of activities include aspects that the MOT, with the financial support of national funds from the Government, shall be able to **address without third party funding**. Hence, the proposed activities are a **selection of projects that require minimal financial funds**, focusing on the introduction of nation-wide and tourism specific policies, activities that correspond with the overall governmental decentralisation strategy, changes on the tourism and marketing related institutional framework, improvements on statistics and data collection, incentives, and tax reductions for energy-efficiency measures, among others.

Table 34 Road Map

Time frame	Proposed activity	Reference to recommendation	Short description
2022-2023	Adaptation of statistics and monitoring procedures	5.2.4 a and b	Demand side data: <ul style="list-style-type: none"> - Border control data on tourist arrivals - Statistical reports from tourism businesses to MOT - Visitor surveys - Regional statistics Supply side data: <ul style="list-style-type: none"> - Specific studies on guesthouse sector and tourism development - Increase institutional capacity in statistics and data collection/analysis
2022-2023	Incentivize renewable energy and efficiency	5.3.4	<ul style="list-style-type: none"> • Introduction of tax incentives for the purchase of equipment and services for tourism businesses (PV, solar-thermic, etc.), reduction of water consumption, energy efficient tools

			<ul style="list-style-type: none"> No VAT and import tax on hardware equipment and software such as installation services, maintenance, etc.
2022-2023	Introduction of sustainable structures and processes	5.3.3	<ul style="list-style-type: none"> Policies for the reduction of waste, specifically for plastic packaging, single-use plastics, plastic bags, etc.
2022-2024	Expanding marketing's structure, messaging and targeting	5.1.4	<ul style="list-style-type: none"> Improving institutional framework and collaboration among MOT and MMPRC on marketing aspects; Setting up a steering committee from all tourism stakeholders for local island tourism marketing; Open skies policy for international air-carriers to inter-island airports; Incentivize regional low-cost air-carriers;
2023-2024	Develop distinctive tourism products and activities	5.1.1	<ul style="list-style-type: none"> Incentivize with policy measures the introduction and/or upgrade of certain tourism products/activities for nature/adventure/sport tourism; cultural and culinary; recreational and wellness; business/scientific and educational tourism;
2023-2024	Creation of product clusters and regional DMO offices	5.1.2	<ul style="list-style-type: none"> Create the legal basis for a private-public-partnership model for regional DMO offices to allow tourism product clustering;

2023-2024	Support to tourism sector associations and businesses	5.3.1	<ul style="list-style-type: none"> • Installation of liaison officers from various associations within the MOT • Upgrade of the guesthouse and homestay association: Support to the upgrade / strengthening with a transparent management structure and clear objectives; • Support to the unification of all diving businesses, diving professionals and individual members to form a strong interest group which is able to lead the diving tourism product in the Maldives; • Extend the tourism value-chain to handicraft, artisans, artists, souvenir design upgrade;
2024-2026	Enhance local employment and economic development	5.2.1	<ul style="list-style-type: none"> - Introduction of a diploma and certification scheme for national workers in the tourism industry - Installation of a round table with key tourism accommodation stakeholders such as resorts, MEERY Maldives project, TVET institutions and the Ministry of Education - Initiation of a support program for women to become engaged in locally driven tourism initiatives
2025-2026	Introduce quality measures and quality labels	5.2.2	<ul style="list-style-type: none"> - Promotion of environmentally friendly ecological quality

			labels such as Green Key to resorts and guesthouses - Introduction of a tourist customer complaint service
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Attachment 1: Measurement of the current situation of the tourism sector



Attachment 1

Data Collection Survey on Recovery of Tourism affected by COVID-19 in the Republic of Maldives

Measurement of the current situation of the tourism
sector

November 2022

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Acronyms

BML	Bank of Maldives
EWT	Employee Withholding Tax
FAO	Food and Agriculture Organization of the United Nations
GAM	Guesthouse Association of Maldives
GCF	Green Climate Fund
GEF	Global Environmental Facility
HIES	Household, Income and Employment Survey
IFC	International Finance Corporation
IRTS	UNWTO International Recommendations for Tourism Statistics
ISA	Income Support Allowance
JICA	Japan International Cooperation Agency
MATI	Maldives Association of Tourism Industry
MBS	Maldives Bureau of Statistics
MCAA	Maldives Civil Aviation Authority
MCS	Maldives Customs Service
MED	Ministry of Economic Development
MOF	Ministry of Finance
MIRA	Maldives Inland Revenue Authority
MMA	Maldives Monetary Authority
MMPRC	Maldives Marketing & PR Corporation
MNPI	Ministry of National Planning, Housing and Infrastructure
MOF	Ministry of Finance
MOT	Ministry of Tourism
MST	Measuring the Sustainability of Tourism
NBS	National Bureau of Statistics of the Maldives
NCIT	National Center for Information Technology
NSDS	National Strategy for the Development of Statistics
PIT	Personal Income Tax
SDFC	SME Development Finance Corporation
SME	Small and Medium Enterprises
SRM	Statistics Regulation of the Maldives
TIMS	Tourism Information Management System
TSA	Tourism Satellite Account
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WTTC	World Travel & Tourism Council

1 Introduction

This report provides an assessment of the current system of tourism-related statistics in place in the Maldives. A specific focus is on institutions in charge of collecting and analyzing data, dissemination of data for use by other stakeholders, processes of data collection, and gaps that should be addressed so as to ensure a better monitoring of tourism – a precondition for successful tourism planning and management. The main international standards for tourism statistics, namely the UNWTO's (2008) *International Recommendations for Tourism Statistics* (IRTS)¹ and *Tourism Satellite Account: Recommended Methodological Framework* (UN, UNWTO, EUROSTAT & OECD, 2008)² are considered for this assessment.

Specifically, the impacts of COVID-19 on the tourism industry will be assessed, as far as this is possible based on available data. A focus will be on SMEs, notably the guesthouse sector, which has seen a remarkable growth over recent years, providing both opportunities for local communities and for economic diversification at large, but also challenges in terms of the need for appropriate strategies and management in line with the principles of sustainability.

Finally, recommendations will be given how to improve existing structures and processes with regard to tourism statistics and monitoring, and how to overcome data gaps. Concrete proposals for capacity building measures in the framework of this project are also indicated in this report.

2 Review of the national tourism statistics system

2.1 Overall context: tourism statistics in the Maldives

The national statistics system of the Republic of Maldives with regard to relevant tourism statistics is quite comprehensive, but fragmented. An assessment of the national statistics system carried out on behalf of the UNDESA and UNESCAP in 2017 concluded that the Statistics Regulation of the Maldives (SRM) in place at the time had a “confusing structure”, which lead to a relatively weak standing of the Lead Agency for Statistics³. Part of the challenges were the horizontally decentralized national statistics system, with numerous governmental agencies producing national statistics. While decentralized systems certainly have their merits (e.g., a more direct access to relevant data from governmental agencies in charge of certain economic sectors and societal functions), the confusing structure of the SRM and limitations in legal authority of the Lead Agency for Statistics hampered its capacity to take on an effective coordinating role.

Since then, as a means to strengthening the national statistics system, the **Maldives Bureau of Statistics** (MBS) was created in 2021 as an independent entity, whereas the predecessor National Bureau of Statistics of the Maldives (NBS) was a department under the Ministry of National Planning and Infrastructure (MNPI). The Maldives Statistics Act (2021) provides the legal basis for the newly-established MBS⁴. In parallel, the new National Strategy for the Development of Statistics (NSDS) was being developed, a 10-year master plan for 2020-2030, which shall streamline the collection and dissemination of national statistics, and help establish political support for statistics in the future.

That said, the new MBS is still facing challenges. It is still understaffed (estimates indicate that it is running on 50% of its required capacity), and mostly uses data from other sources, i.e. is dependent on other agencies providing sound data quality, which is often not the case. Good

¹ https://unstats.un.org/unsd/publication/seriesm/seriesm_83rev1e.pdf

² https://unstats.un.org/unsd/publication/seriesf/seriesf_80rev1e.pdf

³ UN. (2017). *Review of the National Statistical System of the Maldives*.

<http://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2018/05/NSS-Review-Report-Maldives-FINAL.pdf>

⁴ <https://presidency.gov.mv/Press/Article/24891> (accessed 09. March 2022)

communication between the MBS and source agencies, as well as a clear understanding of the importance of sound statistics on behalf of governmental data providers is key to strengthening the national system of statistics.

With regard to tourism statistics, MBS is responsible for some important products:

- *Tourism employment surveys* were published in 2019 and 2020, which cover main employment indicators (such as total staff numbers as well as employment numbers disaggregated by nationality, gender, age, years of service, salary range, etc.). In addition, the 2020 survey focuses on COVID-19 impacts on employment in the tourism industry.
- MBS is the coordinating and publishing agency for the Maldives first *Tourism Satellite Account (TSA)* which, relying on data (notably Supply and Use Tables) from 2017, was published in 2022 after several years of preparation, starting with a pilot study in 2013, and with support from several projects funded by international organizations, including UNESCAP and ADB. The TSA is a major step for strengthening the national tourism statistics system.

The **Maldives Inland Revenue Authority (MIRA)**, in charge of tax collection under the Ministry of Finance, is a major source of (financial) statistical information on tourism. MIRA collects, inter alia, the Green Tax, which is payable by tourists staying in resorts, hotels, guesthouses and on safari vessels. The Green Tax rates are set at USD6.00 per bednight for resorts, hotels and tourist vessels, and USD3.00 for guesthouses. Maldivians and resident permit holders are not required to pay Green Tax. Green Tax liable tourist establishments will be automatically registered for Green Tax, in the name of the operating license holder, from the date on which the Ministry of Tourism issues the operating license. The Green Tax payment must be made monthly, on or before the 28th of the following month. Technically, tourism statistics derived from Green Tax returns are thus fairly up-to-date.

In addition to Green Tax-related data, MIRA also publishes information on other taxes that are related to tourism and/or payable inter alia by businesses in the tourism sector. In terms of the total amounts collected in 2021, these taxes are:

	Amount (Tourism) (MVR)	Share of total MIRA revenue
Tourism Goods and Services Tax	5,247,722,129	33.3%
Rent from Resorts	2,072,306,280	13.2%
Green Tax	802,112,616	5.1%
Lease Extension fee	230,200,000	1.5%
Airport Service Charge	458,840,492	2.9%
Airport Development Fee	468,094,180	3.0%
Business Profit Tax/Corporate Income Tax	263,870,274	1.7%
Withholding Tax	555,895,111	3.5%
EWT/PIT	90,835,545	0.6%
Land acquisition and Conversion fee	28,475,740	0.2%
Ownership Transfer Tax	6,514,450	0.0%
Guest House Registration Fee	1,263,500	0.0%
Dive School Registration Fee	105,000	0.0%
Motor Vehicle and Vessel Registration Fee	120,000	0.0%
Bank Mortgage Registration Fee	510,000	0.0%

Corporate Social Responsibility Fee	6,232,955	0.0%
TOTAL	10,233,098,273	65.0%

Table 135: MIRA tax revenues from the tourism sector 2021 (Source: personal communication, 2022)

The figures from Table 135: MIRA tax revenues from the tourism sector 2021 (Source: personal communication, 2022) underline tourism’s overall significance for the economy of the Maldives in general, and for state revenues in particular. MIRA is one of the main providers of statistical data to other governmental entities, including NBS and the **Ministry of Tourism (MOT)**.

The **MOT** has its own Tourism Research & Statistics Section which compiles and publishes statistics on a regular basis. Those include annual, quarterly, monthly and even daily reports⁵:

- *Annual reports (Tourism Year Books)* used to be published around June of the following year; however, in recent years, the publishing process has tended to last longer (e.g., the 2021 Year Book covering 2020 was published in November). They include a comprehensive overview of tourism-related statistics compiled from various sources, including data collected from tourism establishments by MOT itself, as well as from other ministries or governmental agencies, such as Ministry of Finance (MOF), Maldives Immigration, NBS, MIRA, Maldives Monetary Authority (MMA), Maldives Customs Services (MCS) and Maldives Civil Aviation Authority (MCAA). Topics covered by the approximately 50-page document include information on accommodation (capacity and occupancies by accommodation categories), tourist arrival data (including a detailed quantitative analysis of major source markets), economic indicators, airline statistics and information on marketing activities and related expenditures. Annual Reports are the only document type published by MOT that provides regionally disaggregated data on the number of business types and capacity per atoll, but not on the demand side.
- *Quarterly Reports* have not been published since the first quarter of 2020. The 6-8-page documents provided short overviews and analyses of short-term trends and data, e.g. on tourist arrival numbers, source markets, industry developments, i.e. new infrastructure, and tourism (tax) revenues.
- *Monthly Reports* are 5-page documents consisting mainly of tables on main tourism indicators (arrival numbers, number and capacity of tourism establishment types, etc.).
- *Daily Reports* are published approximately 10-15 times per month as 1-page documents that provide an overview about the most important tourism indicators: arrival numbers on a monthly and daily basis, comparisons with previous years, and tourist accommodation capacity by type of establishment (resorts, guesthouses, safari vessels, hotels).

The main primary data collected by MOT derives from mandatory reports that every licensed tourism business has to provide on a monthly basis (deadline: 7th day of the following month) as obligation stipulated in the *Regulation on Collection of Data for the Compilation of Tourism Statistics in the Maldives*, first published in 2011 and updated in 2020. Information to be provided is defined as follows:

Report	Description
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⁵ Daily reports are not literally published every day or every work day, but still on a fairly regular basis. E.g., in March 2022, a total of eleven daily updates were published on the MOT’s website.

Occupancy report	Includes the number of guests and the number of occupied rooms for every day of the month
Tourist arrivals by nationality	Includes the aggregate number of arrivals by nationality for the whole month

Table 236: Monthly statistical reports to be provided by tourism businesses to MOT.

In addition, the *Regulation on Collection of Data for the Compilation of Tourism Statistics in the Maldives* states that data on tourism sector employees, as well as data for studies and research carried out by or for MOT shall be provided “as and when required by the Ministry”. MOT may also request “additional data of tourists” during “situations of national or international emergencies – a consequence of the COVID-19 pandemic.

Technically, data should be provided through the new Tourism Information Management System (TIMS), developed by the National Center for Information Technology (NCIT) for MOT, which is integrated in the national *eFaas* e-government system. In reality, however, TIMS is not yet fully operational and tourism businesses, notably smaller ones such as guesthouses, reportedly still send monthly statistical reports by email or fax.

The *Regulation on Collection of Data for the Compilation of Tourism Statistics* foresees fines for non-compliance with the Regulation. Fines start at MVR 100.00 (approx. EUR 5.76⁶) per registered bed in the establishment for first instances of non-compliance, and can go up to MVR 1,000.00 (approx. EUR 57.56) if non-compliance occurs for more than three consecutive times. If fines are not paid within a week, the MOT has the right to withhold the license of the respective establishment, until penalizations are settled, and missing reports submitted. In reality, however, these fines are never imposed, due to lack of personnel capacity to monitor cases of non-compliance on the side of MOT.

The MOT conducts a biannual visitor survey (exit survey at Malé International Airport). Implementation of the survey is outsourced to a private consulting company (CDE Consulting). The survey focuses on sociodemographic data, length and place of stay, trip organization, activities and purpose of visit, satisfaction (with prices, services, activities), and expenditures, and is usually being carried out once during the high season (February) and once during the low season (September); however, in 2021, due to the COVID-19 pandemic, only one survey was conducted in December. The survey has a sample size of approximately 2,000 respondents, and minimum numbers of respondents from major source markets are defined beforehand according to their share in the total visitor numbers as taken from immigration statistics (see below).

