

Rapid Livelihood Assessment

Impact of the Covid-19 Crisis in the Maldives

ASSESSMENT PHASE I - 28 MAY 2020



With support from the National Bureau of Statistics, 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



Phase I - This report is the preliminary assessment on the possible impacts of COVID-19 on employment and Micro-Small and Medium Enterprises (MSMEs) in the Maldives.

We will update this report as new information become available in this rapidly evolving situation. For further information, please contact the Ministry of Economic Development - Mr. Shuhad Ibrahim (shuhad.ibrahim@trade.gov.mv) or UNDP Maldives - Ms. Sharfa Shareef (sharfa.shareef@undp.org)

Research team

Shuhad Ibrahim	Ministry of Economic Development
Nashiya Saeed	Consultant
Hussain Jinan	Consultant
Raniya Sobir	UNDP Maldives
Sharfa Shareef	UNDP Maldives
Aishath Shahuda	National Bureau of Statistics
Aishath Laila	National Bureau of Statistics

Technical advisory team

Dr. Fazeel Najeeb	Assistant Professor	Maldives National University
Dr. Ahmed Munawar	Lecturer	Maldives National University
Neeza Imad	State Minister	Ministry of Economic Development
Ahmed Ifthikhar	Director	Ministry of Economic Development
Shuhad Ibrahim	Consultant	Ministry of Economic Development
Aishath Shahuda	Chief Statistician	National Bureau of Statistics
Aishath Laila	Statistician	National Bureau of Statistics
Aishath Hassan	Statistician	National Bureau of Statistics
Ahmed Irash	Registrar of NGO's	Ministry of Youth and Sports
Mariyam Manarath	Senior Policy Director	Ministry of Finance
Aishath Wafa	Financial Consultant	Ministry of Tourism
Fazleena Fakir	Managing Director	Business Center Corporation
Shazleen Ahmed	Director General	Ministry of Arts, Culture and Heritage
Aminath Lubna	Assistant Director	Ministry of Fisheries, Marine Resources and Agriculture
Hussain Faisal	Assistant Director	Ministry of Fisheries, Marine Resources and Agriculture
Zeenath Shakir	IGP coordinator	UNDP Maldives

Data Collection Team

Dr. Aminath Riyaz
Aminath Sudha
Fathimath Nasiha
Dr. Aminath Shafiya Adam
Dr. Shazla Mohamed
Fathimath Shadiya
Shaistha Mohamed
Mariyam Shaffau Shareef
Inan Abdul Muhsin
Khadheeja Majidha Hassan

Special collaborators

Maldives Association of Tourism Industry (MATI)
Maldives Association of Human Resource Professionals (MAHRP)

UNDP is the leading United Nations organization fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations to build integrated, lasting solutions for people and planet. UNDP has been a trusted development partner of the Maldives for more than 40 years, providing assistance in areas of democratic transition, environment protection, climate change mitigation and adaptation, and reduction of inequalities and exclusion. Learn more at undp.org or follow at @UNDP

Published by The Ministry of Economic Development, Government of Maldives
with support from the United Nations Development Programme

Copyright © The Ministry of Economic Development, Government of
Maldives and United Nations Development Programme 2020

Cover Photo By Hussain Jinan
Layouting & Design By Hussain Shazif Adam

Table of Contents

Chronology of events	6
Summary of key measures on economic rehabilitation and recovery	8
Summary of findings	11
Introduction	13
1. Economic overview	15
Macroeconomy	15
a. Tourism Sector	16
b. Fisheries Sector	17
c. Agriculture Sector	18
d. Transport and Communications Sector	19
e. Whole-sale and retail trade Sector	20
f. Construction Sector	20
Labour market and employment	21
Employment in resort establishments	22
Poverty	23
2. Findings: Impact on Employment in the Tourism Sector	25
2.1 Job center data findings	25
2.2 Findings from the resort management survey and the in-depth interviews with resort workers.	28
2.3 Future – Plans of the resorts and resort employees	38
3. Preliminary Recommendations	42
Recommendations for the Government	42
Recommendations for the employers in the tourism sector	47
4. Appendices	48
4.1 Sampling Strategy for Resort Management Survey	48
4.2 Sampling Strategy for in-depth interview of resort employees	49
4.3 List of Key Informant Interviews with resort employees registered in the job centre Portal	50
4.4 list of stakeholders met for validation	51
4.5 Resort List based on Management and Star Rating	52

Chronology of events

03 February 2020	Restricted entry to all passengers, regardless of nationality—except for Maldivian citizens—who have China as their port of embarkation or transited through China.
07 March 2020	First confirmed positive case of COVID-19 in the country (two imported cases).
12 March 2020	The first ever state of public health emergency declared.
14 March 2020	Restricts travel from resorts to all inhabited islands of the Maldives, and vice versa.
	Suspends activities of universities, colleges and other academic institutions.
	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.
	The Bank of Maldives (BML) announced a short-term financing solution to support operational resorts and guesthouses with loans to US\$2 million to manage their working capital.
	Established travel restrictions for passengers from Malaysia and the UK.
17 March 2020	The government established a loan facility of \$6.5 million (MVR100 Million) to overcome the difficulties faced in longline fishing during the COVID-19 pandemic.
	A nationwide shut down of all guesthouses and city hotels.
18 March 2020	The SME bank, SDFC suspends repayment of SME loans for six months.
19 March 2020	Government announced financial packages worth MVR2.5 billion to combat the economic repercussions of the COVID-19 pandemic. This includes utility subsidies.
	Closure of all spas in the country (including those operating in saloons).
	Government offices and schools and education service providers closed.
20 March 2020	Government announced the Economic Recovery Plan of \$162 million to support businesses and individuals severely impacted by the crisis manage expenses.
	MMA reduces reserve requirements, provides short-term loans for financial institutions.
	HPA suspends the entry of all tourists arriving via safaris, yachts and other passenger vessels, effective from 00:00 hours of 20 March 2020.
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 with only food deliveries and take-away services allowed.
23 March 2020	All tourist excursions across the country banned.
24 March 2020	Government waives lease payments of resorts used for quarantine purposes.
25 March 2020	Employees at resorts and safari boats are instructed to remain on board for 14 days after the last guest departs.
	BML announces a 6-month moratorium for all personal, housing & business loans.

27 March 2020	<p>First Maldivian tested positive for COVID-19 while in quarantine, returning from the United Kingdom.</p> <p>Suspension of on-arrival visa for all passengers arriving to Maldives by air and sea¹, except for individuals with special permission granted by the government.</p>
30 March 2020	<p>BML introduced a student loan moratorium, which allows a deferment of monthly repayments for 6 months from March 2020.</p> <p>Fitch Ratings downgraded the Maldives' Long-Term Foreign-Currency and Local-Currency Issuer Default Ratings (IDRs) to 'B' from 'B+'.</p>
31 March 2020	Maldives Monetary Authority (MMA) increases foreign currency issuance limits to banks.
2 April 2020	<p>Stated owned enterprise, STO announced its plans to purchase agricultural produce.</p> <p>A three-hour (5 pm to 8 pm) curfew in the Greater Malé Region enforced.</p>
7 April 2020	An Economic Recovery Plan of MVR2.5 billion announced.
15 April 2020	<p>The first case of community transmission was confirmed in the capital Malé.</p> <p>A 24-hour lockdown in the Greater Malé Region, later enforced for 14 days.</p>
17 April 2020	<p>First foreign nationals confirmed from the community spread in Maldives.</p> <p>The lockdown on the greater Male region for an additional period of 14 days.</p>
20 April 2020	First COVID-19 related death. A Maldivian woman of 80 years.
21 April 2020	Government announces the establishment of Agro National Corporation (AgroNat)
22 April 2020	Government announced an allowance of MVR 5000 to unemployed.
23 April 2020	Community transmission - surpasses 100 cases.
24 April 2020	<p>MOF projected that the state deficit would reach MVR 13 billion this year, as a result of economic repercussions caused by the global COVID-19 pandemic.</p> <p>The Government indicates indicated borders reopening in June 2020.</p> <p>The Government decided to halt any new PSIP projects.</p>
25 April 2020	<p>The national carrier, Maldivian commenced delivering cargo to all domestic airports to solve supply issues faced within the Atolls.</p> <p>701 foreigners granted clearance to travel back home on evacuation flights.</p> <p>Parliament accepts sunset bill to delay local council elections.</p>
26 April 2020	<p>The Parliament approved to suspend some articles of the Fiscal Responsibility Act to allow the government to borrow MVR4.4 billion from the central bank to manage state cash flow to address the pandemic.</p> <p>NEOC announced that MVR560 million has been spent on COVID-19 response.</p> <p>MPL cleared 52 cargo containers that included staple food and other essential items at Malé Commercial Harbour and HulhuMalé Container Terminal, which were pending and included staple food and other items.</p>

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

27 April 2020	MED Introduces a Hotline Number (1475) to report employment impacts.
28 April 2020	The first community transmission outside of the capital, community spread of COVID-19 in Sh. Narudhoo island, in connection with a boat capital testing positive.
30 April 2020	Community transmission – surpassed 400 cases. Government has urged all state-owned enterprises to revise salary and remuneration policies of the companies to decrement salaries above MVR15,000.
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 Maldives. HPA ordered that all high-risk expatriate workers in the Greater Malé area to be placed under quarantine, in facilities allocated by the NEOC. Community transmission – surpassed 500 cases.

Summary of key measures on economic rehabilitation and recovery

Economic relief support	
‘COVID-19 Recovery Scheme’ Working capital for large businesses through Bank of Maldives (BML)	<ul style="list-style-type: none"> Resort establishments eligible for a maximum of MVR7.7 million. Businesses earning more than MVR10 million annual turnover eligible for loans up to MVR1 million. All loans are unsecured at 6 percent interest rate with a maximum of 3 years loan tenor.²
‘COVID-19 <i>Viyafaari Ehy</i> ’ Working capital for MSMEs through SME Development Finance Corporation (SDFC)	<ul style="list-style-type: none"> Guesthouses and MSMEs are eligible for a maximum of MVR500,000 or 3 times the average monthly revenue. Freelancers are eligible for a maximum of MVR30,000. All above loans are unsecured at 6 percent interest rate with a maximum loan tenor of 3 years. Media corporations can access financing at 4 percent interest rate with maximum loan tenor of 6 years. No interest charged during first 6 months grace period.³
Loan moratorium for businesses and individuals	<ul style="list-style-type: none"> Moratorium on all monthly loan repayments for six months except for overdraft facilities and credit cards. Extension of loan tenor by six months. Simple interest charged during moratorium is spread across revised schedule of monthly payments.⁴ 20 percent reduction on monthly repayments of BML loans for further 6 months.

² Bank of Maldives to Administer Funds for the Government’s COVID-19 Recovery Scheme, Bank of Maldives

³ ‘COVID-19 *Viyafaari Ehy*’ Recovery Scheme, SME Development Finance Corporation

⁴ COVID-19 Economic Relief Package Details, Ministry of Finance

'Income Support Allowance' for unemployed due to COVID-19	<ul style="list-style-type: none"> • Allowance of MVR5,000 for 3 months for individuals terminated or subject to salary cuts of below MVR5,000 due to crisis. • Independent contractors and artists subject to aggregate loss of income below MVR5,000 due to crisis are eligible⁵
Public finance and economic stabilization measures	
Cost cutting measures	<ul style="list-style-type: none"> • Budget allocated for government offices reduced by MVR825 million. • Salaries of political appointees and parliament members reduced by 20 percent. • Expenses above MVR35,000 requires approval from 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 MVR15,000 per month.⁶
Resource mobilization	<ul style="list-style-type: none"> • 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 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.⁷
Debt postponement	<ul style="list-style-type: none"> • Maldives to officially apply for debt moratorium announced by G20 countries to freeze bilateral government loan repayments for 12 months for low income countries. • Parliament approved increase of overdraft limits of Public Account from MVR 2 million to MVR4.4 billion for one year, by suspending some articles of the Fiscal Responsibility Act.
Monetary policy and exchange rate stabilization	<ul style="list-style-type: none"> • 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.⁸
Sector-related support schemes	
Agriculture	<ul style="list-style-type: none"> • Allow use of sparse land in islands for agriculture, free of rent for 3 years. • Guaranteed purchase and creation of supply chain creation platform AgroNat.⁹ • SDPC to continue providing agricultural loans via their established products.
Fisheries	<ul style="list-style-type: none"> • Loan facility of MVR100 million targeted for fish exporters.¹⁰

⁵ Individuals to have earned income for at least 6 months prior to March 2020

⁶ Maldives Economic and Financial impacts of COVID-19 and Measures Taken, Ministry of Finance

⁷ Ministry of Finance. Press Release - Management of Public Finance Impact of Covid-19, 25 May 2020

⁸ COVID-19 – Measures taken by the MMA, Maldives Monetary Authority

⁹ AgroNat or Agro National Cooperation Pvt Ltd is a government-led corporation to develop the agriculture sector

