



Third Tourism Master Plan 2007-2011

Ministry of Tourism Arts & Culture
Republic of Maldives
January 2012

REVIEW

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2007-2011

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Ministry of Tourism Arts & Culture
Male', Republic of Maldives 2012
www.tourism.gov.mv

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ABBREVIATIONS

ADB	- Asian Development Bank
CAA	- Civil Aviation Authority
DAM	- Divers Association of Maldives
DMO	- Destination Management Organization
DNP	- Department of National Planning
DRT	- Disaster Response Team
EIA	- Environmental Impact Assessments
EMS	- Environment Management Systems
EPPA	- Environmental Protection and Preservations Act
FHTS	- Faculty of Hospitality and Tourism Studies
FDI	- Foreign Direct Investments
EU	- European Union
FTMP	- First Tourism Master Plan
GDP	- Gross Domestic Product
GIACL	- Gan International Airport Company Limited
ICT	- Information and Communications Technology
IHCS	- Institute of Hotel and Catering Services
LAM	- Live-aboard Association of Maldives
MATATO	- Maldives Association of Travel Agents & Tour Operators
MATI	- Maldives Association of Tourism Industry
MAYA	- Maldives Association of Yacht Operators
MCHE	- Maldives College of Higher Education
MED	- Ministry of Economic Development
MEYS	- Ministry of Employment, Youth and Sports
MHRY	- Ministry of Human Resources and Youth
MHRYS	- Ministry of Human Resources, Youth and Sports
MICE	- Meetings Incentives and Exhibitions
MIRA	- Maldives Inland Revenue Authority
MMA	- Maldives Monetary Authority
MMPRC	- The Maldives Marketing and Public Relations Corporation
MNDF	- Maldives National Defense Force
MOFT	- Ministry of Finance and Treasury
MOT	- Ministry of Tourism
MOTAC	- Ministry of Tourism, Arts and Culture
MOTCA	- Ministry of Tourism and Civil Aviation
MOU	- Memorandum of Understanding
MPS	- Maldives Police Services
MRF	- Maldivian Rufiyaa
MTDC	- Maldives Tourism Development Corporation
MTPB	- Maldives Tourism Promotion Board
MTTB	- Maldives Tourism Training Board
NDMC	- National Disaster Management Centre
PSC	- Project Steering Committee
SAARC	- South Asian Association for Regional Cooperation
SHCS	- School of Hotel and Catering Services
SNAP	- Strategic National Action Plan
STMP	- Second Tourism Master Plan
TEAM	- Tourism Employees Association of Maldives
TEC	- Tourism Emergency Centre
TEOC	- Tourism Emergency Operation Centre
TGST	- Tourism Goods and Services Tax
TSA	- Tourism Satellite Account
TTMP	- Third Tourism Master Plan
TVET	- Technical & Vocational Education & Training
UNDP	- United National Development Program
UNWTO	- United Nation World Tourism Organization

PREFACE

President Mohamed Nasheed came into office in the year 2008 on a platform of human rights, democracy and the promise of a government, which aims to subscribe to a center-right philosophy in developing policies and development plans to provide a sustainable future for Maldivians. This review has therefore been prepared with that new thrust in governance as a backdrop; the new government's action-driven approach as to the former administration's plan driven approach.

The Third Tourism Master Plan (TTMP) has been prepared in 2006, as a master document on which tourism's spatial development ought to be based on. And its currency ends at the year's end 2011. However, such a plan is no longer significant in today's current climate of providing able entrepreneurs a fair go and a more level playing field for all aspirants wishing to enter the tourism industry.

Bearing in mind that providing opportunities and a fair go for all willing and able Maldivian is the key cornerstone of President Nasheed's government, the Ministry of Tourism Arts and Culture has seen it fit to undertake this review of the strategies set forth in the TTMP; with a view to identify future directions and the future Master Plan process for the Maldives tourism industry.

The fundamental philosophies outlined in the TTMP however, are no longer considered prime with every able entrepreneur having the ability to apply for a tourism development project regardless of the forecasts made in TTMP. Therefore, this review process was designed to provide a platform for reflecting the industry's thoughts before we go through the process of the next Master Plan; if at all a Master Plan is required.

We thank the TTMP Review Advisory Committee members for their valuable input and contribution in this Review. Ryan Pvt. Ltd. who acted as consultant in the Review process deserves our thanks for compiling this Report after a comprehensive review.

Dr. Mariyam Zulfa
Minister of Tourism Arts & Culture
November 2011

SECTION ONE

INTRODUCTION

The Third Tourism Master Plan (TTMP) covers the period 2007 – 2011. TTMP was formulated by the Ministry of Tourism Arts and Culture (MOTAC) under the direction of a Project Steering Committee (PSC), comprising 14 Government Ministries. Following a change in the government administration, the Ministry of Tourism initiated a review of strategic actions formulated in the TTMP with the objective of extending the Master Plan's strategies up to end of 2013.

The prime objective of reviewing the TTMP therefore was to:

- Assess the extent of the implementation of the Third Tourism Master Plan (2007 - 2011), evaluate and review the proposed policies and strategies of the Plan, against changes in the political, social, economic, institutional and legislative environments over the period.
- Formulate a two year extension on the Third Tourism Master Plan until 2013, consisting of a Situation Analysis; the Master Plan and the Implementation

METHODOLOGY

The process started with the analysis of the stated strategic actions in the TTMP, followed by discussion meetings held with MOTAC on a regular basis as the review process progressed. Further to this, several meetings were held with relevant stakeholders to understand the level of implementation of the strategic actions in the TTMP, and the feedback from these discussions was duly noted.

Finally, discussion meetings were planned and held with the Tourism Advisory Committee Members to understand their views on the strategic actions and for the formulation of new strategies.

REVIEW OF TOURISM IN THE MALDIVES

This section provides an overview of the Maldives tourism industry, and outlines the framework used in the planning processes.

OVERVIEW OF THE MALDIVES TOURISM INDUSTRY

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

The beginnings of tourism in the country saw the development of just two islands as resorts in 1972, with a capacity of just 280 beds. That year, a total of 1,000 tourists visited the virtually unknown destination of the Maldives. With Hulhule' Airport being the basic gateway into the Maldives, it was natural that the islands that were developed as resorts were in close proximity to it. By the late 1970s, with Europe's interest in the islands increasing, international tourism had become an important source of income for the Maldives.

The growth of tourism was planned; the First Tourism Master Plan (FTMP) was formulated in 1982 and the Second Tourism Master Plan (STMP) in 1996 to cover a period of five years each time. Strict guidelines for environmental preservation were laid down and legislation created to ensure sustainable development from the very beginning. The early stages of the industry's development were initiated by the private sector, with subsequent recognition provided by the government. The first decade saw the Maldivian tourism industry developing in a more or less *laissez-faire* manner, as there were no regulations or laws, which dictated industry (MOT, 2000). Entrepreneurial spirit took the reins of the industry's development during this period, as they made the best of the minimal infrastructure that was available in the country then.

It was during this period that the Maldives broke away from being packaged together with the culturally oriented destination of Sri Lanka, and began to take a name of its own as a viable

destination for tourists. The market changed from the more limited and specialized divers market to the bigger mainstream market for beach holidays. It was this focus on the sun, sea and sand holidays that was available in the Maldives, which proved sufficient enough for introducing the Maldives as a wholly separate destination.

The end of the first decade saw the country's bed capacity rise to 4,000 beds with 44 resorts in operation (MOT, 2000). It was just after this that the first 10 year Tourism Master Plan was implemented. This plan is referred to as the First Tourism Master Plan (FTMP) and outlined a framework for planned tourism development and encouraged the authorities to think ahead, pre-plan and craft strategies that would benefit the country as optimally as possible. The FTMP placed emphases on the inclusion of economic, social, cultural and physical aspects in planning for the sustainable development of tourism. With the spatial policy shift towards opening of new tourism zones outlined in the FTMP, together with consolidation and upgrading of existing resorts, the following decade (1982-1992) saw the addition of 36 new resorts with over a doubling of bed spaces to reach a total of almost 8,500.

In 1994, the Maldivian government started formulating the Second Tourism Master Plan (STMP), which was designed to guide the industry's development for the period 1996 to 2005. The key thrust of the STMP which was completed in 1996 was that "the role of the government should be to facilitate the business environment whereby the private sector can operate efficiently", and was regarded as a considerable shift from the "control" mindset that was predominant in the FTMP. An addition of over 4,000 beds was planned by 2005, with the objective of expanding gradually to all the Atolls of the Maldives. In 1999, the government announced a moratorium on additional beds development in Male', North Ari and South Ari atolls due to reaching planned tourist beds for the region under the STMP. Nevertheless, the moratorium was lifted on the insistence of the tourism industry in the same year, as it was considered an infringement on the rights of the developer to develop up to the 20% of land as per tourism regulations.

Subsequently, the TTMP was implemented to cover the period from 2007 to 2011. The focus of this plan lay in expanding and strengthening the tourism industry to assist economic and social development. By planning to develop and expand the industry's infrastructure throughout the country, the growth of the tourism industry could be sustained along with an increase in employment opportunities and community participation. Attention is also given to sustaining the environment in these development efforts so as to achieve global excellence in environmentally

sustainable tourism. The TTMP placed special emphasis on branding the country as a unique tourist destination, imbued with innovative products in an effort to remain as a top ranking tourist destination in the world markets. All this was to be done through a solid legal and regulatory framework with the support of the Ministry of Tourism.

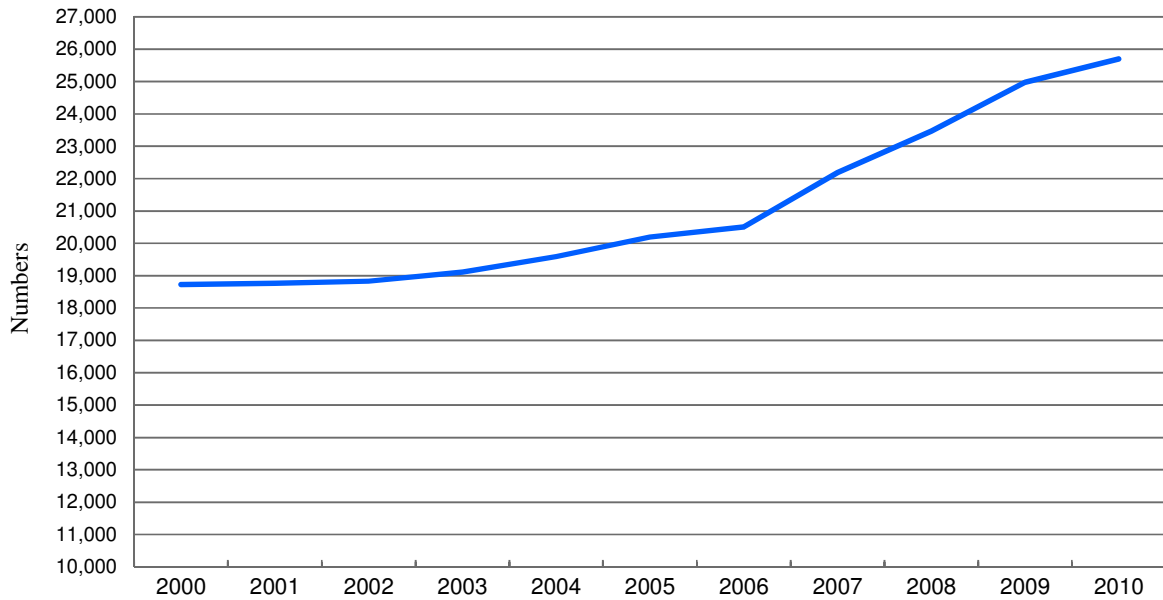
Through all this, tourism has become the main platform for national economic development, with the industry accounting for over 27 per cent of the Gross Domestic Product (GDP), about 52 per cent of foreign currency earning and more than 22,000 jobs (MPND, 2007).

It was the staunch belief in sustainable tourism development principles that has led to the Maldives being a success as a tourist destination. The tourism industry in the Maldives is synonymous with resort islands, with each resort being entirely self contained on a separate island. Maldives has promoted the concept of “One Island, One Resort” and the resort development standards were well received by the World Tourism Organization as a model for tourism development for small island destinations. It is the uniqueness of the small islands that was projected out on to the world and contributed to making the Maldives stand out as a preserved eco-system and sustainably developed destination. Add to this the strong regulatory framework that forms the core of the legal regime which governs environmental issues, resort development and operational and health and safety issues, and the Maldives emerges as a quality tourism product.

Since the end of the STMP and due to the socio-economic realities of the country after the Asian Tsunami in 2004, the conventional thinking that tourism will be developed in only some regions gave way to opening up tourism in the entire archipelago. As a result, within the TTMP period tourist establishments were allocated within large population centers to create economic linkages.

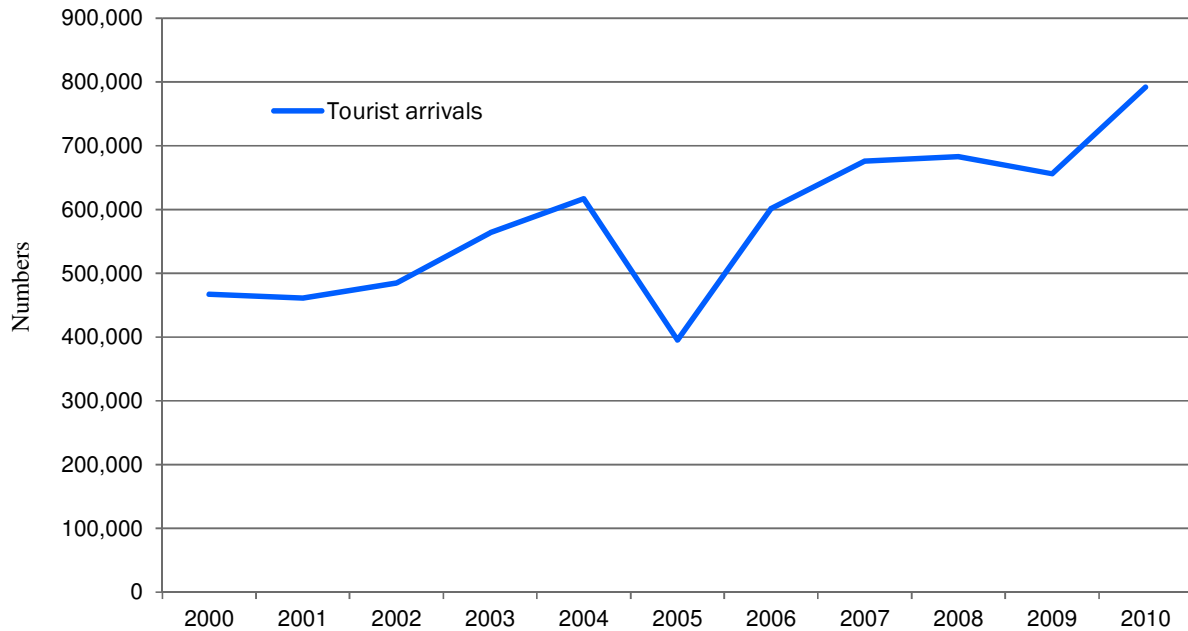
The supply of tourist accommodation has increased at a very steady rate. This increase was planned to meet the international tourist arrivals to the Maldives and at the end of year 2010 there were 25,701 beds in the industry. This includes Resorts, Marinas, Hotels, Guest Houses and Safari Vessels.

FIGURE 1: TOURIST ACCOMMODATION BED CAPACITY IN THE MALDIVES 2000 - 2010



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

The volume of international tourist arrivals increased at a steady rate until 2004, while a decline was witnessed in 2005 following the Asian tsunami of December 2004. However, again from 2006-2008 there was an increase in tourist arrivals, but 2009 saw a decrease due to world economic crisis. The year 2010 accounted for a total of 791,971 international tourists to the Maldives and an all time high tourist arrivals in the country and growth of 20.7% over the past year.

Figure 2: Tourist Arrivals to the Maldives 2000– 2010

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

ENVIRONMENTALLY SUSTAINABLE TOURISM

The tourism industry of the Maldives developed largely by capitalizing on the environmental features of the islands. Special attention was therefore given to preserve the pristine environment of the islands.

The FTMP is notable in the focused attention it gave to the preservation of the environment and creating awareness amongst all stakeholders to responsibly strive towards creating an industry that would be sustainable. As such the FTMP brought about the general mindset of all involved towards the protection of the environment and sustainable development of tourism in the country.

Under the FTMP, islands which were leased out and developed as tourist resorts were periodically supervised by the government to see if developers were indeed abiding by the set environmental guidelines. This instilled a passion in developers towards adopting sustainable developmental concepts. The formulation of the FTMP and the government's watchful guidance of planned tourism development saw a comprehensive adoption of environmentally sustainable development concepts across all sectors of the industry.

The STMP was instrumental in defining a framework under which the planning for and management of the environment could properly function. Dive sites were identified and designated for protection as the first marine protected areas in the country with the ban of all forms of resource exploitation except for the long standing traditional bait fishery during this period. Though an envisaged fully operational and sustainable Marine Park did not come to fruition during the plan's operational period. Nevertheless, during the STMP some of the internationally and locally threatened marine species such as whales, dolphins, marine turtles and some of the over exploited fishery species were established protected, largely due to the persistence lobbying of the tourism sector. Shark fishing was also banned under a 5 year moratorium within the 12 km radius of the 7 atolls with significant tourism developments.

The STMP also had a considerable impact on creating awareness on the importance of environmental preservation, with resorts encouraged to adopt programs along these lines. The environmentally friendly resort concept gained more popularity and credence by the conception of the "Green Resort Award", awarded annually since 1999 to 2008, to the resort that is most commendable in adopting the most environmentally friendly approach in their operations.

Defining resort infrastructure and operational standards that provide for environmental protection and preservation, such as regulations governing the Environmental Impact Assessments (EIA) and solid waste management systems, resulted in the strengthening of the environmental protection regime. Furthermore, the encouragement towards self-regulation, to go above and beyond what these standards call for, has been supported wholeheartedly by the industry.

The drive for environmental preservation inherent in the STMP can be summed up in the call for the repositioning of the Maldives as a "premium marine ecotourism destination".

The TTMP therefore, sought to strengthen the environmental regulations in all tourism related products and facilities. New regulations were implemented in hotels, guest houses and live aboard vessels along with increasing the standards pertaining to sewerage and wastewater disposal for all tourist establishments, in a bid to strive for global excellence in environmentally responsible tourism.

