

RAPID LIVELIHOOD ASSESSMENT

# IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES



With support from the National Bureau of Statistics, The Maldives National University, Ministry of Tourism, Ministry of Fisheries, Marine Resources and Agriculture, Ministry of Youth, Sports and Community Empowerment and the Ministry of Arts, Culture and Heritage.



Ministry of Economic Development  
Republic of Maldives



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PART I - ECONOMIC OVERVIEW

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Ministry of Economic Development  
Republic of Maldives



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# CHRONOLOGY OF EVENTS RELATED TO THE COVID-19 CRISIS IN THE MALDIVES

## 03 February 2020

Restricted entry to all passengers, regardless of nationality—except for Maldivian citizens—who have China as their port of embarkation or have transited through China

## 07 March 2020

First confirmed positive cases of COVID-19 in the country (two tourists)

## 12 March 2020

State of Public Health Emergency declared

## 14 March 2020

Restricted travel from resorts to all inhabited islands of the Maldives, and vice versa, and suspended all check-ins at all guesthouses and city hotels in the Greater Malé Region

## 15 March 2020

Established travel restrictions for passengers originating from, transiting to, or with a travel history in Iran, South Korea, Italy, Bangladesh, Spain, Germany and France

## 17 March 2020

Established travel restrictions for passengers from Malaysia and the UK

.....  
A nationwide shut down of all guesthouses and city hotels

## 19 March 2020

Government offices and schools and education service providers closed

.....  
Suspension of entry of all tourists arriving via safaris, yachts and other passenger vessels

## 20 March 2020

Government announced the Economic Recovery Plan (ERP) of \$162 million, to support businesses and individuals severely impacted by the crisis

## 21 March 2020

All passengers entering the country subject to mandatory quarantine for 14 days

## 22 March 2020

All dine-in services offered by local restaurants and hotels in the Greater Malé Region closed

## 23 March 2020

All tourist excursions across the country banned

## 25 March 2020

Employees at resorts and safari boats are instructed to remain on board for 14 days after the last guest departs

## 27 March 2020

First Maldivian tested positive for COVID-19 while in quarantine facility

.....  
Suspension of on-arrival visa for all passengers arriving to the Maldives by air and sea,<sup>1</sup> except for individuals with special permission granted by the Government

## 2 April 2020

A three-hour (5 pm to 8 pm) curfew in the Greater Malé Region enforced

## 15 April 2020

.....  
The first case of community transmission was confirmed in the capital, Malé

.....  
A 24-hour lockdown in the Greater Malé Region announced

<sup>1</sup> Maldivians and spouses of Maldivians who are foreign nationals will be allowed in but subject to quarantine measures.



**16 April 2020**

Ban on nationwide travel and public gatherings

**17 April 2020**

Lockdown extended for a period of 14 days as cases increase

**22 April 2020**

Income support of MVR5,000 under ERP to lodged cases in Job Center portal

**23 April 2020**

Community transmission surpasses 100 cases

**25 April 2020**

The national carrier, Maldivian, commenced delivering cargo to all domestic airports to solve supply issues faced within the atolls

701 foreigners granted clearance to travel back home on evacuation flights

**28 April 2020**

The first community transmission outside of the capital, in an outer atoll, confirmed

**29 April 2020**

First COVID-19 related death: a Maldivian woman of 83 years

**2 May 2020**

Special visas granted to certain parties, such as resort owners and investors, as well as officials from international institutions, to travel to the Maldives

**7 May 2020**

National Taskforce on Resilience and Recovery established by the President to plan recovery

**14 May 2020**

Lockdown extended in Greater Malé Region until 28 May 2020

**29 May 2020**

Lockdown easing measures introduced in the Greater Malé Region in phases

**31 May 2020**

Government offices reopen for essential work with limited hours and staff

**12 June 2020**

Community transmission surpassed 2,000 cases, with 8 fatalities

**15 June 2020**

Nationwide restrictions on travel and public gatherings lifted, except Greater Male' Region

**20 June 2020**

Government announced reopening of borders on 15 July 2020; resorts can resume operations

**1 July 2020**

National Emergency Operation Centre phased out; tasks shifted to the Ministry of Health

Businesses, including offices, shops, cafés and restaurants, reopened on 1 July 2020, adhering to health and safety guidelines from HPA and relevant authorities

**5 July 2020**

Government offices and schools for key stages reopen

**15 July 2020**

State of Public Health Emergency extended

Borders reopen, 40 resorts resume operations

# INTRODUCTION

## BACKGROUND TO THE CRISIS

The World Health Organization declared a COVID-19 pandemic on 11 March 2020. A highly communicable disease caused by a newly discovered coronavirus, COVID-19 first broke out in late 2019 in Wuhan, China.<sup>2</sup> Symptoms include respiratory illness, and severity is dependent on age and underlying medical conditions. The safest way to prevent transmission is by practicing sanitary and respiratory etiquette, as no specific vaccines or treatment have yet been found, despite many ongoing clinical trials.

The first positive cases of COVID-19 emerged in the Maldives on 7 March 2020. The cases were imported cases that originated in tourist resorts. The first case of community transmission was reported in the capital Malé on 15 April 2020 and the Greater Malé Region has been the epicentre of the outbreak with sporadic outbreaks in some of the outer lying atolls. As of 5 August 2020, a total of 4,446 confirmed cases and 19 deaths have been reported, and the mortality rate has been as low as 0.43 percent.<sup>3</sup>

To prevent the transmission of the virus, several restrictions were placed on tourism-related travel into the country. On 3 February 2020, a travel ban was placed on those travelling from China. Since then, travel restrictions were placed on those travelling from high-risk countries or virus hotspots. These restrictions

were further tightened with the cancellation of on-arrival visas for foreigners on 27 March 2020, which effectively closed the country's borders. The country's borders were reopened on 15 July 2020, with 40 resorts resuming operations on the same day.<sup>4</sup>

Since the middle of March 2020, the Government of Maldives has put in place strict containment measures, including closing government offices and education facilities, closing eateries, imposing travel bans to and from resorts, quarantining all incoming travellers to the Maldives, and barring tourists who were transferred to resorts from travelling to any inhabited islands. Since the community outbreak, the Greater Malé Region and several islands were under a 24-hour lockdown with restricted movement, and a nationwide ban on travel and public gatherings was imposed. The lockdown-easing measures were implemented in a phased approach starting at the end of May 2020. Government offices and schools started gradually reopening on 1 July 2020. Travel out of the Greater Malé Region to other atolls remains restricted to essential travel with requirement of 14-day self-isolation upon arrival.

<sup>2</sup> World Health Organization, COVID-19 Situation Report-67

<sup>3</sup> As of 05 August 2020 - <https://worldometers.info>

<sup>4</sup> 15 July 2020, Joint Press Statement by Ministry of Tourism, Maldives Marketing & PR Corporation and Maldives Airports Company Ltd

## PURPOSE OF THE ASSESSMENT AND METHODOLOGY

This report is commissioned by the Ministry of Economic Development, the Government of Maldives. The assessment was completed with support from UNDP Maldives. To address the sensitivity of time and urgent need to understand the context, a preliminary report was released in early June 2020 with initial findings and recommendations. This final report is a compendium of three separate reports. They include: Part I: Economic Overview; Part II: Employment Impact; and, Part III: Impact on MSMEs.

The rapid assessment aimed to understand the extent and nature of the impact of the COVID-19 crisis on the Maldivian economy. More specifically, the assessment covers the impact on employment and Micro, Small and Medium Enterprises (MSMEs). The overall purpose of the assessment was to support timely economic response and recovery planning for the Maldives. This report summarizes the key information and key findings from Part II and III.

This report, Part I of the Rapid Livelihood Assessment, provides an overview of key economic sectors. The data presented below offers a pre-COVID-19 baseline context of the economy, with updates of available administrative data, that attempts to capture the onset and impact of the crisis on key economic sectors from February 2020 onwards. A deeper look at the impact of the crisis on tourist establishments and their operations is covered in subsequent sections of this report. The analysis highlights relevant policy responses that have been put in place in response to the crisis.

To guide the direction and scope of the assessment, and to provide technical support and quality assurance to the data collection, a technical team composed of key partners was formed (see list of technical members above). The technical team met regularly and has to date provided support to develop the assessment methodology, data collection tools and provided quality assurance on reporting and analysis.

The assessment methodology applied a mixed-method approach and utilized quantitative and qualitative data. The assessment attempted to cover overall impacts of the crisis on employment and businesses across all economic sectors through secondary data that was available. Primary data collection and in-depth analysis of the assessment focused primarily on the tourism sector. Tourism sector impacts were explored in detail as it is the largest industry and the largest source of private sector employment in the economy and it is the industry which was exposed to the COVID-19 crisis from its onset in February 2020.

For the Part II of the assessment, to understand employment impacts of the COVID-19 crisis, key secondary data sources that were reviewed and analysed include the latest tourism employment data shared by the National Bureau of Statistics and dataset extracted from the Government's online job portal, JobCenter.mv covering 7,500 individuals across all economic sectors. The Government's online job portal hosted by the Ministry of Economic Development is the primary avenue for lodging complaints concerning COVID-19 related employment impacts and for seeking income support from the Government's relief programme. Primary data collection undertaken for the Part II of this assessment include (i) phone survey with management level respondents covering a total of 34 resorts out of 40 sampled, which were completed during April to June period. The 34 resorts interviewed employs 30 percent of the total employee population of the resort establishments in the Maldives and (ii) in-depth key informant interviews with 30 resort employees registered in JobCenter.mv covering 13 resorts were completed during the last week of April 2020. The detailed sampling strategy for the selection of respondents for the resort management survey and the in-depth interviews with employees are provided in the Appendix of the Part II of this publication.

For the Part III of the assessment exploring the impact of the crisis on MSMEs, a key secondary data source that was used was the MSME baseline survey data collected by the Business Center Corporation (BCC) from March to April 2020. The baseline survey was undertaken across all economic sectors and across all regions of the Maldives. Other secondary data reviewed include the various surveys and reports published by business associations.<sup>5</sup> Primary data collection undertaken for the assessment include 67 in-depth key informant interviews and focus group discussions covering MSMEs in the tourism value chain was completed during the period mid-June to early July 2020. The detailed sampling strategy for identifying respondents for the in-depth interviews with businesses are found in the Appendix of the Part III of this publication. Other aspects of the methodology including limitations are detailed in Part II and III of the publication.

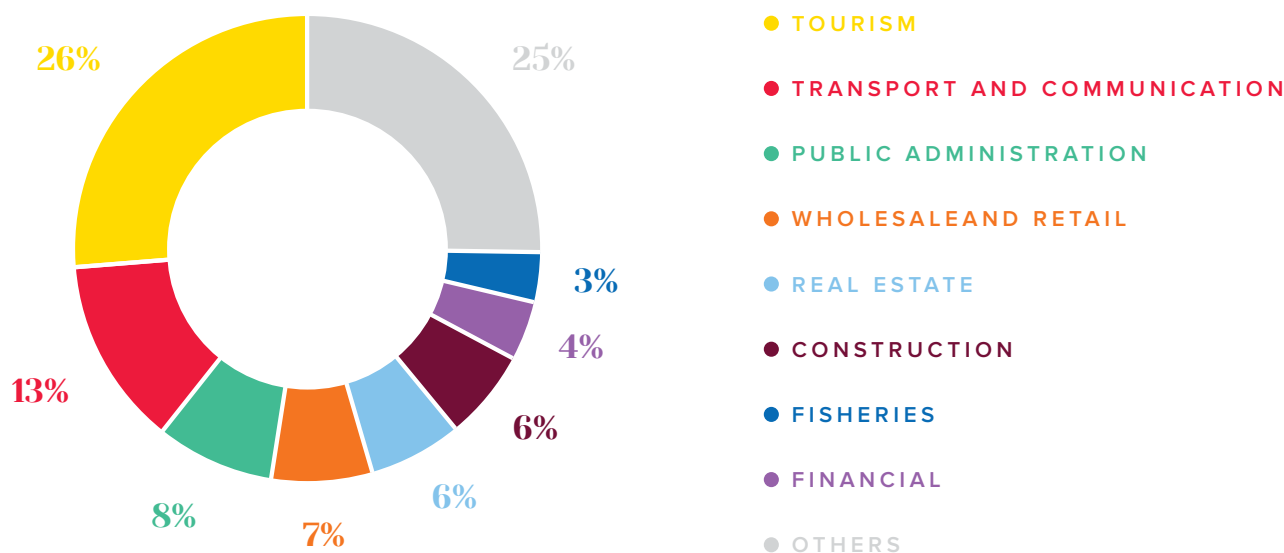
The final reporting of this assessment was undertaken during July to early August 2020. The draft report was reviewed by the technical advisory team members, members of the UN Maldives Socio-Economic Working Group on COVID-19 and technical experts at the UNDP Global Policy Network (GPN) and thematic experts at the UNDP Bangkok Regional Hub (BRH). Editing and additional quality assurance support was provided by the UNDP BRH and UNDP Maldives.

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<sup>5</sup> Includes reports from National Boating Association of Maldives, Maldives Association of Travel Agents and Tour Operators and Guest House Association of Maldives.

# THE ECONOMY-WIDE IMPACT OF COVID-19

Figure 1 GDP composition 2019



Source: National Bureau of Statistics

## MACROECONOMY AND A REVISED GROWTH PATH

The Maldivian economy is primarily based on tourism and tourism-related sectors. The percentage share of tourism sector to GDP in 2019 was approximately 26 percent (Figure 1). The second largest industry is tourism-related: transport and communication, which accounts for 13 percent of GDP. Public administration is the third largest contributor to GDP with 8 percent, followed by the wholesale and retail sector with a 7 percent share. Real estate and the construction industry each contributed to 6 percent of the GDP.

Primary industries, including fisheries and agriculture, contributed to 4.6 percent of the GDP; secondary industries, such as manufacturing, electricity, water, and construction contributed to 10.7 percent; while tertiary industries, including tourism, transport and communication, real estate, public administration and other services contributed to 74.2 percent of the GDP during 2019. The GDP at basic prices are highest during the first and last quarters, when tourism revenues were the highest.<sup>6</sup>

Table 1 Summary of GDP forecasts – Maldives

FORECASTED FALL IN GDP FOR 2020	BEST CASE SCENARIO	WORST CASE SCENARIO
Government of Maldives (24 April 2020)	<b>-11.5%</b>	<b>-29.7%</b>
International Monetary Fund (16 April 2020)		<b>-8.1%</b>
The World Bank (12 April 2020)	<b>-8.5%</b>	<b>-13%</b>
Government of Maldives (18 April 2020)	<b>-7.7%</b>	<b>-17.7%</b>
Asian Development Bank (6 March 2020)	<b>-1.4%</b>	<b>-4.1%</b>

<sup>6</sup> Quarterly National Accounts – Quarter 4 2019, National Bureau of Statistics

The economy has been experiencing positive growth rates in recent years. The GDP growth rate was 6.9 percent in 2018, 5.3 percent in 2019 and the medium-term forecasts estimated a growth rate of 7.5 percent in 2020, 6.3 percent in 2021, and 6.2 percent 2022.<sup>7</sup> However, given the exposure of the tourism sector and the overall economy to the current crisis, the Maldivian economy is expected to contract significantly in 2020. The latest forecasts by the Ministry of Finance anticipate a contraction in GDP in the range -11.5 percent to -29.7 percent in a worst-case scenario.<sup>8</sup>

Table 1 summarizes the various GDP forecasts that have been carried out by the government and International Financing Institutions (IFIs). The World Bank and the Asian Development Bank estimate the Maldives to be among the countries hardest hit in the South Asia region and the Asia-Pacific region.<sup>9</sup> The World Bank and the International Monetary Fund (IMF) project a recovery in the Maldives economy in 2021 in the range of 6.3 percent and 13.2 percent, and positive figures for 2022.<sup>10</sup> The forecasts presented in Table 1 show variations as they were produced at different stages of the crisis, and the assumptions used for the calculations varied depending on the impact of the crisis and measures taken to mitigate impacts.

Prior to the Covid-19 crisis, the Maldives was already challenged, with an unstable macro-economic environment. The International Monetary Fund estimated the 2018 fiscal deficit (including grants) at 4.3 percent of GDP, compared to 3 percent of GDP in 2017. Public and publicly guaranteed debt continued to increase to over 70 percent of GDP in 2018.<sup>11</sup> The IMF debt sustainability assessment categorized the Maldives to have a high risk of debt distress.

Due to the COVID-19 crisis, the total government revenue is expected to fall by 49 percent in 2020, a drop of approximately US\$1 billion. With the increased spending to mitigate COVID-19 impact, the budget deficit for 2020 is projected to reach \$841 million.<sup>12</sup> As the spending on health sector increases, the Government has been taking measures to reduce the overall spending (see Appendix I). These measures have allowed for the Government to make an allocation of \$97 million for health expenditure and \$162 million for

economic relief assistance to mitigate the impacts of the crisis. According to the Ministry of Finance, the financing requirement for the year 2020 is \$964 million, of which \$296 million has been secured and approximately \$273 million is in the pipeline and will be raised in the last two quarters of this year. To cover the unsecured financing gap of \$395 million, work is ongoing for the issuance of a privately placed \$300 million bond/sukuk in the upcoming months.<sup>13</sup>

<sup>7</sup> Fiscal and Macroeconomic Outlook - BIS 2020-Draft, Ministry of Finance, Government of Maldives

<sup>8</sup> Impacts of COVID-19 on Maldivian Economy and Government Revenues and Response Measures, Ministry of Finance, Government of Maldives

<sup>9</sup> The Economic Impact of the COVID-19 Outbreak on Developing Asia, ADB Briefs, Asian Development Bank

<sup>10</sup> World Economic Outlook - April 2020, International Monetary Fund

<sup>11</sup> International Monetary Fund. 2019. Maldives 2019 Article IV Consultation—Press Release; Staff Report; And Statement By The Executive Director For Maldives. IMF Country Report No. 19/156.

<sup>12</sup> Official government figures from Management of Public Finance Impact of COVID-19, Ministry of Finance, Press Release March 2020.

<sup>13</sup> Ministry of Finance. Press Release - Management of Public Finance Impact of Covid-19, 25 May 2020

# THE TOURISM SECTOR – THE GROWTH DRIVER OF THE ECONOMY COMES TO A STANDSTILL WITH LASTING IMPACTS ON THE ECONOMY AND PEOPLE

## TOURISM SECTOR: KEY TRENDS AND DIRECT EXPOSURE TO THE CRISIS

The tourism sector has been expanding steadily over the past years. At the end of March 2020, there were 955 tourist establishments in operation, including 155 resorts, 13 hotels, 629 guesthouses, and 158 safari vessels.<sup>14</sup> A total of 15 resorts were newly operational in 2019 and an additional 3 resorts were operational by January 2020.<sup>15</sup> According to the Maldives Population & Housing Census 2014, the tourism industry engages more than one fifth of the employed population.<sup>16</sup>

Figure 2 Tourist arrivals

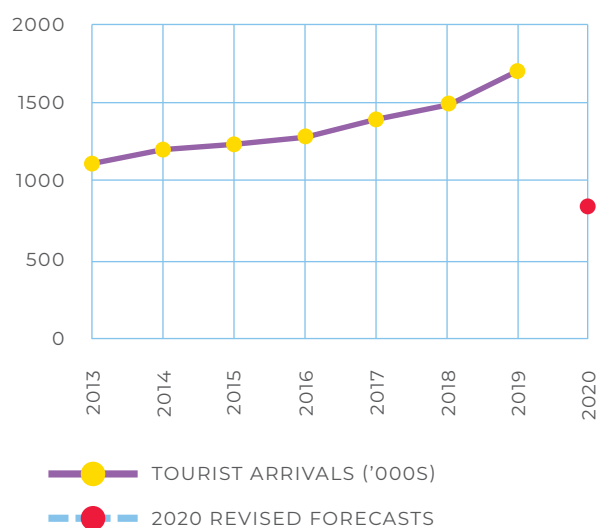
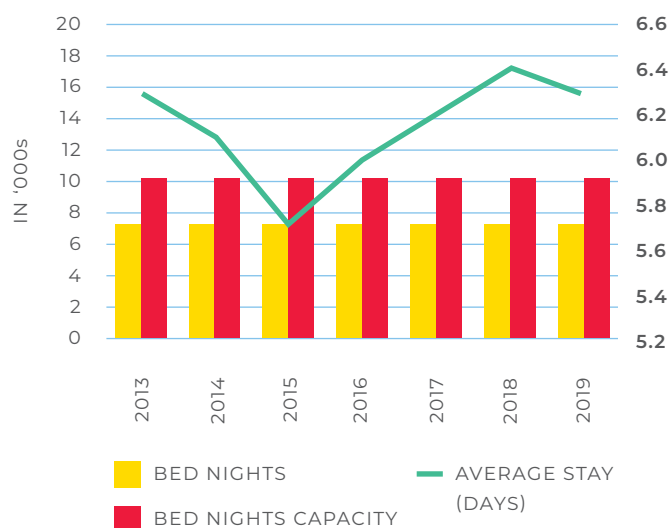


Figure 3 Tourist bed nights, bed capacity & stay



Source: Ministry of Tourism and Ministry of Finance<sup>17</sup>

Tourist arrivals have been steadily increasing since 2013 (Figure 2), together with an increase in bed nights (Figure 3). The upward trend of tourist arrivals and bed nights were well catered for by the increases in bed night capacity throughout the period 2013-2019. Average stay has been maintained within the range of 6.2 to 6.4 for the last three years (Figure 3).

<sup>14</sup> Monthly Updates- February 2020, Ministry of Tourism, Government of Maldives

<sup>15</sup> Monthly Statistics- March 2020, Maldives Monetary Authority

<sup>16</sup> Maldives Population & Housing Census 2014, Statistical Release: IV Employment, National Bureau of Statistics

<sup>17</sup> Tourist arrivals for 2020 shows range of revised forecasts by the Government based on five scenarios of crisis impact and the recommencement of tourism industry during the year

The Government of Maldives estimated an 8 percent growth in the tourism industry in 2020. Arrivals increased in January 2020 compared to December 2019, but since then fell by 13.2 percent in February and by 60 percent in March 2020. Due to the travel restriction measures undertaken by the government in response to COVID-19 and the eventual border closure that took place at the end of March 2020, the occupancy rate for March 2020 stood at 35.6 percent.<sup>18</sup> Total arrivals in first quarter of the year was 392,675 visitors, a 20.8 percent decline from the same period in 2019. Due to the border closure, there were no new tourist arrivals in April 2020, but 50 establishments were operational with an occupancy rate estimated at 2.6 percent<sup>19</sup> as visitors were unable to fly back, due to international border restrictions. The government announced reopening of the borders on 15 July 2020 and current forecasts show that the industry will experience a 50 percent decline in tourist arrivals for this year, with new estimates suggesting that the Maldives will have approximately 850,000 tourists in total this year.<sup>20</sup>

## COVID-19 IMPACT ON TOURISM BUSINESSES – EARLY FORECASTS BY BUSINESS ASSOCIATIONS (MARCH-APRIL 2020)

An early assessment carried out by the Guesthouse Association of Maldives (GAM) indicated that the guesthouse segment of the Maldives tourism industry (which includes more than 600 establishments on inhabited islands) generated US\$43 million in 2019. The assessment report estimated that guesthouses would incur an aggregate loss of \$28.9 million in the next 6 months.<sup>21</sup> Similarly, a survey focused on live-aboard operators estimates a monthly requirement of \$3 million for 125 registered safari boats to cover monthly expenses; mainly staff salaries and allowances, maintenance, fuel, and loan repayment cover: a liability absorbed by 80 percent of the operators.<sup>22</sup> The Maldives Association of Travel Agents & Tour Operators (MATATO) reported in March 2020 that the 135 active tour operators in the country are expected to lose a total revenue of \$100 million in the next 6 to 8 months. According to the report, local tour operators and destination marketing organizations generated a 35 percent average market share of tourist arrivals in the past five years and employ more than 2500 workers.<sup>23</sup> The detailed impact of the crisis on businesses in the tourism value chain are explored in Part III of this assessment.

<sup>18</sup> Monthly Updates - March 2020, Ministry of Tourism

<sup>19</sup> Monthly Updates – April 2020, Ministry of Tourism

<sup>20</sup> Impacts of COVID-19 on Maldivian Economy and Government Revenues and Response Measures, Ministry of Finance

<sup>21</sup> COVID-19 Survey, Guest House Association of Maldives

<sup>22</sup> Financial Impact on Liveaboard Owners/Operators due to COVID-19 – Summary Report, National Boating Association of Maldives

<sup>23</sup> Impact on Local DMCs (Preliminary Report – COVID-19), Maldives Association for Travel Agents & Tour Operators



## AN IN-DEPTH LOOK AT RESORT ESTABLISHMENTS AND THE IMPACT OF COVID-19 ON OPERATIONS

*The findings discussed in this section uses data gathered from the resort management survey conducted as part of this assessment.*

**The first signs of the pandemic's impact on resort operations was linked to the suspension of travel between China and the Maldives on 3 February 2020.<sup>24</sup>**

Findings of the resort management survey show that, out of the surveyed resorts, 47 percent identified China amongst their top 5 arrival markets. Flight suspensions between China and the Maldives did not affect most survey resorts. However, of the resorts that were highly dependent on the Chinese market, 35 percent said they were significantly affected by the Chinese flight suspensions, especially due to travel restrictions coinciding with the arrival of Chinese New Year holidaymakers. Selected resorts reported that, even with a high dependency on Chinese markets, they did not experience a major impact initially, as there were some guests who opted to stay for a longer duration.

For those resorts that experienced impacts from flight suspensions between China and the Maldives, the largest was felt in bookings cancellations. Some guests attempted to postpone their bookings, while others were cancelled immediately, and cancellation fees were not charged by some resorts. For most, the impact was felt from mid-February onwards and throughout March 2020. Resorts experienced difficulties with guest departures, as the guests who were on the resort faced difficulty in getting airline tickets to travel back to their resident countries, due to decreased airline activity. At the time of the survey, resorts expressed that they were maintaining on-going and open communications with travel agencies, to ensure flexibility with requested booking changes.

**Confirmed positive cases of COVID-19 infection emerged in tourist resorts, which brought about increased surveillance and disruptions to resort operations.**

The first confirmed case of infection in the Maldives emerged on a tourist resort on 7 March 2020.

Containment measures in response to this included increased surveillance and testing across resorts operating in the country. The resort management survey gauged some of the direct impacts of this on operations.

According to the survey participants, 32 percent of resorts experienced lockdown or monitoring status by the Health Protection Agency (HPA) due to a suspected case. This resulted in guest and staff quarantine and the implementation of isolation areas within the resort itself. The lockdown or monitoring status brought about restricted movement of staff and guests to and from resorts, including difficulties handling guest transfers to and from the airport. Other stated impacts included resorts having to extend the stay of visitors until test results came through, sending guests to other properties with free meals, holiday extensions, and addressing staff concerns. Resorts experienced challenges in operating properties that had shared operational arrangements, due to the restrictions in movement.

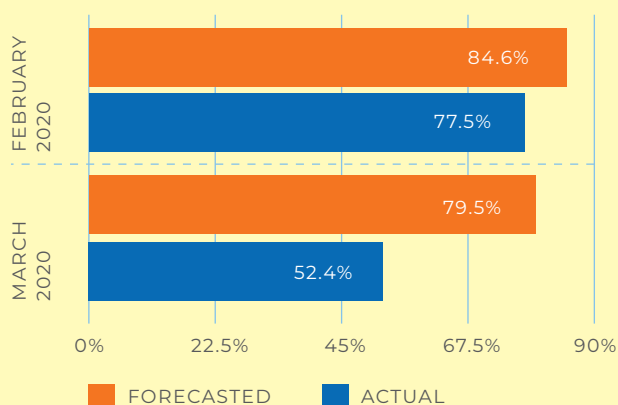
As part of the containment measures, in mid-March 2020 the government introduced a travel ban to and from resorts (except transfers to the airport). Findings from the resort management survey highlight some of the challenges that resorts faced due to this containment measure. These include the short timeframe given for resorts to manage the situation<sup>25</sup>; restricted movement of staff to attend personal and family emergencies; restrictions on the ability of staff to return to work for those on leave; restrictions on weekly and daily commutes of workers between resorts and their homes on inhabited islands; relocation of off-site staff to onsite, to overcome travel challenges which, in turn, created

<sup>24</sup> Restricted entry to all passengers, regardless of nationality—except for Maldivian citizens—who have China as their port of embarkation or transited through China.

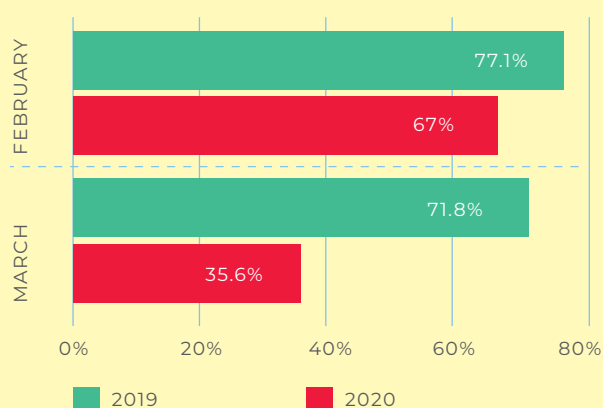
<sup>25</sup> less than 3 hours given to arrange transfers for resort employees who were away in Malé and other islands.

crowding and decreased morale amongst staff. Resorts reported additional costs that were incurred for having to manage employees onsite, and for covering costs of staff transfer for those going on leave during this period.

**Figure 4 Forecasted and actual occupancy rate from survey resorts and occupancy data published by MoT**



Occupancy rate - survey (32 resorts)



Occupancy rate published by MoT

**Resort occupancy falls during February and March 2020.**

With the onset of the crisis globally, visitors grew concerned of the local situation, which led to a fall in arrivals and occupancy. The forecasted average occupancy rate amongst the survey resorts for February 2020 was 84.6 percent, and for March 2020, 79.5 percent. However, there was a decline of 8 percent and 34 percent in actual occupancy rates of that forecasted in February and March 2020 respectively, amongst the surveyed resorts (Figure 4). The survey results show that the occupancy rate of resorts is significantly higher than the occupancy rate recorded across all types of establishments combined (Figure 4).

**Initial impacts compounded by the eventual closure of the industry.**

While the initial impacts in February and early March resulted in a fall in occupancy, logistical challenges and additional costs to operations, at the end of March 2020, the country’s border was closed and on-arrival tourist visas were suspended, bringing 95 percent of tourism resort operations to an unforeseen standstill. Findings from the resort management survey showed that, at the time of the interview, 62 percent of the surveyed resorts planned to shut down completely, with only daily maintenance works ongoing for the three months, April – June 2020. About 10 percent of resorts reported that they would continue to operate during the same period, with some long stay visitors who had been on the resort since before the on-arrival visa suspension was announced. About 21 percent of resorts planned to undertake some renovation work during the same period. Some resorts, particularly those affiliated with international chains, noted that they did not want to cease operations, out of concern for the resort’s brand and reputation.

The resort management survey indicated that an average revenue loss of \$4 million is anticipated during the resort closure period. However, this varies significantly across resorts, depending on their Average Daily Rate (ADR). The majority of the survey resorts (57 percent) expressed uncertainty as to when operations would normalize. According to some, it depended on when the government would reopen borders and start issuing on-arrival visitor visas as, at the time of the survey, border opening dates were not yet announced. About 21 percent of the surveyed resorts anticipated operations to improve at the earliest by July 2020, while another 24 percent anticipated it to be around September/October. Likewise, 24 percent of resorts predicted operations to normalise by around the new year period of this year. The government subsequently reopened borders from 15 July 2020 for international arrivals. However, only 25 percent of resorts officially resumed operations on that date. More than 93 percent of the resorts are scheduled to reopen by the end of October 2020.<sup>26</sup>

<sup>26</sup> Opening dates of Resorts (post Covid operation), Ministry of Tourism

## POLICY RESPONSES AND RESUMING TOURISM IN THE NEW NORMAL

In response to the impact of the crisis on the tourism sector, several direct policy measures were taken to mitigate the negative impact on the country's main industry. On 15 March 2020, the Bank of Maldives (BML) together with the Ministry of Tourism and the Maldives Association of Tourism Industry (MATI) introduced a short-term financing facility of up to \$2 million for tourism establishments. The COVID-19 Recovery Loan Scheme under the government's ERP included a maximum loan amount of MVR 7.7 million for resorts, and MVR 500,000 for guesthouses. On 21 May 2020, the President announced the deferment of all resort lease payments for six months<sup>27</sup> to be paid back within a year, starting from June 2021 in quarterly or monthly instalments.<sup>28</sup>

With plans to enable resorts to resume operations from 15 July 2020 and city hotels and guest houses from August 2020 onwards, the Ministry of Tourism published the 'Guideline for Restarting Tourism in Maldives'.<sup>29</sup> These guidelines mandate that tourist establishments train staff on health and safety, and establish approved safety plans and isolation arrangements on site.<sup>30</sup> The Ministry also urged establishments to reinstate laid off workers. Furthermore, the Ministry has established the Tourism Information Management System (TIMS) portal to collect streamlined tourism statistics.<sup>31</sup>

To restore confidence in the Maldives tourism industry, business actors and tourism-related business associations held several online marketing events with virtual tours to actively engage tourists and tour operators throughout the world. The table below outlines some of the planned actions reported by resort managers in the resort management survey to restore confidence and to transition operations in the new normal context.

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<sup>26</sup> Opening dates of Resorts (post Covid operation), Ministry of Tourism

<sup>27</sup> Press Release 20 May 2020, The President's Office

<sup>28</sup> Deferral of rents paid to government due to COVID-19, Ministry of Finance

<sup>29</sup> No additional charges levied, or mandatory testing required for tourists to enter the country, but they may be included in a random testing sample conducted by health officials

<sup>30</sup> Guideline for Restarting Tourism in Maldives, Ministry of Tourism

<sup>31</sup> Tourism Information Management System, Ministry of Tourism

**Table 2 Measures to be taken by resorts in the new normal**

<b>SALES AND MARKETING</b>	<ul style="list-style-type: none"> <li>● Increased flexibility to accommodate markets based on global travel situations</li> <li>● Market diversification by investing more on strong markets</li> <li>● Active ongoing research on market information and target, depending on country border openings</li> </ul>
<b>CLEANLINESS AND HYGIENE</b>	<ul style="list-style-type: none"> <li>● More attention given to hygiene, with increased awareness programs</li> <li>● Hygiene and cleanliness for third party contractors and casual employees</li> <li>● Safety and hygiene practices for those directly affected by COVID-19</li> </ul>
<b>CORPORATE DECISION MAKING</b>	<ul style="list-style-type: none"> <li>● Some local resort chains and globally recognised brands of international hotel chains follow decisions made at corporate head office level; resort general managers contribute to decisions, but do not make the final call</li> <li>● Some international hotel chains with umbrella companies have developed corporate-level Business Continuation Plans (BCP), following the COVID-19 crisis, (which typically includes areas such as health and safety, working capital management and contingency plans).</li> <li>● Not all resorts have been well prepared for contingency decision making.</li> </ul>
<b>CRISIS MANAGEMENT AND CONTINGENCY</b>	<ul style="list-style-type: none"> <li>● Formulate new policies to handle future pandemics</li> <li>● Understanding and managing the expectations of tourists to travel after COVID-19 would be important for future operations</li> <li>● Most resorts aren't ready to deal with a crisis; capacity building and planning to deal with such crises will be important.</li> </ul>

Source: Resort Management Survey – Rapid Livelihood Assessment

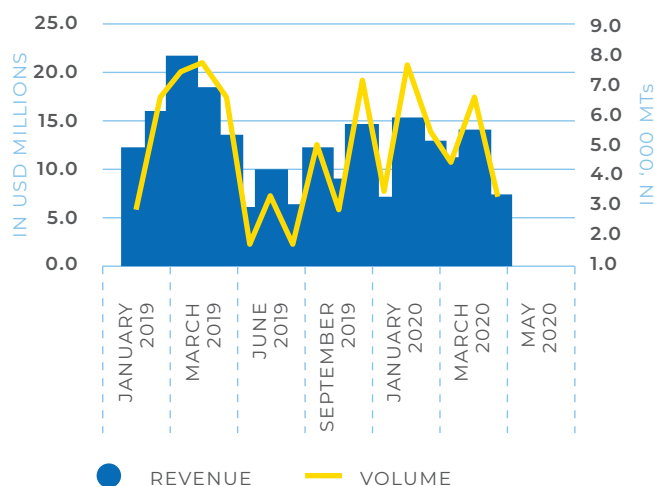
# DIRECT EXPOSURE, SPILL OVER EFFECTS AND RESPONSES TO THE CRISIS IN OTHER ECONOMIC SECTORS

## FISHERIES

In 2019, the fisheries sector contributed an average of 3 percent of the GDP.<sup>32</sup> However, this estimate does not include the value of the fish processing industry, which is captured in the manufacturing sector. Fish is also one of the main exports of the Maldives. The most recent Household Income and Expenditure Survey (HIES) estimates that the sector contributes to 6.7 percent of total employment, with men dominating 97 percent of the employment in the industry.<sup>33</sup>

The quantity of fish caught in the country has been increasing year on year since 2015, with an annual increase of 10.8 percent observed in 2017, and 5.5 percent in 2018. A total of 679,411 metric tons of fish have been caught in the five years of 2014-2018, with an average of 135,882 metric tons per year. This corresponds to an increase in the volume of fish purchases over the past four years, with skipjack tuna contributing significantly to the volumes purchased. The main types of fish catch and exports in the country are skipjack tuna, yellow fin tuna, and bigeye tuna.

**Figure 5 Fish export earnings and volume**



Source: Maldives Monetary Authority

Fish export volumes averaged 56,854 metric tons in the past five years, with highest volumes of 72,000 metric tonnes exported in 2017. The value of exports averaged US\$157.8 million in the same period, with \$193.1 million reported in 2017. In 2019, fish export value and volume of exports was higher during the first quarter of the year, complementing the fish purchase trends. The highest value of exports, \$21.8 million, were received in March and the largest volume of fish were exported in April 2019 (Figure 5).

**Table 3 Fish purchases (tonnes) for January - May**

2018	2019	2020
32,196.6	36,600.3	27,679.4

Source: Maldives Monetary Authority

Fish exports and fish purchases have been directly affected by the COVID-19 crisis. The value of fish exports declined by 46 percent in March 2020 in annual terms, before slightly increasing in total value in April 2020, then declining by a further 46 percent in May 2020. Since January 2020, the volume of exports dropped drastically, although in April 2020 there was an increase.<sup>34</sup>

<sup>32</sup> Quarterly National Accounts – Q4 2019, National Bureau of Statistics

<sup>33</sup> Statistical Release III: Employment, Household Income and Expenditure Survey 2016, National Bureau of Statistics

<sup>34</sup> Monthly Statistics – June 2020, Maldives Monetary Authority

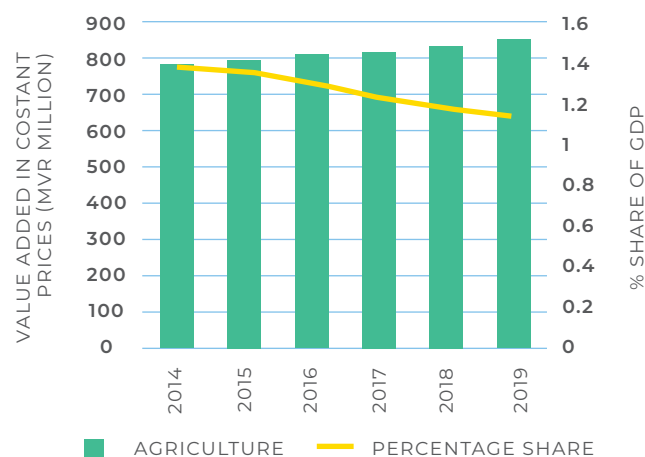
The decline and recovery of fish export earnings was associated with a decline in export volumes (see Table 3) and due to fluctuations in international fish prices. In February 2020, international market prices of yellow fin tuna, based on Spain Mercamadrid Fresh Market prices, decreased by 40 percent compared to January 2020. Skipjack tuna and bigeye tuna prices increased during this time, based on Bangkok and Japanese market prices, respectively. The following month, yellow fin tuna and skipjack tuna prices rose, while bigeye tuna prices declined. These prices remained stable in April 2020, but further declined in May 2020.<sup>35</sup>

In response to the COVID-19 crisis, on 17 March 2020, the Ministry of Fisheries, Marine Resources and Agriculture announced a MVR 100 million loan facility, targeting the fish exporting businesses to meet working capital requirements.<sup>36</sup> Industry players other than exporters are supported by relief packages under the ERP and, as of 25 June 2020, 16 loan applications from fisheries sector, worth a total of MVR2.9 million, were approved by SDFC.<sup>37</sup> Work on the development of an 800-tonne fish storage facility was announced by the President during a press conference during late March 2020.