Besides regular statistics report, MOT also publishes other data and information, e.g.:

- Directories of existing, licensed tourist facilities (resorts, hotels, guesthouses and vessels), travel agencies, dive centers and tour guides;
- Information on facilities (resorts, hotels, guesthouses and vessels) under development⁷;
- Information on guidelines, acts and policies related to tourism;
- Specific COVID-19-related data and information for businesses and visitors.

The **Maldives Immigration** service also issues tourism-related statistics, i.e. monthly published overviews about daily international tourist arrivals by nationality at border control posts, notably international airports. These numbers feed into MOT’s daily, monthly, quarterly and annual reports.

⁶ Exchange rate according to oanda.com (03 April 2022).

⁷ Note that data on new developments is only considered complete for resort islands which are leased by the government. By contrast, guesthouses can apply for licenses after development of the facility, and the MOT thus has no information on the number of planned guesthouses.

Since the COVID-19 pandemic, the immigration service’s IMUGA system includes mandatory arrival and departure forms that include, inter alia, questions regarding places and length of stay. Technically, this information could be used for statistical purposes, e.g., more detailed regional data on tourism; however, according to information from MOT, so far data from IMUGA is not being used for more detailed regional analyses, partly due to personnel capacity restraints.

The **Maldives Monetary Authority (MMA)**, i.e. the country’s central bank, also publishes tourism statistics in addition to mainly national macro-economic statistics such as the balance of payments and government finance statistics. Published statistics consist mainly of arrival numbers provided by Maldives Immigration; however, MMA is also actively involved in compilation of tourism-related macroeconomic data, e.g. by contributing to calculation of tourism’s share in the national GDP, or by supporting NBS in the elaboration of the Maldives’ TSA.

2.2 Assessment of core tourism statistics products

This chapter describes and evaluates the main tourism statistics products from demand and supply side perspectives.

2.2.1 Demand side

In the following, an overview of the most important demand side statistics compiled by different governmental institutions is presented as described above.

Source	Data sources	Variables (inter alia)	Description & observations
MOT	<ul style="list-style-type: none"> Reports from tourism establishments 	<ul style="list-style-type: none"> Overnight stays per tourism establishment category Nationality of visitors per tourism establishment category 	<ul style="list-style-type: none"> Derived from mandatory reports to be sent by licensed tourism establishments to MOT Reports have to be submitted monthly Reportedly, resorts generally comply with the obligation for monthly statistical reports, whereas non-compliance is much higher in the guesthouse sector
	<ul style="list-style-type: none"> Visitor survey 	<ul style="list-style-type: none"> sociodemographic data tourist behavior tourist motivation tourist satisfaction limited data on tourist expenditures 	<ul style="list-style-type: none"> Exit survey at Malé International Airport Conducted twice a year (usually in February, i.e. high season, and September, i.e. low season) Because of COVID-19 there was no survey carried out in 2020, and only one in 2021 (December) Min. sample size: 1,500 (usually approx. 2,000) Outsourced by private consulting company CDE Consulting Topics covered: sociodemographic data, length and place of stay, trip organization, activities and purpose of visit, satisfaction

			<ul style="list-style-type: none"> (with prices, services, activities), and expenditures The expenditures section is short and question(s) ask for total expenditures, which is difficult to answer for most tourists Not all information gathered with the visitor survey are published in the regular statistical reports on the MOT website (e.g., data on satisfaction is only published selectively)
	<ul style="list-style-type: none"> Special surveys and studies 	<ul style="list-style-type: none"> Miscellaneous 	<ul style="list-style-type: none"> E.g., study on domestic tourism (2016)
MIRA	<ul style="list-style-type: none"> Statistics on Green Tax payments by tourism establishments 	<ul style="list-style-type: none"> Tax payments by tourist establishments 	<ul style="list-style-type: none"> Derived from tax reports Overnight stays of international tourists can be derived from tax payments (Maldivians and foreigners with residency status are exempt from the Green Tax) Inaccuracies may occur due to delayed tax payments or tax avoidance, especially on the side of small businesses (i.e., guesthouses)
Maldives Immigration	<ul style="list-style-type: none"> Monthly reports on daily visitor arrivals by nationality 	<ul style="list-style-type: none"> Arrival numbers Countries of origin 	<ul style="list-style-type: none"> Based on border control data (IMUGA system) Mandatory electronic arrival and departure forms include more data than just the nationality of visitors (e.g., place and length of stay); apparently, this data is so far not being used for more detailed analyses

Table 3: main demand side statistics on tourism in the Maldives

Generally, the amount of available information on the demand side, as well as the rate of updating, can be considered substantial. However, data quality is partly questionable, notably with regard to the following:

For the **monthly statistical reports to be submitted by licensed tourism facilities**, it is estimated that compliance varies widely between different subsectors: while resorts generally appear to comply with their obligation to send reports, guesthouses are likely to be less diligent. Reasons include a lack of understanding of the importance of accurate statistical data, a lack of resources in smaller, privately owned businesses, and less structured operative work routines. The fact that fines for non-compliance only exist in theory but are not imposed (see

above), further contributes to guesthouse managers not seeing the need for compliance. While the newly established TIMS should be a step in the right direction to make submission of reports easier and more straightforward, some guesthouses appear to be unaware of the system and still send reports by fax or email⁸.

The annual or biannual **visitor survey** is an important source of information on international tourists' sociodemographic data, behavior, motivation and satisfaction. The sample size is substantial and the implementation as exit survey at the airport, an internationally proven approach, appears to be methodologically sound. That said, the survey instrument itself (i.e., the questionnaire), as well as data preparation, processing and analysis could still be improved. E.g., it appears that data is not weighted according to different visitor segments' real distribution in the total population. For instance, the share of different nationalities in the total number of visitors to the Maldives is known from the Maldives Immigration's border control data. It would be beneficial to calculate and apply weight variables in statistical software such as SPSS before analyzing data, so as to obtain more representative results from exit survey data analysis. Further recommendations on how to strengthen the visitor survey methodology are given in chapter 4.1.4.

The questionnaire used for the exit survey has not changed much over the years, which allows for interannual comparisons and mapping of trends. However, the questionnaire also leaves room for methodological improvement, e.g. with regard to the following characteristics:

- The section on visitor expenditures is short, and the main question asks for total expenditures for the whole trip. This is difficult to answer for independent tourists, or for package tourists who have additional expenses e.g. for tours, in restaurants or for souvenirs, who, after a trip that may have lasted several days or even weeks, can rarely recount all their expenses. It would be advisable to ask for average daily expenditures, or to leave tourists the choice whether they indicate daily or total expenditures (in the latter case, daily expenditures could be calculated afterwards by dividing the figures by the number of overnight stays). This would make the expenditure questions somewhat more complex, but would increase the scope for detailed analyses. It may be advisable to rely on face-to-face surveys, rather than self-administered questionnaires, so as to reduce errors and misinterpretations on the side of the respondents.
- For package tourists, who cannot know the exact distribution of costs included in the total package price, educated guesses could be derived from supply side surveys, e.g. to estimate proportions of the total package price that account for accommodation, food, transport or other services.
- Expenditures should not only be assessed in total, but in more disaggregated forms. Expenditure categories should be in line, as much as possible, with industry and/or product classifications used in national accounting and according to the International Recommendations for Tourism Statistics 2008, which would enable using this data for further macroeconomic analyses, e.g. in the compilation of future TSA.
- Some questions would be better asked as open-ended than as closed-ended questions. E.g., when asking for age in categories it is not possible to calculate mean values, whereas asking for age as open question usually is not seen as more problematic, e.g. with regard to social desirability.
- Numerous questions are formulated as multiple-choice questions, which makes it easy to answer for tourists. However, categories offered as answer options in multiple-choice

⁸ This conclusion is based on personal communication with a very limited number of guesthouses; it was not possible during the mission to clearly corroborate whether the observation is representative for the wider guesthouse sector in the country. However, a relatively high level of non-compliance has already been reported in other studies, e.g. in the UN assessment of the Maldives national statistics system from 2017 (<http://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2018/05/NSS-Review-Report-Maldives-FINAL.pdf>, accessed 28.April 2022).

questions should be distinctive and exhaustive, which appears not always to be the case.

- Several questions are related to ratings or agreement/disagreement with certain statements. For such questions, as long as it is possible, consistent scales should be used so as to ensure comparison, and avoid confusion on the side of the visitors. Likert scale answer options should be aligned horizontally, so that respondents can easily understand the meaning of different answer options (see エラー! 参照元が見つかりません。).

C1. How much were you exposed to local experience, culture, history, and food during your visit? (Please tick (✓) one box)

a. Well exposed b. Exposed c. Somewhat exposed

d. Not exposed e. Not at all exposed

Figure 1: Answer options in a question from the 2021 visitor survey questionnaire.

Answer categories should be clear, distinctive and exhaustive (e.g., there may be confusion with regard to the differences between “not exposed” and “not at all exposed” in this example). Furthermore, it is recommended to always align Likert scale answer options horizontally.

- Apparently, at least in the publicly available data sources, data is only assessed for all visitors. It would be advisable to distinguish different target groups with regard to their travel behavior, motivations, satisfaction and expenditures. Notably, resort tourists may differ substantially from other visitors staying in guesthouses on local islands or on safari vessels. A first assessment for this report carried out with statistical software SPSS of exit survey data from 2019 suggests that visitors staying in guesthouses and on safari vessels have indeed a more diverse spectrum of activities and interests.

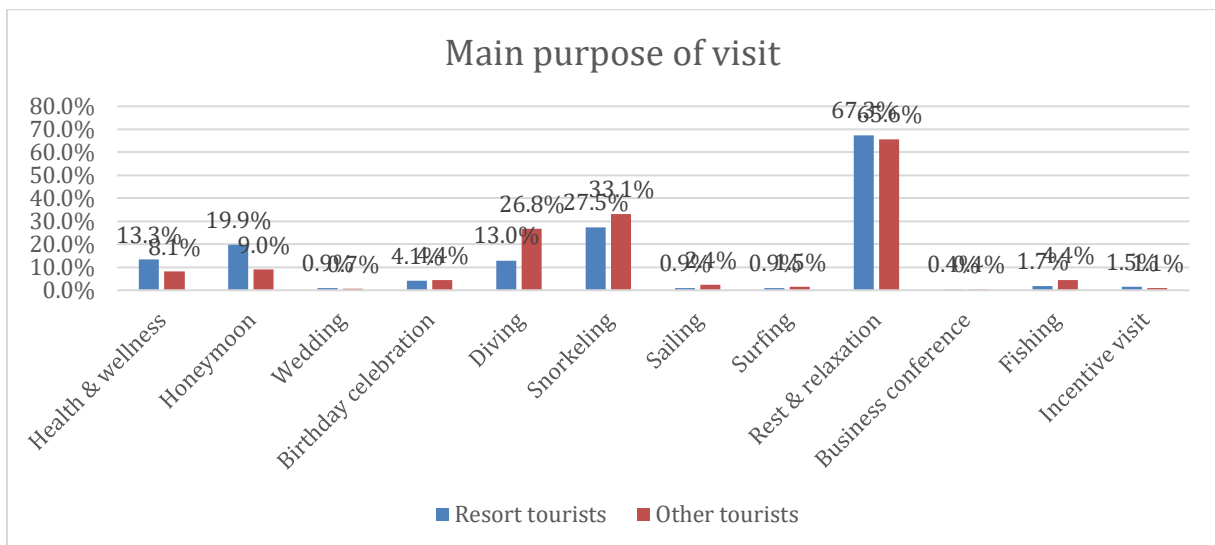


Figure 2: Comparison of purpose of visit of resort tourists and other visitors. Source: MOT exit survey 2019.

- In this regard, Figure 2 suggests that “other” (guesthouse) visitors are more interested in nature-based activities such as diving, surfing or fishing.
- Interestingly, resort visitors also rate, as an overall picture, value for money less favorable than visitors staying in guesthouses, as can be seen from Figure 3. Overall, almost all ratings for both groups tend to be biased toward the “expensive” end of the spectrum. Note that the answer categories may lead to bias since visitors may not be able to clearly distinguish “cheap” and “value for money”, for instance. As indicated above, more value-free, distinctive and exhaustive categories using Likert scales would

be recommendable, e.g., in this case, assessing the value for money for different items (from low to high, or complete disagreement to complete agreement).



Figure 3: Ratings of prices by resort tourists and other: MOT exit survey 2019

The data on **Green Tax** payments from tourism businesses published by MIRA provides a very useful source of information, since it allows for exact calculations of overnight stays by international tourists in licensed tourism facilities and can be disaggregated to the local level (atoll or island level⁹). Yet, data may be not as up to date as other statistical information on tourism, since tax payments are sometimes delayed, especially during the COVID-19 crisis which severely affected the whole tourism industry, and specifically SMEs such as guesthouses. Furthermore, there may be cases of tax avoidance which would evidently not appear in the statistics.

E.g., when comparing the share of visitors staying in guesthouses according to MIRA's Green Tax data with results from MOT's exit survey (both datasets include only international tourists), significant differences can be observed (see Figure 4 エラー! 参照元が見つかりません。):

⁹ In order to ensure anonymity, by law at least three facilities have to be aggregated per administrative unit (e.g., per island).

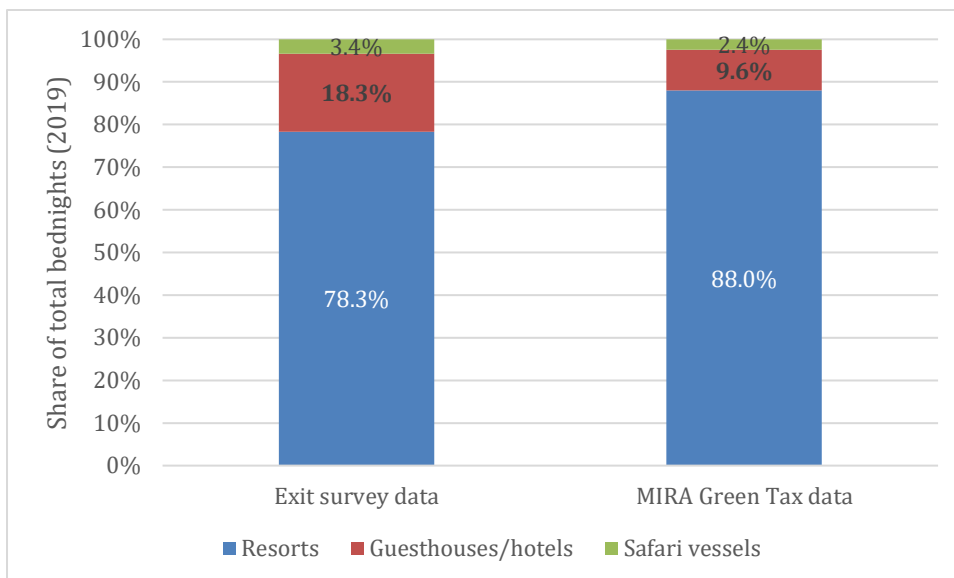


Figure 4: Comparison of data from Green Tax payments (MIRA) and MOT's exit survey on the share of different types of tourism facilities in the total number of bednights in the Maldives.

In Figure 4 one can observe that the share of bednights in guesthouses and hotels is almost twice as high according to the exit survey data (18.3%) than according to Green Tax payments (9.6%). These differences may partly be explained by inaccuracies caused by the methodology used for the exit survey, e.g., due to seasonal shifts in visitor patterns, as the survey is only carried out twice a year over a 14-day period, whereas Green Tax data covers every month of the year. However, the differences appear too large to only be explained by such a bias, which suggests that some guesthouses do indeed try to avoid paying taxes, which causes a bias in the statistics (the problem of tax avoidance obviously goes way beyond its impact of statistics, but this is beyond the scope of this report and this project). *Ceteris paribus*, the share of bednights in resorts is lower in the exit survey dataset than according to Green Tax payments (it is assumed that tax avoidance is not an issue among resorts).