Awareness programs on conserving the environment of the Maldives were carried out through showcasing the diversity and fragility of the country's marine environment in marine and dive fairs across the world. Additionally, TTMP emphasized to start monitoring status of house reefs through regular health checks in collaboration with the Marine Research Centre (MRC) under the Ministry of Fisheries and Agriculture. In this effort MRC has since been collaborating with the tourism sector in collating data on reef health through various projects including the Global Coral Reef Monitoring Network (GCRMN) and Darwin Initiative.

HUMAN RESOURCE DEVELOPMENT

The Maldives tourism product has evolved over the years from providing the very basic and bare minimum to unique and exclusive experiences, so much so that the country has gained worldwide recognition as a destination with high-end establishments and the most sought after services. To maintain and enhance these services, it is vital that a trained workforce is at the industry's disposal. Since the inception of the industry, numerous efforts have been made to make this possible. However, the industry is short on trained locals and has begun to become increasingly reliant on expatriates to fill up gaps opened up by the high demand for skilled labor.

The first training program to address this need was initiated by the government in 1984, followed by formal human resource development in 1986. The FTMP placed the responsibility of training staff on the resort management, though training fell far behind the actual growth of the industry as the years progressed. During the formulation of the FTMP it was noted that no formal hotel training system existed in the country.

It was in 1987 that the first dedicated training institute for tourism was established. The School of Hotel and Catering Services was later elevated to faculty level under the Maldives College of Higher Education (MCHE). Furthermore, in 2002, "Tourism Studies" as a subject was finally included in the secondary education curriculum, with the objective of familiarizing students to careers in tourism. In spite of all this, skills shortage in the industry remains a persistent problem.

The STMP foresaw the need for suitably qualified and skilled staff for the industry. The plan advocated that Maldivians need to be equipped with a high level of industry skills as the country was positioning itself as a premium destination, which would cater to exclusive clients. The demand

for the workforce was determined through forecasting the projected increase in the number of beds over the coming years. The STMP proposed conducting awareness programs to promote a positive image of the industry in the hope of increasing greater interest in pursuing a career in tourism, because it was felt young people did not perceive working in the industry as positive.

To overcome the negative social and cultural connotations that some Maldivians attached to the industry, the STMP suggested various targets and actions that needed attention by both the public and private sector designed to remove negative views held by parents and potential employees.

Equal employment opportunities needed to be given special attention considering that, since the start, the industry has been predominantly male oriented. The STMP sought to address the gender imbalance in tourism employment not only within the context of the composition of the workforce, but also in training, recruitment and career development. Additionally, regular inspection of staff facilities and improvement of the terms of employment were identified as a necessary action to take.

The TTMP included several activities to improve employment opportunities and open up opportunities for gainful public and community participation in the tourism industry. These included promoting careers in tourism among educational institutes and increasing awareness programs of the potential benefits of community based tourism.

The increase in the number of expatriates that constitute the industry's workforce remains an issue that needs addressing. To increase the ratio of Maldivians participating in the tourism industry, vocational skills training, known as Technical & Vocational Education & Training (TVET), was implemented through the Ministry of Human Resources, Youth and Sports (MHRYS). The effectiveness of the program in tackling this issue needs to be assessed.

INSTITUTIONAL STRENGTHENING

The tourism industry in the Maldives started off as an unregulated industry, with the first law on tourism and its facilities coming into effect only in 1979. This became the first practical guideline for the development of the tourism industry. Shortly after, the industry's regulating body, Department of Tourism and Foreign Investment widened its mandate and became a Ministry in

1988, and since then the institutional and administrative capacities through which the industry is to be regulated were defined under the Ministry of Tourism.

The FTMP emphasized the strengthening of the legal framework of the industry so as to make the industry significantly more attractive for foreign investors. This included the creation of financial institutions to aid in the development of tourism and the implementation of the necessary legal framework to allow for foreign investments.

The FTMP sought to strengthen and control the industry's physical infrastructure development, requiring the submission of detailed concepts and plans for approval before construction and prior to commencing any development. And also recommended for setting a 20% built area percentage, maximum height of buildings concealed within the vegetation and 5 linear beach for each room as minimum standards for tourist resort islands which came to be realized as the best carrying capacity standards for the tourist resort islands in the Maldives.

A centralization of marketing efforts was also recommended in this plan. The government attempted to work closely with the industry and conducted joint marketing and promotional activities.

The STMP suggested new roles and functions for Ministry of Tourism to further enhance future planning, development, marketing and human resource development. It was under the STMP's recommendations that the Maldives Tourism Promotion Board (MTPB) was created in 1998, tasked with conducting marketing and other promotional activities of the industry through a public - private partnership. MTPB was also formed to reap the benefits from the synergy that exists between domestic and international air transport access and tourism development. Since its inception MTPB carved the path to lead Maldives as a top luxury brand destination with a successful destination slogan "Maldives...the Sunny Side of Life" until the restructure and corporatization of MTPB in 2010.

There was also a suggestion in the STMP to form a Maldives Tourism Training Board (MTTB) but the creation of this board has so far not been realized. All government formal training and education was allocated under the one roof of the Maldives College of Higher Education (MCHE) within the STMP period. As a result the School of Hotel and Catering or the Hotel School under the Ministry of Tourism was integrated to become later the Faculty of Hospitality & Tourism Studies (FHTS)

under MCHE and thereafter the Maldives National University (MNU). Further, within this period the Tourism Ministry commenced a prestigious Human Resource Award to be awarded annually to the resort or hotel that undertook the best effort in employee or staff training for the industry.

The TTMP built on the recommendations outlined in the previous plans, with further recommendations to review the foreign investment regulations, introduction of anti-trust laws and the creation of a Civil Aviation Authority (CAA). One of the most prominent actions included on strengthening the legal framework was the amendment to the Tourism Act to increase the lease period of resorts and hotels. Further suggestions include strengthening MOTAC's capacity to advocate for employment in tourism and the establishment of a human resources unit in the MOTAC to oversee the industry's HR practices.

INVESTMENT

PRIVATE SECTOR INVESTMENT

The first decade from the industry's inception in the early 70's saw the development of islands through an agricultural lease by forming third party agreements with the original leaseholders of the islands and developers. The formation of the FTMP identified new zones for tourism and islands in these zones were then leased directly to bidders who wished to develop them into resorts. The early years were plagued by a lack of development investment and finance for the construction of resorts.

The STMP advocated that the spatial development policy should facilitate easy and rapid expansion of the tourism industry without having to rely on the government to build the tourism related infrastructure investment.

The STMP recommended creating a formal and transparent framework for financing capital projects. It outlined strategies to increase local investments, including modification of legislation to encourage existing tourist facility management companies to sell public shares and at the same time allow more Maldivians to have direct participation in the sector.

The Tourism Law enacted in 1998 provided an incentive for resorts to sell shares to the public in return for a longer lease period. This was meant to facilitate greater private sector investment in the industry.

In 2006, the government created Maldives Tourism Development Corporation (MTDC), which is a Government-led initiative, designed to provide an avenue for more Maldivians to invest in tourism. MTDC aimed to have as many as 30,000 shareholders. MTDC currently has 24,000 shareholders after a public offering in 2009 (MTDC, 2010). The government holds 47% shares of MTDC as at end of 2010 (MTDC, 2011).

In addition, STMP identified the need to pave an avenue for foreign investors to engage in tourism projects to facilitate an increase in foreign investments in the Maldives. It also called for equal treatment of local and foreign entrepreneurs and to allow access to capital investments on similar terms.

Raising investment capital locally remains a great challenge for the Maldives tourism industry. The only banks in the country are commercial banks. The regulators governing commercial banks are strict, stipulating high reserve rates and restrictive debt ceilings.

By the end of 2008, due to the global and local economic situation more than 60 tourist resort hotel development projects that were allocated failed to materialize as scheduled.

SECTION TWO

SITUATIONAL ANALYSIS

This section traces the current directions and analyses briefly the following areas.

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

ECONOMIC AND FINANCIAL STATUS

GLOBAL TOURISM OUTLOOK

Tourism has been for a long time, the major source of foreign exchange earnings for the Maldives. Tourism is an important contributor to employment generation and the economic growth of the country. The global financial crisis of 2008 severely affected the Maldivian economy with a considerable negative impact on the tourism sector. Due to the crisis, there was a significant decline in the arrival of tourists mainly from Europe to the Maldives and continued to affect global economy and especially the west European countries.

TOURISM OUTLOOK OF MALDIVES

Year 2009 saw tourist arrivals in the Maldives declining by 4 percent, with occupancy falling by 7 percent compared to that of 2008 (MOTAC, 2010, a). However, the outlook improved considerably in 2010, with tourist arrivals increasing by 20 percent and the occupancy rate experiencing a 74 percent rise (MOTAC, 2010, b). The contribution of tourism to the country's GDP remained at an average of 31 percent in the past five year period (2005 to 2010). Tourism contribution to GDP was rebased in year 2011 and accordingly tourism contributed 35.7 percent to the GDP in the year 2010 (MOTAC, 2011).

The extremely high dependence on tourism reveals the susceptibility of the economy of the Maldives to external factors. Emphasizing the importance of diversify and reduce the economy's dependence solely on tourism due to the effects caused by external crises such as natural disasters, pandemic outbreaks and adverse economic conditions in source markets.

TABLE 1: KEY ECONOMIC INDICATORS 2007 – 2011

	2007	2008	2009	2010	2011
Output (In Millions of US \$)					
Real GDP (2003 constant prices)	1,325	1,483	1,387	1,650	1,752
GDP Growth rate (%)	6.00	7.50	-5.10	4.90	2.70
Tourism					
Tourist Arrivals	675,889	683,012	655,852	791,917	842,000
Bed night growth (%)	12.30	1.10	-4.00	20.70	7.00
Public Finance (In Millions of Mrf)					
Government revenue	6,527.20	6,939.50	5,313.50	6,087.80	8,761.80
Government expenditure	8,325.40	10,342.30	11,104.30	9,976.10	12,370.80
Balance of Payments (In millions of US \$)					
Exports	877.10	1,052.00	828.70	9 48.50	1,021.90
Imports	1,096.00	1,388.00	967.00	1,111.00	1,305.00
External Debt (In Millions of US \$)					
Total external debt outstanding & disbursed	419.90	471.69	533.00	6 07.30	674.00
Public & publicly guaranteed	419.90	471.69	533.00	6 07.30	674.00
Total debt service (Public & publicly guaranteed)	39.40	48.95	5 0.20	52.80	77.00

Source: MMA (2009), MOTAC (2010, a), MOTAC (2011), MOFT (2011)

Note; 2011 – forecast as per national budget

While the real GDP in 2007 showed a positive growth of 6 percent, the decline in tourist arrivals in 2009, resulted in the real GDP falling significantly, indicating a negative growth of 5.1 percent.

However, together with global recovery and forecasts for positive growth in the tourism sector, 2010 output has increased by 4.9 percent and 2011 is estimated to increase by 2.7 percent.

The first nine months of 2009 showed tourist arrivals declining by 8 percent (MOTAC, 2010, a). This can be attributed to the financial crisis of the same year, which was felt sharply in Europe, the main source market for the Maldives. The total decline for 2009 was however at 4 percent, a figure buoyed by tourists from Asia. Due to the emerging markets, Asia region remained relatively robust compared to the same in Europe.

The decrease in tourist arrivals led to a significant reduction in foreign exchange inflows and fiscal revenue for 2009. Imports to the country also declined, mainly because the development of resorts were postponed, where import tax on construction materials for resort development contributes a large share of the country's total revenue. In addition, receipts from bednight's tax and duties on tourism related consumption imports also declined as a result of the fall in tourist arrivals.

Tourism is one of the most important means of foreign exchange earnings to the Maldives. As there are only limited sources of seeking finance for investment projects such as resort development, developers almost always have to rely on foreign banks. Thus, a large proportion of the foreign exchange earnings are spent to service debts from overseas. In addition, due to the high propensity to import all materials required for the tourism industry, the economic leakages from tourism become quite considerable.

Total external debt which is comprised of public and publicly guaranteed debt and that of commercial banks has increased significantly from 2007 to 2009, causing the total disbursed outstanding debt to markedly increase over this period. Commercial banks borrow from foreign financing institutions and are on-lent to the private sector mainly for resorts development. This has led to a sharp increase in total external debt, which is one of the main concerns of International Monetary Fund (IMF) and other donor agencies. Therefore, it becomes crucial to find other alternative avenues and means for the private sector to obtain finance for resort development.

Commercial banks' lending to the tourism sector accounts for 59 percent of the country's total lending. As the banking sector became more cautious in their lending due to the global financial crisis, capital inflow to the private sector declined. This caused total private investments to the

tourism sector declining by 2 percent at the end of 2009, compared to a growth of 42 percent in 2008 (MMA, 2009).

In the 2011 national budget, which has been passed by the Parliament, it is one of the top priorities of the government to reduce the total external debt. Data on private debt outside the banking system is not available; hence the data available provides information of public and publicly guaranteed and external debt of commercial banks.

TABLE 2: TOURISM REVENUE AND TAX 2006 - 2010

(Million Rufiyaa)

	2006	2007	2008	2009	2010
Government Revenue	5,286.7	6,527.2	6,939.3	5,313.3	6,087.9
Tourism Revenue	1,776.9	2,216.0	1,969.8	1,429.81	1,711.3
Percentage share of tourism revenue	33.6	34.0	28.4	26.9	28.1
Tourism Tax	495.7	547.3	566.55	531.41	602.7
Percentage share of tourism tax on tourism revenue	27.9	24.7	28.8	37.2	35.2

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

The percentage share of tourism revenue increased from 33.6 to 34.0 percent from 2006 to 2007 respectively. However, 2008 saw a decline of 5.6 percent over the previous year and 2009 saw a further decline of 1.5 percent. This decline was mainly due to the decrease in international tourist arrivals due to the financial crisis in the year 2009. The reduction in non-tax revenue was due to the postponement of lease rent for the resorts, which were awarded in 2006 where developers were unable to obtain finance. Furthermore, tax revenue also declined mainly because of the reduction of import duty for tourism related goods, which mainly constitutes construction materials needed for resort development.

For the year 2010, it was initially planned that a large percent of revenue would materialize after the implementation of the Tourism Goods and Service Tax (T-GST) on tourism. Moreover, it was estimated that 13 new resorts would be developed in 2010. However, due to the aforementioned constraints in obtaining finance, only 1 new resort was opened at the end of year 2010.

It is estimated that 6 new resorts will be developed in 2011, thus contributing to an increase in total bed nights, land rent and thereby government revenue. In addition, receipts from T-GST on tourism is being realized in 2011 with an inflow of estimated revenue earnings of MRf 927 million.

TABLE 3: TOURISM REVENUE AND TAX 2006 - 2010

(Million Rufiyaa)

	2006	2007	2008	2009	2010
Government expenditure	7,066.2	8,325.4	10,342.4	11,104.3	9,976.1
Tourism expenditure	100.80	108.20	93.50	56.60	45.40
Percentage share of tourism expenditure	1.4	1.3	0.9	0.5	0.5

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

Out of the total government expenditure, the largest proportion is spent on current expenditure. Share of tourism expenditure decreased from 2006 to 2009 and remained the same in year 2010. This was mainly as part of the Government's austerity measures to lower the increasing expenditure.

FUTURE ECONOMIC AND FINANCIAL DIRECTION

Growth Rate and Future Revenue to the Nation from Tourism

International tourist arrivals in 2010 indicate that the global economy is recovering from the economic downturn and this positive trend is expected to continue in 2011. Since the global economic recession has been showing signs of recovery in 2010, it is estimated that in 2011, tourism inflows and investments related to tourism will be significantly improved. Furthermore, tourist arrivals by destinations indicate that there has been a steady rise in the tourist arrival from emerging markets where China has the major share.

As for the new revenue measures for 2011, after the revision to the Tourism Act (Law no. 2/99), interested parties were given the opportunity to extend the lease period for the resorts to 50 years.

Furthermore, once the legal and administrative set up is in place, it is estimated that T-GST will contribute a major share of the total government revenue from 2011 onwards.

TOURIST ARRIVALS TRENDS, MARKETS AND PRODUCT ANALYSIS

In the past few decades tourism has experienced continued expansion and diversification to become one of the largest and fastest growing economic sectors in the world. In spite of occasional shocks, international tourist arrivals have shown virtually uninterrupted growth from 25 million in 1950, to 277 million in 1980, to 438 million in 1990, to 681 million in 2000, and 877 million in 2009 (UNWTO, 2010 b).

Table 4: International Tourist Arrivals by Region (2008 –2009)

	Full Year			Share	Change	
	2008	2009	2010 (Million)	2010 %	09/08	10/09 %
Europe	480.8	456.9	471.5	50.4	-5.0	3.2
Asia and the Pacific	184.1	181.0	203.8	21.8	-1.7	12.6
America	147.8	140.5	151.2	16.2	-4.9	7.7
Africa	44.4	45.8	48.7	5.2	3.2	6.4
Middle East	55.9	52.7	60.0	6.4	-5.7	13.9
World	913	877	933	100	-4.0	6.7

Source: UNWTO(2010, a)

International tourism has recovered faster than expected from the impacts of the global financial crisis and economic recession of late 2008 and 2009. International tourist arrivals were up by 6.7% compared to 2009, with positive growth reported in all world regions. Worldwide, the number of international tourist arrivals reached 933 million, up 56 million from 2009 and 20 million more than the pre-crisis peak level of 2008 (913 million) (UNWTO, 2010, b).

Yearly increasing numbers of destinations have opened up and invested in tourism development, turning modern tourism into a key driver for socio-economic progress through the creation of jobs and enterprises, infrastructure development and the export revenues earned.

ARRIVAL TRENDS IN THE MALDIVES

As Maldives is considered a long-haul destination, anything that adversely impacts the world economy, or an outbreak of a disease, affects the travel patterns of tourists who seeks to travel to long-haul destinations. They would prefer to visit destinations nearer to them or not travel at all.

Maldives as a destination was effected by the recent global recession, especially by the high prices of oil in the international market. The spread of H1N1 in Asia in 2009 also affected the number of tourists visiting the Maldives.