During the lockdown of the Greater Malé Region, from April to end of June 2020, fishing vessels were allowed to go fishing in open waters. The Malé City Council facilitated the sale and distribution of fish caught throughout the Greater Malé Region. The local fish market in Malé was reopened by the end of June 2020, with safety measures in place and permits being issued to fishermen wishing to sell their catch.<sup>38</sup> Large fish processing businesses actively contributed to meet the demand for fish from households in the Greater Malé Region during lockdown.

## AGRICULTURE

Figure 6 Agriculture sector overview



Source: National Bureau of Statistics

The contribution of the agriculture sector to GDP averages at 1.3 percent for the period 2014-2019 (Figure 6). The overall share of GDP in 2019 was at 1.14 percent, and production numbers similar to those of 2018.<sup>39</sup> The latest HIES reports estimate that the agriculture and forestry sector contributes to 2.3 percent of employment.<sup>40</sup>

The Maldives imports over 90 percent of its food supplies.<sup>41</sup> Fish is the only food source for which the country is self-sufficient. Tuna and other types of reef fish are consumed daily, placing the country amongst the highest per capita fish consumers in the world. Agricultural produce has not reached sustainable production numbers, due to various bottlenecks experienced in logistics, production scale and costs, access to financing, etc.

<sup>35</sup> Ibid.

<sup>36</sup> 100 million MVR loan facility to be arranged for fish exporters, Ministry of Fisheries, Marine Resources and Agriculture

<sup>37</sup> COVID-19 Recovery Loan Scheme for SMEs, Ministry of Finance

<sup>38</sup> Fishing Permit, Faseyhagulhun Malé City Council

<sup>39</sup> Quarterly National Accounts – Q3 2019, National Bureau of Statistics

<sup>40</sup> Statistical Release III: Employment, Household Income and Expenditure Survey 2016, National Bureau of Statistics

<sup>41</sup> FAO. 2019. Country Gender Assessment of Agriculture and the Rural Sector in Maldives. Malé.

Commercial agriculture is mainly practiced by men and is dominated by high-value crops such as banana, papaya, chili, cucumber and pumpkin, mostly targeted to the resort market.<sup>42</sup> Meanwhile, women outnumber men as registered farmers; 52 percent of the registered farmers across the country are female subsistence farmers, this being the main livelihood for rural populations.<sup>43</sup> Subsistence agriculture, both in home gardens and, to a limited extent in plots outside of the home area, provides a variety of produce, ranging from traditional starchy crops to fruits and vegetables, and is a vital source of non-food items such as timber and cordages. Home gardens play a vital role in rural livelihoods, food security and income generation. Given the geographic make-up of the country, food trade, storage and distribution play a critical role in the access and availability dimensions of food security.

In response to the food supply disruptions resulting from the COVID-19 pandemic, the government has decided to accelerate its plans to revive the agricultural sector, to enhance revenues generated and address the food security of the country. As such, 17 crops have been identified under the Import Substitution Programme to be produced on 44 islands dedicated for contract farming.<sup>44</sup> The crisis exposed the country's food import dependency and food insecurity status, as the government chartered international flights to Thailand, UAE and Sri Lanka to avert food shortages. The government has called upon citizens to restart farming practices and offered guaranteed purchase of produce at predetermined prices. Sparse land available in islands has been designated for farming, rent-free for three years. A platform for farmers to market and sell their produce through the newly established state-owned enterprise, Agro National Corporation Pvt Ltd has been enabled.<sup>45</sup> To accelerate agricultural production in the Greater Malé region, an open call was made for citizens to participate in a Urban Gardening Program which will establish model gardens in open spaces, with assistance provided by the government.<sup>46</sup> The government has deferred lease payments for six months for islands and land that have been leased for agricultural purposes.<sup>47</sup> Many island and atoll councils have released land and provided additional concessions to support the expansion of agricultural produce.<sup>48</sup>

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<sup>42</sup> Ibid.

<sup>43</sup> Registered Farmers, Ministry of Fisheries, Marine Resources and Agriculture

<sup>44</sup> Ministry of Fisheries, Marine Resources and Agriculture, Government of Maldives

<sup>45</sup> AgroNat or Agro National Cooperation Pvt Ltd is a government-led corporation to develop the agriculture sector, guaranteeing purchase and establishing a supply chain creation platform<sup>39</sup> Quarterly National Accounts – Q3 2019, National Bureau of Statistics

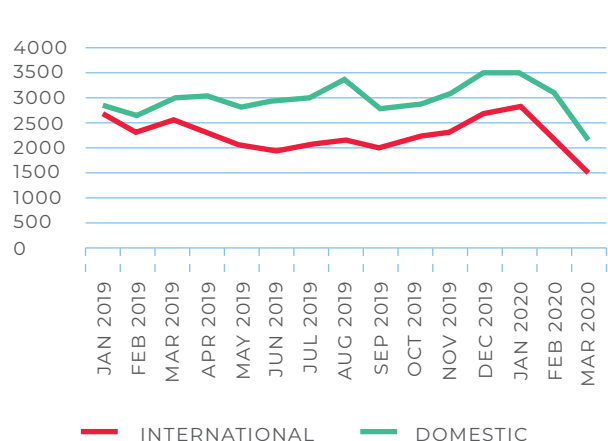
<sup>46</sup> Announcement – Open Gardening Program, Ministry of Fisheries, Marine Resources and Agriculture

<sup>47</sup> Press Conference 23 May 2020, Ministry of Finance

<sup>48</sup> COVID-19 Recovery Loan Scheme for SMEs, Ministry of Finance

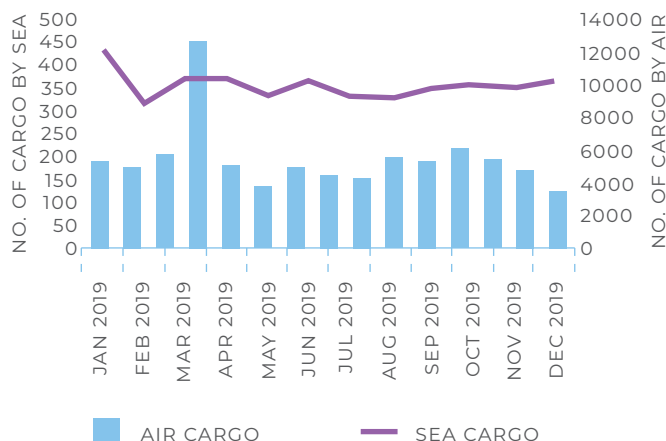
## TRANSPORT AND COMMUNICATIONS

**Figure 7 Flights at Velana International Airport 2019-2020**



Source: Maldives Airports Company Limited

**Figure 8 Cargo movements in 2019-2020**



Source: Maldives Airports Company Limited & Maldives Ports Limited

Transport and communications accounted for 13 percent of the GDP in 2019 and is the second largest economic sector.<sup>49</sup> The employment contribution of the sector is estimated at 11 percent of the total employed workforce,<sup>50</sup> with an 89:11 men to women employment ratio, as per the data reported in the latest population census.<sup>51</sup>

Total aircraft movements have been increasing since 2015, with a significant upsurge of 53 percent from 2017 to 2018, mainly from increased domestic flights.<sup>52</sup> Aircraft movement for domestic and international travel are positively correlated and increases during tourist peak seasons (Figure 7). Total airline traffic into the country declined by 48 percent annually during January-April 2020.<sup>53</sup> The International Air Transport Association (IATA) predicts a 40 percent annual decline in passenger flights in 2020, due to halted operations and reduced demand.

Available data for 2019 shows that cargo movements by sea and air are correlated, and move together with a slight lag in cargo by sea (Figure 8). Air cargo data indicates highest numbers in the month of April in 2019. Cargo movements by sea peaked in the month of January in 2019. Quantities of air cargo are more significant than cargo movements by sea.

A significant indicator of transport activities is the import of petroleum products. On average, petroleum product import amounts to 14 percent of total imports over the last five years. Imports of other transport-related materials, such as transport equipment and parts, machinery, and mechanical appliances and parts, made up around 16 percent of the total imports over the same five-year period. Available monthly imports data (Figure 9) shows a decline in all types of imports of petroleum products since March 2020 and a drastic decline of petroleum products in May 2020.<sup>54</sup>

<sup>49</sup> Quarterly National Accounts – Q4 2019, National Bureau of Statistics

<sup>50</sup> Quarterly National Accounts – Quarter 4 2019, National Bureau of Statistics

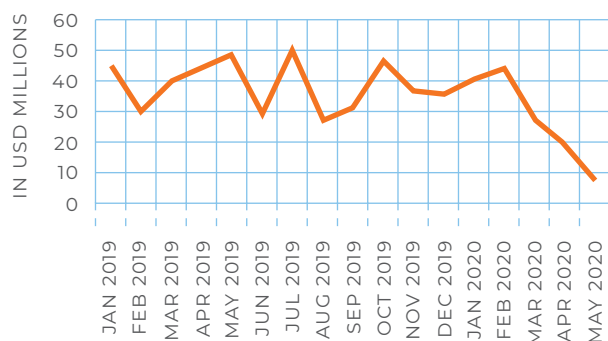
<sup>51</sup> Maldives Population & Housing Census 2014, Statistical Release: IV Employment, National Bureau of Statistics

<sup>52</sup> Statistical Yearbook of Maldives 2019, National Bureau of Statistics

<sup>53</sup> Monthly Statistics- May 2020, Maldives Monetary Authority

<sup>54</sup> Ibid.



**Figure 9 Import of Petroleum products 2019-2020**

Source: Maldives Customs Services

During the COVID-19 crisis, the national airline carrier, Maldivian, organized chartered flights to neighbouring countries and across atolls to assure transport of staples and essential supplies. International flights supported local food importers, suppliers and helped to repatriate locals abroad. The Velana International Airport (VIA) continued airport development initiatives, worked on the new cargo terminal and also on preparatory measures to re-open full operations on 15 July 2020. Maldives Airports Company Limited (MACL) has offered phased incentives on airport charges to international airlines to ease the resumption of passenger flights.<sup>55</sup>

The Maldives Civil Aviation Authority (MCAA) published an operational safety circular for domestic and international airlines, aircraft operators, and relevant authorities on 27 June 2020. It outlined health and safety procedures to be followed for arriving and departing passengers, including procedures for wearing masks and the completion of an online Health Declaration Form, among others.<sup>56</sup> The Ministry of Transport and Civil Aviation noted that they received frequent requests for landing clearance for chartered flights to domestic airports in the country. Plans are therefore being made to convert domestic airports outside of the capital to accommodate international flights and passengers.

Local telecommunications providers have been providing discounted packages and supporting businesses and government entities with digital solutions, to continue operations and services during the crisis period.

<sup>55</sup> <https://corporatemaldives.com/macl-offers-attractive-discounts-to-international-airlines/>

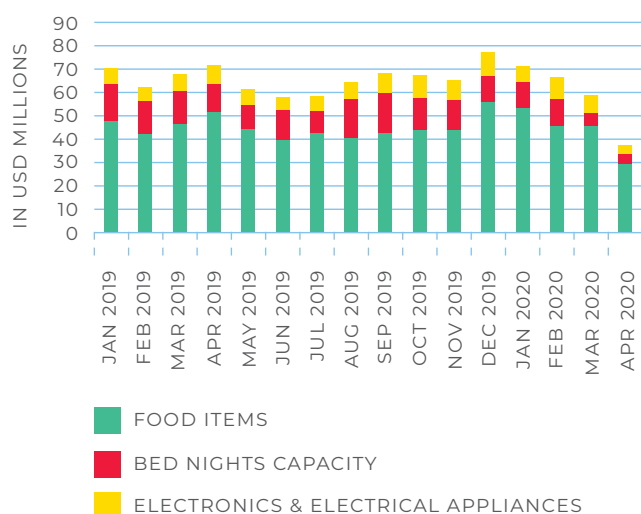
<sup>56</sup> Air transport circular AT 13/2020 issued on 27th June 2020: Precautionary measures against Novel Coronavirus (COVID-19), Maldives Civil Aviation Authority

## WHOLESALE AND RETAIL TRADE SECTOR

In 2019, the wholesale and retail trade sector accounted for a share of 7 percent of the GDP. An estimated 13 percent of total employment is found in the wholesale and retail trade sector,<sup>57</sup> with 30 percent of the employment share held by women.<sup>58</sup>

Total imports into the country have been increasing from 2015 until 2019, when total imports showed a decline of 2.4 percent compared to the previous year. Available data for April 2020 showed an annual decline of 53 percent in total imports and the three largest import contributors to the country, namely UAE, Singapore and China, showed year-on-year declines during the first four months of 2020.<sup>59</sup>

Figure 10 Imports by type of household items



Source: National Bureau of Statistics

Figure 10 shows that, among the three types of household item imports, the most volatile is food items. The import values for the three types do not necessarily move together. Electronic and electrical appliances report similar figures for imports throughout the year.

With the onset of the COVID-19 crisis, available data shows that the import of food items slightly increased in January and February 2020, and imports of electronic and electrical appliances increased until March 2020,

in annual terms. Imports of furniture and fittings had shown annual declines since the beginning of the year. Importers, traders, and MSMEs that cater household items may not have experienced a significant decline in supplies during the first few months, but with border closures, imports of all household items declined by more than 50 percent annually in April 2020, except for food items which declined only by 42 percent.<sup>60</sup> The Maldives Customs Service data shows a total of MVR 902.9 million in import duties collected as of 11 June 2020, compared to MVR 1,482 million for the same period in 2019.<sup>61</sup>

In response to the crisis, the Maldives Ports Limited provided discounts on importer levied fees,<sup>62</sup> allowed an extension on the containerized cargo storage period, eased repayment plans and deferred existing repayment agreements of importers during lockdown, to ease the cost of trade and logistics.<sup>63</sup> The state-owned enterprise, State Trading Organization, assured increased storage facilities to stockpile essential goods; supported cargo shipments from import partner countries such as UAE, Thailand, Sri Lanka, etc.; and received emergency financing from the International Islamic Trade Finance Corporation (IIFC) for the supply of food and medicine.<sup>64</sup> The national shipping line, Maldives State Shipping (MSS), a subsidiary of the State Trading Organization, was launched on 26 March 2020 to enhance immediate efforts to transport essential goods and increase avenues of support to local businesses.<sup>65</sup> The State Trading Organization supported the sale and delivery of goods in the Greater Malé Region and across the country.

<sup>57</sup> Quarterly National Accounts – Q4 2019, National Bureau of Statistics

<sup>58</sup> Maldives Population & Housing Census 2014, Statistical Release: IV Employment, National Bureau of Statistics

<sup>59</sup> Monthly Statistics – May 2020, Maldives Monetary Authority

<sup>60</sup> Ibid.

<sup>61</sup> Weekly Fiscal Developments – Week 23 as at 11 June 2020, Ministry of Finance

<sup>62</sup> Importers granted concessions of demurrage fees and bonded warehouse license fees

<sup>63</sup> Press Release 30 March 2020, Maldives Ports Limited

<sup>64</sup> IIFC extends STO US\$15 million as part of COVID-19 response

<sup>65</sup> MSS as subsidiary of STO, Media Center, State Trading Organization

Amid the nationwide restrictive measures on movement and the lockdown enforced in the Greater Malé Region, retailers were encouraged to continue operations through delivery services. The application process for permits was facilitated by the Ministry of Economic Development and the Maldives Police Service.

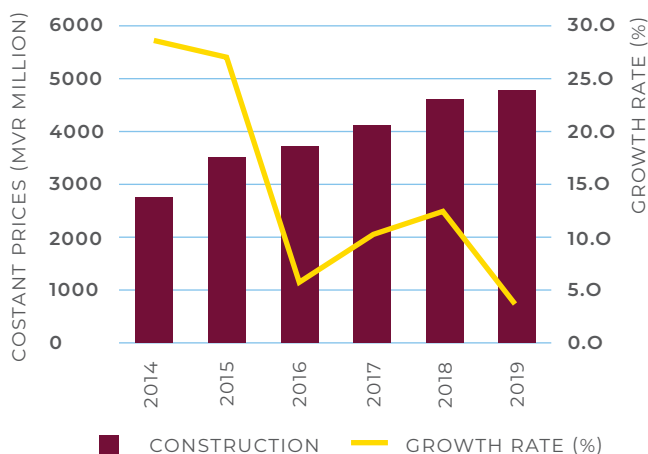
As part of the lockdown easing measures during the month of June 2020, businesses were provided extensions on the hours of delivery and operation, and more businesses were granted permits to resume business with registered essential employees. Starting from July, all retailers and other businesses including cafés and eateries, salons, local markets, stores, etc. can resume operations, given adherence to HPA and relevant authorities' safety guidelines.

Construction activity has doubled from 2014 to 2018. The annual percentage share of the construction industry in 2019 was at 6.4 percent of GDP. A slowdown was experienced in the sector in 2019 with the completion of several large infrastructure projects in 2018, and due to new Public Sector Infrastructure Projects (PSIP) budgeted for 2019 experiencing delays in commencement. The total number of building materials imported in 2019 amounted to \$623.6 million with the highest monthly imports recorded in the months of February and September.

The year 2020 was promising for the construction industry, with many new PSIP budgeted for the year; MNACI reported that PSIP had budgeted MVR 2.795 billion. MNACI has 384 registered contractors and, based on a survey conducted with members, it was estimated that the industry's loss due to the crisis, for the immediate three months, was MVR 617 million.<sup>68</sup>

## CONSTRUCTION

Figure 11 Construction sector overview



Source: National Bureau of Statistics

The share of the construction industry in the GDP has increased at an average annual growth rate of 14.6 percent throughout 2014-2019 (Figure 11). The industry currently employs approximately 5000-7000 locals and 40,000-50,000 expatriates, as reported by The Maldives National Association for Construction Industry (MNACI).<sup>66</sup> 98 percent of those employed in the industry are men, as per data available from 2014.<sup>67</sup>

As part of support measures to stabilize the industry, the government announced that PSIP for which work has commenced with secured financing can progress, while the remaining projects will be halted for the year.<sup>69</sup> Concessions for importers of construction supplies were granted in March 2020, with guaranteed supply of cement and materials from neighbouring India. During the latter stage of the lockdown, the Malé City Council provided permits for some construction to resume at halted work sites by introducing new health and safety guidelines for construction sites. By the end of May 2020 and, as part of the lockdown easing measures introduced in the Greater Malé Region, application by companies seeking to resume work with details of employees working on-site was facilitated via an online portal.<sup>70</sup> From July 2020, all construction companies were allowed to resume operations.

<sup>66</sup> Impact of COVID-19 in the Maldives, Maldives National Association of Construction Industry

<sup>67</sup> Maldives Population & Housing Census 2014, Statistical Release: IV Employment, National Bureau of Statistics

<sup>68</sup> Impact of COVID-19 in the Maldives, Maldives National Association of Construction Industry

<sup>69</sup> Maldives Economic and Financial impacts of COVID-19 and Measures Taken, Ministry of Finance

<sup>70</sup> Construction permit form, Malé City Council

# APPENDICES

## APPENDIX 1 PUBLIC FINANCE AND ECONOMIC STABILIZATION MEASURES

### COST CUTTING MEASURES

- Budget allocated for government offices reduced by MVR 825 million
- Salaries of political appointees and parliament members reduced, net salaries of government officials capped, and Board allowances for members at government companies ceased
- Expenses above MVR 35,000 require approval from the Ministry of Finance
- Travel, maintenance, recruitment, and training expenses reduced
- Capital expenditures for the year reduced
- Planned PSIP for the year paused
- Halt on budgeted increase of allocations for councils for the year
- Take advantage of low oil prices and reduce expenses on oil and energy subsidies
- State-owned Enterprises to restructure wages of employees earning more than MVR 15,000 per month<sup>71</sup>

### RESOURCE MOBILIZATION

- According to the Ministry of Finance, the financing requirement for the year is \$964 million, of which \$296 million has been secured to be disbursed and an approximate of \$273 million is in the pipeline to be raised in the next two quarters; to cover the unsecured financing gap of \$395 million, work is ongoing for issuance of a privately placed \$300 million bond/sukuk in the upcoming months.<sup>72</sup>

### DEBT MANAGEMENT

- Parliament approved increase of overdraft limits of Public Account from MVR 2 million to MVR 4.4 billion for one year, by suspending some articles of the Fiscal Responsibility Act.
- Maldives granted partial debt repayment deferment for the year on bilateral government loans extended by the government of China and further extensions spanned through medium term under G20 Debt Suspension Initiative

### MONETARY POLICY AND EXCHANGE RATE STABILIZATION

- Obtained \$150 million from currency swap agreement with RBI
- Reduced MRR to 5 percent
- Short-term credit facilities for financial institutions to improve liquidity
- MMA increased foreign exchange interventions<sup>73</sup>

### FOOD AND OTHER PRICES

- STO rationed prices and MED announced maximum prices for: Red onions (kg): MVR 20 maximum, Potatoes (kg): MVR 20 maximum, Eggs (one): MVR 1.80, Yellow lentils (kg): MVR 45. Any retailer selling at a higher price will be fined MVR 100,000 and could be subject to closure of business for 6 months.<sup>74</sup>
- Diesel price has been reduced to MVR 8.71/litre and petrol price reduced to MVR 8.07/litre.<sup>75</sup>

<sup>71</sup> Maldives Economic and Financial impacts of COVID-19 and Measures Taken, Ministry of Finance

<sup>72</sup> Ministry of Finance. Press Release - Management of Public Finance Impact of Covid-19, 25 May 2020

<sup>73</sup> COVID-19 – Measures taken by the MMA, Maldives Monetary Authority:

<sup>74</sup> Announcement on Price controls for Onion, Potato, Yellow Dhaal & White Egg, Ministry of Economic Development

<sup>75</sup> Fuel Price Reduction, State Trading Organization

RAPID LIVELIHOOD ASSESSMENT

# IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES

PART I - ECONOMIC OVERVIEW

With support from the National Bureau of Statistics,  
The Maldives National University, Ministry of Tourism,  
Ministry of Fisheries, Marine Resources and Agriculture,  
Ministry of Youth, Sports and Community Empowerment  
and the Ministry of Arts, Culture and Heritage.



Ministry of Economic Development  
Republic of Maldives



RAPID LIVELIHOOD ASSESSMENT

# IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES

PART II - IMPACT ON EMPLOYMENT

With support from the National Bureau of Statistics,  
The Maldives National University, Ministry of Tourism,  
Ministry of Fisheries, Marine Resources and Agriculture,  
Ministry of Youth, Sports and Community Empowerment  
and the Ministry of Arts, Culture and Heritage.



Ministry of Economic Development  
Republic of Maldives



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Hussain Faisal	Assistant Director	Ministry of Fisheries, Marine Resources and Agriculture
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# CHRONOLOGY OF EVENTS RELATED TO THE COVID-19 CRISIS IN THE MALDIVES

## 03 February 2020

Restricted entry to all passengers, regardless of nationality—except for Maldivian citizens—who have China as their port of embarkation or have transited through China

## 07 March 2020

First confirmed positive cases of COVID-19 in the country (two tourists)

## 12 March 2020

State of Public Health Emergency declared

## 14 March 2020

Restricts travel from resorts to all inhabited islands of the Maldives, and vice versa, and suspends all check-ins at all guesthouses and city hotels in the Greater Malé Region

## 15 March 2020

Established travel restrictions for passengers originating from, transiting to or with a travel history in Iran, South Korea, Italy, Bangladesh, Spain, Germany and France

## 17 March 2020

Established travel restrictions for passengers from Malaysia and the UK

.....  
A nationwide shut down of all guesthouses and city hotels

## 19 March 2020

Government offices and schools and education service providers closed

.....  
Suspension of entry of all tourists arriving via safaris, yachts and other passenger vessels

## 20 March 2020

Government announced the Economic Recovery Plan (ERP) of \$162 million, to support businesses and individuals severely impacted by the crisis

## 21 March 2020

All passengers entering the country subject to mandatory quarantine for 14 days

## 22 March 2020

All dine-in services offered by local restaurants and hotels in the Greater Malé Region closed

## 23 March 2020

All tourist excursions across the country banned

## 25 March 2020

Employees at resorts and safari boats are instructed to remain on board for 14 days after the last guest departs

## 27 March 2020

First Maldivian tested positive for COVID-19 while in quarantine facility

.....  
Suspension of on-arrival visa for all passengers arriving to the Maldives by air and sea<sup>1</sup>, except for individuals with special permission granted by the Government

## 2 April 2020

A three-hour (5 pm to 8 pm) curfew in the Greater Malé Region enforced

## 15 April 2020

The first case of community transmission was confirmed in the capital, Malé

.....  
A 24-hour lockdown in the Greater Malé Region announced

<sup>1</sup> Maldivians and spouses of Maldivians who are foreign nationals will be allowed in but subject to quarantine measures.

**16 April 2020**

Ban on nationwide travel and public gatherings

**17 April 2020**

Lockdown extended for a period of 14 days as cases increase

**22 April 2020**

Income support of MVR5,000 under ERP to lodged cases in Job Center portal

**23 April 2020**

Community transmission surpasses 100 cases

**25 April 2020**

The national carrier, Maldivian, commenced delivering cargo to all domestic airports to solve supply issues faced within the atolls

701 foreigners granted clearance to travel back home on evacuation flights

**28 April 2020**

The first community transmission outside of the capital, in an outer atoll, confirmed

**29 April 2020**

First COVID-19 related death: a Maldivian woman of 83 years

**2 May 2020**

Special visas granted to certain parties, such as resort owners and investors, as well as officials from international institutions, to travel to the Maldives

**7 May 2020**

National Taskforce on Resilience and Recovery established by the President to plan recovery

**14 May 2020**

Lockdown extended in Greater Malé Region until 28 May 2020

**29 May 2020**

Lockdown easing measures introduced in the Greater Malé Region in phases

**31 May 2020**

Government offices reopen for essential work with limited hours and staff

**12 June 2020**

Community transmission surpassed 2,000 cases, with 8 fatalities

**15 June 2020**

Nationwide restrictions on travel and public gatherings lifted, except Greater Male' Region

**20 June 2020**

Government announced reopening of borders on 15 July 2020; resorts can resume operations

**1 July 2020**

National Emergency Operation Centre phased out; tasks shifted to the Ministry of Health

Businesses, including offices, shops, cafés and restaurants, reopened on 1 July 2020, adhering to health and safety guidelines from HPA and relevant authorities

**5 July 2020**

Government offices and schools for key stages reopen

**15 July 2020**

State of Public Health Emergency extended

Borders reopen, 40 resorts resume operations

# INTRODUCTION

## BACKGROUND TO THE CRISIS

The World Health Organization declared a COVID-19 pandemic on 11 March 2020. A highly communicable disease caused by a newly discovered coronavirus, COVID-19 first broke out in late 2019 in Wuhan, China.<sup>2</sup> Symptoms include respiratory illness, and severity is dependent on age and underlying medical conditions. The safest way to prevent transmission is by practicing sanitary and respiratory etiquette, as no specific vaccines or treatment have yet been found, despite many ongoing clinical trials.

The first positive cases of COVID-19 emerged in the Maldives on 7 March 2020. The cases were imported cases that originated in tourist resorts. The first case of community transmission was reported in the capital Malé on 15 April 2020 and the Greater Malé Region has been the epicentre of the outbreak with sporadic outbreaks in some of the outer lying atolls. As of 5 August 2020, a total of 4,446 confirmed cases and 19 deaths have been reported, and the mortality rate has been as low as 0.43 percent.<sup>3</sup>

To prevent the transmission of the virus, several restrictions were placed on tourism-related travel into the country. On 3 February 2020, a travel ban was placed on those travelling from China. Since then, travel restrictions were placed on those travelling from high-risk countries or virus hotspots. These restrictions

were further tightened with the cancellation of on-arrival visas for foreigners on 27 March 2020, which effectively closed the country's borders. The country's borders were reopened on 15 July 2020, with 40 resorts resuming operations on the same day.<sup>4</sup>

Since the middle of March 2020, the Government of Maldives has put in place strict containment measures, including closing government offices and education facilities, closing eateries, imposing travel bans to and from resorts, quarantining all incoming travellers to the Maldives, and barring tourists who were transferred to resorts from travelling to any inhabited islands. Since the community outbreak, the Greater Malé Region and several islands were under a 24-hour lockdown with restricted movement, and a nationwide ban on travel and public gatherings was imposed. The lockdown-easing measures were implemented in a phased approach starting at the end of May 2020. Government offices and schools started gradually reopening on 1 July 2020. Travel out of the Greater Malé Region to other atolls remains restricted to essential travel with requirement of 14-day self-isolation upon arrival.

<sup>2</sup> World Health Organization, COVID-19 Situation Report-67

<sup>3</sup> As of 05 August 2020 - <https://worldometers.info>

<sup>4</sup> 15 July 2020, Joint Press Statement by Ministry of Tourism, Maldives Marketing & PR Corporation and Maldives Airports Company Ltd

## IMMEDIATE ECONOMIC POLICY RESPONSES TO THE CRISIS

The Government of Maldives, on 22 March 2020, introduced an Economic Recovery Plan (ERP) of \$162 million, which included economic relief support packages for large businesses, MSMEs, self-employed, and employees. All individuals and households benefited from subsidized electricity and water from March 2020 onwards.

The ERP included a loan facility to support businesses and the eligibility for assistance involved conditions for ensuring maximum employment retention. The loan assistance covered resort establishments (for a maximum loan of MVR 7.7 million), businesses with annual turn-over of MVR 10 million (for a maximum loan of MVR 1 million) and for businesses with an annual turn-over less than MVR 10 million (for a maximum loan of MVR 500,000).

The ERP included the Income Support Allowance scheme, which was initiated in April 2020. The scheme provides an allowance of up to MVR 5,000 for individuals whose employment is affected by the crisis, as well as self-employed individuals who face loss of income due to the crisis. The income support programme was designed initially for three months (April-June 2020 period) but has now been extended for another three months. The target beneficiaries apply for Income Support Allowance through the government's online job portal (<https://jobcenter.mv/>), hosted by the Ministry of Economic Development. The job portal is the primary avenue for lodging complaints on COVID-19 related concerns on employment and income. Subsequently, a Call Center (1475) was established within the JobCenter to ensure support assistance be provided to individuals affected by the crisis. Data from Income Support Allowance shows, as of 27 July 2020, a total of MVR 27.2 million had been disbursed to 5,226 individuals under the scheme.<sup>5</sup>

<sup>5</sup> Income Support Allowance, Ministry of Finance

To formulate the recovery path and ensure its effective implementation, a National Task Force in Resilience and Recovery was established on 07 May 2020, with three working groups focusing on finance, economic recovery, and social sector, to work under the direct guidance of the President. Some of the key priorities of the economic recovery plan include: comprehensive stimulus packages for businesses, MSMEs, and the self-employed, to ensure a quick bounce back and recovery; diversification to new income-generating avenues, including acceleration of the digital economy; phased-out re-opening of the tourism industry; operational efficiency improvements in the tourism sector; efficient job matching of unemployed with appropriate jobs; upskilling programs for youth; and, business support services for MSMEs.

## PURPOSE OF THE ASSESSMENT AND METHODOLOGY

This report is commissioned by the Ministry of Economic Development, the Government of Maldives. The assessment was completed with support from UNDP Maldives. To address the sensitivity of time and urgent need to understand the context, a preliminary report was released in early June 2020 with initial findings and recommendations. This final report is a compendium of three separate reports. They include: Part I: Economic Overview; Part II: Employment Impact; and, Part III: Impact on MSMEs.

The rapid livelihood assessment aimed to understand the extent and nature of the impact of the COVID-19 crisis on the Maldivian economy. More specifically, the assessment covers the impact on employment and Micro, Small and Medium Enterprises (MSMEs). The overall purpose of the assessment was to support timely economic response and recovery planning for the Maldives.

This report, Part II of the Rapid Livelihood Assessment, explores the impact of COVID-19 on employment. At the onset of the crisis, it was clear that tourism sector employment would be affected. Therefore, as early as mid-March 2020, it was decided that this assessment would primarily study the employment effects in the tourism sector. However, given the prolonged nature of the crisis and slow recovery predictions, the assessment broadened its approach to look at employment impacts across all sectors. While a broad level of employment analysis is available for the whole economy, the report provides more in-depth insights to the tourism sector, because the tourism sector is the largest industry in the Maldives, the largest private sector employer and the sector most directly exposed to the external shock from the very early stage of the crisis. This report, therefore, looks at broader employment impacts, and the type of employment impacts experienced across all economic sectors, including in-depth analysis of the trends in job loss and income loss. The report further explores high impact groups that have been affected, such as young people, those on probation contracts, migrant workers and self-employed freelancers. The report attempts to understand some of the gender-based impacts of the crisis on employment.

To guide the direction and scope of the assessment, and to provide technical support and quality assurance to the data collection, a technical team composed of key partners was formed (see list of technical members above). The technical team met regularly and has, to date, provided support to develop the assessment methodology, data collection tools and provided quality assurance on reporting and analysis.

A mixed-method approach of utilizing both quantitative and qualitative data was developed. The data collection approach builds on available secondary information as much as possible. To assess the impact on employment, key secondary data sources that were reviewed and analysed include the latest tourism employment data shared by the National Bureau of Statistics and dataset extracted from the Government's online job portal, JobCenter.mv. The JobCenter.mv provides the primary avenue for lodging complaints concerning COVID-19 related employment impacts and for seeking income support from the Government's ERP. Although

the preliminary report of this assessment examined JobCenter data with a focus on tourism employees, this report assesses all 7,516 responses received by the JobCenter by the end of May 2020. The JobCenter dataset covers individuals working across all economic sectors. The dataset was cleaned and analysed with data visualization support received from experts at the UNDP Bangkok Regional Hub (BRH).

Primary data collection for the assessment included a phone survey that was targeted to resort management and in-depth interviews conducted with select individuals who lodged employment complaints in the JobCenter.mv. The phone survey with resort management level respondents, covering a total of 34 resorts out of 40 sampled, was completed during the April to June period. The 34 resorts had a total of 13,327 payroll employees, which is equivalent to a third of the total employee population<sup>6</sup> of the resort establishments in the Maldives. The detailed sampling strategy for the resorts is provided in Appendix 1 of this report, and the background information on the list of respondents of the survey is provided in Appendix 4. The in-depth key informant interviews with 30 resort employees registered in JobCenter.mv, covering 13 resorts, were completed during the last week of April 2020. The sampling strategy for selecting respondents from the JobCenter.mv is provided in Appendix 2 of this report and the list of informants are provided in the Appendix 3 of this report. The preliminary findings of this assessment were presented to a group of external stakeholders for feedback and the discussions were used to develop concrete recommendations based on the findings. The list of stakeholders that attended the validation meetings are detailed in Appendix 6.

There were many limitations to the design and implementation of the assessment. As official unemployment data is non-existent in the Maldives, the data from the JobCenter.mv were analysed. Some of the limitations of these data are that they exclude foreign expatriate workers and the quality of reporting was weak, as the fields selected for employment sector are in many cases not specific or subjective. Similarly, with the introduction of the Government's income support

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<sup>6</sup> Payroll employees with contracts

programme, which was processed through applications on the JobCenter.mv, it was evident that the large majority of those who reported cases were those facing severe impacts and who are seeking income support. Although the JobCenter.mv and income support programme covers the self-employed, the lack of documentation has been reported as a barrier for those working in the informal sector to apply for income support. Therefore, the data is not representative of some key vulnerable groups, such as migrant workers and informal workers.

Other limitations of the assessment include delayed survey implementation. The resort management survey was launched during the first week of April 2020 and aimed to be completed within two weeks. However, given the slow response from resorts due to several reasons, the survey had to be extended over a two-month period, which delayed initial analysis and reporting. Considering the sensitivity of time and the importance of sharing time-relevant findings, a preliminary report was released on 4 June 2020. The other limitation was that proposed assessments which were factored into this assessment design did not materialize. This included an employee survey by the National Bureau of Statistics, which could not be completed as intended due to the unavailability of respondent information and contacts. The National Bureau of Statistics strategized their survey to an online self-directed survey, but is currently facing slow response rates.

The final reporting of this assessment was undertaken from mid-July to early August 2020. The draft report was reviewed by the technical advisory team members, members of the UN Maldives Socio-Economic Working Group on COVID-19, technical experts at the UNDP Global Policy Network (GPN), and thematic experts at the UNDP Bangkok Regional Hub (BRH). Editing and additional quality assurance support was provided by the UNDP BRH and UNDP Maldives.

# THE LABOUR MARKET LANDSCAPE

This section aims to provide an overview of the labour market and the existing challenges within the sector prior to the COVID-19 crisis. The main sources of data used in this section are the 2016 Household Income and Expenditure Survey (HIES) and data provided directly by the NBS with the assessment team on tourism employment statistics gathered in 2019. It is noted that HIES data excludes tourism sector employment data and undocumented migrant labour data.

The definition of the labour force includes those that are in employment, as well as those that are unemployed i.e. those that are available and actively seeking work. According to the 2016 HIES, a total of 151,706 people were in the labour force, 43 percent from Malé and 57 percent from the atolls (Table 1). The labour force has significantly more men than women, and similarly the labour force participation rate is much higher for men

at 75.1 percent, compared to 42.2 percent for women. A large percentage of women, 72 percent, are considered to be outside of the labour force,<sup>7</sup> i.e. they are neither employed nor seeking work, due to unpaid care work and domestic responsibilities. The unemployment rate is 6.1 percent nationally and is significantly higher in the capital Malé compared to the atolls. The unemployment rate is lower for women compared to men because most women are not active job seekers or not available for work, and therefore they are not counted as unemployed as they are considered to be outside of the labour force. Amongst the employed population, average monthly earnings in main job were MVR 10,229, with earnings significantly lower for women (MVR 7,510) compared to men (MVR 11,977).

**Table 1 Employment data**

	POPULATION ABOVE 15 YEARS OF AGE	LABOUR FORCE (EMPLOYED & UNEMPLOYED)	LABOUR FORCE PARTICIPATION RATE	UNEMPLOYED	UNEMPLOYMENT RATE
<b>TOTAL</b>	<b>263,311</b>	<b>151,706</b>	<b>57.7%</b>	<b>9,284</b>	<b>6.1%</b>
<b>MALE</b>	<b>123,354</b>	<b>92,659</b>	<b>75.1%</b>	<b>5,958</b>	<b>6.4%</b>
<b>FEMALE</b>	<b>139,956</b>	<b>59,047</b>	<b>42.2%</b>	<b>3,326</b>	<b>5.6%</b>
<b>MALÉ</b>	<b>118,000</b>	<b>66,000</b>	<b>60.7%</b>	<b>5000</b>	<b>7.5%</b>
<b>ATOLLS</b>	<b>145,000</b>	<b>76,000</b>	<b>55.1%</b>	<b>3000</b>	<b>4.9%</b>

Source: National Bureau of Statistics. 2016. Household Income and Expenditure Survey (HIES) Analytical Report III: Employment 2016. Government of Maldives, Malé, Maldives.

<sup>7</sup> Tourist resorts, industrial islands as well as labour quarters with more than 10 occupants were excluded from the scope of HIES



According to the latest HIES data, the public sector/state is the largest employer and accounts for 39 percent of employment. Private establishments account for 32 percent of employment, and the remaining 29 percent of the employment is in the informal sector. The participation of women in public sector employment and in the informal sector is usually higher than in the private sector. Men dominate the labour market activity in the tourism and construction sectors - the largest industries in the country, which are also highly dependent on foreign migrant labour. According to a recent study by the Food and Agriculture Organisation (FAO), 94 percent of those employed in construction are male.<sup>8</sup> Similarly, data from the NBS show that the share of women in the tourism sector is 10 percent, with local female employment being at 3 percent. It has been widely documented that women do not seek employment in the tourism sector because of several reasons: (i) relocating to the resort islands; (ii) negative views and taboos associated with women working on resorts; and, (iii) women having to work in male dominated environments, which often is associated with sexual harassment and safety issues.

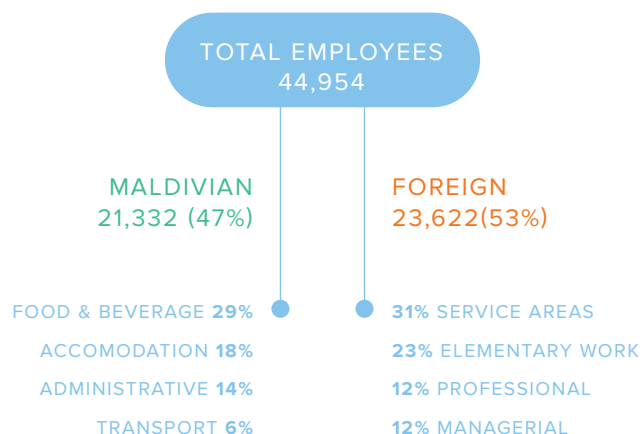
A mid-2019 survey by the National Bureau of Statistics targeting all tourist resorts in the Maldives showed that a total of 44,954 payroll employees work in tourist resorts (Figure 1).<sup>9</sup> Local employees accounted for 47 percent of the total payroll employees. Out of the total payroll employees, only 10 percent were female, of which 3 percent were local female employees. Out of the total payroll employees, 2,615 reported that they commute daily to work. Among female employees, a proportionally higher percentage, 11 percent, reported that they commute daily to their work, which indicates mobility as a potential enabler for female employees to be engaged in resort work.