¹⁰ 100 million MVR loan facility to be arranged for fish exporters, Ministry of Fisheries, Marine Resources and Agriculture

Traders and importers	<ul style="list-style-type: none"> • Importers granted concessions of demurrage fees, bonded warehouse license fees, and storage facility extensions.¹¹ • Ease of paying outstanding taxes through instalments.
Utility bills	<ul style="list-style-type: none"> • Water bill subsidized by 30 percent • Electricity bill subsidized by 40 percent¹², and discounted data packages provided by telecommunication service providers.
Food and other prices	<ul style="list-style-type: none"> • STO rationed prices and announced maximum prices for: Red onions (kg): MVR20 maximum, Potatoes (kg): MVR20 maximum, Eggs (one): MVR1.80, Yellow lentils (kg): MVR45. Any retailer selling at higher price will be fined MVR100,000 could be subject to closure of business for 6 months.¹³ • Diesel price has been reduced to MVR8.71/litre and petrol price reduced to MVR8.07/litre.¹⁴

¹¹ MPL implements relief measures to ease cost of business, Maldives Ports Limited

¹² Maldives impacts of COVID-19 and Measures Taken, Ministry of Finance

¹³ Announcement on Price controls for Onion, Potato, Yellow Dhaal & White Egg, Ministry of Economic Development

¹⁴ Fuel Price Reduction, State Trading Organization

Summary of findings

As a country solely dependent on tourism, Maldives is amongst the worst affected countries in the Asia region and potentially globally, due to the impacts of the COVID-19 pandemic. With the emergence of confirmed cases of the virus in tourist resorts in early March 2020, the Government of Maldives introduced strict containment measures which eventually resulted in the suspension of on arrival visa for visitors at the end of April 2020. This meant that the Maldives tourism industry would completely close for three months until July 2020 which is unprecedented in the country's history. It is estimated that these local containment measures as well as the pandemic's impact on global travel will result in a decline in tourist arrivals for the year 2020 by 50 percent or more. This negative impact on tourism is expected to lead to a significant decline in the GDP growth for the year, the loss is expected to be in the range 11 to 30 percent with substantial declines in revenues for the Government. This phase of the rapid livelihood assessment aimed to understand the impact of the complete closure of the Maldives tourism industry on employment, livelihoods and the potential knock-on effects on their families and communities.

The following outlines some of the key findings of the assessment:

Approximately 22,000 local payroll employees of resorts are being affected as a direct result of COVID-19.

With the inclusion of foreign payroll employees, more than 45,000 employees in tourist resorts alone are being affected. In addition, a large number of people working for third-party service providers of the resorts are affected. A large proportion of these third-party employees of resorts are foreign migrant workers undertaking elementary work such as gardening, cleaning and maintenance.

The direct impact of the crisis on resort employees is evident in 3 ways i.e redundancy, retention but with no-pay leave and retention with reduced pay.

The distribution of impact varied between the data sources used for the analysis in this report. The resort management survey indicated that 16 percent of payroll employees were terminated while 84 percent were retained with reduced pay. An analysis of the data from cases lodged in the Government's job center portal indicated that out of 724 cases, 16 percent faced termination, 49 percent were retained with no-pay and 35 percent were retained with reduced pay.

With respect to job security, majority of payroll employees have been retained for the period April-June 2020. Job loss and redundancy was mostly evident amongst those on probation contracts and amongst younger age groups. More than 55 percent of those terminated as per the cases lodged in the Government's job portal indicated that the employees had contracts less than 3 months which meant that they were either on probation or doing internships. The cases lodged in the job center also indicated that termination was highest among young people (15-20-year olds) and those working in food and beverage and transport areas. According to data collected for this assessment, a large proportion of staff of third-party service providers to resorts including migrant workers are likely to have been made redundant.

Job security beyond July is uncertain for majority of the resort employees. Experts forecast a slow recovery for the Maldives tourism industry with occupancy levels that are unlikely to normalize until the end of the first quarter of 2021. Although resorts are seeking to reopen in July, it will be done with minimal operations and with a skeleton staff structure. A large number of employees that

are currently retained up to the end of June 2020 risk losing their jobs after July 2020 as resorts may not be able to retain them.

Services of freelancers, seasonal workers and local vendors providing goods and services to resorts have been temporarily stopped and majority work on mutual understanding basis, indicating a high prevalence of loss of work amongst informal sector catering the resorts. These include recreation/entertainment providers to resorts, cleaning services provided to resorts which often involves women, reef fish providers, local boat (Dhoni) operators etc.

For those employees who have been retained, a large proportion of employees have lost their incomes completely as majority are put on no-pay for the period April-June 2020. As stated above, the data differs between the resort management survey conducted for this assessment and the data from the cases lodged in the Government's job portal. According to findings of the resort management survey, none of the payroll staff retained were put on no-pay, while the data from the job center cases indicate that 49 percent were put on no-pay.

Employees positions who lost jobs and are on no pay will experience an average income loss ranging from US\$ 600 to US\$ 1,000 per month for the period April – June 2020, compared to the same period last year. Income loss accounts for loss in salaries and service charge earned. Service charge substantially increases income in the resorts and comprise of more than 40 percent of the total monthly income earned by the resort employees. Estimates show that non-managerial level payroll employees were earning an average salary of US\$ 350 – US\$ 650 and an average service charge of US\$ 500 per month, with variations across luxury and other segments, and variations during the peak and off-peak seasons.

Employees in non-managerial positions who received a reduced pay are likely to earn on average approximately US\$ 325 (MVR 5,000) per month for the period April -June 2020. Some employees on reduced pay are earning as low as US\$ 130 (MVR 2,000)

while some are expected to earn US\$ 500 (MVR 7,710) or more depending on specially designed pay packages offered by the resorts during this period. Thus, retained employees are expected to experience an income loss more than 60 percent of their monthly income during this period, inevitably affecting their livelihood.

Furthermore, short term employability and income opportunity within the tourism industry is uncertain for many including those in job transition.

cThose in job transition phase, have lost jobs, are on no pay, are unemployed and seeking for new jobs and are new entrants to the labour market are amongst those are unlikely to secure employment or incomes in the short term, from the tourism industry. Likewise, freelance service providers and community vendors of goods and services are undergoing multiple challenges with no formal recognition and loss of income affecting their livelihood and wellbeing during this period. The short-term income opportunities for freelance workers and some vendors look unpromising with low occupancy forecasts and slow growing demand in the tourism sector.

Impact on household and family as a result of the income loss is likely to be substantial.

In-depth interviews held with resort workers registered in the online job portal indicated that most would not be able to manage household expenses beyond the first month (April) and most did not have any savings. Informants who

had special needs children indicated several concerns. Some of the coping strategies stated indicated reducing household expenses such as postponing renovation planned for their house, postponing holidays, temporary relocation of family from Male' to home island due to unaffordability of rent in the Greater Male' Region, postponement of personal loan payments. Notably, the informants who had their spouse working in the government/public sector expressed less anxiety and were more accepting of the situation even when they have been forced into 3 months of no-pay leave. As for positive impacts, all informants recognized time with the family specially during Ramadan as a positive aspect of the crisis.

Perceptions on potential negative impact on the community as a result of the income loss and relocation of employees from resorts to home islands was mixed.

The in-depth interviews held with resort workers indicated that majority of the informants did not foresee any impact or negative impact on the community. When informants were specifically asked what changes the influx of resort workers might bring to their community, several concerns with regard to substance abuse, criminal activity, theft, and reasons that might trigger instability in the community such as ward clashes were mentioned.

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, that first had an outbreak in late 2019 in Wuhan, China.¹⁵ Symptoms include, those of respiratory illnesses and severity is dependent on age and underlying medical conditions. Safest ways to prevent transmission is by practicing sanitary and respiratory etiquette, as no specific vaccines/treatment has been found yet for the disease, although there are 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 and since then confirmed cases increased moderately. The first case of community transmission emerged in the capital Malé on 15 April 2020 and the cases have been multiplying since then. Confirmed cases have emerged from other atolls while the epicentre of the current community outbreak continues to be the capital, Malé. To date, 1457 confirmed cases and five deaths have been reported.¹⁶

Since the middle of March 2020, the government has put in place strict containment measures, including the closure of government offices and education facilities, closing of eateries, imposing travel bans to and from resorts and quarantining all incoming travellers to Maldives, other than tourists who were transferred to resorts which observed travel ban outwards to other islands. Since the community outbreak, the Greater Malé Region and several islands were under 24-hour lock down with restricted movement, except for essential purposes. New lock down easing measures were introduced beginning of 28 May 2020.

To prevent the transmission of the crisis from abroad, several restrictions were placed on tourism related travel into the country. On 3 February 2020, travel ban was placed on those travelling from China. Since then, travel restrictions were placed on those travelling from high risk countries or hotspots and these restrictions were further tightened until the cancellation of on arrival visa for foreigners by the end of March 2020, which effectively closed the country's borders.

PURPOSE OF THE ASSESSMENT AND METHODOLOGY

The report is commissioned by the Ministry of Economic Development, the Government of Maldives and the assessment was completed with support from UNDP Maldives. The rapid assessment aimed to understand the extent and nature of impact of the COVID-19 crisis on the Maldives economy and to explore the impact on employment and Micro, Small and Medium Enterprises (MSMEs). The assessment aims to support timely economic response planning for the Maldives.

This is the first edition of the assessment report. The assessment report will be updated, when remaining data collection activities are completed and the dataset is fully analysed.

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

The assessment was designed using a phased approach with two key themes and steps. The first step aimed to capture the theme on the impact of the crisis on employment in the tourism sector as it is the largest industry in the Maldives, the largest private sector employer and the sector most exposed to the external shock. The assessment therefore aimed to focus on the resort population which approximately is composed of 44,954 employees out of which 47 percent were local.¹⁷ This phase of the assessment aimed to look at impact through three areas; (i) impact on resort operations and employee life on the resorts, (ii) impact on employment and (iii) perceptions on the future.

The second step involves looking at the second theme of the assessment, which is the impact of micro, small and medium enterprises. This component of the assessment aims to look at the impact on businesses, the various

¹⁵ World Health Organization, COVID-19 Situation Report-67

¹⁶ As of 28 May 2020 - <https://covid19.health.gov.mv/dashboard/>

¹⁷ National Resort employment survey, August 2019, National Bureau of Statistics

response measures undertaken including business adaptation and perceptions towards the future. Given that the Business Center Corporation (BCC), a state-owned enterprise, is undertaking an extensive MSME survey, our assessment will primarily build on the survey results and will target direct impact on tourism value chain businesses and the informal sector that was not covered under the BCC survey. The impact on MSMEs will be included in the next edition of this report.

The data collection approach of this assessment aims to maximize available secondary data and information as much as possible. A mixed method approach of utilizing both quantitative and qualitative data was developed. Table 1 summarizes the data collection framework. The findings have been reviewed and validated by the technical advisory team members. The preliminary findings and recommendations were reviewed with selected government and private stakeholders representing tourism including associations that represent tourism employees (see Appendix 5.4 for the list of stakeholders met to validate findings).

Table 1 Assessment data collection framework

Step 1 - Impact on tourism sector employment	Step 2 - Impact on business specifically MSMEs
Secondary data sources: <ul style="list-style-type: none"> • Tourism employment data of NBS • Data from the online Job Center portal.¹⁸ 	Secondary data sources: <ul style="list-style-type: none"> • MSME survey data collected by BCC • MMA business survey • Assessments by business associations.¹⁹
Ongoing - primary data collection <ul style="list-style-type: none"> • Resort management phone survey • In-depth key informant interviews with resort employees registered in the Job Center portal 	Ongoing - primary data collection <ul style="list-style-type: none"> • None
Planned data collection <ul style="list-style-type: none"> • Employees – self-directed online survey by NBS 	Planned data collection (Mid May to End May 2020) <ul style="list-style-type: none"> • Qualitative assessment of businesses in the tourism value chain • Assessment of informal businesses

¹⁸ Reported cases in <https://jobcenter.mv/> as of 20 April 2020

¹⁹ Includes reports from NBAM, MATATO and GAM

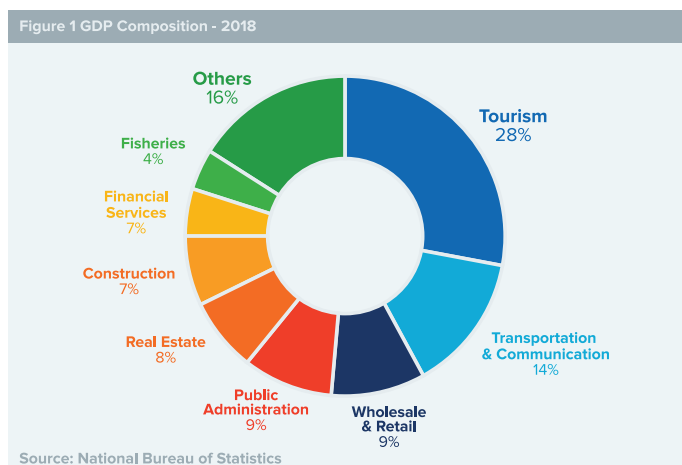
1. Economic overview

This section aims to provide an overview of the key economic sectors. The data presented offers a pre-COVID-19 crisis baseline context of the economy with updates of available administrative data that attempts to capture the onset and impact of the crisis from February 2020 onwards. This section uses secondary data sources obtained mainly from the National Bureau of Statistics.

