**Format for Mid the Term Evaluation of the Achievement of Sector Outcomes of the Strategic Action Plan (2009 – 2013) of the Government of Maldives**

**Tourism Sector**

1. **Sector Overall Progress (500 words)**

***{A description of the extent to which the Sector Outcomes as specified in the policy goals were realized in the period under review}***

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| Tourism in the Maldives began in 1972 with a mere 280 beds on 2 resort islands. Since then, 99 islands have been developed into tourist resorts. An additional 62 resort/hotel development projects with over 10,000 beds have been allocated and is under development. At present there are 18 hotels, 33 Guesthouses 2 yacht Marina’s and 141 Tourist Vessels. The volume of tourists arriving in Maldives increased from 655,852 in 2009 to 791,917 by the end of 2010. In 2009, tourism accounted for 26.5 percent of GDP, about 29 percent of government revenue directly, and for more than 24,000 resort /hotel jobs.  Laamu. Gan Integrated Development Project, Laamu Asseyri project was introduced under the government’s policy to diversify the tourism product to develop mid-market tourism by opening guest-houses and small-scale city style hotels on inhabited islands’ and providing incentives for local business to provide related services such as restaurants, cafe’s, water-sports, souvenir outlets and shops. This integrated development aims to develop mid market 3 – 4 star hotels and guesthouses and related other services and businesses. After the successful formulation of this project a similar project is planned for theSouth and North.  Infrastructure development plays a major role in tourism development through out the country. 5 new domestic airports are to be developed to facilitate tourism expansion to all regions. Five islands are to be leased as tourist resorts to support these airport developments.  The current Third Tourism Master TTMP) will end its 5 year term in 2011 and by the end of 2010 a review was commenced to align the master plan strategies with the government Strategic Action Plan (SAP). By the end of the review in 2011 it is expected to provide an extension plan for the 2years up to 2014 and provide guidance on the preparation of a Fourth Tourism Master Plan in 2012.  A number of tourism regulations were reviewed from 2010 including Tourist Guest House regulations, Tourism Statistics regulation, Live aboard regulation and Travel Agency regulations. In the process of review are the Hotel regulation and the preparation of a Security plan for the tourism sector, Health safety procedures and a code of conduct for the Tourist facility Inspectors.  The Ministry has taken the initiative to facilitate financing for a number of projects that has been leased from 2004 but are facing difficulties in implementation due to the financial situation. Discussions with financial institutions and private investors were conducted to that effect. To this end, the government has proposed to create an investment vehicle spearheaded by the Bank of Maldives, the Ministry of Tourism, Arts and Culture and the Ministry of Economic Development. From these discussions it is expected that at least a number of the projects that has undertaken partial construction of the resorts will be able to reach a solution. |

* 1. **Progress on Key Sector Outcomes**

***{For each sector outcome briefly describe the achievement made and the extent to which implementation was carried out as envisaged by the Strategies / Intervention List of the SAP. If there were any deviations what were they and the causes}***

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| Outcome | | Progress | Issues |
| 1. | Facilitate foreign direct investment in tourist resort development | * Lease period extended 50 years and 99 years for Public Companies * Support at least 10 local entrepreneurs to proceed towards completion of unbuilt projects | * - * facing difficulties in implementation due to the financial situation |
| 2. | Opportunities for gainful employment for Maldivians and Community participation in industry increased | * 2 training resorts under development L.Gan and H.Dh Nolhivaram Faru * Revive hotel school facility proposed for land in Male’ * To Increase employment opportunities for locals in the Tourism Sector Situation analysis. | * - * - * HR plan to be developed |
| 3. | Supporting infrastructure to facilitate the industry growth developed and maintained | * 5 new domestic airports to be developed 5 Resorts to be leased in tender process to support these Airport developments * Opportunities for SME participation in the tourism sector through allocation of loans from MED for guesthouse and cottage industry development in 2011. |  |
| 4. | Safeguards for environment sustainability in development and operation of tourism products established focused on global excellence in environmentally responsible tourism | * Tourism regulations reviewed   Tourism Statistics  Guesthouse  Liveaboard  Hotel  Travel Agency   * Establish targets for achieving carbon neutrality by 2020 |  |
| 5. | Legal, tourism regulatory framework and institutional capacity of the Ministry of Tourism developed and a Fair Tax Regime introduced | * TGST Tourism goods and services tax * Revise land rent (2nd amendment to Tourism Law) * Train and engage local authorities to carryout tourist facility inspections (guest house, safari vessels and travel agency by 2013) |  |