The structure of employment in resorts show that the large majority of employees work in Food & Beverages (F&B), while 18 percent work in accommodation, 14 percent in administration and 6 percent in transport. When considering the structure of employment, findings show that the majority of employees (31 percent) work in service areas, while 23 percent are engaged in elementary work. About a third of the employees work at managerial (12 percent) and professional levels (12 percent).

Resorts outsource various departments and services to third parties, so this was assessed as part of the survey. Of the total resorts, 66 percent outsource their retail shops to a third-party, 21 percent outsource the diving centre services, and 13 percent outsourced other services. A breakdown of the data relating to the outsource establishments shows that dive centers have the largest number of employees amongst the outsourced activities. A large percentage of other outsourced activities have numerous female employees, as many of the spa services of resorts fall into this category.

## EMPLOYMENT TRENDS IN RESORT ESTABLISHMENTS

**Figure 1 Employment trends in resort establishments**



<sup>8</sup> FAO. 2019. Country Gender Assessment of Agriculture and the Rural Sector in Maldives. Malé.

<sup>9</sup> Data shared directly by the National Bureau of Statistics with the rapid livelihood assessment team

## EXISTING CHALLENGES IN THE LABOUR MARKET

*The following highlights some of the systemic issues that existed prior to the COVID-19 crisis and have exacerbated the crisis' negative impacts on employment.*

### LARGE NUMBER OF YOUNG MALDIVIAN MEN AND WOMEN REMAIN OUT OF THE LABOUR FORCE

Many young Maldivian men and women are considered as discouraged workers who have effectively exited the labour force and are best characterized as 'NEETs' (Not in Employment, Education, or Training). About 22 percent of working-age young Maldivians fall into this category.<sup>10</sup> The reasons reported by young people for not working include the lack of economic opportunities on their island of residence and their inability to find suitable employment that matches their respective education or training. About 50 percent of young females are NEET, due to household chores and childcare responsibilities.<sup>11</sup>

The tendency for employers to recruit foreign workers puts many young Maldivians at a disadvantage. A recent report by ILO provides insights on wage expectations of Maldivians. Approximately 48,000 persons would be willing to join the labour market to work as a full-time worker for a wage equal to MVR 5,000. Additionally, 30,405 women and 6,885 men (not in employment) are willing to work in manual jobs that require no specific skills.<sup>12</sup> Currently, there is a significant share of foreign workers engaged mainly in the construction and tourism sectors, with lower wages than average employees. Firms employ foreign workers as these workers have a lower reservation wage than the Maldivian nationals and will work for lower wages and fewer other benefits.<sup>13</sup>

<sup>10</sup> Ministry of Higher Education. 2019. Environmental & Social Management Framework, The Enhancing Employability through Human Capital and Entrepreneurship Development Project. Government of Maldives.

<sup>11</sup> Ibid.

<sup>12</sup> ILO. 2019. The Maldives minimum wage report Assessment of the needs of workers and their families, and economic factors. ILO.

<sup>13</sup> Ibid.

<sup>14</sup> UNFPA and National Bureau of Statistics, Ministry of Finance and Treasury. (2016). Maldives Population Projections 2014-2054. Assumptions and Results Analysis. Male', Maldives

### CHALLENGES IN MANAGING THE FOREIGN MIGRANT LABOUR FORCE

According to latest Census, there were 97,774 foreign migrant persons in the Maldives, accounting for 22 percent of the total Resident Maldivian Population.<sup>14</sup> 88 percent of the foreign population is comprised of males; 58 percent, from Bangladesh; and 21 percent, from India.<sup>15</sup> According to population projections in the Census, during the period 2014-2021 the foreign population is expected to grow by at 10 percent per year and, by 2054, it is projected that the share of the foreign population will overtake the Maldivians in the country's resident population structure.

The increased number of foreign workers leads to outward remittance of foreign currency, possible increased pressure and demand for the provision of adequate social services for foreign workers, and the presence of a large vulnerable population without adequate medical or social security coverage. The pandemic has exposed the vulnerabilities of the migrant worker population. It is estimated that there are 60,000 irregular<sup>16</sup> migrant workers in the Maldives, who have little to no access to healthcare due to lack of resources or required identity documents<sup>17</sup> A majority of migrant workers face difficult living conditions, whereby their accommodations are often overcrowded, unhygienic and poorly ventilated. Per surveys of migrants in the forthcoming IOM Migrant Health Situational Analysis,<sup>18</sup> an average of 29 persons share an accommodation unit in these settings. Since 2010, the Maldives have been placed on the watch list (Tier 2) by the Trafficking in Persons Report on Maldives published by the State Department of the United States mainly due to the country's inability to prosecute those engaged in human trafficking. The 2019 Trafficking in Persons Report on

<sup>15</sup> Ibid.

<sup>16</sup> Documents lost and Quota/EA expired migrant workers

<sup>17</sup> Migration in Maldives – A Country Profile 2018.

<sup>18</sup> Reviewed by the Health Protection Agency; Mariyam Suzanna, 'Situational Analysis of Migrant Health in the Maldives,' International Organization for Migration (to be published).

Maldives by the State Department of the United States estimates that an unknown number of the approximately 169,000 documented and 65,000 undocumented foreign workers in Maldives, primarily Bangladeshi and Indian men in the construction and service sectors, are subjected to practices indicative of forced labour, including fraudulent recruitment, confiscation of identity and travel documents, withholding or non-payment of wages, and debt bondage. According to the same report, migrant workers pay approximately \$2,500 to \$4,000 in recruitment fees to work in the Maldives, contributing to their risk of debt bondage upon arrival.

The increased number of irregular migrants and undocumented workers is associated with inherent challenges in the labour governance system that have persisted for more than a decade. This includes weak governance in managing the migrant labour force, including gaps in quota policy formulation; administration, governance, implementation; and the absence of a client charter and service standards. The 2009 report by the Human Rights Commission of Maldives, for example, mentioned non-payment of wages to migrant workers being a persistent problem which continues to be the case for the migrant population during the pandemic. The Ministry of Economic Development is taking steps to overcome the challenges, such as automating the expatriate management database and putting in place improved governance and control measures on quota and Employment Approval processes. To address the issue of growing numbers of irregular migrant population, the Government introduced a regularization programme in 2019.

Migrants were disproportionately affected by COVID-19 (over 60 percent of total infected cases), because of general poverty and poor accommodation conditions. Some of the immediate response measures undertaken by the Government included a flu clinic designated to expatriate workers, and the temporary relocation of migrant workers to safer accommodation facilities in the Greater Malé Region. The Ministry of Economic Development has issued new procedures which include a set of guidelines for minimal required accommodation standards and space to person ratios for foreign workers. The facilities need to be registered with required documentation in the designated online platform, prior to seeking Employment Approval. These regulations

come into effect on 11 October 2020.<sup>19</sup> Work to develop an accommodation facility with a capacity to house 40,000 workers on a reclaimed land in Gulhifalhu has also been initiated.<sup>20</sup> Since April 2020, the Government has initiated a repatriation program, where workers wishing to return home were given the opportunity to apply for repatriation, and those who lacked valid travel documents were to be provided with documents issued by the relevant embassies. As of 06 July 2020, more than 3,000 irregular migrants have been repatriated under the program.<sup>21</sup>

## WEAKNESSES IN LABOUR MARKET GOVERNANCE

Other weaknesses in labour market governance include the absence of tripartite labour consultative mechanisms; of labour unions and nationally recognized employer bodies; of a legal framework to govern unions; and of timely review and revision of labour laws, such as the employment act which dates to 2010, and regulations to ensure compliance with international labour obligations to which Maldives is signatory to. Labour market institutions such as minimum wages<sup>22</sup> and collective bargaining are still absent. Dispute resolution and mediation functions are not fully institutionalized nationally to deal with major labour issues and there are challenges in enforcing employment tribunal judgements in a timely manner. Labour market information is inadequate, with limited periodic surveys done to assess changes and trends in labour market; lack of timely labour force data, particularly on the tourism sector; and lack of data exchange and integration among relevant ICT systems

<sup>19</sup> Expatriate Accommodation Guideline, Announcement, Ministry of Economic Development

<sup>20</sup> <https://raajje.mv/77549>

<sup>21</sup> <https://en.sun.mv/61546>

<sup>22</sup> In 2019 the Maldives established a Salary and Wage Advisory Board (SAWAB) to initiate work for determining a minimum wage, for the first time, for the country. The board report was finalized and further revised in Parliament. The COVID-19 crisis has put on halt the decision to fix and implement the minimum wage. <https://miadhu.mv/article/en/13060>

<https://edition.mv/news/17155>

to registered employment information. This lack of data impedes the formulation of evidence-based policies to achieve medium to long term labour market objectives and impacts the ability to undertake periodic research on labour markets.

Poor working conditions, without a decent living wage; poor accommodation, without workers’ accommodation standards; a lack of occupational health and safety

standards, without relevant laws and regulations; lack of appropriate framework to report workplace accidents, injuries, deaths; are other challenges that disproportionately affect the self-employed and migrant workforce.

## INCOME SUPPORT PROGRAMME FOR INDIVIDUALS POST-COVID

**Table 2 Income Support Allowance beneficiary details**

MONTH	NO. OF APPROVED BENEFICIARIES	TOTAL APPROVED AMOUNT FOR THE MONTH (IN MVR)	AVERAGE PER BENEFICIARY (IN MVR)
APRIL	7245	14,677,068	2,026
MAY	5437	10,677,427	1,966
JUNE	4323	3,869,796	895

Source: Ministry of Economic Development

The Government rolled out the income support programme for individuals whose employment is affected due to COVID-19. Beneficiaries receive up to MVR 5000 monthly cash relief. Table 2 to the right summarizes the beneficiary data.

Data shared by the Ministry of Economic Development show that a total of 17,005 applications for the Income Support Scheme were received by 9,000 unique applicants or individuals. Table 2 summarizes the approved funds for the months of April, May, and June. The applicants represent various industries such as tourism, construction, wholesale and retail trade, etc., including self-employed individuals. The data from the Ministry of Economic Development shows that 22

percent of the beneficiaries have reported deductions in salaries, 21 percent reported they were on non-paid leave, and almost 15 percent were terminated from their jobs. Moreover, 19.4 percent of the total beneficiaries in the three months were self-employed individuals. An average of 22 percent of the approved applications for the three months were submitted by women; while 660 applications, from a total of 3,784, benefitted self-employed women under the scheme during the months of April, May, and June 2020.

The number of approved beneficiaries and funds appears to be lower from month to month. One of the challenges in processing the applications is the lack of documentation to meet minimum requirements. The Ministry of Economic Development has reduced documentation requirements to qualify for the support and extended deadlines to apply for the month of May, until mid of June 2020.<sup>23</sup>

<sup>23</sup> Announcement – Extension of deadline for May Income Support Application, Ministry of Economic Development

# KEY FINDINGS: IMPACT ON EMPLOYMENT

This report, Part II of the Rapid Livelihood Assessment presents findings as follows: (i) overall impacts of the crisis on employment in general; (ii) nature of impact on employment; and, (iii) an in-depth look at three dimensions of employment impacts - a. job loss and risk of increased unemployment, b. income loss, and c. most vulnerable groups to the negative impacts on employment from the crisis.

The analysis builds on three main sources of data gathered for this assessment: (i) resort management survey; (ii) JobCenter data from the government's online job portal (<https://jobcenter.mv/>); and, (iii) key informant interviews that were undertaken amongst impacted resort employees, identified from those registered with the JobCenter.

The findings of the resort management survey validate the existing data from the National Bureau of Statistics (NBS). Existing data from the NBS showed that the foreign to local ratio was 53:47, while the population covered in the resort management survey had a ration of 52:48. The resort management survey also indicated the low percentage of females in the employee population (5 percent, a majority of whom were foreign). The employment statistics of the NBS show that 10 percent of employees are female, 7 percent being foreign female employees. As such, key findings from the resort management survey can be applied to the wider resort employee population of 45,000 employees, including 22,000 local employees. Similarly, the resort management survey findings show that about 85 percent of the employees in the resorts work below managerial level in elementary occupations and clerical level jobs, while managerial level workers constitute on average 14 percent or less. This is similar to the employment statistics gathered by the NBS (presented in the previous section) which show that about 12 percent of employees are in managerial positions. The analysis in this section therefore focuses on the large majority of non-managerial employees working in the resorts.

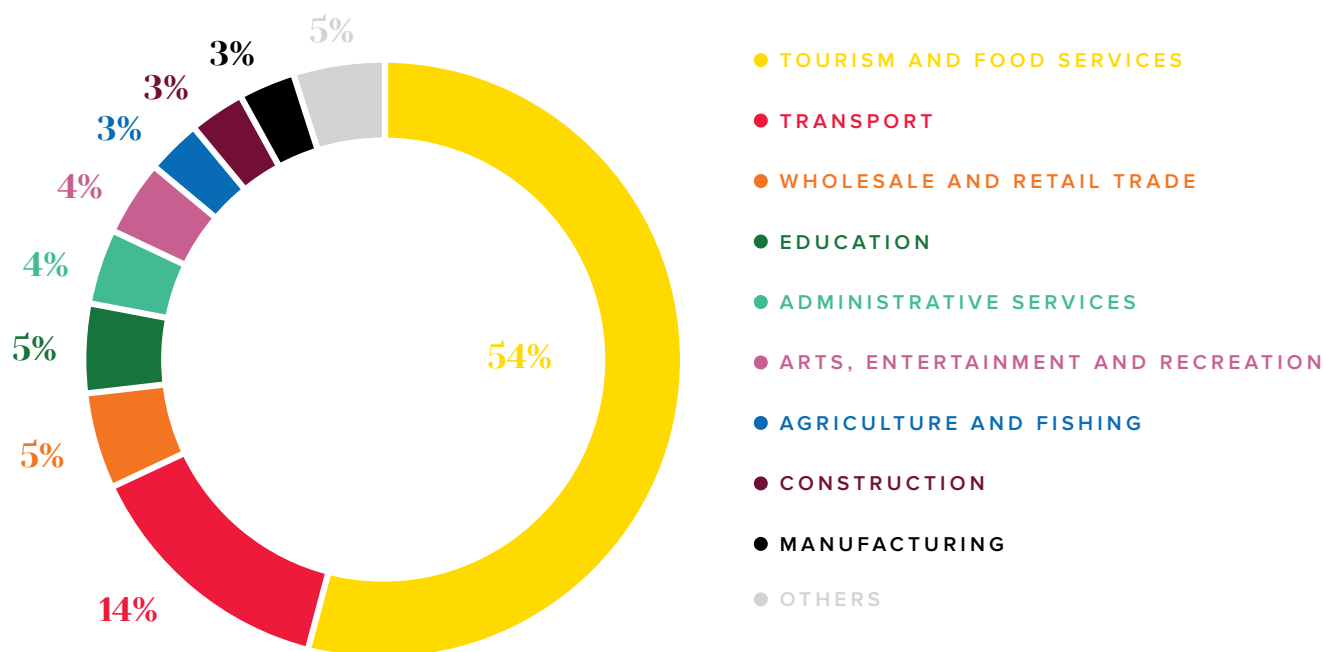
Part I of this publication provides the detailed background context on the impact of the crisis, the impact of the closure of the tourism industry on resort operations, and the impact on the industry as a whole. The initial impacts in February and early March resulted in a fall in occupancy and several challenges and additional costs to operations. At the end of March 2020, the country's border was closed, and on-arrival tourist visas were suspended, bringing 95 percent of tourism resort operations to an unforeseen standstill. Findings from the resort management survey showed that, at the time of the interview, 62 percent of the survey resorts planned to completely shut down with only daily maintenance works ongoing for the three months, April – June 2020. About 21 percent of resorts planned to undertake some renovation works during the same period. About 10 percent of resorts reported that they would continue to operate during the same period with some long-stay visitors who had been on the resort before the on-arrival visa suspension was announced. The following analysis explores in-depth the implications of these impacts on resort operations and on employment.

## KEY FINDING 1: OVERALL IMPACTS OF THE CRISIS ON EMPLOYMENT

### EMPLOYMENT IMPACT IS MOST APPARENT IN TOURISM AND TOURISM-RELATED SECTORS

The data gathered from the online job portal covering an impacted population of more than 7,500 people indicate that the largest number of employment complaints made on the job portal were amongst people in the tourism sector, while complaints from employees and service providers in other sectors are significantly low.

Figure 2 Employment impact across sectors



More than half (54 percent) of those impacted said they worked in tourism sector. Amongst the others who reported being impacted, 14 percent worked in transport and storage, 5 percent in trade, 5 percent in education, 4 percent in administrative services, 4 percent in arts, entertainment and recreation, 3 percent in agriculture and fisheries, 3 percent in construction, 3 percent in manufacturing and 5 percent in the other industries combined (Figure 2).

The tourism sector employees are the largest impacted group because tourism is the largest industry in the economy, and the single largest private sector employer. It is the sector which had a direct exposure to the global shocks, with immediate impacts felt from February 2020 onwards (see impacts discussed in Part I of this assessment). It is also the first industry that had to completely stop operations, due to the closure of borders and suspension of on-arrival visas to the Maldives at the end of March 2020. As a result, the impact was felt across many tourism-dependent sectors. This is the most likely reason why a high number of employment complaints are evident in tourism-related sectors: such as transport; arts, entertainment and recreation; and trade (Figure 2). Most businesses in other sectors ceased operations much later (mid-April onwards), with the onset of community transmission and subsequent lockdown in the Greater Malé Region.

It should be noted that industries with a large share of foreign migrant labour force, such as the construction industry has proportionately fewer employee complaints compared to the size of the industry, as the ability to lodge cases in the job portal is exclusive to locals. Similarly, sectors which are likely to have a high proportion of informal workers, such as manufacturing, have low numbers of employee complaints in the job portal, indicating barriers to access and registration.

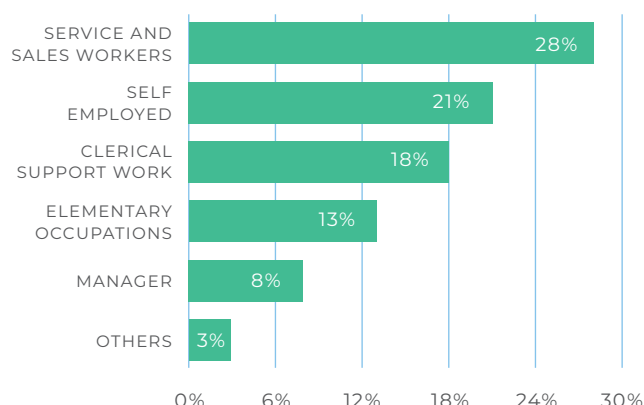
Employees in the public sector are relatively less affected because there have been no dismissals and salary cuts did not result in incomes below MVR 5000 which makes them eligible for the income support programme and registration in the JobCenter. Public sector employment has a large share of female representation, particularly in sectors such as education, health, financial services and administrative support sectors. Employee complaints in these sectors were low, which may partly be the reason for the small percentage of women found in the JobCenter data. The employee complaints in the JobCenter portal within the education category were mostly linked to private sector educational institutions and self-employed education service providers, who were affected due to fall in demand associated with COVID-19 containment measures.

### MAJORITY OF THOSE AFFECTED ARE IN SERVICE AREAS, LOWER SKILLED CATEGORIES OR ARE SELF-EMPLOYED

The impacted occupation trends in the JobCenter dataset are an indication of the groups most vulnerable to the negative employment impacts of COVID-19, including income insecurity, poverty and unemployment. This is because registering in the JobCenter portal was mandatory to apply for the Government's income support programme, which provides a monthly relief income of up to MVR 5000. Figure 3 highlights the occupational groups that were most affected, as per the JobCenter data.

Most of the self-employed cases relate to taxi drivers. This is mainly concentrated in the Greater Malé Region, where taxis are a key form of land transport. Since the capital, Malé, was the epicentre of the community spreading of the virus, strict containment measures, including a 24-hour lockdown from April-July 2020, restricted movement and demand for transport.

**Figure 3 Impacted occupation groups**



Employees working in the area of service and sales work (28 percent) are the most impacted with job or income loss as a result of COVID-19. This corresponds to the type of work most common in the key sectors impacted: tourism, trade and education. The second highest occupational group impacted are the self-employed (21 percent). Clerical workers (18 percent) and elementary workers (13 percent) are also among the most impacted with job and income loss. Only 8 percent of impacted people said they worked in managerial positions (Figure 3). Gender comparisons across the occupational groups show that the ratio of men to women impacted is higher across all occupational groups. The gender ratio difference is lowest in the clerical and support work group, which has a man to woman ratio of 53:47.

The JobCenter data show that the highest ratio of people who reported as self-employed are those in the transport sector, followed by tourism, agriculture and fishery, arts, entertainment, recreation, and education.

## KEY FINDING 2: NATURE OF IMPACT ON EMPLOYMENT

KEY EMPLOYMENT IMPACTS WERE IN THE FORM OF REDUNDANCY, NO PAY OR REDUCED PAY

Figure 4 Nature of impact on employment

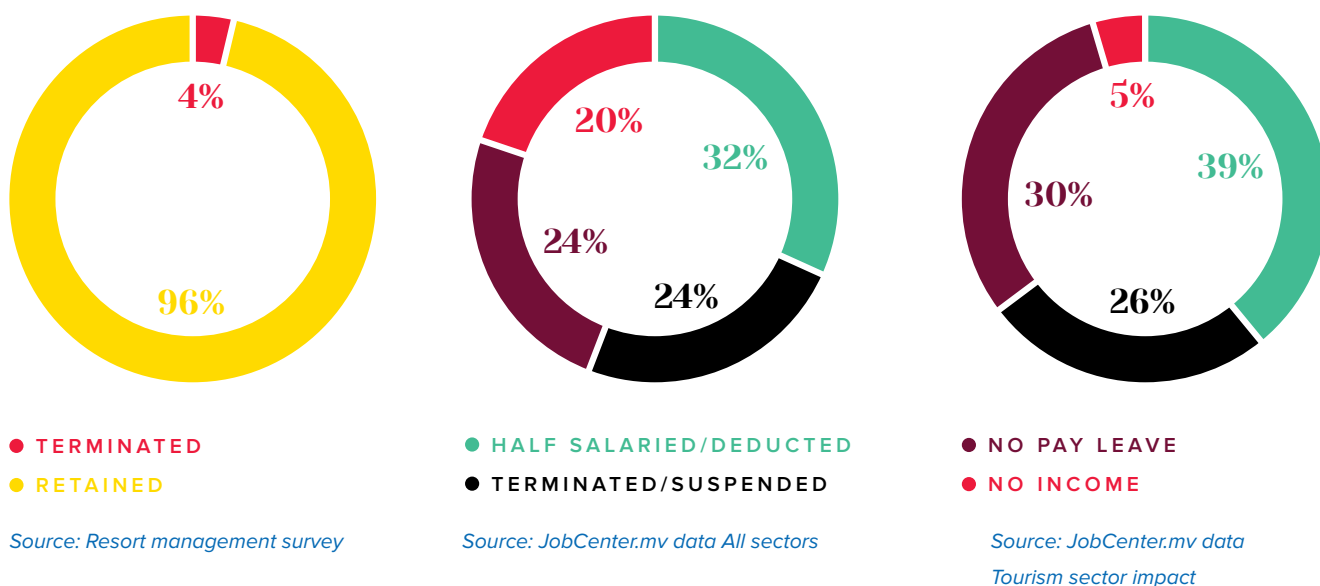


Figure 4 contains three figures showing the impact of COVID-19 on employment, looking first at retention figures from the resort management survey, and then examining employment impacts from the JobCenter data, first looking across all sectors and then looking specifically at tourism.

When considering the impact on employment across all sectors as reported in the JobCenter, 44 percent reported loss of work or redundancy, 24 percent were put on no pay leave, and only 32 percent of the cases were receiving partial pay (Figure 4). This means that more than 68 percent of the cases in JobCenter relate to complete income loss. In the JobCenter data, loss of employment has been reported as either ‘suspension’ or ‘termination’. ‘Suspension’ is likely to be more relevant to the self-employed cases, where individuals’ services were suspended for the period of closure of a given client industry or sector. Similarly, the JobCenter data had cases of ‘no income’ versus ‘no pay’, where ‘no income’ refers to the loss of work and income for the self-employed, while ‘no pay’ status was most relevant to salaried employees.

When assessing the impact on the tourism sector, the findings of the resort management survey show that only 4 percent of payroll employees were made redundant. About 55 percent of the surveyed resorts said all payroll employees would be retained. Thirty eight percent surveyed said that only some payroll employees would be retained, with an overall retention of 96 percent of payroll employees for the resort closure period between April – June 2020. According to the resort management survey, all retained payroll employees were offered some form of pay package for the operationally closed period April – June 2020, except for the two resorts that mentioned at the time of the survey that decisions had been made for the month of April 2020 only. There were several variations across the resorts on how payments were to be made during April – June 2020. Some forms of pay package options included:



- Salary not deducted, but unpaid days to increase with 2-3 unpaid days a week
- Partial pay leave, part voluntary unpaid leave
- Pay packages with significant reduction in salaries
- Salary variations between employees who remain on the resorts and employees who return to their home islands
- Employee redundancy for senior level and other employees
- Only basic salaries ensured until all leave types are exhausted

the most impacted groups, including those who lost jobs or all income. It is likely that JobCenter data had employees in resorts with a high rate of ‘probation’ employees. Above average redundancy ratios were seen in newly-opened resorts, and resorts with severe cashflow issues. The difference between the resort management survey data and the JobCenter data further validates that the negative impact of COVID-19 on employment across the broader tourism value chain is larger than it is for resorts (Figure 4).

For about 68 percent of the resorts, employees’ annual leave was deducted during the first three months of the resort closure period, April-June 2020. Likewise, other leave types were also affected during this period for most resort workers.

The JobCenter data extracted for the tourism sector show that 69 percent of employees were retained, 30 percent were on no pay, and 39 percent were receiving partial pay. About 26 percent of those in JobCenter reported redundancy, while 5 percent reported income loss.

The JobCenter data differ significantly from the resort management survey, because the resort management survey covers the impact on payroll staff of resorts, while the JobCenter data cover self-employed, consultants, and payroll staff of various operations within the tourism value chain, in addition to resort establishments. As mentioned before, since the JobCenter was the avenue for applying for the Government’s income support programme, it is likely that the majority registered in order to apply for the income support. Thus, it attracted

### KEY FINDING 3: INCREASED JOB LOSS AND UNEMPLOYMENT PRESSURES

A study of socioeconomic aspects of COVID-19 in the Maldives led by key health experts and members of the Maldives National University (MNU) showed that, out of 2,697 complete responses, only 5 in 10 jobs were completely secure during the crisis.<sup>24</sup> Job security is mostly assured for public sector employees, while in the private sector, employment impact was widely felt.

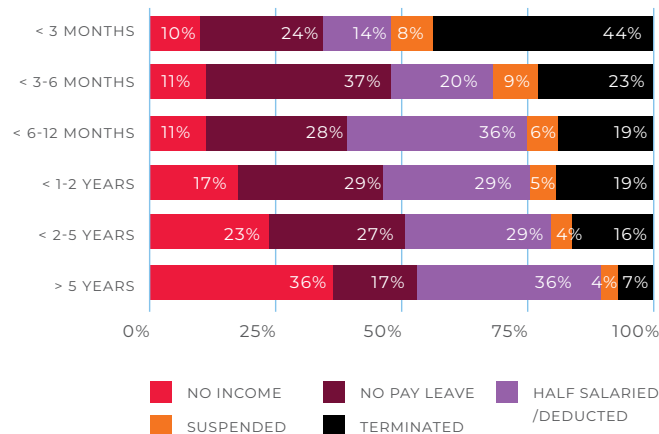
#### LOSS OF EMPLOYMENT WAS AVOIDED IN THE INITIAL PHASE OF THE CRISIS (APRIL-JUNE 2020 PERIOD) AMONGST THE MAJORITY OF RESORT EMPLOYEES

The resort management survey shows that about 4 percent of payroll employees were immediately terminated, which could mean that potentially 1,800 or so local and foreign payroll employees in resorts lost their jobs in March/April, as a result of the COVID-19 crisis. The JobCenter data shows higher levels of redundancy for the tourism sector (26 percent) than for all other sectors (24 percent).

The resort management survey showed a high retention ratio of employees (96 percent payroll employees) with pay in resorts. This indicates that most of the 45,000 or so payroll employees in resorts, including the 22,000 local payroll employees, were not immediately affected with job loss between April-June 2020. A similar trend was also observed in the in-depth interviews held with resort workers. Out of 31 interviewees from 13 resorts, only one resort had applied for redundancy across the board, except for the core team that would remain on the island during the period of the resort closure. All other resorts had different employee retention arrangements in place. Feedback from interviewees, however, indicated a possibility of redundancy after June if the resorts are not able to reopen.

#### IMMEDIATE REDUNDANCY WAS MOSTLY EXPERIENCED BY EMPLOYEES ON PROBATION

Figure 5 Duration of employment amongst impact groups



The resort management survey and the JobCenter data both report that redundancy was most common amongst ‘probation’ employees. In the resort sector, it is common practice that any employee with a contract less than 3 months has a probation contract. Given that job transitions amongst employees particularly amongst Maldivian employees tend to be frequent, it is likely that a high proportion of employees have probation status at a given time. Similarly, newly-opened resorts tend to have high proportion of probation staff. Consultations held to validate the findings of this assessment pointed to cases where employees had probation status after 3 months, although this practice may contradict employment law. These practices are associated with weak enforcement of the employment law and labour monitoring, as discussed in the previous sections.

Figure 5 shows that from the JobCenter data, termination and suspended cases were highest among impact groups that had contracts less than 3 months. Termination and suspension rates were less amongst impact groups that had longer contract durations. It is assumed that those with contracts less than 3 months were on probation. Likewise, the resort management survey shows that about 4 percent of payroll employees were on probation at the time of survey. Of them nearly one third (29 percent) lost their jobs.

The in-depth interviews held with resort workers indicated a similar finding, that employees who were on probation faced a high risk of redundancy. Out of

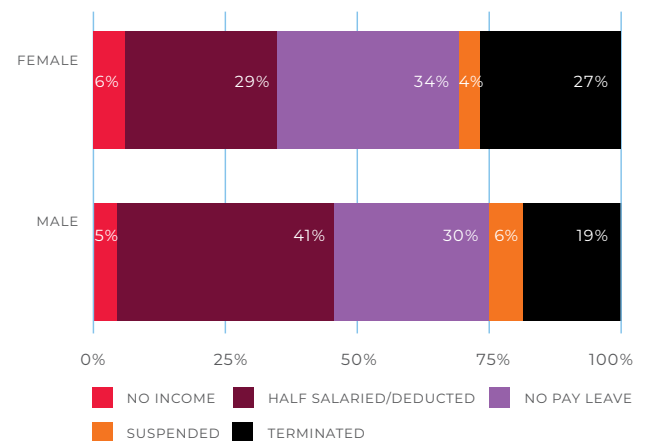
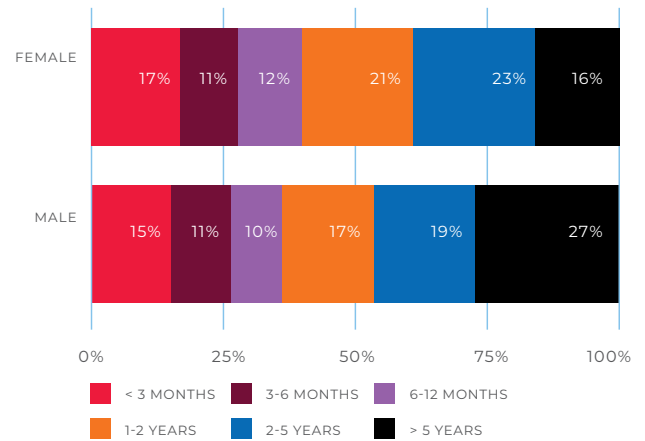
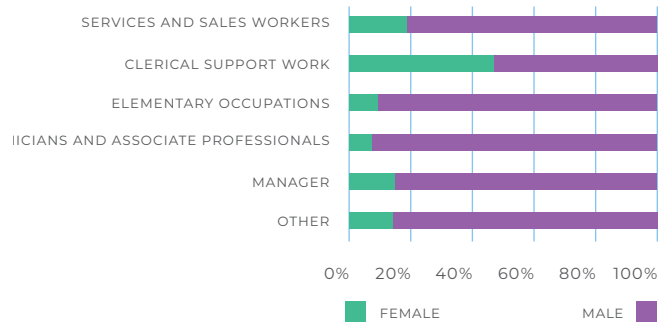
<sup>24</sup> <https://covid19.health.gov.mv/>

the 31 in-depth interviews conducted, five informants were on probation and all five were made redundant. The interviewees also expressed that most probation employees in their respective resorts were made redundant and one interviewee expressed that there were about 17 employees on the resort who were on probation and their contracts were terminated. Two respondents reported that they were employees who were remaining on the resort due to the Health Protection Agency (HPA) enforced lock-down, and yet they were not being paid.

**PEOPLE WORKING IN SERVICE AREAS AND SALES WORK ARE AMONGST THE MOST AFFECTED**

As indicated earlier, the overall impact on employment is highest amongst service and sales employees, clerical support workers, and those in elementary occupations. This is partly because more than half of the people who reported impacts on JobCenter were in the tourism sector, which is a service industry, with almost 85 percent workers in service and sales work or elementary occupations (see Figure 1). Likewise, employees in the occupational groups of wholesale and retail, trade, transport and education sectors were also affected with job loss. (Figure 6).

**Figure 6 Job loss by age group, duration of work and gender**



### SLOW TOURISM SECTOR RECOVERY POSES MAJOR RISKS OF A RAPID RISE IN UNEMPLOYMENT FROM JULY 2020 ONWARDS

About two million arrivals were forecasted for 2020. However, only 382,760 arrivals have been recorded between January and April 2020, which is 40 percent lower than the same period for 2019. Historical arrival trends show that about 50 percent of annual arrivals take place during the last two quarters of the year. However, the arrivals for the third quarter of 2020 are anticipated to be very low, given the current trends of airline schedules and visitor sentiments. A research study undertaken by the MNU for the Parliament of Maldives on challenges to the tourism industry forecast low occupancies, of an average of 30 percent for the third and fourth quarters of 2020. Hence, there is uncertainty about resort operations normalising this year. The speed at which operations will normalise to pre-COVID-19 levels is an important factor that will determine the job security for employees of resort establishments, as well as employees across the tourism value chain, job seekers, and new entrants to the labour market.

These uncertainties were echoed in the resort management survey findings, which showed that, at the time of the survey, a majority of the resorts (57 percent) expressed uncertainty as to when operations would normalize. According to some resorts, it would depend on when the government reopened borders for international visitors. It should be noted that, at the time of the survey, the border reopening date was not yet announced. As we update this report in July 2020, the borders reopened on 15 July, and, although resorts drive the economy, only 39 resorts became operational immediately after the border reopening. Other resorts will eventually start operations, with some resorts anticipating opening in October, or later in the year. According to the resort management survey, the following was observed:



Given the slow recovery forecasts for the tourism sector, it is likely that existing unemployed individuals and those in job transition are at risk of facing prolonged unemployment. Similarly, new entrants to the job market will face challenges in securing employment. Increasing unemployment pressures may push young women out of the labour force permanently or may prevent young women from entering the labour force all together (see discussion below on gender impacts).

The resort management survey findings show that 63 percent of the payroll employees were sent back to their home island/country as a result of the operational decisions made by the resorts during the initial closure period of April – June 2020. This puts those sent back to their home islands/country at a higher risk of redundancy beyond June 2020 if the resorts do not become operational in the third and fourth quarters of 2020.

The in-depth interviews with resort workers attempted to understand their plans for April-June 2020, which was the initial closure period most employees were informed of at the time of the interviews. Feedback from the in-depth interviews with resort workers are similar to the findings from the resort management survey, with the majority of the resort workers expected to return to resort work as operations resume. Feedback indicated that most informants were generally optimistic and anticipated for the resorts to call them back (irrespective of whether they are currently on no-pay leave or were made redundant) when the resorts reopen in July 2020, as had been indicated by the resorts at the time of closure. However, the informants, when probed, accepted the fact that the closure might be prolonged, depending on how the pandemic evolved over time.

The general feedback received indicated that the informants would find alternative ways of coping for the three-month resort closure period, either through cost-cutting measures and/or by undertaking some casual work. The majority of the interviewees were not considering changing jobs or shifting career and hoped to return to resort work when operations resumed. According to informants, this is because of the limited employment opportunities elsewhere, with alternative options being construction work, fishing and fish

processing, or agriculture, where the income earned is generally lower than that on resorts.

## KEY FINDING 4: SUBSTANTIAL INCOME LOSS FOR THE MAJORITY OF THE EMPLOYED POPULATION

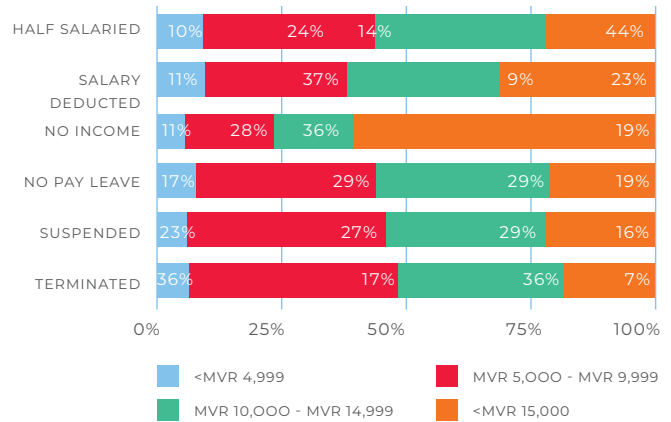
### INCOME STATUS OF THE EMPLOYMENT IMPACT GROUPS

According to JobCenter data, the average income across all industries is MVR 12,064 (\$782) per month. The average income comparison across gender shows that women earn on average 24 percent lower than men, roughly MVR 3,056 (\$198) less than the average income earned by men. The average income for women reported on the JobCenter is MVR 9,671 (\$627), while it is MVR 12,727 (\$825) for men. Although the average income is lower for women, it should be noted that that women who filed JobCenter reports were mostly working in lower paying occupations, such as clerical support work. JobCenter also saw higher numbers of impacted women with two years of work experience or less, which could affect the average wage reported. The median and average income comparisons show that the average income is above median for all categories, implying that income earned is more concentrated at the lower end than at the upper end.

The HIES undertaken in 2016 provides the most recent data on incomes. HIES findings show that the average monthly earning for an employed person for their main job is MRV 10,229, with a huge income gap between Malé (MVR 13,528) and the atolls (MVR 7,385). HIES also shows that women (MVR 7,510) on average earned lower than men (MVR 11,977), and that the highest earning occupation groups are managers (MVR 22,275). Although data from HIES and JobCenter cannot be directly compared, as HIES omits employment data of resorts, while JobCenter captures employment across the whole economy; in general, the income data from the JobCenter validates the income status of the employed population from HIES.

### OVERALL INCOME LOSS FOR THE IMPACTED GROUPS

Figure 7 Impact on income across bands of income



The analysis of the JobCenter data showed that, of the total cases reported, 68 percent faced complete income loss, while 38 percent reported reduced pay (Figure 7). Two out of every ten people who reported complete income loss were self-employed. About 61 percent of the self-employed people who reported on the JobCenter lost income of more than MVR 15,000 (\$973) per month (Figure 7). For those impacted with no pay leave, 70 percent lost income between MVR 5,000 and 14,999 (\$324 - \$973), while about 21 percent lost income of over MVR 15,000 (>\$973). Likewise, for those terminated, 75 percent lost income between MVR 5,000 and 14,999 (\$324 - \$973), and 18 percent lost over income MVR 15,000 (>\$973) (Figure 7).

### OVERALL INCOME LOSS DURING THE THREE MONTHS IS MORE THAN 70 PERCENT OF PRE-COVID-19 LEVELS FOR RESORT EMPLOYEES AND FULL INCOME LOSS BEYOND JUNE 2020 IS LIKELY FOR MANY EMPLOYEES

The JobCenter data shows that tourism sector employees were earning an average income of MVR 12,480 (\$809) per month prior to COVID-19, slightly higher than the total average income earned when compared with all sectors. Based on the JobCenter cases, 2,400 tourism sector employees were faced with complete income insecurity as a result of COVID-19, which is estimated to result in an average income loss of more than MVR 30 million rufiyaa (\$1.9 million) per month for these tourism sector employees.