MACROECONOMY

The Maldives economy is primarily based on tourism and tourism related sectors. Economic contribution of tourism sector to GDP in 2018 was at 28 percent. The second largest industries are tourism related sectors of transport and communication at 14 percent. Wholesale and retail trade sectors are the third largest contributor at 9 percent along with public administration. Real estate industry contributed to 8 percent and construction contributed to 7 percent of the GDP.

In 2019, primary industries comprising of fisheries and agriculture contributed on average to 4.6 percent of the GDP in the first three quarters. Secondary industries such as manufacturing, electricity and water, and construction contributed to 10.7 percent and tertiary industries comprising of tourism, transport and communication, real estate, public administration and other services contributed to 74.2 percent of the GDP on average during 2019. The GDP at basic prices are highest during the first and last quarters when tourism revenues were the highest.²⁰



The Maldives economy has been experiencing positive growth rates in recent years. GDP growth rate was 6.9 percent in 2018, and an estimated 5.7 percent in 2019, which were mainly driven by the tourism sector, construction, transport and communication, and real estate industry.²¹ The medium-term forecasts for the economy was 7.5 percent GDP growth rate for 2020 and 6.3 percent for 2021 and 6.2 percent in 2022.²² 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 preliminary forecasting exercise carried out by the Ministry of Finance in mid-March 2020 showed, GDP to drop from a forecasted 7.5 percent for 2020 to a range between 0.5 percent in scenario 1 to -5.6 percent in scenario 4.²³ The latest forecasts by the Ministry of Finance shows that, GDP is expected to decrease in the range -11.5 percent to -29.7 percent in a worst case scenario where the country is unable to open up the economy for tourists throughout the year.²⁴

Table 2 summarizes the various GDP forecasts that have been carried out by the government and International Financing Institutions (IFIs). The World Bank estimates Maldives to be hit most severely in the South Asia region due to high exposure to industries most vulnerable to the outbreak. The Asian Development Bank assessment indicated that Maldives was amongst the top 3 countries in the Asia region to be hardest hit by the global crisis.²⁵ The report argues that the decline in tourism and business travel as a key channel for transmission of the COVID-19 impact on countries in the Asia region. The World Bank and the International Monetary

Table 2 Summary of GDP forecasts – Maldives

Forecasted fall in GDP for 2020	Best case scenario	Worst case scenario
Government of Maldives (24 April 2020)	-11.5%	-29.7%
International Monetary Fund (16 April 2020)		-8.1%
The World Bank (12 April 2020)	-8.5%	-13%
Government of Maldives (18 April 2020)	-7.7%	-17.7%
Asian Development Bank (6 March 2020)	-1.4%	-4.1%

²⁰ Quarterly National Accounts – Quarter 4 2019, National Bureau of Statistics

²¹ Fiscal and Macroeconomic Outlook - BIS 2020-Draft, Ministry of Finance, Government of Maldives

²² Ibid

²³ Maldives Macroeconomic Update: Novel Coronavirus outbreak, Ministry of Finance

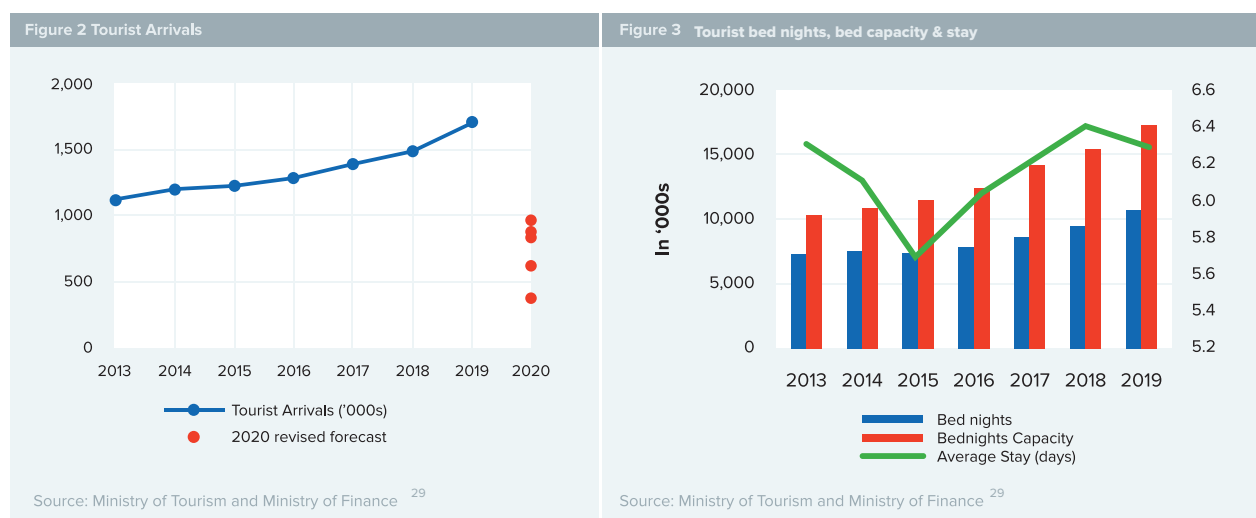
²⁴ Impacts of COVID-19 on Maldivian Economy and Government Revenues and Response Measures, Ministry of Finance, Government of Maldives

²⁵ The Economic Impact of the COVID-19 Outbreak on Developing Asia, ADB Briefs, Asian Development Bank

Fund projects a surge in the Maldives economy in 2021 in the range of 6.3 percent and 13.2 percent, and positive figures for 2022.²⁶ The forecasts presented in Table 2 show large band of variations as they depend on the stage of the crisis, the assumptions used for calculations and fluidity of predicted adverse impacts of the crisis.

a. TOURISM SECTOR`

The tourism sector has been expanding steadily over the past years. Total tourist establishments in operation amount to 946, including 155 resorts, 13 hotels, 622 guesthouses, and 156 safari vessels, by end of February 2020.²⁷ A total of 15 resorts were newly operational in 2019 and an additional 3 resorts were operational by January 2020.²⁸



Tourist arrivals have been steadily increasing in an upward trend since 2013, with an increase in the number of arrivals every year from the previous year. The rate of increase in 2019 from 2018 is more than twice the increase observed from 2017 to 2018. Bed nights are observed to be increasing year on year, except for the drop in 2015. Bed nights on average report the highest numbers during the peak season or for the months of December, January, and February throughout the years. The upward trend of tourist arrivals and bed nights were well catered for by 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.

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 fell by 11.1 percent in February compared to January 2020. High occupancy rates of about 81 percent was expected for February 2020, based on figures for last couple of years, and rates increase from the previous month.³⁰ However, the occupancy rate for February 2020 was 67 percent.³¹ Similarly March 2020 experienced declines in tourist arrivals by 63.4 percent when compared to March 2019.³²

²⁶ World Economic Outlook - April 2020, International Monetary Fund

²⁷ Monthly Updates- February 2020, Ministry of Tourism, Government of Maldives

²⁸ Monthly Statistics- March 2020, Maldives Monetary Authority

²⁹ 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

³⁰ Monthly Statistics – December 2019, Maldives Monetary Authority

³¹ Monthly Statistics – December 2019, Maldives Monetary Authority

³² Monthly Updates - March 2020, Ministry of Tourism

The table below summarizes the latest forecasts of tourist arrivals to the Maldives by the Ministry of Finance. The government's latest forecasts indicate that the decline in tourist arrivals will be in the range 50 to 63 percent for 2020.

Table 3 Decline in tourist arrivals forecasted for 2020 based on estimated reopening for tourism

Scenario	Total Tourist Arrivals	Decline in arrivals (%)	Expected reopening date
Scenario 1	962,389	44	May 2020
Scenario 2	883,288	48	June 2020
Scenario 3	845,546	50	July 2020
Scenario 4	625,082	63	October 2020
Scenario 5	382,678	78	January 2021

Source: Ministry of Finance

b. FISHERIES SECTOR

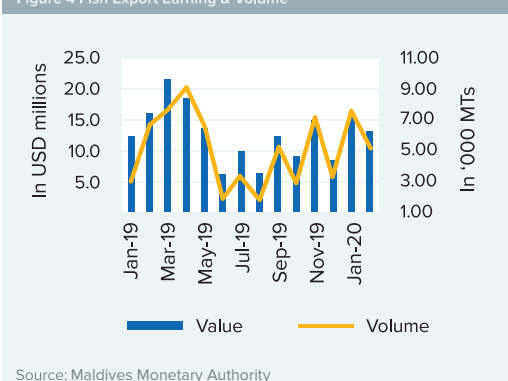
Fisheries accounted for about 4 percent of GDP in 2018 (Figure 1 GDP composition). In 2019, fisheries sector contributed an average of 3.5 percent of the GDP.³³ However these estimates do not include fish processing industry which is captured in the manufacturing sector. Fisheries is also among the main export industries of the country. The most recent Household Income and Expenditure Survey (HIES) estimates that the sector contributes to 6.7 percent of total employment.³⁴

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 has been caught in the five years 2014-2018, with an average of 135,882 metric tons per year. This corresponds to an increase in the volume of fish purchases which has increased over the past four years with skipjack tuna contributing significantly to the volumes purchased. Main types of fish catch and exports in the country remain skipjack tuna, yellow fin tuna, and bigeye tuna.

Fish export volumes averaged at 56,854 metric tons in the past five years with highest volumes of 72,000 metric tonnes exported in 2017. Value of exports averaged at \$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 first quarter of the year complementing the fish purchase trends. The highest value for exports of \$21.8 million were received in March and the largest volume of fish were exported in April 2019.

Fish exports and fish purchases have been directly affected by the crisis. The export of live fish and chilled tuna which takes up about 28 percent of the total fish export earnings initially experienced the impact as exports to Europe declined drastically due to the lockdowns and social gathering restrictions that affected restaurants and markets, the main clientele of the live/chilled fish exports. The value of fish exports declined by 15 percent in February 2020 when compared to the previous month which was equivalent to a year-on-year decline of 20 percent. This is due to a reduction in volume of fish exported. Figure 4 shows that fish exports in January and February of 2020 was half of the volume of exports for the same months in 2019 and 2018. The volume of exports to all major export markets except for Asia (Thailand) reported declines during the first two months of 2020 when compared to the same period the previous year. The value of fish exports declined concurrently due to a fall in international fish prices.

Figure 4 Fish Export Earning & Volume



³³ Quarterly National Accounts – Q4 2019, National Bureau of Statistics

³⁴ Statistical Release III: Employment, Household Income and Expenditure Survey 2016, National Bureau of Statistics

³⁵ <https://avas.mv/en/78828>

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, while skipjack tuna and bigeye tuna prices increased based on Bangkok and Japanese market prices respectively.³⁶

Table 4 Fish purchases (tonnes) for months of January and February

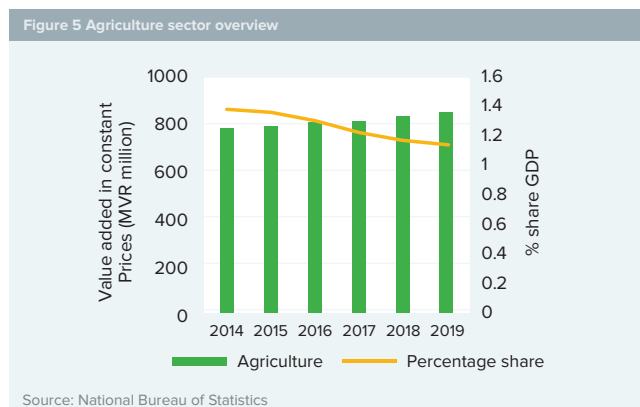
2018	2019	2020
14,698.5	15,506.9	8,760.8

Source: Maldives Monetary Authority

c. AGRICULTURE SECTOR

The contribution of the agriculture sector to GDP averages to 1.3 percent through 2014-2019, and the share has declined due to increased productivity from other sectors. Preliminary estimate for the overall share of GDP in 2019 is at 1.1 percent and production numbers are similar to those of 2018.³⁷ The latest HIES reports estimates that the agriculture and forestry sector contributes to 2.3 percent of employment.³⁸

Maldives imports over 90 percent of its food supplies.³⁹ 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 various bottlenecks experienced in logistics, production scale and costs, access to financing, etc.