Maldives Immigration's data on tourist arrivals is deemed to be very accurate, since every arriving tourist is registered at the border. However, more advantage could be taken from the IMUGA system data, which would allow not only to assess tourists' nationalities, but also more information on travel behavior, including at the local level (e.g., places of stay of individual visitors or certain target groups).

2.2.2 Supply side

The following main supply side statistics are published by the respective agencies:

Source	Data sources	Variables (inter alia)	Description
MOT	Supply side statistics	<ul style="list-style-type: none"> Occupancy rates by categories of tourism establishments 	<ul style="list-style-type: none"> Derived from mandatory reports to be sent by licensed tourism establishments to MOT (in addition to tourist numbers and countries of origin, see above) Reportedly, resorts generally comply with the obligation for

			monthly statistical reports, whereas non-compliance is much higher in the guesthouse sector
		<ul style="list-style-type: none"> Capacity of tourism establishment categories (beds/rooms) 	<ul style="list-style-type: none"> From tourism license database
		<ul style="list-style-type: none"> Overview of planned tourism facilities 	<ul style="list-style-type: none"> Detailed list for resorts (islands allocated for new resort developments/lease) Data for guesthouses/hotels is limited to publicly-owned plots for guesthouse development, since private landowners can develop guesthouses without the need for prior permits, and licenses can be requested after completion
MBS	<ul style="list-style-type: none"> TSA 	<ul style="list-style-type: none"> TSA data 	<ul style="list-style-type: none"> The first TSA for the Maldives was published in 2021 after a several year-long process, including capacity building and other support from international donors The TSA is considered a major step to strengthen the system of tourism statistics NBS is the leading agency for elaboration of the TSA; however, other governmental institutions contributed as well, including MOT, MIRA and MMA
	<ul style="list-style-type: none"> Resort Employment Surveys 	<ul style="list-style-type: none"> Data on employment by sociodemographic characteristics, accommodation 	<ul style="list-style-type: none"> Studies carried out in 2019 and 2020 on employment in tourism businesses

		categories, area of occupation, atolls, etc.	<ul style="list-style-type: none"> Only resorts were considered since response rates from guesthouses were too low to be used in the analyses
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Table 4: Main supply side statistics on tourism in the Maldives

With regard to **occupancy rates** published by MOT, the same can be said as to other data compiled from monthly statistical reports from licensed facilities: it is estimated that response rates from guesthouses are much lower than from resorts.

Data on **existing licensed tourism facilities** is considered to be exhaustive, since information (e.g., on capacity) is taken from the tourism license database. However, information on the existing grey market is very scarce, and it would be recommendable to conduct more studies in this regard. Since January 2022, homestays are officially allowed in the country, but so far MOT's directory of registered facilities lists only one homestay in the whole country. By contrast, the platform *Airbnb* indicates that in Malé alone almost 200 private rooms, apartments or entire rental units are available (see Figure 5) While many of these accommodation units may cater to foreign workers rather than tourists, it is still a phenomenon that calls for more information and data, and is an indicator for a substantial grey market that is so far not covered by statistics.

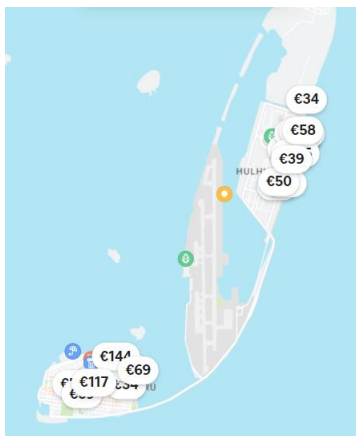


Figure 5: Overview of rooms and apartments in Malé and Hulhumalé listed on Airbnb (search results for 1-2 May 2022). Source: www.airbnb.de (accessed 6 April 2022).

With regard to MOT's **listing of planned facilities**, a similar picture emerges: data is accurate for resorts, but virtually nonexistent with regard to guesthouses since private landowners can develop guesthouses at their own discretion, and only need to apply for a license after completion. While this issue is problematic from a variety of perspectives, e.g. with regard to uncertainties in terms of future capacity, public infrastructure needs (e.g., waste management, water and sanitation, healthcare facilities, etc.), obtaining more data would require extensive (and costly) regular surveys and monitoring, or a policy change by which guesthouse developers would have to register or apply for a license before starting the development process (which, ideally, should be managed at the local level in accordance with strategic development and spatial planning).

With regard to tourism statistics published by MBS, the elaboration of the Maldives' first **TSA** deserves praise as important tool to assess the industry's significance for the national economy. MBS is the coordinating and publishing agency for the TSA which, relying on data (notably Supply and Use Tables) from 2017, was published in 2022 after several years of preparation, starting with a pilot study in 2013, and with support from several projects funded by international organizations, including UNESCAP and ADB. Compiling a TSA is a big

achievement, and proves that the country is taking both tourism and statistics very seriously. The TSA is thus an important step to strengthen the system of tourism statistics, and can be used for a variety of analyses. The Maldives' TSA overall structure is in line with UNWTO guidelines. Given its character as a pilot project, there is, however, still scope for improvement. A TSA requires high quality data to be used in its elaboration, data that, in the case of the Maldives, is not always available. E.g., data on tourist consumption (expenditures) is limited, which means, inter alia, that data had partly to be presented with a relatively high level of aggregation. Other data limitations that have already been described above also apply to the TSA, e.g. the limited data on domestic tourism, or non-monetary indicators. Improvement of primary data sources would also strengthen future TSA, e.g. more detailed breakdowns of visitor expenditures could be derived from improved exit survey methodology (see above).

Concerning the **resort employment survey** published by MBS, a limitation stems from a relatively low response rate, specifically in the 2021 survey carried out at a time when the industry was facing the challenges of the COVID-19 pandemic. Specifically, while it was planned to target both guesthouses and resorts, response rates from guesthouses were not sufficient to enable an analysis of this subsector in the study. MBS plans to continue the survey, assessing employment data also in retrospective, which is expected to help improve findings from the current study.

2.3 Data from non-governmental sources

The **Maldives Association of Tourism Industry (MATI)** calculates yield per tourist and yield per bed as service to their members (not publicly available data). MATI is a non-governmental, non-profit organization formed in 1982, for the purpose of promoting and developing tourism in the Maldives.

While MATI mostly represents larger businesses and resorts, some guesthouses are organized in the **Guesthouse Association of Maldives (GAM)**. GAM conducted a COVID-19 impact survey among guesthouses in the Maldives in 2020. This can be considered a laudable endeavour, since the guesthouse market has been over-proportionally affected by COVID-19. However, the methodology and data quality of the survey, which was available as a chart report, appears to leave room for improvement.

2.4 Other statistics with relevance for the tourism sector

There are a number of statistics, surveys and studies that are not directly or exclusively related to the tourism industry, but still of high relevance. This holds true for all **macroeconomic statistics**, e.g. the ones published by **MMA**.

Also of particular relevance is the **Household, Income and Employment Survey (HIES)** published regularly by MBS. It provides, amongst other information, data on employment in different industries, on household income by sector, or on gender issues in society and economy, and is thus an important source of information for assessments of the socioeconomic impacts of tourism in the Maldives. MBS published a special *rapid assessment of the impact of COVID-19 on household income, expenditure and employment* in 2022.

2.5 Further data gaps

The main observations on shortcomings or possible strengthening of existing statistics have been described above. In addition, there is the need for new statistical products that are so far not yet, or not sufficiently, included in existing sources.

This applies specifically for **regional disaggregated data**. While some data, e.g. on accommodation capacity, overnight stays and Green Tax payments, are available at subnational level (atoll or island level), more detailed information on visitor behavior, trip organization, and notably expenditures is scarce. Technically, studies such as the exit survey could be used to partly cover these gaps, but the methodology would have to be adapted so

as to better track issues such as places of stay. Ideally, regular monitoring should be conducted at the local level, specifically in regions that have, or plan to develop, a significant local guesthouse sector. This does not only apply to the demand side, but also to the supply side (e.g. planning of capacity and assessment of critical carrying capacity), as well as with regard to societal issues, e.g. potential intercultural conflicts, local attitudes toward tourism, and assessments of ecological and social sustainability.

The need for more regional data also has to be seen in light of the ongoing political decentralization process. According to information received during the first mission, local island councils technically have the mandate to collect local statistical data, but lack the capacity to do so.

Furthermore, information on **domestic tourism** is scarce, as has already been described above. A pilot study has been conducted by MOT in 2016, but no regular monitoring is being carried out. A growing guesthouse market that caters to more budget-oriented travelers, including domestic tourists, can contribute to local economic recovery. While international tourist flows are still affected by ongoing international crises, a stronger domestic market can support a higher degree of resilience for the Maldives tourism sector. Thus, more data on this market is urgently needed.

3 Tourism-related donor-funded projects in the Maldives

Selected donor-funded initiatives related to COVID-19 recovery have been described above, which are directly or indirectly linked to the tourism industry. In addition, an overview of relevant donor-funded projects with direct relation to the tourism sector (but not necessarily to COVID-19) are presented here. Note that due to the large number of donor-funded projects only a selection of projects with a clear tourism focus are listed. In addition, much more exhaustive overviews on donor-funded projects in general can be obtained at the following web links:

- UNDP: <https://open.undp.org/projects>
- Global Environmental Fund (GEF): <https://www.thegef.org/projects-operations/database?f%5B0%5D=countries%3A101>
- Green Climate Fund (GCF) pipeline: <https://www.greenclimate.fund/sites/default/files/document/maldives-country-programme.pdf>
- MOF, active external loans in the Maldives: <https://www.finance.gov.mv/public/attachments/DMgp7W2wqwfQHMnIGPEvBXvgLeWBjOfQAI6axpO0.xlsx>
- MOF: financing received for COVID-19 from donors: <https://www.finance.gov.mv/covid-19/government-finances/financial-assistance>

Further background information on existing donor support to the Maldives is included in Annex 1.

Donor	Project title	Description	Dates	Status	Budget	Website
GEF/UNDP	Tourism Adaptation to Climate Change	The project seeks to strengthen the capacity of the Ministry of Tourism, Arts and Culture and tourism businesses to recognize evident climate risk issues in tourism operations and adopt appropriate adaptation measures to address them.	2011-2017	Completed	USD million 2.2	https://open.undp.org/projects/00060884
The World Bank	Climate Change Adaptation Project	The project objective is to demonstrate climate adaptive planning and management through the adoption of a multi-sectoral approach in Addu and Gnaviyani Atolls. Support of the development of ecotourism facilities were part of project component 1.	2015-2018	Completed	USD million 4.2	https://projects.worldbank.org/en/projects-operations/project-detail/P153301

USAID / IUCN	Reefs Generate Environmental and Economic Resiliency for Atoll Ecosystems (REGENERATE)	Project REGENERATE is works towards building capacity for marine management and climate change adaptation of ecosystems, local communities and government in the Maldives.	2013-2022	Ongoing	USD million	8.1	https://www.usaid.gov/sites/default/files/documents/USAID_Maldives_EV_08-2021_-_REGENERATE.pdf
UNDP	Re-Imagining Tourism	Reimagining Tourism in the Maldives - project aims to transform tourism in the Maldives, by diversifying the tourism offer through community-led conservation of natural ecosystems and cultural heritage as a novel tourism product. Regional focus: Laamu Atoll	2021 – 2022	Ongoing	USD 413,000		https://open.undp.org/projects/00133226
GEF / UNEP	Enhancing National Development through Environmentally Resilient Islands (ENDhERI)	This project aims to assist the government of the Maldives in its implementation of new environmental policies and transition towards national adoption of Green Growth atoll development that will sustain marine Natural Capital and strengthen the resilience and recovery of reef ecosystems. Tourism is one of the sectors in focus of the project implemented in the Laamu Atoll.	2020-2024	Ongoing	USD million	3.5	https://www.environment.gov.mv/v2/en/project/12995
GCF / JICA	Building Climate Resilient Safer	This project will enhance coastal management, including the protective functions of natural sandy beaches and coral reefs.		Funding proposal approved	USD million	66	https://www.greenclimate.fund/project/fp165

	Islands in the Maldives	It will do this through integrated coastal zone management, early warning and early action, and knowledge sharing. This project marks the first time such an adaptive beach protection solution will be implemented on public land in the Maldives islands.				
GCF	Tourism Adaptation in the Maldives – TAM (tbd)	Funding proposal was “expected to be submitted in 2021”		Planned	USD 15 million / USD 10 million (est.)	https://www.greenclimate.fund/sites/default/files/document/maldives-country-programme.pdf (p. 49)
GCF / FAO	Supporting smallholder farmers to realize opportunities for linking agriculture to tourism through scaling-up of climate-smart agriculture practices and technologies (FAO)	Funding proposal was “expected to be submitted in 2020”		Planned	USD 11 million / USD 10 million	https://www.greenclimate.fund/sites/default/files/document/maldives-country-programme.pdf (p. 50)

Table 5 Tourism-related donor-funded projects in the Maldives

4 Recommendations

In the following, main recommendations are described that are based on the assessment presented in the previous chapters. The following has been taken into consideration when developing these recommendations:

- The main focus was on recommendations that can be implemented without prohibitively high costs.
- That said, some sound statistical procedures may require investments, especially when they are related to development of new technology. Thus, in selected cases, such recommendations are indicated as well.
- No distinction was made between recommendations on updating of COVID-19 impact monitoring, and general monitoring of tourism. The reason behind this approach is that it is argued that regular sound monitoring is needed, independently of sudden crises. However, there is a strong recommendation to carry out special surveys and studies when crises occur, to complement the regular statistical monitoring.

4.1 Demand side data: recommendations

4.1.1 Tourist arrival numbers derived from border control (Maldives Immigration)

COVID-19 impacts on tourism demand can be relatively well assessed with existing data. Notably, **tourist arrival numbers** appear to be accurate and up to date, since they are being derived from Maldives Immigration's border control posts and mandatory entry online forms.

- ➔ Recommendation: data from the IMUGA system includes more information than visitor numbers and nationalities. It is recommended to make full use of existing data from arrival and notably departure forms, e.g. with regard to places and length of stay, and other tourist behavior patterns.
- ➔ Ideally, this data should be publicly available in anonymized form for analyses, e.g. by businesses or research institutions.

4.1.2 Statistical reports from tourism businesses (MOT)

Reportedly, the level of compliance with the obligation to send monthly statistical reports to MOT varies substantially between different types of establishments. While resorts appear to generally have a high level of compliance, it is much lower in the guesthouse sector due to reasons described in chapter 2.2.1. TIMS is a good step in order to facilitate monthly reporting, but it is apparently still not known amongst all businesses, notably SME.

- ➔ It is recommended to increase communication on the importance and procedures of statistical reporting. In this regard, close cooperation with industry representatives and associations, e.g. MATI or GAM, as well as local councils, is advised.
- ➔ Ideally, electronic submission could be enabled through a mobile app with monthly reminders.
- ➔ Another, although more costly option would be the automatic submission in compliance with existing data protection laws through an online system, e.g. comparable to the eSTATISTIK.core system used in Germany (see below). However, development and implementation of such a system goes beyond the scope of this project, as well as beyond the tourism sector and the responsibility of MOT.

Example: online tool for automatic submission of mandatory statistical data by businesses

.CORE / eSTATISTIK.core (Germany)

.CORE or eSTATISTIK.core is an innovative online reporting procedure of the statistical offices of the German central and state governments, which has been offered for data deliveries to official statistics since 2005 and represents a convenient alternative to paper questionnaires and online questionnaires.

In contrast to reports by means of questionnaires, the data requested by the statistics can be obtained automatically by the companies or public agencies requiring information from their respective software system in electronic form using eSTATISTIK.core. Before transmission, users can usually check the data on the screen to ensure that it is complete and correct. Afterwards, users transmit the data package (XML) via a secure Internet connection to the central data entry of the official statistics. From there, the data delivery is immediately forwarded to the relevant statistical office.