The resort management survey shows significant income loss to employees retained during the resort closure period between April – June 2020. For those benefitting from pay packages in this period, the average minimum salary is \$325 (MVR 4,996.08). About 26 percent of the resorts reported to pay above this rate between \$350 - \$500 (MVR 5,397 – MVR 7,710), while 24 percent resorts reported minimum salary in the next three months to be below \$200 (MVR 3,084). There are resorts that have set monthly salary to be merely \$69 (MVR 1,000). Furthermore, only one resort reported minimum salary above \$500 (MVR 7,710).

In-depth interviews with 31 resort workers indicated that employees will experience an average income loss of MVR 12,480 (\$809) per month until July 2020. Almost all interviewees indicated a reduction of 80 percent of their take home salary. This is because the pay packages offered by resorts for the period of the resort closure were set against the basic salary of resort employees. However, feedback from the interviews indicated that, beyond a monthly basic salary ranging from \$275 to 360, employees also took home a considerable amount of additional pay through service charges, tips for the front-of-the-house employees, and overtime for the back-of-the-house employees.

While some employees started experiencing income loss from the onset of the crisis and lost all income completely, the retained employees are anticipated to have lost more than 70 percent of their average monthly income earned prior to COVID-19. The three months' pay package period ended in June 2020 for most retained employees, and most resorts have not resumed operations. This increases the risk of dismissal or no pay beyond June 2020, and in turn a complete income loss.

#### IMPACTS ON INCOMES ON RESORT EMPLOYEES WERE FELT AT THE ONSET OF THE CRISIS DUE TO A FALL IN SERVICE CHARGE, WHICH ACCOUNTS FOR MORE THAN 40 PERCENT OF INCOME FOR MOST EMPLOYEES

The resort management survey shows that the average service charge earned by resort employees in March 2020 was 38 percent lower than that of the previous year. The average service charge paid by the survey resorts in February and March 2020 was \$621 and \$442 respectively. Most resorts experienced a decrease in service charge payments in March 2020, compared to the same period last year, while there was no difference for about 18 percent of resorts in the survey. The difference in service charge payments between March 2020 and the previous year was 40 percent or more for 35 percent of the resorts.

The temporary closure of all operations across 95 percent of resorts in the second quarter of 2020 resulted in zero arrivals, for the first time in the history of tourism. Therefore, resort employees earned no service charge between April and June 2020. Service charge income contributes to more than 40 percent of the monthly income earned for those resort workers below professional levels and managerial positions, as observed from the JobCenter data. The resort management survey shows that the average monthly service charge income earned between April – June in 2019 was US\$ 482. Therefore, an average income loss of about \$482 (MVR 7,432) per month for resort employees from loss in service charge alone was experienced for the three months between April – June 2020, as a result of COVID-19, which is equivalent to \$32 million (MVR > 450 million) in losses for local employees in resorts during this period.

In-depth interviews with 31 resort workers registered on the government's online job portal showed a similar finding: 7 informants across different resorts indicated that they received a fixed service charge allowance ranging from \$500-600, while many other informants indicated that they receive a fluctuating service charge allowance based on resort occupancy. Many interviewees confirmed that service charge accounted for a significant share of their monthly incomes.

## IMPACTS ON OTHER ALLOWANCES

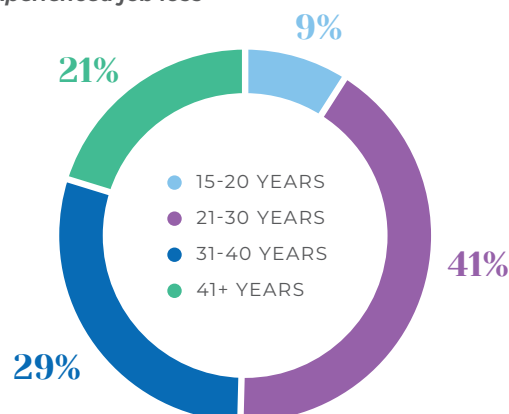
The resort management survey and in-depth interviews with resort employees were not able to cover the losses from other allowances, such as annual bonuses. However, some interviewees amongst the 31 covered in in-depth interviews indicated that they did not receive the Ramadan allowance in 2020. Amongst them, one resort was mentioned which enforced redundancy across the board, and informed employees that they would not get Ramadan allowance, as they were made redundant. Feedback from the probation employees who were made redundant also indicate that they did not receive Ramadan allowance. Similarly, feedback from interviewees indicated that one resort that enforced a 3-month no-pay leave had not paid the Ramadan allowance at the time of the interview. Two informants from this resort indicated they were told they would get the Ramadan allowance, but as of the first day of Ramadan they had not received the payment.

### KEY FINDING 5: AN INDEPTH LOOK AT MOST AFFECTED AND THOSE VULNERABLE TO NEGATIVE EMPLOYMENT IMPACTS

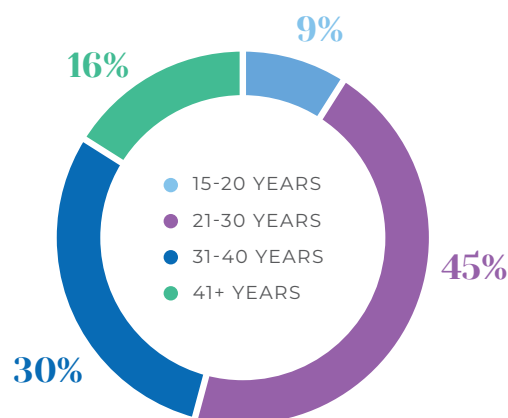
#### (I) YOUNG PEOPLE – MORE THAN HALF OF THE EMPLOYMENT COMPLAINTS IN THE JOBCENTER RELATE TO THOSE UNDER THE AGE OF 30

The JobCenter data shows that the median age of those impacted is 30 years. Gender comparisons show that the median age is 2 years younger for women (29 years) than for men (31 years). Overall, more than two out of every five people (41 percent) who reported of COVID-19 related employment or income impact on JobCenter are young people aged 21 to 30, and about 9 percent are those between 15-20 years (Figure 8). A similar trend was found amongst those in the tourism sector, where 9 percent of employment complaints were from those aged 15-20 and 45 percent were in the 21-30 years age group. It should be noted that, although the age group is classified as 15-20 years in the JobCenter data for comparisons with other nationally available data, the youngest age group reported on the JobCenter is 18 years.

**Figure 8 Proportion of impacted population who experienced job loss**



Source: JobCenter.mv - all sectors



Source: JobCenter.mv - tourism sector

Age group differences across industries show that the impact on individuals aged 15-20 years is highest in the trade sector. Two out of every ten people impacted in trade sector are in this age group. Likewise, those impacted below the age of 30 years are highest in administrative and support services (63 percent), trade (61 percent) and tourism and food services (54 percent). In contrast, the impact on people in the age group over 41 years is greatest in the construction (47 percent), and agriculture and fisheries (45 percent) sectors.

JobCenter data show that, across the tourism and food services sectors, redundancy and therefore loss of income was highest amongst young people between 15-20 years. Most people in this age group served in elementary and clerical level jobs. About 75 percent of young people in the 20-30 year age group are experiencing loss of complete incomes and 39 percent between 21- 30 years, and 25 percent between 15 - 20 years are affected with partial income loss (Figure 10).

Figure 9 Duration of work

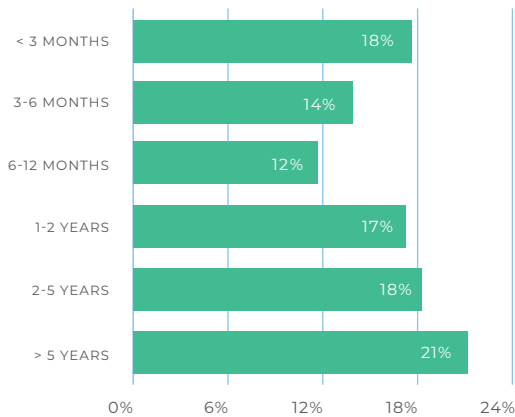
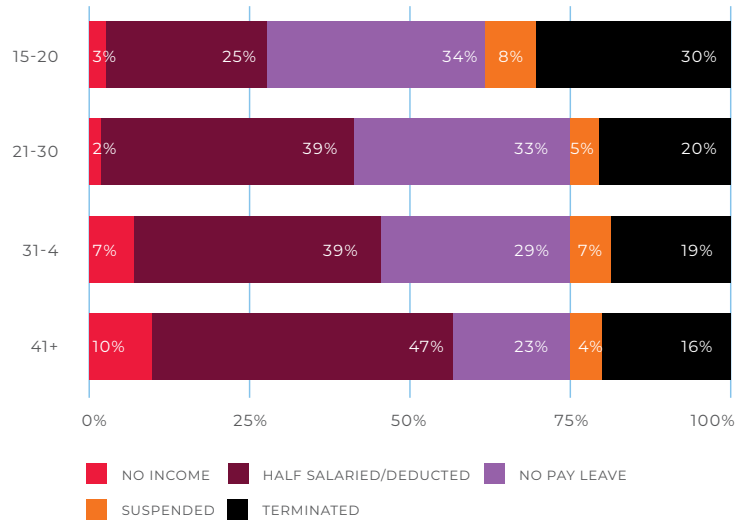


Figure 10 Type of impact by age group



The average income earned by those between 15-20 years and between 21-30 years is significantly lower compared to other age groups (Figure 11). These findings are in line with findings from HIES 2016, which show that the age group between 15-19 years and above 55 years had a higher rate of low earning compared to other age groups. This is because young people between 18-24 years are new entrants to the job market and have fewer years of work experience, which affects overall income.

According to HIES, more than one third (35 percent) of the population without past work experience are between 18-19 years and about one forth (23 percent) are between 20-24 years. On average, young people aged 15-20 years who reported on JobCenter were affected with income loss of about MVR 8,324 (\$540) per month and those between 21-30 years, on average, experienced income loss of about MVR 11,287 (\$732) per month (Figure 12).

Figure 11 Average income by age group

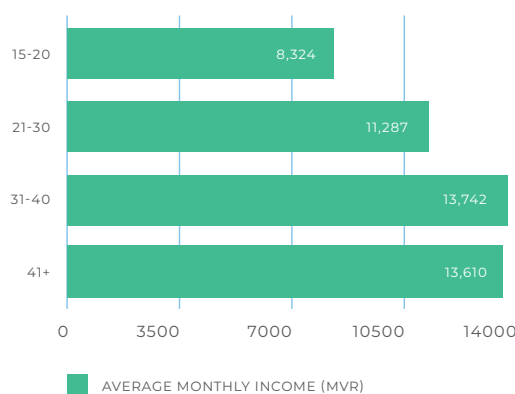
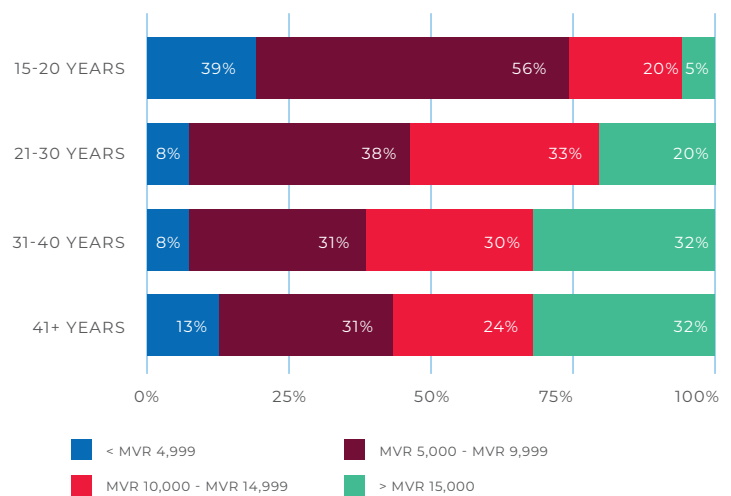


Figure 12 Income impact by age group





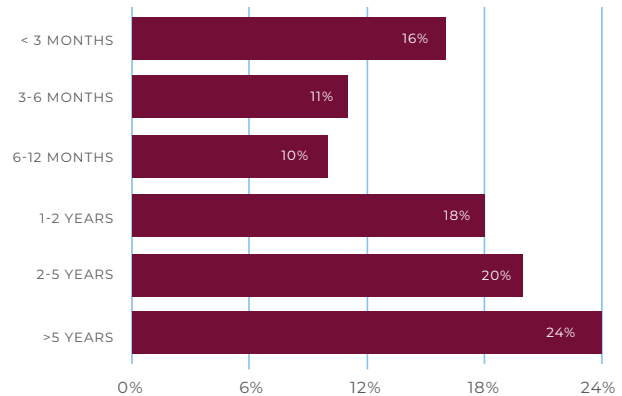
**(II) EMPLOYEES ON PROBATION CONTRACTS WERE MOST PRONE TO REDUNDANCY**

As discussed above, employees on probation contracts (typically those with a contract less than 3 months) were immediately affected with the onset of the crisis. Employment impacts and job risks are therefore higher amongst sectors where job transitions are frequent. Most employees on probation status were made redundant. JobCenter findings for the overall impact of job loss in all sectors, the impact on the tourism sector separately, and resort management survey findings all suggest that probation employees are amongst the most affected with job loss from the onset of the crisis. Similarly, employment adjustments reported by MSMEs in part III of the Rapid Livelihood Assessment validates the impact on probation employees.

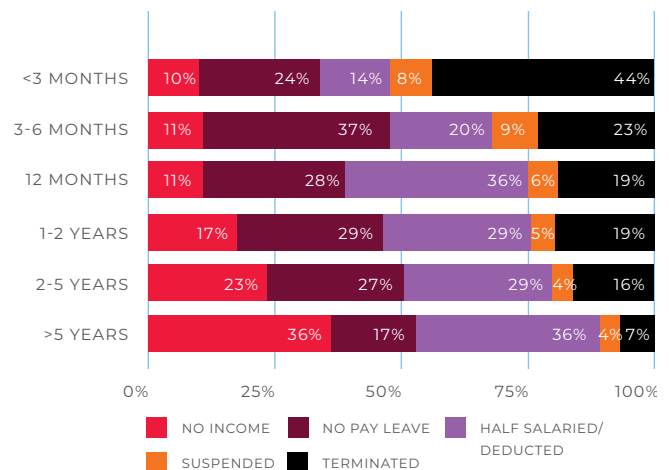
JobCenter data across all sectors show that about 37 percent of those impacted had worked for one year or less, and 16 percent, for less than three months, which accounts for probation employees. Furthermore, amongst those who had worked for three months or less, 86 percent reported redundancy, which is significantly higher than for those who had worked for durations over three months of work (Figure 13 – all sectors).

Likewise, the impact of job loss in the tourism sector shows that the impact on probation employees is somewhat similar: 44 percent of those impacted had worked for less than a year and 18 percent had worked for less than 3 months, indicating the significant impact on probation employees (Figure 13 – tourism sector). The resort management survey also shows that about 574 (4 percent) of payroll employees were on probation at the time of survey. Of these probation employees, about 71 percent said to be retained between April-June 2020, while nearly one third (29 percent) of probation employees had lost their jobs.

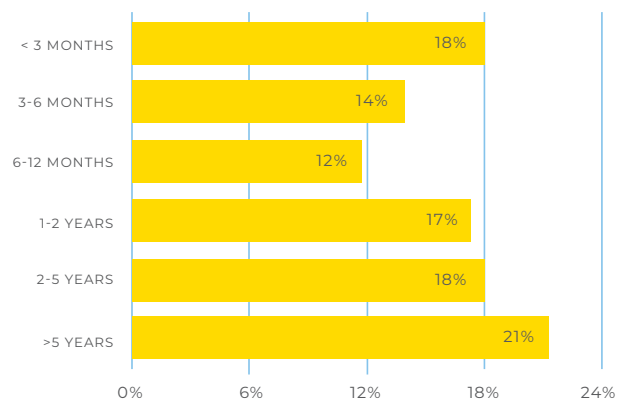
**Figure 13 Job loss by duration of work**



*JobCenter data - all sectors*



*JobCenter data - all sectors*



*JobCenter data - tourism sector*

### (III) THIRD PARTY CONTRACT EMPLOYEES EXPERIENCED TEMPORARY DISMISSAL

The employment statistics from the National Bureau of Statistics, discussed in the previous section, and the resort management survey findings, show that in resort establishments, third party contracts are made between some of the guest service departments such as dive schools, water sports centres, guest shops and spas, many of whom work on a revenue share model. Some third-party contracts are made with contractors who offer services for the resort’s operations departments, such as landscaping, security, stewarding, transport, etc., who are paid for contractual services.

The resort management survey indicated that there were about 1,186 employees in third party contracts amongst the survey resorts. While the third-party contract employees are outside the payroll of the resort, food and accommodation for most third-party employees are arranged by the resort, especially those working on a revenue share model, such as dive school, water sports centres and spa. Findings from the survey show that different contractors in the survey resorts have taken different measures for the employees in third party contracts. Information gathered from the survey resorts show some such measures taken by the contractors include terminating all contracts until operations resume, significantly reducing employees in third party contracts, and prohibiting all third-party contract employees from staying on the resorts during the period of resort closure.

### (IV) MIGRANT CASUAL WORKERS WERE DISPLACED

Apart from the payroll employees, resort operations are also supported by a foreign migrant workforce who are considered casual workers. While there is no accurate information on the number of such workers in resorts, the resort management survey supports the anecdotal evidence that resorts hire foreign migrant male workers, most commonly from Bangladesh through third party contracts and sometimes as direct employees. These foreign migrant workers work on a regular or temporary basis, commonly in operations departments of the resort, such as landscaping, food and beverage, cleaning, gardening, stewarding, or as security guards. Casual workers are hired by resorts for service areas during

peak season and festivals. Consultations undertaken with industry stakeholders to validate the preliminary findings of the assessment indicated that some resorts hire as many as 10 to 30 percent of the total workforce in the resort, as third party contract workers work for cheaper wages and are excluded from benefits such as service charge earnings and other allowances. The resort management survey shows that arrangements for casual migrant workers during the COVID-19 crisis varied by resort.

#### ARRANGEMENTS FOR CASUAL MIGRANT WORKERS



In-depth interviews held with resort employees indicated that, while none of them were themselves third-party contract employees, most the employees working for third party service providers in their respective resorts lost their jobs, including the migrant casual workers. These interviews also highlighted that many migrant workers were sent off to neighbouring inhabited islands and Malé city, which cut them off from free food and proper shelter, and exposed them to deeper vulnerabilities and insecurities. This is especially dangerous during a crisis period, as evident from the high ratio of migrant workers who had to be sent off to quarantine facilities resulting from positive cases, and some, whose lives were lost during the crisis. The crisis also exposed the many undocumented migrant workers trafficked into the country as cheap labour and hired by contractors for third party services, in the lucrative tourism industry and other industries. The employment adjustments reported by MSMEs in part III of the Rapid Livelihood Assessment validates the impact highlighted in this report on foreign migrant workers.

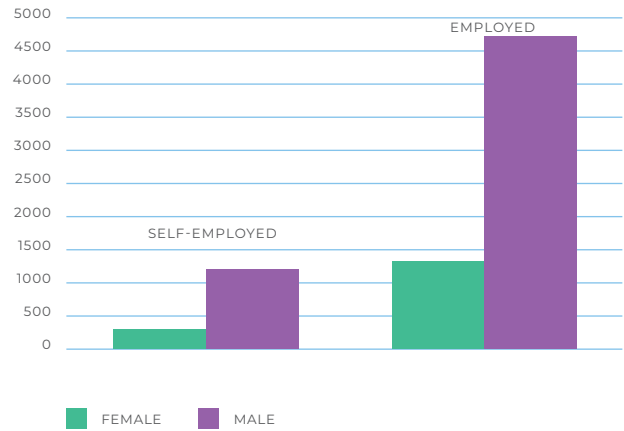
The JobCenter does not cover foreign employees and, hence, the impact of Covid-19 to migrant workers is not truly captured in the JobCenter data.

**(IV) SELF-EMPLOYED, FREELANCERS AND COMMUNITY VENDORS LOST THEIR LIVELIHOODS**

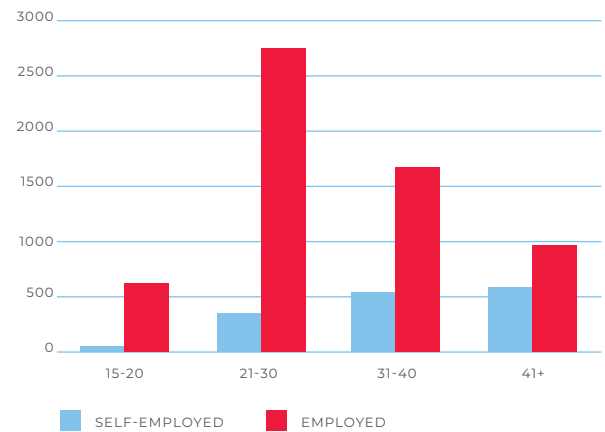
According to the 2014 Census, the informal sector comprised one third of the Maldivians employed, and the subsistence economic activities undertaken by women have not been fully documented. The informal sector, including the gig economy is likely to have grown in the past six years and reduced income vulnerabilities for several people. Findings from this assessment also show that an absence of formal contracts, lack of documentation, and the informal nature of the work undertaken by freelancers make it difficult to prove income loss, and would have restricted freelancers from reporting in the JobCenter. These freelancers are largely found in the arts, recreation and entertainment sectors, often providing services to resorts. In contrast, the high reporting from taxi drivers amongst the self-employed people might have been possible due to the cooperative nature of operation that exists amongst taxi drivers and amongst the taxi centers (employers).

The JobCenter data shows that two out of every ten individuals who reported income loss are self-employed (20 percent self-employed men and 18 percent self-employed women), and most are over the age of 30 years. (Figure 14). Self-employed people are highest amongst the impacted 41+ age group (Figure 15).

**Figure 14 Reported cases by self-employed and employed by gender**

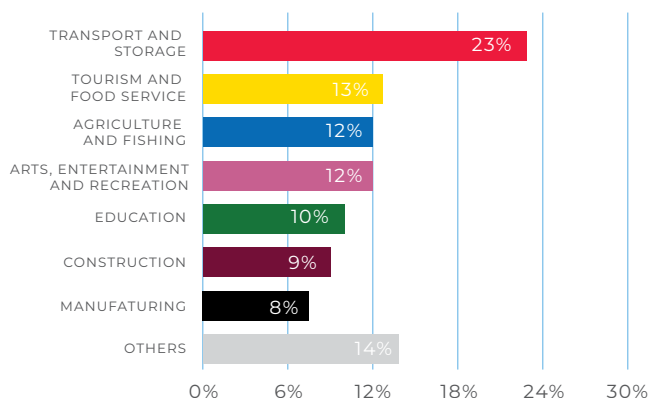


**Figure 15 Reported cases by self-employed and employed by gender**



Amongst the self-employed, most people who reported impact are in the transport sector (23 percent), followed by tourism and food services (13 percent), agriculture and fisheries (12 percent) and arts, entertainment and recreation (12 percent), as seen in Figure 16. About 43 percent of the impacted self-employed people have worked for over 5 years while 23 percent have worked for 2 to 5 years and 15 percent have worked for 1 to 2 years (Figure 17). The recovery of income for self-employed seems unpromising, with the forecasted slow recovery of tourism and tourism-dependent sectors, such as artists and creative groups, whose incomes depend on resort operations and social occasions.

Figure 16 Impacts to self-employed across sectors



Income loss amongst the self-employed people who reported on the JobCenter shows that more than half of the self-employed (52 percent) earned income over MVR 15,000 (\$973), while 27 percent of self-employed people earned between MVR 5,000 to MVR 9,999 (\$324 - \$648), and 17 percent earned between MVR 10,000 to MVR 14,999 (\$646 - \$973) per month (Figure 18) which has been lost due to the COVID-19 crisis.

Figure 17 Impacts to self-employed across employment durations

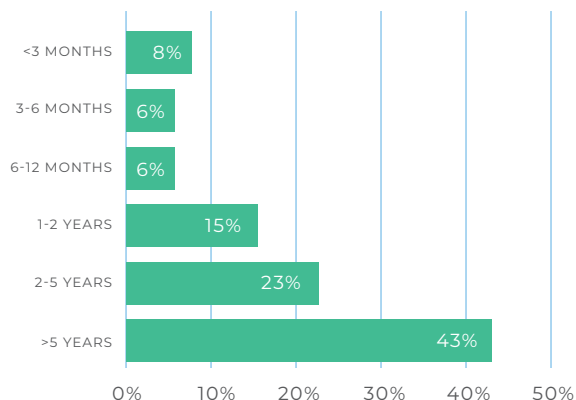
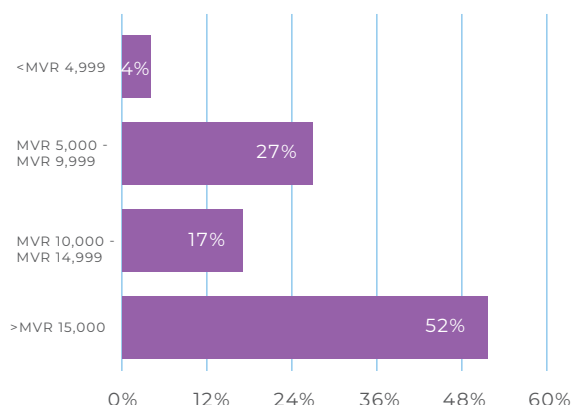


Figure 18 Impacts to self-employed across income levels



The resort management survey showed more than 500 freelance workers providing services to the surveyed resorts, which indicates the high number of freelancers working with and dependent on income from resorts. Findings indicate that, before the COVID-19 crisis began and the resorts shut down temporarily, several resorts were working with music bands, DJs, boduberu groups (traditional Maldivian music and entertainment), and photographers freelancing in arts and entertainment field. About 38 percent of resorts worked with music bands, while 35 percent worked with DJs, 20 percent of resorts worked with both boduberu groups and 26 percent resorts worked with photographers. JobCenter data show that those impacted in arts, entertainment and recreation sector are amongst the highest income earners compared to those impacted in other sectors. Most of the people in this sector work as freelancers and reported an average monthly income of MVR 14,521 (\$942), indicating the significant loss in income.

With regards to food suppliers, the resort management survey indicated that more than 6 out of every 10 resorts were getting their fresh fish supplies from local community vendors. Resorts also had vegetables and fruit suppliers and other local vendors supplying cooked food, most commonly women who provide 'short eats' and 'roti' for the staff canteen and sometimes for the tourist buffet. Some resorts also said their chemical supplies and waste transport service were outsourced to community vendors/suppliers.

#### 79% RESORTS WORK WITH FREELANCERS



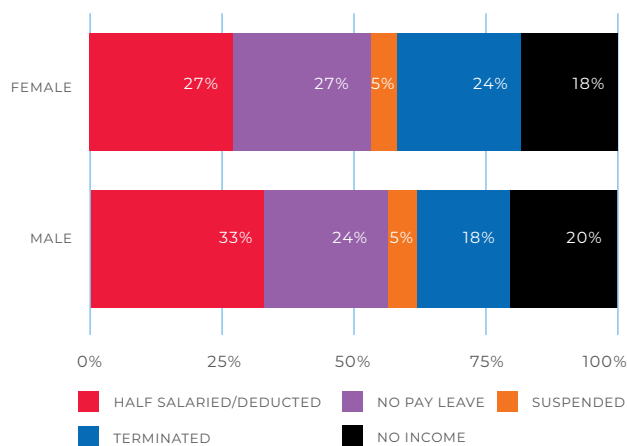
The resort management survey shows that free lancers/ local vendor service providers lack income security as the majority work based on mutual understanding, with no formal contract. This exposes most freelancers and suppliers of services to income vulnerabilities in crisis situations, without any safety nets or supporting documents to access benefits through government support programmes. Although the majority of resorts said they would continue with the services with the freelancers; since most services are offered upon demand, and there is not likely to be any demand when resorts are shut down, the short-term income opportunities for freelance workers and some vendors look unpromising, with low occupancy forecasts and therefore low demand in the tourism sector.

**(VI) GENDERED IMPACTS ON EMPLOYMENT;  
WOMEN WERE DISPROPORTIONATELY  
AFFECTED**

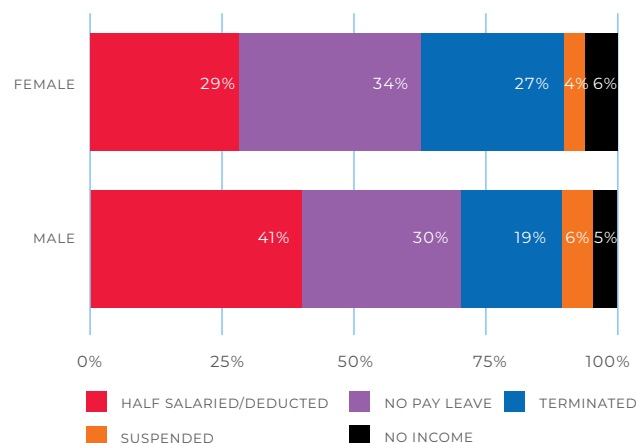
The JobCenter data shows that 79 percent (5,914) who reported being impacted were men, while 21 percent (1,602) were women. Amongst those who reported in the tourism sector, 87 percent were men and 13 percent, women. It should be noted that a higher proportion of employed women are in the public sector such as in education, health services and financial services. The under-representation of women compared to men in the JobCenter may be due to several reasons. First, a majority of women in the working age group are out of the labour force, due to unpaid care work responsibilities. Second, the majority of employed women work in the public sector and, as noted earlier, public sector employees did not face dismissals, rather salary cuts across state institutions and Government, that have been enforced months into the crisis. Third, according to the Census 2014, female representation in the informal sector is high, which is again not reflected amongst those who reported on the JobCenter, as reporting on the JobCenter required formal documentation. JobCenter data show that women were earning less income compared to men. Analysis shows that fewer years of work experience and women’s employment in lower paying occupations are amongst the reasons for low reported income for women on JobCenter. The 2016 HIES shows that a pay gap exists between men and women amongst the employed population.

The JobCenter data for all sectors show that redundancy and complete loss of income was higher for women than men. About 55 percent of women compared to 47 percent of men reported redundancy (Figure 19 – all sectors). The gender difference is even higher when the tourism sector data on JobCenter are analysed. According to the JobCenter data on the tourism sector, 65 percent of women faced redundancy, while the same was true for 54 percent men (Figure 19 – tourism sector). This reveals the higher vulnerability of young women to employment risks. Furthermore, the risks of losing vital work experience and professional development time, that would enable income independence, leads to financial insecurity of women in the future.

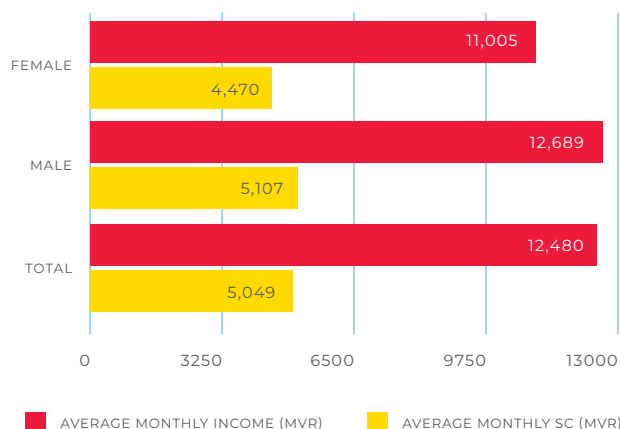
**Figure 19 Redundancy and income loss impact by gender and income comparisons**



*JobCenter data - all sectors*



*JobCenter data - tourism sector*

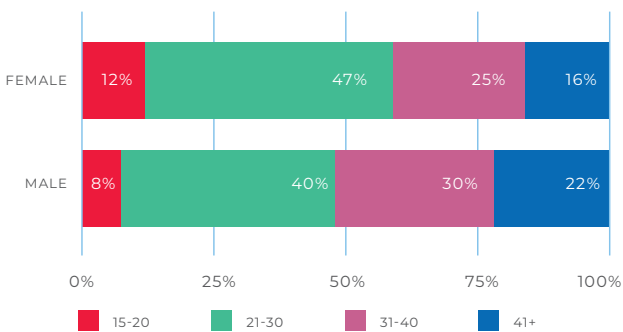


*JobCenter data - tourism sector*

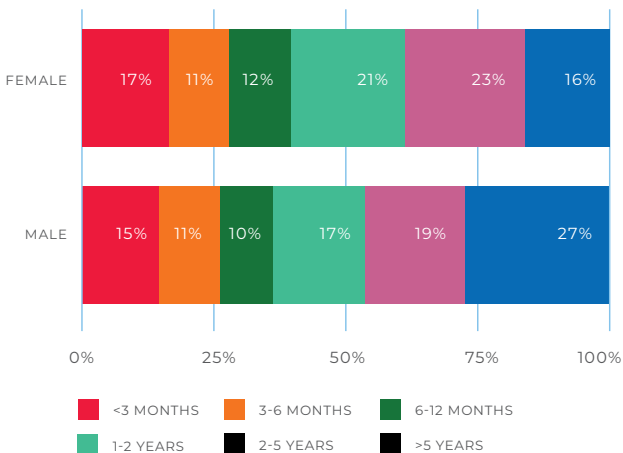
The redundancy of women also risks driving many young women out of the labour force altogether (see discussions in the previous section on the labour market trends and low labour force participation rates among women). The JobCenter data show that the ratio of redundancy-impacted men between 15-30 years and men made redundant over the age of 30 years is 48:52. This is significantly lower than the redundancy ratio of women in these respective age groups, which is 59:41, indicating a fall in women’s employment with age (Figure 20). According to HIES data, women’s labour force participation rate starts to fall from 30 years onwards in Malé and, in the case of atolls, falls between 30-34 and increases at a slow rate until 60 years, before starting to fall again.

The gender comparisons on the JobCenter data also show that the ratio of women who are impacted with duration of work below 2 years and above 2 years is 61:39, whereas the ratio across the same age groups for men is 54:46. This indicates that the younger age group of women are in jobs who have been impacted, exposing them to more vulnerabilities (Figure 21).

**Figure 20 Reported cases by gender and age groups**



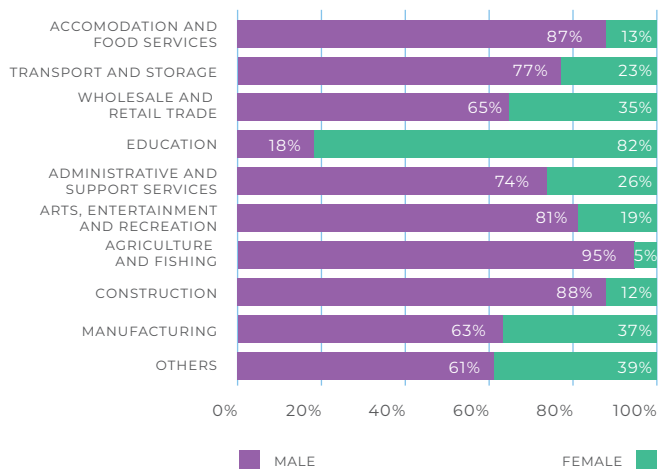
**Figure 21 Reported cases by gender and contract duration**



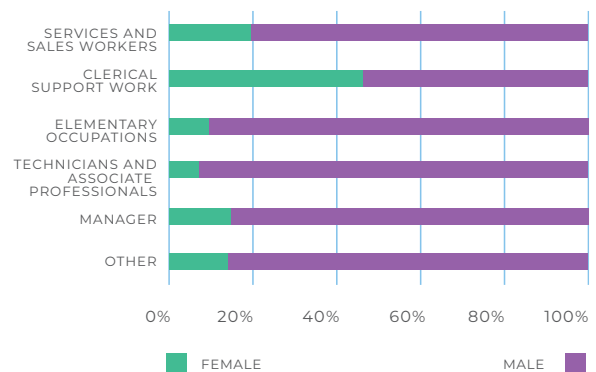
Gender comparisons across occupation groups impacted showed more than 8 out of every 10 people impacted in the education sector are women. Likewise, the ratio of women impacted in industries in the ‘other’ category (health sector, household activities and professional services) are higher. The ratio of men impacted from the rest of the industries is higher - more than 93 percent of those impacted from agriculture and fisheries, 88 percent from construction, and 87 percent from tourism and food services, are men (Figure 22).

Gender comparisons across the occupational groups show that the ratio of men compared to women impacted is higher across all occupation groups. The gender ratio difference is lowest in the clerical and support work group which has a man to woman ratio of 53:47 (Figure 23). These gender dimensions reflect the difference in gender composition across industries and type of work.

**Figure 22 Reported cases by gender and occupation groups**



**Figure 23 Reported cases by gender and type of work**



## OTHER IMPACTS ON EMPLOYEES - SPECIFIC TO RESORT EMPLOYMENT

Beyond the key impacts on employment discussed above and the in-depth analysis of groups most vulnerable to employment impacts, the following outlines some of the other employee concerns and impacts that were experienced by those working in resort establishments, particularly at the early stage of the crisis.

### IMPACT ON EMPLOYEES DURING THE INITIAL STAGE OF THE CRISIS (FEBRUARY – MARCH 2020)

**Travel ban to and from resorts at the onset of the COVID-19 crisis affected employee movement the most.** As a result of the travel ban to and from resorts announced on 14 March 2020, the resorts were affected by the restricted movement of employees. This varied across resorts, depending on several factors. Some experiences from resort survey findings show challenges, such as the unexpected announcement and short notice given to resorts, giving them less than 3 hours to manage staff transfers for those out of resorts to return. This affected many employees who were on vacation and as a result several employees in their home islands and Malé couldn't get back to their resorts. Likewise, some staff who had family emergencies and other urgent personal matters to attend to were deprived of those for a prolonged duration. Operational challenges, such as workers who commute daily/weekly from their home island being restricted to reside on the resort, affected employee morale and mental wellbeing, which had to be managed by resorts on top of other persistent issues. The impact of these staff residing on the resort also caused additional cost burden for resorts, which was not forecasted. Employee morale was also affected, as resorts could not organize transfers for employees who wanted to go on leave. Furthermore, resorts also had to organise new flights for employees who had previously applied for leave during that period. Some resorts with licenses to operate as joint properties faced challenges in providing services across the properties. Lessons from these experiences show the disconnection between the decision-making authorities in Malé and the tourist resorts and other tourism establishments, and could result to huge social and economic implications, for both resorts and the employees.

**Several employees felt disconnected and left out, with delayed communication about their leaves and job security.** In-depth interviews undertaken with resort workers indicated that, although they were informed of the resort management's decisions for the three month period, resort managements had no formal conversation, negotiation or communication when the decision was made regarding the pay packages or leave arrangements for the duration of resort closure. Some informants talked about not having a choice when the decision was made. For instance, one informant talked about desperately trying to get back to the resort in February 2020, as the informant was at that time on a short no-pay leave away from the resort. The management of the resort asked the informant to remain on no-pay leave, with no further avenue for discussion. Seven informants who were, at the time of crisis, not residing on the resort indicated confusion with the communication they received and expressed concern that there was no official communication at all. These informants echoed feelings of isolation and disconnect from resort management and the need for belonging during a time when certainty of employment was most needed.

**Employees, especially in front line services, felt the high risk of disease exposure and some felt that adequate precautionary measures were not taken by employers.** As per some resort managers from the resort survey, health and safety of the team members was a priority for their resorts. Those resorts expressed implementing improved hygiene standards, procedures and conducting employee trainings. However, in depth-interviews held with 31 resort workers representing 13 resorts indicated mixed results. While some interviewees said that resorts took HPA guidelines and precautionary measures seriously, others indicated that the management did not prioritize the health and safety of employees. One interviewee gave the example of their management not attending to the meeting held between management level employees organized by HPA with support from Ministry of Tourism, saying that it was too short-notice. This, according to the interviewee, was proof that the management did not take safety issues seriously at the time of the disease's onset in the Maldives. Others also highlighted that precautionary measures and hygiene practices introduced in their resorts were limited because there was no positive case of the virus in most resorts.



Out of 31 interviewees, 14 expressed concerns relating to their role and proximity for exposure to the virus. Their concerns ranged from being in contact with a person who may not have had any symptoms, but with the possibility of carrying the virus and in turn infecting their own family members; to having to shake hands with guests; and providing services without proper safety measures, such as wearing masks, gloves and using sanitizers. Interviewees also talked about roles where they worked interchangeably as an airport representative, a room boy or boat crew, waiter, or diver, and how those increased their exposure to the virus. Two interviewees indicated that there were fitting social programmes organised by the resort management to keep the employees on the resort appropriately occupied for their mental wellbeing. These experiences of resort managers and employees show the need for a well-planned, thoroughly implemented approach in service delivery across all resorts and tourism establishments when resorts prepare for resuming operations. Otherwise, poor planning might cause disruption to services and cost lives, when the world is still early stages of discovering the disease and all its effects.