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.⁴⁰ Meanwhile, women who outnumber men as registered farmers largely practice subsistence agriculture, which is the main livelihood for rural agriculture-dependent populations. 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, as well as being a source of vital non-food items such as timber and cordages. Home gardens play a vital role in rural livelihoods, food security and income generation. They are predominantly used for perennial crops such as coconut, breadfruit, mango, guava, bilimbi, water apple, Malay apple, stone apple, banana, papaya, betel leaf and curry leaf, as well as root crops such as taro on certain islands, especially those in the South with low-lying swampy areas. 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 ongoing COVID-19 crisis and the issues with food supply disruptions, the government has decided to accelerate their plans to revive the sector to enhance revenues generated and address 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.⁴¹ The crisis has exposed the Maldives food import dependency level with the government having to charter flights to large importer countries such as Thailand, UAE and Sri Lanka to mitigate food shortages. The government has called upon citizens to enhance farming efforts and guaranteed purchase at predetermined prices. Sparse land in islands could be used for farming free of rent for three years and a platform for farmers to market and sell their produce through the newly established state-owned enterprise, Agro-National Corporation has been enabled.

³⁶ Monthly Statistics- March 2020, Maldives Monetary Authority

³⁷ Quarterly National Accounts – Q3 2019, National Bureau of Statistics

³⁸ Quarterly National Accounts – Q4 2019, National Bureau of Statistics

³⁹ FAO. 2019. Country Gender Assessment of Agriculture and the Rural Sector in Maldives. Malé.

⁴⁰ Ibid.

⁴¹ Ministry of Fisheries, Marine Resources and Agriculture, Government of Maldives

d. TRANSPORT AND COMMUNICATIONS SECTOR

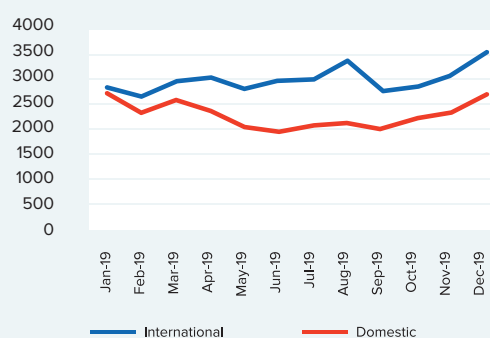
Transport and communications accounted for an overall 13.1 percent of the GDP in 2019 and is the second largest economic sector.⁴² Employment contribution of the sector is estimated at 11 percent of total employed workforce.⁴³

Total aircraft movements have been on an upward trend since 2015, with a significant upsurge of 53 percent in 2018 from 2017, mainly from increased domestic flights.⁴⁴ Aircraft movement for domestic and international travel are positively correlated and increases during tourist peak seasons. However, international aircraft movements appear to be more volatile, varying more with seasonal changes and international conditions compared to domestic movements. Total airline traffic into the country declined by 5.5 percent annually in February 2020.⁴⁵ The International Air Transport Association (IATA) predicts a 40 percent annual decline in passenger flights in 2020 due to halted operations and reduced demand based.

Available data for 2019 show that cargo movements by sea and air are correlated and move together with a slight lag in cargo by sea (see Figure 7 Cargo movements in 2019). 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.

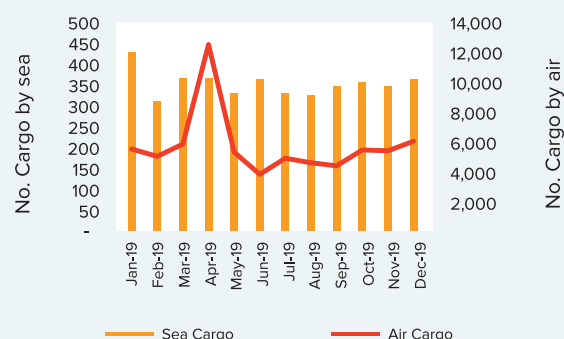
A significant indicator of transport activities is the import of petroleum products. Available data shows that on average, petroleum product imports amount to 14 percent of total imports over the last five years. Imports of other transport related materials such as; transport equipment and parts, machinery, and mechanical appliances and parts made up around 16 percent of total imports over the same five-year period. Available data for January and February 2020 shows an annual increase for all three types of petroleum products.

Figure 6 Flights at Velana International Airport 2019



Source: Maldives Airports Company Limited

Figure 7 Cargo Movements in 2019



Source: Maldives Airports Company Limited and Maldives Ports Limited

⁴² Quarterly National Accounts – Q4 2019, National Bureau of Statistics

⁴³ National Bureau of Statistics (n 24)

⁴⁴ Statistical Yearbook of Maldives 2019, National Bureau of Statistics

⁴⁵ Monthly Statistics- March 2020, Maldives Monetary Authority

e. WHOLE-SALE AND RETAIL TRADE SECTOR

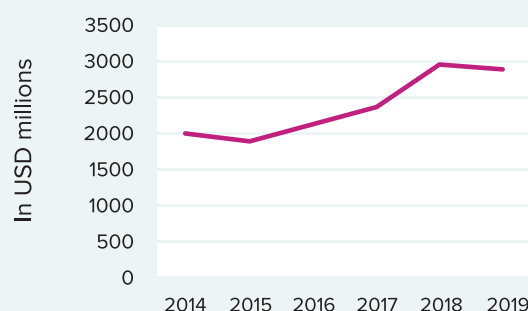
In 2018, wholesale and retail trade accounted for 9 percent of the GDP and in 2019, the sector accounted for an overall share of 6.9 percent of the GDP. An estimated 13 percent of total employment is found in the wholesale and retail trade sector.⁴⁶

Total imports into the country has been increasing since 2015 (see Figure 8). However, total imports reported a decline of 2.4 percent in 2019, compared to 2018. In 2020, the three largest import contributors to the country, namely UAE, Singapore and China showed year-on-year declines.⁴⁷

Figure 9 shows that, the most volatile among the three types of imports is food items. The import values for the three types of household items do not necessarily move together. Electronic and electrical appliances report similar figures for imports throughout the year.

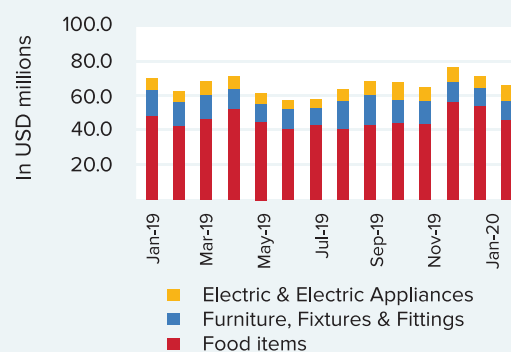
With the onset of the COVID-19 crisis, available data shows that the imports of food items and electronic and electrical appliances slightly increased in January and February 2020 compared to the same period last year, but imports of furniture and fittings showed a decline for the same period. Importers, traders, and MSMEs that cater household items may not have experienced a significant decline in supplies during January 2020, but with border closures these impacts are likely to increase. The Maldives Customs Service data show that the total import duties collected as at 2nd April 2020 was MVR642.8 million compared to MVR 834 million for the same period in 2019.

Figure 8 Total Imports



Source: Maldives Customs Service

Figure 9 Imports by type of household items



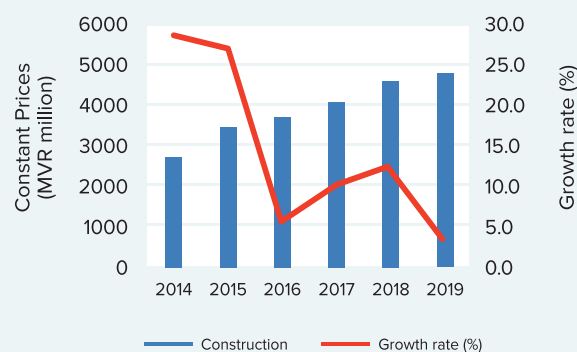
Source: National Bureau of Statistics

f. CONSTRUCTION SECTOR

The share of the construction industry in the GDP has increased at an average annual growth rate of 11.5 percent throughout 2014-2019. The industry currently employs 5000-7000 locals and 40,000-50,000 expatriates approximately as reported by The Maldives National Association for Construction Industry (MNACI).⁴⁸

Construction activity has doubled in 2018, compared to 2014. The annual percentage share of construction industry in 2019 was at 6.4 percent of GDP. A slowdown was

Figure 10 Construction sector overview



Source: National Bureau of Statistics

⁴⁶ Quarterly National Accounts – Q4 2019, National Bureau of Statistics

⁴⁷ Ibid.

⁴⁸ Impact of COVID-19 in the Maldives, Maldives National Association of Construction Industry

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 amount to \$623.6million with 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 budgeted for the year amount to MVR2.795 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.⁴⁹

LABOUR MARKET AND EMPLOYMENT

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 were in the labour force⁵⁰, 43 percent from Malé and 57 percent from the atolls (see Table 5 below). These figures exclude the undocumented migrant workforce existing in the country. The labour force is significantly higher for men than for 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, i.e. as they are not employed nor seeking work due to unpaid care work and domestic responsibilities. The unemployment rate is 6.1 percent nationally and 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 amongst the unemployed, rather they are considered to be out of the labour force. Amongst the employed population, average monthly earnings at main job were MVR10,229 and significantly lower for women (MVR7,510) compared to men (MVR11,977).

Table 5 Employment data

	Population above 15 years of age	Labour force (employed & unemployed)	Labour force participation rate	Unemployed	Unemployment rate
Total	263,311	151,706	57.7%	9,284	6.1%
Male	123,354	92,659	75.1%	5,958	6.4%
Female	139,956	59,047	42.2%	3,326	5.6%
Male'	118,000	66,000	60.7%	5000	7.5%
Atolls	145,000	76,000	55.1%	3000	4.9%

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

According to the latest HIES data, the public sector/government is the largest employer and accounts for 39 percent of employment. Private establishments account for 32 percent of employment about 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 other areas of the labour force as a whole. Men dominate labour market activity in tourism and construction sectors - the largest economic 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.⁵¹ Similarly, data from the National Bureau of Statistics show that the share of women in the tourism sector is 10 percent with local female employment being 3 percent. It has been documented widely 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. Similarly, the construction sector involves labour work and unfavourable working conditions which are not found to be suitable for women.

⁴⁹ Impact of COVID-19 in the Maldives, Maldives National Association of Construction Industry

⁵⁰ Tourist resorts, industrial islands as well as labour quarters with more than 10 occupants were excluded from the scope of HIES

⁵¹ FAO. 2019. Country Gender Assessment of Agriculture and the Rural Sector in Maldives. Malé.

EMPLOYMENT IN RESORT ESTABLISHMENTS

In order to capture employment figures in tourist resorts, the National Bureau of Statistics with the support of Ministry of Tourism conducted a survey targeting all the tourist resorts of Maldives in mid-2019. The survey showed that a total of 44,954 payroll employees work in tourist resorts in the Maldives. Local employees accounted for 47 percent of the total payroll employees. Out of the total payroll employees, only 10 percent are female, of which 3 percent are local female employees. Out of the total payroll employees, 2,615 have reported that they are commuting daily to their 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.

