Destination Report: The Maldives

Tourism Planning, Development and Management
**Coursework Question**

*Compile a report on how your chosen region was planned for tourism, what development strategies it has followed and the management challenges it has faced over time.*

**Abstract**

This report aims to outline how the Maldives has planned, developed and managed as a tourism destination. The Maldives relies heavily on tourism for economic stability and therefore, over time, the Ministry of Tourism, Arts and Culture have produced Tourism Masterplans, which have supported strategic development and management. Strategies focused on; improving connections between resorts and airports, expanding airports and runways, and building larger resorts to cater for the growing number of tourists. With nearly one million international visitors in 2012, both the government and the private sector played important roles in ensuring tourism development was carried out strategically and efficiently. As tourism continues to grow, the importance of sustainable tourism has been recognised and therefore, the Fourth Tourism Masterplan (4TMP) aims to improve waste management systems and increase the awareness of the local community. There are various factors to consider when managing tourism in the Maldives including; maintaining the exclusivity of the islands, dealing with climate change, and the threat of natural disasters. This report concludes that the Maldives has been very successful in planning for changes in tourism trends, as well as developing effective strategies and managing challenges they have been faced with. Furthermore, as tourism continues to grow, the 4TMP will help provide a sense of direction towards successful and sustainable tourism in the Maldives.

**Five Keywords**

1. Tourism;
2. Maldives;
3. Sustainability;
4. Development;
5. Management.
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1.0 Introduction

This report will look at how the Maldives has become a tourist destination since 1972; taking into account how it has planned for tourism, what developments have been made over time and what management challenges have been presented. It will look at concepts such as; how tourism first began, the creation of Tourism Masterplans, the growth of international arrivals and trends, the impact of government policy, and challenges such as the economic crisis and climate change.

2.0 Tourism Planning

“Tourism must be integrated within the wider planning processes in order to promote certain goals of economic, social and environmental enhancement or maximisation,” (Hall, 2000, p.15). Tourism planning should be concerned with the impact that tourism development will have on local communities as well as the environment. Lickorish and Jenkins (1997, p.169) describe tourism planning as, “the utilization of tourism assets and their development into a marketable state.” Since the beginning of tourism in the Maldives, these goals and issues have been topics of consideration when planning for tourism.

2.1 The Beginning of Tourism in the Maldives

Kundur (2012) writes that in the 1960s, the United Nations were against the development of tourism in the Maldives as they believed the islands were not suitable for tourism. However, this theory was proven very wrong as tourism went on to become the largest sector of the economy in the Maldives and it now has an important role in earning foreign exchange revenues. A report written by Andrew Neville for the Telegraph discusses how tourism first developed in the Maldives.

“Back in 1972, a small group of friends welcomed Corbin (an Italian adventurer) and his 22 guests to Male, put them up in three houses, cooked for them and sailed with them around islands suitable for development.”

(Neville, 2012)
Over the following years, travelling into the Maldives did not require a passport and as long as travellers were able to sort out cargos and fishing vessels they were welcome into the country. Neville (2012) goes on to write that, “that era ended in 1984 when the government made it illegal to stay in anything other than a registered resort and to travel outside the few tourist atolls around Male.” As tourism began to grow, the Ministry of Tourism, Arts and Culture (MOTAC) developed a series of Tourism Masterplans which aimed to provide a direction for growth within the industry and to outline what strategies were needed to ensure the success of tourism.

2.2 Tourism Masterplans

The First Tourism Masterplan in 1982 aimed to base tourism around nature settings and to minimise as much as possible any resources or facilities that were needed for tourists (MOTAC, 2012a). There would be three development zones to help ensure the spread of the economic benefits that tourism would bring and any social and cultural impacts were to be discouraged. “Each zone should have a tourism center with supplies, storage, services and information,” and their aim was that all three regions, “should be developed by 1990 catering for up to 215,000 tourists,” (MOTAC, 2012a, p.13). In the initial stages of development, fishing boats and speed boats were used as transport between the resorts and the airport. “Thus all resort development was concentrated in close physical proximity to the only international airport (in the capital city of Male’),” (Kundur, 2012, p.3).

