

The Republic of the Maldives
Draft Report of the Main Mission of the Diagnostic Trade Integration Study (DTIS)
on the
Integrated Framework for Trade-Related Technical Assistance to
Least Developed Countries (IF)

Following the preliminary mission for the Maldives DTIS in July 2005 the Main Mission was fielded from August 10 to September 9, 2005. The team of consultants consisted of: Bent Larsen (team leader), John Dallimore (investment and business support), Richard Hess (trade policy and facilitation), Rajendra Maistry (customs services), Jan-Bjarni Bajranason (tourism sector), Ole Kirkegard Larsen (fisheries sector), Noel Cronje (port & logistics services), Walter Green (knowledge services), Frank Hansen (energy sector), Fathmath Shafeega (national consultant for fisheries, agriculture and energy), and Mohammed Saud (national consultant for tourism sector, port and logistics services, and knowledge services).

I Objectives

The DTIS mission had four main objectives as follows:

A) To carry out a diagnostic study to identify the main issues and key constraints towards the establishment of a pro-poor trade empowered economic development strategy.

B) To develop a prioritised action matrix with focus on capacity building through trade related technical assistance enhancing economic development based on a pro-poor strategy, and assists the process of further integration of Maldives into the international economy

C) To meet with representatives from government departments and entities, the private sector, civil society, and development partners to discuss the needs, priorities and related issues for the Maldives IF

D) To finalise with the Government of the Maldives (GOM) the IF arrangements of the DTIS and further implementation of the action matrix.

II Consultations

During the mission the team members met with a wide range of governmental institutions, private sector operators, civil society organisations, academia and representatives of international donor organisations. With a view to assess the needs identified two industry level informal discussion sessions were held in Male'. The regional development perspective and needs were assessed during five field trips covering four atolls during which a number of penal meetings were held with fishermen, traders, transport and craftsmen/workshop operators, women's groups, training institutions, transport infrastructures, and atoll and island administrations.

III Arrangements for the IF in the Maldives

Governance structure of the IF for the Maldives

The mission noted that the Government of Maldives (GOM) has appointed an IF focal point, Mr. Abdulla Thawfeeq, Deputy Director, International Trade Policy Division, MEDT. Upon arrival it was noted that the IF National Steering Committee (NSC) had not yet been established, however it was agreed that the membership from the Government side would be the same as for the existing World Trade Organisation Inter-Ministerial Trade Policy coordination committee (WTO committee). Therefore the mission helped initiate establishment of the NSC, and participated in two meetings with the objective to develop a terms of reference and secure a membership composition including relevant stakeholders. In particular, the mission emphasised three issues:

- The NSC terms of reference should follow the IF standard
- The NSC should have a broad based intra-government representation at senior technical levels, preferably from the director level.
- The NSC should have representation from non-government sectors as the private sector, civil society, and academia.

The matter of the IF donor facilitator is not settled. The European Commission has been approached and has initially accepted the role as IF donor facilitator. However, at the time drafting a final commitment has not been received, and it should be consider a priority area as the IF donor facilitator is normally represented on the NSC to assist the implementation and funding arrangements for the action matrix.

Arrangements for mainstreaming trade into the 7th National Development Plan (NDP 7) through coordination with other donor activities

With a view to mainstream trade into the national development process, in particular, NDP 7 several meetings have been held with the Ministry of Planning and National Development (MPND) and its team of consultants assisting with drafting of the plan. Emphasis has been on the establishment of a common understanding of the impediments within the macro-economic and policy framework and the supply-side constraints found within the economic sectors and their clusters. The DTIS team will make the draft report with its action matrix available to the MPND by early November. Facilitation will be the main aspect, but this effort will not pre-empt the role of the National Validation Workshop which is scheduled for January 2006.

In similar manner, coordination with the World Bank funded Investment Climate Assessment has been established through meetings and exchange of documentation, as well as for on-going and up-coming Master Plans studies for the agriculture and fisheries sectors respectively.