* 1. **Institutional Achievements in relation to the Sector Outcomes**

**{Briefly d*escribe the role of key institutions in relation to the key sector outcomes and their achievements*}**

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| Name of Institution(s) | | Major Responsibilities towards outcomes | Achievement |
| 1 | Maldives Marketing and Public corporation (MMPRC) | Undertake joint marketing and promotional activities. |  |
| 2 | Ministry of Housing and Environment | Facilitating development of supporting infrastructure and development of real estate linked to tourism. Monitoring of environmental sustainability. |  |
| 3 | Ministry of Economic Development | Enhance private sector engagement in communities and promotion of CSR. Trade licensing and Facilitation of new foreign investor’s entry into sector and supporting activities. |  |
| 4 | Ministry of Fisheries and Agriculture | resources allocation and sharing, especially islands and land allocation for tourism activities |  |
| 5 | Ministry of Finance and Treasury | Resource mobilization and budgeting |  |
| 6 | Ministry of Education | Development of tourism and hospitality curriculum and vocational training for secondary schools to prepare for the industry |  |
| 7 | Attorney Generals Office | Facilitate formulation and implementation of necessary laws and regulations for Tourism and provide necessary legal guidance. |  |
| 8 | Ministry of Human Resources, Youth and Sports | Regulation and facilitation of sports tourism, employment and human resource development. |  |
| 9 | Ministry of Transport & Communication. | Development of Airport Infrastructure and regulation. |  |
| 10 | Ministry of Home Affairs | Enhance tourist security and safety in Maldives through Maldives Police Service, facilitate tourist movement and regulate visa for tourist visitation through Department of Immigration and Emigration, enhance flow of imports and export of goods for the industry, import duty facilitation and concessions through Maldives Customs Services |  |
| 11 | Maldives Ports Authority | facilitate bunkering and harbor of tourist vessels |  |
| 12 | Maldives Inland Revenue Authority | Facilitate enforcement and implementation of Tourism related taxation policies |  |