TABLE 5: TOURIST ARRIVALS TO THE MALDIVES (2004 – 2010)

	<i>Year</i>						
	2004	2005	2006	2007	2008	2009	2010
Jan	61,861	18,747	58,332	64,570	64,621	61,531	67,478
Feb	59,692	29,391	54,741	65,224	67,963	58,520	77,063
Mar	63,855	35,742	54,596	64,491	71,623	62,127	74,975
Apr	55,396	29,714	55,983	63,171	62,670	57,186	60,742
May	42,197	25,309	40,961	46,602	48,764	43,154	58,324
Jun	33,835	22,590	33,037	38,457	40,283	36,205	44,050
Jul	43,527	29,860	42,776	51,025	47,675	44,332	57,232
Aug	55,843	38,366	49,968	53,168	51,824	52,388	66,315
Sep	46,838	33,748	44,593	48,468	50,687	50,396	62,524
Oct	52,511	40,543	54,721	58,706	56,363	62,432	74,707
Nov	56,656	44,461	53,594	56,797	57,961	61,986	74,252
Dec	44,505	46,849	58,621	65,210	62,578	65,595	74,255
Total	616,716	395,320	601,923	675,889	683,012	655,852	791,917

Source: Ministry of Tourism, Arts & Culture(2010, a)

The table above shows tourist arrivals to the Maldives since 2004. Except 2005 and 2009, Maldives has seen a steady increase of arrivals. A huge growth of tourist arrivals into Maldives is seen in 2007 compared to 2006. However, 2009 shows a decline in the number of tourists visiting to the Maldives, though 2010 saw a very positive increase.

Bed-nights as an indicator of tourist arrival trends also shows a positive growth. Except for 2005 and 2009 the growth rates in bed-nights have been positive.

TABLE 6: TOURIST BED NIGHTS, OCCUPANCY RATE AND AVERAGE DURATION OF STAY
(2001 – 2010)

Year	Tourist BedNights	Bed Night Growth %	Occupancy Rate %	Average Length of Stay (Days)
2002	4,066,640	3.4	69.0	8.4
2003	4,704,601	15.7	77.2	8.3
2004	5,110,587	8.5	83.9	8.3
2005	3,300,125	-35.4	64.4	8.3
2006	4,826,162	46.2	81.4	8.0
2007	5,293,224	9.7	82.8	8.5
2008	5,446,937	2.9	77.8	8.0
2009	5,150,688	-5.4	70.2	8.6
2010	5,829,218	13.2	74.2	7.6

Source: Ministry of Tourism, Arts & Culture(2010, a)

The dramatic decline in the growth rate in 2005 was caused by the December 2004 tsunami that adversely affected the industry in 2005. The occupancy rate of 2006 shows a quick recovery of the industry from this disaster.

In 2004, the Maldives had a total of 5,110,587 bed nights and an average occupancy rate of 83.9%. 2005 saw a decline in bed nights as well as in the average occupancy of the destination due to the after effects of the tsunami. In addition year 2008 and 2009 saw a decline in average occupancy rate, however 2010 accounted for a positive growth.

Two additional indicators that reflect the health of the industry are occupancy rate of resorts and the average stay that relates to occupancy. As can be seen from the above table, the average duration of stay of tourists to the Maldives has remained quite constant at about 8.2 days over the past six years.

The occupancy rate varies depending on the season. Maldives experiences less seasonal variation than some other destinations. Traditionally, the two tourist seasons in the Maldives are winter (European winter), which is the peak season, and summer (European summer), which is the low season. However, the low season is changing as demand has increased and as the Maldives has become a popular destination with year-round demand.

TABLE 7: PROJECTIONS: TTMP VS ACTUAL/CURRENT PROJECTION

Year	Estimated growth in Arrivals	Projected Percentage growth	No. of new beds required for the market	Total No. of beds	Projected % increase in beds
2006	601,923	-	-	20,064	-
2007	653,086	8.5	1700	21,770	1.0%
2007	675,889	12.3		21,741	
2008	711,864	9	2000	23,729	9.2%
2008	683,012	1.1		23,464	
2009	797,288	12	2800	26,576	14.2%
2009	655,852	-4.0		24,978	
2010	908,908	14	4000	30,297	19.5%
2010	791,917	20.7		25,681	
2011	999,799	10	3000	33,327	6.5%
2011	957,425	17.2		26,873	4.6%
2012	1,099,779	10	3400	36,659	-
2012	1,030,279	7.1		29,368	9.3%

	Master Plan
	Actual
	projection

TTMP assumption/variables

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

8.1 days average stay

80% occupancy (natural average)

30 tourist per bed (average)

Assumptions for the revised projection 2011 & 2012

2011 Arrivals based on actuals end October

2012 arrivals based on 5 year average growth rates

Assuming end 22nd December 2011 actual capacity will remain same by the end of the year

2012 based on upcoming/planned projects for resorts/hotels + guesthouse & vessels to increase at 2011 growth rate

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

The TTMP has forecasted to achieve growth in arrivals to 908,908 tourists at the end of 2010 and 999,799 at the end of 2011. In 2010, Maldives has accounted a total of 791,917 tourists and in 2011 until October 760,231 tourists. MOTAC has revised the projection for the year 2011 and 2012

comparing the actual figures of the TTMP period. It is mainly because projected figures in the TTMP was in the higher end than the accurate figures.

SOURCE MARKETS

Europe represents the highest region of arrivals to the Maldives followed by Asia. Total number of arrivals in end of year 2010 reached over 700,000 tourists. All the regions had shown a steady increase of arrivals.

TABLE 8: TOURIST ARRIVALS BY REGION 2005 – 2010

	2005	2006	2007	2008	2009	2010
Europe	306,856	457,535	495,371	497,565	462,192	505,421
Asia	69,498	117,055	144,363	145,494	155,538	239,822
Americas	7,244	10,813	14,198	14,480	15,159	18,601
Africa	3,460	4,169	4,846	5,694	5,034	5,628
Middle East	2,404	4,372	6,450	9,205	9,525	11,629
Oceania	5,858	7,979	10,661	10,574	8,404	10,756
Total arrivals	395,320	601,923	675,889	683,012	655,852	791,917

Source: Ministry of Tourism, Arts & Culture(2010, a, b)

TOP 10 TOURIST MARKETS

In terms of arrival figures, the highest number of tourist arrivals in the past 5 years have been from the following markets. Previously the Italian market was the highest in the Maldives, however this started to decline in 2006. The UK market also showed a decline since 2008 but 2010 saw an increase. China has been the market that has shown a rapid increase – both from the Asian region and over all, and in the year 2010 China market provided the highest number of tourist arrivals to the Maldives.

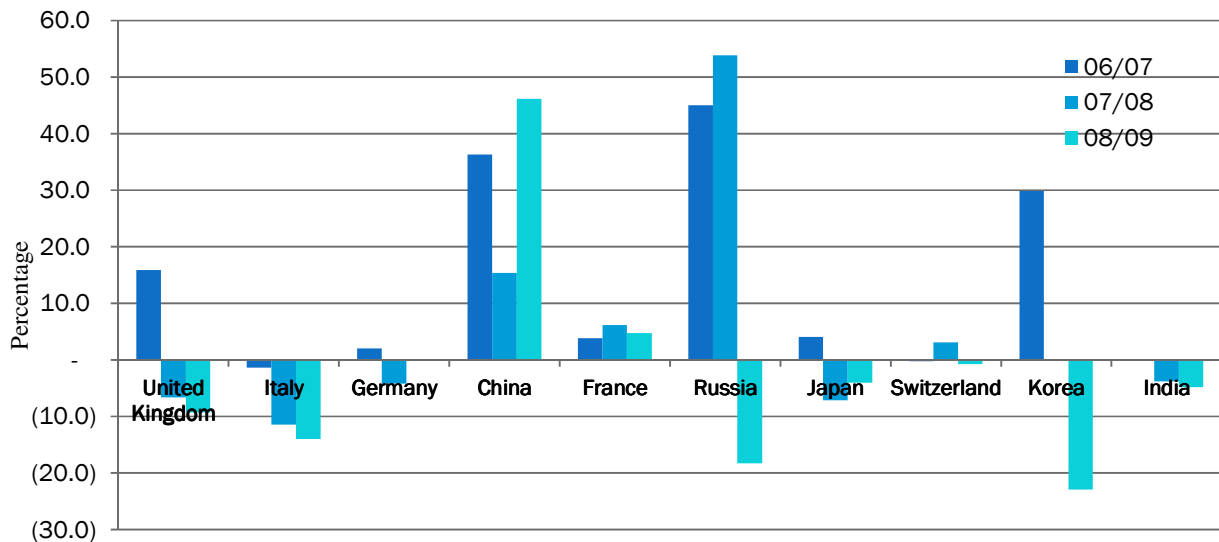
TABLE 9: TOP 10 TOURIST MARKETS (2005 – 2010)

(Ranking order by country for each year)

2010		2009		2008		2007		2006	
China	118,961	UK	105,950	UK	116,821	UK	125,158	Italy	118,929
UK	114,158	Italy	89,292	Italy	103,824	Italy	117,246	UK	107,995
Italy	89,596	Germany	69,085	Germany	69,240	Germany	72,269	Germany	70,830
Germany	77,108	China	60,666	Russia	48,978	France	45,301	France	43,627
France	54,789	France	50,373	France	48,100	Japan	41,121	Japan	39,528
Russia	49,111	Russia	40,014	China	41,511	China	35,976	China	26,396
Japan	38,791	Japan	36,641	Japan	38,193	Russia	31,845	Switzerland	26,251
Switzerland	27,766	Switzerland	26,783	Switzerland	26,983	Switzerland	26,183	Russia	21,955
Korea	24,808	Korea	16,135	Korea	20,934	Korea	20,976	Korea	16,157
India	25,756	India	15,850	India	16,663	India	17,327	India	12,071

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

FIGURE 3: PERCENTAGE CHANGE OVER PREVIOUS YEAR IN TOP 10 TOURIST MARKETS (2006 – 2009)



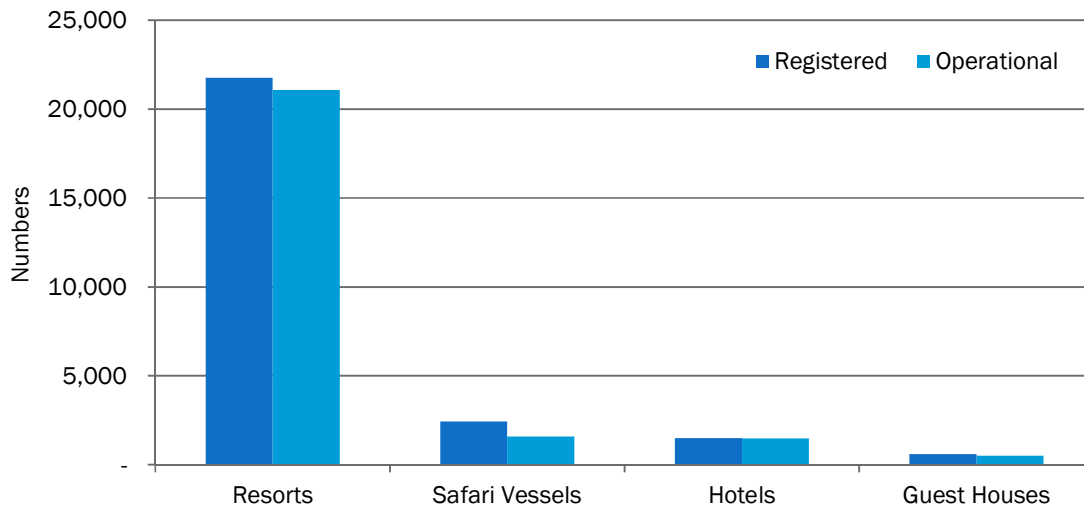
Source: Ministry of Tourism, Arts & Culture(2010. a)

NUMBER AND TYPE OF RESORTS

By the end of June 2011, there were a total of 24,647 tourist beds in operation in the Maldives. At the same period the registered bed capacity was 26,287. These include tourist accommodation in tourist resorts/marinas, hotels, guesthouses, and safari vessels.

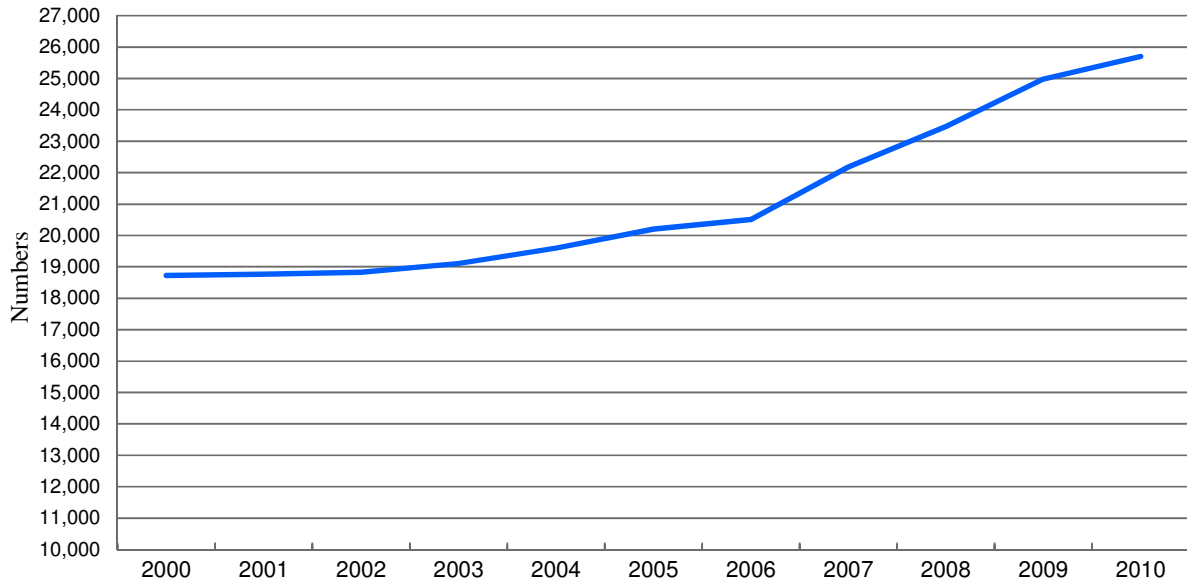
FIGURE 4: TOURIST BED CAPACITY IN THE MALDIVES

(as at June 2011)



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

FIGURE 5: TOURIST ACCOMMODATION BED CAPACITY IN THE MALDIVES
(2000 – 2010)



Source: Ministry of Tourism, Arts & Culture (2010)

The bed capacity has experienced a gradual increase, as tourism has expanded in all the regions of the Maldives, enabling the strengthening of the economy and creating employment opportunities as well.

TABLE 10: ISLANDS LEASED FOR RESORT/HOTEL DEVELOPMENT
(As of June 2011)

Province / Region	Resorts		Beds	
	Existing	Upcoming	Existing	Upcoming
Upper North Province				
HaaAlif Atoll	3	4	456	600
HaaDhaal Atoll	-	6	-	1,500
Shaviyani Atoll	-	6	-	1,070
North Province				
Noonu Atoll	2	7	542	1,180
Raa Atoll	1	8	470	440
Baa Atoll	7	5	1,398	1,000
Lhaviyani Atoll	4	1	1,336	300
Male' (Capital)	17	1	1,347	200
North Central Province				
Kaafu Atoll	43	1	9,050	200
AlifAlif Atoll	12	-	2,000	-
AlifDhaal Atoll	16	-	3,768	-
Vaav Atoll	2	1	350	50
Central Province				
Meem Atoll	2	1	400	60
Faaf Atoll	1	-	250	-
Dhaal Atoll	2	4	436	670
South Central Province				
Thaa Atoll	-	3	-	580
Laam Atoll	1	4	194	400
Upper South Province				
GaafAlif Atoll	3	8	288	1,198
GaafDhaal Atoll	-	9	-	1,254
South Province				
Gnaviyani Atoll	-	1	-	120
Seenu Atoll	3	2	986	210
Total	119	72	23,271	11,032

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

ACCOMMODATION ESTABLISHMENTS (HOTELS, SAFARIS & GUEST HOUSES)

The One island one resort concept that is seen in the Maldives is considered unique the world over. The geography of the country, with its many scattered islands has lent itself naturally to the logical development of this concept.

The number of resorts in the Maldives has been rapidly increasing over the years as many uninhabited islands were identified as ideal for development for tourism. At the end of June 2011, there were 119 existing resorts in the country and an additional 72 upcoming islands, which will create an addition of 11,032 beds (MOTAC, 2011).

Hotel developments have not fared so well as resorts as tourism flourished in the country, mainly due to the variety of resorts available and the preference tourists had to stay in them. As such, there was a total of 15 hotels operating in 2010, an addition of 2 hotels seen in end of June 2011, accompanied by an increase of over 100 beds in the segment of Hotels.

While there was a smattering of guesthouses in the Maldives even before tourist resorts were developed. The guesthouses of the 70's on local islands were closed with new regulations to control social negative impacts to the local communities, and allowed guesthouses only in the capital. Therefore, tourist resorts developed in the uninhabited islands away from the local populations became popular. Hotels came to be established in place of guest houses which were on inhabited islands and in the capital Male', mainly to accommodate tourists who stayed back a night waiting for their transfers to resorts which were arranged for the following day. There was a decrease in the number of guesthouses from 2007 to 2009, going down from 24 to 22 within that period. However, an increase was registered from 2010 to end of June 2011 by 22 to 26 respectively. At the end of June 2011 the number of guesthouse beds were 507.

CRUISING

While holidaying in a resort was the main desire for tourists visiting the Maldives, opportunities for cruising and spending time on live-aboard began expanding in the mid 1970s. The initial offerings of such a sea bound holiday were meager, with vessels having about the same facilities as that seen on a basic diving safari boat. The late 1980s saw vessels sailing the Maldivian waters which were specially built for cruising, outfitted with the necessary amenities. As the years went by, further improvements in the standards and quality of these live-aboard vessels were realized, with present day vessels mirroring the same facilities as those provided in a resort, to include hot and cold water, air conditioning and attached toilets and pool facilities.

Even though more vessels fitted with a variety of facilities were introduced into the market in the early 1990s, their numbers began declining around 1998 as the novelty wore off. The resort product

proved to be relatively more favorable, and the increase in the bed capacity of resorts resulted in a decrease in the number of operational live-aboard vessels. There were 106 safari vessels with a bed capacity of 1,649 in 2010, which decreased, to 104 vessels with a bed capacity of 1,593 at the end June 2011.

One of the drawbacks noted while cruising in the Maldives is the homogeneity of the scenery, which is scarcely broken up by any historical or cultural attractions apart from the famous scuba dive points and surf breaks along the cruise. Increasing the number of beds tended to make live-aboard vessels bigger and bulkier and in the process lose their charm and attractiveness. It is perceived that the exterior design of the live-aboard vessels should reflect the luxurious facilities that are available on it. The rise in the number of such vessels led to many being forced to share picnic islands where these live-aboard sometimes docked at, bringing about a lack of the privacy that is desired by tourists. There was also a lack of special packages available to this market.