Issues and Findings

Macroeconomic environment. The relatively high levels of economic growth, recording RGDP levels between 6.5- 8.8 % during the last three years, have been severely affected by the tsunami of 26th December 2004. The revised August 2005 estimate indicates an RGDP of

-2.4 percent, resulting mostly from a slower than expected tourism sector recovery, whereas fisheries has benefited from increased landings and better international prices.

Net losses to the balance of payments are estimated at about \$160 million and reconstruction costs to the budget are estimated at about 13 percent of GDP in 2005, with additional revenue losses - mostly from lower tourism taxes of about 5 % of GDP. The demand for foreign exchange is increasing not only as a result from recovery related work, but due to further rises in oil prices and a general weakness in the USD. Finally, the remittances by the foreign workforce (estimated at USD 60 million in 2004), together with the high levels of imported food items for the tourism industry and household consumption further aggravates the poor performance in the balance of payments. Support from donors amounting to about \$67 million is expected to be disbursed in 2005. However, another \$91 million would be needed to fully cover the 2005 balance of payments costs of the tsunami.

The fiscal deficit has increased from MRF 170 million (2004 provisional) to MRF 429 million (2005 estimate) and constitutes a major challenge. Domestic revenue based on customs duties collection, resort leasing fees and bed tax from tourism cannot provide the additional resources towards budget deficit coverage and financing of the gap may well be in terms of requests for more grants, concessionary loans and perhaps even commercial scale loans.

Inflationary trends now indicate an increasing level to 6.4 % (corresponding CPI was 113 for 2004 with an estimated 120 for 2005). Restrictive policies on the liquid money supply may counter this to some extent. On the other hand, the recent increase in sale of Certificates of Deposits indicates higher liquidity available for household consumption. It is expected that the full economic recovery may take place by 2008; meanwhile the challenge is to generate more investment in value-addition, to secure job creation and skill development.

The Maldivian economy remains vulnerable to external shocks and depends on two sectors in terms of foreign exchange generation. The fairly narrow revenue generating base implies sensitivity to changes in trade regimes and the DTIS will review further the rather regressive environment of policy instruments and will provide recommendations regarding ways for a shift in fiscal regimes towards a progressive taxation base.

Employment and poverty issues. Though economic growth and stability in general has been achieved this has not translated into increased employment generation. In fact, an opposite trend has been identified through the Vulnerability and Poverty Assessment (VPA) surveys of 1997 and 2004 (a post-Tsunami survey is presently under execution). The main conclusion is that the generally higher income levels achieved in the period has resulted in increasing joblessness for vulnerable groups, which over time has become a more pronounced phenomenon and with a negative skewing towards the regions, in particular, the outer islands. Groups most vulnerable to poverty include families headed by a single mother with more girls among her children.

Underemployment further adds to the inequalities in the distributive aspects of growth benefits, where the Male' region is the centre of gravity. Though funding intended for investment into SMEs at regional level is available through donor funded micro-credit schemes and Bank of Maldives own funds, actual spending of the funds was reported by the local fisherman, traders and entrepreneurs to be used for household consumption and medical care. Thus income generation through productive activities are not sufficient, with rural

indebtedness as the probable negative side-effect. In addition, there is presently no business support infrastructure available in the regions.

It is in general difficult to assess unemployment levels due to actual administrative procedures where only foreign (now accounting 41,000 work permits) and government employees are registered and monitored. Domestic private sector employment information is registered occasionally through surveys. A similar lack in a systematic and logically numbered registration of the many formal as informal enterprises leaves employment figures and actual business economic activities virtually unknown.

While the Maldives has made impressive human development gains, the DTIS analysis indicate that the exiting educational facilities do not provide sufficient man-power with the skills demanded by the operators of the economic sectors. In this regard, the DTIS has undertaken an analysis of skill requirements in both the traditional and non-traditional export sectors. Recommendations on necessary policy changes and assistance on enhancing institutional capabilities required to fill the gaps will be provided.

The DTIS has identified the weak intra- and inter-sector linkages and lack of diversification in production and products to be a major constraint for reversing the jobless growth and unequal distribution of social income. Limitations in access to land and associated ownership issues constitute other important policy areas to be revised for the establishment of a pro-poor trade strategy.