- <https://digitallibrary.un.org/record/541703?ln=en>

- https://www.destatis.de/EN/Service/Reporting-Online/_node.html

4.1.3 Green Tax data (MIRA)

Data on overnight stays provided by MIRA is directly derived from Green Tax payments by tourism facilities. As described above, there are some indications suggesting that compliance with tax obligations differs between subsectors of the tourism industry.

→ Although the topic of tax avoidance goes beyond the scope of this project, it may be worthwhile conducting more in-depth assessments into compliance with existing laws and regulations with regard to the Green Tax.

4.1.4 Visitor survey (MOT)

The visitor survey is a key instrument to provide insights on demand side structures of international tourism in the Maldives. As described in chapter 2.2.1, the methodology, notably the questionnaire design, leaves room for improvement, which could, for the most part, be implemented relatively easily.

- It is recommended to conduct a workshop with representatives of MOT, the consulting company contracted for survey implementation, and other stakeholders, so as to jointly discuss possibilities for improving the methodology (see chapter 0 on capacity building proposals).
- Besides updating the questionnaire, it may be advisable to change the implementation period to a regular monitoring on selected days throughout a full year, rather than conducting two surveys over a two-weeks period. A continuous implementation period does not mean that the number of survey days or the sample size would have to be increased; rather, survey days should be distributed so as to adequately represent relevant seasons, flight arrival patterns, weekdays and weekends, etc.
- If face-to-face surveys could be implemented rather than self-administered questionnaires, this would lead to (a) reduced margins of error due to misunderstandings and allow for (b) more complex questions, e.g. on expenditures. However, it would require higher costs (or smaller sample sizes at similar costs).

4.1.5 Regional statistics

There is a lack of regional statistics, which is problematic, especially with the guesthouse sector experiencing substantial growth. Data on local tourism demand should be available that goes beyond arrivals, overnight stays and occupancy rates. Notably, expenditures, spatial behavior, motivations and more detailed sociodemographic data of visitors should be assessed, so as to develop more detailed visitor profiles for local contexts, and gain more insights into local economic effects of tourism, allowing for, inter alia, a better and more efficient target marketing and product differentiation for local islands.

→ A workshop is recommended to discuss possibilities of improving local or regional tourism statistics, notably with regard to assess regional economic impacts from tourism with the help of regionalized input-output models (see chapter 0).

Economic leakage

The term 'leakage' in tourism contexts refers to the phenomenon that many, specifically luxury tourism products and models are dependent on foreign capital, e.g. for imports or expatriate workforce. Leakage is often described as being specifically high in small island states, due to the lack of resources and thus difficulties to develop integrated local value chains¹.

The Maldives are often referred to as one of the tourist destinations with the highest levels of economic leakage, due to their situation as a small island state as well as the dominant high-end resort tourism model that relies heavily on foreign imports, e.g. for luxury food and beverages. E.g., a study conducted for UNWTO in 2000 estimated import quotas in resorts in the Maldives tourism industry as high as 80% for boarding and lodging, and 98% for beverage sales².

However, the concept of leakage is not uncontested, and some authors argue that leakage tends to be calculated in an in transparent manner, is not specific to the tourism industry, and may often be exaggerated to support general criticism of global capitalist tourism models³. Furthermore, despite significant leakage rates, tourism may in many contexts still represent the most beneficial economic alternative⁴.

Leakage rates are thus difficult to assess, and their practical value for policy makers may be limited. However, specifically at the local level, better insights on intersectoral linkages, value chains and economic impacts would be of great importance to support strategic and sustainable local tourism planning in the Maldives. The recommendations to strengthen regional tourism data and statistics given in this report and in the framework of this project shall be interpreted in this regard.

4.2 Supply side

4.2.1 Specific studies on the guesthouse market and local tourism development

The guesthouse sector has experienced substantial growth over the past years. However, guesthouse development is happening without much strategic planning at local levels, which is mostly related to the laissez-faire approach in existing regulations, whereby every landowner can establish a guesthouse, and licenses can be requested after the development phase. Yet, the guesthouse sector poses specific challenges, as well as opportunities, that are more context-specific than in the case of resorts, and that require sound analysis and planning.

→ It is recommended to conduct local assessments on ecological and socio-cultural carrying capacities for tourism, and more generally on the impacts and contributions of tourism in the local community and environment, which would allow for more sustainable local development, better planning of infrastructure needs, and ensure

¹ E.g., Mowforth, M. & Munt, I. (2016). *Tourism and sustainability. Development, globalization and new tourism in the Third World*. 4th edition. Routledge.

² Firag, I. (2002). Tourism development: an economic perspective. UNWTO (ed.). *The economic impact of tourism in the islands of Asia and the Pacific*. UNWTO. URL: <https://www.e-unwto.org/doi/book/10.18111/9789284405138>

³ E.g., Mitchell, J. & Ashley, C. (2007). 'Leakage' claims: muddled thinking and bad for policy? *Overseas Development Institute: Opinion*, June 2007. URL: https://cdn.odi.org/media/documents/112_TaNwe3I.pdf (accessed 07 June 2022).

⁴ E.g., Sandbrook, C. (2010). Putting leakage in its place: the significance of retained tourism revenue in the local context in rural Uganda. *Journal of International Development* 22, 124-136.

acceptance of tourism on behalf of the local population. MOT may lead this exercise with possible support from development partners.

- ➔ This could be framed under the Measuring the Sustainability of Tourism project¹. UNWTO, in collaboration with the UN Statistics Division, is propelling the development of the Measuring the Sustainability of Tourism (MST) program to provide to all countries in the world a common framework to measure the impacts and contributions of tourism on the economy, society and the environment, at both the national and sub-national levels. The Statistical Framework for MST is a valuable guiding tool for countries to produce credible, comparable and integrated data to better guide decisions and policy with respect to sustainable tourism - including the Sustainable Development Goals.

4.3 Institutional issues

4.3.1 Increase institutional capacity in MOT and MBS, and strengthen efficiency with regard to statistics

Currently, both MBS and MOT, key actors for compilation, analyses and dissemination of statistics, are understaffed. Furthermore, with regard to MOT, there appears to be potential for more efficient use of existing personnel resources.

- ➔ It is required to provide adequate staff numbers for key institutions in charge of statistics and measurements of the tourism industry, the most important economic sector in the Maldives.
- ➔ Some time-consuming activities could be organized more efficiently. E.g., MOT's tourism section currently compiles regular daily reports, which binds resources, but is of questionable value as long as most data is only available at aggregated monthly levels. Based on a first assessment, data in daily reports often does not change, which means that frequency of publication could be reduced so as to free resources for other tasks.

¹ <https://www.unwto.org/standards/measuring-sustainability-tourism>

5 Capacity building

Within the framework of the JICA-UNWTO project, titled “Technical assistance to promote recovery of the tourism activity in the aftermath of the lockdown, regaining consumer confidence and building resilience in the tourism sector in the Republic of Maldives” it is the intention to deliver “workshops/webinars to enhance skills amongst government officials on tourism statistics, impact analysis and market intelligence”. Based on the assessments in this report, the following workshops are being proposed:

5.1 Workshop on exit survey methodology

5.1.1 Rationale

The MOT carries out a biannual exit survey with visitors at Velana International Airport. The survey is comprehensive and exhaustive, with a sample size of at least 1,500 respondents. Topics covered are sociodemographic data, travel behavior (places of stay, etc.), motivation and satisfaction. However, questions related to visitor expenditures are limited, and could be improved in terms of wording and methodology. E.g., visitors are asked for total expenditures, which is difficult to estimate for most visitors. Furthermore, expenditure categories are not fully in line with national accounting economic sectors (such as ISIC), which makes further usage of exit survey data for economic impact assessment difficult, including for the newly-developed Tourism Satellite Account.

5.1.2 Workshop proposal

It is proposed to assess strengths and weaknesses of the current exit survey methodology in a participatory manner, specifically with regard to monitoring of tourist expenditures, and to jointly develop come up with improvements.

5.1.3 Target group

- MOT statistics division
- Maldives Bureau of Statistics
- Possibly: Central Bank/Ministry of Finance, private consulting companies (e.g., CDE Consulting), Maldives Inland Revenue Authority and possible other government entities)

5.1.4 Proposed agenda

- ½ day
- 45 minutes: demand side surveys in tourism – success factors, challenges & best practices
- 45 minutes: assessment of current methodology
- 90 minutes: joint elaboration of methodology for future visitor surveys

5.2 *Workshop on regional economic impact assessment*

5.2.1 Rationale

Decentralization is a political priority of the Maldives. Whereas the traditional resorts-based business model is somewhat independent of local structures, the growing guesthouse, hotel and, since 2022, homestay markets are (and should be) much more interlinked with local economies and communities. Hence, it is necessary to strengthen regional statistics and tourism monitoring.

5.2.2 Workshop proposal

We propose a workshop on regional economic impact assessment for tourism, which relies on an internationally established and proven, yet relatively easy to implement methodology based on regional input-output modeling. In the workshop, the foundations of input-output modeling, methods for regionalization of national input-output tables, and approaches for primary demand-side data collection will be presented and jointly discussed.

5.2.3 Target group

- MOT statistics division
- MOT civil heads
- Maldives Bureau of Statistics
- Possibly: regional stakeholders for pilot region(s) (councils), and possibly other government entities

5.2.4 Proposed agenda

- ½ day
- 60 minutes: input-output modeling & regionalization of IO tables
- 60 minutes: hands-on training on regional input-output modeling with standard software (MS Excel)
- 60 minutes: Q&A, discussion on possibilities for regional economic impact assessment and monitoring for tourism in the Maldives

Annex 1 Background information on existing donor support to the Maldives

A. Major Active External Project Grants of Government of Maldives

Last update: 1 April 2021

No.	Donor	Project	Currency	Grant Amount
1	International Development Association	Accelerating Sustainable Private Investment in Renewable Energy Project (IDA G2250)	USD	2,500,00
2	International Development Association	Accelerating Sustainable Private Investment in Renewable Energy Project (TF 17182)	USD	11,684,00
3	International Development Association	PFM Systems Strengthening Project	USD	6,500,00
4	International Development Association	Additional Financing for the PFM Systems Strengthening Project	XDR	4,200,00
5	International Development Association	Sustainable Fisheries Resources Development Project	USD	18,000,00
6	International Development Association	Maldives Clean Environment Project	USD	17,884,00
7	Japanese Government	Relocation of MBC Antenna (Japan Food Aid Counterpart Funds)	MVR	50,839,74
8	Asian Development Bank	Preparing Outer Island for Sustainable Energy Development Project (MLD-0409)	USD	38,000,00
9	Asian Development Bank	Preparing Outer Island for Sustainable Energy Development Project (MLD-0410)	USD	12,000,00
10	Asian Development Bank/JFJCM	Preparing Outer Island for Sustainable Energy Development Project (MLD-0429)	USD	5,000,00
11	Asian Development Bank	Kulhudhuffushi Harbor Expansion Project	USD	9,690,00
12	Japanese Government/ JICA	Digital Terrestrial Television Broadcasting Network Development Project - ISDBT Project	JPY	2,792,000,0
13	Asian Development Bank	Greater Male' Environmental Improvement and Waste Management Project ((MLD-0580)	USD	33,070,00
14	Asian Development Bank	TA 9543-MLD: Strengthening Capacity for Sustainable Solid Waste Management in the Greater Male Region	USD	500,000
15	Green Climate Fund/United Nations Development	Supporting Vulnerable Communities in Maldives to Manage Climate Change-Induced Water Shortages	USD	23,736,364
16	Asian Development Bank/JFR	Greater Male' Environmental Improvement and Waste Management Project ((MLD-9195)	USD	2,000,00
17	ORIO, Netherlands	Coastal Protection at Gn. Fuvahmulah	USD	10,510,24
18	Indian Government	High Impact Community Development Projects	MVR	106,000,00
19	Indian Government	Grant provided during Visit of External Affairs Minister	MVR	85,000,00
20	Asian Development Bank	National Single Window Project (Grant component)	USD	5,000,00
21	International Development Association	First Fiscal Sustainability and Budget Credibility Development Financing	XDR	7,300,00
22	International Development Association	Development Policy Financing with a Catastrophe Deferred Drawdown Option	XDR	3,700,00
23	European Union	Implement the Nationally Determined Contributions (NDCs) related to Green House Gas emissions in the Maldives	EUR	5,000,00
24	Japanese Government	Economic and Social Development Programme 2019 (1)	JPY	500,000,00
25	Japanese Government	Economic and Social Development Programme 2019 (2)	JPY	500,000,00
26	International Development Association	Maldives Enhancing Employability and Resilience of Youth Grant component	XDR	7,300,00
27	International Development Association	COVID-19 Emergency Response and Health Systems Preparedness Project (Grant No. D5950 MV)*	XDR	2,700,000
28	International Development Association	Maldives Urban Development Resilience Project	XDR	6,000,00
29	Abu Dhabi Fund for Development	Financial Support for Development Process	USD	50,000,00
30	Asian Development Bank	TA Regional Support to address the Outbreak of Coronavirus Disease 2019 and potential outbreaks of other communicable diseases*	USD	798,000

31	Asian Development Bank	Asia Pacific Disaster Response Fund (APDRF) Covid-19 Emergency Response (Grant No. 2007-MLD)*	USD	500,000
32	European Union	Grant Assistance [Tourism Sector - Euro 2 million; Health Sector - Euro 1 million]*	EUR	3,000,00
33	Japanese Government	Emergency Grant to UNICEF and Red Crescent to assist Government of Maldives in efforts to respond to COVID-19* (UNICEF - USD 356,400; Red Crescent - USD 185,000)	USD	541,400
34	United States of America	Grant Assistance (to support economic recovery)*	USD	2,000,000
35	Canada Fund for Local Initiatives	Shelter and provision of basic needs for the homeless and vulnerable communities impacted by Covid-19 in Male', Maldives*	CAD	100,000
36	Japanese Government	Economic and Social Development Programme 2020 (1) - Equipment for Customs (Agent: Crown Agents Japan)	JPY	500,000,000
37	IDA / World Bank	PEF - Pandemic Emergency Financing Facility (amount not known when signed during 2019) - Disbursed funds of USD 0.95 million	USD	952,380.95
38	Japanese Government	Economic and Social Development Programme 2020 (2) - Provision of Medical Equipment (Agent: JICS) - MVR 86.4 million (Items include - 10 bedside X-Ray Machine, 65 bedside monitor, 19 portable Ultra Sound Image System, etc)	JPY	600,000,000
39	International Development Association/ WB	Maldives COVID-19 Emergency Income Support Project (Grant component)	XDR	4,700,00
40	US Agency for International Development (USAID)	Development Objectives Grant Agreement (DOGA) - Amendment#6 [Total amendments now amount to USD 22.244 million) [2009: USD 3 mil, 2020: USD 19.244 mil]	USD	22,244,000
41	Asian Development Bank	Covid-19 Active Response and Expenditure Support (CARES) Program (50% Grant/Loan) - Total: USD 50 million	USD	25,000,000
42	Global Partnership for Education (GPE)	Maldives Learning Advancement and Measurement Project (LAMP) - IBRD/IDA as administrator of GPE Trust Fund	USD	3,100,000
43	Islamic Trade Finance Cooperation (ITFC)	ITFC Sukuk for STO	USD	50,00
44	Japanese Government	Human Resource Development Programme 2020 - Provision of 6 Scholarships per year (for 4 years) -	JPY	128,000,000
45	Asian Development Bank	APDRF - Covid19 Emergency Response Project	USD	1,000,00
46	International Fund for Agriculture Development (IFAD)	Maldives Agribusiness Programme (MAP)	USD	1,215,000
47	Asian Development Bank	TA 6548-MLD: Supporting Capacity for Sustainable Waste-to-Energy Service Delivery	USD	500,00
48	US Agency for International Development (USAID)	Public Financial Management (PFM) Maldives Project	USD	13,700,000
49	Asian Development Bank	Greater Male' Waste to Energy Project	USD	35,180,00
50	Asian Development Bank/ JFJCM	Greater Male' Waste to Energy Project	USD	10,000,00
51	Indian Government	Greater Male' Connectivity Project (Grant contribution)	USD	100,000,00
52	Asian Development Bank	Preparing Outer Islands for Sustainable Energy Development Project - Additional Financing	USD	2,730,00
53	Japanese Government	Economic and Social Development Programme 2020 (3) - Equipment for Coast Guard	JPY	800,000,00
54	Asian Development Bank	TA 6603-MLD: Strengthening Capacity for Design and Implement Energy Sector Projects	USD	500,00
55	International Development Association/ WB	Additional Financing for COVID-19 Emergency Income Support Project	XDR	15,200,00
56	International Development Association/ WB	Accelerating Renewable Energy Integration and Sustainable Energy (ARISE) Project	USD	12,400,00
57	International Development Association/ WB	Accelerating Renewable Energy Integration and Sustainable Energy (ARISE) Project - CTF	USD	7,000,00
58	Japanese Government	Japan's Grant Assistance for Grassroots Human Security Projects - R. Angolhitheem School	USD	81,08
59	Japanese Government	Japan's Grant Assistance for Grassroots Human Security Projects - Ga. Maamendhoo School	USD	90,57