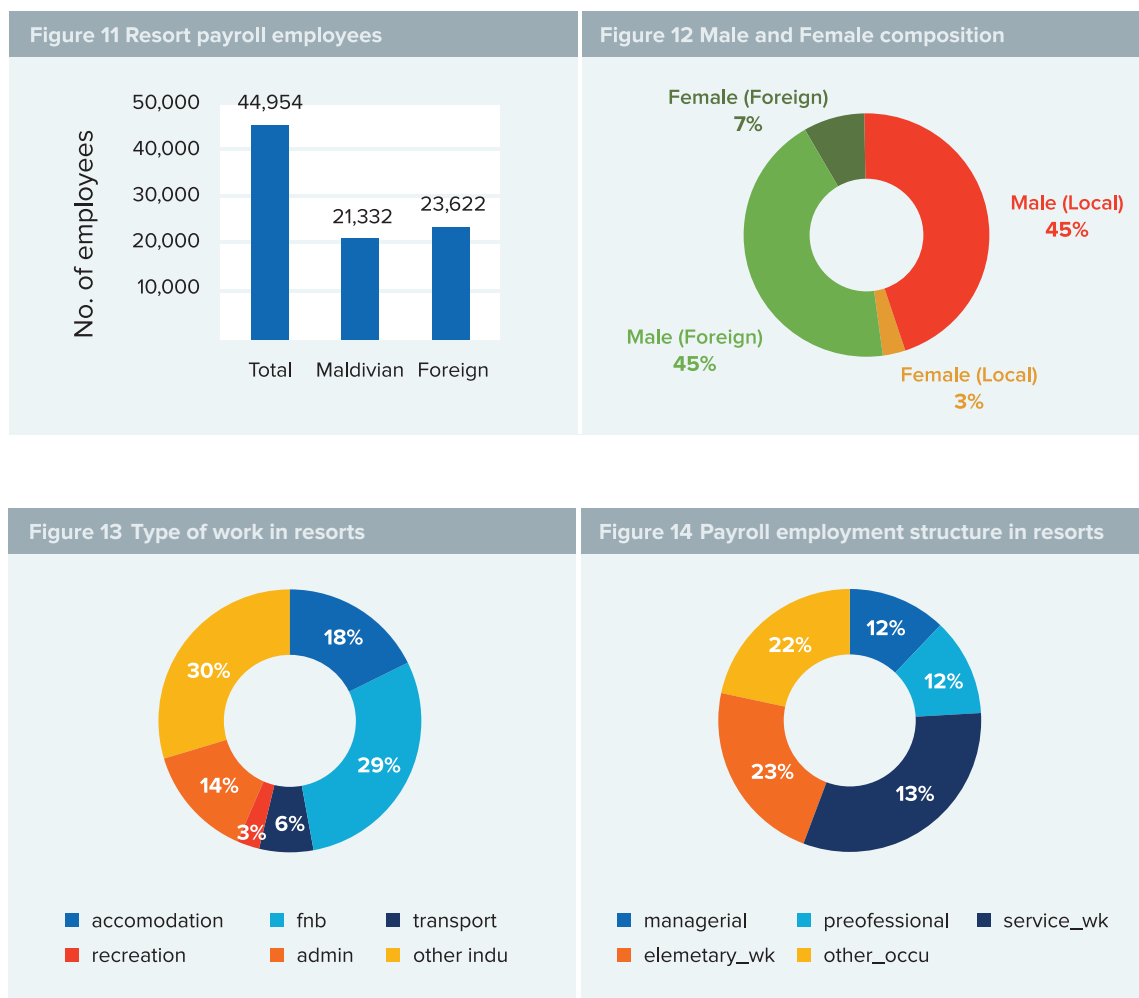
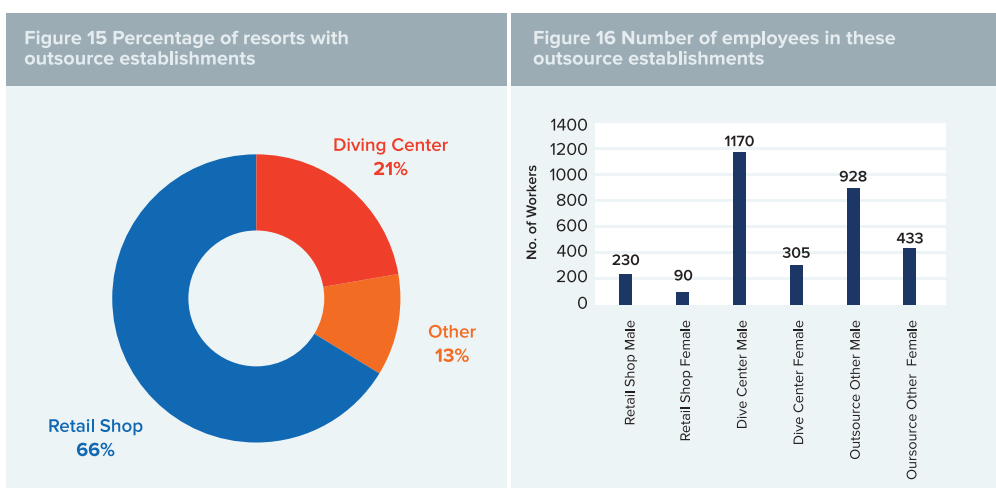


Figure 13 shows that the highest number of payroll employees work in Food & Beverages (F&B), while 18 percent work in accommodation, and 14 percent in the administration department. When considering the structure of employment, Figure 14 shows that majority work in service areas while 23 percent are engaged in elementary work. About a third of the employees work at managerial and professional levels.

As resorts outsource various departments and services to third parties, this was assessed as part of the survey. Out of the total resorts, 66 percent of the resorts outsource their retail shops to a third-party while 21 percent of the resorts outsource the diving centre services (see figures below).



The ongoing crisis is likely to have a significant impact on employment as a result of the closure of all resort accommodation establishments in the country which is expected to directly affect 45,000 resident resort workers. The impact on employment will magnify due to the negative impact on other businesses in the tourism value chain and businesses in islands and cities. This report will look at the employment impact in the next section.

POVERTY

The Vulnerability and Poverty Assessments (VPA) of 1998 indicated that that absolute poverty using a poverty line of \$1 per day at Purchasing Power Parity (PPP) had been eliminated. Since then, a drastic reduction in relative poverty, using national poverty lines has been evident. The most recent Household Income and Expenditure Survey (HIES) in 2016 showed that according to national poverty lines (MVR74) of half the median of total expenditure, 8.2 percent of the population in Maldives is poor.⁵²

The dimensions of income poverty from the 2016 HIES report shows disparity between Malé and the atolls. In Malé, 1.7 percent of the population is considered poor but 12.8 percent of the Atoll population is poor.⁵³ Characteristics of poor households include household size (households of larger size, households with increased dependency and fewer working adults face higher poverty rates) and education level of the household head (80 percent of the poor are from households with a household head that had primary education or less).

According to the HIES report, the employment status of the head of the household does not sharply differentiate poor households from non-poor households. While poverty rates are lowest among households with heads who are employed, they remain relatively high irrespective of the employment status of the head.

The gender dimension of poverty is to some extent visible. About 39 percent of Maldivians households are female headed and poverty rates of female headed households are slightly higher than for male headed households. Households headed by females have poverty rates of 8.8 percent, while those headed by males have poverty rates of 7.8 percent.⁵⁴ Another group of households that have higher poverty prevalence is those households headed by own account workers particularly engaged in informal work or group work which also include many women-led home-based workers. When comparing economic sectors, households whose head works in fisheries are poorer than those households whose head works in industry or services.

Beyond income poverty, there is growing emphasis and interest to look at poverty within a broader spectrum of issues such as urbanization and poverty amongst vulnerable groups in the Maldives. Although urban poverty is not fully documented in the Maldives, Maldivian families who migrate to Malé from the atolls experience crowded /poor living conditions and fear of eviction. Similarly, majority of migrant workers face difficult living conditions

⁵² National Bureau of Statistics (2016). Household Income and Expenditure Survey (HIES) Analytical Report IV: Poverty & Inequality. Male', Maldives

⁵³ Ibid.

⁵⁴ Ibid.

whereby their accommodations are often overcrowded, unhygienic and poorly ventilated. Per surveys of migrants in the forthcoming IOM Migrant Health Situational Analysis⁵⁵ an average of 29 persons share accommodations in these settings. A recent national effort (by the National Bureau of Statistics, together with UNICEF and Oxford Poverty & Human Development Initiative (OPHI)) developed a National Multidimensional Poverty Index (MPI) in the Maldives which looks at education and information, and health and living standards, indicated that 28 percent of the population is multi-dimensionally poor in 2016. Majority of the MPI poor (87 percent) lives in the Atolls. MPI is an alternative to measure poverty and captures acute deprivations that people face at the same time in different aspects of their lives. Understanding the broader context of poverty is therefore crucial to understanding how poverty dynamics will change in the Maldives after the COVID-19 crisis.

⁵⁵ Reviewed by the Health Protection Agency; Mariyam Suzanna, '*Situational Analysis of Migrant Health in the Maldives*,' International Organization for Migration (to be published).

2. Findings: Impact on Employment in the Tourism Sector

This section presents findings of the rapid livelihood assessment on tourism sector employment. The tourism sector was selected because the sector was directly exposed and affected from the very onset of the crisis, and tourism resort employment was selected for the study because 71 percent of tourism beds are in the resorts and is a large source of employment for the population. This section presents findings of three data gathering activities (i) an analysis of data in the government's online job portal (<https://jobcenter.mv/>), (ii) a quantitative phone survey conducted with resort management and, (iii) in-depth qualitative interviews conducted through phone/online with selected resort workers registered on the government's job portal (see Appendices for further details). The aim of this exercise was to get an overall understanding of the nature of employees who have registered for assistance.

2.1 JOB CENTER DATA FINDINGS

The job centre data analysis aims to understand the COVID-19 impact on the tourism sector employees by analysing the data collected through the government's online job portal hosted by the Ministry of Economic Development (MED) for lodging complaints regarding employment and income. A total of 724 responses out of a total of 1380 cases reported as of 20 April 2020 in the online job portal was screened and identified as complaints relevant to resort workers. The data of 724 cases was cleaned, analysed and is presented in this section.⁵⁶ The aim of this exercise was to provide an overview of data available of a 'high impact population' or to present data of a cohort of the population that is 'most impacted' by the crisis.

Impacted age group

Young people are the most impacted from job loss or income loss. More than half (53 percent) of those who reported of COVID-19 related employment or income impact are young adults between the ages of 15 to 30 years, while about one third (31 percent) are between the ages of 31 – 40 years and 15 percent are above the age of 40 years (Figure 17).

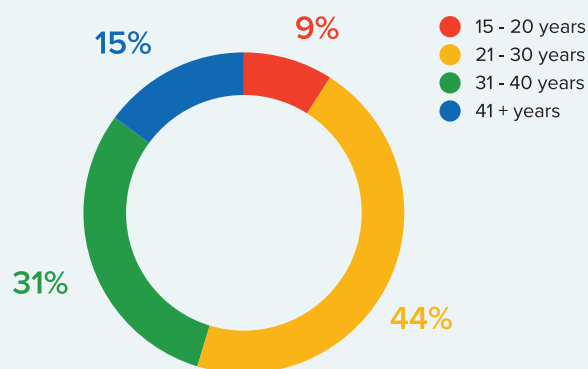
Area of employment

Employees working in housekeeping (26 percent) are the most impacted with job loss or income loss as a result of COVID-19. This is followed by employees working in food and beverages (17 percent), front office (14 percent) and back office (11 percent). About 8 percent of those who lodged a complaint worked in transport, and 4 percent in maintenance departments and 6 percent said they worked at the airport.

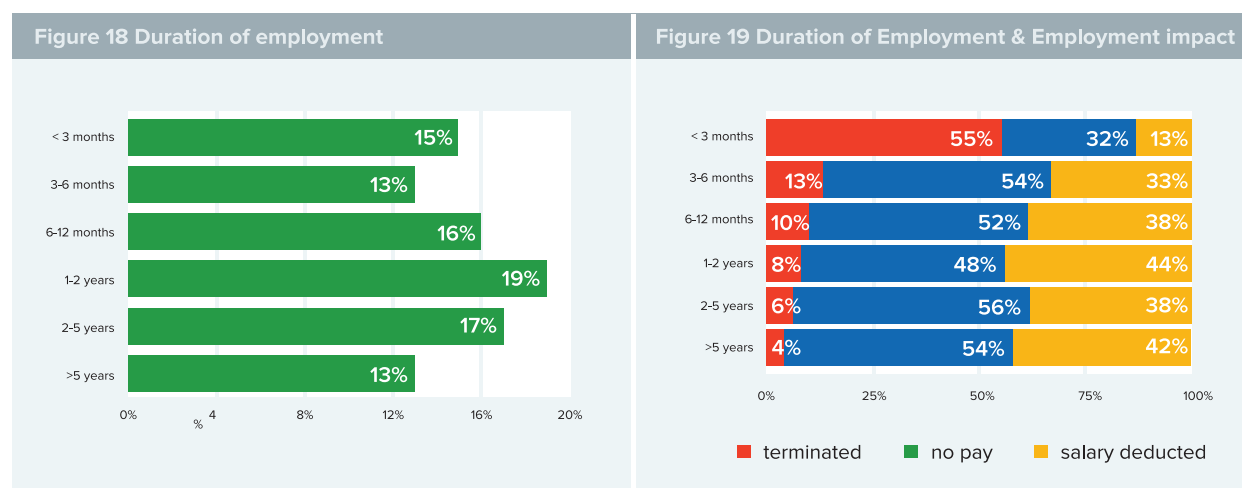
Duration of employment

Employees who had served for a duration less than 2 years were significantly impacted. About 63 percent of those who reported being impacted served for 2 years or less while almost one third served for more than 2 years. (Figure 18). Employees on probation were the most affected with termination, with more than half of those who served for less than 3 months being terminated (Figure 18).

Figure 17 Impacted age group

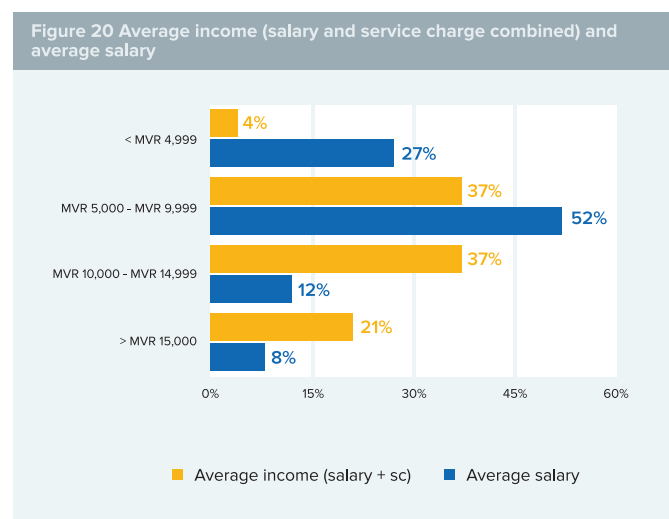


⁵⁶ The portal has complaints from employees in all sectors. For the purpose of this study, those that indicated employment in the resort sector were screened and used for our analysis.