The Second Tourism Masterplan (2TMP) came about in 1992 when tourism had become an important factor of the Maldivian economy. The original idea of regional development required a catalytic reaction from the government; however, this did not happen and it was therefore decided that a policy of decentralisation needed to be implemented. 2TMP made growth predictions of 6-7%, with up to 500,000 arrivals by 2004 and it was also predicted that by 2005, 4,000 additional beds would be needed as tourism expanded to all atolls of the Maldives. 1995 saw the introduction of floatplanes which could hold up to 39 people and domestic airports were built at Gan, Kadehdhoo (Gaaaf), Kadhdoo (Laamu Atoll) and Hanimadhoo.
The Third Masterplan of 2007 established six strategic aims which can be seen in Figure 1. “The focus was to expand and strengthen the tourism industry in order to assist economic and social development,” (MOTAC, 2012a, p.15). The development of domestic airports and lengthening of runways continued in order to facilitate the increasing number of tourists.

Also, “an organised marine transport network was needed connecting resorts and population centres to facilitate medical and other emergency evacuations and to cater for the movement of labour.”

(MOTAC, 2012, p.134)

The importance of the private sector was soon recognised, as well as the need to ensure environmental sustainability and develop an infrastructure which would support the growth of tourism.

**Figure 1: Six Strategic Areas Established by the Third Tourism Masterplan 2007 (Ministry of Tourism, Arts and Culture, 2012a, p.15)**

<table>
<thead>
<tr>
<th>i.</th>
<th>Facilitating sustainable growth and increasing investment in the industry, while enhancing public share of economic benefits from tourism.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ii.</td>
<td>Increasing employment opportunities, opening up opportunities for gainful public and community participation in the tourism industry.</td>
</tr>
<tr>
<td>iii.</td>
<td>Developing and maintaining supporting infrastructure required for the growth of tourism industry.</td>
</tr>
<tr>
<td>iv.</td>
<td>Ensuring environmental sustainability in the development and operation of all tourism products and strive for global excellence in environmentally-responsible tourism.</td>
</tr>
<tr>
<td>v.</td>
<td>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.</td>
</tr>
<tr>
<td>vi.</td>
<td>Continue to strengthen the legal and regulatory framework and institutional capacity of the Ministry of Tourism Arts and Culture.</td>
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</tbody>
</table>
3.0 Tourism Development

Ellis (2008, p.34) discusses the development of tourism in the Maldives and states that, “the private sector is expected to play a greater role, while the government takes on the responsibility of delivering the basic infrastructure.” The government makes the decision on which islands can be developed into resorts, the process is strictly regulated and takes place only on uninhabited islands. This has led to a reduction of environmental costs and, “the World Tourism Organisation has cited the Maldives as a model for sustainable tourism development,” (Masters, 2006, p.45). The Maldives welcomed nearly one million international arrivals in 2012 and this indicates the importance of needing to plan for developments in tourism.

3.1 Types of Tourists Visiting the Maldives

Figure 2 highlights the tourist arrivals and market share of the top ten markets visiting the Maldives in 2012. The Maldives rely on international tourists rather than domestic tourists and this is because of, “the small size of Maldives’ population, the prohibitive cost of a resort stay, and the ‘resort culture’ which caters to the needs of mass tourists, not locals,” (Yahya et al., 2005, p.35). Figure 2 also shows that the highest market for arrivals was China, who contributed to 24% of international arrivals in 2012.
Figure 2: Tourist Arrivals and Market Share of Top Ten Markets, 2012 (Hassan, 2013, p.7).