B. United Nations Development Programme (UNDP) Projects in Maldives

Donor	Project	Description
UNDP	Un Coordination Programme In The Maldives	Strengthening of UN Coordination
UNDP	Coordination For Results	The project aims to enhance the strategic positioning of the UN system in supporting the country achieve its national development objectives and meets is international development and human rights objectives. It also aims to promote greater coherence, relevance, effectiveness and efficiency in the UN systems development assistance. This project includes support to national development planning, monitoring achievement of the Millennium Development Goal, aid effectiveness, UN Common Programming, gender and human rights mainstreaming, and implementation of harmonized business processes and common programming processes.
UNDP	Coordination Cap Of The UNCT	The project aims to strengthen the technical and advisory support to the UN Resident Coordinator and the UN Country Team towards more coherent, relevant, effective and efficient development assistance of the UN system in the Maldives
UNDP	Un Coherence Aid Effectiveness And M&E Strengthening	Management Project for UN Development Systems Coordination
UNDP	Un Coherence, Aid Effectiveness	Management Project for UN Development Systems Coordination
UNDP	Hcfc Phase-Out Management Plan For Maldives	Assist Government of Maldives in reducing its consumption and achieving Hydro Chloro Fluoro Carbon (HCFC) phase-out compliance targets with available HCFC free and low Green House Gas (GHG) emission technologies.
UNDP	Hcfc Phase-Out Management Plan	Investment component includes: (1) Recovery and Reclamation Program (2) End-user retrofit pilot incentive scheme
UNDP	Low Emission Climate Resilient Development	The programme will assist the Laamu Atoll and its islands to realize low emission and climate resilient development (LECReD). The programme seeks to mainstream LECReD issues into local level development planning
UNDP	Low Emission Climate Resilient	Project to support low emission climate resilient local development in Maldives. It will achieve this by taking an atoll-based approach, focusing on Laamu Atoll
UNDP	Mangroves For The Future	Project for the implementation of Mangroves for the Future programme in the Maldives
UNDP	Mangroves For The Future	Project for the implementation of Mangroves for the Future programme in the Maldives
UNDP	Communication	This is a management project used for communication and initial pilot of Direct Project Costing
UNDP	Communication	Expenditure relating to Communication, M&E and DPC for Country Office. The Communications function aims to constantly seek ways to maximize its effectiveness

Donor	Project	Description
UNDP	Integrated Governance Programme li	To build a resilient and peaceful democratic society through effective and accountable governance institutions, improved social cohesion and strengthened capacity of civil society to meaningfully participate in the public life
UNDP	Capacity Of Civil Society	Enhancing capacity of civil society to contribute to policy development and democratic discourse.
UNDP	Transparency & Accountability	Targeted interventions with key state institutions and civil society to improve oversight, transparency and accountability of governance processes.
UNDP	Womens Participation	Increased representation and participation of women in areas of governance, civil society and other public spheres, by addressing structural and cultural challenges women face in the society.
UNDP	Strengthened Legal Aid	Creating a legal aid framework to enhance access to justice and protection of human rights.
UNDP	COVID-19response To GBV Prevention	COVID-19 Strengthening institutional capacity to deliver basic social services in support of SDGs
UNDP	Treaty Body Reporting	Support establishment and implementation of a national coordination mechanism for human rights obligations
UNDP	Legal And Justice Sector	Support strengthening functions and capacity of legal & justice sector institutions.
UNDP	Project Management	Programme management includes operational cost structures of the programme on an yearly basis. Programme management reflects staff costs and direct programme costs.
UNDP	Funding Window	Legal aid framework to enhance access to justice and protection of human rights, Institutional capacity to deliver its mandate on areas such as stakeholder engagement, and strengthening functions and capacity of legal & justice sector institutions.
UNDP	Covid-19 Socio Economic Response	COVID 19: (RRF) In support of Maldives COVID 19 Socio Economic Response and Recovery
UNDP	Preventing Violent Extremism	Building social cohesion and tolerance in Maldives. This project seeks to support the Government of Maldives and communities, in creating a peaceful, tolerant and resilient economy; which embraces diversity, youth engagement in community building.
UNDP	Covid19 Emergency Response	UNDP with Ministry of Health to support the national COVID-19 response and management
UNDP	Maldives - Direct Project Costs	Maldives - Direct Project Costs
UNDP	Direct Project Costs	Direct project costs (DPC) - Organizational costs incurred in the implementation of a development activity or service provided by UNDP country offices and HQ units that can be directly traced and attributed to that development activity (projects & programmes) or service.
UNDP	GCF-Managing Climate Change Induced Water Shortages	This project aims to deliver safe and secure freshwater to 105,000 people in the islands of Maldives in the face of climate change risks
UNDP	Management Of Water Shortages	Enabling 49 targeted islands (across 13 atolls) to put in place an integrated water supply system
UNDP	Eliminating Pops Through Sound Management Of Chemicals	Eliminating Persistent Organic Pollutants (POPs) through sound management of chemicals

Donor	Project	Description
UNDP	Eliminating Pops Through Sound	Eliminating Persistent Organic Pollutants (POPs) through sound management of chemicals. The project entails three components including (1) strengthen existing regulations, (2) establish systems for hazardous wastes and (3) monitoring and learning.
UNDP	Fisheries Demonstration Project	The project will identify low GWP (Global Warming Potential) alternatives that can replace HCFC-22 based refrigeration equipment, as well as best practices and policies that can help in reducing use of HCFC-22.
UNDP	Demonstration Project For HCFC	The project will identify low GWP (Global Warming Potential) alternatives that can replace HCFC-22 based refrigeration equipment, as well as best practices and policies that can help in reducing use of HCFC-22.
UNDP	Enhancing Undp Engagement	Engagement Facility for UNDP country office to engage with national partners in the area of Climate Change, Sustainable Development Goals and to strengthen engagement with Private Sector
UNDP	Enhancing Engagement	Designed to Facilitate Engagement with national counterparts; in the areas of resilience, climate change, and partnerships
UNDP	Communication And Initial Pilot Of Direct Project Costing	Direct project costs (DPC) Organizational costs incurred in the implementation of a development activity or service provided by UNDP
UNDP	Direct Project Costs (DPC) - Maldives	Direct project costs (DPC) Organizational costs incurred in the implementation of a development activity or service provided by UNDP
UNDP	National Human Rights Support	The project supports the appointment of one national human rights officer to be placed in the Resident Coordinators Office to Strengthen the capacity of the United Nations Country Team in the promotion, protection of human rights
UNDP	National Human Rights Support	Strengthen the United Nations Country Team in the promotion, protection of human rights
UNDP	Sustainable Economic Empowerment & Development For SMEs	COVID-19 Recovery and Livelihood Programme (JSB) - Sustainable Economic Empowerment and Development for SMEs (SEEDS)
UNDP	Covid-19 Seeds	COVID-19 Recovery and Livelihood Programme (JSB) - Sustainable Economic Empowerment and Development for SMEs (SEEDS)
UNDP	Accelerator Lab - Maldives	Accelerator Labs as the largest will surface and reinforce locally sourced solutions at scale while mobilizing a wide and dynamic partnership of actors contributing knowledge, resources and experience.
UNDP	Accelerator Lab - Maldives	Outputs 1: Increased capability for scanning, sensemaking and experimentation. 2: New sustainable development solutions will be scaled at country level. 3: A global learning and scaling network is established and functioning.
UNDP	Operationalizing Integrated National Financing Framework	Operationalizing Integrated National Financing Framework in the Maldives to prioritize and mobilize financing for Climate Action and Quality Social Service Delivery to accelerate the achievement of Agenda 2030.
UNDP	Operationalizing Integrated Na	Operationalizing an Integrated National Financing Framework (INFF) in the Maldives
UNDP	Reimagining Tourism In The Maldives	Reimagining Tourism in the Maldives - Developing Sustainable and Inclusive Pathways for Enhancing Resiliency

Donor	Project	Description
UNDP	RFF Re-Imagining Tourism	Reimagining Tourism in the Maldives - project aims to transform tourism in the Maldives, by diversifying the tourism offer through community-led conservation of natural ecosystems and cultural heritage as a novel tourism product.
UNDP	Engagement Facility	Organizational support towards Development Outputs
UNDP	Engagement Facility	Engagement Facility in the Maldives in support of the country business plan (2022-2024)
UNDP	Sustainable DRR/CCA And Mitigation In Maldives	The JP aims to anchor Disaster Risk Reduction (DRR) and Climate Change Adaptation (CCA) at the heart of national and subnational development planning to ensure a better achievement of SDGs and Agenda 2030 in the Maldives.
UNDP	Sustainable DRR/CCA And Mitiga	Strengthening National and Subnational Capacity for Sustainable Disaster Risk Reduction, Climate Change Adaptation and Mitigation in Maldives, through development of CCA/DDR tools and capacity building exercises in communities.

Source: <https://open.undp.org/projects>

C. GEF Projects in Maldives

Title	Countries	Focal Areas	Type	Agencies	GEF Grant	Co-financing	Status
Conservation of Atoll Ecosystems through an effectively managed national protected area Estate (CATENATE)	Maldives	Biodiversity	Full-size Project	International Union for Conservation of Nature	2,110,358	7,268,074	Concept Approved
Capacity Strengthening for Improved Transparency of Climate Change Mitigation and Adaptation Actions in the Maldives	Maldives	Climate Change	Medium-size Project	United Nations Environment Programme	1,457,500	440,000	Project Approved
Integrated, Sustainable and Low Emissions Transport in the Maldives	Maldives	Climate Change	Medium-size Project	United Nations Environment Programme	1,826,339	4,408,484	Project Approved
Enhancing National Development through Environmentally Resilient Islands (ENDhERI)	Maldives	Biodiversity	Full-size Project	United Nations Environment Programme	3,532,968	22,934,073	Project Approved
Eliminating POPs through Sound Management of Chemicals	Maldives	Chemicals and Waste	Full-size Project	United Nations Development Programme	3,675,000	59,401,077	Project Approved
Development of a Minamata Initial Assessment in Maldives	Maldives	Chemicals and Waste	Enabling Activity	United Nations Environment Programme	200,000		Completed
Development of a Minamata Initial Assessment in Maldives	Maldives	Chemicals and Waste	Enabling Activity	United Nations Environment Programme	200,000		Project Approved
Enabling Activities to Facilitate Early Action on the Implementation of the Stockholm Convention on POPs	Maldives		Enabling Activity	United Nations Industrial Development Organization	430,000	280,000	Project Approved
Strengthening Low-Carbon Energy Island Strategies	Maldives	Climate Change	Full-size Project	United Nations Environment Programme	3,885,000	34,455,835	Project Approved

Title	Countries	Focal Areas	Type	Agencies	GEF Grant	Co-financing	Status
Increasing Climate Change Resilience of Maldives through Adaptation in the Tourism Sector	Maldives	Climate Change	Medium-size Project	United Nations Development Programme	1,650,438	1,650,438	Completed
Integrating Climate Change Risks into Resilient Island Planning	Maldives	Climate Change	Full-size Project	United Nations Development Programme	4,485,000	4,851,211	Completed
LDC/SIDS Portfolio Project: Building Capacity and Mainstreaming Sustainable Land Management in Maldives	Maldives	Land Degradation	Medium-size Project	United Nations Development Programme	0		Project Approved
National Adaptation Plan of Action	Maldives	Climate Change	Enabling Activity	United Nations Development Programme	200,000		Completed
National Capacity Self-Assessment (NCSA) for Global Environmental Management	Maldives		Enabling Activity	United Nations Development Programme	200,000	50,400	Completed
Atoll Ecosystem-based Conservation of Globally Significant Biological Diversity in the Maldives' Baa Atoll	Maldives	Biodiversity	Full-size Project	United Nations Development Programme	2,370,100	4,653,370	Completed
Renewable Energy Technology Development and Application Project (RETDAP)	Maldives	Climate Change	Medium-size Project	United Nations Development Programme	725,000	2,013,780	Completed
National GHG Inventory and Vulnerability Assessment for the Maldives : A Climate Change Enabling Activity	Maldives	Climate Change	Enabling Activity	United Nations Development Programme	863,600	500,000	Completed
National Biodiversity Conservation Strategy, and Action Plan and Country Report to the CBD	Maldives	Biodiversity	Enabling Activity	United Nations Development Programme	150,680		Completed
Participation in the Clearing House Mechanism of CBD	Maldives	Biodiversity	Enabling Activity	United Nations Development Programme	12,206		Project Approved

D. Green Climate Fund Projects in Pipeline

Donor	Project	Budget/GCF Contribution
Green Climate Fund	Support of Vulnerable Communities in Maldives to Manage Climate Change Induced Water Shortages (UNDP)	USD 28.2M / USD 23.6M
Green Climate Fund	Ecosystem based adaptation through coastal and reef management (ME)	USD 11M / USD 10M (est.)
Green Climate Fund	Enhancing weather and climate monitoring in the Maldives and developing human resource capacity at Maldives Meteorological Service (UNEP)	USD 11.2M / USD 10M (est.)
Green Climate Fund	Assessment of vulnerabilities and risk reduction of health sector to vector borne diseases due to climate change impacts (tbd)	USD 6M / USD 5M (est.)
Green Climate Fund	Enhancing Infrastructure Resilience to Climate Change Impacts (tbd)	USD 205M / USD 155M (tbd)
Green Climate Fund	Strengthening Health Sector Emergency Response to floods and sea swells (tbd)	USD 6M / USD 5M (est.)
Green Climate Fund	Supporting Vulnerable Communities in Maldives to Manage Climate Change-Induced Water Shortages Project, PHASE 2 (tbd)	USD 75M / USD 65M (est.)
Green Climate Fund	Tourism Adaptation in the Maldives – TAM (tbd)	USD 15M / USD 10M (est.)
Green Climate Fund	Coastal protection in vulnerable islands (JICA)	USD 50.2M / USD 42.7M (est.)
Green Climate Fund	Establishing coastal protection measures in small islands with high population density (tbd)	USD 46.4M / USD 37.9M (est.)
Green Climate Fund	Supporting smallholder farmers to realize opportunities for linking agriculture to tourism through scaling-up of climate-smart agriculture practices and technologies (FAO)	USD 11M / USD 10M (est.)
Green Climate Fund	Blue Growth and climate-resilient livelihoods for Maldives Fisheries (FAO)	USD 11M / USD 10M (est.)
Green Climate Fund	Establish Health Care Waste Management systems in health facilities to reduce emissions (tbd)	USD 11M / USD 10M (est.)
Green Climate Fund	Energy Efficient and Climate Proof Assets in the Maldives (ME)	USD 20M / USD 10M (est.)
Green Climate Fund	Deployment of clean Energy in the outer islands of the Maldives (tbd)	USD 46.5M / USD 24M (est.)
Green Climate Fund	Identification of Disaster-Prone Zones in Maldives' Islands for Land Use and Adaptation Planning	USD 20M / USD 10M (est.)
Green Climate Fund	Piloting a Holistic Low Emission and Climate Resilient Mobility Network - Pilot HOMNET (tbd)	USD 10M / USD 10M (est.)
Green Climate Fund	Building resilient communities to climate change by using the "Preston Model" of innovative public procurement (tbd)	USD 10M / USD 10M (est.)
Green Climate Fund	Development of a sustainable finance centre for the Maldives and cooperation with the wider Indian Ocean region (tbd)	USD 10M / USD 10M (est.)
Green Climate Fund	Development of Hulhumale as a model Climate Resilient Smart Island (tbd)	USD 10M / USD 10M (est.)
Green Climate Fund	Generation of wave energy combined with coastal protection (tbd)	TBD
Green Climate Fund	Development of vertical farming (tbd)	TBD

