

Leading on sustainability

A breathtaking archipelago of almost 1,200 islands (200 of which are inhabited) close to India and Sri Lanka, the Maldives is a dynamic country with a fast-growing economy and a sustainable agenda.

Blessed with inspiring natural assets that include near-perfect beaches, delicate marine eco-systems, and clear, turquoise seas, the country is a magnet for high-end tourism, while its strategic location in the Indian Ocean means it boasts some of the world's best fishing waters.

Protecting the environment and natural resources is critical to ensuring sustainable livelihoods for the country's 360,000 people and the Maldivian economy.

The government has always placed environmental issues high on the development agenda, and within six months of being sworn into office in November 2008, President Mohamed Nasheed pledged that the Maldives will be carbon-neutral by 2020.

In the last decade, real gross domestic product (GDP) growth averaged around 6 percent per year, and the Maldives graduated from a least developed country to a middle-income country in January.

Economic liberalization has been a key driver of the Nasheed administration and the government has already privatized a number of organizations, with some successful joint ventures — Dhiraagu-Cable and Wireless and Malé Water and Sewerage Company-Hitachi being flagship examples.

In his third presidential address to parliament in March, Nasheed announced plans to develop a 300 million rufiyaa collateral scheme to make it easier for businesses to obtain loans, particularly for infrastructure development, and that a soft loan program worth Rf78 million is currently in place for small and medium enterprises (SMEs).

Tourism remains the economy's main driver — making up 28 percent of the GDP and more than 60 percent of foreign exchange receipts — with increasing tourist arrivals slated to bring growth of around 4 percent this year.

Over the last 10 years, a number of international brands have come



Ibrahim Didi,
Minister of Fisheries & Agriculture

on board, including Hilton, Four Seasons and Jumeirah, to join the local pioneers. There is scope for more, but it's a delicate balancing act. In July, the Maldives' Baa Atoll was made a UNESCO Biosphere Reserve, demonstrating the sensitivity of the environment.

Minister of Tourism, Arts and Culture, Mariyam Zulfia, says: "We have very strict environmental guidelines and building specifications, despite pressure from the industry stakeholders. I am happy to say that tourism is already taking a lead role in sustainability; a lot of the resorts are adopting sustainable standards from the design stage, through to the management and delivery of the final product.

"The ministry has signed with Myclimate of Switzerland to develop a strategy to find ways to become carbon-neutral, and we will be looking at doing things such as counting the carbon emissions of every tourist so that we are very much on schedule."

The Maldives is, in fact, the site of some of the boldest eco-friendly developments in the world. The country has just signed a deal with Dutch Docklands for a floating hotel, golf course and convention center.

The floating structures will fit perfectly into the atolls' lagoons, where the waters are particularly calm, and can be packed up and taken away with very little environmental impact.

"This is a \$300 million project

and we have several others, including the creation of 10 new islands through the process of reclaiming land," Zulfia says.

Connecting people

Outside of the "one island, one resort" ethos of the tourism sector, the Maldives' topography remains a challenge. Internal flights are expensive, and over a third of the population lives in the congested capital Malé.

Minister of Transport and Communication Mohamed Adil Saleem, who was appointed in November 2010, explains:

"The lack of connectivity is stalling our progress as goods and services could not be transported and was also hindering our social lives. Parents were sending their children to school in Malé as there weren't any facilities on their smaller island and advising them not to marry anyone from another island other than Malé or their native island, simply because the families would not be able to reach each other for celebrations or emergency situations.

"Similar situations occurred where people could not take up job offers on different islands. So establishing a public transportation network has been key. If a good network can be set up, the rest will happen naturally.

"In the last two years, things have begun to change and we are seeing the difference. This is very exciting."

Housing and Environment Minister Mohamed Aslam takes up the story:

"With the new-found connectivity, we are witnessing movement between the islands — and with movement comes opportunity. This is in economic terms, but also in social terms, as we become an integrated and open society. Some places will become business hubs, others tourist destinations and others will remain like villages. We want to provide equal opportunities for people without forcing anyone to move or change their lifestyle."



Baa Atoll, Maldives

Education and health facilities are also being modernized. The government-owned Malé Health Services Corp. (MHSC), for example, is endeavoring to provide high-end and subsidized facilities for local people and visitors, although accessibility is a challenge.

Catherine Jane Waters, MHSC's managing director, says: "There is a genuine drive to revitalize primary health care in the islands so that everyone around the country has access to primary health care facilities and services at least. Inevitably, there has to be some degree of centralization to reach economies of scale and for the service delivery to remain viable. We simply cannot have a cardiologist on every island."

'One-by-one' fishing

Fishing has always been an important activity in the Maldives and remains a vital sector in terms of trade, employment and sustainability.