**A third of employees remain on the resorts during the period the resort is operationally closed.** The resort management survey showed that, on average, 37 percent of employees would remain on the resorts during the three months April-June 2020 or period of closure. In-depth interviews with resort workers indicated that in most resorts a 'core operational team' was selected to continue working on the resort during the closure, mainly on maintenance areas. This ranged from 35 to 70 employees. The core team would receive a reduced salary. One of the female informants indicated that she felt uncomfortable staying in the core team, as it would mean she would be the only female worker on the resort. Similarly, informants cited wanting to spend the time with family instead of taking a reduced salary to stay on the resort. One interviewee indicated a case of 'voluntary resignation'. The employee was given two options, either stay in the resort with 50 percent of the basic salary deduction or resign. He resigned due to the unsatisfactory terms, and conditions in the resorts.

**Employees relocation** - Findings of the resort management survey indicate that most resorts covered travel cost for all the payroll employees to return to their home islands/countries. Only 9 percent of resorts interviewed stated that they were covering transport costs of some employees. This supports the findings from the in-depth interviews. Feedback from interviews with employees indicated difficulties in being able to travel to their home islands, due to disruptions in inter-island transport services.

Feedback from in-depth interviews also showed that most of the local employees based on the resort have their families on their home-islands surrounding the resort, with only a handful who are known to have their families living in Malé. All respondents were already relocated on their islands when the interviews were held. Most of them travelled back to their home island in early April 2020. According to the interviewees, most of the expatriate employees were stranded on their resorts, owing to the border closure and travel restrictions, while others managed to fly back to their home country through special flights that were arranged.

# RECOMMENDATIONS

The following recommendations focus on mitigating the negative impacts of the protracted economic crisis associated with COVID-19, in the short term. The second part of this section proposes an economic recovery framework that is to be implemented in the medium to longer term.

## RECOMMENDATIONS FOR THE SHORT TERM (6 MONTHS)

**Key recommendation 1: Implement immediate support for those directly affected.** The initial feedback received during the assessment indicated that the resorts will be closed for three months and the waiting period would be until end of June 2020. However, the current forecasts show that the economic recovery will be much slower than initially anticipated and will prolong for another year or more. The findings show that this will increase the level of redundancy and unemployment within tourism and across all sectors. It is therefore critical that the Government continues to reach those affected and provide a range of support services. Critical support services include:

- Psychosocial Support (PSS), personal development and coaching for those who have registered in the JobCenter.mv.** The assessment shows that employees are going through high levels of stress, due to the impact on employment, and that they do not have any plans beyond expectations to return to work to resorts when operations resume. It is recommended that all those who register in the JobCenter.mv undergo counselling support covering PSS, personal development and values coaching, to assist them to navigate through the waiting period. This can be facilitated in collaboration with private sector service providers.
- Scale-up higher education and skill development opportunities, targeting those affected.** Training programmes can be provided in a range of areas and can be delivered online and for free. For online courses, it is important that the Government ensures internet access and affordability for those taking part in the programme, in collaboration with telecommunications partners. The recruitment of those affected should be directly done by the training institutes, in collaboration with the Ministry of Higher Education through a large-scale outreach programme where every single individual in the JobCenter.mv is contacted and counselled on their training path.
- Academic courses for young women and men.** The assessment shows that that majority of those affected are young (below 30 years of age) and many that were interviewed expressed interest to participate in hospitality-related trainings. Young people should be offered the opportunity to pursue academic courses of interest offered at the Maldives National University and/or any other higher education institution.
- Skilling for those working in service areas, low skilled jobs and those employees that had probation contracts.** The assessment indicated that those working in service areas and low skilled jobs, and those that had probation contracts, were most affected in terms of overall impacts on employment, and specifically with respect to employment dismissal. Short courses in the area of F&B, language courses or other specialized skilling can be targeted to these groups.
- Upskilling Maldivians into middle and upper management positions and professional categories.** Given the departure of foreign employees and concerns of resort managers about their ability them to return when borders re-open, there exists an opportunity to utilize the waiting period for upskilling

Maldivians to fill in jobs held by foreign expatriate workers. This is particularly important at middle management and upper management levels, which would be beneficial from the point of view of business continuity, as more Maldivians in management positions will increase the resorts' operational continuity, even in circumstances where foreign expatriate workers have to be evacuated. Therefore, the crisis provides entry points to increase the role of Maldivians in resort management, which can be achieved through targeted skilling required for management roles. This can be delivered in partnership with businesses and associations, such as the Maldives Association of Human Resource Professionals (MAHRP).

- Training and job matching tailored to new job profiles that might be relevant to the new normal operation, such as health and safety and ICT related work.** This crisis has shown that resorts, guest houses and businesses in general require new job profiles and job categories, that could potentially absorb some of those unemployed from the crisis. Emerging professions in the post-Covid context include health and safety officers, biomedical technicians, ICT and e-commerce experts, data and monitoring officers, mental health counsellors, Business Continuity Planning (BCP) advisors/specialists, creative media and agro-technology expertise. It is recommended that current training programmes tailor these new normal requirements and that these trainings are offered to those who report redundancy. Similarly, current students who are completing training programmes in these areas should be directly linked with employers through job matching services.

**Key recommendation 2: Upgrade JobCenter.mv services and ensure current support systems are adapted to a context of slow economic recovery and protracted crisis.** The Government established the online job portal JobCenter.mv and facilitated the registration of employees that were affected by the crisis from a very early stage. Given that the current design and operation of the job portal serves mostly for the purpose of providing immediate relief in response to the crisis, it is critical that the JobCenter.mv services be upgraded and made more comprehensive to respond to the new reality of prolonged economic crisis and the rise in unemployment trends that are predicted in this report. Key actions to be taken include:

- Ensure JobCenter.mv registration continues and is developed further into a formal system for tracking unemployment and for generating labour market intelligence for both the Government and private sector.** This will ensure frequent reporting on job losses and regular monitoring of the employment situation, so that corrective measures can be implemented in a timely manner.
- Introduce job matching and career counselling services through the JobCenter.mv for those whose employment is affected.** This is critical, given that the impact on employment is likely to be prolonged beyond the 3 month period of resort closure. This can be done in partnership with various organizations that are currently taking up the task in one form or the other. For example, during the pandemic, several island councils have introduced registration and support services for unemployed. Feedback provided to the assessment team by the Ministry of Tourism indicated that they are developing a mobile application for interacting with tourism sector employees on their employment issues. Similarly, start-up companies such as 'Jobsicle' and many other platforms provide support services. The Ministry of Economic Development should ensure that the JobCenter.mv connects all service providers to provide counselling and job matching support in a coordinated manner.

- I Develop separate features for registration of freelancers/self-employed entrepreneurs and informal workers within the JobCenter.mv.mv.** The findings of the report show that self-employed and freelancers are amongst the worst affected due to the sudden loss of income and livelihood with limited social protection and livelihood protection that they have, as most work on ‘mutual understanding’ basis. Similarly, the findings note the data limitation on most informal workers and home-based workers, as many do not register with JobCenter.mv due to lack of formal documentation, despite experiencing income losses. While the current portal allows for registration of self-employed and freelance workers, it is recommended that a separate feature is developed within the JobCenter.mv platform for registration of self-employed freelancers and informal workers. The registration should be done through a nationwide outreach programme which can be delivered through island councils, NGOs and through employers. With comprehensive registration, these vulnerable groups can be provided with more tailored support services such as job matching, contract negotiation, and talent promotion.
- I Ensure that JobCenter.mv is institutionalized and that it establishes a network of service providers at the local level** through NGOs and various Government outlets such as youth centers, community centers and the island councils. Given that the impact population is expected to increase in the coming months, it is recommended that JobCenter.mv conducts outreach at the local level and that those worst affected are connected to some form of a support service through local outlets.
- I Identify and facilitate job transition for those affected from tourism to other employment areas such as fisheries, agriculture and the Government’s Public Sector Infrastructure Programme (PSIP).** It is recommended that the JobCenter.mv conducts targeted job matching and employment transition programmes for those affected to areas where employment generation or manpower is needed. Similarly, this service should attempt to identify ways to engage affected employees in community-based activities. The findings show that a large number of resort employees have relocated to their home islands due to the resort closure. The in-depth interviews held with those registered in the JobCenter.mv indicated that they are willing and interested in community-based activities and informal work when the lock down eases. The government can mobilize this available manpower on the islands for emergency response work related to COVID-19, for developing community-based infrastructure and for launching alternative livelihood schemes such as agriculture.
- I Introduce contract negotiation and familiarization services for employees on the employment law and redressal mechanisms.** The assessment indicated that many of the resort employees, while having seen their contract documents, were not fully versed on their terms offered and legal aspects. The online job portal services can be enhanced to provide awareness building, one-on-one counselling on contract negotiation, and familiarization with employee rights. Similar services can be extended to Human Resource (HR) professionals.
- I Increase advocacy on employment rights.** Continuous advocacy on employment and labour rights, targeting employers and employees, shall be implemented in collaboration with development partners, NGOs, the Human Rights Commission of the Maldives, business and employee associations.

**Recommendation 3. Harmonize income support scheme with labour market services and expand the programme in the context of slow economic recovery to mitigate the impacts of the protracted crisis.** The government has introduced income support to those who have lost jobs and incomes with a monthly cash benefit of MVR 5,000.00 for the period of April to June 2020. The assessment findings validate the need for income support, given the substantial income losses experienced by the majority of employees, including those that were put on some form of a paid leave during the past months. Building on this support and complementing the efforts of the labour market services discussed above, it is recommended that social protection support be strengthened for the longer term. The prolonged impact on employment is forecasted to extend much beyond June 2020 and will take a year or more for normalizing. The recommendations made in this light are:

- Expand the income support programme in collaboration with business actors and development partners. The programme should open a second window for informal workers and self-employed freelancers with requirements that are favourable to these vulnerable groups.** The government initially introduced the income support programme for 3 months (April-June period) but it has now been extended for another three months with more relaxed eligibility requirements. Given that a large proportion of the employed population have lost substantial portion of their incomes and given the slow economic recovery forecasts, it is recommended that to prevent a rise in poverty, additional funding be secured for the scheme in collaboration with business actors and development partners so that it can be implemented until job recovery takes place.
- Ensure that the income support is complemented with job market services from the JobCenter.mv.** In order to facilitate the timely graduation of those affected and receiving income support into productive employment, it is important that those on income support receive job matching, career counselling services and that they are encouraged to become active job seekers. If this

is not carried out in parallel, it is likely that many will become dependent on income support and lose interest in actively seeking employment, which will add to the financial burden of the scheme and, in turn, limit its coverage.

- Facilitate establishment of an investment fund for health and other types of insurance for tourism employees, to mitigate employment impacts in future crises.** The findings of the report show that employment impacts were most pronounced in tourism and tourism-related sectors, including those working in service areas and F&B. Given the heavy reliance of the economy on tourism and its exposure to external shocks, the pandemic has shown the importance of employment stability and resilience in this sector. It is therefore recommended that the Government discusses with insurance providers and industry stakeholders to explore the feasibility for a well-regulated fund for employees through employer and employee contributions such as a monthly 'health and social payment', to be used by employees in contingencies and for human resource development. The fund can be supplemented with annual governmental contributions.

- Design a remittance bond or savings product targeting foreign and local employees working in the tourism sector.** The findings of the report indicate that employees had limited savings to allow themselves to cope with the impacts of the crisis. It is therefore recommended that a remittance bond or savings product be introduced to employees in the tourism sector. Opening the scheme for foreign employees could help minimise the outward remittance and foreign currency flowing out of the country.

**Recommendation 4: Accelerate labour governance reforms:**

The impacts of the crisis and response have exposed several weaknesses in the institutions and policies related to labour governance. The following recommendations are made with respect to labour governance reforms, with a view to strengthening the institutional response to labour issues in the future, building on the various steps taken by the Government in response to the crisis.

- Strengthen labour monitoring by the Labour Relations Authority (LRA).** The assessment highlighted several issues that might potentially conflict with the employment legal framework. Examples include the existence of temporary contracts, even when employees have completed two years of service with a given employer; employees with probation and or ‘internship’ status contracts, even if individuals have completed the three months’ probation period; and a lack of discussion and dialogue when employees were given redundancy notice. These issues indicate the need for improved capacity of the LRA to undertake labour monitoring, particularly in the context of crises where labour issues are likely to magnify.
- Ensure that health and safety standards are met by employers through effective enforcement mechanisms.** The findings of the report highlight the various concerns of employees, particularly those who work in the front office and service areas of the tourism sector. While recognising that guidelines have been formulated by the government for new normal operations, it is also important for the guideline document to be a live document regularly reviewed and improved, based on the situation. The LRA should conduct regular compliance checks on business operations and ensure that a well-trained health and safety workforce is in place to work in the new-normal environment.

**Improve labour standards in third-party contracting undertaken by resorts and eliminate the engagement of ‘irregular’ or ‘undocumented’ migrant workers in the tourism industry.**

The assessment has brought to light the large number of employees that are contracted through various third-party agents to carry out services of resort operation. In particular, several services relating to resort cleaning, maintenance and landscaping engage a high percentage of unskilled foreign expatriate labour from developing countries in the South Asia region, most notably Bangladesh. Feedback received from resort employees interviewed in this assessment indicated that they include both legal and undocumented migrant workers and that most were made redundant with no job security or protection when resorts started closing. The resort management survey findings validate potential redundancy of the third-party workers, although resorts themselves do not track or monitor how third party contracted employees are managed. Given that the crisis has exposed various issues around the lack of protection for unskilled foreign expatriate workers, the following interventions are proposed as part of this assessment’s recommendations: (a) the government should commit resources to put an end human trafficking, by strengthening the capacity of the institutions responsible for monitoring the foreign expatriate population and institutions responsible for investigating trafficking; (b) develop a national voluntary charter of standards for treating unskilled foreign expatriate workers (or migrant labour force) and undertake national-level advocacy with NGOs and business associations to promote these standards; (c) LRA should certify third-party service providers and recognize those service providers that meet the standards, so that potential contractors, such as resorts, could give preference to LRA-certified third parties in the future; and (d) LRA to randomly monitor the clauses of the contracts signed between resorts and the third party agents, to ensure that minimum labour standards and requirements are stated in the contracts and enforced by the resorts.

**Address underlying issues within the labour sector, such as legal reforms and institutional capacity building to combat human trafficking.**

The consultations held with the government, private sector, business associations and employee associations to validate the findings of this research indicated that underlying issues affecting employment and labour need to be addressed to provide permanent or long-term solutions to the problems that have been magnified during the crisis. Two important reforms proposed by the stakeholders include strengthening the employment law and the capacity of institutions investigating human trafficking. Reforms to the employment law include general amendments needed for ensuring employee wellbeing, job security and safety and specific amendments to include a chapter on 'redundancy' and a chapter on 'health and safety'.

**Invest in a national statistical system and strengthen legal framework for statistics.**

Prioritise providing adequate resources to ensure the labour market and business statistics required to monitor the economic recovery are made available for evidence-based decision making.

**Introduce a regular labour force survey.**

Availability of timely and comprehensive data on labour force is critical to assess the medium and longer-term impacts and pace of recovery from the impact of COVID-19.

**Improve administrative data systems and data quality.**

Existing administrative data maintained by the Ministry of Economic Development, Ministry of Tourism, MIRA, Maldives Immigration, Maldives Pension Administration Office and the National Social Protection Agency (NSPA) need to be standardised with common coding systems. Inter-operability of the systems will allow data-sharing mechanisms across relevant agencies, to enable the generation of comprehensive, reliable and timely employment and business statistics (employment by industry and occupation, gender, nationality, locality, by firm size etc) at the required level of disaggregation.

**Recommendation 5: Improve planning and decision making - strengthen and streamline the labour force statistics.**

The assessment process and research execution illuminated limited data availability on employment, including data on resort employment. The lack of data prevents accurate job forecasting and planning for employment creation and skill development. Stakeholder consultations also indicated that data is poor partially because data collection is done ad hoc by various agencies.

**Revise tourism statistics regulation to include regular data collection on employment statistics in all types of employment,** which will be reported to one single agency. The aim should be to harmonise tourism employment contracts, employee data management, grievance, awareness and monitoring through one agency responsible for tourism employment. This should include employee data of third-party contractors and freelancers engaged by resorts on a regular basis.

**Conduct regular business surveys and maintain an updated statistical business register.**

Business surveys targeted to key industries such as tourism, construction, and trade need to be conducted regularly to improve national accounts and national statistics. In the absence of a proper business register, there is no sample frame that can be used to select a representative sample and raise the available data to the business population.

**Produce a Tourism Satellite Accounts (TSA) for the Maldives.**

A TSA, with relevant data gathered to study the direct and indirect benefits of the industry and impact on employment, is essential to the Maldives, which is heavily reliant on the tourism industry. This is a critical resource and statistical tool that can be used to understand the inter-linkages of the industry and to quantify the contribution of tourism to the economy and society.

**Recommendation 6: Design and implement a collective strategy to revive the tourism sector for the upcoming high season (October 2020-March 2021).**

Given the heavy reliance of the economy on tourism, the restoration of employment and rehabilitation of MSMEs depend to a large extent on the recovery of the tourism sector. Despite the reopening of the Maldives border in mid-July 2020, tourist arrivals remain extremely low. The Government, in collaboration with all actors, needs to develop a coordinated strategy for tourism recovery for the upcoming high season of arrivals. October to March is typically the peak travel season for the Maldives and the period typically generates more than 50 percent of arrivals. Therefore, it is critical that the country is equipped to attract visitors and manage travel for the upcoming peak season. To achieve this, the following actions are recommended:

**Establish a business task force for revitalizing tourism.** The Ministry of Tourism should facilitate a collaborative working platform with the business community through setting up a business task force for travel and tourism recovery for the Maldives. The business taskforce should include representatives of the private sector, business associations and employee associations.

**Conduct collective destination marketing.** While recognizing the advantages of the unique ‘one island one resort’ concept in the Maldives, acknowledging travel is a challenge to many visitors given the disruptions in airline industry, and understanding visitor sentiments to travel to safe destinations; it is vital for the government to partner with travel industry stakeholders to formulate a strategic destination marketing and promotion plan for the tourism recovery process. A unified strategic approach is important for faster recovery across the properties instead of singular efforts by tourism establishments, tour operators and airlines separately. A unified approach will benefit the industry as a whole and can facilitate efficient resource use allocation and better return on marketing investments. An intensified effort is needed to prepare businesses and services to match the expectations of visitors and bilateral arrangements are essential to boost tourism in the immediate term.

**Ensure testing, isolation and treatment capacity is developed across the atolls.** This can be co-invested by the Government and private sector and utilized by the visitor population and local population in each atoll. It is important that benchmarks are set and capacity is built across the atolls, to ensure both visitor and employee well-being and safety is guaranteed.

**Develop arrangements for rehabilitating guest house tourism.** This can be achieved through arrangements facilitated for domestic travel. Similarly, special arrangements can be made to attract digital nomads and those working from home to carry out long stays in the Maldives’ guest houses.



## RECOMMENDATION FOR THE MEDIUM TO LONG TERM – ‘BUILD FORWARD BETTER, BLUER AND GREENER’

Combined with the above-mentioned recommendations to mitigate the negative impacts of the protracted economic crisis, a medium to long-term recovery and development framework is being proposed as a final recommendation.

**An economic recovery framework based on the core principles of the Agenda 2030; resilience, sustainability and inclusion.** Building on the short-term recommendations, the medium to long-term recovery framework aims to convert the key vulnerabilities of the Maldives that were exposed by the COVID-19 crisis into opportunities for transforming its economy, to generate long-term benefits for the people and the environment. The key dimensions of the recommended recovery framework are:

**A more inclusive and sustainable tourism industry for the Maldives.** As tourism is the current driver of the economy and the main source of employment, transforming the tourism industry can build resilience of the population in the future. The Maldives’ exclusive brand leverage can be further consolidated by three key strategies proposed. The first strategy is to reduce onsite employees through establishing living and commuter facilities between resorts and neighbouring inhabited islands. Businesses and the government can jointly invest in developing selected islands in given atolls with housing/accommodation, schooling, day care, health and training facilities for resort employees and their families. This can unlock employment opportunities for those with barriers to on-site resort living, such as women. Investments in employee families can help to increase motivation, productivity and minimize employee turnover for resorts. This new model will also be conducive to managing health and safety standards, social distancing and exclusivity of resorts for visitors. The second strategy is to support the digitalization and automation of resort operation functions and facilitate a transition to virtual operations. The report indicates that 14

percent of the resident resort populations work in administration. By taking departments such as human resource management, procurement/purchasing, finance, administration, reservations and telephone operators online, resorts can minimize on-site employees, increase productivity and engage more diverse groups in employment, including women and persons with disabilities (PWDs) that have barriers to living onsite. The workforce management of the industry should prioritize decent wage, work life balance and upskilling Maldivians to create the next generation of business leaders. The third strategy is facilitating transition of the Maldives’ tourism into a low-carbon path. Echoing the World Bank Maldives Development Update of June 2020, it is important to facilitate private investments in renewable energy, especially solar photovoltaic technology within the tourism industry, promoting circular models of waste reduction, and management of food waste.

**A diversified economy and future of work integrating the blue, green, digital and care economies.** The pandemic has exposed the vulnerability of the economy due to its heavy reliance on tourism and due to the economy’s heavy reliance on imports, including food and fuel. Strategies proposed to overcome this include: (i) harnessing the blue economy, through sustainable fisheries and protection of coastal and marine resources; (ii) creating local green industries and entrepreneurship in the areas of clean and climate smart technology, developing solar powered marine transport, sustainable farming and developing circular models for existing industries; and, (iii) boosting the digital economy through a range of digital services and (iv) putting in place the necessary labour protection guarantees and affordable and quality care services to enable women to enter and remain in the labourforce. Policy, legal and financing incentives therefore need to be designed and put in place to unlock investments in these alternative growth sectors. Similarly, building the MSME ecosystem and ensuring its integration into these value chains through increased capital, training, technology, and research and development partnership is key.

- I A future of work and future of skills framework aligned with the diversification priorities.** The alternative growth sectors identified above will not take off unless a readily available workforce exists to carry forward the new industry ambitions. Skilling and re-skilling Maldivian women and men to integrate themselves to either work or conduct business within the value chain of the green, blue and digital economy is critical. This should include professional skill development in environmental and marine science, data science, AI and machine learning and ICT.
- I An integrated financing strategy for enabling recovery and transformation to sustainable development.** To unlock additional financing and to ensure that current financing generates impact towards sustainable development as envisioned in the proposed dimensions of the economic recovery framework, it is recommended that an integrated financing strategy be developed that explores the role of all types of financing flows, including the national budget, international development assistance, private sector participation and innovative financing. Some of the emerging innovative instruments in the financing landscape for sustainable development include those that could be highly relevant to the Maldives, including debt restructuring and debt swaps such as the ‘debt for nature’ scheme, blue financing, climate finance, blended finance and risk insurance, digital finance and impact investing that paves the way for social entrepreneurship. Similarly, while fiscal space is limited in the current context, an opportunity exists to make the right fiscal adjustments, prioritizing inclusive and sustainable investments and incentivizing the same for the private sector.
- I A more integrated, efficient and holistic social protection system based on the principles of universal basic income (UBI).** The crisis has exposed the vulnerabilities of the population, including the risks of households falling into poverty as a result of the impacts on employment. Existing income and wealth disparities are likely to increase. A strong social protection system is therefore key to ensuring that the most vulnerable are protected against future crises including climate-related impacts. The current social protection system includes a range of benefit schemes that are run for various target groups through different modalities and financing, and their effectiveness is yet to be determined. Old-age benefit schemes, such as monthly allowance by the state, overlap with a contributory pension scheme. New benefit schemes such as the unemployment benefit have been planned.<sup>25</sup> It is recommended that current schemes be revisited, to create a more holistic system where all vulnerable groups are covered with a basic income.

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<sup>25</sup> Government of Maldives Strategic Action Plan 2019-2023

# APPENDICES

## APPENDIX 1 - SAMPLING STRATEGY FOR RESORT MANAGEMENT SURVEY

For the selection of sample for resort islands, a weighed, two-stage, stratified sampling approach was used. In the first stage, resort islands were selected as primary sampling units from each stratum. The sampling frame for the resort islands was prepared using the list provided by Ministry of Tourism and the total number of workers in the resorts was obtained from the resorts.

Resorts were grouped by star category based on rating in bookings.com. Within the groups, systematic random selection was used to select the resorts, with probability proportional to the number of employed people per resort.

### SAMPLE FRAME

**Table 1. Distribution of resorts by star ranking**

ATOLLS	TOTAL NUMBER OF RESORTS	AVERAGE NUMBER OF WORKERS PER RESORT
REPUBLIC	145	310
3 STAR	5	235
4 STAR	43	318
5 STAR	97	311

The list of the name of the resort was obtained from Ministry of Tourism and the employment figures were collected from the resorts. The total number of workers working in the resorts was used to calculate the margin of error.

The Primary Sampling Units (PSUs) selected at the first stage are resorts, which are small operational islands. Each resort is considered as one enumeration block. A total of 145 resorts are in the country. These 145 resorts

were grouped by star category based on bookings.com. Table 1 shows the distribution of the resorts by star ranking.

**FIRST STAGE:** Selection of EBs

**Table 2. Allocation of resorts**

ATOLLS	TOTAL NUMBER OF RESORTS	SAMPLE NUMBER RESORTS
NATIONAL	145	40
3 STAR	5	1
4 STAR	43	12
5 STAR	97	27

At the first sampling stage, we selected the resorts systematically with Point Prevalence Survey (PPS) from the ordered list of resorts in the sampling frame. The measure of size for each resort was based on the number of workers residing in the resorts.

The final allocation of the selected number of resorts is shown in Table 2.

### DATA LIMITATIONS:

Although 40 resorts were targeted, only 34 resorts participated in the survey. The full set of data required to perform a staff retention analysis was not received by a few resorts. Resorts said that almost all payroll employees were retained, although that may not have been the case. The staff retention ratio should be used with careful caution, as there is no means to verify the data, and those retained might have been put on no-pay leave and may not be earning any income, but retain hope for re-employment, depending on operations. Also, JobCenter data show several people had claimed unemployment benefits resulting from income loss.

## APPENDIX 2 - SAMPLING STRATEGY FOR IN-DEPTH INTERVIEW OF RESORT EMPLOYEES

**Table 1. Employment status**

EMPLOYMENT STATUS	NUMBER OF EMPLOYEES	%
FULL SALARIED	31	4%
HALF SALARIED	107	14%
NO PAY LEAVE	316	41%
SALARY DEDUCTED	137	18%
SUSPENDED	61	8%
TERMINATED	124	16%
<b>GRAND TOTAL</b>	<b>776</b>	<b>100%</b>

The required data for sampling was obtained from Ministry of Economic Development (MED). The frame used was the online JobCenter data. The major characteristics of the frame are given below.

Based on Table 1, it is clear that most employees/cases in the database have been impacted significantly. This shows that the frame used has a similar characteristic and it is homogeneous in respect to employment situation or the degree of variability is smaller.

The ‘degree of variability’ describes the distribution of attributes in the population. The more heterogeneous a population, the larger the sample size required to obtain a given level of precision. The more homogeneous a population, the smaller the sample size required.

### SAMPLE SIZE

The sampling methodology for in-depth interviews with resort employees to explore the impact on resort employees uses a multi-stage stratified random probability design.

### PRIMARY SAMPLING UNITS – PSUs

The number of resorts was ideal to be used as PSUs for the first stage of selection. A total of 15 resorts were selected using probability proportional to employees. Before selecting 15 resorts, the frame was divided into 2 strata.

Stratum 1 includes the resorts which were selected for the resort management survey. Stratum 2 includes all other resorts. This stratification was important to justify the findings from the resort management survey (see Appendix 5.1)

In stratum 1, all the 8 resorts were selected with the probability of 1. And in stratum 2, 7 resorts were selected using probability proportional to size sampling.

### FINAL STAGE OF THE DESIGN

For the selected resorts, a maximum of 4 employees from each resort will be selected using SRS for the interview.

## APPENDIX 3- LIST OF KEY INFORMANT INTERVIEWS WITH RESORT EMPLOYEES REGISTERED IN THE JOBCENTER PORTAL

KEY INFORMANT #	MALE OR FEMALE	FACILITATOR TEAM (1,2 3)	METHOD - ONLINE (ZOOM) OR PHONE OR OTHERS	DATE
#01	Male	Team 1 (AR/FS)	Viber group call	22 April 2020
#02	Female	Team 1 (AR/FS)	Viber group call	22 April 2020
#03	Male	Team 1 (AR/FS)	Zoom	22 April 2020
#04	Male	Team 1 (AR/FS)	Zoom	22 April 2020
#05	Male	Team 1 (AR/FS)	Zoom	22 April 2020
#06	Female	Team 1 (AR/FS)	Viber group call	22 April 2020
#07	Male	Team 1 (AR/FS)	Viber group call	23 April 2020
#08	Male	Team 1 (AR/FS)	[agreed to a Viber call, but did not answer]	-
#09	Female	Team 1 (AR/FS)	Viber group call	23 April 2020
#10	Male	Team 1 (AR/FS)	Viber group call	23 April 2020
#11	Male	Team 1 (AR/FS)	Viber group call	25 April 2020
#12	Male	Team 2 (AS/SM)	Conference call	23 April 2020
#13	Male	Team 2 (AS/SM)	Conference call	22 April 2020
#14	Male	Team 2 (AS/SM)	Conference call	22 April 2020
#15	Male	Team 2 (AS/SM)	Conference call	22 April 2020
#16	Male	Team 2 (AS/SM)	Conference call	23 April 2020
#17	Male	Team 2 (AS/SM)	Conference call	23 April 2020
#18	Male	Team 2 (AS/SM)	Conference call	23 April 2020
#19	Male	Team 2 (AS/SM)	Conference call	24 April 2020
#20	Male	Team 2 (AS/SM)	Conference call	24 April 2020
#21	Male	Team 2 (AS/SM)	Conference call	25 April 2020
#22	Male	Team 2 (AS/SM)	Conference call	25 April 2020
#23	Male	Team 3 (AS/AN)	Viber	22 April 2020
#24	Male	Team 3 (AS/AN)	Viber	22 April 2020
#25	Male	Team 3 (AS/AN)	Conference call	22 April 2020
#26	Male	Team 3 (AS/AN)	Conference call	22 April 2020
#27	Male	Team 3 (AS/AN)	Conference call	22 April 2020
#28	Male	Team 3 (AS/AN)	Conference call	22 April 2020
#29	Male	Team 3 (AS/AN)	Conference call	23 April 2020
#30	Male	Team 3 (AS/AN)	Conference call	24 April 2020
#31	Male	Team 3 (AS/AN)	Conference call	24 April 2020
#32	Male	Team 3 (AS/AN)	Conference call	25 April 2020
#33	Male	Team 3 (AS/AN)	Conference call	

## APPENDIX 4 - LIST OF RESORTS COMPLETED – RESORT MANAGEMENT SURVEY

	MANAGEMENT TYPE	STAR RATING	INTERVIEW DATE
1	International	5 ★★★★★	10 April 2020
2	International	4 ★★★★★	10 April 2020
3	International	5 ★★★★★	10 April 2020
4	International	5 ★★★★★	10 April 2020
5	International	5 ★★★★★	10 April 2020
6	International	5 ★★★★★	11 April 2020
7	International	5 ★★★★★	11 April 2020
8	Local	4 ★★★★★	11 April 2020
9	International	5 ★★★★★	13 April 2020
10	Local	5 ★★★★★	13 April 2020
11	International	5 ★★★★★	14 April 2020
12	Local	5 ★★★★★	15 April 2020
13	International	5 ★★★★★	15 April 2020
14	International	5 ★★★★★	15 April 2020
15	International	5 ★★★★★	23 April 2020
16	Local	4 ★★★★★	26 April 2020
17	International	5 ★★★★★	27 April 2020
18	Local	4 ★★★★★	27 April 2020
19	Local	5 ★★★★★	29 April 2020
20	Local	4 ★★★★★	29 April 2020
21	International	4 ★★★★★	29 April 2020
22	Local	5 ★★★★★	30 April 2020
23	Local	4 ★★★★★	12 May 2020
24	Local	5 ★★★★★	25 May 2020
25	Local	5 ★★★★★	25 May 2020
26	Local	5 ★★★★★	25 May 2020
27	International	4 ★★★★★	26 May 2020
28	Local	4 ★★★★★	27 May 2020
29	Local	5 ★★★★★	28 May 2020
30	Local	5 ★★★★★	28 May 2020
31	International	5 ★★★★★	6 June 2020
32	International	4 ★★★★★	6 June 2020
33	International	5 ★★★★★	8 June 2020
34	International	5 ★★★★★	8 June 2020

## APPENDIX 5 – DETAILED QUOTES FROM EMPLOYEE INTERVIEWS

### BOX 1 VIEWS OF RESORT WORKERS ON WORK ENVIRONMENT

“The resort management did not attend the management level meeting organised by HPA and the ministry. They [management employees] said it was a short notice so could not attend; resort management was careless about implementing the precautionary measures. They did not take it seriously” (#12).

“We were not on alert. Some information regarding COVID-19 provided by the management but not much” (#17).

“No specific awareness or information provided by the management. Only once the resident doctor read out the points in the circular from HPA but no real awareness. Sanitizers were placed in different locations of the resort” (#18).

“The resort is run by an incredibly good company and well concerned about employee welfare. Management is very good to employees” (#20).

“In order to deal with COVID-19 pandemic, HPA- announcements displayed on the notice board. All employees were advised to use masks and gloves to maintain precautionary measures when attending rooms. Sanitisers provided in different locations. Information about COVID-19 and its precautionary measures were provided to all employees” (#13).

An airport representative expressed fear of catching the virus from the guests at the airport and the resort guests they had to greet. The informant stated that they did not have access to PPE: “A mask was provided during the last week of guest departure, no sanitizers even then!” (#9)

“Did not have enough protective measures, even when the guest became positive, the employees did not have enough sanitizers, and masks. Due to the fear of losing employment, employees worked without proper protective measures against disease. The management did not do enough when the resort was under orange alert” (#30).

### BOX 2 VIEWS OF RESORT WORKERS ON VOLUNTARY RESIGNATION

“The choice was given to stay in a resort and work for a 50 percent salary. Gardening and construction work, renovation work planned for the closed period. This would add up to around MVR 3,000 MVR (\$200) per month. This is not worth staying back for and having to work during Ramadan when the food is not good. This is not worth it especially when you have a family dependent on you and work under poor conditions in the resort” (#22).

### BOX 3 VIEWS OF RESORT WORKERS - CONCERNS FOR THEIR FAMILIES

“We have three people in the house who are in jobs, and two of them work in resorts, and they are all here, and one is also on unpaid leave. I have taken a lui express loan from BML, but am not paying (it back) at the moment. There are three months pending payment for this loan. If the bank asks me to pay, I will just say I don’t have money for it. In this house we get groceries from the local store on credit and pay later at the end of month. But if there is no flexibility, we can’t depend on it. If we are not getting any income, then it would be very difficult to manage” (#28).

“I was on probation period, 1.5 months in the resort, hence my contract was terminated. They said they will call when the resort reopens. But I am not sure about that. I am worried about how I will manage my expenses. I did not have much saved and I have three children, including a child with disability. I was not given the Ramadan bonus either” (#16).

“I did talk to the landlord about vacating. If I didn’t have to spend on rent, I can at least manage with the savings for a bit longer. But the property owner said they can’t give back the advance money. Tells me to bring new tenants” (#7).

“Wife is employed in the government sector and is getting paid full, which is positive... I am still an employee [of the resort], just on a no-pay leave because there is nothing the resort can do. If the resort cannot make an income, then we have to go for no pay. We can somehow manage for 3 months with cost saving measures.”

“Wife is in a government job, I want to try if I can get a job for these three months. I am still getting some income and not too many people depending on me... If it prolongs for more than three months, I will be forced to find alternative ways. For now, we are reducing expenses wherever we can... Government is also under a lot of stress and I understand immediate help cannot be extended” (Married male living in Malé: reduced pay package).

### BOX 4 VIEWS OF RESORT WORKERS ON POTENTIAL IMPACT ON COMMUNITY

“Lots of people are moving back to the island. This might double the resident population and there will be different mentalities. There could possibly be increased conflict. Lack of jobs [and income], especially when we see government employees getting paid, [this] might cause resentments” (#5).

“Home isolation at the moment, so everyone is at home. But when the lockdown is taken off perhaps crime may increase. Avashu [village] clash does exist” (#11).

“Anyone who was in a job and returned, would not engage in criminal activities. I don’t think it would affect the elderly; in my house we treat our parents well. I have no idea how this affects vulnerable groups. There might be some problems between husband and wife due to less income. I don’t see domestic violence or child abuse” (#33).

“Financial problems can lead to mental challenges. If one can’t provide for their family needs, there will be too many pressures on that person and mentally, this could lead to negative consequences such as violence” (#5).

“Usually the men are the breadwinners and if they can’t spend on the family, their family can’t get food and other necessary items, this will result in tension within the family” (#3).



## BOX 5 VIEWS OF RESORT WORKERS ON THEIR FUTURE

---

“Tourism is the main economy. Nothing much that can be done on the island. There is some level of fishing and agriculture. I don’t want to think too far ahead at the moment. I am just thinking about immediate things. I have not thought beyond 6 months yet. Without tourism it will be very difficult to get a job. There is very little we can do on our islands [to make a living]” (#11).

“Can’t stay for 5 to 6 months without earning. I have some military background, perhaps that can be an option. Fishing will be the last option. I will go for any other job where I can use my experience and expertise” (#4).

“Plan is to go back to the resort. I am still looking forward to returning to the resort even though I was terminated. Even with my termination, they assured that they would give priority to people who had been on probation when they hired again after this. I will also look for jobs from other resorts. Most people will want to go back to the resort, if not they would do other things, construction work, fishing are options”.

“Everyone will come back to the resort. If I can start any activity, or earn any livelihood I would, but there is no way I can engage in livelihood activity. As the agreement is extended to 2021, there is no effect on employment since we all have an agreement. However, we are not sure when the resort will start, so that’s the fear” (#34).

“In the long term, if I get a better job that I like outside of the tourism sector, I might not go back to the resort. As long as we have to pay rent, a high enough salary is expected” (#7).

## APPENDIX 6 LIST STAKEHOLDERS CONSULTED FOR THE VALIDATION OF PRELIMINARY FINDINGS

NO	NAME	DESIGNATION	ORGANIZATION	DATE
1	<b>Mr. Maumoon Hamed</b>	President	Maldives Bar Council	12 May 2020
2	<b>Mr. Mauroof Zakir</b>	President	Tourism Employees Association of Maldives	12 May 2020
3	<b>Mr. Afeef Hussain</b>	President	Maldives Association of Human Resource Professionals	12 May 2020
4	<b>Mr. Mohamed Raaidh</b>	Managing Director	Maldives Integrated Tourism Development Corporation	12 May 2020
5	<b>Ms. Waleeda Mohamed</b>	Project Coordinator	MEERY Project - Ministry of Higher Education	12 May 2020
6	<b>Ms. Zeenath Solih</b>	Dean	Faculty of Hospitality & Tourism Studies	12 May 2020
7	<b>Mr. Ali Shinan</b>	Director	Ministry of Tourism	12 May 2020
8	<b>Ms. Majidha Majeed</b>	Director	Maldives Polytechnic	12 May 2020
9	<b>Dr. Simad Saeed</b>	Managing Director	CDE Consulting	12 May 2020
10	<b>Mr. Hussain Siraj</b>	Lawyer	S&A Lawyers	12 May 2020

RAPID LIVELIHOOD ASSESSMENT

# IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES

PART II - IMPACT ON EMPLOYMENT

With support from the National Bureau of Statistics,  
The Maldives National University, Ministry of Tourism,  
Ministry of Fisheries, Marine Resources and Agriculture,  
Ministry of Youth, Sports and Community Empowerment  
and the Ministry of Arts, Culture and Heritage.



Ministry of Economic Development  
Republic of Maldives



RAPID LIVELIHOOD ASSESSMENT

# IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES

PART III - MICRO, SMALL AND MEDIUM ENTERPRISES

With support from the National Bureau of Statistics,  
The Maldives National University, Ministry of Tourism,  
Ministry of Fisheries, Marine Resources and Agriculture,  
Ministry of Youth, Sports and Community Empowerment  
and the Ministry of Arts, Culture and Heritage.