Average income

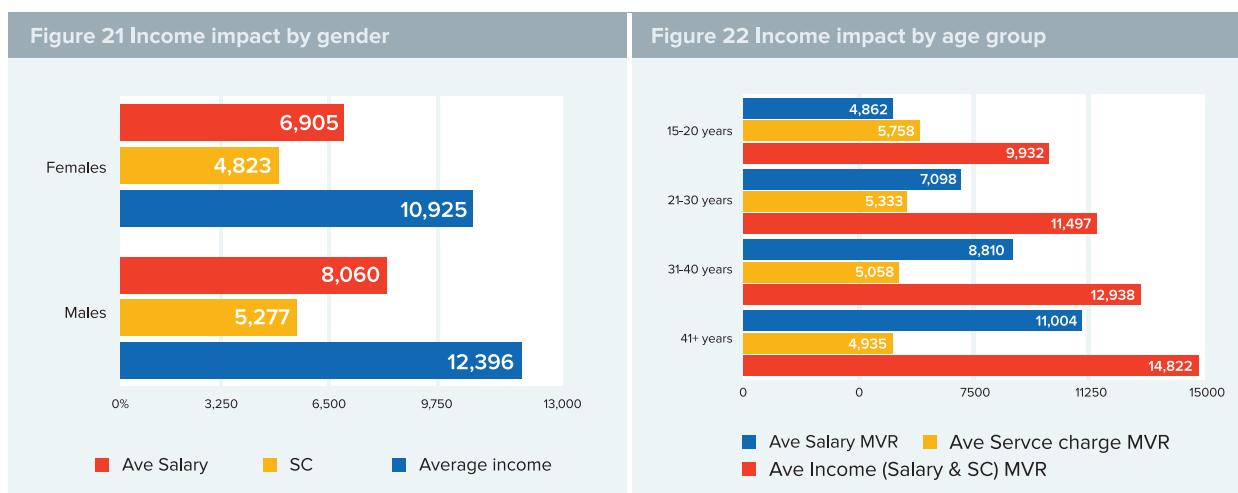
About three-fourths (74 percent) of the 724 cases reported that their average income with salary and service charge combined was between MVR5,000 and 14,999 (\$324 – 973), while 21 percent indicated that their average income was over MVR15,000 (\$973). In contrast, when average salary is considered separately, about half (52 percent) of the 724 cases earn between MVR5,000 – 9,999 (\$324 – 648), while almost one third (27 percent) earn below MVR 4,999 (\$ 324) (Figure 20). The difference between salary and income shows that service charge substantially improves the income of those in the lower salary range (reduced percentage of employees earning below MVR 5,000 (\$ 324) from 27 percent to 4 percent).



Impact on income by gender and age group

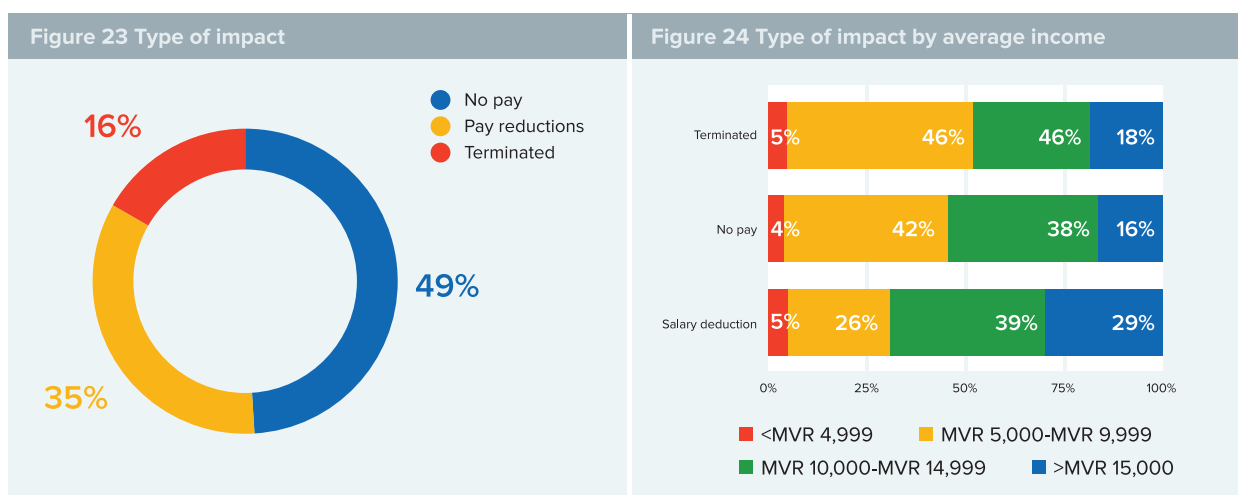
The data of the 724 cases show that 93 percent of those who reported being impacted are males and only 7 percent are females. This aligns with the overall proportion of men and women employed in the industry. The average salary as well as average income with salary and service charge combined is higher for males than females (Figure 21). It shows that men earn MVR1,444 (\$94) more per month on average than women. This is likely to be due to factors such as experience, department, duration of work, service area or low bargaining power of women due to low ratio of female employment in resorts.

Figure 22 data shows average salary and therefore average income earned increased with increase in age. The highest reported age group of respondents (21-30 years) accounting for 44 percent of reported cases, had an average combined income of approximately MVR11,500 (\$746), while the second highest reported age group of respondents (31-40 years) accounting for 31 percent of reported cases, had an average income of approximately MVR13,000 (\$843).



Income loss

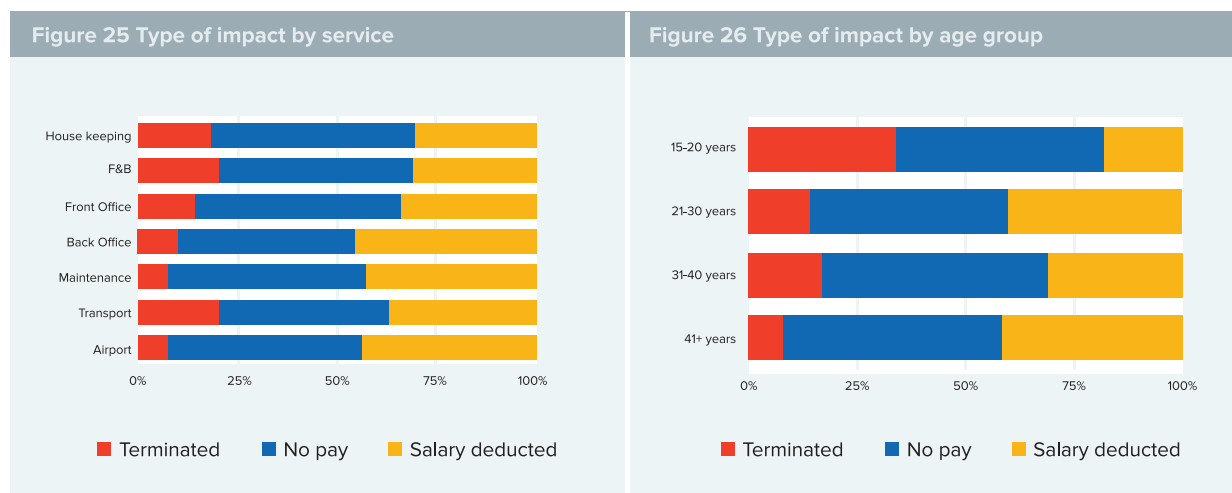
Of the 716 people who reported their employment status, almost half (49 percent) said they were on 'no pay', while 16 percent said they were terminated and 35 percent said their pay was reduced (Figure 23). Majority of the people (46 percent) who said they were terminated will experience a monthly income loss between MVR5,000 - 9,999 (\$324 – 648), while one third of those terminated will experience an income loss between MVR10,000 – 14,999 (\$ 648-972) and almost 18 percent will experience an income loss above MVR15,000 (\$972) per month. Likewise, 42 percent of those who are on 'no pay', will experience an income loss between MVR5,000 – 9,999 (\$324 – 648) per month and 38 percent will experience an income loss between MVR10,000 – 14,999 (\$648-972) per month considering the income earnings reported. Furthermore, an overwhelming 68 percent of those whose salary have been deducted earn MVR10,000 (\$648) and above, while about one-fourth of those experiencing salary deductions earn monthly income between MVR5,000 – 9,999 (\$324 – 648) (Figure 24).



Income impact by service area and age group

'No pay' was the most common impact for majority of the people who worked in all identified service areas. The salary deduction options were observed lowest in housekeeping and food and beverage departments followed by transport department as people from these departments said they are on 'no pay' or faced termination. One in every two person who said they worked in food and beverage, transport and housekeeping areas said they were terminated, while 50 percent in F&B, 43 percent in transport and 52 percent in housekeeping departments said they are on 'no pay'. Furthermore, employees working in back office are on salary deductions most, with salary deduction reported by almost 46 percent of employees in back office (Figure 25).

Highest ratio of job termination was felt by young people between 15-20 years of age, with almost four out of every five persons in this age group being terminated (34 percent) or on 'no pay' (48 percent). Second highest termination and 'no pay' impact combined was felt by the second highest age group of respondents (31-40 years). Salary deduction option was offered for almost 2 out of every 5 people in the age groups 21 to 30 years and those above 40 years of age (Figure 26).



Note: The reported cases of job loss and income loss through the job portal is likely to be lower than those actually affected with termination, no pay or reduced pay since tourism sector employment is not well regulated, monitoring and enforcement is weak. Furthermore, employee contractual arrangements are sometimes temporary and informal even after completing probation and a 2-year employment duration which automatically passes for permanent employment. Hence, with closure of the resorts due to COVID-19, many employers were able to use their flexible contracts to terminate or send employees on no pay or ask to take voluntary leave. In this situation not many employees have a legal ground as this leads to natural redundancy and thus the numbers reported may not be high, as employees are hopeful to get their jobs once resorts resume operations.

2.2 FINDINGS FROM THE RESORT MANAGEMENT SURVEY AND THE IN-DEPTH INTERVIEWS WITH RESORT WORKERS.

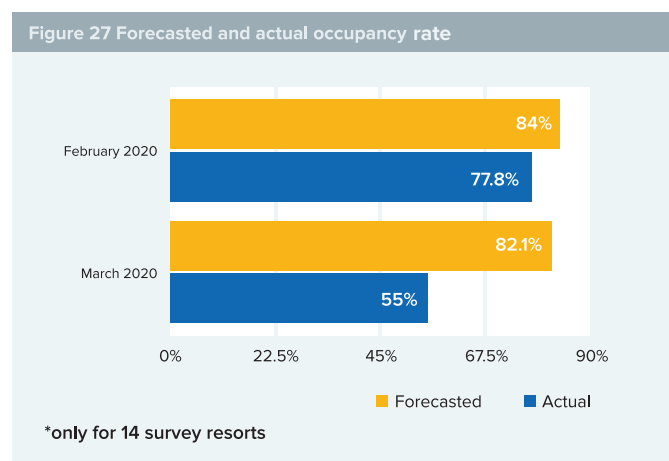
This section presents findings on three areas (i) impact on resort operations from February 2020 up to April 2020, and work environment (ii) impact on employment and incomes with reflection on potential impacts at household and community level and (iii) plans for the future – next 3 months and beyond July 2020.

Note: Caution should be drawn when interpreting and or utilizing findings of the resort management survey in section 3.2. Out of a sample of 40 resorts targeted in the survey, the data in this report presents only findings from 14 resorts due to low response with many resorts halting operations. A more complete analysis will be presented in the next version of this report. This report aims to outline the types of analysis that would be possible for the whole sector if the survey were to be completed.

Impact of COVID-19 emergency measures on resort operations

The impact on resort operations for the period February and March 2020 (since the onset of the crisis until the cancellation of on arrival visa to travellers) can be summarized as follows; Tourist arrivals from China to resorts stopped, travel restrictions imposed for specific markets, guest transfers between resorts stopped, booking cancellations, emerging concerns of visitors who wanted to book with consideration of local situation, loss of revenue from booking cancellations, low occupancy and multiple challenges to operations such as food and service deliveries across properties where multiple properties were approved to operate as one.

The forecasted average occupancy rate amongst the 14 survey resorts for February 2020 was 84 percent, and March 2020 was 82 percent. However, there was a decline in 7 percent and 33 percent in actual occupancy rate from that of forecasted in February 2020 and March 2020 respectively amongst the surveyed resorts (Figure 27). In contrast, the national average for occupancy rate published by Ministry of Tourism for February 2020 was 77 percent, which is 14.5 percent lower than the same period in the previous year, and March 2020 was 35.5 percent which is 36.2 percent lower than March 2019.