<table>
<thead>
<tr>
<th>Rank 2012</th>
<th>Country</th>
<th>Arrivals</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>229,551</td>
<td>24.0</td>
</tr>
<tr>
<td>2</td>
<td>Germany</td>
<td>98,351</td>
<td>10.3</td>
</tr>
<tr>
<td>3</td>
<td>United Kingdom</td>
<td>91,776</td>
<td>9.6</td>
</tr>
<tr>
<td>4</td>
<td>Russia</td>
<td>66,378</td>
<td>6.9</td>
</tr>
<tr>
<td>5</td>
<td>Italy</td>
<td>62,782</td>
<td>6.6</td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>56,775</td>
<td>5.9</td>
</tr>
<tr>
<td>7</td>
<td>Japan</td>
<td>36,438</td>
<td>3.8</td>
</tr>
<tr>
<td>8</td>
<td>Switzerland</td>
<td>35,457</td>
<td>3.7</td>
</tr>
<tr>
<td>9</td>
<td>India</td>
<td>31,721</td>
<td>3.4</td>
</tr>
<tr>
<td>10</td>
<td>Korea</td>
<td>23,933</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Total: 733,162 Arrivals, 76.5% Market Share

Total Arrivals to Maldives: 958,027

Source: Department of Immigration and Emigration

The Maldives Visitor Survey (2013) claims that Europeans are the main source of arrivals, contributing to 56.4% in 2012 and that 55% of international visitors are aged between 25 and 44. It also revealed that 65% of those travelling to the Maldives booked through a travel agent and that 57% of all arrivals travelled with a partner. It is interesting to note that 91% of the travellers in 2012 stayed in the Maldives for a period of just one to four nights, spending an average of USD 5000 during their stay. This may be a reflection of the reputation that the Maldives has of being a prestigious destination where tourists go to experience the luxurious sun, sea and sand environment.
3.2 Types of Tourism Developed

When tourism was first beginning in the Maldives in the 1980s, 70% of arrivals were there for a beach holiday, 13% were divers and 17% was business (MOTAC, 2012). Developments were made in the infrastructure to cater for better long haul flights and the Maldives built up a reputation for being a ‘marine wonderland’ as water sports were on the rise. The Maldives was creating an image of unpolluted nature in a premium destination and in the early 1990s the first ever water bungalow was built, which mapped the Maldives as a spa destination. It has also been reported as a “diver’s paradise, with nearly 25 diving spots...guests can spot dolphins, manta rays and sea turtles without leaving their villa’s verandah,” (Drillinger, 2013, p.11). Figure 3 shows the main reasons for visitors travelling to the Maldives in 2012, highlighting the top three types of tourists as honeymooners, health and wellness tourists and divers.

Figure 3: Purpose of Visit to Maldives (Ministry of Tourism, Arts and Culture, 2013, p.11).

The Ministry of Tourism predict that Russia will be an emerging market for tourism in the Maldives and also, that markets will grow from Asia, the Gulf and Middle East over the next five years. They are focused on taking a sustainable approach to tourism development and have drawn up the Fourth Tourism Masterplan (4TMP) for 2013-2017, which outlines their strategies for development in the future.
3.3 Future Strategies for Development

Sustainable tourism development within the tourism industry has been described as follows:

“The industry’s challenge is to develop tourism’s capacity and the quality of its products without adversely affecting the physical and human environment that sustains and nurtures them.”

(Cronin in Hunter and Green 1995 cited Aronsson, 2000, p.39)

The Maldives has been described as a sustainable tourism destination and so the 4TMP aims to provide a clear direction for both the private and public sector; in which change is directed, progress is measured and an explanation of the industry strategies is provided for other sectors. There are six main strategies set by the 4TMP Committee and these have been outlined in Figure 4 as seen below. One way they hope to deal with environmental and conservation issues is to improve waste management in local communities by developing waste management plans for inhabited islands and by providing local communities with awareness programmes. The 4TMP Committee also aims to promote investment towards sustainable growth, with one strategy being to create a major new southern transport hub based on Gan airport. Private sector partnerships are to invest in this infrastructure upgrade; which will consist of a runway extension, marina, seaplane base and cruise facilities and an increase in bed capacity to support the Gan hub (MOTAC, 2012b).