Trade policy issues. It is apparent that the Maldives has received very little trade-related technical assistance (TRTA). There is one project however, that is about to be implemented by the EC that will give support to WTO issues, especially with respect to GATS obligations and capacity building in negotiating techniques. This project will last for one year and will be an excellent forerunner to the programme being proposed under the DTIS.

In addition to the economic loss in the tsunami-stricken tourism sector was the aspect of the closure of the garment and apparel industry at the end of 2004 following the end of the MultiFibre Agreement. Given the rising oil prices during this year and deterioration in terms of trade, the boom years that the Maldives has experienced in recent years may now be at an end. There is therefore an urgent need to address this situation so that measures can be taken to mitigate the problems that are now being experienced.

Merchandise exports had been growing steadily in recent years, having increased by over 60% by value between 2001 and 2004 to a total of \$122.7m. However there was a downturn in the first half of 2005. This was due to two major factors, the tsunami of 26th December 2004 which seriously affected the fishing sector, together with the closure of the apparel and textiles industries at the end of 2004. Exports are highly dependant on one sector (fisheries) which accounted for 98% (99%) of all exports excluding garments and apparel and 73% (68%) of total exports including these products in 2004 (2003). In the first half of 2005, the fisheries sector accounted for 98% of total exports, whilst the apparel sector had virtually disappeared to a mere 1%.

The Maldives currently is engaged in and has commitments in terms of several different sets of trade negotiating fora. These include the WTO and SAFTA, as well as the implications of graduation from LDC status and bilateral relations, such as a planned free trade agreement with Sri Lanka and the need to negotiate with the EU as a result of the impending graduation

from LDC status and loss of duty-free market access. Although the country is making reasonable efforts to meet its obligations and to participate in these negotiations, its capacity to do so is extremely limited. The International Trade Policy Division of the MEDT currently has only three active professionals who have to handle all these different trade fora. Furthermore the private sector has practically no capacity to get involved in trade policy formulation. The private sector itself is still very weak in terms of organising itself, apart from the tourism sector. There is therefore a great need to provide technical assistance to the Maldives to build capacity in both public and private sectors.

This study identified a number of constraints in this sector:

- There is no satisfactory mechanism for formulating trade policy within the Maldives
- There is a lack of experience in negotiating trade agreements
- There is very limited experience in the Maldives regarding implementation of commitments under WTO and regional trade agreements
- The tax revenue base in Maldives is very thin, being heavily dependent on Customs duties
- Private sector associations are very weak and have very little expertise and awareness of implications of trade policy negotiations and agreements
- There is very little consultation with the private sector in formulating trade policy and little understanding of a partnership approach between the public and private sectors
- There is little awareness by GOM of the growing importance of trade policy issues for national development
- There is no national body responsible for promoting exports from and investment into the Maldives.

Trade facilitation is hampered both by constraints at regulatory and physical levels, including:

- Post Customs Clearance Audit is not possible under the existing Export and Import Law 31/79 and Customs Regulations 9/93 (however, draft legislation is in parliament and may resolve this issue).
- Customs services are generally efficient but delays occur as a result of slow clearance procedures, which are partially explained by lack of up-to-date inspection equipment and insufficient capacity for electronic handling of documents. However, lack of understanding of Customs valuation and its supporting procedures further reduces the efficiency of the Customs Administration
- High tariff rates, no regular staff rotation, excessive discretionary powers and increased face-to-face contacts between traders and customs officials enhance opportunities and incentives to corrupt practices limits capacity to address corrupt practices.
- Physical constraints, in particular, the limited space available and insufficient handling equipment at the Male' commercial port increases the turn-over time for vessels at quay and creates congestions with resulting waiting times of 2.5 weeks
- Both port and airport entry points have sub-standard quarantine facilities and staff are not appropriately trained

- Long domestic transport time and problems with renting domestic transport vessels causes delays, long delivery time and increase cost
- Capacity to monitor the vast customs territory is the responsibility of the Coast Guard equipped with out-dated and even obsolete vessels. Aerial inspection capacity has to be rented from outside (Island Aviation).