Source: <https://www.greenclimate.fund/sites/default/files/document/maldives-country-programme.pdf>
<http://www.environment.gov.mv/v2/wp-content/files/publications/20210228-pub-sust-consrv-financing-in-maldives.pdf>

E. UNDP Projects in Maldives

Donor	Project	Year	Source/Link
World Bank	Climate Change Adaptation Project	2014-2018	
World Bank	Enhancing Education Development Project	2013-2018	
World Bank	Public Financial Management (PFM) Systems Strengthening Project	2014-2019	
World Bank	Accelerating Sustainable Private Investments in Renewable Energy (Aspire) Program	2014-2019	https://documents.worldbank.org/en/publication/documents-reports/documentdetail/402251468300650153/maldives-accelerating-sustainable-private-investments-in-renewable-energy-aspire-project
World Bank	Fuvahmulah and Hithadhoo Climate Change Adaptation Project	2019	https://documents1.worldbank.org/curated/en/408441551394380744/pdf/Implementation-Completion-and-Results-Report-ICR-Document-Climate-Change-Adaptation-Project-P153301.pdf
World Bank	Unemployment Insurance Scheme and Employment Services Scheme	2022	https://avas.mv/en/118530
OPEC Fund	Water and Sanitization - Outer Island Harbour Systems, Water Supply and Sewerage Facilities	2020	https://opecfund.org/news/more-progress-in-the-maldives
IMF	Public Investment Management Assessment (PIMA)	2016	https://infrastructuregovern.imf.org/content/PIMA/Home/Region-and-Country-Information/Countries/Maldives.html
IMF	Strengthening Budget Formulation and Public Investment Management (PIM)	2018	
IMF	Strengthening PIM	2018	
IMF	Developing project appraisal guidelines and a project monitoring tool	2018	
IMF	Review of PIM	2019	
IMF	Public Investment Management Assessment (PIMA)	2016-2019	
ADFD Abu Dhabi Fund for Development	Waste to Energy Project	2015	https://www.adfd.ae/english/Countries/Pages/countrydetails_new.aspx?32
ADFD Abu Dhabi Fund for Development	Velana International Airport Developments	2017	
ADFD Abu Dhabi Fund for Development	Balance of Payments Support	2017	
ADFD Abu Dhabi Fund for Development	Maafaru Airport Development	2018	

Donor	Project	Year	Source/Link
IUCN	REGENERATE Project for Management of South Ari Atoll Marine Protected Area (SAMPA)	2014	
Maldives Climate Change Trust Fund	Solid Waste Management Project	2009-2015	http://transparency.mv/wp-content/uploads/2013/12/ASSESSMENT-OF-CLIMATE-FINANCE-IN-MALDIVES.pdf
Maldives Climate Change Trust Fund	Clean Energy for Climate Mitigation (CECM)	2009-2015	
Maldives Climate Change Trust Fund	Wetlands Conservation and Coral Reef Monitoring Project (WCCM)	2009-2015	
Climate Investment Fund (CIF)	Scaling Up Renewable Energy Program in Low Income Countries (SREP)	2013-2017	
Climate Investment Fund (CIF)	Maldives Environment Management Project-MEMP - Regional Solid Waste Management System in North	2008-2014	
Adaptation Fund (AF)	Increasing climate resilience through an Integrated Water Resource Management Programme in HA. Ihavandhoo, ADh. Mahibadhoo and GDh. Gadhdhoo Island	2012-2014	
ADB	ADB Energy Regulatory Technical Assistance	2012	
ADB	Preparing Outer Islands for Sustainable Energy Development (Linked to SREP IP)	2013-2017	
ADB	Regional Development Project Phase 2 Environmental		
MF	Multilateral Fund for the Implementation of the Montreal Protocol	2011-2020	
USAID	Project Regenerate in Maldives (Reefs Generate Environmental and Economic Resiliency for Atoll Ecosystems)2013-2022		https://www.iucn.org/regions/asia/countries/maldives/usaids-project-regenerate-maldives

F. List of Funds Finance Ministry

Cash Grants	Trust Fund
Government Abu Dhabi	Ahdana Trust Fund
A.D.B	Agriculture Trust Fund
A.D.B.C	Arts Development Fund
A.F.C	B. Atoll Conservation Fund
A.F.D	Beyas Nubeyas Trust Fund (Catch or no catch Trust Fund)
A.F.D.P	Civil Aviation Trust Fund
Asia Pacific Forum	Religious Service Trust Fund
Government of Australia	Fisheries Trust Fund
British Council UK	Government of Maldives
Government of Belgium	Housing Development Fund
Government of Brunei	Higher Education Trust Fund
Government of Canada	Heritage Trust Fund
Commonwealth	I.C.T Trust Fund
Government of Denmark	World Bank
Government of Denmark	EFAAD
D.I.D UK	Children's' and special care Trust Fund
Government of Egypt	Service Benefit Trust Fund
E.I.B	Local Council Trust Fund
European Union	Muliage Trust Fund
F.A.O	Mosque Waqf Fund
F.B.O	Drug Control Trust Fund
Fund Raising Activities	MIVET Trust Fund
G.E.F	Renewable Energy Trust fund
Government of Germany	School Fund
Global Fund	SME Development Fund
Local Parties	SME Financial Support Fund
G.D.S	Health service Fund

Cash Grants	Trust Fund
I.B.O	Social Safety Assistance fund
World Bank	17th SARC Fund
I.D.B	MNDF welfare fund
EFAAD	Tourism Activities Help Fund
I.F.R.C	Educational Fund
I.O.L	Zakat Fund

Source: Ministry of Finance, Maldives

G. Active External Loans

As of 31 December 2021

No	Loan Date	Creditor	Project	Currency	Amount	Implementation Status
1	1979/06/04	International Development Association/World Bank	First Fisheries Project	USD	2,481,158.54	Completed
2	1983/02/11	International Fund for Agricultural Development	Second Fisheries Project	XDR	1,717,746.67	Completed
3	1983/02/18	International Development Association/World Bank	Second Fisheries Project	XDR	4,732,051.30	Completed
4	1985/07/13	U.S. Agency for International Development	Balance of Payment/Food Imports	USD	1,494,462.61	Completed
5	1986/08/25	U.S. Agency for International Development	Balance of Payment Support	USD	722,827.30	Completed
6	1987/08/18	U.S. Agency for International Development	Balance of Payment Support	USD	497,229.72	Completed
7	1989/03/23	International Development Association/World Bank	Education and Training Project	XDR	5,799,930.57	Completed
8	1990/01/25	International Fund for Agricultural Development	Atolls Credit and Development Banking Project	XDR	2,263,083.51	Completed
9	1990/07/11	International Development Association/World Bank	Airport Extension Project	XDR	5,733,782.20	Completed
10	1992/04/20	International Development Association/World Bank	Third Fisheries Project	XDR	6,552,141.92	Completed
11	1992/04/24	Nordic Development Fund	Third Fisheries Project	EUR	4,111,682.90	Completed
12	1994/05/25	Islamic Development Bank	Vilingili Water Supply Project	XDR	1,458,110.22	Completed
13	1995/05/01	International Development Association/World Bank	Second Education and Training Project	XDR	9,300,000.00	Completed
14	1995/05/02	Nordic Development Fund	Male' Water and Sewerage Project	EUR	2,115,090.00	Completed
15	1995/06/05	Islamic Development Bank	Regional Secondary School	XDR	1,610,768.82	Completed
16	1995/11/29	Islamic Development Bank	Four Regional Hospitals Project	XDR	2,328,715.96	Completed
17	1995/12/14	International Fund for Agricultural Development	Southern Atolls Development Project	XDR	1,712,704.77	Completed
18	1997/06/15	Islamic Development Bank	Malé Primary School	XDR	2,990,208.07	Completed
19	1998/03/24	Nordic Development Fund	Third Power Systems Project	EUR	4,700,200.01	Completed

No	Loan Date	Creditor	Project	Currency	Amount	Implementation Status
20	1999/06/14	Saudi Fund for Development	Airport Upgrading Project Phase IV	SAR	16,654,164.46	Completed
21	1999/08/07	Islamic Development Bank	Construction of Institute of Health Sciences Project	XDR	2,128,221.25	Completed
22	1999/10/24	Kuwait Fund for Arab Economic Development	Maldives Ports Development Project	KWD	4,492,460.14	Completed
23	2000/04/25	International Development Association/World Bank	Third Education and Training Project	XDR	12,047,706.66	Completed
24	2000/12/18	Islamic Development Bank	Gan Hithadhoo Link Road Project	XDR	3,025,999.81	Completed
25	2000/12/18	Islamic Development Bank	Vilingili Harbor Project	XDR	3,316,604.75	Completed
26	2001/08/02	Government of Belgium	Hulhumalé Reclamation and Social Housing	EUR	3,598,583.99	Completed
27	2001/10/31	Islamic Development Bank	Health and Education Project Phase 1 and 2	XDR	2,262,057.81	Completed
28	2002/10/23	Islamic Development Bank	Gan/Hithadhoo Link Road Phase II	XDR	1,577,000.00	Completed
29	2004/07/26	Islamic Development Bank	Atoll Social Infrastructure Development	XDR	221,639.79	Completed
30	2004/10/04	International Development Association/World Bank	Integrated Human Development Project	XDR	6,864,570.33	Completed
31	2005/03/17	International Development Association/World Bank	Post Tsunami Recovery and Reconstruction Project	XDR	5,599,676.70	Completed
32	2005/09/14	Islamic Development Bank	The Micro Finance Project to the Bank of Maldives	XDR	1,970,992.73	Completed
33	2005/09/25	International Fund for Agricultural Development	Post Tsunami Agricultural and Fisheries Rehabilitation Programme	XDR	1,398,786.85	Completed
34	2005/11/08	Kuwait Fund for Arab Economic Development	Rehabilitation of Tsunami Damaged Utilities	KWD	2,455,619.19	Completed
35	2006/06/28	International Fund for Agricultural Development	Post Tsunami Agricultural and Fisheries Rehabilitation Programme	XDR	1,400,644.02	Completed
36	2006/07/05	Japan International Cooperation Agency	Tsunami Reconstruction Project	JPY	2,616,198,534.00	Completed
37	2006/10/26	Saudi Fund for Development	Reconstruction and Development of GA. Atoll	SAR	45,000,000.00	Completed
38	2007/08/29	Asian Development Bank	Domestic Maritime Transport Project	XDR	3,261,587.84	Completed
39	2007/12/09	Islamic Development Bank	Reconstruction of Housing Units for the Tsunami Victims Project	XDR	4,234,268.94	Completed
40	2008/02/15	Asian Development Bank	Male' Ports Project Phase 1	XDR	3,988,438.21	Completed
41	2008/02/18	Islamic Development Bank	Construction of Harbors for Tsunami Victims J	USD	5,325,091.87	Completed
42	2008/03/01	Asian Development Bank	Regional Development Project	XDR	4,854,708.51	Completed
43	2008/03/01	Asian Development Bank	Employment Skills Training Project	XDR	3,002,223.99	Completed

No	Loan Date	Creditor	Project	Currency	Amount	Implementation Status
44	2008/04/01	Asian Development Bank	Inter-Island Transport Project	XDR	242,163.26	Completed
45	2008/04/01	Asian Development Bank	Multi-Project	XDR	1,410,633.06	Completed
46	2008/04/01	Asian Development Bank	Second Power Systems Development Project	XDR	5,546,710.81	Completed
47	2008/04/01	Asian Development Bank	Male' Power Project	XDR	3,665,596.43	Completed
48	2008/04/01	Asian Development Bank	Regional Development Project Phase 2	XDR	3,457,081.29	Completed
49	2008/04/02	International Fund for Agricultural Development	Fisheries and Agriculture Diversification Programme	XDR	2,350,000.00	Completed
50	2008/04/12	The OPEC Fund for International Development	Construction of Harbors for Tsunami Victims	USD	5,549,260.03	Completed
51	2008/04/15	Asian Development Bank	Second Male' Port Project	XDR	4,857,508.33	Completed
52	2008/06/09	Agence Française de Développement	Rehabilitation of Harbors and Creation of Sewerage Networks	EUR	14,868,700.87	Completed
53	2008/06/23	International Development Association/World Bank	Mobile Phone Banking Project	XDR	3,766,176.98	Completed
54	2008/07/15	Asian Development Bank	Tsunami Emergency Assistance Project	XDR	1,188,000.00	Completed
55	2008/08/01	Asian Development Bank	Third Power Systems Development Project	XDR	4,901,776.84	Completed
56	2008/08/01	Asian Development Bank	Post Secondary Education Development Project	XDR	4,561,270.65	Completed
57	2008/08/01	Asian Development Bank	Information Technology Development	XDR	6,914,158.34	Completed
58	2008/08/01	Asian Development Bank	Outer Islands Electrification	XDR	6,286,237.06	Completed
59	2008/09/04	International Development Association/World Bank	Maldives Environment Management Project	XDR	7,999,863.32	Completed
60	2009/01/13	Asian Development Bank	Private Sector Development Project	XDR	4,053,751.37	Completed
61	2009/08/12	International Development Association/World Bank	Pension and Social Protection Administration Project	XDR	2,598,959.34	Completed
62	2009/09/24	Saudi Fund for Development	Reconstruction of Fishing Harbors in Maldives	SAR	56,250,000.00	Completed
63	2010/03/18	Asian Development Bank	Economic Recovery Program	XDR	21,912,000.00	Completed
64	2010/03/28	International Development Association/World Bank	Economic Stabilization and Recovery Credit	XDR	8,500,000.00	Completed
65	2010/08/30	The Export Import Bank of China	Development of 1000 Housing Units in Hulhumalé'	CNY	481,000,000.00	Completed
66	2010/09/16	Saudi Fund for Development	Reconstruction and Development of G.A Atoll Project	SAR	30,000,000.00	Ongoing
67	2011/08/12	The Export Import Bank of India	Construction of 485 Housing units in Maldives	USD	40,000,000.00	Ongoing