**Figure 4: The Strategic Plan for Tourism (Ministry of Tourism, Arts and Culture, 2012b, p.21).**

<table>
<thead>
<tr>
<th>i.</th>
<th>Maintaining Maldives position in world markets.</th>
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<tbody>
<tr>
<td>ii.</td>
<td>Managing environment and conservation issues.</td>
</tr>
<tr>
<td>iii.</td>
<td>Engaging more Maldivians in tourism careers.</td>
</tr>
<tr>
<td>iv.</td>
<td>Promoting sensible ways for communities to participate in tourism.</td>
</tr>
<tr>
<td>v.</td>
<td>Promoting investment towards sustainable growth and high product quality.</td>
</tr>
<tr>
<td>vi.</td>
<td>Efficiency in marketing and destination management.</td>
</tr>
</tbody>
</table>
4.0 Management of Tourism in the Maldives

Tourism can have a negative impact on the environment, local communities and the economy of a country. However, Davidson (1993, p.137) states that this can be, “controlled, or prevented altogether, through intelligent planning for tourism development and through sensible management of tourists and tourist facilities.” For many years, the Maldivian government played an important role in trying to maintain and manage the exclusivity of the islands.

4.1 Government Policy

Up until 2008, the government had enforced a ‘one island-one resort’ policy in an effort to manage the social and environmental impact that tourism had on the islands and the local Maldivian community. When the government had identified an uninhabited island that would be suitable for developing into a resort, “it must simultaneously designate three other uninhabited islands for environmental conservation,” (Bosselman et al., 1999, p. 217). As a result of this policy, three islands were protected from being developed, a sense of open space and seclusion was maintained and in turn, this could be used as a unique selling point to attract visitors. Although this improved the socio-cultural sustainability of the islands, there were also drawbacks to this policy including having to provide facilities for employees and the local community lacked an understanding of the tourism industry (Shakeela et al. 2011). In 2006, Maldives Tourism Development Corporation (MTDC) was created and this was the first public company within the tourism industry, with 55% public share. MTDC is a Government-led initiative (45% government share) which focuses on social responsibility and its main purpose was to ensure that the Maldivian locals benefited from the wealth brought by tourism (MTDC, 2013).

4.2 Management Challenges

The tsunami of 2004 and the global economic crisis of 2008 both created challenges for the management of tourism in the Maldives; however, the MOTAC (2012a, p.11) claims that, “these have been the only significant downturns experienced by the Maldives tourism industry since its inception.” Shakeela et al. (2011) state that there
was a substantial decline of international tourist arrivals after the Asian tsunami in 2004 and that the reason for this was because the infrastructure on the island was significantly affected. With the decline of government expenditure on the tourism industry, foreign direct investment now plays a major role; however, this has been difficult to obtain since the 2008 global financial crisis. In an attempt to restore the islands’ attraction to foreign entrepreneurs, the Ministry of Economic Development offer incentives to encourage foreign investors to invest in the Maldives and these are outlined in Figure 5.

Figure 5: Incentives offered to Foreign Investors (Ministry of Tourism, Arts and Culture, 2012a, p. 165).

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

Currently challenging the Maldives is the impact of global warming and climate change. The Maldives islands are low and flat and rely heavily on coral reefs (which are affected by rising temperatures) to attract visitors; therefore, tourism will be affected by rising sea levels and global warming. Holden (2008) discusses the influence that climate change will have and how it will cause implications for tourism including increasing beach and coastal erosion, flooding and the submersion of low-lying islands.

5.0 Conclusion

Even though the Maldives is a relatively new tourism destination, tourism for this country has grown rapidly and could be considered very successful. The Maldivian tourism product, “is defined by beautiful tropical islands with palm fringed white beaches and turquoise clear lagoons and its marine environment,”
(MOTAC, 2012a, p.29). These qualities can continue to be used to promote the
destination to a wide range of holiday-makers. Theobald (2005, p.530) writes
extensively of the continuing growth of tourism and claims that people will
always have the urge to travel in order to satisfy their needs to, “explore, to
fantasise, to experience, to learn, to wonder, and to wander.” The creation of the
4TMP will give the Maldives a sense of direction when managing their growth
and developments for sustainable and successful tourism in the future.

Word Count: 2,556
6.0 References