Ministry of Economic Development  
Republic of Maldives



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Programme 2020

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# CHRONOLOGY OF EVENTS RELATED TO THE COVID-19 CRISIS IN THE MALDIVES

## 03 February 2020

Restricted entry to all passengers, regardless of nationality—except for Maldivian citizens—who have China as their port of embarkation or have transited through China

## 07 March 2020

First confirmed positive cases of COVID-19 in the country (two tourists)

## 12 March 2020

State of Public Health Emergency declared

## 14 March 2020

Restricts travel from resorts to all inhabited islands of the Maldives, and vice versa, and suspends all check-ins at all guesthouses and city hotels in the Greater Malé Region

## 15 March 2020

Established travel restrictions for passengers originating from, transiting to or with a travel history in Iran, South Korea, Italy, Bangladesh, Spain, Germany and France

## 17 March 2020

Established travel restrictions for passengers from Malaysia and the UK

.....  
A nationwide shut down of all guesthouses and city hotels

## 19 March 2020

Government offices and schools and education service providers closed

.....  
Suspension of entry of all tourists arriving via safaris, yachts and other passenger vessels

## 20 March 2020

Government announced the Economic Recovery Plan (ERP) of \$162 million, to support businesses and individuals severely impacted by the crisis

## 21 March 2020

All passengers entering the country subject to mandatory quarantine for 14 days

## 22 March 2020

All dine-in services offered by local restaurants and hotels in the Greater Malé Region closed

## 23 March 2020

All tourist excursions across the country banned

## 25 March 2020

Employees at resorts and safari boats are instructed to remain on board for 14 days after the last guest departs

## 27 March 2020

First Maldivian tested positive for COVID-19 while in quarantine facility

.....  
Suspension of on-arrival visa for all passengers arriving to the Maldives by air and sea<sup>1</sup>, except for individuals with special permission granted by the Government

## 2 April 2020

A three-hour (5 pm to 8 pm) curfew in the Greater Malé Region enforced

## 15 April 2020

The first case of community transmission was confirmed in the capital, Malé

.....  
A 24-hour lockdown in the Greater Malé Region announced

<sup>1</sup> Maldivians and spouses of Maldivians who are foreign nationals will be allowed in but subject to quarantine measures.



**16 April 2020**

Ban on nationwide travel and public gatherings

**17 April 2020**

Lockdown extended for a period of 14 days as cases increase

**22 April 2020**

Income support of MVR5,000 under ERP to lodged cases in Job Center portal

**23 April 2020**

Community transmission surpasses 100 cases

**25 April 2020**

The national carrier, Maldivian, commenced delivering cargo to all domestic airports to solve supply issues faced within the atolls

701 foreigners granted clearance to travel back home on evacuation flights

**28 April 2020**

The first community transmission outside of the capital, in an outer atoll, confirmed

**29 April 2020**

First COVID-19 related death: a Maldivian woman of 83 years

**2 May 2020**

Special visas granted to certain parties, such as resort owners and investors, as well as officials from international institutions, to travel to the Maldives

**7 May 2020**

National Taskforce on Resilience and Recovery established by the President to plan recovery

**14 May 2020**

Lockdown extended in Greater Malé Region until 28 May 2020

**29 May 2020**

Lockdown easing measures introduced in the Greater Malé Region in phases

**31 May 2020**

Government offices reopen for essential work with limited hours and staff

**12 June 2020**

Community transmission surpassed 2,000 cases, with 8 fatalities

**15 June 2020**

Nationwide restrictions on travel and public gatherings lifted, except Greater Male' Region

**20 June 2020**

Government announced reopening of borders on 15 July 2020; resorts can resume operations

**1 July 2020**

National Emergency Operation Centre phased out; tasks shifted to the Ministry of Health

Businesses, including offices, shops, cafés and restaurants, reopened on 1 July 2020, adhering to health and safety guidelines from HPA and relevant authorities

**5 July 2020**

Government offices and schools for key stages reopen

**15 July 2020**

State of Public Health Emergency extended

Borders reopen, 40 resorts resume operations

# INTRODUCTION

## BACKGROUND TO THE CRISIS

The World Health Organization declared a COVID-19 pandemic on 11 March 2020. A highly communicable disease caused by a newly discovered coronavirus, COVID-19 first broke out in late 2019 in Wuhan, China.<sup>2</sup> Symptoms include respiratory illness, and severity is dependent on age and underlying medical conditions. The safest way to prevent transmission is by practicing sanitary and respiratory etiquette, as no specific vaccines or treatment have yet been found, despite many ongoing clinical trials.

The first positive cases of COVID-19 emerged in the Maldives on 7 March 2020. The cases were imported cases that originated in tourist resorts. The first case of community transmission was reported in the capital Malé on 15 April 2020 and the Greater Malé Region has been the epicentre of the outbreak with sporadic outbreaks in some of the outer lying atolls. As of 5 August 2020, a total of 4,446 confirmed cases and 19 deaths have been reported, and the mortality rate has been as low as 0.43 percent.<sup>3</sup>

To prevent the transmission of the virus, several restrictions were placed on tourism-related travel into the country. On 3 February 2020, a travel ban was placed on those travelling from China. Since then, travel restrictions were placed on those travelling from high-risk countries or virus hotspots. These restrictions

were further tightened with the cancellation of on-arrival visas for foreigners on 27 March 2020, which effectively closed the country's borders. The country's borders were reopened on 15 July 2020, with 40 resorts resuming operations on the same day.<sup>4</sup>

Since the middle of March 2020, the Government of Maldives has put in place strict containment measures, including closing government offices and education facilities, closing eateries, imposing travel bans to and from resorts, quarantining all incoming travellers to the Maldives, and barring tourists who were transferred to resorts from travelling to any inhabited islands. Since the community outbreak, the Greater Malé Region and several islands were under a 24-hour lockdown with restricted movement, and a nationwide ban on travel and public gatherings was imposed. The lockdown-easing measures were implemented in a phased approach starting at the end of May 2020. Government offices and schools started gradually reopening on 1 July 2020. Travel out of the Greater Malé Region to other atolls remains restricted to essential travel with requirement of 14-day self-isolation upon arrival.

<sup>2</sup> World Health Organization, COVID-19 Situation Report-67

<sup>3</sup> As of 05 August 2020 - <https://worldometers.info>

<sup>4</sup> 15 July 2020, Joint Press Statement by Ministry of Tourism, Maldives Marketing & PR Corporation and Maldives Airports Company Ltd

## IMMEDIATE ECONOMIC POLICY RESPONSES TO THE CRISIS

The Government of Maldives, on 22 March 2020, introduced an Economic Recovery Plan (ERP) of \$162 million which included economic relief support packages for large businesses, Micro, Small and Medium Enterprises (MSMEs), self-employed, and employees. All individuals and households benefit from subsidized electricity and water from March 2020 onwards.

The ERP included a loan facility to support businesses and the eligibility for assistance involved conditions for ensuring maximum employment retention. The loan assistance covered resort establishments (for a maximum loan of MVR7.7 million), businesses with annual turn-over of MVR10 million (for a maximum loan of MVR1 million) and for businesses with an annual turn-over less than MVR10 million (for a maximum loan of MVR500,000).

The ERP included the Income Support Allowance scheme which was initiated from April 2020 onwards. The scheme provides an allowance of up to MVR 5,000 for 3 months for individuals whose employment is affected by the crisis, as well as self-employed individuals who face loss of income due to the crisis. The target beneficiaries apply for Income Support Allowance through the government's online job portal JobCenter (<https://jobcenter.mv/>), hosted by the Ministry of Economic Development (MED). The job portal is the primary avenue for lodging complaints concerning COVID-19 related employment and income. Subsequently, a Call Center (1475) was established within the JobCenter to ensure support assistance is provided to individuals affected by the crisis. Data published by the Ministry of Finance shows that a total of MVR 27.2 million had been disbursed to 5,226 individuals under the scheme as of 27 July 2020.

To formulate the recovery path and ensure effective implementation, a National Task Force in Resilience and Recovery was established on 07 May 2020 with

three working groups focusing on finance, economic recovery, and the social sector to work under the direct guidance of the President. Some of the key priorities of the economic recovery plan include comprehensive stimulus packages for businesses, MSMEs, and self-employed to ensure a quick bounce back and recovery; diversification to new income generating avenues including acceleration of the digital economy; phased-out opening of tourism industry; operational efficiency improvements in tourism sector; efficient job matching of unemployed with appropriate jobs; upskilling programs for youth; and business support services for MSMEs.

## PURPOSE OF THE ASSESSMENT AND METHODOLOGY

This report is commissioned by the Ministry of Economic Development, the Government of Maldives. The assessment was completed with support from UNDP Maldives. To address the sensitivity of time and urgent need to understand the context, a preliminary report was released in early June 2020 with initial findings and recommendations. This final report is a compendium of three separate reports. They include: Part I: Economic Overview; Part II: Employment Impact; and, Part III: Impact on MSMEs.

The rapid livelihood assessment aimed to understand the extent and nature of the impact of the COVID-19 crisis on the Maldivian economy. More specifically, the assessment covers the impact on employment and Micro, Small and Medium Enterprises (MSMEs). The overall purpose of the assessment was to support timely economic response and recovery planning for the Maldives.

This report, Part III of the Rapid Livelihood Assessment, explores the impact of COVID-19 on MSMEs. It focuses on the direct impact the crisis has had on business operations including cash flow, supply disruptions and employment reconfiguration. The assessment further examines key capacities of the businesses that pre-existed, targeting the challenges, types of adaptations and the future outlook. Based on the findings, the report proposes several recommendations to support MSMEs in the short to medium-term.

To guide the direction and scope of the assessment, and to provide technical support and quality assurance to the data collection, a technical team composed of key partners was formed (see list above). The group met regularly and provided support to develop assessment methodology, data collection tools and quality assurance on reporting and analysis.

The assessment methodology applied a mixed-methods approach and utilized quantitative and qualitative data. The assessment attempted to cover the overall impacts of the crisis on businesses across all economic sectors through secondary data. Primary data collection and in-depth analysis focused on the experiences of businesses in the tourism value chain. This sector has been explored in detail because it is the nation's largest industry and it has been exposed to the COVID-19 crisis since the onset in February.

For Part III of the rapid livelihood assessment exploring the impact of the crisis on MSMEs, a key secondary data source has been the MSME baseline survey data collected by the Business Center Corporation (BCC) under the auspices of the Ministry of Economic Development, from March to April 2020. The first phase of the BCC survey on COVID-19 impact was conducted between April and May 2020. The BCC survey interviewed 2,062 businesses (see Appendix 4 for the background information). The study was undertaken across all economic sectors and regions of the Maldives. Additional details of the respondent demographics of the survey are provided in Appendix 4 of this report. Other secondary data reviewed include the various surveys and reports published by business associations.<sup>5</sup>

Building on the secondary data, primary data collection for this assessment was designed as a qualitative assessment to generate insights about the experiences of businesses coping with the crisis. The sampling methodology for identifying respondents for the interviews is detailed in Appendix I of the report. The in-depth interviews covered 67 businesses, the majority of whom depended significantly on tourism (see Appendix 2 of this report). While target respondents were MSMEs, based on revenue reported by informants, a small percentage amounting to 5 of the 67 businesses, fit within the large enterprise category when applying the SME act definition in the Maldives. A large majority were conducted as key informant interviews, while some other respondents were grouped and feedback was obtained through a focus group discussion. The demographics of the respondents are detailed in Appendix 2 of this report. The interviews were semi-structured and were conducted using an interview guide which contained key topics and sub-topics of the assessment. To validate preliminary findings from the feedback received during these interviews, a series of meetings were held with various business associations, where participants also discussed recommendations and the way forward. The list of stakeholders that participated in this process is listed in Appendix 5 of this report.

There are many limitations to the assessment. The baseline survey conducted by BCC had low response rates regarding several questions and topics, while the study was largely based on self-reporting. Most businesses did not respond to questions relating to employment adjustments that were made in response to the crisis. These questions may have been avoided due to the government's appeal for maximum employment retention to qualify businesses for the administration's relief assistance. As for the qualitative assessment, the research was initially designed to explore topics in detail through online focus groups. But the logistics of arranging these forums proved to be challenging due to time constraints. As a result, the qualitative assessment focused on key informant interviews which limited the ability of the researchers to explore topics of

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<sup>5</sup> Includes reports from National Boating Association of Maldives, Maldives Association of Travel Agents and Tour Operators and Guest House Association of Maldives.

interest in-depth, as respondents treated the interviews like a survey. Delays were also faced in completing the interviews and focus group discussions with businesses on time as the meetings were scheduled during the last week of June. The government had announced reopening plans for businesses from 1 July, and many interviewees became unavailable as they were preparing to reopen. Other limitations of the primary data collection exercise are detailed in the Appendix 2 of this report. A further complication was that some of the information designed to complement this assessment did not materialize. Data from the Maldives Monetary Authority's (MMAs) survey with large enterprises, initiated in April 2020, should have been used as a baseline analysis. However, due to the slow response, the report was suspended temporarily.

The final reporting for this assessment was undertaken during early August 2020. The draft report was reviewed by the technical advisory team members, members of the UN Maldives Socio-Economic Working Group on COVID-19, technical experts at the UNDP Global Policy Network (GPN) and thematic experts at the UNDP Bangkok Regional Hub (BRH). Editing and additional quality assurance support was provided by the UNDP BRH and UNDP Maldives.

# OVERVIEW OF THE MICRO-SMALL AND MEDIUM ENTERPRISES (MSMEs) SECTOR

The SME Act 6/2013 defines MSMEs in the Maldives based on two criteria – annual turnover and number of full-time/permanent employees – which have to be concurrently met. However, if the two criteria fall under two different bands, the number of employees takes precedence in deciding the classification. Data on MSMEs applying this definition is limited. A comparison is therefore made amongst businesses filing Business Profit Tax (BPT) and Gross Sales Tax (GST) with the Maldives Inland Revenue Authority (MIRA) as it is the most reliable source of business data available. However, MIRA's classification differs from the SME legislation and provides an indication of the distribution of MSMEs and their share in the overall business ecosystem. The MIRA data omits those MSMEs who do not file BPT and GST with MIRA and as a result does not cover the majority of informal businesses that are active in the MSME ecosystem.

The business ecosystem consists of about 7000-8000 tax paying establishments, the large majority being MSMEs (Table 1). The tax data shows that the largest share of establishments in 2016 were micro- enterprises, but in 2019, small enterprises had the highest share of establishments. Although MSME contribution to employment and GDP have not been calculated formally in the Maldives, it is safe to say that MSMEs are likely to contribute significantly to both employment and GDP.

**Table 1 Available MSME definition and data summary**

	ANNUAL TURN-OVER (MVR)	NO. OF EMPLOYEES	NO. OF ESTABLISHMENTS		
	SME ACT DEFINITION		MIRAS BPT FILINGS - 2016	MIRAS BPT FILINGS - 2019	MIRAS GST FILINGS - 2019
<b>MICRO-ENTERPRISES</b>	<b>&lt; 500,000</b>	<b>5 or less</b>	<b>5256</b>	<b>1308</b>	<b>2705</b>
<b>SMALL ENTERPRISES</b>	<b>500,001 – 5,000,000</b>	<b>6-30</b>	<b>897</b>	<b>3709</b>	<b>3687</b>
<b>MEDIUM ENTERPRISES</b>	<b>5,000,001 – 20,000,000</b>	<b>31-100</b>	<b>480</b>	<b>1184</b>	<b>1223</b>
<b>LARGE ENTERPRISES</b>	<b>Above 20,000,000</b>	<b>Above 100</b>	<b>486</b>	<b>755</b>	<b>807</b>
<b>TOTAL</b>			<b>7,119</b>	<b>6956</b>	<b>8422</b>

Source: Maldives Inland Revenue Authority

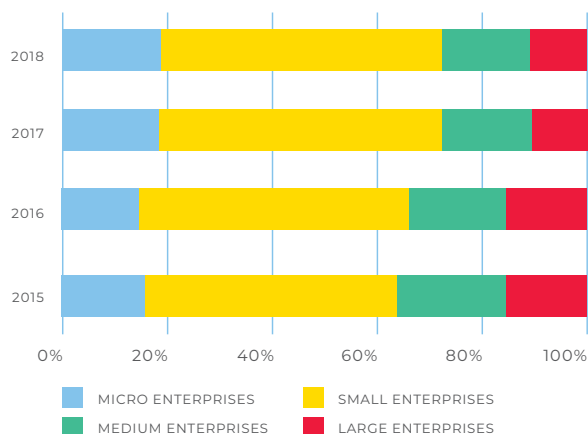
**Figure 1 BPT filing share by business category**

Figure 1 shows an increase in BPT filing by all categories of businesses from 2015 to 2018. The highest increase in BPT filings was found among small enterprises (14 percent) followed by micro-enterprises (6 percent) and medium enterprises (3 percent). The BPT filings among large enterprises increased by only one percent.

The highest number of MSMEs with BPT filings were in wholesale and retail trade followed by real estate activities, other service activities, construction and tourism. The highest number of MSMEs with GST filings were found in wholesale and retail trade followed by tourism, construction, other service and accommodation, and food service activities (see Table 2 below).

**Table 2 Industries with highest number of MSMEs reporting GST returns in 2019**

INDUSTRY	MICRO ENTERPRISE	SMALL ENTERPRISE	MEDIUM ENTERPRISE
WHOLESALE AND RETAIL TRADE	1333	1875	583
TOURISM	332	400	198
CONSTRUCTION	193	265	99
OTHER SERVICE ACTIVITIES	262	253	77
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	112	251	63

Source: Maldives Inland Revenue Authority

## EXISTING CHALLENGES FACING MSMEs

MSMEs face a range of challenges, the most critical being access to finance. Most SMEs do not use bank loans as they are difficult to obtain due to restrictive credit policies and the high cost of credit. A previous study showed that in the atolls, two-thirds of entrepreneurs have never borrowed from a bank.<sup>6</sup> The main obstacles include collateral requirements and low levels of financial literacy. MSMEs face financial exclusion as banks lack regulations to accept inventories or types of assets usually possessed by these firms. Access to finance is particularly challenging for women entrepreneurs. One barrier they face is a lack of assets (ownership of homes, vehicles or boats) that can be collateralized to obtain credit. Other issues include an information gap regarding available credit, lack of mobility and time to engage with banks and process documents as well as an inability to afford private services to develop the documentation needed to apply for loans. For example, the 2017 transport statistics showed that only 16 percent of motorcycles and cars were registered to women.<sup>7</sup> According to a recent study by FAO, women depend on their partners to obtain land and assets, although the savings of both partners are often used to build homes and establish farms. There is no regulatory system to ensure women have access to land and other productive assets after a divorce or separation.<sup>8</sup>

The government has recently established the SME Development Finance Corporation (SDFC), a state-owned financing corporation, that has introduced MSME targeted lending. It has created packages on financing start-ups, acquiring property and assisting with business development and working capital. However, innovative lending products and start-up capital are limited and the current credit guarantee scheme run by the central bank, MMA, provides only partial coverage for beneficiaries.

Other challenges facing MSMEs include entrepreneurship skills and human capital. Feedback received during UNDPs most recent youth dialogue with young entrepreneurs indicated that many small operators are not able to invest time in their businesses due to salaried work commitments. Market access is another major challenge due to the unavailability of an integrated public transport network across the country and the inability to migrate to e-commerce.<sup>9</sup>

Integration of MSMEs in larger regional and global value chains is limited. The Business Center Corporation, the government's state-owned enterprise, makes efforts to address these obstacles by assisting MSMEs with business advisory support and capacity development support.

Access to land or workspace is critical for home-based women entrepreneurs. The 2016 HIES report shows that a sizeable proportion of employed women work from their living quarters or homes. More than one third of the employed women in the atolls and 16 percent of employed women in Malé fall into this category.<sup>10</sup> Access to physical space and rent affordability are key constraints for women entrepreneurs living in the Greater Malé Region and in the atolls' urban areas. Common challenges facing women entrepreneurs in the Maldives documented by Premaratne, S.P. and Kudaliyanage, G. (2016) include difficulties in transportation and marketing, competing demand related to household chores, difficulties in licensing procedures, finding staff with the right skills and willingness/ability to work

<sup>6</sup> FJS Consulting. 2017. Developing Maldives SME Strategy: Situation Assessment. Ministry of Economic Development, Male', Maldives

<sup>7</sup> FAO. 2019. Country Gender Assessment of Agriculture and the Rural Sector in Maldives. Malé.

<sup>8</sup> Ibid.

<sup>9</sup> FJS Consulting. 2017. Developing Maldives SME Strategy: Situation Assessment. Ministry of Economic Development, Male', Maldives

<sup>10</sup> National Bureau of Statistics (2016). Household Income and Expenditure Survey (HIES) Analytical Report III: Employment 2016 - Statistical Release III. National Bureau of Statistics, Ministry of Finance & Treasury, Male', Maldives



## LOAN ASSISTANCE FOR MSMEs POST-COVID

The COVID-19 Viyafaari Ehee loan scheme, implemented by SDFC as part of the government's Economic Recovery Plan, provides financial assistance for SMEs and self-employed/freelancers experiencing cash flow constraints due to the impact of COVID-19. The loan is granted as a short-term financing facility for SMEs to meet their current operational requirements and to provide financial assistance for self-employed individuals and freelancers. MSMEs with an annual turnover not exceeding MVR 10 million are eligible to apply. The loan amount is up to MVR 500,000 for businesses with 6 percent annual interest and up to MVR 30,000 for self-employed workers with 6 percent interest.<sup>11</sup> The payment period is up to 3 years (excluding 06 months grace period) and applicants are not required to provide any security or equity.

Data gathered directly from SDFC for the purpose of this assessment show that as of 20 June 2020, a total of 1,356 applications were approved for funding worth a total of MVR245.7 million. More than 71 percent of the applicants were from the Greater Malé Region and

almost 75 percent of the total loan value was approved for the region (see Table 3). The majority of applicants were from commercial, transport, and tourism industries. The second largest group of relief scheme beneficiaries resided in Kaafu atoll, with 9.9 percent of total approved loans. The majority of applicants work in commerce, transport, tourism, construction and manufacturing. Applicants from Seenu atoll received the third largest share of approved loans worth 4.5 percent. A large number of applicants from the atolls with the highest number of applicants, work in the industries of commerce, tourism, construction, transport and manufacturing. Tourism industry applicants included guest house and resort owners. Manufacturing industry applicants included catering and take-away services, arts and handicrafts and carpentry workers. Fishing and agriculture sector loan approvals contributed to 6.5 percent of the total approved by SDFC for the sectors (see appendix 6 for details).

**Table 3 Top 5 regions- Approved applications for 'COVID-19 Viyafaari Ehee'**

REGION	GREATER MALE'	KAAFU	SEENU	GAAFU DHAALU	ALIF DHAALU
NUMBER OF APPROVED APPLICATIONS	972	149	56	23	22
APPROVED AMOUNT (MVR)	183,452,810	24,461,544	11,434,546	3,678,015	3,011,329

Source: SDFC

Out of a total of MVR245.7 million, less than ten percent of the loans (MVR22.9 million) were approved to women-led businesses. As of 20 June 2020, 135 applications worth MVR 18 million were approved under the commerce sector including women-led wholesale and retail businesses, restaurants and cafés, educational service providers, tailors, lawyers, photographers, designers, bakers, beauticians and online companies.

<sup>11</sup> should have worked in 06 of the last 12 months and earned a verifiable income during this period

## KEY FINDINGS: IMPACT ON MSMEs

This section presents the findings of the rapid livelihood assessment on the impact of COVID-19 on MSMEs. The results and analysis build on several data and information gathering activities: (i) an analysis of survey data provided by the BCC which included coverage of more than 2000 businesses during April-May 2020, hereafter referred to as the 'BCC survey data'; (ii) synthesis of secondary data and information available from various impact assessments and reports shared by business associations; (iii) in-depth qualitative interviews conducted on the phone/online with MSMEs in the tourism value chain; and (iv) meetings with industry/business associations to validate preliminary findings of this assessment.

### KEY FINDING 1. IMPACTS ON BUSINESS OPERATIONS

**INTERNATIONAL BORDER CLOSURE, CANCELLATION OF ON ARRIVAL VISA FOR TOURISTS, ALONG WITH STRICT VIRUS CONTAINMENT MEASURES PARTICULARLY IN THE GREATER MALÉ REGION LED TO THE LARGE MAJORITY OF BUSINESSES STOPPING COMPLETELY OR OPERATING WITH REDUCED HOURS DURING THE PERIOD APRIL-JULY 2020.**

The BCC survey data undertaken during April/May 2020 shows that 17 percent of businesses surveyed across the Maldives had completely halted operations, either due to COVID-19 or prior performance issues which worsened during the pandemic. Variations were observed in atolls, with business closures greater than the average in Kaafu Atoll (38 percent), Gnaviyani Atoll (33 percent), Vaavu Atoll (37 percent) and Shaviyani Atoll (32 percent). In some atolls the closure rate was lower, between five to ten percent, as reported by businesses during the period of the survey.

The BCC survey also found that 31 percent of all businesses in the survey reduced their hours of operation due to the pandemic. The most severe impact was reported by businesses in Gnaviyani Atoll (46 percent), Shaviyani Atoll (42 percent), Thaa Atoll (40 percent) and Noonu Atoll (40 percent). While the most significant reduction in operating hours was recorded in

the tourism and transport sectors, hours were reduced from 14 to 2.5 and 9 to 3 respectively. This was largely due to several businesses in these sectors having to remain closed due to COVID-19 containment measures.

In-depth interviews undertaken with businesses as part of this assessment during June-July 2020 show that more than 80 percent of those questioned had shut down operations at least temporarily in the period from March to July 2020. Of the 67 businesses interviewed, 54 businesses (82 percent) said they had to shut down temporarily while only 13 businesses (19 percent) said that they were able to continue with some changes to operations.

The main reasons highlighted by the interviewees were the border closure and cancellation of on arrival visas which directly affected businesses with a tourist customer base (diving and fishing excursions, guest houses); inter-island mobility restrictions; and reduced customer spending power particularly among the businesses that catered to the local population (photography, cafés and restaurants).

The BCC survey found that operating hours rose for businesses in the trade sector as well as food and beverage companies, with many services moving online. Most businesses that transitioned to web platforms reported operating hours exceeding 10 hours and a large proportion of them even reported working 24 hours a day. The reliability of these claims is questionable however and may have slanted the response towards increased hours of operation. But it does show the number of businesses that have attempted to continue operating despite the challenges posed by COVID-19.

According to the BCC survey, consumers' perception of safety was a significant factor that affected business operations during the period from April to May. The findings show that across all economic sectors, consumers found it less safe to physically visit shops. Comparisons across the atolls show this effect was higher in some than in others. Consumers felt most at risk in Kaafu Atoll and the northern atolls. Seventy-two

to eighty-eight percent of businesses in northern atolls and Malé city had a rating of 'unsafe' while in southern atolls, the percentage of businesses rating 'unsafe' was significantly lower (12-46 percent). Businesses in Kaafu atoll may have rated 'unsafe' because Greater Malé Region was the epicentre of the community outbreak. Similarly, the higher level of perception of health and safety risks among businesses in northern atolls may have been associated with a rise in infected cases and clusters linked with several boats carrying infected passengers to northern atolls.

In-depth interviews with businesses indicated several were closing down even before the government's containment measures, fearing for the health and safety of their staff, families and customers.

#### THE CLOSURE OF THE INTERNATIONAL BORDER AND RESTRICTED INTER-ISLAND TRAVEL, AS WELL AS MOVEMENT TO AND FROM THE GREATER MALÉ REGION, CAUSED MAJOR NATIONWIDE SUPPLY DISRUPTIONS FOR BUSINESSES.

The BCC survey in April/May 2020 explored the challenges to supply transport schedules. About 57 percent of businesses reported some form of difficulty regarding transport logistics from March. The challenges centred on sea freight (53 percent) followed by airfreight (46 percent). Later in the survey, more businesses said they were facing problems with supply due to increased public, local government and central government scrutiny. Advice against inter-atoll travel was another concern as the COVID-19 situation progressed. The trade sector observed a significantly higher impact with 67 percent of companies reporting logistic challenges as opposed to the 57 percent national average for all businesses.

The in-depth interviews conducted from June to July 2020 indicated that out of the 67 businesses questioned, 31 percent said their supplies were affected during the period from February to June. Those based in other atolls said they were impacted by the movement restrictions to and from Malé city. Large scale vendors/importers in the capital attributed the disruption to the border closure and customs clearance issues. About 20 percent of businesses said their supplies were not

affected during the same period, mostly because their operations had ceased temporarily. Eight percent of businesses said that they had enough stock/reserve to withstand the supply disruptions taking place, which were mainly attributed to the accumulation of stock in preparation for the month of Ramadan (May to June). Furthermore, 44 percent of businesses said they anticipate supplies to be affected from July to December 2020, possibly extending to the first quarter of 2021. This was associated with uncertainties regarding the resumption and recovery of international travel.

#### THE TEMPORARY CLOSURE OF BUSINESSES, REDUCED OPERATING HOURS AND SLOWING DEMAND SUBSTANTIALLY REDUCED SALES AND REVENUE OF MOST BUSINESSES

The BCC survey undertaken during April/May 2020 showed that performance of all economic sectors declined drastically, with more than 87 percent of businesses reporting reduced earnings across all major sectors. The study showed that sales had slowed down significantly and the trade sector, the largest in terms of volume of engagement, was impacted significantly.

In-depth interviews conducted in from June to July 2020 with businesses in the tourism value chain show 58 percent of the 67 interviewees experienced a 100 percent revenue reduction. Companies that continued operating in the period from March to July 2020 saw revenue reductions of 30 to 80 percent. Out of 67 businesses interviewed, 38 percent believe their revenue will not recover until the end of the year, while 29.9 percent said it is difficult to predict, while many others anticipate the impacts will last longer.

A key challenge identified by the businesses was the unpredictable nature of the crisis and the uncertainties related to recovery. A revival depends on the easing of restrictions including the reopening of borders, influx of tourist arrivals and free mobility. Some businesses remain optimistic about a recovery following the easing of lockdown measures from July. But those catering to tourists and others including event organizers are more skeptical.

WHILE ABOUT 20 PERCENT OF BUSINESSES INTERVIEWED INDICATED THAT THEY INCURRED ADDITIONAL COSTS OF OPERATING DURING THE CRISIS AND IN 'THE NEW NORMAL CONTEXT', THE MAJORITY STRUGGLED TO COPE WITH EXISTING OPERATING COSTS.

The in-depth interviews with 67 businesses indicated that their top operating costs included salaries, utilities, rent, consumables and equipment maintenance. A small proportion cited insurance, internet access, marketing and the leasing of equipment among their top expenses.

The costs incurred by businesses in general prior to COVID differed based on geographic context, size and type of business. For a majority of those interviewed in the Greater Malé Region, rent was reported to be the main expense, but atoll-based businesses said it was minimal. Insurance was cited as a major cost by many of the larger companies in the Malé area. Maintenance expenditure was key for businesses with heavy duty equipment and assets such as jet skis and diving kits. The costs borne by such businesses in the atolls were higher as they have to send equipment to the capital for maintenance, incurring additional travel overheads. While large scale vendors cited the maintenance, costs associated with their ICT infrastructure, as well as the upkeep of other equipment such as industrial freezers. Internet services were also among the main outlays, especially for smaller businesses that had to rely on the internet and provide Wi-Fi for their customers, such as cafés, restaurants and guest houses. Photographers and artisans cited consumables as their operations' key expense.

Although the majority of businesses did not incur any additional costs associated with operating during the COVID-19 crisis, as most were temporarily closed during the period from April to July 2020, 19 percent of those interviewed stated that they incurred one or more forms of additional outlays. Some expenditures were associated with the use of health and safety equipment, such as the purchase of sanitizers/disinfectants; Personal Protection Equipment (PPE), commonly cited by salons and guest houses operating in the 'new normal' and the installation of hand washing facilities as noted by cafés. Other costs included delivery services such as recruitment of additional staff and vehicle hires;

internet and ICT expenses with the provision of laptops and internet for staff working from home and the purchase of furniture to accommodate social distancing in cafés. Some businesses reported large electricity bills despite their business and offices operationally closing. Diving centres and other companies such as fishing trip services that rely on motorized vessels, reported the additional expense of dry-docking, battery and dive equipment upkeep as additional costs because they require regular use to keep them functional.

ALMOST ALL BUSINESSES REPORTED THAT THEIR CASH FLOW WAS AFFECTED, THE MAJORITY INDICATED THAT THEY ARE ALREADY STRUGGLING, WHILE ONLY A SMALL PROPORTION OF BUSINESSES SAY THEY CAN MANAGE FOR UP TO SIX MONTHS.

The BCC survey undertaken in April/May 2020 found that about half of the businesses in the trade sector had run into an immediate need for liquidity as they were unable to finance the purchase of inventory at the time of the study. Given the anticipated low movement of inventory and limited shelf-life of a high proportion of retail goods, businesses in this sector reported struggling to finance the further purchase of day to day inventory to keep operations going. A larger number of sole proprietors were found to be facing liquidity/working capital challenges as they account for a bigger share of the retail trade sector in the survey responses. Similarly, businesses in the food and beverage sector were experiencing cash flow issues.

The in-depth interviews conducted with businesses as part of this assessment from June to July indicated that all 67 of those interviewed said their cash flow was affected from the period March to June. With the current operations, 57 percent of businesses interviewed said they were already struggling, while 18 percent said they can manage for another one to two months. Only six to thirteen percent said they can manage cash flow up to three and six months respectively. A few businesses indicated that the impact on cash flow was minimal. These included large companies such as food suppliers that were able to manage revenue from other service areas of the business. Similarly, ICT companies reported that they could maintain liquidity with minimal disruptions because they were able to continue with their existing

projects. Given the uncertain environment for business operations, many reported difficulty in forecasting their cash flow for the coming months.

The main reason cited was the decline in demand and sales, which was applicable across all sectors. Several companies reported that overhead costs and additional operating expenses were adding to the pressure. Other reasons for revenue loss include delayed payments from clients and customers as well as the cancellation of projects. Many of the smaller corner shops operate on a credit basis, providing goods upfront and receiving payments when customers receive their salaries. With the widespread impact on employment, retail businesses reported that most customers were unable to settle the credit. Similarly, photographers/videographers, PR and events organizers reported projects being cancelled as the main reason for the loss of revenue while several cited costs incurred to prepare for the events. Interviews with business associations conducted to validate preliminary findings, indicated delayed payments by the government for public infrastructure projects were the main reason for their cash flow difficulties.

The cash flow management strategies cited across the 67 businesses varied. At least 32 smaller operators (48 percent) depended on the personal savings of business partners or family members, while only larger companies could draw on business reserve. Some of the cost-cutting measures mentioned by businesses to cope with cash flow include laying off employees, reducing salaries of retained employees, letting go of rental properties, deferment of pre-existing loan repayment and accessing the government's relief assistance.

### MAJORITY OF THE BUSINESSES WITH EMPLOYEES HAVE UNDERTAKEN SOME FORM OF EMPLOYMENT ADJUSTMENT. MIGRANT WORKERS, PROBATION EMPLOYEES, CASUAL WORKERS AND FREELANCERS BEAR THE BRUNT OF THE RECONFIGURATION.

The BCC survey undertaken in April/May 2020 tried to establish impacts on staff compensation and employee retention. A majority of businesses self-reported that no changes were made to workers' compensation, while data in Kaafu Atoll (which has a large concentration of tourism-related establishments) showed that 42 percent indicated changes had been made. The industry comparisons showed the tourism and transport sectors reported high levels of alterations to staff compensation standing at 29 percent for both industries, as opposed to the sample average of 10 percent across all sectors combined. With respect to employment retention, the data showed 94 percent of all businesses reported that no staff jobs were terminated due to COVID-19. Industry comparisons showed fisheries, agriculture and transport sectors reporting high levels of dismissal at 10 and 11 percent respectively, as opposed to the sample average of 6 percent across all sectors. It was also observed that 'no response' answers were more common towards the beginning of May, compared to replies in early April to questions on staff retention and compensation adjustments. The high no response rate for questions on employment is likely to be related to the Government's appeal to businesses to maximize employment retention during the crisis.

The BCC survey data regarding the mean number of staff employed before March 2020, and segregated by primary activity at the time of the report, showed redundancies had taken place across all economic sectors by at least a small percentage, indicating a trend of staff dismissal. Businesses engaged in tourism and related activities reported the only significant observation, with a reduction of mean employees from 5.62 before March 2020, down to a low of 4.95 employees. This implies that among the businesses in the survey, 12 percent of staff in tourism and related industries were made redundant during this period. Among other sectors, reported redundancy rates ranged between 0.5 and 5 percent with no identifiable outliers.

The in-depth interviews with 67 businesses indicated that 19 of them were self-employed entrepreneurs and did not have employees. These included people in the creative sectors such as artisans, cultural performers, musicians, photographers and videographers. Small-scale diving and fishing trip companies were often operated by owners themselves with minimal staff hire. Out of the 67 businesses, 48 businesses had employees which totaled to 2,173 employees pre-pandemic. About 26 percent were women. 49.8 percent of the employees were Maldivian and 50.2 percent were foreign expatriate workers. The majority of these workers (more than 70 percent) were employed in businesses based in the Greater Malé Region.

Table 4 indicates the adjustments made to employment as reported by the key informants. Of the 67 businesses interviewed, 43 percent of businesses said that they made changes to employment.

**Table 4 Employment adjustments reported by businesses**

	ATOLL-ZONES		MALE'-AREA		TOTAL	
	NO. OF BUSINESSES	NO. OF EMPLOYEES	NO. OF BUSINESSES	NO. OF EMPLOYEES	NO. OF BUSINESSES	NO. OF EMPLOYEES
DID NOT MAKE CHANGES TO EMPLOYMENT	10	74	10	1,113	20	1,187
NO EMPLOYEES (NO CHANGE)	12	-	6	-	18	-
MADE CHANGES TO EMPLOYMENT	10	77	13	876	23	953
ONLY CASUAL EMPLOYEES (NO WORK)	4	3	2	30	6	33
<b>TOTAL</b>	<b>36</b>	<b>154</b>	<b>31</b>	<b>2,019</b>	<b>67</b>	<b>2,173</b>

**Table 5 Staff dismissal as part of employment adjustments reported by businesses**

	ATOLL-ZONES		MALE'-AREA		TOTAL	
	NO. OF BUSINESSES	NO. OF EMPLOYEES	NO. OF BUSINESSES	NO. OF EMPLOYEES	NO. OF BUSINESSES	NO. OF EMPLOYEES
<b>EMPLOYMENT TERMINATION</b>	<b>10</b>	<b>30</b>	<b>13</b>	<b>342</b>	<b>23</b>	<b>372</b>
<b>NO WORK FOR CASUAL STAFF</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>30</b>	<b>6</b>	<b>33</b>

Out of the 48 businesses that reported having employees, 39 had laid off all or some staff. A total of 372 full time workers were let go by 23 companies (Table 5). The majority of job losses were in the Greater Malé Region. None of the local employees were terminated unless they were on probation or had been employed on a casual basis. It is estimated from the responses that a third of the foreign expatriate employees were laid off. The expatriate staff who were retained were often provided with accommodation and food, and in some cases, a living allowance.

The retained staff were subject to different pay scales. These ranged from 40 percent with no changes to pay, 38 percent subjected to 20 to 50 percent salary cuts and 3 percent provided with only a sustenance allowance. Mainly foreign expatriate workers were put on no-pay but some were provided with accommodation, meals and a sustenance allowance. The interviews indicated a similar pattern to the data reported in Part II of this assessment where self-employed freelancers, casual workers, probation and migrant workers were most at risk of losing incomes and employment as a result of the pandemic.

The meetings held with business associations to validate the preliminary findings of this assessment affirmed the informal nature of self-employment common across the tourism value chain. The meeting with Tour Guides Association showed that tour guides usually depend on tips from tourists as they do not have formal employment contracts with any employers. Resorts often direct tourists looking for a city tour to a guest shop in Malé which connects tourists with city guides. Resorts usually recruit multilingual foreign tour guides in their facilities.

There is no formal or structured mechanism set up to connect tourists directly with trained tour guides in the capital and islands. Tour guides used to make an average of MVR 6,000-7,000 per month prior to the crisis and many were unable to apply for the government Income Support Scheme due to the informal nature of their work. Similarly, most surf guides are freelancers and do not have formal contracts with employers. The meeting with the business association revealed that tour operators usually connect tourists with surf guides through informal channels. The surf guides were also unable to apply for the government Income Support Scheme as they were usually paid in cash and did not have records of income received consistently for six months as supporting evidence. However, some guides who worked with established contracts were able to apply and receive the income support. The Boating Association said they have around 80 members and almost half of them operate liveaboards while the other half are suppliers to support the boat services. There are about 2,000 individuals (more than half are locals) employed by this industry, with an average of 5-10 people on a safari boat and an average of 3 people in a dive dhoni vessel. Some of the liveaboard and safari employees or maintenance staff are on a fixed monthly salary while dive instructors and employees lost almost all their income with the suspension of tourist arrivals. Some employees placed on no pay leave have found temporary work in agriculture and with the island-based branches of state owned utility companies, while others are involved in vehicle repair/garage handling or have started own small businesses.