DIVING AND SURFING

Diving was the main reason most of the early tourists chose Maldives as their preferred holiday destination. The development of tourism in the Maldives over the years saw water sports such as water skiing, surfing and other motorized sports being increasingly introduced in resorts. In recent years, surfing in the Maldives has captured the interest of many, as more and more holidaymakers came down just to hit the waves.

Diving was initially provided by private parties and till today many of the diving schools in resorts are operated privately. The popular association of Maldives and diving has made it essential for all resorts to include diving as a major recreational activity of every resort, with safari vessels also providing this service. The market for surfing has now gone up and special groups arrange surfing stopovers with live-aboard. However, the relatively few areas ideal for surfing available in the Maldives is leading to a crowding of the existing spots as more tourists vie for the perfect wave.

SPA AND RECREATION

Tourists holidaying in the Maldives can choose from a variety of recreational activities. These include fishing, exploring uninhabited islands "Robinson Crusoe" style or even relaxing at the in house spa, which are increasingly being fitted with the most sophisticated therapies and practices.

The out of resort excursions allow tourists to visit the capital of Maldives, Male' or a nearby inhabited island to experience the culture and way of life of indigenous Maldivians. Fishing has also proved to be a popular activity; though some concerns have arisen over the effects such fishing for sport can have on the marine environment.

Spa tourism was first introduced to the Maldives in the late 1980s and offered the facilities of saunas and steam baths at resorts. More facilities were introduced in the 1990s, as Jacuzzis, chilled pools and massage centers (Spa) became common in resorts. Spa services became so popular that from a competitive point of view, it became mandatory for all resorts to have one. Likewise, operational names of most of the resorts were changed to include the word "Spa" in it. Investments were made on building the infrastructure for spa facilities and masseurs and specialists were brought in to offer these services. Most of these spas concentrate on East Asian practices of relaxation and rejuvenation and there are many resorts, which offer Swedish and Turkish massage and associated facilities also.

New Market Segments, Diversification and Marketing

Traditionally, the Maldives was known as a Robinson Crusoe destination, where tourists would come to get away from it all and to explore the underwater world. At present the majority of holidaymakers to the country are honeymooners or those who desire experiencing a romantic destination. However, in recent years concentration has increasingly been given to attract visitors from diverse market segments and for further diversification and development from new sources. New segments sourced include Meetings Incentives, Conferencing and Exhibitions (MICE) markets, health and wellness, family holidays, special interest groups and senior markets.

Resorts have begun to offer family packages in a bid to develop and appeal to those wishing to come to Maldives with their families. Health and wellness is well on its way towards making a name for itself within the international market by the introduction of various spa treatments and their subsequent developments on all the resorts. The seniors market is being targeted, as this group

of people would normally have the ability to afford the time and money to be expended on a holiday in the Maldives. More activities that can be included on the itineraries of guests to Maldives include, but are not limited to, big game fishing and dolphin cruises.

HUMAN RESOURCE DEVELOPMENT

Prior to the development of tourism in the Maldives, the country was wholly dependent on fisheries and agriculture. A majority of Maldivians were involved in these activities, apart from those who were employed by the government. The work related to fisheries and agriculture in the Maldives then was carried out without the utilization or acquisition of a special set of skills, which resulted in the country having a highly unskilled workforce.

The advent of tourism in the Maldives saw the industry in great need of a highly skilled workforce to cater to the demands of an ever-increasing tourist population. The service-oriented nature of tourism demands a skilled workforce to be active in the industry. The lack of a skilled workforce resulted in both the public and private sectors making some effort to equip Maldivians with the skills needed to function in the newly emerging industry. As tourism began to progressively develop over the years, the industry began to be considered as one of the most promising sectors in the country that provided gainful employment.

The geographical nature of the country along with housing just one resort on each uninhabited island caused difficulties in providing transport to and from these islands to those where people resided in. As a result, resorts were forced to provide accommodation, food and other basic facilities to its employees on the resort island itself. Initially, the facilities for resort employees were very basic and limited. However, the growth of the industry saw resort owners and operators providing better facilities for their employees. The government also recognized that workers in the industry should be managed adequately and have come up with regulations to this effect, which were to be adhered to by all the resorts operating in the country.

The total expatriate workforce in the Maldives was 70,259 as end of 2009. According to the statistics yearbook 2010 at the end of year 2007, Hotels and Restaurants consisted of 31,108 employees of which 15,892 were locals and 15,216 were foreigners (DNP, 2010).

GROWTH OF LOCAL AND EXPATRIATES IN THE WORKFORCE

Tourism is an industry that demands a workforce possessing a wide variety of skills at different levels. In the early years of tourism in the Maldives the requirement for these skills demanded by the industry to some extent was met by former staff of the British Navy from the island of Gan in Addu Atoll. People who had an amount of exposure to the industry filled up jobs that required a limited level of skills in the area of hospitality (MOT, 2003). In these initial years, all employees in the industry were Maldivians, with the exception of tour guides and diving instructors. However, the lack of required skills and formal training among Maldivians forced the industry to look towards recruiting foreigners to fill the skills void.

It was in the construction of resort facilities that Maldivians were initially involved in. However, the development measures indicated in the FTMP called for foreign laborers to work on resort development. These laborers remained on the resorts' payroll even after construction is complete and operations commence, filling jobs that required little skills to carry out. As more islands were leased to be developed within a specific duration, the import of foreign labor continued to rise over the years. It was hoped that the new developments taking place in the tourism sector, and the growth of ancillary industries would bring about new employment opportunities for Maldivians. However, the skill levels of the local workforce did not grow with the development of the industry, causing concerns over the ever-increasing demand placed on recruiting foreigners.

The TTMP identified two factors, which account for the increase in foreign workers, the first of which is how Maldivians are not willing to work in certain employment categories. The second is that there is a lack of qualified Maldivians for certain highly skilled and professional jobs, such as being chefs, accountants and diving instructors, areas which are dominated by expatriates. It should be noted that these specialist jobs are highly paid.

HUMAN RESOURCE SUPPLY AND DEMAND

During the first couple of decades since the start of tourism in the Maldives, the industry operated on a limited supply of local labor that was available. This led to initiating training and development

of the workforce in the industry. It was seen as vital that development of human resources kept abreast of the growth and expansion of the industry to all the atolls of the country so that atoll communities gained the maximum benefits from tourism. The industry inherently offers employment in various fields, both directly and indirectly.

During the time when the TTMP was formulated, it was estimated that 10,000 direct new jobs would be created, with an additional 20,000 jobs made available by the industry later on. To address the growing demand for workers, school leavers were considered as a prime target for careers in the tourism industry. According to TTMP, in the Maldives, it is estimated that there will be around 10,000 school leavers each year, with many attempting to find employment immediately after completing school. However, a key obstacle to attracting individuals from this potential labor market was the negative attitude towards the industry and resort based jobs held by some that, mainly due to the isolation of resort islands jobs were unattractive options as careers and having to work away from their local communities will lead to stress in the family of employees.

Specialized training in areas related to hospitality and tourism began in 1987 in the Maldives. This formal training was provided by the School of Hotel and Catering Services (SCHS), which was later renamed as the Institute of Hotel and Catering Services (IHCS). Short term and certificate programs were mainly conducted, funded by the United National Development Program (UNDP) and the European Union (EU). The institute was ultimately absorbed into the Maldives College of Higher Education (MCHE) as the Faculty of Hospitality and Tourism (FHTS) (MOT, 2003). The faculty has three campuses, the main campus being in Male'. A second campus was opened in December 2006 at Adaraan Resort at Hudhuranfushi in a private-public partnership venture. The third campus, established recently, is located in Addu Atoll. Records indicate that the numbers of students completing training programs at FHTS have been declining over the past five years.

TABLE 11: GRADUATES FROM FACULTY OF HOSPITALITY & TOURISM INDUSTRY

(2005 – 2009)

Year	Full time courses			Other Courses			Grand Total
	Male	Female	Total	Male	Female	Total	
2005	90	28	118	104	110	214	332
2006	70	25	95	151	26	177	272
2007	63	16	79	104	71	176	254
2008	75	49	124	64	13	77	201
2009	48	15	63	95	54	149	212
Total	160	53	479	255	136	792	1,271

Source: Ministry of Tourism, Arts & Culture (2010, a)

Apart from this, MHRYIS has developed TVET programs for the purpose of increasing skilled persons in the workforce to serve the industry. However, there have been very few tourist resorts that have taken the initiative to set up in-house training apprenticeship programs.

GENDER IMBALANCE IN EMPLOYMENT

When tourism industry began in the Maldives, the industry was almost wholly dominated by male employees. The work and the conditions in which they had to live on the resort islands were extremely basic and in general were seen as not suitable for women. Added to this was the fact that resorts were isolated from inhabited islands, with the difficulties and irregularities in transport and travel abound. Furthermore, there was a prevalent perception that it is inappropriate for women to work in resorts. All these contributed to making tourism an unappealing industry for Maldivian women to find employment in. It was not until recently that women began to participate in the industry's workforce. According to TTMP, 7 percent of the employees in tourist resorts are female of whom only 2 percent are Maldivian (MOTCA, 2007).

THE STATE OF THE ENVIRONMENT

The unique concept of tourism in the Maldives of focusing on the natural attractions of the country, such as the weather, white beaches and exquisite diving sites, is very much based on the country's environment and an appreciation of its fragility.

Even in the early stages of tourism development in the country, the potential impact on the environment was given due consideration. Practices such as dumping of untreated waste in to the sea or the nearby reef, using coral from the reefs for construction purposes and dredging of sand from the beach of the island were occasionally witnessed, however now regulations are in place to check such actions.

In order to protect the environment and develop a sustainable tourism model, the government started regulating and stipulating practices, which would yield the minimal impact on the natural environment of islands to be developed into resorts. The past three tourism master plans emphasized greatly on implementing specific actions and called for regulations incorporating resort development standards and environmental management measures. These included controlling the built-up area of every resort to cover not more than 20 percent of the land mass of the island and limiting the height of buildings and structures to less than the general height of the trees on that island and waste management requirements.

The Environmental Protection and Preservation Act (EPPA, Law No. 4/93) outlines stringent measures to which resort developers are required to adhere to. The most notable of these is the requirement for developers to do an EIA report prior to the development of an island as a resort and on any additional developments that are to be brought to an established resort.

While MOTAC is tasked with the responsibility of ensuring that resort operators and owners abide by these rules, limitations of the capacity and resources available make it difficult for the ministry to police the enforcing of regulations. The TTMP details the establishment of Environment Management Systems (EMS), which is a program to promote and create awareness on issues relating to the environment among tourists and staff. As such, many resorts already have

environmental officers whose job is to educate the guests and staff on environmental issues (MOTCA, 2007).

The development of islands as resorts sometimes entail the reclamation of land and the construction of breakwaters, which may bring about adverse effects on an island's natural environment. It is important to regulate these developmental works so as to discourage and instill a mindset of finding ways of working around changing the natural character of the island when developing it as a resort. Establishing seawalls and clearing of channels also need to be properly monitored to minimize the impact these would have on the environment. A new environment law comprehensively addressing such concerns is currently tabled in parliament.

Resorts which came into being under the guidance of the STMP developed methods for treating wastewater and raw sewage before discharging them from the island. However, those resorts developed in the 1980s and early 1990s continue to use inappropriate methods in disposing sewage and waste and some lack incinerators in order to upgrade those facilities Tourism Ministry required redevelopment projects to be authorized after incorporating the new standards (MOTCA, 2007). The status of the established systems designed to manage such processes is evaluated by MOTAC, and it is vital that such inspections be carried out regularly.

The tourism industry has a great demand for reef fish, with tourist resorts consuming 7,000 tons of reef fish each year from an estimated total of 16,000 tons produced (MOTCA, 2007). Special attention needs to be given to ensuring that the stock of reef fish replenishes adequately through sustainable fishing and measures need to be taken to avoid the over exploitation of this highly sought after resource.

Since each resort is housed on one island, every island has to have diesel generators installed to provide its own source of electricity. However, running diesel-powered generators causes a significant amount of air pollution and releases dangerous levels of carbon dioxide to the atmosphere. The vision now is to implement practices and systems which would lessen the reliance on these generators. One of the top most priorities in this regard is to work towards establishing renewable sources of energy by harnessing the limitless power supply provided by the wind and the sun. Such an endeavor will also aid in cutting down greenhouse gas emissions from the Maldives in a bid to meet and go below the levels committed by the Maldives to the Kyoto Protocol and to reach the government's goal of being carbon neutral by 2020. To that effect, a carbon audit has been

conducted with the support of the consulting Company, Be Citizen. Furthermore, the Ministry of Housing and Environment is currently undertaking a study to develop a national strategy to meet the 2020 carbon neutral vision.

COMMUNITY INVOLVEMENT

Creating opportunities for local communities to participate in the development of tourism in the Maldives is seen as a measure that would lead to creating a more sustainable industry. Such community-based tourism is expected to yield higher economic benefits and opportunities to both the industry and the community through the creation of a variety of direct and indirect jobs. Furthermore, the host community or inhabited island can contribute their services to resorts, which in turn would bring about an increase in tourist expenditure.

The promotion of the culture, history and heritage sites of the Maldives and through making accessible local products to tourists are also seen as important by the government. However, the general development of tourism in the country has largely neglected community based tourism; a suitable way to promote local culture.

There have been some inroads made into involving the community in the development of the industry. Some resorts have taken the initiative to provide excursion trips to inhabited islands, which are branded as recreational activities. Such activities allow tourists to interact with the local communities, appreciate the island lifestyle and the interest created to purchase local products from these communities.

These initiatives by resorts have led to many island communities venturing into businesses of opening souvenir shops on their islands catering to visiting tourists. However, the growth and success of such establishments have proven to be very slow and limited. The existence of similar shops on the resorts themselves brings about undue competition for these island based shops. The limited availability of finances and resources to set up and maintain such souvenir shops is also another deterrent towards the community reaping economic benefits from tourism.

At the moment, souvenir shops in the country normally stock a limited amount of local handicrafts, with the bulk of it being imported. Emphasis needs to be placed on developing local and indigenous handicraft and products to be showcased in these shops and to facilitate their sales to tourists.

Having these products available in the shops will help to create new jobs and a veritable cottage industry catering towards producing local products, which can in turn be sold to tourists. Furthermore, it will reduce the need to import such souvenir and handicraft products to fill up the shelves in these shops.

The initial policy dictating that all resorts and similar operations should be established only on uninhabited islands was one of the main obstacles towards providing access for tourists to local communities. However, the policy has changed in recent years, allowing for establishments such as guesthouses to operate on islands with local residents. Since the regulations on allowing tourist guesthouse development in the local islands 15 such guesthouses have been registered apart from the capital. The government has started leasing land from inhabited islands for tourism development, the most recent cases of which are in Addu Atoll, with similar plans to come into effect in Laamu Atoll.

One of the main reasons that the government initially had a policy of setting up resorts only on uninhabited islands may be the perceived negative effects that the industry might have on the society and culture of the Maldives. The widely held notion was that interaction with tourists might bring about a deterioration of the country's culture and bring about such effects as an increase in crime rates. Recent changes in government policies and the willingness of island communities to become more active in tourism have aided in dispelling such perceptions.

The development of resorts near inhabited islands allows for the community of that island to actively participate in the tourism industry. Pursuing employment on nearby resorts would be less inconvenient due to their proximity and will also open up opportunities and encourage women to find employment there. At the moment, the tourism industry in the Maldives is dominated by men creating a disproportionate imbalance in the workforce ratio. Awareness programs need to be conducted with the intention of increasing the involvement of women in the industry, even through their communities, so as to increase the percentage of female employment in the industry.

Apart from the natural attractions that the Maldives offers, there are a number of notable historic sites across the country that can prove to be appealing for tourists. Such heritage sites need to be utilized and promoted so as to increase the range of tourism products of the country. Furthermore, cultural attractions on inhabited islands can be developed in order to increase tourism's contribution to the community.

LEGAL AND INSTITUTIONAL STRENGTHENING

The MOTAC is the government agency regulating all tourism related activities of the Maldives tourism industry. In the beginning of the tourism industry, there were no regulations, but as the industry developed and expanded, the need for proper legislation became paramount. Therefore, with the consultation of the pioneers and entrepreneurs of the industry, MOTAC has continued to develop a relevant and adequate legal framework and making changes in the best interest of all the relevant stakeholders and ensuring that tourism is expanded in a sustainable manner.

One of the main responsibilities and key function of the Ministry of Tourism is the lease of islands and land to be developed as tourism establishments, to monitor and check the timely progression of developments proposed and quality assurance from construction to operation. Currently, these activities are conducted under the Maldives Tourism Act 2/99 and regulations formed under it, with some amendments to it coming into effect recently.

THE TOURISM ACT AND REGULATIONS

The Maldives Tourism Act (Law No. 2/99) was enacted in 1999, repealing the Law on Tourism in the Maldives (Law No. 15/79) and Law on Leasing of Uninhabited Islands for the Development of Tourist Resorts (Law No. 3/94). The Tourism Act enabled the creation of regulations governing the development of tourism in the Maldives, which include the lease of islands or land for resorts, hotels, marinas, the development of guesthouses and the management of all these facilities. Provisions relating to the terms and conditions of the lease of islands, the sale and transfer of lease rights to third parties and taxation from tourist establishments and tourists are all included in the Act, in addition to details on the procedures on leasing islands for resort developments, how the lease agreements should be drawn up, the term of lease and lease periods and their expiration and compensation. The Act and regulations govern the operation of tourist vessels, diving centers and travel agencies functioning in the country.

The TTMP had placed special emphasis on encouraging foreign investments to the Maldives. As such, the Tourism Act 2/99 was amended to reflect this direction. MOTAC has also been involved in reviewing and revising existing regulations.

The following regulations are developed and implemented under the Tourism Act.

1. Regulation on Lease Rent Payment
2. Regulation on Grant of Rights of Resorts
3. Symbolic Marriage Regulation
4. Regulation on Payment of fees for the Extension of the Period of Lease of Tourist Resorts
5. Travel Agency Regulation
6. Regulation on the Protection and Conservation of Environment in the Tourism Industry
7. Yacht Marina Regulation
8. Maldives Recreational Diving Regulations
9. Regulation on leasing and development of islands for tourism related purpose
10. Tourist Vessel Regulation
11. Foreign Tourist Vessel Regulation
12. Guest House Regulation
13. Regulations on provision of data for the compilation of tourism statistics

All these legislations govern the development and management of tourism in the Maldives. The government has always ensured that the leasing of islands for development as tourist resorts was carried out in a fair and equitable manner.