1. **Overall Assessment of Sector Performance related to key aspects**

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| Operational Progress (300 words)  **{*Explain the Extent to which implementation was carried out as envisaged by the Strategies / Intervention List of the SAP. If there were any deviations why was this and what where they.*}** |
| To increase the benefits of tourism to the wider community, additional islands were leased for tourism development. Under this expansion policy, 63 projects are currently being developed. Rest of the projects are at various stages of development (4 projects – 76-100%; 9 projects – 51-75%; 4 projects 31-50%; 3 projects – 16-30%; 43 projects – 0-15%).  In addition 16 new projects are allocated for tourism development since November 2008. Furthermore, 7 lagoons are identified to develop innovated projects to diversity the product profile of Maldives.  To increase the local participation in the tourism sector, various activities are undertaken including joint efforts with the industry to improve the facilities provided for employees, on-the- job training, apprenticeship programs, training through FHTS campuses in tourist resorts. Additionally, a nationwide campaign will be launched to attract more locals to the tourism sector.  In terms of tourism infrastructure, public tenders were open to develop 5 airports. It is estimated that 2 airports will come into operation this year in addition to the airport developed by a private party.  To increase the efficiency and effectiveness of marketing and promotion of tourism sector, the Maldives Tourism Promotion was corporatized at the beginning of this year.  In close consultation with the tourism sector and other stakeholders, amendments were made to the tourism law to harmonize tourist resort rental mechanisms and Tourism GST of 3.5% was introduced this year.  The necessary changes to existing regulations were made throughout the year for smoother operations of various businesses related to the tourism. Linking tourism with community is vital for wider distribution of tourist dollar. Hence, workshops are being conducted with local producers and resort management teams to create networks. An integrated resort development project in Laamu  Atoll was announced this year and opened for expression of interest. Under this model, more opportunities will be open for new entrants to enter the industry. |
| Financial Performance (200 words)  **{*To what extent was the budget allocation utilized and if budgetary shortfalls were encountered what were the likely causes what impact did it have in regard to pursuing the Strategies / Intervention List of the SAP*}** |
| To achieve the strategies allocated for the Ministry in the SAP, a budget of 22.8 million MVR was proposed. However, due to the financial stringency faced by the nation, the proposed budget was curtailed to 13 million MVR.  **Activities and Budget Performance**:   1. Identification of areas for tourism development near dense populations: Resorts in connection with housing projects, transport network and airport developments were awarded. Issues such as unsuitability of the island for development as tourist resorts were raised by developers. Islands need to be properly surveyed for its suitability to develop as a tourist resort before tender/ lease. However budget shortage does not allow such surveys. 2. Consultation with the industry operators and employees in order to strengthen the rights of both employer and employee: A consultant under the UNDP technical assistance and partly financed by the Ministry is currently doing a research to study issues existing in the industry. Such survey need to be comprehensive and thorough. However, the survey is limited to few consultations and site visits due to the unavailability of sufficient finance. 3. Ferry Service between tourist resorts and nearby inhabited islands: Discussions are in progress with the Ministry of Transport to connect resorts to the transport network. Consultation with resort operators and employees also need to be conducted. Budget allocations are not sufficient to conduct a proper assessment. 4. Participation in main tourism events: UNWTO South Asia Commission meeting in March and SAARC working group meeting in January were attended. 5. Create awareness on modern management techniques: Staff from provinces are to be trained to carry-out inspections of tourist facilities in the provinces for issuing operating license. Hence, budget allocations would be required by provinces for further training of additional staff in the provinces. |
| Institutional Linkages (100 words)  **{If *any institutional linkages were expected to be developed during the implementation, to what extent were they achieved. If not what were the main causes and what was the affect on the implementation.*}** |
| A number of tourism projects are formulated to facilitate the implementation of policies and startetegies outlined in the SAP of the government.  Islands were also earmarked for tourism development and leased as tourist resort/hotels as an investment incentive to facilitate the social infrastructure development programmes such as the social housing project, transport network project, domestics airports development project and other projects submitted to the national planning council with substantive CSR components, especially social infrastructural investments such as water and sewerage development in local islands. Ongoing programmes with other agencies include the following;   * Ministry of Housing and Environment – EIA monitoring, Social housing or Luxury Villa project * Ministry of Economic Development –private sector engagement in communities and promotion of CSR, Trade licensing and Facilitation of new foreign investor’s entry into sector and supporting activities and SME facilitation. * Ministry of Fisheries and Agriculture – for resources allocation and sharing, especially islands and land allocation for tourism activities. * Ministry of Finance and Treasury – Resource mobilization and budgeting. * Ministry of Transport and Communication– Airport development projects |
| Sustainability (100 words)  **{*To what degree could the operational aspects; including institutional linkages if any can be carried forward and describe any essential criteria required to facilitate this*}** |
| The internal administrative framework of the Ministry was restructured In early 2011 to increase efficiency and during which time e-government system were also brought into full swing to increase efficiency in services, minimise paper use and to reduce costs on postage. The efficient delivery of communications also meant a faster pace of work expected from the organization. However, as of yet the e-gov. system require better familiarization by users and improve on the user friendliness and functions of the web portal.  In May 2011, the government’s initiative to reduce civil servants through a voluntary redundancy programme decreased a number of functional staff working in the Tourism Ministry. This obliged changes in administrative structure to maintain operational efficiencies. This also meant adjustments to standard operating procedures with concerned other government agencies. As such EIA administrative procedures for Tourism projects and duty exemption process were to be discussed with the relevant agencies for procedural changes.  Another important aspect is the issue of non clarity in some of the interventions stated in the SAP. For example in the tourism interventions there are strategies that are strongly linked to other sector policies. For example tourism support infrastructure development, human are sources development for the industry, tourism education and research, investments and development financing are important areas for sustainable development for tourism. Some of the additional steps that could be taken are preparation of a resource framework so that future activities could be planned and informed decisions could be made. Sectoral plans (transport etc) need to be shared with stakeholders and policies need to be clearly defined. More closer and coordinated effort is needed at technical level for consultation. Suggest to have coordinating committees of major economic sectors. |