In the past 10 years, the industry has accounted for between 6.6

percent and 8.9 percent of GDP. Last year, the government unbundled the state-owned fisheries monopoly MIFCO to increase competition and is now trying to stimulate the industry, through local processing, diversification and packaging.

"We have introduced soft loans for local value addition so that we increase production in the areas of fisheries and agriculture, and also for souvenirs," says Ibrahim Didi, Minister of Fisheries and Agriculture. "Aquaculture is another opportunity. As we do not have local expertise in this, we are introducing training programs."

Vast opportunities have emerged as the Maldives aligns itself to new world trends, and key markets become increasingly aware of the products the country can offer. The Maldives is also opening up to the idea of long-line fishing for the Japanese market, and other less sustainable methods, but in a limited and controlled manner.

"During his campaign, the president promised our fishermen he would do his best to provide them with the highest price for our environmentally-friendly fish," the minister says. "Everyone understands that our 'one-by-one' fishing method can generate good prices for us on the European market, for instance."

The new competitive atmosphere has resulted in encouraging examples of sustainable innovation, as Minister Didi explains:

"One of our fishermen recently introduced a motor that works with solar energy. I hope we will

have more such opportunities in the future so our fisheries sector can be 100 percent sustainable."

Japan and the Maldives have enjoyed a long relationship, particularly in the areas of culture, aid, fisheries and tourism.

"Thanks to the unique understanding we have of each other, business opportunities are abundant and many synergies can be achieved. I would like to remind the Japanese that much can still be achieved as we have been successful many times before," Minister Didi says.

"I would also like to express my gratitude for all that Japan has contributed here and my sympathy in the context of the recent tragedy that occurred there."

An offshoot of MIFCO, Kooddoo has become the Maldives' flagship fisheries company, recording profits of \$3 million in the first quarter of this year. Despite having only four vessels containing refrigerated seawater systems to transport fish to its brine freezing plant, Kooddoo is making an incredible splash on world markets.

"The main opportunity here is the fact we catch our fish one by one, as a Maldivian industry," says managing director Ismail Adam. "We have limited people and resources, but it is sustainable and the world is recognizing this. We have already rebranded our products as 'We fish one by one,' which allows us to generate higher margins."

The company has been studying the U.S. market, particularly in terms of the potential for export

off frozen skipjack tuna steaks, and is also doing a feasibility study for a small cannery that would allow it to enter niche markets such as organic products for Europe.

"This would remain relatively small, but allow us to increase our margins by 20 to 30 percent," Adam says. "My goal is to find new ways to grow."

"Japan is an important market. Although the quantities we export there are very limited, we produce 'katsuobushi,' which is a specialty product exclusively exported to Japan. All our imported equipment comes from Japan, too, since they began the fisheries sector here. So we will always make sure we maintain good relations with Japan because of this unique history."

Felivaru Fisheries Maldives, a sister organization of Kooddoo, was set up by the Japanese in the 1980s. It has a well-trained team and is looking to process frozen and super frozen products such as tuna steaks and 'arabushi' that will allow it to enter the sushi and sashimi markets.

"Felivaru processes about 15 tons of fish per day, whilst we are geared for 50 tons on average. This is because the bulk of our catch is exported as frozen, unprocessed products," Hamid Ahmed, managing director says.

"We are therefore looking for serious partners to help us develop our cannery so we can process all of the fish caught in the Maldives. They will be prepared to upgrade our facilities and arrange our logistics and storage for us to be a committed supplier."

The Maldives: An Island of Medical Possibilities

Health is an integral part of a nation's infrastructure and increasingly represents attractive business opportunities. In the Maldives, demand for health services is outstripping supply and the government decided to corporatize the sector in 2010. Malé Health Services Corp. (MSCH) is the largest beneficiary and comprises five health facilities, including the Indira Gandhi Memorial Hospital, which is set to expand to provide a range of services that are currently unavailable in the country. Dr. Abdul Azeez Yoosuf, chairman of MHSC, states: "We are now freer to manage our budget and

partner with investors. We have land and estate, and with a public private partnership (PPP) we would like to develop private medical facilities for the high-end market." There are many opportunities to develop health care in Malé and its immediate surroundings, including the development of Hulhumale Hospital, a facility with good links to the airport, and Villingili Health Center, a purpose-built local facility. Other options include developing medical tourism, the expansion of dialysis services, telemedicine, air evacuation services and creating more specialist services.

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A modernizing nation

New infrastructural and privatization projects are bringing the people of the Maldives better opportunities and ensuring the sustained development of these transforming islands.

Although tourism and fisheries remain the GDP drivers of the country, construction, infrastructure, transport and communications are currently transforming the Maldives and creating opportunities nationwide for socio-economic integration, investment, decentralized governance and growth.

Key areas are the “concessioning” of provincial transportation, communication infrastructure development (fiber optics) and public works, such as highways and ports.