TOURISM TAXATION AND TARIFF REGIMES

The TTMP has made recommendations that urgent amendments be brought to the tourism tax regime. This is to encourage a higher level of investment in the industry and also to ensure that the revenue that the government generates from the industry is fairly proportioned to the profits made by the tourism related businesses.

At present, the Maldives Tourism Act has provisions for the lease rent, tourist bed taxes, registration and license fees as sources of direct income to the government from tourism. The Law on Exports and Imports (Law No. 31/79) also provides a comprehensive regime for generating revenue from imposing import duties.

The government's plan to develop a fair tax regime, Tourism Goods and Service Tax, Business Profit Tax and Goods and Services Tax was introduced, in the beginning of 2011; T-GST was implemented on all tourism goods and services. Initially 3.5 percent was imposed and there is a plan to increase this percentage in the following years. This tax will be mainly taken from the services provided for tourists and such a taxing system will allow for an increase in tourism's contribution to the government revenue. Subsequently Business Profit Tax was implemented this year as a measure of generating further revenue to the state.

According to the TTMP strategic actions, an important amendment was brought to the Tourism Act 2/99. This allowed to levy lease rent from the leased lands or islands in an equitable manner. In the amendment, the lease rental rates were based on the area of land to be developed as a tourism establishment, allowing for those who pay a relatively higher rental to reduce the amounts paid.

Under the Maldives Tourism Act, US \$ 8.00 per tourist is charged for each day of stay at a tourist establishment. However, bed tax will be removed when T-GST percentage increased to 6% in the year 2012.

Fees are charged for the registration of certain tourist establishments and for the licenses issued to these. However, the one off nature of these charges results in this form of direct income for the government constituting an almost insignificant portion of revenue for the government from tourism.

Under the second amendment to the Tourism Act, each resort is now required to pay US \$ 8/- per square area as land rent. Furthermore, MOTAC has revised the lease rent formula of lands leased by MOTAC.

TOURISM RELATED LAWS AND REGULATIONS

Certain laws in the country have a wide range of indirect effects on the activities and functioning of the tourism industry. The Employment Law (2/2008), which was passed in 2008 and amended in 2009, saw the formation of a Labor Tribunal. While the law had provisions for the creation of a Salary Advisory Board, this is yet to become fully functional.

All foreign investments in the Maldives are governed and regulated by the Law on Foreign Investments in the Republic of Maldives (Law No. 25/79). This Act has some difficulties for foreign investors to invest in the Maldives. The government is in opinion to repeal this Act to open more opportunities and encourage more foreign investments in the country.

GOVERNMENT OWNERSHIP AND PARTNERSHIP IN TOURISM VENTURES

The government's role as regulator and not operator of tourist businesses is further strengthened by the lease of the only government operated tourist hotel, Nasandhura Palace Hotel and the government guesthouse at Addu Gan island, Dhoogas during the TTMP period.

The government established a public listed company, MTDC for the purpose of increasing the public's participation and involvement in the tourism industry. MTDC has leased and developed one island with at least 7 additional islands slotted to be developed as resorts in the future.

In order to increase development opportunities, government created joint ventures with interested developers to develop tourist establishments. This allows government to increase earning from tourism.

INFRASTRUCTURE AND SERVICES

The burgeoning tourism industry in the Maldives is increasingly being sustained not only through the development of resorts and similar establishments but through the development of the supporting facilities and infrastructure. These include the maintenance and development of the transport network, proactively mitigating the risks of the occurrence of disasters, the availability and advancement of information and communication systems and medical facilities.

THE TRANSPORT NETWORK

The marine transport network introduced by the new government administration and operated at the province level plays a vital role in ensuring the movements of goods and people from one island to the other. Isolated from any mainland by the sea, the country is predominantly accessible by air.

The scattered islands in the Maldives calls for an efficient and reliable transport system to be in place to ensure that travel within the country is carried out efficiently. Island Aviation Services currently operates to Gan International in Addu City, Kaadedhoo in GaafuDhaalu atoll, KadhooinLaamu atoll and Hanimaadhoo in HaaAlif atoll.

AIRPORTS AND AIR TRAVEL

The vast majority of tourists are able to access the Maldives through Ibrahim Nasir International Airport, the only such airport in the country till 2007, when the domestic airport in Gan was upgraded to Gan International Airport.

The main international airport, while capable of catering to wide-bodied passenger aircraft, lacks the capacity to actually hold a high number of aircrafts at one time. The single runway, which services a high number of aircraft flying into the country, is a further limitation to increasing the number of tourists visiting the Maldives.

The passenger facilities in the airport were upgraded across several phases, allowing for expansions in departure halls and other areas. However, peak times more often than not test the limits of these modest expansions, which in turn limits the number of passengers and aircraft that the airport can process. The TTMP also states that other facilities, such as proper cold and dry storage facilities available in the airport needs to be increased.

In 2010, the management and operation of Male' International Airport and subsequently renamed Ibrahim Nasir International Airport was handed to a foreign company under a public private partnership of the government in a bid to improve the airport's facilities and services.

The upgrading of the airport in Gan to cater for international flights was undertaken in an effort to ease the traffic experienced in Ibrahim Nasir International Airport. The existing facilities in the south need to be upgraded and bed capacity increased so as to enable wide-bodied aircraft landing to allow increased direct international traffic from generating markets to these regions more conveniently.

There are three additional domestic airports functioning in different areas of the country. The facilities and services provided here, including the runway and passenger facilities, are rudimentary.

These airports need to be upgraded to enable servicing of the needs of an ever expanding tourism development that is envisaged.

The TTMP suggests that further expansion of the tourism industry requires the development of additional domestic airports. In this context, the government plans to develop a further ten airports in the country and integrate these with the planned spatial expansion. The end of 2010 saw that none of these planned airports had yet started functioning, however work on three airports are nearing completions and this administration has sanctioned for the development of airports through joint venture agreements with the government. Maamigili airport was opened in October 2011 and started air travel services between Ari Atoll and Ibrahim Nasir International Airport and Fuahmulaku airport commenced flights on 11th November 2011 in conjunction with the 17th SAARC Summit held in the Maldives.

The most popular form of domestic transport for tourists from Ibrahim Nasir International Airport to the resort island of their choice is by seaplane. They function as an air transfer service, with daytime being the time when their traffic increases significantly. Currently Maldivian Air Taxi operates to 40 resort islands and Trans Maldivian Airways operates to 23 resort islands. These two services are often described as the most largest seaplane operation in the world.

MARINAS, SEA PORTS AND BUNKERING FACILITIES

The government had initiated a marine transport network, which connects the islands in provinces and to each other across the country. This network needs to be improved and further plans for their development have to incorporate the connection of tourist resort islands to inhabited islands. This will open up possibilities for providing the connectivity between inhabited islands and resorts providing a possible means of transport for those from nearby islands who may seek to work.

There are also a number of difficulties in transferring goods to resort islands brought on by the unavailability of a systematic and proper transport network running across the country. These logistical difficulties are challenging especially for those islands, which are in the various stages of developing and construction. TTMP had stated that the harbor facilities in Male' be improved in order to facilitate the future supply needs and requirements of islands leased to be developed as resorts.

At present there is only one registered marina established in the Maldives to cater to yachts and safari vessels and there are plans to create more marinas. The increase in the number of live-boards operating in the country indicates that there is a need for additional harbors, marinas and facilities be established to cater to this growing market. Currently, such vessels are mostly forced to anchor in the Hulhumale' lagoon, where they face difficulties in loading of goods and supplies as required.

There has been an increase in the number of passenger liners and cruise ships visiting the Maldives, with most of these preferring to anchor just off the shores of the capital Male'. Passengers from these ships tend to visit Male' for sightseeing and shopping. However, there are no facilities available in the capital to cater specifically to the needs of such a large number of visitors.

INFORMATION AND COMMUNICATION TECHNOLOGY

All the resort islands in the Maldives have fixed telephone, mobile coverage including international roaming and internet facilities. Telephone service providers Dhiraagu and Wataniya played an important role in providing the latest technologies in telephony and internet access. These facilities can be further utilized by operators of tourist establishments for the purposes of e-marketing and also for the monitoring of sea faring vessels and the activities they conduct.

DISASTER MANAGEMENT PLANNING

After the 2004 Asian tsunami, which greatly impacted the Maldives, the UNDP prepared a report in 2005 dealing with disaster management strategies and planning for the tourism sector in the face of similar incidences. A Tourism Emergency Centre (TEC) was also established, with workshops being conducted to create awareness about the importance of having preparedness plans and implementing them properly.

Since then individual resorts have established varying levels of actions plans for implementation if a disaster occurred. However, monitoring for effectiveness of such plans were not conducted.

At present, regular crisis management simulation exercises are not conducted in many tourist resorts. The technical assistance required for carrying out such activities need to be sourced in

association with the Maldives National Defense Force (MNDF), the Maldives Police Service (MPS) and health service experts and providers.

The NDMC formulated a Strategic National Action Plan (SNAP) for disasters and risk reductions in 2011. This comprehensive action plan addresses many issues that may arise if a disaster eventuates and details measures to mitigate and prevent disaster.

Safety and security measures related to fire incidents are required to be in place in the resorts, stipulated by legislation before the Tourism Ministry issues an operating license. Recently concerns have been raised in respect of safety surrounding water bungalows and safety in the water in general. Subsequently MOTAC has developed guidelines on tourist resorts to retain lifeguards during swimming hours, construct watchtowers, and cautionary notices.

MEDICAL FACILITIES

The rise in the numbers of tourists visiting the country has also resulted in a rise in the number of medical emergencies reported. Most resorts have an in-house doctor, in part provided as a result of the requirement some tour operators places on them to do so. However, only limited medical facilities are available in resorts. Therefore the nearby regional hospital is the location which serious treatment can be given. Such hospitals are usually located on inhabited islands.

The number of diving accidents indicates the need for more decompression chambers as spatial expansion continues. Over 15 percent of the visitors to the Maldives are those who wish to experience diving. At present, there are four certified decompression chambers in the country. More needs to be developed in strategic locations when tourism spreads to all atolls in the Maldives.

SECTION THREE

EVALUATION OF PLAN IMPLEMENTATION

This chapter deals with the evaluation of the levels of implementation of the set of actions under the strategies proposed in the TTMP. During the evaluation process, it was noted that some of these actions were accorded a lower priority, mainly due to policy changes in the wake of the change in the country's administration.

The assessment of the levels of implementation was based on the 6 strategic areas, which are identified in the TTMP as:

1. Facilitating sustainable growth and increasing investment in the industry, while enhancing public share of economic benefits from tourism
2. Increase employment opportunities, open up opportunities for gainful public and community participation in the tourism industry
3. Develop and maintain supporting infrastructure required for the growth of tourism industry
4. Ensure environmental sustainability in the development and operation of all tourism products and strive for global excellence in environmentally-responsible tourism
5. Continue to brand Maldives as a unique destination with innovative products and retain Maldives positioning as a top ranking destination in traditional and emerging source markets
6. Continue to strengthen the legal and regulatory framework and institutional capacity of the MOTAC

Each strategic area is reviewed briefly in this Section.

FACILITATE SUSTAINABLE GROWTH AND INCREASE INVESTMENT IN THE
INDUSTRY, WHILE ENHANCING PUBLIC SHARE OF ECONOMIC BENEFITS
FROM TOURISM:

Improve investment climate to facilitate Maldivian and foreign investments

The TTMP had emphasized on improving the investment climate so as to facilitate investments from Maldivian and foreign parties. In the same manner, the STMP outlined strategies that could be undertaken to increase the level of local investment in the industry through enacting an amendment to relevant legislation.

As such, the TTMP proposed extending the lease period of resorts and hotels in order to promote and encourage investing and reinvesting in the sector. The Tourism Act states that all resorts and hotels will be leased for 25 years, and if the initial investment exceeds US\$ 10 million, then the lease period would be extended for up to 35 years from the date of lease. In 2010, a new regulation came into effect, which saw a payment of fees for extending for lease period of resorts up to 50 years.

The Tourism Act further provides for lease periods to stretch out for 50 years. A period of 99 years is allowed if more than 51 percent of shares are sold to the public. The government subsequently formed MTDC, which is a publicly listed company. MTDC have sold shares to the public and are currently in the process of developing various resorts leased to them.

The Tourism Act initially restricted the transfer of any lease rights to a second party prior to the development and commencement of operations on any resort or hotel. However, amendments were brought in 2010, which affected the grant of rights of resorts. This provided the possibility for the leaseholder to explore further avenues for financing the development of the resort through mortgaging and by providing additional guarantees to financial institutions that may be approached.

The tendering system for resorts was also revised removing the local preferential criteria to allow for foreign investors to take part in the bidding process on an equal footing with locals. As a result foreign parties are able to participate in the bids equally as locals.

In order to improve the investment climate, TTMP recommended holding biennial investment conferences in the Maldives and proposed to invite international participants to attend these. Following the new administration taking over the government in 2008, Invest Maldives has played a major role in showcasing the various investment opportunities that exists in the country. Later, Invest Maldives' functions, which are related to tourism industry, was incorporated into The Maldives Marketing and Public Relations Corporation (MMPRC). The idea of forming MMPRC as a central body is to carryout government advertising and marketing activities. This is in line with the government's policy to have similar tasks conducted by a single office, rather than risk duplicating the workload.

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

As tourism is the economy's current mainstay, broadening revenue obtained from tourism is one of the most important policies that the government must pursue. The public revenue gained from tourism could be increased through revising tax regulations and by increasing the supply of the number of tourist beds as per the projected demand.

The Tax Administration Act was ratified by the President on 18 March 2010. Under this Act, a separate legal entity named Maldives Inland Revenue Authority (MIRA) has been established and is responsible for enforcing the taxation acts and implementing taxation policies of the government.

A tourism based goods and services tax T-GST was ratified by the President on 8 September 2010, and was implemented in January 2011. Pursuant to Section 37 of the Act, all tourist resorts, hotels, picnic islands, guest houses and tourist vessels and other facilities established for the supply of services to tourists and other service providers mentioned in the Act were required to register with MIRA within sixty days from the date of ratification of the Act (MIRA, 2011).

The ratification of the above laws enabled the administrative structures required for the effective administration of the laws, thus strengthening the institutional framework to impose taxes effectively.

In order to increase revenue, TTMP proposed to increase airport departure tax while increasing numbers of passenger traffic. An increase in airport departure tax was last made by the Government in 2004, and a subsequent bill to increase airport departure tax in year 2009 failed to be passed by the parliament.

In 2010, the government leased Ibrahim Nasir International Airport to GMR-Malaysia Airport Holdings consortium to develop and manage the airport. It was agreed that GMR pay to the government US \$ 78 million upfront, one percent of the total profit in the first year (until 2014) and 10 percent of the profit from 2015 – 2035. GMR is expected to levy an airport development fee commencing in year 2012.

As stated in the TTMP, MIRA and the industry conducted various information sessions to raise awareness in the industry about the T-GST tax regime.

In line with TTMP recommendations, the government has proposed and leased new islands and land for tourism development, to meet the planned projections. TTMP target projections for the year 2010 were of 900,000 tourist arrivals and over 30,000 beds in operation. However by the end of 2010, Maldives was only able to attract 791,917 tourists and the number of registered beds stood at 25,243. The government has leased over 10,000 beds by the end of year 2010, however those beds have not come onto the market (MOTCA, 2010, b).

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

It is important to create economic linkages between tourism and other industries. The TTMP's proposal to create a unit in the MOTAC to identify, encourage and initiate resort-community partnership programs and projects was partially realized through the formation of an industry HR unit and work is now being carried out with the assistance of international agencies to forge community linkages.

In order to fully accomplish this TTMP recommendation, MOTAC has proposed to conduct a base-line study to determine the level of linkages between tourism and other economic activities of island communities to be included in the work plan of 2011-2012.

Programs were conducted in the Northern regional atolls with help of UNDP to promote resort-community partnership programs and projects that would increase usage of local produce by resorts. Similar programs were held in the south of the country in year 2011.

Following the change in government in 2008 and resultant administrative changes, many activities stated in the TTMP such as annual theme-based multi-sectorial Tourism workshops to identify and discuss issues, challenges and opportunities to enhance multi-sectorial linkages with tourism were not held. As suggested in the TTMP, a study to determine the effectiveness of the activities carried out during the Master Plan period to strengthen resort-community linkages in income generating activities is ongoing and this review of the TTMP which commenced at the end of 2010 is part of it. Similarly, projects and programs by MED in association with Asian Development Bank (ADB) and UNDP have been undertaken to support small and medium enterprises.

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

A TTMP recommendation is to design and conduct biennial national tourism surveys to gather economic and financial data of the tourism sector in consultation with Ministry of Finance and Treasury (MOFT). This activity was not carried out; however in preparation for conducting biennial tourism related surveys, Ministry staff members are in training for compiling the Tourism Satellite Account (TSA) and statistics.

Publishing of quarterly reviews consisting of key economic indicators related to tourism was stated as recommended action to be carried under the TTMP's key recommendations. This is an ongoing activity. MMA and DNP publish reports on a quarterly and monthly basis including the key economic indicators relating to tourism. In 2011, MOTAC has also worked with MOFT and World Bank (WB) technical assistance in preparation of tourism forecasting models.

In addition, TTMP states the strengthening of MOTAC's ability to ensure timely collection and dissemination of data related to tourism. Accordingly preparing a tourism statistics regulation has been carried out and several meetings with immigration officials to facilitate collection of data accurately and on a timely basis were held.

INCREASE EMPLOYMENT OPPORTUNITIES AND OPEN UP OPPORTUNITIES FOR GAINFUL PUBLIC AND COMMUNITY PARTICIPATION IN THE TOURISM INDUSTRY:

As greater growth of industry occurred, job opportunities increased at a steady rate however more Maldivians have not entered into jobs created. Maldives has a high percentage of young persons, and the tourism industry is considered by the government as appropriate workplaces to provide gainful employment opportunities for them. Concern over the growth of expatriate workforce in the tourism industry remains unaddressed.

Actions to increase job opportunities and increase public and community participation in the tourism industry were proposed in the TTMP. However, some of the actions stated in the TTMP were not effectively carried out due to lack of participation from the tourism industry and also due to the lack of perceived interest from island communities.