**3.0 Key Issues encountered**

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| *Institutional (200 words)*  ***{Discuss the Strategic position of the Lead Agency and how it affected the Implementation of Strategies/ Operational Performance}****:* |
| It should be noted that the lead agency has a coordinating role to a greater part in relation to the strategic plan and its actions. Timely delivery of actions is not completely achieved due to this. Lack of staff and their limited capacity in relation to the field of work is a challenge that the institution faces in delivering these plans. Having to work on projects on an urgent basis has an effect on the general output of work that is required from the institution. Budgetary issues are also a major challenge. |
| *Implementation (200 words)*  **{*Matters relating to implementation finances, human resources, monitoring and oversight*}** |
| There are many hindrances for proper implementation of tourism development projects due to financial shortages. Where islands are leased for development as tourist resorts regular inspections need to be carried out to monitor the progress. However, financial shortages limit the Ministry’s capacity to conduct timely inspections.  The Ministry needs to maintain and monitor records of projects under development, operating resorts and human resource related data. However, a financial shortage does not permit development of a proper database whereby data can be accessed as and when needed. |
| *Environmental : (100 words)*  **{*Environmental 9including Operational aspects) aspects which were encountered and need to be addressed*}** |
| In order to streamline the development process, the Ministry has made an arrangement which will allow resort developers to obtain EIA approvals directly via the Environmental Protection Agency as opposed to having submitting EIA applications to the Ministry. This is expected to reduce waiting time significantly. |
| *Political (100 words)*  **{*Political considerations encountered and to be addressed*}** |
| Enforcement of lease agreements needs to be strengthened. Laws and regulations need to address issues of non-performance and default in payment of dues to the government. Aged dues in huge amounts remain uncollected due to loop holes in laws, regulations, lease agreements and political will. Where projects for development are far behind work plans, extension of period for development has been granted repeatedly by amendments to the lease agreements. However, enforcement of actions required by laws regulations and lease agreements under such situations are seen failed due to lack of political courage. |
| *Socio/ Cultural (100 words)*  **{*Socio Cultural considerations encountered in respect of operation and implementation*}** |
| Due to geographic nature of the Maldives tourism has been developed very much in isolation. This has limited the influence of tourism on the local communities. With the government’s new policy to bring tourism closer to the people to increase the benefits of tourism to local communities, Guesthouses, City hotels & Marina’s are being developed in inhabited islands. These community based tourism projects are planned after community consultations to limit the negative socio-cultural impacts. However, tourism industry has always been a target to the growing socio political problems such as radicalization of the local youth, increasing narcotics abuse and political polarization. |
| *Gender (100 words)*  **{*Gender related issues encountered during operation and implementation*}** |
| There has been no significant gender discrimination observed in the tourism industry. However, there is an obvious reluctance by females to engage in employment as hospitality workers, especially at resorts. This may be due to various socio-cultural factors and perception towards the tourism industry by the society in general. The specific causes and possible interventions to overcome this are being investigated by the Ministry through various industry stakeholders. There also seems to be a general perception among locals that the hospitality is not safe for female workers as the industry is currently dominated by males. |
| Statistical and Data Collection (100 words)  **{*All the data sources used. Other factors which surfaced in the operation and implementation*}** |
| Collection, computation and maintenance of tourism statistical data is managed by the Ministry’s Statistical Section. Compilation and provision of statistical information required by National Accounts System and by the government authorities, international and private agencies. Publication of annual tourism statistics, based on tourism indicators and industry performance. Preparation of tourism indicator projections. Execution of surveys related to tourism and preparation of reports based on it.  Some of the data maintained in the section are treated with confidentiality. Data that are treated confidential include any data received from individual resort/hotel/guest house/vessels. In this regard the following data received from Individual resort/hotel/guest house/safari vessel are treated as confidential. These data shall only be disseminated in an aggregated form  1. occupancy rates  2. bed-nights  3. average room rates  4. revenue/bed tax  5. cancellations and reservations  MOTAC is currently in the process of setting a Statistics Data base |