No	Loan Date	Creditor	Project	Currency	Amount	Implementation Status
68	2011/11/21	Saudi Fund for Development	Seenu Hithadhoo regional hospital project	SAR	47,000,000.00	Ongoing
69	2012/09/02	The Export Import Bank of China	Development of 1500 housing units in Maldives	CNY	982,500,000.00	Completed
70	2012/09/20	Asian Development Bank	Micro, Small and Medium -sized Enterprise development project	XDR	1,877,901.65	Completed
71	2012/10/17	The OPEC Fund for International Development	Seenu Hithadhoo regional hospital	USD	8,400,000.00	Ongoing
72	2013/04/28	Islamic Development Bank	Micro enterprise development project	XDR	6,870,000.00	Ongoing
73	2013/09/26	Islamic Development Bank	Sanitation project in Five Island (Loan Agreement)	XDR	4,600,000.00	Ongoing
74	2013/09/26	Islamic Development Bank	Sanitation project in Five Island project (Isthisna Agreement)	XDR	5,270,000.00	Ongoing
75	2014/01/27	Islamic Development Bank	Reconstruction of Harbors project phase II (Loan Agreement)	XDR	5,300,000.00	Ongoing
76	2014/01/27	Islamic Development Bank	Reconstruction of Harbors project phase II(Isthisna Agreement)	USD	12,000,000.00	Ongoing
77	2014/01/28	Kuwait Fund for Arab Economic Development	Development of water supply and sewerage facilities project in Fuvahmulah island	KWD	3,200,000.00	Ongoing
78	2014/02/28	The OPEC Fund for International Development	Outer islands water supply and sewerage facilities project	USD	20,000,000.00	Completed
79	2015/06/22	Abu Dhabi Fund for Arab Economic Development	Small Scale Waste to Energy Project	AED	22,038,000.00	Ongoing
80	2015/07/02	The OPEC Fund for International Development	Provision of Water Supply, Sanitation and Solid Waste Management Project	USD	50,000,000.00	Ongoing
81	2015/09/14	Saudi Fund for Development	Development of Hulhumalé' Island	SAR	300,000,000.00	Ongoing
82	2015/12/28	The Export Import Bank of China	Expansion and Upgrading of Ibrahim Nasir International Airport in Hulhule'	USD	373,838,500.00	Ongoing
83	2016/03/08	European Investment Bank	Maldives Sustainable Energy Development Project	EUR	45,000,000.00	Ongoing
84	2016/07/14	The Export Import Bank of China	China Maldives Friendship Bridge project	CNY	455,600,000.00	Completed
85	2016/08/09	Kuwait Fund for Arab Economic Development	Expansion and Upgrading of Ibrahim Nasir International Airport	KWD	15,000,000.00	Ongoing
86	2016/09/26	Saudi Fund for Development	Ibrahim Nasir Airport Upgrade Project	SAR	375,000,000.00	Ongoing
87	2016/12/18	The OPEC Fund for International Development	Development of the Ibrahim Nasir International Airport Project	USD	50,000,000.00	Ongoing
88	2017/05/31	Bond Holders	Sunny Side Bond	USD	250,000,000.00	Completed
89	2017/07/13	Kuwait Fund for Arab Economic Development	Fuvahmulah Eastern Coastal Protection Project	KWD	3,600,000.00	Ongoing
90	2017/10/17	Abu Dhabi Fund for Arab Economic Development	Velana International Airport Project	AED	183,650,000.00	Ongoing

No	Loan Date	Creditor	Project	Currency	Amount	Implementation Status
91	2018/04/24	First Abu Dhabi Bank	Project Ishraq	USD	100,000,000.00	Completed
92	2018/07/31	International Development Association/World Bank	Additional Financing for Public Finance Management	XDR	4,200,000.00	Ongoing
93	2019/03/18	The Export Import Bank of India	Dollar Credit Line Agreement	USD	800,000,000.00	Ongoing
94	2019/06/17	Asian Development Bank	South Asia Sub regional Economic Corporation National Single Window Project	USD	5,000,000.00	Ongoing
95	2019/07/25	International Development Association	Maldives Enhancing Employability and Resilience of Youth	XDR	7,300,000.00	Ongoing
96	2019/08/20	International Development Association	Development Policy Financing with a Catastrophe Deferred Drawdown Option	XDR	3,700,000.00	Ongoing
97	2019/08/20	International Development Association	First Fiscal Sustainability and Budget Credibility Development Policy Financing	XDR	7,300,000.00	Ongoing
98	2020/01/16	The OPEC Fund for International Development	Outer Islands Harbors, Water Supply and Sewerage Facilities Project	USD	50,000,000.00	Ongoing
99	2020/04/03	International Development Association	COVID-19 Emergency Response and Health Systems Preparedness Project	XDR	2,700,000.00	Ongoing
100	2020/04/29	International Development Association	Maldives Urban Development and Resilience Project	XDR	6,000,000.00	Ongoing
101	2020/05/21	Islamic Development Bank	COVID-19 Amendment to Isthisna Agreement and its related Agency Agreement	USD	594,000.00	Ongoing
102	2020/06/09	The OPEC Fund for International Development	Public Sector Investment Program Budgetary Support Loan	USD	20,000,000.00	Ongoing
103	2020/06/13	International Development Association	COVID-19 Emergency Income Support Project	XDR	4,700,000.00	Ongoing
104	2020/06/15	European Investment Bank	COVID-19 Rapid Response to Maldives	EUR	20,000,000.00	Ongoing
105	2020/06/28	Asian Development Bank	COVID-19 Active Response and Expenditure Support Program	USD	25,000,000.00	Ongoing
106	2020/06/04	Saudi Fund for Development	Fisheries Sector Development Project	SAR	93,750,000.00	Ongoing
107	2020/06/04	Saudi Fund for Development	Affordable Housing Scheme Project	SAR	93,750,000.00	Ongoing
108	2020/07/06	Islamic Development Bank	Emergency Response to COVID-19 Pandemic Phase 2	USD	20,000,000.00	Ongoing
109	2020/07/08	Asian Infrastructure Investment Bank	COVID-19 Emergency Response and Health Systems Preparedness Project	USD	7,300,000.00	Ongoing
110	2020/08/20	International Fund for Agricultural Development	Maldives Agribusiness Program	USD	3,285,000.00	Ongoing
111	2020/09/30	Japan International Cooperation Agency	COVID-19 Crisis Response Emergency Support Loan	JPY	5,000,000,000.00	Ongoing
112	2020/09/28	Asian Development Bank	Greater Male' Waste to Energy Project	USD	38,210,000.00	Ongoing

No	Loan Date	Creditor	Project	Currency	Amount	Implementation Status
113	2020/09/29	Asian Infrastructure Investment Bank	Greater Male' Waste to Energy Project	USD	40,000,000.00	Ongoing
114	2020/10/12	The Export Import Bank of India	Greater Male' Connectivity Project	USD	400,000,000.00	Ongoing
115	2020/11/16	Asian Development Bank	Preparing Outer Island for Sustainable Energy Development Project - Additional Financing	XDR	5,502,000.00	Ongoing
116	2021/02/21	The Export Import Bank of India	Dollar Credit Line Agreement	USD	50,000,000.00	Ongoing
117	2021/03/02	International Development Association / Clean Technology Fund	Accelerating Renewable Energy Integration and Sustainable Energy Project	USD	23,000,000.00	Ongoing
118	2021/03/17	Asian Infrastructure Investment Bank	Maldives Solar Development and Energy Storage Solutions Project	USD	20,000,000.00	Ongoing
119	2021/04/30	Bond Holders	Sukuk Programme - 1st Issuance	USD	500,000,000.00	Ongoing
120	2021/07/12	Kuwait Fund for Arab Economic Development	Second Loan for the Financing of Expansion and Upgrading of Velana International Airport Project	KWD	15,000,000.00	Ongoing
121	2021/09/02	The Export Import Bank of India	Development of Sports Infrastructure Project	USD	40,000,000.00	Ongoing
122	2021/09/29	European Investment Bank	COVID-19 Rapid Response to Maldives 2	EUR	20,000,000.00	Ongoing
123	2021/12/09	Abu Dhabi Fund for Arab Economic Development	Converting Waste to Energy in Addu City Project	AED	51,422,000.00	Ongoing

Prepared by: Debt Management Department

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Attachment 2: Benchmark analysis of tourism recovery measures

The present benchmark analysis about tourism recovery measures focuses on measures that were introduced to reduce COVID-19 cases as well as on direct tourism industry support measures in the selected countries. The benchmarked countries, spread over three regions (Africa, Caribbean, Europe), have been selected thoroughly based on the following criteria:

Benchmarking selection criteria:

Table 1 Benchmarking selection criteria

Criteria / countries	Dominican Republic	Italy	Seychelles
Top demand market in Maldives		X	
Top regional competitor destination			X
Top international tourism destination (UNWTO 2021)	X	X	X
Notable recovery of the national tourism industry	X	X	X
Island destination	X		X
High contribution of tourism to GDP	X	X	X

Main observations for each of the criteria are presented below.

Top demand market in the Maldives:

Italy represents one of the main source markets for international tourism in the Maldives since tourism started. Historically, it has always been one of the most successful markets from Europe. The standards and measures adopted in Italy to face the COVID-19 situation are the “new normal to which its citizens are now used to and, presumably, search for when traveling abroad. It is important to include one top inbound market in this analysis to draw conclusions of whether the recovery measures imposed in a demand market can influence its outbound travel behaviour.

According to data from the Maldives Ministry of Tourism, in 2019, Italian visitors had a share of 8%, and in 2020, it was the 4th most important market with a share of 8.4%. In 2021, Italy ranked 10th with a market share of 2.1% for the Maldives.

Top regional competitor destination:

The Seychelles is one of the main competing destinations in the Indian ocean for the Maldives. Its main markets in 2021 were Russia, UAE, Israel, Germany, and France. Hence, the source markets are very similar to the biggest markets of the Maldives (Germany, France and Russia are among the top 7 markets in the Maldives).¹ It is relevant to understand how this country has approached its “post-COVID” recovery by reviewing their policies implemented to help the tourism sector recover. Although the Seychelles have not recovered as well as the Maldives, it is still a benchmark to see the positive impacts of decisions taken by the Government.

Top international tourist destination (UNWTO 2021):

All three selected countries have had a reduced number of visitors in 2021 compared to in 2019 due to the ongoing slow recovery of the global tourism industry. However, they can be regarded as top international tourist destinations at the moment as their recovery shows positive results. In comparison to other markets such as South-East Asia or Australia the early opening policies taken by the analysed countries showed a positive impact for tourist arrivals, tourism sector employment and the return of related tourism businesses.

In addition, Italy has launched a successful campaign for domestic tourism which showed very positive results. In absence of the traditionally big inbound markets such as China and USA² the Italians helped their own tourism industry to recover substantially in the beginning of summer 2020.

Notable recovery of the national tourism industry:

All three selected countries have shown a notable recovery of the respective tourism industry. The Dominican Republic has shown one of the best recovery statistics among all countries in the Caribbean region, being most successful in limiting the dramatic fall of international tourist arrivals worldwide caused by COVID-19.

Italy is a leading tourist destination in the world (95 million tourists in 2019, ranking 6th) and managed to introduce a complex mix of measures regarding the tourism value chain to face COVID-19 and which permitted to partially recover in terms of international tourist arrivals between 2020 and 2021. In fact, Italy was among the first countries in 2020 to introduce specific requirements and guidelines to reduce the spread of COVID-19 in the tourism industry. These pre-standard requirements were then adopted at European level and have been used across all the EU member States. By introducing these guidelines, Italy was able to restart the

1 Source: <https://www.nation.sc/articles/12006/2021-visitor-arrivals-surpass-2020-figures>, retrieved in February 2022.

2 Source: <https://italiaindati.com/turismo-in-italia/>, retrieved in February 2022. In 2019 the US market ranked 2nd with more than 6 mio arrivals, China ranked 5th with over 3.1 mio arrivals.

tourism season in 2021, partially recovering from the losses of more than 60% in tourist arrivals and over EUR 120 billion recorded in 2020.³

The Seychelles have managed a steep recovery from spring 2021 onwards. In fact, arrival data shows that in May 2021, the drop compared with 2019 was -30% while it was -37% in the Maldives in the same month. The main reason was the reopening policy for international tourists from all countries which was introduced in March 2021. 578 out of 720 tourist accommodation establishments were certified COVID-safe at the time, allowing a 100% occupancy rate of the structures.

Table 2 UNWTO Tourism dashboard: Arrival numbers 2021 vs. 2019

2021	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD% 2019/2021
Dom. Rep	-44%	-26%	-21%	-5%	-4%	13%	19%	12%	17%	-23%
Seychelles	-62%	-30%	-48%	-31%	-42%	-33%	-25%	-29%	-37%	-52%
Italy	-88%	-83%	-72%	-63%	-37%	-32%				-64%
Maldives	-44%	-37%	-51%	-23%	3%	-2%	0%	5%	-4%	-22%

Source: UNWTO dashboard

The table above shows the percentage share of arrival numbers in the months of April to December of 2021 in comparison to 2019. The data is taken from the UNWTO tourism dashboard.⁴ It shows the visitor statistics from the three selected countries for the benchmark analysis and the numbers for the Maldives in comparison.

According to the data, the Maldives had the best results with -22% or arrivals, followed by the Dominican Republic with -23%. The Seychelles and Italy suffered especially in the winter/early spring months with a negative balance but showed better recovery from the summer onwards.

³ Source: ISTAT, 2021

⁴ Source: <https://www.unwto.org/unwto-tourism-dashboard>, retrieved in February 2022.

Table 3 UNWTO Tourism dashboard: tourism receipts 2020,2021 vs. 2019

Country / tourism receipts	2020	2021
Dom. Rep	-64%	-34%
Seychelles	-62%	-58%
Italy	-61%	-52%
Maldives	-56%	No data

Source: UNWTO dashboard

The table above shows the data for tourism receipts in 2020 and 2021 compared with 2019. Unfortunately, no data is available for the Maldives on the UNWTO dashboard for 2020 and 2021, thus data has been derived from other sources⁵. The most significant information that can be gathered from the table is the number about tourism receipts in Italy in 2021. While the overall loss of tourist arrivals was -64%, the tourism receipts were only reduced by -52% in 2021.

In the Dominican Republic and the Seychelles, the loss of tourism receipts was higher than the loss of international tourist arrivals. This is maybe due to prices for accommodation and other services that were significantly reduced to lure visitors to the countries.

High contribution of tourism to GDP

The contribution of the tourism sector to the national GDP in the Dominican Republic was 17% in 2019. The country is very rich in natural resources and has a strong agricultural sector which feeds in very much into the tourism industry.

In 2019, the contribution of the tourism sector the national GDP in Italy was 13.3% which is a considerable important number for a highly industrialized country in Europe.

The Seychelles is highly dependent on tourism, similarly to the Maldives. Before the COVID-19 crisis, its tourism industry contributed around 65% to the national GDP.

The following key actions that were taken by the respective governments to help the tourism sector recover were chosen for the analysis:

⁵ Source: data.worldbank.org

Table 4 Key actions by select governments on tourism recovery

Actions / countries	Dominican Republic	Italy	Seychelles
Open to tourists	X	X	X
High vaccination rate	X	X	X
Travel stimulation	X	X	X
COVID-19 travel corridor	X	X	X

Open to tourists:

All selected countries opened for international tourism within 2020 based on certain criteria. The most important measures taken by each country are described in the following.

The Dominican Republic opened its borders for international arrivals on July 1st, 2020. Entry was possible with a negative PCR test or a vaccination card, but it was not obligatory for everyone to show such documents. Most travellers (mainly from North- and South American countries) did not need to show a negative PCR test on arrival. At the border / airports random tests were carried out only with travellers that showed symptoms or that were not able to show a vaccination card or negative test. As of February 16, 2022, all restrictive measures imposed by COVID-19 have been suspended, and all hotels are allowed to run on a 100% occupancy.