Promote careers in tourism for school and college graduates

In order to promote careers in tourism industry among students of schools and college graduates, TTMP emphasized to conduct awareness programs. This recommendation was followed through with the creation of some awareness programs. Job fairs were planned in this regard to be conducted on a yearly basis in collaboration with Ministry of Human Resources, Youth and Sports (MHYRS) and MOTAC. During the past years job fairs were held, however the outcome of these programs conducted were not documented and evaluated. With the collaboration of relevant government ministries, there are plans to conduct more job fairs in Male' and other islands with larger populations.

In the process of bidding of resort islands by the MOTAC, bidders are required to submit a human resources development plan with the bid. Based on the priority given to develop human capital in the industry, high marks were allocated for the Human Resource Plans submitted by the bidders. However, there was no mechanism to monitor and evaluate the implementation level of the submitted Human Resource Plans of the winning bidder(s). In order to monitor and enforce the implementation level of the Human Resource Plans, TTMP suggested that programs be conducted to measure the level of developers' commitment. However, no measures were taken against

developers who did not follow the committed plan due to lack of specific measures for non-compliance in such cases. According to Ministry of Tourism, the government is working to set up a scheme whereby developers in violation of their agreements will be required to provide the funding for training Maldivian students for the sector.

Initiatives by the government in participation with the private sector were carried out to increase the number of locals working in the tourism industry. Thus, for the purposes of developing professional skilled personnel, a Hotel School was officially established in 1987. This later became part of the Maldives College of Higher Education (MCHE) and subsequently part of the National University established in February 2011. However, the creation of the College itself and University does not appear to have stemmed the percentage of local employees in the supervisory and management levels. According to a study conducted in 2007, it was identified that in the management and supervisory levels expatriate ratio is higher than in the functional levels.

Correspondingly, TTMP called for a review of the quota system with a view to creating more opportunities for locals to be employed at supervisory and management levels. In order to work towards increasing the percentage of locals in the supervisory and management levels, occupations in the industry have been classified and is pending finalization by the MHRYS. In reviewing the existing quota system, it was identified that such a system may not be a suitable option, because service standards and facilities are different in each and every resort establishment. As a result some of the positions will require recruiting foreigners. Therefore, as a pre-requisite to a review of the quota system, resort classifications need to be established and implemented and subsequently the quota system can be revised.

Increase awareness of potential benefits of community-based tourism

Sustainable forms of tourism development should provide many benefits to local communities in the vicinity of tourist resort islands. In the current situation of the geographical isolation of resorts from local communities the benefits of collaboration have not been explored fully.

TTMP emphasized increasing benefits to local communities from tourism. This was to be facilitated through the design and implementation of a nationwide comprehensive awareness program on the benefits of tourism to all communities. The project plan and pilot project for a media campaign has been completed and a trust fund setup to implement the project.

The proposal in the TTMP to conduct workshops at atoll levels to create awareness on how community-run tourism enterprises could be established were not carried out in a fruitful manner during the past master plan period. However, MOTAC has plans to conduct awareness programs in conjunction with the concerned authorities such as the Ministry of Economic Development.

Increase number and ratio of Maldivians participating in the tourism industry

Plans to conduct a study of opportunities (employment/self employment/small business start-ups) in the tourism industry for Maldivians at atoll/regional levels in 2011 is yet to be conducted. Local communities are required to be provided with proper information on opportunities available in the tourism industry for employment/self employment/small business start-up in island communities.

Due to the geographical nature of islands developed in Maldives and the subsequent isolation of resorts, transportation between islands has been a challenge. Therefore, TTMP has given recognition to organize transportation services between resorts and local islands so as to increase the role and participation of locals directly in employment and indirectly in other ancillary industries. With the new administration's pledge of establishing a nationwide transport network, links have been initiated and implemented in a majority of the regions.

In the TTMP there was an emphasis to promote related vocational skills training at secondary schools in affiliation with the Ministry of Education. A technical and vocational skill training program development was initiated in 2005 associated with a loan agreement with Asian Development Bank (ADB). The purpose of this program is to increase the skilled workforce in all the industries in the Maldives.

Formal training programs of TVET started in 2008 and at the end of 2010, a total of 3,884 persons were trained under this program (TVET Maldives, 2010). However, total numbers of persons trained in the tourism related fields are not clearly identified. In a recent effort in 2011, the government has launched the "8,500 placements" program out of which 3,800 semi-skilled traineeships are to be conducted by the end of 2013. Most of these placements are expected to be made directly or indirectly in the tourism sector.

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

It was highlighted in TTMP that the tourism industry's benefits needs to be distributed widely among Maldivians and to do this, the TTMP states undertaking island community-industry consultation on community linked resorts and hotels on inhabited islands and tendering islands/plots of land in close proximity to population centers for resort/hotel development. Accordingly lands were leased in inhabited islands, but so far none of them materialized to commence operating as a tourist establishment. The few projects that commenced development and construction opted for land swap due to dissatisfaction with the allocated land and due to the uncertainty of being able to serve liquor in the premises as a typical tourist resort.

Regulations were made to allow building of guesthouses in inhabited islands. However factors such as the lack of supporting facilities hinder these establishments from fully functioning as guesthouses. The Ministry is in the process of reviewing the existing regulations for the operation of tourist hotels in inhabited islands.

Promote heritage and cultural centers in Male' and inhabited islands

According to the Tourist Profile and Opinion Survey (2008), Europeans visit Maldives for relaxation and the majority of Asians, for the purpose of honeymoon. However, there is a small percentage of tourists arriving for the purpose of sightseeing which includes exploring the heritage and culture of the Maldives. Therefore, as a value-added component of tourism in the Maldives, Maldivian heritage, culture and arts need to be maintained and showcased to tourists.

Development of the new National Museum as a key tourist attraction in Male' was completed in 2010. However, capacity of the professional staff working in the Museum is very limited.

Under this topic, TTMP also states that a national audit of cultural and heritage sites must be conducted. However this was not completed in part due to unavailability of qualified staff in the department and lack of funds.

Promotion of the destination's culture and heritage requires more effort by the government and private sector and this need to be done in consultation with the community.

TTMP emphasized to develop and promote prominent cultural and heritage sites/buildings in inhabited islands as tourist attractions with community ownership. The first such cultural center was set up in ADh. Dhangethi with the support of tourist resorts in South Ari atoll. However, the management model for the venture was not successful. Since, then it is envisaged that cultural and heritage sites could be managed through a public private partnership model. Hence, the concept for cultural centers in the atolls was drafted.

In addition to cultural and heritage activities, local performing arts activities are increasing in the atolls and in Male'. These performing arts activities are helping to develop and demonstrate vanishing local cultures and traditions.

Establish greater backward linkage with fishing and agriculture

In order to establish a greater backward linkage with other key industries, TTMP proposed to conduct a workshop/seminar with resort operators to determine constraints in the purchase of fish and agricultural products from producers in islands and identify ways and means of addressing such constraints.

The majority of agricultural products required for the tourist establishments are imported. The government is providing incentives to local growers to cultivate agricultural produce, but the demand needs to be created from the tourism industry for produce from the localities as opposed to imported produce. Another constraint facing local growers is lack of availability of transportation to supply their items to the resorts and marketing of the products locally.

Fish is purchased from locals and most of the tourist establishments have one contracted fisherman's boat to supply their requirement of fish. The unreliability of fish markets in the local communities, results in tourist resorts establishing links with one or two fish suppliers instead of buying from neighboring islands' community markets.

DEVELOP AND MAINTAIN SUPPORTING INFRASTRUCTURE REQUIRED FOR THE GROWTH OF THE TOURISM INDUSTRY:

In addition to accommodation facilities, tourism requires the development of several other related infrastructures such as transport network, transport facilities, and related services, especially in a country like Maldives that is dispersed over a large expanse of ocean.

Furthermore, provision of communication facilities and disaster management plans play an important role in the running of tourist resorts. To develop the tourism industry and maintain proposed growth, TTMP identified several actions to be developed as supporting facilities. They are briefly assessed below.

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

Since tourism development has expanded to all the regions in the Maldives, facilities such as re-fuelling, emergency facilities, safety measures, and additional support facilities for aircrafts need to be developed in parallel with the expansion of tourism industry and related air transport. To meet the expansion level of the industry, facilities in the existing airports are being planned. As a result, after upgrading the facilities and services, Gan Airport at Addu City, Maldives is now an International airport.

TTMP proposes to facilitate setting up of seaplane hubs in the Southern and Northern provinces to cater for the increasing number of resorts and hotels in those provinces. This was designed to help reduce the challenges of traveling by sea for tourists. However, given that many leased islands were unable to open as planned due to recent economic recession, zone-based seaplane operations have not begun due to lack of operational demand.

Also, in order to improve the air-transport network to match the geographical expansions of the tourism industry, TTMP highlighted developing additional 10 domestic airports with private partnership. Accordingly islands were identified and leased for airport development. Islands were also leased for the purpose of raising equity financing of airport developments. The developments of 3 airports are now proceeding and are expected to open by end of 2013.

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

It was noted that existing facilities at Ibrahim Nasir International Airport and other regional airports need to be improved. The main entry point to Maldives is Ibrahim Nasir International Airport, but airport services were not sufficient to meet the increasing number of passengers. TTMP states to upgrade the airport's infrastructure to allow passenger movements to flow more efficiently in all weather conditions. There have been some improvements made in the arrival and departure halls of Ibrahim Nasir International Airport. New business class lounges have opened recently and domestic lounges are set to undergo refurbishments and upgrading of domestic terminals is now underway.

During 2010, the government leased Ibrahim Nasir International Airport to an international party to manage namely, GMR International (India). This was an initiative to bring changes to the existing facilities, upgrade and modernize facilities and improve service standards at the airport.

Due to limited space at Ibrahim Nasir International Airport, private jets arriving in Maldives have faced several difficulties. The challenge of lack of parking space has been partially resolved by using Gan International Airport as an alternative location. The new management company of Ibrahim Nasir International Airport has a plan to expand parking space in the future.

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

Under the tourism expansion plan for the Southern province, several islands have been leased for development. Therefore, to meet growth in the number of tourist arrivals it was identified that the existing facilities at Gan International Airport need to be upgraded so as to facilitate the landing of wide-bodied aircrafts. This facility will enable direct long haul flights directly to Gan. However, as forecasted growth of beds has not materialized in the past 2 years and expansion plans were not carried out as planned, only some of the facilities such as a new terminal and other facilities were improved at the airport when it was upgraded to an International Airport. As of 2010, the newly formed Gan International Airports Company Limited (GIACL) has plans to upgrade Gan International Airport to a fully functional International Airport by end of 2013.

TTMP suggested creating a seaplane base in Addu Atoll to cater to the southern zone for the purpose of reducing guests' domestic traveling and waiting time. However, due to low demand of

passenger traffic in the region up to now, this has not been done. It is expected that GIACL will oversee the introduction of a seaplane service to the region.

Upgrade Hanimaadhoo Airport to accommodate tourism growth in the Northern Zone

As per the tourism expansion strategy, TTMP emphasized upgrading Hanimaadhoo domestic airport and its facilities. Accordingly, studies were conducted and upgrading of Hanimaadhoo airport was planned and a Memorandum of Understanding (MOU) was signed with a potential developer. Hanimaadhoo Airport is now going to be privatized and recent amendments made for private bids to be tendered.

Together with the upgrade of the domestic airports, TTMP states to facilitate the development of a seaplane base in the region. However, this seaplane base can only be made after creation of potential demand for passenger traffic in the region. In the Upper North Province only 456 beds was in operation at the end of 2010 (MOTAC, 2010, a) and at the end of June 2011 there are upcoming 16 resorts, which consists of 3170 beds.

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

As supporting facilities to tourism development, a national marine transport network has been established. This enables local communities to bring their local produce to the nearest market place and staff to receive relief when traveling. However, adequate transport links still need to be established between community islands and resorts.

TTMP states to establish cold/dry storage facilities in Male' and Gan International Airport and other strategic locations to cater for the needs of tourism industry. However, there was no significant development or upgrading of existing cold/dry storage facilities during the TTMP period.

Further development of harbor facilities for bunkering of safari vessels

Live-aboards are increasing every year and this market is also expanding in the Maldives. Therefore, to cater to this segment of the market, supporting facilities needs to be developed for vessels. As such TTMP states that the facilitation of development of an appropriate harbor for live-aboards close to Male' and Gan International Airport must be provided. This is including the supporting facilities such as fuel storage, water, food and other supplies. Currently there is no proper harbor for vessels to unload or load their required items and supplies. During the TTMP period there were, several discussions with Live-aboard Association (LAM) and the Ministry of Tourism. Yet the discussions did not produce the desired outcome of a safe harbor and bunkering facilities for the safari vessels. However, the current development of GulhiFalhu and Thilafushi may be an alternative and viable locations rather than using Hulhumale' for bunkering of vessels.

Bunkering facilities were not developed in other strategic locations either; however discussions were held with Maldives Association of Yacht Operators (MAYA) and Live-aboard Association of Maldives (LAM) on the issue.

Introduction of emergency evacuation, transport and communication infrastructure for resorts

It was recommended in the TTMP to conduct an audit to establish the emergency evacuation and communication infrastructure capacity. Priority was given for this action during the TTMP period, and this activity was completed.

Integration of resorts into the National Disaster Management Centre (NDMC) evacuation plan was done with the implementation of SNAP for disaster risk reduction and climate change adaptation (2010-2020).

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

One of the key infrastructures identified was establishing of a marine transportation network related to tourism. Establishment of transport facilities in the provinces were awarded under a private and

public-private investments scheme. In addition, Ibrahim Nasir International Airport was awarded under this scheme. Development of domestic airport projects are also now sanctioned under joint venture agreements with the government.

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

After the tsunami of 2004, stakeholders and government authorities noted that there were many areas for improvement in terms of the level of preparedness for disaster situations. Therefore, TTMP emphasized to establish a Tourism Emergency Operation Centre (TEOC) to respond effectively to any disaster that might affect the entire industry with the cooperation of and involvement of NDMC and all other relevant authorities. Accordingly within the MOTAC, TEOC was established. However the industry's coordination is widely needed to improve its functioning.

In addition, TTMP recommended establishing a Tourism Crisis Management Unit to study and collaboratively implement policies, procedures and projects required to maintain high-level safety standards and responsiveness to crises and emergencies in the sector. Establishing a Disaster Response Team (DRT) at Resorts and other tourism related establishments to act on disaster situations were recommended. The majority of the resorts have established a DRT, however the effectiveness of DRTs is not monitored and live-aboard vessels' status of establishment on DRT is not clear. The Tourism Crisis Management Unit has not been formally implemented, however if an incident happens MOTAC attends to manage such situations.

Also TTMP has recommended the development of a program of conducting regular crisis management simulation exercises at resorts and all tourism-related establishments in partnership with MNDF, MPS, health facilities and other stakeholders. Some discussions were held at the end of 2010 with Maldives Police Services and Police Protocols for Tourism Security and Safety were presented to MOTAC.

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

In the operation of tourism establishments, technology such as mobile phone and internet plays a key role in providing the necessary services required of tourist resorts of excellence. Therefore, TTMP recommended to optimize the operation and utilization of ICT in the tourism establishment. Currently high-speed internet connections are available in all the tourist resorts. The provision of mobile phone and internet access services was facilitated with the help of telecommunication service providers.

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

Since tourism has expanded all over the country, it is a challenge for most provinces in the vicinity of the tourist resorts to provide health care services for tourists when the need arises. With the rapid growth of the tourism industry, related supporting facilities such as healthcare services are in need of improvement to cater for the tourism industry and to develop them to international standards required or demanded by tourists. Accordingly, TTMP has stated to raise the standard of medical care available at central and regional hospitals and atoll medical facilities in partnership with Ministry of Health. Currently the government has taken the initiative to privatize regional hospitals, which will result in enhancement of facilities and services in these hospitals.

In addition, TTMP recommended holding an international health insurance consultation to determine acceptable standards of medical care required for the clients. This activity has not been carried out in a comprehensive manner.

Strengthen surveillance and security for the safety of all tourists

With the expansion of the tourism industry to cover all the atolls of the country, greater care to provide security and safety of all tourists must be provided. Greater public awareness needs to be created to provide proper safety and security for the tourists, especially as guest houses in inhabited

islands are now encouraged to be developed. TTMP has highlighted this and some actions were proposed to be completed during the period.

TTMP states that, to regulate safety and security audits and simulation exercises at all resorts and other tourist establishments must be conducted. Inspections conducted by MOTAC looks into safety aspects of all tourist establishments. However, priority needs to be given to security issues both internal and external, and safety aspects on live-aboard vessels.

ENSURE ENVIRONMENTAL SUSTAINABILITY IN DEVELOPMENT AND OPERATION OF ALL TOURISM PRODUCTS, AND STRIVE FOR GLOBAL EXCELLENCE IN ENVIRONMENTALLY-RESPONSIBLE TOURISM:

Strengthen the environment regulatory regime pertaining to tourism related products and facilities

TTMP recommended to issue environmental regulations for live-aboard vessels, guesthouses and hotels, but there viewing and restatement of the regulation sh ad not been completed. The existing environment regulation is in review stage and expected to cover all relevant components once it is revised.

TTMP states that, to strengthen standards for sewerage and wastewater disposal for all tourist establishments, measures must be taken. The Regulation on the Protection and Conservation of Environment in the tourism industry came into force in July 2006. A very basic and general guideline was stated in this regulation about the treatment of sewage and wastewater.

Promote environmental conservation through marketing and awareness programs

The TTMP states that in order to recognize environmentally friendly initiatives by tourism service providers, use of such initiatives in destination promotion must be made. The Green Leaf award was introduced in 1995 and in 1999 The President of Maldives Green Resort Award was introduced. Under the Corporate Social Responsibility programs, resorts carries out environmentally friendly initiatives and programs. Coral reef transplant, protection of sea turtles and bottling of drinking water in reusable bottles are some of the environmentally friendly

initiatives conducted in the resorts during the period. However, these programs conducted in the resorts were not actively used in the destination promotional activities. Notwithstanding, individual companies incorporate these in their promotional programs.

With regard to the TTMP recommendation of showcasing the diversity and fragility of the Maldivian marine environment in marine and dive fairs, the former MTPB facilitated and participated in selected fairs such as Marine Dive Fair in Tokyo, and BOOT Fair in Dusseldorf. Promotion of environment research-based tourism to niche markets such as marine biologists, scientists and researchers are recommended in the TTMP. However, not many activities were conducted other than activities carried out by individual resorts.