Suspension of passengers traveling from China on 3 February 2020: Out of the 14 survey resorts, only 50 percent identified China amongst their top 5 arrival markets. Thus, flight suspensions between China and Maldives did not affect most survey resorts. However, 29 percent of resorts who were highly dependent on the Chinese market said they were significantly affected by the Chinese flight suspensions (Table 6), especially due to travel restriction coinciding with influx of Chinese New Year holidaymakers. Furthermore, there were also some resorts although with a high dependency on Chinese markets, who didn't experience a major impact, as there were some guests who opted to stay for a longer duration.

For those resorts who experienced an impact from flight suspensions between China and Maldives, biggest impact was felt on resort bookings. Some guests attempted to postpone their bookings, while some bookings were cancelled immediately, and cancellation fees were not charged by some resorts. For most resorts, the impact was felt from mid-February onwards to throughout March 2020. Resorts also 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 with reduced airline movements. At the time of survey, resorts expressed that they were maintaining on-going and open communications with travel agencies to ensure flexibility with requested booking changes.

Table 6 Impact of suspension of incoming travel from China

Highly dependent on China market – bookings cancellation	29%
Not dependent on China market - not much affected	57%
Somewhat dependent on China market – bookings cancellations	7%
Other	7%

Travel ban to and from resorts: As a result of the travel ban to and from resorts announced on 14 March 2020, the 14 resorts that participated in the phone survey indicated that they were mostly impacted from restricted movement of employees. This varied across resorts depending on several factors. Some of the challenges faced by resorts were:

- Very short time frame given for resorts to manage the situation, with less than 3 hours to transfer employees who were away in Malé and other islands.
- Restricted movement affected employees who had family emergencies and other urgent personal matters.
- Resorts within close proximity to an inhabited island have workers commuting daily/weekly. Restricted movements changed their routine and forced employees to remain on the resort which in turn affected employee's morale.
- Several employees who were on vacation in their home islands couldn't return back to the resort.
- As some employees were not able to travel to their home islands, some resorts experienced additional costs to manage employees on the resort.
- Transfers couldn't be organized for employees who wanted to go on leave.
- Resorts had to arrange new flights for employees who had previously applied for leave during that period.

Working environment of employees: Some respondents from the phone survey with resort managers indicated that health and safety of the team members was a priority for their resorts. Those resorts expressed implementing improved hygiene standards, procedures and conducting employees' trainings.

In depth-interviews held with 31 resort workers representing 13 resorts who were registered in the government's online job-portal indicated mixed results. While some interviewees indicated that resorts took HPA guidelines and precautionary measures seriously, some indicated that the management did not prioritize health and safety of employees. One interviewee gave the example of their management not attending the meeting held between management level employees that HPA organized with Ministry of Tourism saying that it was too short a notice. This according to the interviewee was proof that management did not take safety issues seriously. 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 the resort.

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 probably carrying the virus and in turn infecting their own family members, having to shake hands with guests, and providing service without proper safety measures, such as wearing masks, gloves and using sanitizers. Five interviewees talked about roles where they worked as an airport representative, a room boy or boat crew, and waiter, or diver and how those increased their exposure to the virus. Two interviewees indicated that there were appropriate social programmes organised by the resort management to keep the employees on the resort appropriately occupied for their mental wellbeing.

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)

Impact on employment

This section looks at how employment and incomes of resort employees are affected by the crisis. This looks at impact during February and March 2020 (while most resorts were still under some level of operation) and adjustments to employment that were made for three months – April, May and June 2020, the period for which majority of the resorts are expected to be operationally closed.

We first looked at how employees have been communicated on the plans of the resorts for the period of the resort closure. Of the 14 resorts that participated in the resort management survey, all but one said employees have been informed about the resort’s plan for the next 3 months. For about 98 percent of resorts, employees were informed verbally in a employees meeting, while 1 resort reported employees being informed verbally in one-on-one meetings. Furthermore, about 62 percent resorts reported having informed employees in writing in addition to verbal meetings of the plans for the next 3 months.

In-depth interviews with resort workers registered in the government’s online job portal indicated that although they were informed of the resort management’s decisions for the next three months, the resort management 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. Several informants (about 8 of the 31 interviewees) talked about not having the choice when the decision was made regarding the arrangement for the closure period. 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 during the COVID-19 crisis, indicated confusion with the communication that they received, and or there was no official communication at all. These informants echoed feelings of isolation and disconnect from the resort management and the need for belonging during the period of uncertainty of employment was most needed.

Employment structure in resorts

To understand impact on employment, the research team first tried to identify the employment structure set up in the resorts and the type of contracts offered. From the resort management survey findings from 14 resorts it is understood that resorts have payroll employees, third party contract workers, of whom some are considered casual workers who work in different service areas and in the front and back of the house operations of the resort. The following summarizes some of the trends observed:

- Payroll employees – Majority of employees working in resorts are within the resort payroll. Pay roll employees also include those on probation. Some payroll employees are on full time contracts while others are on fixed short-term contracts, of which some are renewed periodically. In-depth interviews with 31 resort workers registered in the government’s online job portal indicated that they were on full time contracts with renewal every one or two years. Feedback received from the interviewees indicated that most employed in their respective resorts were on similar contracts. The interviews further indicated that many of them were not fully aware of their contractual terms and contract renewal process despite having seen their contract documents. According to interviewees, typically employees go through 3 months’ probation, then they get one-year contracts and once two or three years are completed, they become

permanent employees.

- Third party contract employees – Third party contracts are made between some of the guest service departments such as dive schools, water sports centres, guest shops and spas who work on a revenue share model, while some third-party contracts are made with contractors who offer services for the resort departments such as landscaping, security, stewarding, transport etc who are paid for the contractual services.
- Casual workers – A large number of casual workers are generally hired through third party contracts, who are mostly foreign migrant male workers. Casual workers are not a legally recognised form of employment in the Maldives, although the term is used across the industry for workers who are not on resort payroll but work in different departments of the resorts on a regular or temporary basis. Some resorts hire casual workers directly by the resort for different activities of the resort. Casual workers are also hired by resorts for service areas during peak season and festivals. Some casual workers work on a regular basis while others are seasonal casual workers. Common areas of work include cleaning, gardening, security etc.
- Freelance works/local vendors – There are informal service providers who are paid based on pre-agreed rates for goods and services according to quantity delivered or as day wage earners for the services offered. Some freelance workers work on contract basis while others work based on mutual understanding. Common freelance service providers include musicians, DJs, photographers, cultural products (mats, thatch) providers, etc.
- Amongst the 14 survey resorts, the average employees ratio per bed was 1.63, while two resorts had an average employees ratio of 2.85 per bed. Employees ratio of resorts depend on factors such as brand, star rating, services offered or average daily room revenue (ADR) of the resort.

Employees retention

Payroll employees- There are 5,249 payroll employees in the 14 survey resorts. Of them, 52 percent are locals and 48 percent foreigners. Majority of both local and foreign employees are male, and the ratio of female employees is significantly low compared to that of male employees working in resorts. Furthermore, there is a significant difference in female employment between local and foreign females. Only about 8 percent local employees are reported to be females while the 20 percent foreign employees are females (see Table 7). When asked about employee retention in the next three months, 64 percent of the survey resorts said all payroll employees will be retained, while 36 percent said only some payroll employees will be retained. Only 1 resort reported not having decided for the whole three-month duration.

Table 7 local and foreign payroll employees by gender

	Locals			Foreigners		
	Total	Males	Females	Total	Males	Females
Ratio	52%	92%	8%	48%	80%	20%

The survey finds that about 840 (16 percent) payroll employee jobs in the survey resort are immediately impacted due to COVID-19 with no income for the next three months. An average of 84 percent payroll employees across the 14 survey resorts are reported to be retained with revised pay packages causing a high proportion of their income to be diminished and impacts to leave arrangements over the next three months. Amongst the local employees, 98 percent are reported to be retained, while 84 percent of the foreign employees is said to be retained in the next three months. Of the employees retained, 84 percent are non-managerial level employees (rank and file), while 14 percent are managerial level employees.

The above findings of the resort management survey indicate that the large majority of payroll employees have been retained for the period of the resort closure. A similar trend was observed in the in-depth interviews held with resort workers registered in the government's online job portal. Out of 31 interviewees from 13 resorts, only one resort had applied redundancy across the board except for the core team that would remain on the island during the period of the closure while all other resorts had different employee retention arrangements in place. Feedback from interviewees however indicated a possibility of redundancy after the current closure period ends and if the resorts are not able to reopen.

Probation employees - About 207 (4 percent) employees on payroll amongst the 14 survey resorts were on probation at the time of survey. Of them, about 84 percent employees is said to be retained in the next three months, while 16 percent probation employees' jobs are at risk

The in-depth interviews held with resort workers registered in the government online job portal indicated that employees who were on probation faced a high risk of redundancy. Out of the 31 in-depth interviews conducted, five informants were on probation and all five were made redundant. According to interviewees, most probation employees in their respective resorts were made redundant. According to one interviewee, 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 in the resort due to the HPA enforced lock-down, and yet they were not being paid. One of the 31 interviewed was in a job transition. He had resigned from his previous post and was on his way to the new workplace. He was in Malé when the resort lock-down were announced and he was not able to sign the contract, and thus is essentially out of work, without a job, and no means of receiving a salary from the new resort he was supposed to join.

Third party contract employees- The resort management survey indicated that in the 14 resorts that responded, there are about 633 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 some employees are arranged by the resort and departments work on a revenue share model. 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 by the contractors include:

- terminating all contracts until operations resume
- significant employees' reduction amongst third party contract employees
- no third-party contract employees to remain on the resorts during the period resorts aren't in operation

Migrant casual workers- According to the 14 resorts covered in the resort management survey about 50 percent of the third-party contract workers are reported to be casual workers. Number of casual workers directly hired by the resort were reported to be very less amongst the survey resorts. The arrangements for casual migrant workers vary by resort. 36 percent of the surveyed resorts reported their third-party contractors will decide on the arrangement for migrant casual workers, while 29 percent said they will remain on the resort. 14 percent of the resorts said they will be sent back to their home country while another 14 percent reported they do not have migrant casual workers.

In-depth interviews held with resort employees indicated that while neither of them were a third-party contract employee, majority of those working with them in their respective resorts for third party service providers lost their jobs including migrant casual workers.

Free-lance service/ local vendors/ suppliers - The resort management survey covering 14 resorts indicate that about 36 percent of resorts work with music bands, while 29 percent work with DJs, and 21 percent of resorts work with both *boduberu* (traditional Maldivian music and entertainment) groups and photographers.

About 43 percent resorts also identified working with local community vendors such as fish suppliers, while 29 percent identified working with vegetable suppliers and 14 percent resorts said they work with other food suppliers. Only 1 resort said they work with local vendors supplying cooked food. Some resorts identified chemical supplies and waste transport services being outsourced to vendors/suppliers.

Of the 71 percent of resorts who identified working with either freelance service providers or vendors, only 20 percent said they work on contract basis with everyone, while 40 percent said they work with some on contract basis and some on the basis of mutual understanding, and another 40 percent of resorts said they work with freelance workers/vendors on the basis of mutual understanding only. Furthermore, 20 percent of resorts said that the services with freelance workers/vendors will not continue as a result of COVID-19 while 40 percent said they would continue the services. However, since most services are offered upon demand, given the absence of demand in the majority of the resorts, it is believed that most freelance workers/vendors will be experiencing income loss from resorts during this period.

Impact on income

This section looks at the different pay packages that have been offered to employees and the resulting income loss that resort employees are experiencing.

Pay packages for the next three months - According to 14 survey resorts covered in the resort management survey, all retained payroll employees will have some form of pay package offered for the next three months, except for one resort that mentioned decisions have been made for the month of April 2020 only. There are several variations on how payments are to be made in the coming three months. Some forms of pay package options include:

- 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
- Senior and other employee redundancy
- Only basic salaries ensured until all leaves are exhausted

For about 79 percent of the resorts, employees' annual leave will be deducted during the next three months. Likewise, other leaves also will be affected during this period for most resort workers in the survey resorts.

Loss of income from salary- The resort management survey covering results for 14 resorts show significant income loss to employees retained in the next three months. For those benefitting from pay packages in this period, the average minimum salary to be paid is \$325 (MVR5,011.5) according to data from 14 survey resorts. However, about 29 percent resorts reported minimum salary in the next three months below \$200 (MVR3,084). Only one resort reported minimum salary above \$500 (MVR7,710).

Loss of income due to loss of service charge- The average service charge paid in March 2020 was 20 percent lower than that of the previous year according to data from 14 survey resorts. The average service charge paid by the 14 survey resorts in February 2020 was \$589 and March 2020 was \$487. 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 14 percent of the resorts. The difference in service charge payments between March 2020 and the previous year decreased by more than 40 percent for 21 percent of the resorts.