Recommendations will be developed for provision of technical assistance to help overcome these identified problems and constraints

Investment and business support issues.

The Maldives has proved to be an attractive destination for foreign direct investment especially in the tourism sector with impressive levels of domestic investment in the fishery sector. Limited diversification and considerable scope for value addition that remains within these traditional sectors reflect both the underdevelopment of small and medium scale enterprises as well as the problem of jobless growth that was referred to above. The DTIS will examine policy issues and the legal framework with regard to investment and SME development including access to finance, and strengthening government/private sector consultative processes.

Investments in the Maldives over the last ten years have been dominated by the tourism sector with the development of numerous resorts, and this trend is set to continue with the allocation of eleven new resorts planned. Other sectors have lagged behind, and only in the last three years has the private sector been able to invest in fisheries, telecoms and other areas. Prior to this all investments were under State Trade Organisations (STOs) and most of these investments are still majority owned by the State.

To assess the current investment climate and constraints, the investment consultant has had extensive meetings with MEDT and Foreign Investment Service Bureau (FISB) who are principally responsible for the promotion, appraisal and registry of new investments and companies. The consultant has also met with the ministries and public sector who participate on the Foreign Investment Board (FIB), other STOs involved in investments and financial support, the private financial institutions present on the Maldives, NGOs and interest groups involved with the key sectors, academia and higher education faculties, vocational establishments, managers from the private sector and donor organisations present in the Maldives. The tourism sector was covered separately by a tourism specialist.

The main focus of the analysis under the IF is to assess the constraints to investments which can provide sustainable economic growth by capacity building, job creation and which are pro-poor. The key constraints present in the Maldives are;

- Under NPD6 there was no section devoted to the development of trade and investment promotion strategies for long-term sustainable development which has led to inactivity in prioritising these areas
- The MEDT and FISB (foreign and national investments) are having to provide too many services and have severe staff constraints to undertake their official duties (company registration, development strategies, etc.) to be able to perform investment promotion
- The investment approval process via FISB, FIB, and Presidential office for all investments, regardless of their size is too long, complicated by the number of

ministries involved and not transparent. The process is also on a project by project basis with no conformity or understood guidelines or standards

- There is no agency acting as a logical information centre and contact point for potential investors. Investors have to undertake all local contacts themselves which is inefficient and very time consuming. However, some information material exist in print (but outdated, a new version is under preparation)
- No centralised agency who can understand and contact potential international donor or financing agencies to assess the Maldives position with respect to grants or soft loans for sector development, pilot projects, TAs and research
- The lack of a business support unit – there is no rational route for an investor to bring an investment approval to a successful conclusion. Business support activities e.g. auditing, advice for customs duties and exemptions, advice on legislation and other business areas are generally weak and not centralised. This is particularly critical for building entrepreneur capacity within the SME sector which will be needed to strengthen business development outside of Male’.
- Legislation is out of date or missing from many key investment areas resulting in unclear aspects concerning investment strategies e.g. securities, insurance, auditing standards, taxation, etc.
- Under the PISP there is no promotion to involve the private sector in PPPs which affects the effectiveness of limited government budgets, especially in the development of costly infrastructure which will be a key driver to economic and trade development
- The private finance sector is severely constrained by the 30% reserve holding required by government and the difficulties with collateral and the Land Act 2002. This makes the cost of borrowing unnecessarily high and difficult to access especially for working capital requirements. The lack of fully accountable auditing also limits credit access
- There is a notable lack of credit facilities for SME development in the US\$10,000 – US\$100,000 range
- Lack of suitable higher educational facilities to provide suitably qualified personnel to fill gaps in demand by business focussed organisations

Economic sectors

The DTIS focuses on enhancing international competitiveness and employment generation in the two main traditional export sectors – fishery and tourism. However, with the growing level of skills available - especially in the academic disciplines of non-traditional export sectors e.g. port and logistics services; IT knowledge and financial services, are determined to be important in the future generation of employment opportunities. Possibilities for import substitution within agriculture by creating closer linkages with tourism are included, as are energy issues including alternative energy sources and improvements in energy efficiency.