The TTMP recommended organizing an international seminar on environmentally sustainable tourism, but such a program was not held. Many environment related seminars however were held locally by various organizations in the Maldives including private sector organizations.

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

TTMP stated conducting health checks of dive sites, resort house reefs and marine protected areas in partnership with site users and relevant stakeholders. Due to operational difficulty and unavailability of funds and manpower, it has not been possible to carry out these activities. However, individual resorts conduct cleaning programs of house reefs and nearby dive sites by themselves.

Encourage and facilitate resorts to implement Environment Management System (EMS)

Conducting of EMS familiarization workshops in association with Ministry of Environment, Energy and Water was not carried out as per the TTMP. Also TTMP stated identifying EMS resorts in destination service provider listings. This activity was planned, but EMS resort listings did not materialize.

CONTINUE TO BRAND MALDIVES AS A UNIQUE DESTINATION WITH
INNOVATIVE PRODUCTS AND RETAIN MALDIVES POSITIONING AS A TOP
RANKING DESTINATION IN TRADITIONAL AND EMERGING SOURCE
MARKETS:

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

TTMP stated conducting an annual product and market analysis that reveals product profile market segments, product utilization and opportunities for new product development. Some of the activities such as product analysis and assessment of product utilization levels and opportunities studies were not conducted. However, in order to analyze the market, Tourist Opinion Surveys were carried out.

In the development of innovative facilities in the resorts, appropriate changes to the building regulations were made according to the feasibility and sustainability of such innovative facilities introduced. Facilities developed include the underwater restaurant and physical improvements to product presentation and amenities.

The MOTAC has facilitated potential innovative product development as per the TTMP. These include leasing of islands for development of training resort, “Asseyri” integrated tourism development to be based on inhabited islands and lease of land from inhabited islands to develop as community-linked tourism developments. Development of tourist shopping complexes and water-based theme park activities did not come into being in the past 5 years. As per the TTMP, leasing of land to develop as hotels in close proximity to international and domestic airports was continued. The government has allowed and regulated development of guesthouses in inhabited islands.

Strengthen co-ordination of marketing activities with the tourism industry

An annual destination marketing plan was developed with the consultation and input from the industry. Quarterly consultations with the industry were not regularly carried out in the implementation of the marketing plan. Activities related to destination marketing such as

participation in travel, trade and consumer tourism fairs and road-shows are carried out accordingly by the MMPRC.

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

Development of a new Strategic Marketing Plan has been budgeted for with the rebranding activities in relation to new product development is now in progress.

In recent years, due to the limited budget, former MTPB was required to cut down on destination and marketing activities. TTMP stated that in order to facilitate promoting, networking and selling opportunities for the industry partners in target markets must be accelerated by taking part in appropriate trade and consumer exhibitions, fairs, road shows and workshops. MTPB facilitated and participated in trade and consumer exhibitions, fairs and road shows regularly within the given budget allowance.

Marketing and promotional literature was translated and printed according to specific market needs and special interest market segments. In addition new promotional literature and updated information of new tourism developments was carried out.

Promote Maldives in affiliation with strategic international travel-trade partners

Joint marketing activities in collaboration with travel and trade partners were carried out in international markets. TTMP stated conducting a biennial workshop with the participation of travel partners to identify weaknesses in promotional activities and improve on them. This activity was not effectively carried out.

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

Although the TTMP recommended conducting a biennial workshop on electronic marketing to train industry stakeholders to analyze current international tourism trends, using techniques and strategies by using ICT in product marketing, this was not conducted. In addition, facilitation of the development of an internet booking system in partnership with industry stakeholders and providing a platform for the industry to advertise their products via MTPB's website were stated as a recommendation. However, these activities were not carried out during the review period, although several improvements were made using social media.

CONTINUE TO STRENGTHEN THE LEGAL AND REGULATORY FRAMEWORK AND THE INSTITUTIONAL CAPACITY OF THE MINISTRY OF TOURISM AND CIVIL AVIATION:

Strengthen the legal regime to address emerging issues in the industry

The Airline Passenger Bill has been drafted and submitted to Parliament for consideration. In addition, draft legislation proposal to create a Civil Aviation Authority has been submitted to Parliament. So far neither of these bills has been approved or debated.

An amendment to the Tourism Act was made to increase lease period of resorts and hotels. Additionally TTMP stated introducing Anti-Trust law/Anti-Monopoly law to Maldives in consultation with the Ministry of Economic Development (MED), but no activities were conducted to introduce or draft such Act/Regulation. However, a Copyright bill was proposed and ratified in 2010.

TTMP stated reviewing the Foreign Investment Act/Regulations to identify and remove disincentives for Foreign Direct Investments (FDI) in tourism. No changes were made to the Act/Regulation, but the government has opened up more opportunities to invest in the Maldives and there have been government initiatives and plans to develop some large scale projects together with interested international parties.

The Ministry has hosted consultations with stakeholders to identify revisions required in tourism related legislations and regulations according to the TTMP action.

Strengthening governance and democratization in the tourism industry

TTMP stated identifying and providing a public-private sector consultation mechanism for policy issues in the tourism industry and a mechanism to address and resolve labor grievances and disputes in the industry. Accordingly MOTAC has introduced an Industry Human Resource section. At the same time, labor grievances and employees' protest regulation was also introduced. As a general practice, MOTAC discusses the policy issues with the key personnel in the industry (private sector) and NGOs representing the industry prior to making a change in policy.

TTMP stated promoting participation of NGO's/Associations in the tourism sector. Some NGO's were established during the plan period, such as Maldives Association of Travel Agents & Tour Operators (MATATO), Tourism Employees Association of Maldives (TEAM), Live-aboard Association of Maldives (LAM) and Divers Association of Maldives (DAM). However, the government needs to establish a Destination Management Organization (DMO) capacity within MOTAC industry to promote the rights and development of all stakeholders and gain industry's full support for tourism related NGO's.

Strengthening the institutional capacity of MOTCA

TTMP stated reviewing and rationalizing the existing organizational structure of MOTAC. Accordingly, CAA separated from MOTAC, following the change in government administration at the end of 2008 and additional functions were incorporated under MOTAC.

In order to strengthen the MOTAC's capacity to promote employment in tourism, and address human resource needs and distribution of data, the Ministry of Tourism has implemented an Industry HR Unit. Additionally a data management system implementation started as per the TTMP action to strengthen the MOTAC's capacity to ensure appropriate collection and distribution of data.

TTMP stated to establish a Northern Zone office and a Southern Zone office of MOTAC to monitor compliance of resorts/hotels with tourism laws and regulations. However, since the enactment of the Local Councils Act, MOTAC is currently underway to train local government authority and council officers to take-up the responsibility of monitoring and licensing tourism activities in local islands. Accordingly some of the training was conducted in 2010 and in 2011 more training is to be scheduled. However, zone offices were not established, but with the government's recent policy to decentralize the tasks to province offices coming into effect in 2011, training programs have been budgeted accordingly.

Training and certifying of inspectors to support MOTAC's monitoring of tourist establishments were stated actions in the TTMP. Accordingly inspector development programs were conducted with the cooperation of FHTS.

TTMP stated establishing a South Asian Institute for Tourism Research and Development (possibly within the SAARC framework). No activities were carried out on this recommendation during the review period.

SUMMARY OF TTMP EVALUATION

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

Improve investment climate to facilitate Maldivian and foreign investments

	Actions	Due Date	Status	Remarks
1	Propose extension of lease period of resort and hotel, through amending the tourism law, to attract and encourage investments, and reinvestments in the resorts and hotels	2007	Completed	
2	Propose a revision to the tourism law to provide a stronger incentive (in terms of lease period) for tourism companies to issue public shares in tourist resorts	2007	Completed	
3	Remove restrictions of transfer of any lease rights to a second party, prior to the development and commencement of the operation of resort or hotel	2007	Completed	
4	Review and remove disincentives in resort tenders for foreign investors to participate in public tender of resorts	2007	Completed	

5	Hold a biennial tourism development and investment conference with international participation, to showcase tourism products and investment opportunities in the Maldives and elsewhere	1st Conference in 2008	Incomplete	Instead of investment conferences the new policy is to allow investment in the sector conveniently facilitated through the National Planning Council. Furthermore, to obtain development assistance annual United Nations Development Assistance Forums are held with all multilateral donors.
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Increase public revenue from tourism through revising tax regulations and by increasing the supply of tourist beds according to projected demand

	Actions	Due Date	Status	Remarks
1	Revise Tourism Law to achieve a more equitable tax regime	2008	Completed	
2	In view of the demand and supply estimates, increase lease rent to the Government, by leasing of islands and land for resort and hotel development	2006-2011	Completed	
3	Increase revenue from airport departure tax through increased number of passenger traffic	2006-2011	Completed	
4	Prepare the industry and create a mechanism to support implementation of the tax legislation	2008	Incomplete	With programs organized by MIRA

5	Through release of new islands and land for resort and hotel development, increase the supply of beds	2006-2011	On going	Through the national planning council and MOTAC
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Retain economic benefits through improved linkages with economic activities of island communities

	Actions	Due Date	Status	Remarks
1	Create a unit at MOTCA to identify, encourage and initiate resort-community partnership programs and projects	2008	Completed	
2	Conduct a base-line study to determine the level of linkages between tourism and other economic activities of island communities	2008	Incomplete	Instead of studies government aims to meet suppliers and local producers through annual tourism Forums
3	Identify, and initiate resort-community partnership programs and projects that would increase usage of local produce by resorts	2007	On going	
4	Hold annual theme-based Multi-sectorial Tourism Workshops to identify and discuss issues, challenges, and opportunities to enhance multi-sectorial linkages with tourism	2008-2011	Incomplete	Instead, MOTAC intends to hold separate forums with representative stakeholder associations annually.
5	Conduct a study to determine the effectiveness of the activities carried out during the Master Plan period to strengthen resort- community linkages in income generating activities	2009-2011	On going	

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

	Actions	Due Date	Status	Remarks
1	In consultation with the Ministry of Finance and Treasury, design and conduct a biennial national tourism survey to gather economic and financial data of the tourism sector	2008	On going	
2	In consultation with the Ministry of Finance and Treasury, publish a quarterly review consisting of key economic indicators related to tourism	2008-2011	On going	
3	Strengthen the Ministry of Tourism and Civil Aviation's ability to ensure timely collection and dissemination of data related to tourism	2008	On going	

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

Promote careers in tourism for school and college graduates

	Actions	Due Date	Status	Remarks
1	Conduct school-based awareness programs on tourism and career opportunities in tourism	2007-2011	On going	
2	Monitor and enforce the implementation of the human resource development commitments in lease agreements	2007-2011	On going	
3	Review the quota system to provide for an increase in the number of Maldivians employed in Supervisory and Management positions in the industry	2008	On going	

Increase awareness of the potential benefits of community-based tourism

	Actions	Due Date	Status	Remarks
1	Design and implement a nationwide, comprehensive awareness program on the benefits of tourism to atoll communities	2007-2008	On going	
2	Conduct workshops at atoll levels to create awareness on how community-run tourism enterprises could be established	2007-2011	On going	

Increase number and ratio of Maldivians participating in the tourism industry

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

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

	Actions	Due Date	Status	Remarks
1	Undertake island community-industry consultation on community-linked resorts and hotels on inhabited islands	2007	On going	
2	Tender islands/plots of land in close proximity to population centers for resort/hotel development	2007-2011	On going	

Promote heritage and cultural centers in Male' and inhabited islands

	Actions	Due Date	Status	Remarks
1	Support the National Centre for Linguistic and Historical Research in their initiative to develop the National Museum as a key tourist attraction in Male'	2008	Completed	
2	In partnership with National Centre for Linguistic and Historical Research conduct a national audit of cultural and heritage sites	2008-2009	Incomplete	Instead the current Heritage Dept. intends to find management plans for existing sites
3	With community ownership develop and promote prominent cultural and heritage sites/buildings on inhabited islands as tourist attractions	2008-2011	On going	
4	Recognize and facilitate performing arts from atolls and islands as a tourism business venture for communities in partnership with National Centre for the Arts	2008-2011	On going	

5	In partnership with relevant Government agencies and banks facilitate micro credit financing to encourage start up of “cultural centers” as tourist attractions in islands	2008-2011	Incomplete	However, cultural center development is open for private sector through PPPs in the islands,. There is a fund available through MED for tourism development and cottage industry sector made available for SME’s.
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Establish greater backward linkage with fishing and agriculture

	Actions	Due Date	Status	Remarks
1	Conduct a workshop/seminar with resort operators to determine constraints in the purchase of fish and agricultural products from producers in islands and ways and means of addressing such constraints	2007	On going	
2	In partnership with Ministry of Fisheries, Agriculture and Marine Resources provide technical assistance to farmers of agricultural islands to increase the quantity of produce to supply tourism establishments	2008-2011	On going	

c) Develop and maintain supporting infrastructure required for the growth of the tourism industry:

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

	Actions	Due Date	Status	Remarks
1	In partnership with airports ensure that re-fuelling, emergency facilities, safety measures, and additional support facilities for aircrafts are developed in parallel with the expansion of tourism industry and related air transport	2007-2011	On going	
2	Facilitate setting up of sea-plane hubs in the Southern and Northern Zones to cater for the increasing number of resorts and hotels in these regions	2007-2011	Incomplete	Seaplanes are privately operated to north and south currently and intend setting hubs in North and South when the international flights and planned tourist beds are operational
3	With private participation, facilitate the development of additional 10 domestic airports, to match the geographical expansion of the tourism industry	2008-2011	On going	

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

	Actions	Due Date	Status	Remarks
1	Upgrade airport infra-structure to allow all-weather undisrupted passenger movement	2008	On going	
2	Improve the existing customer facilities at Malé International Airport and regional airports	2008	On going	

3	In partnership with Male' International Airport advocate CIP facilities and establish parking facilities for private jets at Male' International Airports	2008	On going	
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Expand the capacity of Gan International Airport to accommodate growth in the Southern Zone

	Actions	Due Date	Status	Remarks
1	Ensure extension of runway, within the next three years, to meet the needs of air-capacity expansion in view of the projected passenger traffic	2008-2011	On going	
2	Ensure upgrading of the GIA terminal, within the next three year period, to accommodate projected increase in passenger traffic	2008-2009	Completed	
3	Facilitate the development of a sea-plane base in Addu Atoll to meet the needs of Southern Zone expansion	2008-2009	Incomplete	

Upgrade Hanimaadhoo Airport to accommodate tourism growth in the Northern Zone

	Actions	Due Date	Status	Remarks
1	In partnership with relevant Government authorities, conduct a study to upgrade H.Dh Hanimaadhoo domestic airport to facilitate Northern Zone expansion	2008	Completed	
2	Facilitate the development of a sea-plane base in Hanimaadhoo to meet the needs of Northern Zone expansion	2008-2010	Incomplete	The hub is intended to be in place with the airport upgrading

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

	Actions	Due Date	Status	Remarks
1	Identify the cargo and staff transport needs of the tourism industry over the next five years, and ensure that these needs are sufficiently addressed within the national marine transport network that has been initiated	2007-2011	Completed	
2	In partnership with resorts, facilitate the development of community island to resort transport systems to facilitate movement of staff and local produce	2008-2009	Completed	
3	Advocate and encourage establishment of cold/dry storage facilities at Male' and Gan International Airports, Hulhumale', and regional airports, and other strategic locations to cater for the needs of the tourism industry	2008-2011	Incomplete	

Further development of harbor facilities for bunkering of safari vessels

	Actions	Due Date	Status	Remarks
1	Facilitate the development of an appropriate harbor for live-aboards close to Male' and Gan International Airport with supporting facilities that includes fuel storage, water, food, and other supplies	2008	Incomplete	Incomplete, Alternative arrangements made
2	Improve existing harbor services by providing access to fuel, water provisions	2009	Incomplete,	Incomplete, Alternative arrangements made

3	Develop harbors with bunkering facilities strategically across the country	2008-2011	Incomplete	MOTAC plans to undertake a spatial plan before the commencement of a Fourth Master Plan
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Introduction of emergency evacuation, transport and communication infrastructure for resorts

	Actions	Due Date	Status	Remarks
1	Conduct an audit to establish the emergency evacuation and communication infrastructure capacity	2007	Completed	
2	Integrate resorts into the National Disaster Management Centre evacuation plan	2007-2008	Completed	

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

	Actions	Due Date	Status	Remarks
1	Identify infrastructure projects related to tourism that are appropriate for private and public-private investments	2008 onwards	On going	
2	Conduct feasibility studies of projects identified for public or public private partnerships and tender such projects to facilitate private and public-private investments	2008	On going	
3	Raise public awareness regarding the benefits of private and public-private partnership in tourism	2007 onwards	Incomplete	MMPRC given mandate to promote investment in Maldives

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

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

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

	Actions	Due Date	Status	Remarks
1	Facilitate the provision of high-speed internet connection to all tourist facilities	2008-2011	Completed	
2	Advocate and facilitate the provision of mobile phone and internet access to live-boards, across the span of operation within Maldives	2008-2011	Completed	

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

	Actions	Due Date	Status	Remarks
1	Hold an international health insurers consultation to determine acceptable standards of medical care required for their clients	2008	Incomplete	
2	In partnership with Ministry of Health, raise the standard of medical care available at central and regional hospitals and atoll medical facilities, to cater for the expansion of the tourism industry	2008-2011	On going	

Strengthen surveillance and security for the safety of all tourists

	Actions	Due Date	Status	Remarks
1	Conduct public awareness regarding the indispensability of maintaining national safety, security and public law and order to tourism development	2008	Incomplete	
2	Create an annual forum for national security stakeholders and tourism industry to discuss and identify safety and security issues that relate to tourism industry	2007	Completed	
3	Require hiring, on-going training and certification of security staff at resorts and tourism-related establishments	2008-2009	Guideline implemented	
4	Regulate safety and security audits and simulation exercises at all resorts and other tourist establishments	2008-2011	On going	

d) Ensure environmental sustainability in development and operation of all tourism products, and strive for global excellence in environmentally-responsible tourism:

Strengthen the environment regulatory regime pertaining to tourism related products and facilities

	Actions	Due Date	Status	Remarks
1	Issue environmental regulations for live-aboard vessels (safari vessels)	2008	Incomplete	Environmental regulations have been formulated and require review by MOTAC
2	Issue environmental regulations for hotels and guest houses	2008	On going	With review of existing regulations
3	Strengthen standards for sewage and waste water disposal for all tourist establishments	2008	On going	