## KEY FINDING 2. CHALLENGES TO DOING BUSINESSES

### BARRIERS TO ACCESS FINANCE

The BCC survey undertaken in April/May 2020 showed that over 46 percent of businesses said financial assistance is their most critical need. The companies' requests can be categorized into 3 distinct groups, all of which have similar ratios between them. These are requests for grants from the government; requests for low interest loans; and requests for assistance in applying for loans or seeking capital. It is noted that the government, as part of its Economic Recovery Plan, has put mechanisms in place to address these needs including loan and grant facilities. But the reach of these schemes remains limited (see for example Table 3 which presents data on government loan assistance to MSMEs). The majority of the "other" requests for assistance cited in the survey were complaints regarding existing facilities relating to credit or logistics, with the latter being significantly raised by the businesses.

The in-depth interviews held with businesses during June-July 2020 indicated that out of the 67 interviewees, 57 percent said that they have not accessed any external finance, while 15 percent said they have secured a bank loan from the government's loan assistance scheme. Several stated that they were still waiting for the bank's decision on their application and one reported that their application had been rejected. 5 self-employed entrepreneurs (freelancers) applied for the government's income support programme and 3 were successful in securing it.

The reasons cited by businesses for not accessing loan support include high interest rates, short grace period (compared with the uncertain and prolonged nature of recovery from the crisis), ineligibility for the loan based on annual revenue, uncertainty over the pandemic and ability to continue operations, lack of awareness regarding the types of assistance available as well as the cumbersome application process. Feedback during these interviews show that they were critical of the employee retention conditions tied to the loan assistance for businesses. Many stated that given the uncertainty and prolonged nature of economic recovery and with many already in distress, employee retention

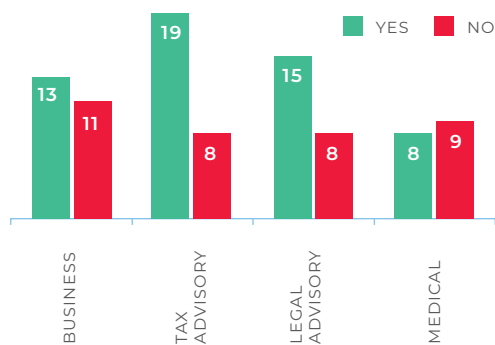
should not have been tied to loan assistance, rather it should have been designed as a separate initiative. The feedback received from the businesses during the interviews further indicated that the support available for small companies was inadequate and somewhat 'unfair' compared to the rent exemption and financial assistance schemes implemented for large tourism establishments.

The meetings held with business associations to validate the preliminary findings of the assessment pointed to inherent problems of financial intermediaries being a barrier to accessing funds during the pandemic. These comprise of high interest rates (including that for the Government's loan assistance scheme in response to COVID-19), difficulties in completing application documentation/complex procedures and slow processing of applications. Feedback indicated that some of the businesses had to tap external support and expertise to complete their loan application documents. Associations that work closely with women entrepreneurs indicated that high interest rates and unfavourable repayment structures (including short grace periods) were key barriers to accessing the programme. Many were of the view that repayment schedules will incur operational challenges in the coming months as sales forecasts show a slow pace of recovery. The feedback from the associations that work closely with women entrepreneurs however indicated that some of their members have been successful in securing assistance from the Government's income support scheme.



## LIMITED ACCESS TO BUSINESS SUPPORT SERVICES

**Figure 2 Types of business support services accessed**



The BCC survey undertaken in April/May 2020 found that most companies do not have access to business advisory and taxation support services. Similarly, the in-depth interviews held as part of this assessment show that out of 67 interviewed, 22 percent of said they have access to business support services while 18 percent do not. The types of support services accessed by businesses are provided in Figure 2. The majority receive business advisory in the form of tax and legal advisories.

Businesses that do not typically tap support services include micro and small businesses in the atoll-zones, such as fishing trip companies, guest houses, artisans, cafés, corner shops, local food vendors, renovation and maintenance contractors as well as freelancers in the creative sector namely photographers, cultural performers and musicians. Some stated that they can acquire advice informally which was typical of large family businesses with trained professionals such as lawyers and accountants in the family. A significant number of businesses interviewed said they have the internal capacity to manage tax filings and indicated that the help desks of the tax collection authority, Maldives Inland Revenue Authority, were a source of support for most businesses based in the atolls. While a small number indicated that they have access to legal advisory services, many stated that they are able to contact lawyers should the need arise. On medical advisory, most businesses stated that they follow advice from the Health Protection Agency (HPA).

When probed on the types of support services and their accessibility, several companies pointed out the importance of having advisory services and said they would like support to manage their businesses.

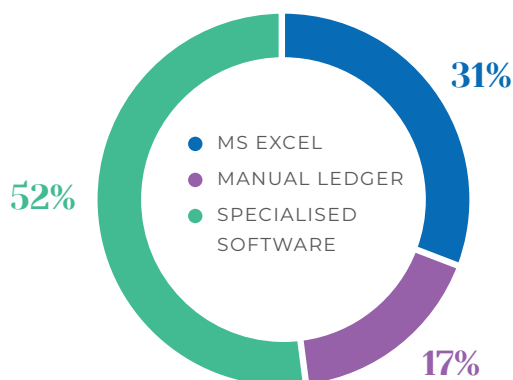
Under the BCC, the government has established several Business Centers (BCs) in the atolls. The feedback received during in-depth interviews shows the majority of companies were not aware of their existence nor their role. Of the 36 businesses in the atoll zones, only seven stated that they were aware of BCs while eight indicated that they were vaguely aware. Some said the BCs only contact businesses ‘for reporting and survey purposes’, it was difficult to access information from BCs and that their services do not adequately match business needs.

## UNMET SKILLS REQUIREMENTS, LIMITED TECHNICAL KNOWLEDGE AND EXPERTISE IN AREAS OF BUSINESS MANAGEMENT

Findings of the BCC survey undertaken in April/May 2020 show that 78 percent of companies do not have a business contingency plan, indicating that should the crisis persist, they are at high risk of closing down permanently. But some did mention having strategies in place including the move to online marketing and working from home. While others planned to reduce operating margins and to implement temporary downsizing. Furthermore, only 47 percent of the businesses said that they would be able to absorb the responsibilities of employees who fall ill/become infected. Others indicated that infection of employees will lead to a temporary halt in operations and or a delay in services.

The in-depth interviews conducted from June to July 2020 explored the various capacities companies have in business management and operation. These includes inventory and financial management, planning and workforce management. Businesses in the Greater Malé Region demonstrated a stronger ability and better access to business management tools compared to the atolls, where most MSMEs do not use any software for business forecasting or inventory management.

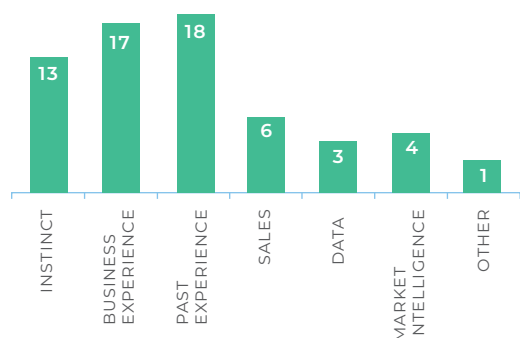
Figure 3 Use of inventory management systems



Source: in-depth interviews held with businesses as part of this assessment

**Inventory management:** Out of the 67 businesses, almost half did not respond to questions on inventory management. This is probably because they were small-scale or home-based or others that do not rely on large amounts of stock. Around 35 percent of informants indicated that they have some form of inventory management system. The most common form includes the use of specialised software such as ‘Shopify’ and ‘Odoo’ while some mentioned Microsoft Office (Excel) and manual maintenance of stock (see Figure 3). Very few respondents stated that they carry out supply forecasting using business software and/or statistics. The majority base their supply predictions on past experience and intuition.

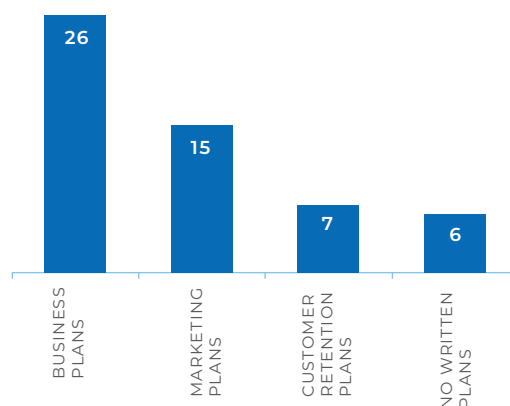
Figure 4 Forecasting approaches used by the businesses



Source: in-depth interviews held with businesses as part of this assessment

**Financial forecasts:** When asked about sales projections, revenue and cash flow forecasting, more than half of the businesses interviewed indicated that they base it on past experience and intuition. This includes mostly small-scale businesses and home-based/self-employed entrepreneurs. Out of the 67 businesses, 17 reported that they based their forecasts based on their experience and knowledge of previous market trends (see Figure 4). The tools used by businesses in financial management include Odoo and QuickBooks while others manage finances manually on Microsoft Excel. Out of the 67, only four had their financial management activities outsourced to external accounting firms. During the in-depth discussions, it was clear that the majority do not have access to or do not use data and information holistically to conduct financial forecasts. For example, government policies to respond to the crisis, global travel trends, local market trends and supply predictions were not factored into these forecasts in a concrete manner.

Figure 5 Types of business planning undertaken by businesses



**Business planning and business continuity planning:** More than one third (26) of the companies interviewed in this study had written business plans or concepts (Figure 5). About a quarter (15 businesses) had their own marketing plans and several also had customer retention strategies. Around a third had no written plans and or did not respond to the question during the interview.

When asked about Business Continuity Plans (BCP), many believed BCPs were important while very few had written them. This validates the finding from the BCC survey which indicates that more than 90 percent of the businesses did not have any contingency plans.

Businesses discussed insurance as an important element of BCP. Most mentioned having insurance or believed it was important to get insured for unforeseen disasters. A few said that the existing insurance does not cover for such a pandemic situation. As part of BCP, some had plans to expand the same business while others planned to diversify and expand their product types. However, many feared that they might not be able to continue with their plans due to cash flow difficulties.

**Human Resource and workforce management in 'the new normal':** The feedback received from the interviews indicated that businesses had little comment on providing workforce management. Many pointed to following precautionary measures as well as health and safety advice from HPA. While others expressed the need to understand more about how social distancing measures can be practiced in certain areas such as diving and fishing excursions. However, companies did not provide any views on how they have reconfigured staffing, what sort of benefits and protection are in place for staff or how expertise that is currently lacking, could be used when operations resume.

**Skill requirements as perceived by businesses:** During the interviews, businesses were asked about the top three skills they would like to be trained in. Feedback showed that very few specific requirements were highlighted by the informants. Based on the overall discussions, the training needs can be summarized in areas such as developing business, marketing and customer retention plans, along with BCP. Some of the small companies from the atoll-zones, specifically women entrepreneurs, were keen to learn how to take their business online. Simple skills such as using Viber and social media were recognized as important. Many of the small businesses, most specifically corner shops and small cafés, do not use internet banking. Creating awareness about the ease of online banking can empower them further and prepare them for emergency online delivery setups. Other entrepreneurs highlighted that they would like to learn videography skills to use in marketing campaigns. Most indicated that any training would be desirable if offered on a flexible schedule and preferably online.

## LIMITED ACCESS TO TECHNOLOGY

**Digital technology:** Although several technological advancements have been made in the country, the in-depth interviews reveal that there is much progress to be made regarding technology integration into business operations. Around half of the MSMEs interviewed have at least one computer literate person engaged in their business operations, but about half did not have any workers with the skills. Computers were mostly used for managing activities such as booking systems, cash flow and inventory management. In addition, some businesses said they provided laptops and internet access to their employees to work from home during the pandemic.

Out of the 67 businesses interviewed, most informants (32) stated that they use the internet for their business and 22 of them had Wi-Fi installed in their business unit. Access to the internet was not a major issue among the respondents. But some said they were unhappy with the service, mainly regarding speed and price. Thirty-seven specifically mentioned use of internet/online banking. This method was used more often than cash transactions. Some others used point of sale (POS) systems and many conducted online transfers. Nineteen said they use only cash transactions; these were predominantly businesses based in the atoll-zones.

The meetings with business associations shed light into some of the barriers regarding internet and technology use. This applies specifically to the outer atolls and remote islands, home-based businesses, some companies run by the older generation and others managed by women on the islands. The most common perception towards digital technology in these groups is that they either feel it is not needed in their business or it would be challenging to build capacity. The Surf Association and Boating Association explained that companies in these areas conduct most of their administrative tasks through digital platforms. However surf tournaments and training require practical aspects in combination with theory work.

The women-led associations particularly noted the challenges with banking technology for home-based businesses and informal companies run by women,

such as those engaged in thatch-weaving, sewing or subsistence farming. Banking services and solutions need to be upgraded or made more convenient and cost efficient on the islands. One informant stated the difficulty of accessing banking for residents in Gdh. Fiyooaree as they typically incur MVR300 in costs to acquire MVR500 in cash from the nearest island where money can be withdrawn. This is indicative of the high costs faced by informal and small businesses.

**Transition to green/environmentally friendly technology:**

The in-depth interviews held with 67 companies indicated that the majority appear to be aware of the environmental sustainability of business operations. Most of those in the Greater Malé Region appear to be familiar with such practices, while others in the atoll zones demonstrated awareness of green business practice and technology. The most common form of environmentally friendly practices mentioned was the use of energy-efficient air conditioners. The musicians and event management businesses cited their policy of not allowing energy drinks on their premises and discouraging the use of plastic bottles, while photography and videography interviewees mentioned their use of environmentally friendly equipment. One corner shop/mart owner on an island had difficulty when asked about green technology. Once the concept of environmental sustainability had been explained to her, she said that the unsold products from her shop are given away for free to less fortunate people, preventing items from ending up in landfills. Some businesses highlighted the need for more incentives from the government and public acceptance of environmentally friendly methods. Another interviewee said their café had been built using natural material and they did not have fans. But these arrangements had to be modified due to people's negative perceptions.

## REGULATORY BARRIERS

**Perceptions on weak enforcement of laws that disadvantage MSMEs.** Although no direct feedback was received from the interviews on regulatory areas, the meetings held with business associations to validate the assessment's preliminary findings highlighted enforcement issues that disadvantage local MSMEs. One example was the weak enforcement of tour guide permits. People without permission are able to operate, creating a direct impact on licensed tour guides' incomes. Similarly, the unregulated ability of foreigners to own and operate dive centres with no requirement to hire locals was stressed as a hindrance for local talent development, retention and revenue generation related to one of the nation's most significant natural assets. The photography/videography companies emphasised the need for a body to regulate the sector, including professionalism of talent as well as maintaining internationally competitive pricing. Furthermore, irregular/undocumented migrant workers renting out spaces and conducting business was raised as a serious concern. Some businesses on the islands noted that they were able to change their electricity billing from business rates to domestic rates as a COVID-19 support measure following negotiations between the island council and service providers. But such processes should have been standardized, announced in advance and made available for all micro- and small businesses.

### KEY FINDING 3. COVID-19 ADAPTATIONS BY BUSINESSES

The BCC survey showed that companies cited moving services online and continuing to run them with new safety guidelines in place. Despite the optimistic responses received with regard to 'safety protocol' and 'safety gear or PPE', it was found that very few understood what it would actually entail to control the spread of COVID-19. When questioned about the safety guidelines or PPE, the majority of responses included, 'being advised to stay home' (referring to not operating) or having a hand washing station on the premises. Very few actually reported having a written safety protocol or communicating safety advice to their employees.

In the interviews, 67 businesses cited implementing several changes to boost sales and manage cash flow. Most commonly stated adaptations include:

- Starting/expanding delivery services** (included cafés/restaurants, corner shops, large-scale food vendors/importers). One business indicated making a contract with Red Box, who specialise in running a courier service in the Greater Malé Region.
- Moving to online payments (including internet transfers and Viber community groups for marketing)**. This was not possible for many small businesses in the atoll-zones as they did not use the internet.
- Ramped-up online presence and marketing through Facebook, Instagram and Twitter**. Out of the 67 businesses interviewed, a substantial number of businesses (21) reported carrying out online marketing. They ranged from dive centres, guest houses, artisans and salons to corner shops and event organizers.
- Moved to work-from-home**. Eight companies indicated facilitating work from home arrangements and operations. These include photographers/videographers, ICT businesses, salons, dive centres, cafés/restaurants and artisans.
- Product modifications**. Examples stated include reducing perishable goods by a corner shop and a café introducing home brewing, to supply coffee products to brewers.
- Diversified to other products or services using their existing resources**. A marketing company informant said they diverted their business product to disinfectants using market intelligence supported by their overseas branch. A dive company diverted to setting up a café in their premises to maintain some level of revenue. A music group that had earlier invested in a speedboat for their resort trips, started reef-fishing and purchased a deep freezer. A café/restaurant introduced a new range of dishes for home-deliveries. A guest house diversified into selling watermelons by forming a cooperative with farmers and directly linking with buyers, which eliminated the middlemen and provided farmers with a good payment.
- Reduced the prices to increase sales**. Some retail shops stated offering reduced prices and discounts, while the large majority of businesses indicated that it was challenging to offer reductions in the difficult operating environment.

**Success stories of innovations as reported by businesses interviewed:**

During the in-depth interviews, people discussed the successful innovations implemented by companies. These include increasing the number of young people engaged in reef fishing and modifications to fish processing as initiated by women from one island who made paste from bigeye scad mushimas instead of skipjack tuna. Farming initiatives include securing land from the local council, growing more species of fruit and vegetables, reviving traditional agricultural practices such as a banana plantation that was started with UNDP assistance, growing hydroponics at home, selling plants, food delivery and utilising online platforms. One informant noted how mangos from Fuahmulah (Southern atoll) have been reaching the capital, Malé's market through online marketing during the lockdown in the Greater Malé Region. Another mentioned the internet service provider Raajje Online (ROL) creating a platform that enabled digital classrooms. While an example of delivery business in the capital Malé made reference to a group of young people who set up an effective delivery company across Malé-Hulhumale. They started repackaging bulk items (frozen food such as beef) into smaller quantities at a lower price to meet the needs of customers who lived in cramped spaces with small fridges.

**Opportunities for innovation:** The surveys shows how the crisis has opened doors for new opportunities, especially for women, introduced new ways of doing business, and brought about shifts in behaviour and consumption patterns. The acceptance of working from home within society will create economic opportunities for women beyond the crisis. Online businesses have boomed within the last few months fostering new women entrepreneurs. The wide use of delivery services and online ordering of groceries have also increased the number of women actively contributing to the production, sale, and supply of products. Some women's companies operating from home were able to divert their operations and products to meet the needs of the crisis, such as sewing face masks. While others without prior operations have started earning income through selling the face-wear. However, these people also faced difficulties in acquiring materials, fabric and the transportation of supplies. The associations that work with women entrepreneurs said there was an immediate boost in the demand for masks with several women taking part in supplying them to the general

public. But some large-scale mask orders, especially those purchased by government institutions, were given to big businesses when they could have been shared among several home-based companies. This could have been achieved through a partnership with existing bodies, such as the cooperative 'SABAH' formed by the Ministry of Economic Development for home-based workers.

The Construction Industry Association also reported that the utilization of drone technology for site inspections and monitoring progress can be adopted by businesses. The images captured can be used by engineers working remotely or by investors in the project to improve on site supervision.

Additionally, the business associations also noted that annual meetings with members could be held online without the need to physically gather in one place. This used to be a big challenge for businesses on remote islands due to the high costs associated with travel and accommodation in Malé city. The MACCS working with many self-employed people across the country believe that entities representing the government at the island level, such as the business centres under the BCC, Island Councils and Atoll Councils, could provide one-on-one assistance to train associations and MSMEs to use technology to its full potential. As MSMEs will be adopting alternative work modes and digital operations, internet issues regarding cost, speed and access should be addressed and resolved to facilitate the shift towards this adaptation.

## KEY FINDING 4. FUTURE OUTLOOK

The MIRA data presented in Table 1 shows that most MSMEs are concentrated in trade, tourism, construction and other support services. Hence, the recovery of the tourism industry is essential for most MSMEs to continue with their operations and recover from the crisis.

According to business registration data obtained from Ministry of Economic Development for the purpose of this assessment, there was 10 percent year on year growth for the period from January to July between 2018 and 2019. Registration data shows a decline of 38 percent in the same period in 2020 compared to 2019. This is most apparent in the decrease in ‘company’ registrations. They dropped by 41 percent and ‘sole proprietorships’ registrations fell by 35 percent between January and July 2020 compared to 2019. The reasons for this decline could be partly due to fewer businesses seeking registration or a slowdown on registration services due to the Government closure and lockdown measures in the Greater Malé Region from April to July 2020.

The in-depth interviews with companies show that out of the 67 interviewed, 42 percent said they might have to suspend business within this year. But 40 percent said they have plans for expansion and diversification. Many, however, temporarily halted expansion plans because of the economic impact of the pandemic. About 55 percent of businesses said they knew others that had completely shut down or are at risk of doing so. New business ventures, especially the ones run by young people, were identified among those most at risk of permanent closure. Companies most affected by the pandemic are tourism-related, in the transport sector, home-based or other micro- and small enterprises.

The duration and extent of the crisis will play a central role in determining the economic impact. Likewise, many MSMEs said that the evolution of the crisis would determine their future. The uncertainty and the rampant affect, especially during the second quarter and a minor recovery in the third quarter, will further put many MSMEs at risk of stopping operations entirely. This will affect consumers and suppliers as well as the future growth of businesses and entrepreneurship in the

Maldives. The key informants said food and beverage businesses, especially cafés and restaurants, were seen as high-risk even for the ‘new normal’. Live music and dance performers, event planning, public relations and other entertainment-related businesses were believed to take longer to recover, if able to do so. The types of businesses likely to succeed in diversifying and adapting after the pandemic are thought to include: grocery shops and merchandise for regular consumption, businesses that were able to move to online platforms, internet service providers, ICT services, pharmaceutical and medical equipment and restaurants with delivery services.

Meetings held with business associations highlighted that the recovery of the tourism sector as a whole and areas such as the dive and surf market, is only likely when international borders reopen, and traveller confidence is regained. Feedback from the surf association indicated that while most training schools had to completely halt their operations, some surf shops took their business online and intend to maintain their presence there in the future.

# RECOMMENDATIONS

The following recommendations focus on addressing the negative impacts of the protracted economic crisis associated with COVID-19 on MSMEs in the short-term. The second part of this section proposes an economic recovery framework to be implemented in the medium to longer-term.

## RECOMMENDATIONS FOR THE SHORT TERM (6 MONTHS)

**Recommendation 1: Increase financing for MSMEs with more tailored assistance for micro- and small and informal businesses.** The report highlights the challenges to access finance prior to the crisis and the constraints facing businesses in response to the pandemic. Given that the current forecasts for recovery look unpromising, it is recommended that building on the COVID-19 Viyafaari Ehee loan scheme, implemented by SDFC, the Government explores the next phase of financing, taking into account the protracted nature of the economic crisis and the challenges facing businesses to survive in this context. The next phase of funding should focus on the following areas:

- Conduct market research and analysis to identify the sectors and economic activities that has the potential for future development. Under this, identify the highly saturated markets and divert financing to newly establishing markets with greater prospects of MSMEs survival. Make the market research information publicly available which will help reflect market situation in business decisions. Identify missing markets which is overtaken by foreign businesses that can be locally integrated.
- The SDFC should systematically review the quality of loan applications, the gaps in applications and document the reasons for rejection which can then be linked to BCC services. This will enable it to conduct the necessary outreach and build capacity of businesses in areas where their ability to access finance can be improved in the future.

- Establish a financing window which provides grants and or zero interest loans targeting micro-, small and informal businesses. This should be complemented with mandatory capacity building offered through the BCC (discussed below).

- Support medium to large businesses by customizing loans based on needs and targeting those with potential for growth with lower interest loans. Favourable terms can be established for businesses which promote digitization, sustainability measures, innovation and integration into tourism and international value chains including those with high export potential.

- Zero and low interest loans to support startup businesses that have heavily invested pre-pandemic to support cash flow management and kick-start trade.

- Review the moratorium period for working capital loans in the light of the current economic projections, as several businesses do not foresee recovery within 2020 to enable them to start repaying loans.

- Conduct market research, identify and enable alternative mechanisms such as capital market financing, crowd financing and social impact financing for businesses with new instruments and products targeting MSMEs.

- Introduce targeted financing for businesses to transition to low carbon operations, digitization and in applying other sustainability measures.

**Recommendation 2. Strengthen institutional support of the Ministry of Economic Development and the chain of services of key bodies such as the BCC, SDFC and MFMC, to be delivered in a coherent and coordinated manner.** The government has established BCC (for business advisory and support services), SDFC (for MSME financing) and MFMC (for investment promotion and to unlock financing for innovation).



- Conduct a large scale MSME outreach programme targeting the hard to reach and vulnerable businesses/groups to inform them and the general public about the support offered by the government including the services of BCC and SDFC. The report's findings show that a limited number of businesses were aware of the role of BCs operated by the BCC. The outreach programme should be led by BCs in collaboration with atoll-based service providers such as 'MIRA desks', island councils, local NGOs, business associations and in collaboration with businesses. The information dissemination should be carried out on a systematic and regular basis through phone and social media messaging as well as public service announcements and online group engagements.
  - Introduce support services through the BCC for those interested in accessing finance through SDFC. This should include assisting businesses in obtaining the necessary documentation and in putting together the loan applications. The BCCs can further assist SDFC to validate the business activities of applicants through localized verification processes and assist in loan management for businesses when financing is secured.
  - Increase transparency measures including regular information sharing with the public on the current financial assistance offered through SDFC, the COVID-19 Viyafaari Ehee loan scheme. SDFC should schedule financing periods for businesses to prepare in advance and publish regular and timely updates on support programmes and loans dispersed. Include information on the number of businesses supported, volume by industries and information on rejected loans with reasons.
  - Develop a registry of informal businesses including those online, through BCs. Over the past four months, the pandemic has seen an increase in many home-based businesses. A registry will serve as a useful tool to tailor the necessary support services for this target group. It is critical that the registry be systematically managed and updated on a quarterly basis.
  - Increase efficiency of services offered by the Ministry of Economic Development on business registration, obtaining of operating permits and foreign expatriate engagement services for MSMEs.
  - Strengthen enforcement of laws particularly in areas that are viewed to put MSMEs at a disadvantage (refer to the issues discussed under regulatory barriers in the previous section).
- Recommendation 3. Build capacity of businesses through a range of technical support and advisory services.** The findings of the report highlight the various capacity gaps that exist within MSMEs and the limited scope of access to technical and advisory services amongst MSMEs including business advisory, legal and medical support services. It is recommended that BCC introduces the following technical advisory support services for MSMEs in partnership with service providers and business associations in an affordable and quality manner.
- Introduce support services to provide forward looking market intelligence in key economic sectors including global and local trends. Ensure that this information is readily available and easily accessible through mobile applications, mainstream media and webinars.
  - Strengthen outreach and coverage of business advisory support services with a strong focus on risk-based business planning, contingency planning, work force management and financial literacy.
  - Introduce a legal advisory helpline and provide support for MSMEs in contract negotiation, document review and improving the overall documentation of businesses.
  - Collaborate with HPA to provide clear, consistent and regular messaging and medical advisory for various MSME operating sectors including tailored advisory for food and beverage outlets, wholesale and retail sector, guest houses/local tourism services, salon /spa services and event organizers/service providers.
  - Introduce networking for businesses on supply management, logistics handling and other support services.

- Introduce e-tools and build business capacity to use these methods to improve quality and efficiency in management particularly in areas such as inventory, finance, accounting and workforce management.
- Facilitate knowledge exchange and expertise exchange from global, regional and local success stories, new business models and champions on how businesses are adapting and responding to the crisis.
- Introduce Business to Business mentorship programmes.
- Introduce a networking platform for freelancers and the self-employed. One suggestion is to create a holistic portal within the JobCenter portal where all freelancers and artists could upload their profiles to showcase the pool of local talent in one central database. It could be configured to match employers with potential employees and monitor standards of contracts. This could also be achieved in collaboration with start-ups such as Jobsicles which currently provide job matching services for employed population.
- Introduce capacity building opportunities for business associations in areas of managerial, administrative and technology adaptation which were identified as barriers for operation by associations.
- Explore co-sharing of workspace for business associations in collaboration with Business Centers and other office outlets of the Ministry of Economic Development.
- Facilitate knowledge exchange, exposure and partnership with regional and global business associations and interest groups for local associations.
- Strengthen capacity of business associations to conduct regular data collection within the sector including impacts of the crisis on the respective business sector, to produce market intelligence reports and in areas of corporate responsibility, leadership and advocacy.
- Explore options to introduce tailored technical advisory services in collaboration with BCC for MSME sectors complementing the BCC's business advisory services.

**Recommendation 4. Establish a collaborative working relationship with active business associations and provide technical capacity for the associations to function effectively and support/represent MSMEs in their relevant sectors.** The findings of the report show that many business associations have been active in documenting the impact of COVID-19 on companies in their sector. The meetings held with business associations to validate the preliminary findings of this report further alluded to the potential advocacy role of businesses and their willingness to contribute to the recovery process. It is therefore recommended that the Ministry of Economic Development establishes a strong working relationship and provides the necessary support for associations in collaboration with the Ministry of Youth, Sports and Community Empowerment<sup>12</sup> to expand and strengthen their role in economic recovery. Specific actions proposed are:

- Establish a regular consultative and or dialogue platform with business associations to discuss economic policy responses and potential collaborative interventions to support MSMEs.
- Ensuring affordable and good quality internet for MSMEs through subsidized rates in collaboration with telecommunication operators.

**Recommendation 5. Accelerate support for business adaption and speed up digital transformation.** The report's findings highlight the digital, innovative and diversification measures undertaken by businesses. The meetings with business associations to validate the findings of the assessment indicated the need to build on and expand on these changes to shape new ways of doing business, speeding up the digitization drive and shifting business culture towards the new direction. Some of the key actions to undertake include:

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<sup>12</sup> The Ministry manages the registry of associations

- Conduct outreach programmes and training via public television broadcasts to demonstrate the simple use of applications such as Zoom, mobile apps, digital marketing using social media and internet banking.
- Conduct targeted training programmes for businesses on digital solutions, e-commerce, and digital marketing in collaboration with the Maldives Polytechnic.
- Explore technology adaptation, financing and technical support services to enable businesses to uptake clean technology including renewable energy and green agrotechnology.
- Scale up the technical and advisory services of BCC to businesses in the atoll through digital means.

**Recommendation 6: Design and implement a collective strategy to revive tourism sector for the upcoming high season (October 2020-March 2021).**

Given the heavy reliance of the economy on tourism, the restoration of employment and rehabilitation of MSMEs depend to a large extent on the recovery of the tourism sector. Despite the reopening of Maldives border in mid-July 2020, tourist arrivals remain extremely low. The Government in collaboration with all actors need to develop a coordinated strategy for tourism recovery in the upcoming high season. October to March is typically the peak travel period for the Maldives, generating more than 50 percent of the annual tourism revenues. Therefore, it is critical that the country is equipped to attract visitors and manage travel during this time. To achieve this, the following actions are recommended.

- **Establish a business task force for revitalizing tourism.** The Ministry of Tourism should facilitate a collaborative working platform with the business community through setting up a business taskforce for travel and tourism recovery for the Maldives. The taskforce should include representatives from the private sector as well as business and employee associations.

- **Conduct collective destination marketing.**

While recognizing the advantages of the unique ‘one island one resort’ concept in the Maldives, and acknowledging travel is a challenge to many visitors given the disruptions in the airline industry, and understanding visitor demand for safe destinations, it is vital for the government to partner with the travel industry stakeholders to formulate a strategic destination marketing and promotion plan for the tourism recovery process. A unified strategic approach is important for faster recovery across the properties instead of individual efforts by tourism establishments, tour operators and airlines. A unified approach will benefit the industry as a whole and can facilitate efficient resource allocation and better return on marketing investments. An intensified effort is needed to prepare businesses and services to match the expectations of visitors and agree bilateral arrangements that are essential to boost tourism in the immediate term.

- **Ensure testing, isolation and treatment capacity is developed across the atolls** which can be co-

invested by the Government and private sector and utilized by the visitor population and local population in a specific atoll. It is important that benchmarks are established and capacity is built across the atolls to ensure that both visitor and employee well-being and safety are guaranteed.

- **Develop arrangements for rehabilitating guest house tourism.**

This can be achieved through arrangements facilitated for domestic travel. Similarly, special arrangements can be made to attract digital nomads and those working from home to carry out long stays in guest houses.

## RECOMMENDATION FOR THE MEDIUM TO LONG TERM – ‘BUILD FORWARD BETTER, BLUER AND GREENER’

Combined with the above-mentioned recommendations to mitigate the negative impacts of the protracted economic crisis, a medium to long-term recovery and development framework is being proposed as a final recommendation of this report.

**An economic recovery framework based on the core principles of the Agenda 2030; resilience, sustainability and inclusion.** Building on the short-term recommendations, the medium to long-term recovery framework aims to convert the key vulnerabilities of the Maldives exposed by the COVID-19 crisis into key opportunities for transforming the economy to generate long-term benefits for people and the environment. The key dimensions of the recommended recovery framework are:

**A more inclusive and sustainable tourism industry for the Maldives.** As tourism is the current driver of the economy and the main source of employment, transforming the industry can build the population’s resilience in the future. The Maldives exclusive brand leverage can be further consolidated by the proposed three key strategies. The first strategy is to reduce onsite employees through establishing living and commuter facilities between resorts and neighbouring inhabited islands. Businesses and the government can jointly invest in developing selected islands on an atoll with housing/accommodation, schooling, day care, health and training facilities for resort employees and their families. This can unlock employment opportunities for those with barriers to on-site resort living including women. Investments in employees’ families can help to increase motivation, productivity and minimize turnover at resorts. This new model will be conducive to managing health and safety standards, social distancing and exclusivity of resorts for visitors. The second strategy is to support the digitization and automation of resort operation functions and facilitate the transition to virtual operations. The report indicates that 14 percent of the resident

resort population work in administration. By taking departments such as human resource management, procurement/purchasing, finance, administration, reservations and telephone operators online, resorts can minimize on-site employees, increase productivity and employ more diverse groups including women and persons with disabilities (PWDs). The workforce management of the industry should prioritize decent wage, work-life balance and upskilling Maldivians to create the next generation of business leaders. The third strategy is facilitating the transition of the Maldives tourism industry into a low-carbon path. Echoing the World Bank Maldives Development Update of June 2020, it is important to facilitate private investments in renewable energy, especially solar photovoltaic technology within tourism, promote circular models of waste reduction and management of food waste. A fourth strategy is to encourage international tourism to the Maldives to engage more closely with local MSMEs. This can be achieved by agreeing on common interests in order to build joint public and private programmes that support opportunities to increase local value creation in the tourism industry value chain.

**A diversified economy and future of work integrating the blue, green, the digital and care economy.** The pandemic has exposed the vulnerability of the economy due to its heavy reliance on tourism and on imports including food and fuel. Strategies proposed to overcome this include (i) harnessing the blue economy through sustainable fisheries and protection of coastal and marine resources (ii) creating local green industries and entrepreneurship in the areas of clean and climate-smart technology, developing solar-powered marine transport, sustainable farming and circular models for existing industries (iii) boosting the digital economy through a range of digital services (iv) putting in place the necessary labour protection guarantees and affordable, quality care services. Policy, legal and financing incentives therefore need to be designed and implemented to unlock investments in these alternative growth sectors. Similarly, building the MSME ecosystem and ensuring their integration into these value chains

through increased capital, training, technology and research and development partnership is key.

- A future of work and future of skills framework aligned with the diversification priorities.** The alternative growth sectors identified above will not take off unless a readily available workforce exists to carry forward the new industry ambitions. Skilling and re-skilling Maldivian women and men to integrate themselves to either work or conduct business within the value chain of the green, blue and digital economy is critical. This should include professional skill development in environmental and marine science, data science, AI, machine learning and ICT.
- A more integrated, efficient and holistic social protection system based on the principles of universal basic income (UBI).** The crisis has exposed the vulnerabilities of the population including the risks of households falling into poverty as a result of the impact on employment. Existing income and wealth disparities are likely to increase. A strong social protection system is therefore key to ensuring that the most vulnerable are protected against future crises including any related to climate change. The current social protection system includes a range of benefit schemes for various target groups operated through different modalities and financing. Their effectiveness is yet to be determined. Old age benefit schemes such as the state monthly allowance overlap with a contributory pension scheme. New benefit schemes such as the unemployment benefit have been planned.<sup>13</sup> It is recommended that current schemes be revisited to create a more holistic system where all vulnerable groups are covered with a basic income.

**An integrated financing strategy for enabling recovery and transformation to sustainable development.** To unlock additional revenue and to ensure that current financing generates a move towards sustainable development as envisioned in the proposed dimensions of the economic recovery framework, it is recommended that an integrated financing strategy be developed exploring the role of all types of financial flows. These should include the national budget, international development assistance, private sector participation and innovative financing. Some of the emerging innovative instruments in the financing landscape for sustainable development include measures that could be highly relevant to the Maldives. Debt-restructuring and debt swaps such as the 'debt for nature' scheme, blue financing, climate finance, blended finance and risk insurance, digital finance and impact investing that paves the way for social entrepreneurship are among the options. Similarly, while fiscal space is limited in the current context, an opportunity exists to make the right fiscal adjustments prioritizing inclusive and sustainable investments and incentivizing the same for the private sector.

<sup>13</sup> Government of Maldives Strategic Action Plan 2019-2023

# APPENDICES

## APPENDIX 1: DETAILED METHODOLOGY OF FGDS AND KIIS

The objective was to undertake a rapid assessment to identify the impacts of COVID-19 to MSMEs in the tourism value chain. The methodology proposed was a qualitative assessment of MSMEs through Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) categorised by MSMEs in the tourism value chain in islands selected for the assessment. Table A2.1 is a summary of the tourism value chain with the categories and types of service providers identified.

**Table 1: Tourism Value Chain**

TRANSPORT & STORAGE	Air transport	<ul style="list-style-type: none"> <li>● International airlines &amp; agents</li> <li>● Domestic airlines (Flyme, Maldivian, Manta) &amp; agents</li> <li>● Seaplane (TMA, Maldivian)</li> </ul>
	Marine transport	<ul style="list-style-type: none"> <li>● Marine transport companies - speedboat ferries and rentals</li> </ul>
	Land transport	<ul style="list-style-type: none"> <li>● Taxi Centers, AVAS taxis</li> <li>● Busses, MTCC rentals</li> </ul>
ACCOMMODATION AND FOOD SERVICES	Hotel planning	<ul style="list-style-type: none"> <li>● Tour operators, travel agency, – (physical and OTAs), Yacht and cruse handlers</li> </ul>
	Accommodation	<ul style="list-style-type: none"> <li>● Resorts, Guesthouses, Hotels, Safari vessels, Room rentals</li> </ul>
	Food & Beverage	<ul style="list-style-type: none"> <li>● Restaurants, cafes, fast food (airport / terminal)</li> </ul>
TRADE	Shopping / Handicrafts	<ul style="list-style-type: none"> <li>● Supermarkets, souvenir shops, guest shops, (jewelry shop), island/corner shops</li> </ul>
PROFESSIONAL AND OTHER SERVICE ACTIVITIES	Visit Experience	<ul style="list-style-type: none"> <li>● Tour guides, excursions services, fish excursions (big game fishing)</li> </ul>
	Leisure, Excursions, Entertainment	<ul style="list-style-type: none"> <li>● Music bands, DJs, Organizers, Boduberu, Cultural groups, dance groups, Photographers, videographers, Spa services, Yoga and wellness, Sports, Dive center, Free divers, Water sports, Sailing, Jet ski, Surfing</li> </ul>
	PR, Marketing	<ul style="list-style-type: none"> <li>● PR firms, Marketing and sales firms</li> <li>● Photographers, Videographers</li> </ul>
SUPPORT SERVICES & SUPPLIERS	Support Services Resort Suppliers / Vendors	<ul style="list-style-type: none"> <li>● Laundry, Security, Telecom, Renovation/maintenance (construction), Money exchange, Waste disposal transport</li> <li>● National level large companies: Food suppliers (Lily, Happy Market UFS, BBM, VB, BHM etc),</li> <li>● MIFCO, ENSIS, Villa</li> </ul>

- Storage and distributors
- Chemical suppliers
- Goods and materials suppliers
- Community level: Suppliers of hedhikaa, cakes, local goodies
- Vegetables and fruit suppliers, fish suppliers,
- Suppliers of cultural material (thatch, sataa, lacquer work, wood art, coconut art, souvenirs)

## SAMPLE STRATIFICATION

For a representative distribution of MSMEs in the tourism value chain across the country, six tourism zones were identified based on geographic distribution of guest houses. The islands for the tourism value chain assessment were selected based on the number of guest houses established in the islands in the identified tourism zones. One to two islands from each atoll in the identified zones were selected for the assessment based on the tourism bed capacity. Table 2 gives the detail of sample:

**Table 2: Sample stratification**

ATOLLS	ATOLL	ISLAND	RATIO(GH)	TARGET
KAAFU (K)	K	Male' Hulhumale' Maafushi Thulusdhoo	43.3	16
AA, ADH, V	AA ADh Vaavu	Thoddoo Ukulhas Dhigurah Fulidhoo Keyodhoo	34.5	10
N, B, R, LH	Baa Baa Noonu Lhaviyani	Dharavandhoo Kamadhoo Velidhoo Kurendhoo	8.8	8
V, M, F, DH, TH, L	Faafu Laamu	Nilandhoo Gan	3.2	4
HA, HDH, SH	Ha	Kelaa	4.1	2
GA, GDH, GN, S	Gaaf Alif Gnaviyani Seenu	Maamendhoo Fuvahmulah Hithadhoo	6.1	6

## SAMPLE UNIT

The sampling unit for this assessment was the micro-, small and medium-sized businesses in the tourism value chain. The MSMEs in the islands selected for the survey were identified by the Ministry of Economic Development (MED), the Business Centres and industry associations.