Tourism sector

The main issues discussed include:

- Past and current trends in tourism development in the Maldives, reasons for consistent high annual growth rates and possible adverse effects of such growth on available resources, including the requirements for capital, skilled, semi-skilled and un-skilled labour, and implications for the natural and cultural environment.
- The legal and regulatory framework governing the tourism industry is sufficient for managing the standards of services and facilities.

- The measurement of the economic impact of tourism on the Maldivian economy in respect of foreign exchange earnings, contribution to GDP, direct and indirect employment, and tax revenue to the Government.
- The Public – Private sector Partnership (PPP) and the involvement of the private sector in planning, development, marketing and operation of the tourism industry.
- The immediate and long-term effects of the 26 December 2004 Tsunami.

Main constraints - policy, institutional and supply side:

The supply of trained labour has not been sufficient to meet the increasing demand as a result of the tremendous development of international tourism to the Maldives since its commencement in the early 1970s, increasing the annual number of tourist arrivals from 35,000 in 1979 to 615,000 in 2004, and the accommodation capacity from 3,900 beds in 1979 to almost 20,000 bed spaces in 2004. This has increased the number of staff employed directly in the tourism sector to 20,000 – 25,000, though the available statistics do not give sufficiently clear information. At the same time, given the physical, manpower and financial resources available, the now Faculty of Hospitality and Tourism Studies has only turned out some 3,200 persons trained in tourism skills, long and short term. Consequently, the tourism industry like many other economic activities in the Maldives employs a high proportion of expatriate staff. The statistics again are not uniform stating 7,000 – 11,500 foreign employees in the tourism sector in 2003.

The employment situation is also adversely affected by negative perception in the society about the tourism sector as a provider of respectable career opportunities. Traditionally, tourism is not regarded as a respected service industry but more as providing ‘household’ jobs. This is apparently not being worked on systematically, and job positions in the industry is still often referred to as ‘boys’, for instance, ‘room boys’ ‘office boys’ ‘laundry boys’ ‘pastry boys’ etc. At the same time, a Ministry of Education circular from 1980 still formally prevents secondary school students working in the resorts during their holiday periods. A particular problem is the extremely low proportion of female employees in the industry.

Although the tourism sector is headed by a Ministry of Tourism and Civil Aviation with the Maldives Tourism Promotion Board responsible for the marketing and promotion of the Maldives as a tourist destination, each with advisory bodies of public and private representatives, and an association of private sector tourism operators, the Maldives Association of Tourism Industry (MATI), primarily comprising resorts and hotel operators, the existing Tourism Act (Law 2/99) does not sufficiently clearly state the roles and functions of the Ministry, the Promotion Board and the private sector. Further, the tourism act and accompanying regulations could be enhanced in respect of financing of the sector, notably relating to tourism education, enforcement of tourism industry regulations, support of SME developments and conduct of market research in the main source markets.

As a result of the historic development of tourism in the Maldives, as well as of the size of the Maldivian economy, tourism is characterised by a relatively high degree of dependency of chartered air traffic rather than scheduled air routes. Similarly, the great majority of tourists come on package tours rather than individual arrangements, and therefore a certain dependency on tour operators in the source markets. This situation makes the Maldives

vulnerable to developments in the source market economies and to perceptions of a relatively few air carrier and tour operators, something that has affected the country since the Tsunami. In general, tourism statistics in the Maldives are reliable and admirably up-to-date in respect of tourist arrivals and bed occupancy data. However, the statistics on tourism earnings appear to be grossly underestimated to low average total and daily expenditure of tourists that do not match the image of the Maldives and the cost of investments. Similarly, the statistics relating to direct and indirect tourism employment are insufficient.