The Seychelles opened to international tourists on August 1st, 2020, with certain restrictions, e.g., quarantine in a designated hotel upon arrival. On March 25th, 2021, this policy was lifted, and travel to all 115 islands was allowed. This step was taken as Seychelles expected to reach herd immunity against the virus.⁶ Since November 2021, visitors from all countries, including India,⁷ were allowed to spend their holidays on the islands without quarantine.

Italy opened its borders to visitors from EU countries on June 3rd, 2020, without quarantine but with a negative test result.⁸ In early 2021, Italy's borders were opened for non-EU countries based on various criteria.

However, leisure travel was allowed from/to Aruba, Cuba, Dominican Republic, French Polynesia, Maldives, Mauritius, Oman, Phuket (Thailand), Seychelles, Sharm El Sheikh and Marsa Alam (Egypt), Singapore and Turkey on "COVID-free touristic corridors."

⁶Source: <https://www.euronews.com/travel/2021/03/17/seychelles-opening-to-tourists-after-becoming-first-country-to-achieve-herd-immunity>, retrieved in February 2022.

⁷Source: <https://timesofindia.indiatimes.com/travel/travel-news/seychelles-lifts-bans-on-indian-travellers/as87682399.cms>, retrieved in February 2022

⁸ Source: <https://www.schengenvisainfo.com/news/june-3-italy-reopens-for-tourists-from-eu/>, retrieved in February 2022.

Italian regions have been graded by their infection and hospitalization rates, ranging from white (lowest risk) through yellow and amber to red (highest risk). The zoning rules have changed for 2022, meaning that the previous severe restrictions of orange and red zones are a thing of the past.

The larger islands in Italy, such as Sardinia and Sicily, were allowed to set their own restrictions on top of the Government imposed COVID-19 regulations. This included the opening hours of nightclubs, bars and restaurants, the occupancy rate of accommodation facilities, and public transportation. Moreover, the islands could decide autonomously on testing regulations for inbound travellers.⁹

High vaccination rate:

All selected countries show a relatively high COVID-19 vaccination rate of its population with respect to their continental location. As of February 24, 2022, 81% were fully vaccinated in the Seychelles and 78% in Italy. The Maldives registers one of the highest vaccination rates in the larger south and south-east Asian regions with 68%. The same applies to the Dominican Republic, which shows one of the highest vaccination rates among the Caribbean islands with 53%. The highest rate in the Caribbean is documented in Cuba (87%) and the lowest in Haiti (1.3%).¹⁰

⁹ Source: <https://www.thelocal.it/20210716/sardinia-considers-requiring-covid-19-tests-for-tourists-as-italian-islands-infections-soar/>, retrieved in February 2022.

¹⁰ Source: <https://ourworldindata.org/covid-vaccinations>, retrieved in February 2022.

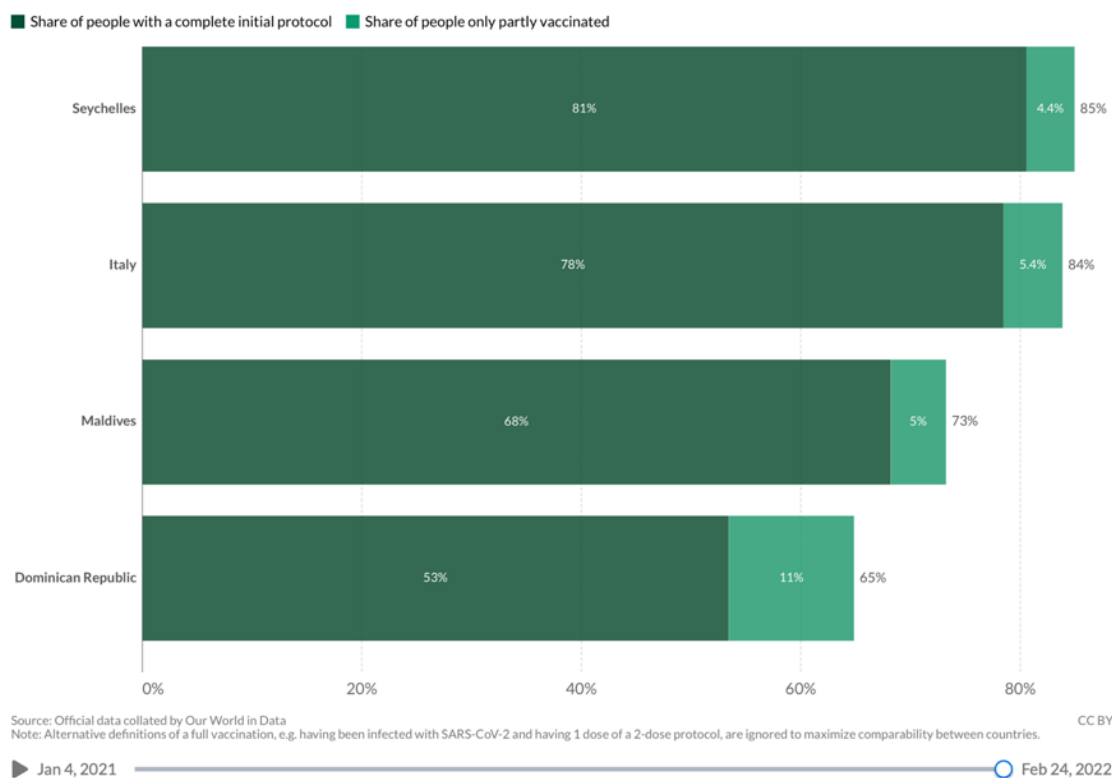


Figure 1 Share of people vaccinated against COVID-19 per select countries

Source: Our World in Data

Vaccination rate among employees in the tourism industry:

The competitive advantage of a high vaccination rate among tourism employees was understood very early by the Dominican Republic and the Seychelles. This strategy was mainly enabled by the donations of vaccines by industrial countries in their areas.

The Dominican Republic achieved almost a 100% vaccination rate (two doses) among employees in the tourism industry by January 2022.¹¹ The Government gave priority to tourism industry employees from the very beginning of the vaccination campaign and continued to do so for the administration of the third dose. In September 2021, the Ministry of Tourism announced that 150,000 doses were purchased for the circa 174,000 employees in the sector.¹²

¹¹ Source: <https://www.nytimes.com/2022/01/27/travel/dominican-republic-tourism-pandemic.html>, retrieved in February 2022.

¹² Source: <https://www.mitur.gob.do/noticias/reforzaran-con-tercera-dosis-de-vacuna-a-todos-los-empleados-del-sector-turistico/>, retrieved in February 2022.

In the Seychelles, the quick reaction of vaccinating the population and tourism sector employees was made possible from the generous donations of the global community.¹³ The health sector was made first priority for the vaccination, followed by employees in the tourism sector.¹⁴

The total contribution of travel and tourism to national employment was around 40% in 2019.¹⁵ As the country is very much dependent on its tourism sector, with a GDP contribution of 39% in 2019, the Government decided very early to support the sector with safety measures to reduce the negative economic impacts.

Italy's approach to the administration of vaccinations was different. Priority was given to the elderly when the first doses arrived in 2021. In parallel, the health sector and subsequently the education sector followed. No other sectors were given priority for receiving the COVID-19 vaccinations as the age group eligibility was applied. Generally, Italy has one of the highest vaccination rates in Europe due to strict restrictions for participating in public life without getting vaccinated. This includes the so-called "Super Green Pass", a compulsory vaccination for individuals over 50 years and strict controls in public spaces such as transportation, among others. At the end of February 2022, the vaccination rate of the population was 78%.

Travel stimulation:

The Dominican Republic introduced a set of measures to stimulate international tourism markets. As mentioned above, the high vaccination rate of tourism employees was a strategy to increase travellers' confidence. From summer 2020 until April 2021, the Government offered costs coverage for medical care, lodging and flight changes should any traveller fall sick with COVID during their stay in the country.¹⁶ This was certainly a key action to get the attention of international tour operators who were interested in lowering the prices for travel packages which was made possible by cutting costs for travel insurance. Hence, individual travel insurance was no longer compulsory but, an option.

Consequently, by August 2021, about a year after the Dominican Republic reopened to tourism, the flight trends showed a positive result. All destinations in the country had generated more

¹³ Source:

<http://www.seychellesnewsagency.com/articles/15722/Seychelles%27+President+Vaccinations%2C+tourism+rebound+top+first-year+successes>, retrieved in February 2022.

¹⁴ Source:

<http://www.seychellesnewsagency.com/articles/14220/Vaccinations+in+Seychelles+targeting+tourism+sector+the+n+rolling+out+to+general+public>, retrieved in February 2022.

¹⁵ Source: WTTC, 2021 Annual Research: Key highlights.

¹⁶ Source: <https://www.nytimes.com/2022/01/27/travel/dominican-republic-tourism-pandemic.html>, retrieved in February 2022.

flight search interest than they had in 2019. In addition, the country was able to increase its niche products such as romantic travel and wedding tourism substantially during that time.

Due to the many restrictions imposed by the EU for inbound tourism, its 27 member countries were hardly able to stimulate international arrivals from outside of Europe. For this reason, Italy concentrated on incentivizing domestic tourism for its population of 60 million potential travellers. Every low- and middle-income households were granted a voucher called “bonus vacanze” with a maximum value of 500 EUR. The voucher could be used for family members and overnight expenses at any registered accommodation facility and travel agency on the Italian territory. The Government offered this voucher in 2020 and in 2021 and allocated a total of 2.4 billion EUR for the “bonus vacanze” initiative for each of the years.¹⁷ Moreover, for other hotel expenses, low- and middle-income families were able to ask for a VAT tax refund in 2020.

Tourism Yes! was a tourism marketing campaign launched by the Seychelles Tourism Board in 2020 to boost the support for the significance of the travel industry and its contribution to Seychelles’ economy during the pandemic.¹⁸

The Seychelles Tourism Board (STB) launched a digital tourism platform in an effort to increase the visibility of the island nation through the internet and support the local tourism industry with online and digital marketing in early 2021. Called ParrAPI, the platform serves to collect, store, and distribute digital tourism information.¹⁹

COVID-free corridors:

Many countries have introduced “COVID-free travel corridors” (also known as “travel bubbles” or corona corridors), for tourist destinations with precise safety protocols, among those were the Dominican Republic, the Seychelles and Italy.

These are itineraries departing and arriving on a national territory aimed at allowing the realization of controlled tourist trips, including the stay in selected accommodation facilities, according to specific security measures suitable to ensure that the services used are rendered in compliance with the rules and precautions

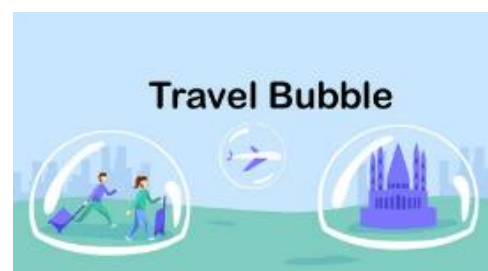


Figure 2 Travel bubble illustration

17 Source: <https://www.qualitytravel.it/bonus-vacanze-confermato-il-flop-anche-nel-2021/99295>, retrieved in March 2022.

18 Source: <https://satgurutravel.com/blog-post/seychelles-tourism-yes-new-campaign-launched-in-seychelles-for-local-support-of-the-industry/>, retrieved in March 2022.

19 Source:

<http://www.seychellesnewsagency.com/articles/14658/Seychelles+Tourism+Board+launches+digital+platform+to+increase+visibility%2C+support+local+tourism>, retrieved in March 2022.

for the prevention of the risk of contagion from COVID-19.

The identification of "COVID-free" travel corridors is largely based on certain countries and destinations that are considered "COVID-free" and it is created by the travellers' source countries governments in partnership with destinations that have demonstrated considerable success in containing and combating the COVID-19 pandemic within their respective borders. This COVID-free travel corridor proved to be an effective tool for the quick travel recovery, particularly in SIDS. For example, the Dominican Republic and Aruba have been the only COVID-free travel corridor islands in the Caribbean and are the destinations that recovered the best so far in that region. The Seychelles and certainly the Maldives have also benefited positively from participating in the travel corridor measurement. Other participating islands such as Zanzibar and Mauritius have benefitted less but performed better than non-corridor islands.

Support for tourism businesses and employees:

The Italian Government introduced a long list of support measures for tourism related businesses. There are more than 1.6 million employees registered in the national tourism businesses, this is 7% of the total workforce.²⁰ Specific measures have been introduced for seasonal workers (those who only work in winter or summer peak times), tourism employees with time limited working contracts, people employed at hot springs, spa, and thermal facilities, as well as people active in the cultural performance and entertainment sector.

The most relevant support measures for tourism related businesses that were introduced in late spring 2020 are listed below:²¹

- Time extension for paying taxes and social contribution for employees;
- Tax credits for expenses for sanitary, disinfection, cleaning supply, etc.;
- Introduction of an overall tourism businesses fund;
- Tourism marketing fund;
- Cultural entertainment fund;
- Fund for public museums, cultural and natural sites, as well as national parks;
- Fund for business tourism events such as conferences;
- Fund for winter tourism establishments;
- Fund for all businesses related to food and beverage.

²⁰ Source: <https://www.truenumbers.it/lavoratori-turismo/>, retrieved in March 2022.

²¹ Source: <https://temi.camera.it/leg18/temi/sostegno-al-comparto-turistico-durante-l-emergenza-da-coronavirus.html>, retrieved in March 2022.

The Seychelles and the Dominican Republic have both introduced a set of tourism business recovery measures, the most important tourism specific measures are listed below:²²

- Allocation of a special fund to the Unemployment Relief Scheme;
- Exemption, deferral (up to six months) and reduction (up to 50%) of tourism related taxes to businesses in the travel, hospitality and other tourism related activities such as environment protection fee, tourism licenses, tourism marketing taxes, visa fees, capital gain taxes;
- Economic assistance for SMEs in tourism;
- Discount on utilities expenses for businesses;
- Cash flow assistance to travel agencies;
- Financial funds for SMEs in tourism, such as new loan schemes and preferential conditions for loans;
- Incentive program granted to airlines;
- Wages subsidies to aid businesses to retain jobs in tourism, hospitality and aviation;
- Financial support for trainees;
- Support businesses with training to develop digital skills;
- Retraining and reskilling tourism workers, including unemployed workers;
- Travel and tourism designated as a special sector for employment support;
- Communication channels such as digital platforms and others to inform stakeholders in the tourism industry;
- Monitoring data in real time to understand tourism demand and prepare surveys, studies and forecasts;
- Guidelines on the new situation available to businesses and professionals working in the tourism industry;
- Campaigns promoting virtual tourism.

Conclusions

The benchmark analysis indicates common themes among the three benchmarked countries in their measures taken to successfully recover the tourism sector after the COVID-19 pandemic. The three benchmarked cases are Italy, Seychelles, and the Dominican Republic. Key common actions taken by these destinations in the recovery of the tourism sector include limiting restrictions for travel such as border opening for visitors and undertaking major vaccination campaigns resulting in high vaccination rates among the tourism sector employees

²² Source: UNWTO (2020) How are countries supporting tourism recovery?

and residents. In addition, travel stimulation activities, including financial and fiscal incentives, measures, and marketing with the introduction of COVID-19 travel corridors, played a significant role in their successful recovery.

The Maldives have outperformed the benchmarked countries in most of the measures, such as the vaccination rate, early opening of borders, strict COVID-19 protocols, among others. This has also allowed them to outperform the benchmarked countries with tourist arrival numbers in 2020 and 2021. This benchmarking analysis is formulated to identify additional potential measures that the Maldives can further consider, which has proven its success in the benchmarked countries. This includes fiscal support provided for tourism businesses and employees as well as tourism business recovery measures that enable positive long-term impacts for the industry which can determine areas and allocation for funding, skills, and training as well as indirect tourism sector funding.