## SAMPLE SIZE

Across the 19 survey islands, a total of 795 businesses were identified for the assessment. However, given the time constraints and resources, the assessment set a minimum target of 46 interviews through FGDs and KIIs. However, a total of 76 interviews were undertaken across 51 meetings. The sample size is distributed based on ratio of guest houses in the zones given in table 2.

## SURVEY / INTERVIEW METHODOLOGY

The qualitative assessment was undertaken through FGDs and KIIs. A structured interview guide with questionnaire was used to collect the data. The questionnaire comprised of 3 sections: (i) demographics, (ii) COVID-19 business impacts and adaptations and (iii) future outlook. A total of 23 questions with 87 guiding sub-questions were designed as an interview guide questionnaire.

Across the 19 islands, FGDs were pooled in the following groups and KIIs conducted where FGDs could not be organized.

1. Guesthouses /spa/ laundry
2. Ferries, TO and TAs
3. Excursion and dive schools
4. Shops, workshops, garages
5. Arts, crafts, photographers
6. Cooked and fresh food suppliers
7. Cafés

The assessment also focused on women in these zones by undertaking KIIs and FGDs with the following groups.

1. Guesthouses /spa/ laundry
2. Arts, crafts, photographers
3. Cooked and fresh food suppliers

## FGD AND KII IMPLEMENTATION

Interviews (KIIs) with businesses from the atoll zones:

- Calls were made to 89 businesses randomly selected from the business list obtained from Business Centres, with caution taken to select no more than 1 from each zone.
- The list contained businesses from Zone 1 to 6 (i.e. Malé area not included).
- From the 89 businesses contacted, interviews were scheduled with 53 consenting individuals. Many of the phone numbers had been disconnected or there was no answer. Only 3 people called back.
- From the 53 who consented, 17 people did not respond to the scheduled call. After a couple of attempts, a different person from that zone was called and a meeting was arranged.
- There were only 2 businesses listed for Boduberu/ Dance groups. Both agreed to an interview and meetings were scheduled (with one person rescheduling twice). But no one was able to join the meeting. No reason was provided.
- “Renovation & Maintenance (Construction and Carpentry)” was the most difficult to reach as calls were often unanswered. Of those contacted, many appeared to be busy and had difficulty arranging a time.

Interviews (FGDs) with businesses from the Male’ area

- Every attempt was made to arrange FGDs. However, after multiple attempts to get people from the same business sector to agree to a common time failed, 6 out of the 15 planned FGDs from the Malé area were conducted as KIIs.
- There was a hesitation to sit together with competitors to talk about the challenges they faced and how they are managing the transition period.
- In at least two FGDs out of the nine, participants voiced the same sentiment. They questioned why they were being asked these business details such as number of employees, whether they were retained during the pandemic and



what adjustments were made to their salaries, annual revenue of the businesses, their suppliers and details such as innovative approaches that they are taking to adjust to the crisis, etc. There were suggestions that they would feel more comfortable talking individually.

- A few other groups went very smoothly. They appeared to have a collegial relationship across the businesses and did not seem to be competitive.
- Meetings were scheduled with 39 businesses from the Malé area but 8 businesses did not join the meeting citing a busy schedule.
- There was only one construction entry on the Malé area list and he agreed to a meeting but did not respond to the scheduled call or the follow-up text message.
- There were four cruise handlers on the list. The first person refused to participate without a lawyer. The second agreed to an interview and it was scheduled twice. On both occasions after about 20 minutes into the scheduled time and upon follow up, he asked to reschedule as he was caught up with business matters. Did not manage to talk to him. The third person on the list was called and he requested to call back the next day to check his availability. When the call was returned, he said he was busy that day and he indicated possible availability on 10 July. We did not hear from him. No further attempt was made to contact a cruise handler.

With the people who were willing to talk and had valuable information to share, the interview guide was too long to address all questions adequately. Interviews had to be rushed without giving them due time to contemplate their responses.

- The quantitative findings have been presented where possible. But because the questions were not asked with predetermined answers, the categorisations have been derived based on the descriptive answers. Therefore, the quantification and generalisation even across the 67 informants needs to be considered with caution.
- The findings also need to be taken cautiously because of the variety of businesses sectors and the size of the 67 businesses.
- Grouping of similar businesses to form a focus group discussion was not effective in terms of exploring some of the questions about specific business operations. Many were hesitant to disclose their revenue, the impact on their employees, the arrangements for salary adjustments, etc. Similarly, discussions about strategies they have used to manage the cash flow as well as new expansion ideas were rarely disclosed. The level of openness was different when similar questions were asked in the KI setting.

## EXECUTION AND LIMITATIONS

- The Meetings were anticipated to take 45-minutes with the possibility of extending a further 10-15 minutes with the permission of the informant.
- The duration of the 51 meetings ranged from 31 to 110 minutes with an average time of 60 minutes.
- With the shorter interviews, the informants were not forthcoming or were not involved in micro- businesses and many questions were left unanswered.

## APPENDIX 2: KEY INFORMANT DEMOGRAPHICS

### INFORMANT DEMOGRAPHICS

The scheduling of the meetings for the Malé area coincided with the easing of the lockdown in region (late June into early July 2020) and therefore businesses were busy restarting their operations after a closure of 3 to 4 months.

- Meetings were scheduled with consenting individuals from 53 business from the 6 atoll-zones and 39 businesses from the Malé area
  - 17 from the atoll-zones and 8 from Malé area did not join the scheduled meeting.
  - 5 of the 17 people responded to say that they were caught up with work and did not know when they could spare time. The others did not respond to the scheduled call.
- 51 interviews (discussions) were held between 22 June to 9 July 2020, with 67 different businesses across 19 business sectors (See table 1 & 2). This includes:
  - 36 businesses from 6 of the Atoll-zones and
  - 31 business from the Malé area.
- The mode of discussions includes:
  - 42 (82%) key informant interviews (KIIs) and
  - 9 (18%) focus group discussions (FGDs) in a group of 2 to 4 entrepreneurs from different businesses from the same business sector.
- The discussions took 31 to 105 minutes with each meeting, with an average of 60 minutes. The discussions were held over the phone or online:
  - 21 conference calls,
  - 14 calls through Viber, 1 through WhatsApp
  - 15 interviews conducted as a Zoom meeting
- At the time of interviews, the lockdown in the Malé area was undergoing the easing process. Three other islands reported having been placed in monitoring status while some reported mobility restrictions.

### BUSINESS OWNERSHIP / INTERVIEW STATUS IN THE BUSINESS

- The status of business ownership of the 67 informants predominantly were as sole proprietors and partnerships.
  - At least 54 (83.1%) of the informants identified themselves as owners of the business (either as sole proprietors, or partnerships).
  - Six (9.2%) of the informants identified themselves in senior management positions (such as CEO, Director, General Manager). These predominantly include the large companies from the Malé area.
  - The status of ownership or business position of the remaining 5 informants were not clarified.
- The 67 informants include
  - 14 (21%) female entrepreneurs and
  - 53 (79%) male entrepreneurs.
- Most female informants had ownership of corner shops and cafés in the Atoll-zones. In Malé area female entrepreneurs were more noticeable in artistic businesses such as music and arts & crafts.
- The majority of the informants were between the age group of 35 to 45 years and they identified themselves as sole-proprietors or in partnership.
  - 15 informants aged between 25-35 years
  - 30 informants aged between 35-45 years
  - 17 informants aged between 45 to 55 years
  - 2 informants aged 55 years
  - 6 informants age not specified
- Most of the entrepreneurs (except for the few large-scale ventures) invested in their business from their savings and/or support from family, friends, and business partners. None stated having foreign investment in their companies.

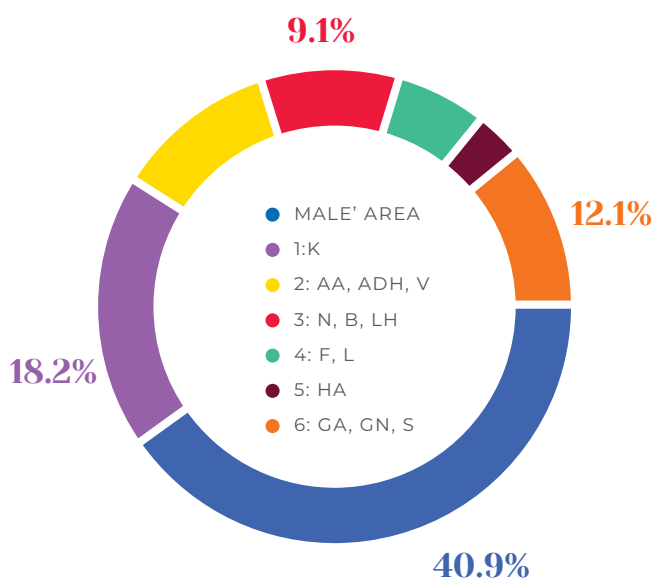
**Table 3: Gender of informants**

SECTORS	MALE	FEMALE
Guest House	7	1
Spa/Salon Services		1
Cafes & Restaurants	5	2
Corner Shops/Marts	2	2
Renovation & Maintenance (Construction and Carpentry)	3	
Local Food vendors (Short eats, Cakes & Pastries)	2	1
Vendors (Vegetables, Fruit, Fish Suppliers)	3	1
Speedboat/Ferry Service	3	
Fish Excursions	2	
Dive Centers; Water Sports	7	1
Photographers & Videographers	6	
Artisans, Souvenir shops, guest shops	2	2
Boduberu Groups; Cultural & Dance Groups	1	1
Event Management, PR, Marketing	3	
ICT	1	
Music/DJ	2	2
Airlines	1	
Food importer and suppliers	1	
Travel Agents and Travel Operators	2	
	<b>53</b>	<b>14</b>

- Most of the businesses are registered and most businesses have a separate office address.
  - Some photographers, musicians, & cultural performers work as freelancers and work from home.
  - The cultural performers reported not having the ability to register their business because such groups are not formally recognized as a business. One cultural group reported having registered as “entertainment supply”. Another group could not get registered.
  - A local food vendor stated that they did not register. The reason was not explored.
- Many of the corner shops and cafes in the Atoll-zones are located on the residential property of the owner.

TYPE OF BUSINESS (BUSINESS SECTORS)

Figure 1: Type of businesses by sector



Across the 51 meetings, the 67 business comprises 31 from Male' area and 36 from 6 pre-determined atoll-zones. These zones include:

- Male' Area
- Zone 1: Kaafu atoll
- Zone 2: Alif Alif (AA) atoll, Alif Dhaalu (ADh) atoll, & Vaavu (V) atoll
- Zone 3: Noonu (N) atoll, Baa (B) atoll, & Lhaviyani (Lh) atoll
- Zone 4: Faafu (F) atoll and Laamu (L) atoll
- Zone 5: Haa Alif (HA) atoll
- Zone 6: Gaaf Alif (GA), Gnaviyani (Gn), and Seenu (S) atoll

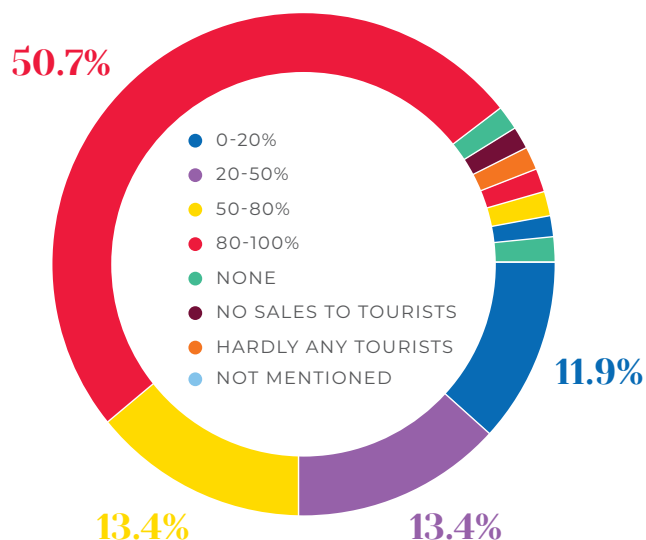
**Table 4: Different sectors and the number of businesses interviewed for this assessment**

SECTORS	MALE' AREA	1: K	2: AA, ADH, V	3: N, B, LH	4: F, L	5: HA	6: GA, GN, S	TOTAL
Guest House	3	1	1	1	1		1	8
Spa/Salon Services	1							1
Cafes & Restaurants	2	1	1	1	1		1	7
Corner Shops/Marts		1	1			1	1	4
Renovation & Maintenance (Construction and Carpentry)		1	1	1				3
Local Food vendors (Short eats, Cakes & Pastries)		1	1		1			3
Vendors (Vegetables, Fruit, Fish Suppliers)	1		2	1		1		4
Speedboat/Ferry Service		1		1			1	3
Fish Excursions			1	1			1	3
Dive Centers; Water Sports	3		1			1	1	5
Dive Centers (resort focused/resort-based)	2							2
Photographers & Videographers	4	1			1		1	6
Artisans, Souvenir shops, guest shops	1		1					4
Boduberu Groups; Cultural & Dance Groups	2							2
Event Management, PR, Marketing	3							3
ICT	1							1
Music/DJ	4							4
Airlines	1							1
Food importer and suppliers	1							1
Travel Agents and Travel Operators	2							2
	31	7	9	6	4	3	7	67

TYPE OF CUSTOMERS & REVENUE

- Out of the 67 businesses interviewed, many stated that their customer-base and revenue was largely tourism-related.
- **At least 34 (50.7%) business: 80-100% tourism-related customers.** These business sectors include guesthouses, most diving & excursions, entertainers, and artisans.
- **At least 9 (13.4%) businesses: 50-80% tourism-related customers.** These businesses include guesthouses, renovation/maintenance/construction, diver centre, event management/PR, ICT, and corner-shop
- **At least 9 (13.4%) businesses: 20-50% tourism-related customers.** These businesses include construction (some resort jobs), corner-shops, event management & marketing, cultural performers, photography/videography services, artisans and food importers.
- **At least 11 (16.4%) businesses: 0-20% tourism-related customers.** These include grocery stores, interisland speedboat/ferry service, cafes & restaurants, grocery vendors, photographer/videographer, cafe/restaurant, dive centres.
- One company stated their customers were 98% export.

Figure 2: Percentage of revenue directly related to tourism



Of the 67 businesses, normal annual revenue of the business was reported by 66 as:

- 36 (53.7%) of the businesses, less than MVR 500,000
- 17 (25.4%) of the businesses, MVR 500,000 to 5 million
- 8 (11.9%) of the businesses, MVR 5-20 million
- 5 (7.5%) of the businesses, over 20 million

Among the highest revenue groups are an airline, 2 resort-based dive centres, and a Spa/ Salon service. The second highest revenue was reported by travel agents, event management firms, guest houses and large-scale vendors.

- The informants highlighted that these were cost intensive business sectors and although the revenue is high, the impact on the business due to the closure is more pronounced.

## APPENDIX 3: LIST OF KEY INFORMANT INTERVIEWS AND FOCUS GROUP PARTICIPANTS

		TYPE OF BUSINESS	GENDER	FACILITATOR TEAM (1,2)	METHOD - ONLINE (ZOOM) OR PHONE OR OTHERS, ] FGD OR KII	DATE
01	#01_Z4	Cafes & Restaurants	F	Team 1	Viber group call [KII]	22/6, 13:00
02	#04_Z1	Photographers & Videographers	M	Team 2	Conference call [KII]	23/6, 12:00
03	#06_Z5	Dive Centers; Water Sports...	M	Team 2	Viber group call [KII]	22/6, 11:00
04	#10_Z4	Guest Houses	M	Team 2	Zoom video [KII]	22/6, 15:00
05	#11_Z6	Corner Shops / Marts	F	Team 1	Conference call [KII]	22/6, 09:00
06	#12_Z2	Local Food vendors (Hedhika, Cakes and Pastries)	M	Team 2	Conference call [KII]	23/6, 14:30
07	#13_Z6	Photographers & Videographers	M	Team 2	Conference call [KII]	22/6, 20:00
08	#17_Z1	Local Food vendors (Hedhika, Cakes and Pastries)	F	Team 2	Conference call [KII]	23/6, 20:00
09	#23_Z1	Corner Shops / Marts	M	Team 1	Conference call [KII]	23/6, 11:30
10	#24_Z6	Dive Centers; Water Sports...	M	Team 2	Conference call [KII]	23/6, 10:30
11	#25_Z2	Cafes & Restaurants	M	Team 1	Viber group call [KII]	24/6, 09:30
12	#26_Z5	Corner Shops / Marts	M	Team 1	Conference call [KII]	23/6, 14:05
13	#32_Z3	Fish Excursions Services	M	Team 2	Viber group call [KII]	24/6, 16:00
14	#34_Z2	Local Food vendors (Hedhika, Cakes and Pastries)	M	Team 2	Zoom video [KII]	24/6, 20:30
15	#35_Z3	Cafes & Restaurants	M	Team 1	Conference call [KII]	25/6, 14:00
16	#43_Z2	Vendors (Vegetables, Fruit Suppliers and Fish Suppliers)	M	Team 1	Conference call [KII]	24/6, 15:00
17	#45_Z4	Artisans, Souvenir shops, guest shops	F	Team 1	Conference call [KII]	25/6, 10:00
18	#47_Z2	Artisans & Craftsmen	M	Team 1	Viber group call [KII]	27/6, 09:00
19	#48_Z2	Vendors (Vegetables, Fruit Suppliers and Fish Suppliers)	M	Team 1	Conference call [KII]	25/6, 20:30
20	#53_Z1	Guest House	M	Team 2	Viber group call [KII]	25/6, 10:00
21	#54_Z3	Guest House	F	Team 2	Viber group call [KII]	25/6, 11:30
22	#56_Z2	Corner Shops / Marts	F	Team 1	Viber group call [KII]	27/6, 13:00
23	#57_Z6	Fish Excursions Services	M	Team 2	Viber group call [KII]	28/6, 16:00
24	#59_Z6	Speed Boat / Ferry Service Provider	M	Team 1	Conference call [KII]	26/6, 14:30
25	#60_Z3	Speed Boat / Ferry Service Provider	M	Team 1	Conference call [KII]	26/6, 16:30
26	#61_Z1	Speed Boat / Ferry Service Provider	M	Team 1	Conference call [KII]	26/6, 20:00
27	#62_Z5	Artisans & Craftsmen	M	Team 1	Conference call [KII]	26/6, 18:00
28	#68_Z3	Renovation & Maintenance (Construction and Carpentry)	M	Team 2	Viber group call [KII]	27/6, 13:26
29	#69_Z4	Travel Agents / Guesthouses	M	Team 2	Viber group call [KII]	27/6, 10:00
30	#71_Z6	Guest House	M	Team 2	WhatsApp group call [KII]	27/6, 21:00

RAPID LIVELIHOOD ASSESSMENT - IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES

		TYPE OF BUSINESS	GENDER	FACILITATOR TEAM (1,2)	METHOD - ONLINE (ZOOM) OR PHONE OR OTHERS, ] FGD OR KII	DATE
31	#72_Z1	Cafes & Restaurants	M	Team 1	Viber group call [KII]	27/6, 15:30
32	#74_Z3	Vendors (Vegetables, Fruit Suppliers and Fish Suppliers)	F	Team 1	Viber group call [KII]	27/6, 17:30
33	#77_Z6	Cafes & Restaurants	F	Team 1	Viber group call [KII]	28/9, 9:00
34	#82_Z2	Renovation & Maintenance (Construction and Carpentry)	M	Team 2	Viber group call [KII]	29/6, 10:00
35	#84_Z1	Renovation & Maintenance (Construction and Carpentry)	M	Team 2	Viber group call [KII]	29/6, 13:00
36	#85_Z1	Dive Centers; Water Sports...	M	Team 2	Viber group call [KII]	29/6, 16:00
37	#86_M_FGD02	Spa & Saloon	F	Team 2	Viber group call [KII]	July 1, 10:30
38	#88_M_FGD01	Event Management, PR & Marketing	M	Team 1 & AR	Zoom call [FGD 1]	July 1, 10:00
39	#89_M_FGD01	Event Management, PR & Marketing	M	Team 1 & AR	Zoom call [FGD 1]	July 1, 10:00
40	#88_M_FGD01	Event Management, PR & Marketing	M	Team 1 & AR	Zoom call [FGD 1]	July 1, 10:00
41	#91_M_FGD03	Music / DJ	F	Team 1	Zoom call [FGD 2]	July 1, 14:00
42	#92_M_FGD03	Music / DJ	F	Team 1	Zoom call [FGD 2]	July 1, 14:00
43	#93_M_FGD03	Music / DJ	M?	Team 1	Zoom call [FGD 2]	July 1, 14:00
44	#94_M_FGD03	Music / DJ	M	Team 1	Zoom call [FGD 2]	July 1, 14:00
45	#95_M_FGD04	Dive Centers; Water Sports...	F	Team 2 & AR	Zoom call [FGD 3]	July 1, 14:30
46	#96_M_FGD04	Dive Centers; Water Sports...	M	Team 2 & AR	Zoom call [FGD 3]	July 1, 14:30
47	#97_M_FGD04	Dive Centers; Water Sports...	M	Team 2 & AR	Zoom call [FGD 3]	July 1, 14:30
48	#98_M_FGD05	Bodu beru, cultural dance groups	F	Team 1	Zoom call [FGD 4]	July 2, 10:00
49	#100_M_FGD05	Bodu beru, cultural dance groups	M	Team 1	Zoom call [FGD 4]	July 2, 10:00
50	#101_M_FGD06	Photographers & Videographers	M	Team 2 & AR	Zoom call [FGD 5]	July 2, 10:00
51	#102_M_FGD06	Photographers & Videographers	M	Team 2 & AR	Zoom call [FGD 5]	July 2, 10:00
52	#103_M_FGD06	Photographers & Videographers	M	Team 2 & AR	Zoom call [FGD 5]	July 2, 10:00
53	#104_M_FGD06	Photographers & Videographers	M	Team 2 & AR	Zoom call [FGD 5]	July 2, 10:00
54	#105_M_FGD07	ICT	M	Team 1	Zoom call [KII]	July 3, 16:00
55	#106_M_FGD08	Guesthouse (Male'-area)	M	Team 1	Zoom call [FGD 6]	July 4, 20:00
56	#107_M_FGD08	Guesthouse (Male'-area)	M	Team 1	Zoom call [FGD 6]	July 4, 20:00
57	#108_M_FGD08	Guesthouse (Male'-area)	M	Team 1	Zoom call [FGD 6]	July 4, 20:00
58	109_M_FGD09	Vendor (large scale)	M	Team 1 & AR	Zoom call [KII]	July 4, 20:00
59	110_M_FGD10	Cafes & Restaurants	M	Team 2	Zoom call [FGD 7]	July 5, 15:00
60	111_M_FGD10	Cafes & Restaurants	M	Team 1	Zoom call [FGD 7]	July 5, 15:00
61	112_M_FGD11	Food importer and suppliers, storage and distributors	M	Team 3	Zoom call [KII]	July 5, 20:00
62	113_M_FGD12	Dive Centers	M	Team 1	Zoom call [FGD 8]	July 6, 20:00
63	114_M_FGD12	Dive Centers	M	Team 2	Zoom call [FGD 8]	July 6, 20:00
64	115_M_FGD13	Travel Agents and Travel Operators	M	Team 2	Zoom call [FGD 9]	July 4, 16:00
65	116_M_FGD13	Travel Agents and Travel Operators	M	Team 2	Zoom call [FGD 9]	July 4, 16:00
66	119_M_FGD14	Artisans, Souvenir shops, guest shops,	F	Team 2	Zoom call [KII]	July 7, 15:00
67	121_M_FGD17	Airlines	M	Team 2 & AR	Zoom call [KII]	July 8, 15:00



## APPENDIX 4 - BCC SURVEY BACKGROUND

### DEMOGRAPHICS OF THE SURVEY RESPONDENTS

The first phase of the BCC survey on COVID-19 impact was conducted between April and May 2020. The BCC COVID-19 impact assessment survey interviewed 2,062 businesses. Of them, 50 percent of all respondents reported they were engaged in either the “Wholesale or Retail Trade” sector. This was followed by “Food and Beverage (F&B)” sector (12.52 percent). The survey sectoral representation is given in Table 1 below.

**Table 1: BCC survey sectoral representation**

SECTOR	NO. OF BUSINESSES	%
WHOLESALE AND RETAIL TRADE	1038	50%
F & B	258	12.5%
TOURISM AND TOURISM RELATED	158	7.6%
CONSTRUCTION	128	6.2%
MANUFACTURING	127	6.1%
FISHERIES AND AGRICULTURE	73	3.5%
TRANSPORT AND LOGISTICS	45	2.2%
OTHER GENERAL SERVICES	242	11.7%

### REGISTRATION TYPE OF THE SURVEY RESPONDENTS

The survey showed that 82.9 percent of the businesses surveyed were registered as “Sole Proprietorship” businesses. Although it is the predominant form of registration throughout all identified major economic sectors in the survey, they are notably more prevalent in “Wholesale and Retail” and “F & B” sectors with 88.7 percent and 91.9 percent representation respectively (Table 2).

The survey also identified that the sectors “Tourism and Tourism related”, “Construction”, “Manufacturing and Repair”, “Fisheries and Agriculture” had markedly more LLCs in comparison with industries having “Sole Proprietorship” registrations.

**Table 2: Registration type of businesses surveyed**

	NO. OF BUSINESSES	%
SOLE PROPRIETORSHIP	1710	82.9%
LIMITED LIABILITY	190	9.2%
HOME BASED WORKERS	71	3.4%
PARTNERSHIPS	66	3.2%
OTHER	25	1.2%

## APPENDIX 5: LIST OF STAKEHOLDERS CONSULTED FOR THE VALIDATION OF PRELIMINARY FINDINGS

NO	NAME	DESIGNATION	ORGANIZATION	DATE
1	<b>Hassan Manik</b>	Managing Director	Maldives Fund Management Corporation	27 July 2020
2	<b>Haroon Rasheed</b>	Managing Director	Agro National Corporation Ltd	27 July 2020
3	<b>Aminath Abdulla</b>	Chairperson	Maldives Authentic Crafts Cooperative Society	27 July 2020
4	<b>Mohamed Riyaz</b>	Committee Member	Maldives Photographers Association	27 July 2020
5	<b>Ahmed Suveyb</b>	President	United Artists of Maldives	27 July 2020
6	<b>Adnan Haleem</b>	Secretary General	Maldives National Association of Construction Industry	27 July 2020
7	<b>Ismal Asif</b>	Vice President	Maldives National Chamber of Commerce	27 July 2020
8	<b>Abdul Latheef</b>	President	SME & Entrepreneurs Federation of Maldives	27 July 2020
9	<b>Ahmed Afrah</b>	President	National Boating Association of Maldives	28 July 2020
10	<b>Mohamed Shiyam</b>	President	Tour Guide Association of Maldives	28 July 2020
11	<b>Ayesha Manike</b>	Co-Founder and President	Maldives Women's Association	28 July 2020
12	<b>Seeza Imad</b>	CEO	Maldives Women Chamber of Commerce	28 July 2020
13	<b>Minha Faiz</b>	President	Women on Management	28 July 2020
14	<b>Shaira Saleem</b>	Chairperson	Women Entrepreneurs Associations	28 July 2020
15	<b>Moosa Zurar</b>	Business Manager	Extreme Maldives Pvt Ltd	29 July 2020
16	<b>Ali Ahsan</b>	General Secretary	Maldives Surfing Association	29 July 2020

## APPENDIX 6: COVID-19 LOANS APPROVED BY SDFC

### APPROVED LOANS BY SECTOR BETWEEN MARCH AND MAY 2020

SECTOR	TOTAL RECEIVED		TOTAL APPROVED	
	COUNT	AMOUNT	COUNT	AMOUNT
Agriculture	9	1,854,171	5	721,171
Commerce	710	189,805,215	477	114,264,303
Construction	164	51,979,320	105	29,529,325
Fishing	28	7,135,261	13	2,335,180
Manufacturing	99	26,830,898	66	13,984,527
Tourism	248	70,501,837	166	38,096,993
Transport	80	24,481,334	49	13,613,726
Self Employed	905	19,614,500	321	9,440,000
<b>TOTAL</b>	<b>2243</b>	<b>392,202,535</b>	<b>1202</b>	<b>221,985,226</b>

## APPROVED LOANS BY TYPE OF BUSINESSES

SECTOR	TYPE OF BUSINESS	TOTAL APPROVED	
		COUNT	AMOUNT
Agriculture	Agriculture Farming	9	754,029
	Wholesale and Retail	2	161,171
<b>AGRICULTURE TOTAL</b>		<b>11</b>	<b>915,200</b>
Commerce	Aquarium	1	78,304
	Architectural Design and Construction	1	30,000
	Artist	2	60,000
	Athlete trainer	2	60,000
	Auditing & Related Service	10	2,252,804
	Automobile repair	5	681,673
	Barber Shop	1	101,506
	Bookshop	1	477,391
	Brokers and clearance works	3	434,497
	Business and IT Consultancy	28	3,747,902
	Cable and Internet Service	2	60,000
	Cabling & Networking	1	424,000
	Carpentry and wood works	1	30,000
	Catering & Takeaway	1	30,000
	Cleaning service	4	371,935
	Cold Storage Rental	1	353,828
	Consultancy Service	1	30,000
	Diving and swimming instructor	7	210,000
	Driving School	3	617,249
	Educational service	29	4,386,377
	EIA consultant	1	30,000
	Electrical Works	4	576,186
	Elevator sales & services	1	39,331
	Employment and recruiting agency	4	985,681
	Entertainer / Artist / Musician	18	578,833
	Event Management	14	2,150,480
	Fashion Designing	2	60,000
	Florist / Sale of Garden plants	2	60,000
	Freelance - Baking and Pastry making	7	210,000
	Freelance - Beautician	1	30,000
	Freight Forwarders and cargo clearing	5	1,685,426

SECTOR	TYPE OF BUSINESS	TOTAL APPROVED	
		COUNT	AMOUNT
	Fuel Supply	6	1,898,575
	Garage	1	30,000
	Gardener	1	30,000
	Gift Shop	1	91,996
	Graphics Designing	6	168,000
	Gym and Fitness Centers	13	2,997,844
	Insurance and Consultancy Service	1	131,851
	Interior Designing	2	60,000
	IT repair and technician	3	90,000
	Lacquer work	2	60,000
	Lawyer	14	420,000
	Legal service	9	1,054,192
	Makeup artist	1	20,000
	Marketing and Designing	12	762,143
	Mechanical engineering service	13	1,838,977
	Media support service	7	702,596
	Medical Clinic	12	4,410,966
	Mental health clinic and psychological services	3	496,413
	Naval Architect	1	18,000
	Online Business	7	427,556
	Other	13	2,797,029
	Personal Trainer	4	120,000
	Pest Control Service	1	257,502
	Pharmacy	6	2,746,787
	Photography & Videography	23	1,091,121
	Porter	2	60,000
	Printing and related Service	11	2,351,534
	Real Estate	4	1,135,327
	Referee	1	30,000
	Renovation & Repair Works	13	1,109,768
	Resort supply	11	1,570,067
	Restaurant / Café	97	23,669,225
	Sale of fish and fish products	2	60,000
	Sale of local food products	2	283,350
	Sale of PPE	1	500,000

RAPID LIVELIHOOD ASSESSMENT - IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES

SECTOR	TYPE OF BUSINESS	TOTAL APPROVED	
		COUNT	AMOUNT
	Sale of water purification systems	1	147,552
	Sales / Cargo Agent	1	500,000
	Salon and Spa	3	184,313
	Security Equipment and Service	2	60,000
	Security Service	2	623,808
	Spa and Salon	7	1,165,849
	Sports Academy	1	128,546
	Tailoring	13	750,833
	Telecommunication service	1	136,879
	Tennis coaching	1	30,000
	Traditional Medicine Practitioner	1	30,000
	Travel Agency	1	500,000
	Vehicle and Vessel Rentals	9	1,550,438
	Wholesale and Retail	275	67,797,614
	Writer and Publisher	2	60,000
	Fitness Trainer	6	300,000
<b>COMMERCE TOTAL</b>		<b>797</b>	<b>148,909,135</b>
<b>Construction</b>	Architectural Design and Construction	7	2,345,865
	Brick Making	1	76,491
	Carpentry and wood works	1	30,000
	Construction	100	26,679,489
	Construction support service	9	2,711,475
	Rental - Heavy Vehicles	1	149,189
<b>CONSTRUCTION TOTAL</b>		<b>119</b>	<b>31,992,509</b>
<b>Fishing</b>	Export - Fish Products	9	2,524,931
	Fish Processing	4	233,716
	Fishing	2	70,000
	Sale of fish and fish products	1	137,170
	Wholesale and Retail	2	97,089
<b>FISHING TOTAL</b>		<b>18</b>	<b>3,062,906</b>

SECTOR	TYPE OF BUSINESS	TOTAL APPROVED	
		COUNT	AMOUNT
<b>Manufacturing</b>	Arts & Handicrafts	6	202,962
	Bakery	4	1,061,286
	Boat building	7	1,558,551
	Boat Yard	1	51,432
	Bottled water supplier	1	500,000
	Canvas and Upholstery Work	1	369,192
	Carpentry and wood works	12	1,120,484
	Catering & Takeaway	16	2,302,234
	Manufacturing	1	447,000
	Manufacturing metal products	1	138,664
	Music and Art Center	1	201,895
	Printing and related service	12	1,781,454
	Sale of local food products	3	238,528
	Tailoring	10	831,929
	Welding & steel works	3	503,042
	<b>MANUFACTURING TOTAL</b>		<b>79</b>
<b>Tourism</b>	Daily Rentals	3	562,020
	Diving & Excursion Service	11	1,348,096
	Employment and recruiting agency	1	112,071
	Event Management	1	94,764
	Guesthouse	78	14,770,492
	Other	3	560,000
	Resort supply	12	2,823,248
	Room Rental Service	1	150,000
	Safari Boat	19	6,163,207
	Souvenir shop	14	2,841,181
	Tourism support service	13	3,846,088
	Transfer service	2	928,772
	<b>TOURISM TOTAL</b>		<b>158</b>

RAPID LIVELIHOOD ASSESSMENT - IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES

SECTOR	TYPE OF BUSINESS	TOTAL APPROVED	
		COUNT	AMOUNT
Transport	Air Ticketing and Reservation	4	1,227,055
	Marine Service	1	310,147
	Other	1	500,000
	Taxi Center	1	30,110
	Taxi driver	126	3,717,000
	Transfer service	12	2,517,118
	Transport and Logistics Service	16	3,144,985
	Travel Agency	13	3,916,209
	<b>TRANSPORT TOTAL</b>		<b>174</b>
<b>GRAND TOTAL</b>		<b>1356</b>	<b>245,750,966</b>



## APPROVED LOANS BY ATOLL

ATOLL	TOTAL APPROVED	
	COUNT	AMOUNT
AA	19	2,230,373
Adh	20	2,932,631
B	8	739,993
Dh	3	90,000
Ga	7	1,450,449
Gdh	22	3,593,980
Gn	11	1,203,893
Ha	6	948,070
HDh	5	2,030,000
K	19	2,972,069
L	11	1,543,580
Lh	10	770,980
N	8	767,652
R	10	1,670,615
S	49	10,536,689
Sh	5	1,642,894
Th	3	92,790
V	10	2,200,993
Greater Male' Region	976	184,567,575
<b>TOTAL</b>	<b>1202</b>	<b>221,985,226</b>

APPROVED LOANS TO WOMEN

SECTOR	TYPE OF BUSINESS	TOTAL APPROVED	
		COUNT	AMOUNT
Agriculture	Agriculture Farming	2	60,000
<b>AGRICULTURE TOTAL</b>		<b>2</b>	<b>60,000</b>
Commerce	Architectural Design and Construction	1	30,000
	Auditing & Related Service	3	793,213
	Business and IT Consultancy	3	329,361
	Diving and swimming instructor	1	30,000
	Educational service	12	508,114
	Entertainer / Artist / Musician	1	30,000
	Event Management	3	149,968
	Fashion Designing	2	60,000
	Fitness Trainer	3	210,000
	Florist / Sale of Garden plants	1	30,000
	Freelance - Baking and Pastry making	7	210,000
	Freelance - Beautician	1	30,000
	Graphics Designing	2	60,000
	Gym and Fitness Centers	3	538,541
	Lawyer	4	120,000
	Legal service	1	218,192
	Marketing and Designing	2	60,000
	Media support service	1	252,694
	Online Business	3	118,000
	Other	1	30,000
	Personal Trainer	1	30,000
	Photography & Videography	3	233,195
	Printing and related Service	2	275,294
	Resort supply	1	30,000
	Restaurant / Café	17	4,228,575
	Salon and Spa	1	124,313
	Spa and Salon	3	504,770
	Tailoring	10	590,407
	Vehicle and Vessel Rentals	1	97,700
	Wholesale and Retail	40	8,812,888
Writer and Publisher	1	30,000	
<b>COMMERCE TOTAL</b>		<b>135</b>	<b>18,765,225</b>

SECTOR	TYPE OF BUSINESS	TOTAL APPROVED	
		COUNT	AMOUNT
<b>Construction</b>	Construction	<b>3</b>	<b>333,193</b>
<b>CONSTRUCTION TOTAL</b>		<b>3</b>	<b>333,193</b>
<b>Fishing</b>	Export - Fish Products	<b>2</b>	<b>200,515</b>
<b>FISHING TOTAL</b>		<b>2</b>	<b>200,515</b>
<b>Manufacturing</b>	Arts & Handicrafts	<b>3</b>	<b>90,000</b>
	Carpentry and wood works	<b>1</b>	<b>335,638</b>
	Catering & Takeaway	<b>8</b>	<b>714,252</b>
	Sale of local food products	<b>1</b>	<b>30,000</b>
	Tailoring	<b>6</b>	<b>201,659</b>
<b>MANUFACTURING TOTAL</b>		<b>19</b>	<b>1,371,549</b>
<b>Tourism</b>	Guesthouse	<b>6</b>	<b>1,429,391</b>
	Other	<b>2</b>	<b>60,000</b>
	Resort supply	<b>1</b>	<b>110,976</b>
	Souvenir shop	<b>1</b>	<b>410,973</b>
<b>TOURISM TOTAL</b>		<b>10</b>	<b>2,011,340</b>
<b>Transport</b>	Taxi driver	<b>4</b>	<b>120,000</b>
	Transfer service	<b>1</b>	<b>138,054</b>
<b>TRANSPORT TOTAL</b>		<b>5</b>	<b>258,054</b>
<b>GRAND TOTAL</b>		<b>176</b>	<b>22,999,877</b>

RAPID LIVELIHOOD ASSESSMENT

# IMPACT OF THE COVID-19 CRISIS IN THE MALDIVES

PART III - MICRO, SMALL AND MEDIUM ENTERPRISES

With support from the National Bureau of Statistics,  
The Maldives National University, Ministry of Tourism,  
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Ministry of Economic Development  
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