Recent and forthcoming privatization of strategic infrastructure, such as the airports and ports, promise great development in the coming years. Also of great importance is the sustainability factor. Indeed, time efficiency will have to come hand in hand with cost and energy efficiencies as well as respect for the environment in building projects. Projects combining these features will be promising; for instance, finding green solutions for efficient transportation in Malé or elsewhere.

Minister of Transport and Communication Mohamed Adil Saleem says: “We are in the process of establishing ICT centers in over 50 islands under an SARC fund. This should be completed by the end of next year, meaning communities in remote islands will have facilities and connectivity free of charge.

“Telecommunications is everywhere today. We are already making use of telemedicine across nine islands; and with the fiber-optic cable being installed across the Maldives by the end of the year, we will have enough bandwidth to connect the inhabited islands.”

After the devastating tsunami struck the islands in December 2004, the government pledged to invest \$500 million and build 10,000 new housing units. Like many developing countries, affordable housing and construction projects represent a real opportunity for the private sector as demand far exceeds supply. Key reclamation projects, such as Thilafushi Island and Guhli Falhu Island, are pioneering sustainable solutions to the challenges of land availability, population density and availability of services.

“Given that investors still see tourism as the best investment opportunity, the government has created incentives. Much as with the transport concessions, we are offering land for tourism develop-



Mohamed Adil Saleem,
Minister of Transport & Comm.



Mohamed Aslam,
Minister of Housing & Environment

ment, in exchange for housing development,” Housing Minister Mohamed Aslam says.

“Some investors are picking up on this offer, while others simply come as developers and require state guarantees. We brought in a mortgage financing company and they found 11 islands for which they can quite safely take on the guarantee of selling houses, giving these developers the safety net they needed.

“All in all, we are seeing change and positive development, with more and more projects outside of Malé. Economic development is happening and we have identified 25 clusters of islands where we feel the focus should be for urban development, in addition to seven provincial centers previously identified.

“All this is happening in parallel to the government’s decentralization efforts and we are seeing people getting involved, and increased competition between one local council and another to attract investors.”

Works Corp. has been integral to the islands’ development. The young entity has partnered up with various investors in its commitment to bring life-enhancing facilities and commercially viable projects to Malé and the provinces, including sewerage systems, ports, roads, shore protection, land reclamation and even a university.

A beacon for success

Established in 1989, MVK Maldives Pvt. is one of the leading lights for development on the islands. Dedicated to generating partnerships, adding value between local and foreign investors and meeting the challenges of globalization, the company is involved with travel, marine services, aviation services, industrial services and consultancy services.

It won the transport concession for the Dkehunu Province last year, and started a pioneer-

ing bus service in Malé in July this year. Committed to engaging in high quality standards and new technologies while increasing the value of human resources in the country, MVK Maldives is extremely proud of its contribution to the country’s modernization.

Ibrahim Shafeeg, founder and CEO of MVK Maldives, tells his story: “Our slogan is ‘Making a Paradise Work’ so this has been my sense of direction from the beginning. Everyone always thought of the Maldives as a paradise, so based on the idea of a paradise that I felt was too laid-back, I thought we had to get our act together and start working. So in 1989, I founded this company with my wife.

“I started off doing crew recruitment for the Middle East Marine Area as Maldivians are well-reputed as crew for ships and tugboats, etc. In fact, my first assignment was for a Japanese oil company. But later, dealing with the nitty-gritty of the crews and their families became a little too complicated, so, by coincidence, I began to understand more about the duty-free concept, together with some friends from Europe.

“I began my activities with two 20-foot containers at the airport, which no one had done before. The airport made sense as this is the first point of entry to the Maldives and all boats come to the airport to take passengers so they could be used for cargo, too. So we began with importing liquor and tobacco for distribution.

“During the same period, I had the opportunity to meet the Mitsubishi Elevators people and I became their representative in the Maldives.

“While doing business at the airport, I realized there was a lack of coordination with private jets at the airport. So I began with handling Dr. Vijay Mallya’s aircraft (Kingfisher Airlines) and our operations have grown since, whereby we are handling more

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Mohamed Adil Saleem
Minister of Transport
and Communication

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Mohamed Ibrahim
CEO and Managing Director
Maldives Airports Co.

than 70 percent of all private jets coming to the Maldives.”

As an experienced entrepreneur, Shafeeg relishes his role as a consultant.

“There was a litigation issue between a foreign ship and the government recently and I enjoyed finding a solution. Law firms can offer similar services but they are expensive and need to know the ins and outs of the market.”

Shafeeg is also a philanthropist. “Following the devastating tsunami in Japan in March, a committee was formed to raise aid for Japan and I was made the chairman of the steering committee; this was in the headlines in Japan as we collected more than 600,000 cans of tuna fish for the Japanese, to say, around two tuna fish cans gifted to the Japanese people from each Maldivian.”