Tourism totally dominates the Maldivian economy in terms of foreign exchange earnings, contribution to GDP, employment and income generation, creation of tax revenue to the Government. At the same time, many other economic activities are to some extent dependent on tourism, e.g. construction, transport provision, immigration, customs, banking, general trade and shopping. However, linkages to certain sectors can still be improved, e.g. handicraft production, sale of fish and agricultural products, etc.

Fisheries

Fishery is the main traditional economic sector and in earlier times the contribution to GDP was 15%, but this has fallen and is now at 6 – 7% per year. The decline reflects partially the more dynamic growth of the tourism sector, but is also a reflection of the lack of development in a sector that continues to focus almost exclusively on skipjack fisheries. Although the pole and line skipjack fishery is sustainable and provides high quality products the values of the species is limited compared to e.g. yellow fin tuna. Selling skipjack loins to Thailand for canning or canning the tuna in the Maldives is not a long term financially sustainable avenue.

There is at present no fisheries policy, but the up-coming Master Plan study may provide the basis for policy formulation. Regulations exist which limits the catching methods to include only pole and line within the 0-75 NM zone. In the 76-200 NM zone long line fishing is permitted for international licence holders, but not for domestic fishermen. In fact the regulation prohibits reorientation of the fishery effort towards more valuable tuna and reef fish species. Given these conditions becoming a fisherman is simply not attractive to youngsters. The main findings are.

- Fishery research is extremely weak and based on secondary sources of information – e.g. Japanese catch data;
- The traditional dhonis made of wood may not sustain reorientation towards new fishery methods for yellow fin tuna and reef fish
- The range of output products is limited to tuna and is not taking advantage for creation of value addition
- The availability of educational facilities and systems are insufficient both for Captain/Fishing Master Training, Naval Engineering, Processing Management and Processing Maintenance;
- Fishery inspection/environment protection vessels and not sufficient in number, technology nor speed to carry out MCS function ;
- There is a lack of facilities for chilled and frozen products at the airport;
- Attempt at developing aquaculture activities have been sporadic;
- Access to capital is limited to standard bank loans and the MFLC conditions,
- There are no business support facilities for the vessel owners on how to create and run a business;

- There is a lack of a dedicated body for export promotion activities with the responsibility for expositions arrangements and as an information centre for foreign traders/organisations.

The land based fish processing industry employs expatriates to a large extent (on average 50%) and at times up to 66%. During interviews with plant owners it was reported that the fishery sector is not an attractive career opportunity, partially as the plant and vessel facilities are not considered adequate, and partially as the social life is not attractive. Given availability of adequate physical facilities and conditions in the sector and additional education facilities the sector job opportunities may be turned to Maldivian benefit. The income generated is attractive compared to public sector salary scales.

Energy Sector

Raw energy supply to the Maldives is a trade item and a major import cost factor with a share of 13% of the total import bill of USD 475 million. Petroleum products are imported mostly to be transformed into electricity supply. All inhabited and resort islands plus a number of the uninhabited island used for agricultural and industrial purposes have one or more electricity generating unit. The geographical characteristics, spanning 850 km from the north to the south, makes distribution of raw energy a costly activity. Hence the cost of energy is a supply-side constraint to the competitiveness of the economy. The main gaps and constraints are identified as:

- The absence of approved policies and action plans for Renewable Energy and Energy Efficiency
- A unclear mandate of the Ministry of Environment, Energy and Water
- Lack of national standards for product energy efficiency
- Lack of energy intensity data for benchmarking
- Low capacity in the energy Efficiency and renewable energy service sector as well as within ministries
- Low awareness of energy efficiency and renewable energy

Port and logistics

Due a necessary replacement of the consultant for this sector the study activities have not yet commenced and hence the findings not included.

Knowledge Services sector

The Knowledge Services sector has seen significant growth in the last five years, however the industry is still underperforming. There are wide variations in cost and service coverage across all the industry sectors associated with the Knowledge Services sector. The growth in the industry has been driven by high customer demand, despite the relatively high prices.

There is still a large un-met demand for telephone, internet and mobile services across all islands and industry sectors. The demand for internet is very high, but the high cost and delays on the international satellite links make the experience of using the internet both slow and expensive.