Promote environmental conservation through marketing and awareness programs

	Actions	Due Date	Status	Remarks
1	Recognize environment friendly initiatives by tourism service providers and use such initiative in destination promotion	2007-2011	On going	
2	Showcase the diversity and fragility of the Maldives marine environment in marine and dive fairs	2007-2011	On going	
3	Promote environment research based tourism to niche markets such as marine biologists, scientists and researchers	2007-2011	On going	
4	Organize an international seminar on environmentally sustainable tourism	2009	Incomplete	Government intends to hold the official UNWTO World Tourism day meeting in 2013 in the Maldives

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

	Actions	Due Date	Status	Status
1	Conduct health checks of resort house reefs in partnership with resorts	2007-2011	Incomplete	Reef quality is monitored by MRC under different international and local programs
2	Conduct health checks of dive sites in partnership with site users	2007-2011	Incomplete	
3	Conduct health checks of marine protected areas in partnership with Ministry of Environment, Energy and Water and other stakeholders	2007-2011	Incomplete	

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

	Actions	Due Date	Status	Remarks
1	Conduct EMS familiarization workshops in association with Ministry of Environment, Energy and Water	2008-2011	Incomplete	
2	Identify EMS resorts in destination service provider listings	2008-2011	Incomplete	

- e) Continue to brand Maldives as a unique destination with innovative products and retain Maldives positioning as a top ranking destination in traditional and emerging source markets:*

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

	Actions	Due Date	Status	Remarks
1	Conduct an annual product and market analysis that reveal product profile and market segments, and product utilization, and opportunities for new product developments	2008-2011	On going	

2	Review and bring appropriate changes to the existing resort building regulations to further facilitate innovative resort designs	2008-2009	Completed	
3	Study the potential and facilitate the development of innovative products such as: (1) water-based theme parks, (2) atoll-based culturalcenter, (3) training resort, (4) community-linked resorts on inhabited islands, (5) family resorts (6) tourist shopping complexes	2007-2011	On going	
4	Lease land to develop hotels in close proximity to international and domestic airports	2007-2011	On going	

Strengthen co-ordination of marketing activities with the tourism industry

	Actions	Due Date	Status	Remarks
1	Develop the annual destination marketing plan with broader consultation and input from the industry	2007-2011	On going	
2	Implement the marketing plan with quarterly consultations with the industry	2007-2011	On going	

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

	Actions	Due Date	Status	Remarks
1	Develop a 3 Year Strategic Marketing Plan in accordance with new product development	2008	On going	
2	Facilitate promoting, networking and selling opportunities for the industry partners at target markets by taking part in appropriate trade and consumer exhibitions and fairs, road shows, workshops	2007-2011	On going	
3	Enhance the existing promotional literature in market-specific languages to make them more	2008	On going	

	effective in various geographic, demographic, and special interest market segments			
4	Produce new promotional literature for target markets with updated information and reflection of new tourism developments	2008-2009	On going	

Promote Maldives in affiliation with strategic international travel-trade partners

	Actions	Due Date	Status	Remarks
1	Continue to identify and implement appropriate joint marketing activities with travel trade partners	2007-2011	On going	
2	Conduct a biennial workshop with the participation of travel partners to identify weaknesses in promotional activities and improve on them	1st workshop in 2008	On going	With MMPRC consultations on the annual Promotional Plans with stakeholders

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

	Actions	Due Date	Status	Remarks
1	Conduct biennial training workshop for industry stakeholders on current international trends, techniques and strategies in using ICT in product marketing.	1st workshop in 2008	Incomplete	
2	Facilitate the development of an internet booking system in partnership with industry stakeholders (travel agents, operators and resort and hotel owners) at Maldives International Airports	2008	Incomplete	

3	Provide a platform for the industry to advertise their products through MTPB's website by introducing a Members Area on MTPB's website	2007	Incomplete	
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f) Continue to strengthen the legal and regulatory framework and the institutional capacity of the Ministry of Tourism and Civil Aviation

Strengthen the legal regime to address emerging issues in the industry

	Actions	Due Date	Status	Remarks
1	Draft and submit airline passenger rights bill to the Parliament for consideration	2007	Completed	
2	Draft and propose legislation to create Civil Aviation Authority	2008	Completed	
3	Propose amendments to the Tourism Act to increase lease period of resorts and hotels	2007	Completed	
4	In consultation with the Ministry of Economic Development & Trade introduce antitrust law/antimonopoly law to Maldives	2008	Incomplete	
5	Review the Foreign Investment Act/Regulations to identify and address disincentives for FDI in tourism	2008	On going	
6	Host stakeholder consultations to identify revisions required in tourism related legislations and regulations	2009	On going	

Strengthening governance and democratization in the tourism industry

	Actions	Due Date	Status	Remarks
1	Identify and provide a public-private sector consultation mechanism for policy issues in the tourism industry	2008-2011	On going	

2	Identify and establish a mechanism to address and resolve labor grievances and disputes in the industry	2007	Completed	
3	Promote participation of NGOs/associations in the tourism sector	2008	On going	

Strengthening the institutional capacity of MOTCA

	Actions	Due Date	Status	Remarks
1	Review and rationalize the existing organization structure of MOTCA	2007	Completed	
2	Strengthen the MOTCA's capacity to advocate employment in tourism, and address human resource needs of the industry	2007-2011	Completed	
3	Strengthen the Ministry of Tourism and Civil Aviation's capacity to ensure appropriate collection and distribution of data	2008	Completed	
4	Establish a Northern Zone office and a Southern Zone office of MOTCA to monitor compliance of resorts/hotels with tourism laws and regulations	2008	On going	
5	Train and certify a pool of inspectors to support MOTCA's monitoring of tourist establishments	2008 onwards	On going	
6	Establish a South Asian Institute for Tourism Research and Development (possibly within the SAARC framework)	2010	On going	

SECTION FOUR

STRATEGIC ACTIONS FOR THE EXTENSION OF THIRD TOURISM MASTER PLAN

In order to formulate the strategic actions for the extension of TTMP, several discussions were held among the key stakeholders and relevant government authorities. Discussion areas were identified and selected from the strategies of TTMP and also strategies in the current government administration's Strategic Action Plan (SAP). These were tabled and discussed with the relevant stakeholders and TTMP Review Advisory Committee members to evaluate the progress of the TTMP strategic actions.

Stakeholders' engagement injected enormous confidence into the process of formulating proposed strategies. Their contribution was significant, and helped greatly in the shaping of the strategic actions for the extension of TTMP. Advisory Committee member's guidance and directions based on their enormous expertise and experience in the industry was very significant contribution in the formulation of this document.

The Six Strategies recommended below are focused on the similar areas stated in the TTMP and SAP. Specific action statements stated under the respective strategies are derived from the information gathered and shared in the discussions held with the stakeholders.

4. 1. FACILITATE SUSTAINABLE GROWTH AND INCREASE INVESTMENT OPPORTUNITIES IN THE INDUSTRY, WHILE ENHANCING PUBLIC SHARE OF ECONOMIC BENEFITS FROM TOURISM:

	Actions	Performance measure
<i>Sustainable growth</i>		
1	Through release of new islands and land for resort and hotel development, increase the supply of beds according to national development programs and set target	Lease of new tourist beds based on a set target for the region as per National Development Programs
2	Identify potential measures to maintain and increase average number of bednights / length of stay	Increase average bed nights/length of stay
3	Introduce a mechanism via leasing of additional islands/plots to cater mid-markets	Increase of new beds and facilities for mid-markets
4	Coordinate with newly leased lands/islands' lease holders and identify undeveloped lands/islands to encourage development of establishments and if there are valid reasons of not showing development progress identify possibility to offer alternatives	Existing undeveloped projects that have reached a development solution
<i>Increase investment opportunities</i>		
5	Facilitate opportunities for financing in tourism industry	Discussions held with financial institutions and identify possible options of financing locally & abroad
6	Encourage SMEs to explore tourism related business ventures	Identify potential SMEs

7	Identify and provide technical and financial assistance for potential subsidiary industries	Technical and financial assistance provided to number of projects and locals for industries such as Handicrafts, Souvenirs
<i>Enhance public share of economic benefits</i>		
8	Develop island/plots of land for resorts/hotel, luxury villas and private islands in close proximity to population centers	Increased number of tourist beds in comparison with population in that atoll/region
9	Identify possibilities to create one stop markets in different provinces for purchase of local products	Local markets introduced in the inhabited islands near tourist resorts and tourists visit
10	Implement a system to give recognition for tourist establishments that purchase local produce from the resort community	Recognition award or system in place

4. 2. INCREASE EMPLOYMENT OPPORTUNITIES AND AWARENESS IN THE TOURISM INDUSTRY:

	Actions	Performance measure
<i>Employment opportunities</i>		
1	Monitor implementation level of Labor Law in the tourism establishments	Monitoring activities conducted
2	Implement and maintain a ratio of Maldivians to Expatriates working in tourism establishments according to establishment's classifications or star rating	Ratio based on classification /star rating
3	Monitor and identify level of implementation of HR plans submitted in bid proposals	Evaluate and identify implementation level
4	Implement a minimum standard of facilities and services that should be available for employees in tourism industry such as in resorts	Resort Staff facilities and service standards developed and implemented

<i>Awareness</i>		
5	Encourage to promote internship programs in tourism establishments	Internships undertaken in the tourism sector annually
6	Create public awareness programs to promote TVET and FHTS programs	Awareness Programs conducted
7	Conduct awareness programs to increase employees especially females to reduce communities' negative cultural issues (media campaigns)	Regular awareness programs conducted

4. 3. DEVELOP AND MAINTAIN SUPPORTING INFRASTRUCTURE REQUIRED FOR THE GROWTH OF TOURISM INDUSTRY:

	Actions	Performance measure
Marine transport		
1	Identify and plan to develop harbor facilities for live-aboard vessels near airports	Harbor facilities designated near airports
2	Identify and plan to develop facilities for tourists visiting Male' (excursions, passenger liners and cruise ships)	Facilities for development identified and implemented
3	Identify and plan to develop yacht marinas in selected zones	Yacht marina development sites identified and implemented
Air transport		
4	Upgrade Hanimaadhoo Airport as an International airport to develop tourism further in the region and to cater to the existing and potential facilities	Upgrade of airport
5	Develop a plan to start regional seaplane services as per demand increase in regional zones	Regional seaplane service zones identified for development

6	Upgrade all the existing airport's facilities to match increase in demand	Domestic and international airports upgraded to meet demand
<i>Education & Research</i>		
7	Strengthen and improve/upgrade facilities of FHTS	Upgrade of facilities
8	Develop a plan to establish a tourism research institute	Study conducted and Tourism research institutionalized
9	Implement a mechanism to promote hospitality and tourism related vocational skills in the Secondary level of education	Vocational skills integrated to secondary education

4. 4. ENSURE ENVIRONMENTAL SUSTAINABILITY IN DEVELOPMENT AND OPERATION OF ALL TOURISM PRODUCTS AND ENVIRONMENTALLY-RESPONSIBLE TOURISM:

	Actions	Performance measure
1	Conduct awareness programs to promote UNWTO's Global Code of Ethics for Tourism in all tourism activities	Activities undertaken to promote the Code of Ethics for Tourism
2	Conduct awareness programs on Environment Act and Regulations for environment protection	Awareness programs and activities undertaken
3	Identify and enforce adaptation measures for climate change and disaster mitigation for the tourism industry from SNAP	Adaptation measures
4	Complete registration of all the desalination plants, sewerage plants and energy systems in all the tourism related establishments	Tourist facilities with completed registrations increased

5	Identify possibilities for recycling programs in the resorts	Resorts participating in recycling programs increased
6	Incorporate tourism establishment's waste disposal to the National Waste Management System, being implemented at province and regional levels.	Resorts participation in the national Waste Management System increased
7	Introduce a system for disposal of garbage in consultation with live-aboard operators	Consultations conducted and system introduced for disposal of live-aboard garbage
8	Encourage implementation and utilization of renewable energy facilities in tourist establishments.	Renewable energy promotion and information sessions held and RE technology adopted resorts increased
9	Conduct awareness programs for local communities surrounding tourist establishments to reduce environment unfriendly activities	Awareness programs
10	Implement a standard to recognize and award socially responsible tourist establishments, in order to encourage social responsibility to extend tourism benefits to community	Award criteria developed and implemented
11	Explore ways to identify how recreational activities and excursions arranged by resorts affect the environment	Negative environmental impacts identified and appropriate regulations formulated for recreational activities

4. 5. CONTINUE TO BRAND MALDIVES AS A UNIQUE DESTINATION WITH INNOVATIVE PRODUCTS AND RETAIN MALDIVES POSITIONING AS A TOP RANKING DESTINATION IN TRADITIONAL AND EMERGING SOURCE MARKETS:

	Actions	Performance measure
	<i>Unique Destination</i>	
1	Identify ways to promote country's unique culture, heritage, arts and handicrafts	Promotional activities
2	Showcase the diversity and fragility of the Maldives marine environment in fairs	Participate in marine environment fairs
3	Facilitate the completion of listing Male' HukuruMiskiy/enclosing cemetery and Minaret in UNESCO world heritage permanent list	Follow up on the process of listing
4	<i>Innovative products and facilities</i>	
5	Implement a strategy to introduce potential and innovative products for the industry	Potential products identified and innovative products developed
6	Identify avenues for encouraging and promoting domestic tourism in existing facilities for locals.	Potential domestic tourism products identified and domestic tourism promotion packages increased
7	Identify areas and activities for enhancing attractiveness of Male the capital city and its satellite centers (Male, Vili-Male' and HulhuMale')	Plan to make pedestrian friendly roads in Male'
8	Implement a plan to introduce a Tourist Information Centre in Male' and International airports	Tourist Information Centers
9	Explore possibilities of implementing a comprehensive tourism information system, which can be accessed online.	Identify possibilities for tourism information system

<i>Maldives positioning</i>		
10	Implement a Strategic Destination Marketing Plan according to the rebranding	Destination marketing plan
11	Increase promotional activities by collaborating with the industry (Specially to tap into new markets)	Marketing activities in new markets
12	Explore possibilities for getting funds for government's international marketing and promotional activities	Sourcing funds
13	Promote Maldives as an environment friendly destination	Promotional activities
14	Tailor marketing strategies for different segments and classes of markets to include niche markets.	Marketing activities carried out for different market segments

4. 6. CONTINUE TO STRENGTHEN THE LEGAL AND REGULATORY FRAMEWORK AND THE INSTITUTIONAL CAPACITY OF MINISTRY OF TOURISM:

	Actions	Performance measure
<i>Legal and regulatory framework</i>		
1	Revise Tourism Act to incorporate necessary business facilitation	Tourism Act revised
2	Enforce safety standards of transport facilities pertaining to tourism activities, such as transport of tourists.	Safety standards developed for tourism activities
3	Introduce a comprehensive regulation to manage travel agencies and tour operators	Regulation of travel agency
4	Improve and monitor tour guide services and activities in the Capital Male'	Tour guide trainings conducted and monitoring system implemented

<i>Institutional Capacity</i>		
5	Establish food safety and handling guidelines as per the Hazard Analysis and Critical Control Points (HACCP) standards.	Establish guidelines
6	Decentralize monitoring and inspection of tourist establishments to province level	Province level activities identified by MOTAC and implemented
7	Provide training at province level to undertake decentralized monitoring and inspection of tourist establishments.	Training sessions undertaken and numbers trained
8	Maintain and strengthen the collection and dissemination of tourism related statistical data and information in a systematic and accessible manner	Convenient data collection and data managements system established

FUTURE ISSUES

This section highlights the twelve areas that were identified during the Review by the TTMP Review Advisory Committee members for consideration in any future government tourism strategic direction or master plan. The Advisory Committee comprising industry pioneers, current entrepreneurs and government executives was formulated for the TTMP Review since 2010 by the Minister of Tourism Arts and Culture. A list of the TTMP Review Advisory Committee is presented in Appendix 1.

SUSTAINABLE DEVELOPMENT

The importance of setting sustainable tourism development policies and objectives for the sector.

LESSONS FROM PREVIOUS PLANS

In the formulation of future direction the results of the past tourism plans are to be analyzed objectively to identify the level of success and based on that prepare achievable plans and devise mechanism for continuous review to reflect the changing situations globally and locally during the plan period.

LOCAL GOVERNANCE ISSUES

Identifying clear roles and responsibilities of local authorities in the development of the sector and implementation of tourism plans of the government and setting a systematic mechanism and time frame laid in the tourism master plan for exposure, involvement and empowering the local people.

NATIONAL STRATEGIC ACTION PLAN AND RELATION WITH TOURISM MASTER PLANS

The different planning levels in the country to be made clear to allow an effective and relevant sector plan.

TOURIST BEDS ISSUES

A future direction or policy will be required to address and regulate tourist beds for the tourist vessels and guesthouses that has been left for the local investments, as well as those new products such as luxury villas so as to manage distribution of tourist beds for maintaining carrying capacity and balanced development in the destination.

JOBS & EMPLOYMENT RELATED ISSUES

Addressing employment issues based on both the employee and employer side to tackle core issues of local employment faced by the sector for the success of a dynamic industry and national needs.

HOTEL SCHOOL/TRAINING FOR TOURISM

Addressing the problem faced in employing suitable Maldivians in the industry with the necessary skills and developing those skills in the locals beginning from the schools level to balance academic requirements and skills development through such programs as progressive internship and mobile training.

CRISIS/SHOCK ABSORPTION MEASURES

The experiences of natural and manmade events from the past should be reflected in any future destination management plans to allow market diversification in terms of geographic and demographic sourcing as well as product diversification to address the challenge.

INFRASTRUCTURE PLANNING OR ALIGNMENT ISSUES

It is imperative that any tourism plans shall incorporate the required infrastructure to support the tourism development. Hence, laying out concrete plans for infrastructure developments such as

airports, ports, hubs and planned major developments would allow tourism investments to be made by the private sector in access and surrounding that in an efficient manner.

UNFINISHED RESORTS OR PENDING TOURISM DEVELOPMENTS

The status of many pending projects with accumulated debts are an impediment to the sustainability and national growth and therefore, require strategizing tourism expansion inline with resource demands while at the same time device solution to these projects.

INVESTOR CONFIDENCE

Tourism sector plan require to be designed with clear policy directions to build confidence and enhance investments.

MARKETING STRATEGY

Setting a marketing strategy for the destination aimed at positioning the destination, product alignment and setting trends to remain competitive.

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APPENDIX 1

TTMP Review Advisory Committee Members

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

NOTES



Ministry of Tourism Arts & Culture
Republic of Maldives