Celebrating change

The Maldives Airports Co. (MACL) has also had a huge impact on transforming the country and civil aviation in the region. Forty-five years after the first airport was built by Maldivian volunteers, and 30 years since the formal launch of Malé International Airport, MACL is celebrating the first anniversary of the signing of a 25-year lease agreement with GMR and Malaysia Airports Holding Berhad for the management of Malé Airport.

“I am delighted to say that we will have a brand new airport by 2014,” says MACL CEO and managing director Mohamed Ibrahim. “We will have a new terminal and new facilities. We used to have the best airport in the region, but with time, we lagged behind. Financing has always

been a problem, which is why we developed the airport in stages.

“Thanks to the government’s initiative, we will soon have the facilities we need, while the asset remains ours. It is important to emphasize that this is a lease agreement.

“You can already see significant improvements. GMR Malé International Airport Ltd. has the right to develop the land surrounding the airport, which means we are likely to see other commercial developments take place in the area. This will create an additional source of revenue for the government.”

MACL also has a stake in Addu International Airport Co. together with Gan Airport Co. and STO and is looking for investors to develop Gan airport as it has an important role to play for the development of tourism and other businesses in the region. It recently acquired an island to develop a resort in the north, which will open within the next 18 months.

“We already have a joint-venture agreement for Hulhule Island Hotel,” Ibrahim says. “So we feel it is part of our responsibility to provide connectivity and the next step is to help develop the tourism sector. In the long term, we are also considering getting involved in real estate.”

Another entity that has come a long way since it was established in 1986 is Maldives Ports Ltd. Serving as a catalyst to enhance trade and commerce in the nation and in the region, MPL is on a mission to provide efficient port and port-related services to facilitate trade and commerce by adhering to international best practices. It is currently being prepared for privatization.



Pole and line tuna, caught and processed. www.felivaru.com

“We are ready to work under the public-private partnership model and need more investments to tap into the opportunities here,” says chairman Hussain Nizar. “We have three ports managed by different entities in the Maldives: Maldives Ports Ltd. (MPL) here in Malé, Kulhudhuffushi Port Ltd. in the North and Hithadhoo Port Ltd. in the South.

“We have a real bottleneck situation here in Malé as we lack space and need to scale up our infrastructure to deal with the growing amount of international cargo coming to and through the Maldives. This is our biggest challenge and we are managing it with highly trained staff that works with tight planning to handle this situation at the port. We will need more land eventually.

“We need to change and make sure that, when we go for a joint-venture, we all speak the same

language. The partner will bring international expertise and our people need to understand what we are doing and why we are doing it.

“This is a very specialized sector. We might not have the same level of standards as international mega-ports but we have come a long way since the previous administration.”

To conclude, Nizar says: “The people of the Maldives have brought tremendous change to the government and we are now on a democratic path. We have very open policies toward investors and the country is safe.

“Foreigners are always welcome to come and discuss opportunities and investments with us. Since our country’s core business is tourism, we need to ensure that our projects and activities are environmentally-friendly. This is our first priority.”

This report was produced by Global Insight and can also be read online at: www.japantimes.co.jp/international-reports

WCL: helping the Maldives get ahead

With a brief to bring the Maldives into the 21st century through the building of key infrastructures Works Corp. (WCL) is making an enormous contribution to the country's social infrastructure development. With major projects such as harbors, water/sewerage, shore protection and reclamation, the government-owned entity is pushing ahead with undertaking and underwriting new projects that will fast-track development in the capital and the provinces.

“The previous government, in power for more than 30 years until 2008, neglected the provision of basic infrastructure to the provincial islands, so there is a huge gap and some urgency in getting this done,” says WCL chairman Omar Abdul Razak.

“The big challenge, of course, is financing. The WCL is therefore trying to provide leverage to the government by raising finance from contractors. Given the scale of the projects and WCL’s A(-) credit rating, the company is moving forward steadily in securing finance.”

Abdulla Javid, managing director at WCL, takes up the story. “While we negotiate hard, we create a level playing field by giving opportunities to the private sector and creating a win-win situation,” he says. “The private sector doesn’t have to raise funds, yet it is involved.”

Since it was formed two years ago, WCL has embarked on 14 projects with various JVs. One of them, the Sumitomo Corp., is working on water and sewerage projects in the north, under a build-own-operate-transfer model. “Together with our partners, we will build the entire system under this model,” Javid says.

Your trusted infrastructure partner



Want to be here? A dynamic and modern corporation, WCL is actively seeking partners to help build the fabric of Maldives’ infrastructure. Dedicated to the fast-track development of our cities and provinces, we have more than 30 projects in the pipeline — that’s a lot of opportunities.

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