1. **Lessons Learnt (300 words)**

**{Discuss the Lessons Learnt in the process of carrying out interventions relevant to realization of the Sector Outcomes as specified in the SAP. Focus on the involved agencies and other stakeholders (including beneficiaries) and their willingness and capability to continue the interventions. If not what additional measures would need to be taken to strengthen them}**

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| Interventions for the tourism sector involve a number of line agencies. However, it is seen that due to individual sector priorities and due to budgetary constraints some of the interventions stated did not materialize. |

1. **Partnerships (200 words)**

**{*Describe any partnerships established with a donor, private sector of civil society organization to achieve an outcome(s)*}**

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| Tourism Ministry works in close cooperation with the private sector, especially with the tourist resort operators and as well as international and other agencies in a number of activities.  The Ministry is in partnership with Maldives Marketing and Public Relations Corporation and Ministry of Human Resources, Youth and Sports MMPRC’s in the implementation of a campaign (Fanaaru Campaign) to raise awareness on opportunities and employment in the tourism sector for the youth.  Similarly, the Ministry has worked in cooperation with UN and international agencies to achieve the objectives of the sector strategies. As a member of the World Tourism Organization, technical assistance and short-term training opportunities are generally made available on a request basis. Some of the achievements in this respect include technical assistance on preparation of the Maldives Tourism Promotion Board corporatization study.  UNDP is also another international donor agency which the Ministry is constantly engaged and working in delivering some of the tourism strategic objectives. With the assistance of the UNDP a resort Forum was held in the northern region linking local community suppliers and tourist resort operators to develop economic linkages with island communities and with the objectives to facilitate development of SMEs. Similar forum is currently underway in Huvadhoo atoll in the south. Currently, preparation of a tourism sector HR plan is also underway and is expected to be complete in 2011. Additionally UNDP with GEF funding is planned to commence implementation of a Climate Change Adaptation Project for the Tourism Sector with the objective to increase the resilience of the Maldives tourism sector to projected climate change impacts and to implement effective climate change adaptation initiatives. |

1. **Follow-up Actions & Recommendations (400 words)**

**{Recommendations for strengthening, reorienting and/or revising the implementation mechanisms and strengthening the key agencies and other stakeholders for achieving Sector Outcomes in future periods}**

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| Recommendations   * All key agencies and stakeholder organizations needs to work in collaboration to accomplish the desired outcome of the SAP * Every employee in the organizations needs to be made aware of the goals of the SAP in order to meet the objectives * Needs to address the challenges in obtaining funds to implement the projects * Formulation of new laws and regulations, and the amendment of existing laws to strengthen the legal framework * Establishing a tourism database to have better access to information and to provide ease of working with stakeholder organization |

Date : 14 July 2011

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