The growth in service coverage and price reductions has been driven by the entry of the private sector into the industry. Price reductions are likely to improve affordability when the full ranges of services are introduced and competition forces start to take effect. Further price reductions will occur when the undersea fibre optic cables are commissioned in 2006.

The assessment of the knowledge services sector covered, Accounting and Management Practices, Information Technology (hardware, software and support services), and Telecommunications. Interviews and site visits were conducted with the Ministries responsible for policy, regulation and implementation. Academia, educational institutions, NGO's and other interested parties were interviewed to determine the educational framework and opportunities to improve the skills levels. The private sector was interviewed to determine investment, growth and trade constraints and identify opportunities for improving the knowledge services sector.

The Knowledge Services Diagnostic Trade Integration Study focused on Trade and Development constraints and opportunities to improve job creation, sustainable economic growth, and better management of organisations using modern electronic systems and practices.

The key constraints that have been identified are:

- High cost and limited capacity of international connections create high prices and reduce take-up of services.
- Limited capacity on inter island links and dependence on satellite links reduce the area of network coverage and suppress demand.
- The absence of a legislated company reporting regime limits the opportunity and need for accountants and management expertise. In the Small and Medium Enterprises this lack of information makes it difficult to improve business practices, reduce waste and identify market opportunities. The lack of audited accounts makes it difficult to attract investment for expansion or entering new markets.
- The low perceived need for management reporting and business improvement has resulted in a reduced demand for management, accounting and book-keeping training.
- General limited demand for ICT skills and Technical Support, although there are some segments of the economy that understand the effectiveness of ICT in business and personal activities.
- Weak Software Support and development industry with limited opportunities for developing an ICT services sector and software products due to lack of capital and appropriate commercial environment.
- Limited opportunities for on-line transactions due to high cost infrastructure.
- Lack of awareness of key features of web design to improve visibility on the World Wide Web.

Action matrix. The main recommendations will be summarised in the action matrix that will be discussed at the National Validation Workshop. Implementation of GOM prioritised projects will receive initial funding through the IF Trust Fund.

DTIS schedule

The mission and the Government agreed on the following schedule for the preparation of the DTIS:

Draft Chapters for Review by UNDP:	End September 2005
Draft Report for Review by UNDP:	Third Week of October 2005
Draft Report Submitted to GOM and	

IF Agencies:
National Validation Workshop:
Final Report:

Mid-November 2005
January 9 – 10th 2006
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Acknowledgements

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Annex 1 List of Consultations

- Maldives Industrial Fisheries Co. (MIFCO)
- Ministry of Economic Development and Trade (MEDT)
- Foreign Investment Services Bureau (FISB)
- Ministry of Transport and Communication (MoTC)
- Maldives Association of Tourism Industry (MATI)
- Maldives National Chamber of Commerce and Industry (MNCCI)
- Ministry of Fisheries, Agriculture and Marine Resources (MoFAMR)
- Ministry of Planning and National Development (MoPND)
- Ministry of Foreign Affairs (MoFA)
- Department of External Resources
- Ministry of Finance and Treasury (MoFT)
- Maldives Monetary Authority (MMA)
- Ministry of Health (MoH)
- Department of Public Health
- Ministry of Environment, Water and Energy (MoEWE)
- Ministry of Construction and Public Infrastructure (MoCPI)
- Ministry of Higher Education, Employment and Social Security (MoHEESS)
- Habib Bank
- HSBC
- State Bank of India
- The Bank of Ceylon
- The Bank of Maldives
- Ensis Fishing Company
- Maldives Finance Leasing Company (MLFC)
- FAO
- UNDP
- Maldives Transport and Construction Company (MTCC)
- Marine Research Centre
- Maldives Port Authority (MPA)
- Allied Insurance Company
- KPMG
- Sonivagilli Tourist Resort
- Cyprea Marine Foods
- Dhonvelhi Beach Resort
- One & Only Reethi Rah Resort
- Huvafenfushi Resort
- Himafushi Handicraft Traders
- Sea Treasure Madives Pvt. Ltd.
- Coca Cola