An average income loss of about \$500 (MVR7,710) per month for resort employees from loss in service charge alone is anticipated in the next three months as a result of COVID-19 impact. According to information from survey resorts, an average of \$500 (MVR7,710) was earned as service charge by resort workers in the previous year for the months of April, May, June. 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 allowance ranging from \$500-600, while many other informants indicated that they receive a fluctuating service allowance based on resort occupancy. Many interviewees confirmed that service charge accounted for a significant share of their monthly incomes.

Other allowances- The resort management survey and in-depth interviews with resort workers 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. Amongst them include one resort which enforced redundancy across the board, and they had 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, so far has not paid the bonus. Two informants from this resort indicated they were told they will get the bonus but as of the first day of Ramadan they have not yet received the payment.

Overall income loss- In-depth interviews with 31 resort workers registered on the government's online job portal indicated that on average they will experience an income loss of \$900 (MVR13,878.00) 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 while feedback received indicated that beyond a monthly basic salary ranging from \$275 to 360, service charges, tips for the front-of-the-house employees and overtime for the back-of-the-house employees added considerably to the take home salary of most employees. Similarly, interviewees from resorts that offered no pay package and the resort that announced redundancy across the board indicated a loss ranging from \$800-1,600 of monthly income.

Employees remaining on the resorts and relocation of employees

Employees remaining on the resort: The resort management survey showed that of the total employees, an average of 36 percent is to remain on the resorts during the next three months. This ranges between 11 percent and 95 percent for the 14 survey resorts, depending on the resort and their operational status in the next three months.

In-depth interviews with resort workers registered on the government's online job portal 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.

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)

Employees relocation- Findings of the resort management survey indicate that for the payroll employees returning back to their home islands/countries, travel cost for all employees is borne by all resorts except one that stated only some employees will be paid transport costs. This supports the findings from the in-depth interviews held with resort workers registered on the online job portal. A reasonable number of informants indicated that the resort management arranged their evacuation from the resort back to their home island. Relocation transport was paid for by the resort. At least one informant noted that even for expatriate employees their airfare was arranged by the resort. Feedback from the interviews showed that one informant had to remain in the resort for an additional couple of weeks even after the HPA clearance, owing to difficulty in arranging transport because of the inter-island transport restrictions that was enforced on 15 April 2020.

Feedback from in-depth interviews with resort workers registered in the online job portal indicated 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. Interviewees highlighted that most of their co-workers would be returning to Addu city. All respondents were already relocated on their islands when the interviews were held. Most of them returned early March 2020. According to the interviewees, most of the expatriate employees were stranded on the resort owing to the border closure and travel restrictions while others managed to fly back to their home country through special flights that were arranged.

Impact on household and family as a result of the income loss

In-depth interviews held with resort workers registered in the online job portal indicated that sixteen out of 31 of the informants were married and 14 of them have children. Feedback received indicated that informants were concerned about how they will provide necessities for their family in the coming months. 10 out of 31 respondents were the only sole breadwinners of the family. The following summarizes the different coping strategies informants described based on the circumstances.

- Many respondents reported that they are in a difficult situation as no savings were made for such a situation.
- One respondent particularly raised concern regarding his condition of not having enough to buy necessities for the Ramadan period. He also indicated that he had a child with disability which made his life a lot more stressful when thinking about the situation and the loss of income.
- Three respondents mentioned that they had plans for home renovation but due to this situation, it had to stop in an effort to cut down expenses.
- Three respondents also talked about the holiday plans with the family and said it would not be possible for this year.
- Of the families living in Malé at the moment, one informant expressed plans to temporarily move to his wife's island to take up fishing while waiting for resorts to reopen. They do not wish to permanently relocate back to the home island because their child attends school in Malé and they do not wish to relocate him/her. Also, moving means forgoing the advance payment they made to the rental accommodation. According to the informant, a discussion with the property owner indicated that the tenants would have to bring in new replacement tenants with similar advance payments, for them to have a refund.
- Informants also talked about accumulating personal debt.
- As for positive impacts, all informants talked about having time with the family specially during Ramadan as a positive aspect of the crisis.
- Notably, the informants who had their spouse working in a government job expressed less anxiety and were more accepting of the situation even when they had been forced into 3 months of no-pay leave. Of the many informants who were married, three informants stated their partners are working, with one identifying their spouse in the tourism sector and the other two informants, with gratitude, identified that their wife is in a government job.

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).

Impact on community

The in-depth interviews held with resort workers aimed to understand what impacts are felt at a community level as a result of the crisis and relocation of resort workers. When asked about this initially, majority of the informants did not foresee any impact or negative impact on the community. When informants were specifically asked what changes the influx of resort workers might bring to their community, there were some concerns that many are at a vulnerable state and there could be some negative impacts to the community. However, many respondents did not believe that there could be a negative social impact such as increase in crime rates or rise in domestic violence. Some respondents noted that if those who returned to islands were drug addicts it could lead to rise in drug related criminal activities. If not, they do not think there could be an increase in criminal activities.

As for potential conflict that might emerge in communities, informants mentioned the sense of being disadvantaged as a problem. One informant mentioned about the unfairness of government employees getting full pay while resort employees suffer complete income loss (redundancy termination, forced no-pay leave) or reduced pay packages. Another informant highlighted the possibility of this discrepancy raising animosity among islanders which might lead to conflict. Apart from the note about conflict in the earlier point, two informants highlighted that when there are too many people around, having nothing much to do, there could be ideological or ward clashes.

Informants did not provide detail on potential impact on vulnerable groups. Few informants highlighted that elderly who receive government elderly benefits may be subject to theft or maybe taken advantage of in the context where many have lost incomes. One informant stated that, looking after the elderly could become a problem due to the home isolation caused by COVID-19.

Overall, no respondents believed that there could be a rise in domestic violence, when asked about it specifically. However, many informants acknowledged that financial pressures and mental pressures amongst them and within the family could lead to problems in their marital relationships and tensions within the family. One informant speculated an increase in divorces, citing news they have read from other countries. A few informants echoed a possible increase in pregnancies because couples are having so much more time together, especially because of home isolation.

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).

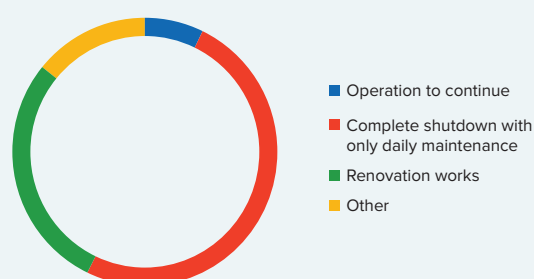
“Usually the men are the breadwinners and if they can’t spend on the family, their family can’t get food and other necessary items, this will result in tension within the family” (#3).

2.3 FUTURE – PLANS OF THE RESORTS AND RESORT EMPLOYEES

Plans for the next 3 months - resort management.

About 50 percent of the survey resorts will be completely shut down with only daily maintenance works ongoing for the three months April – June 2020. About 7 percent resorts said they will continue to operate during the same period with some long stay visitors who have been on the resort before on arrival visa suspension was announced. About 29 percent of resorts plan to undertake some renovation works during the same period resorts are not in operation (Figure 28). Some resorts also expressed that, they do not want to cease operations, to maintain resort brand and reputation.

Figure 28 Resort plans for April, May & June 2020



All 14 resorts covered in the resort management survey said they will maintain contact with retained employees residing on the resort and in their home island/country in the next three months. Most common communication methods expressed were email and phone calls. Some also expressed group messaging platforms and virtual meetings for communicating with employees in the next three months.

Plans for the next 3 months – resort employees.

The in-depth interviews with resort workers attempted to understand their plans for the next 3 months. The main feedback received was that there was nothing much to do until resorts reopen. Below is a summary of what the informants have shared regarding their plan for the next 3 months:

- 17 out of 31 respondents informed that they have no specific plans for the next three months. Some reasons included, the island being lockdown, as it is Ramadan, and no activity to be planned.
- Ten informants stated that they will start actively looking for at least temporary work as soon as Ramadan and the lockdown status were over. Some talked about going fishing or related activities such as fishing octopus, others doing some wiring and repair work. Also, with the coincidence of Ramadan in this period, all informants are taking it slow. In their words, a day at time. This basically means most displaced resort workers most probably will start looking for work after May 2020.
- Some respondents indicated interest to engage in electrical work or fixing air conditioners when the lockdown is lifted.
- Two respondents expressed their interest to start their own business, either rent their own house or start their own business, if financial support is available.
- Three respondents confirmed that they would be keen to start any agriculture project if resources and financial assistance are available. Four informants stated that they have already applied for agricultural land from his island.
- Notably, agriculture and fishing were echoed as options only by male informants. Two female informants expressed interest in looking for jobs in offices or shops.
- Feedback across all informants indicated a mindset that these are temporary options and that they will be returning to resort work at the earliest.
- No mention of contract conflicts was noted. When specifically asked, two informants stated they are not interested in going on another contractual job in the short term, and that the resort contract does not bar them from doing casual work as long as they are available to return to work when the resort reopens.
- All respondents indicated their keenness for upskilling and additional training if opportunities were offered in their area of interests such as hospitality, diving, agriculture, wiring, human resource, or business management.
- Most respondents mentioned that the tourism area would be the first choice if they were to seek more learning or additional training. At least three informants indicated they are using the time to upskill by reading or watching videos on areas they might want to diverge into. These include information on starting a small business, getting into trading, architecture, and learning additional languages. These mostly have some connection to the resort industry.
- A few informants (4) highlighted wanting to get a qualification in hospitality.
- The general findings about how these employees are perceiving and treating the 3 months (April, May, June) of resort closure include: spending time with family, taking up more domestic chores, volunteering, upskilling, and entertainment. Feedback from a range of respondent however indicated that their main thoughts were centred on returning to work to resorts as soon as they open. When probed on perceptions relating to taking up domestic chores and non-economic activities, many informants talked about activities related to household work in general. Male informants indicated maintenance and repair work in the house and planned renovation work when the lockdown eases and if there is financial relief. One female informant indicated more time attending to household chores to fill the time. Apart from the above activities and thoughts for the current duration, another female and another male informant indicated spending considerable hours watching movies to kill time and boredom. With respect to volunteering, one informant noted that he is volunteering at a COVID-19 facility in Malé area. One senior informant mentioned that he would be very keen to start some volunteering work when the lockdown is lifted. In particular, he talked about starting some work related to empowering the youth for the tourism industry.

Plans of the resorts beyond July 2020

Majority of the respondents from the resort management survey anticipate all retained employees to return back when operations resume. Amongst all resorts, managers anticipate an average of 93.5 percent of retained employees to return back when resort resumes operations. In one extreme case, the resort anticipated only 50 percent employees to return when operations resume. The resort management survey covering 14 resorts indicated that the top 3 human resource related concerns for resuming operations were:

- Immigration/travel issues for foreign expatriate workers
- Employees productivity levels after resuming work
- Employees shortage, if employees do not return back

Majority of the 14 survey resorts (57 percent) expressed uncertainty as to when operations will normalize. According to some resorts, it depends on when the government would reopen borders and start issuing on-arrival visitor visas. However, most resorts said it was unpredictable at the time of survey. About 14 percent of the survey resorts anticipate operations to normalise earliest by July 2020, while another 14 percent anticipate it to be around September/October. Likewise, 14 percent resorts also predict operations to normalise by only around new year period this year.

In the resort management survey, respondents elaborated on some aspects of their future operations, in going forward with resort operations with the new norm after COVID-19.

Table 8 Measures to be taken in the new normal by resorts

Sales and Marketing	<ul style="list-style-type: none"> • Increased flexibility to accommodate markets based on global travel situations • Market diversification by investing more on strong markets • Active ongoing research on market information and target depending on country border openings.
Cleanliness and hygiene	<ul style="list-style-type: none"> • More attention given to hygiene, with increased awareness programs on hygiene • Hygiene and cleanliness for third party contractors and casual employees • Safety and hygiene practices for those being directly affected by COVID-19.
Corporate Decision Making	<ul style="list-style-type: none"> • 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, however, do not make the final call • Some international hotel chains with several 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).
Crisis Management and Contingency	<ul style="list-style-type: none"> • Formulate new policies to handle future pandemics • Understanding and managing the expectations of tourists to travel after COVID-19 would be important for future operations • Most resorts aren't ready to deal with a crisis. Capacity building and planning to deal with such crisis will be important.

Plans of the resort employees beyond July 2020

Feedback from the in-depth interviews with resort workers registered on the job portal a similar finding to that of the resort management survey, where majority of the resort workers are expected to return to resort work as operations resume. Feedback indicated that, most informants were generally optimistic and that, the resorts will call them back (irrespective of whether currently on no-pay leave or were made redundant) when the resorts reopen on 1 July 2020, as has been indicated by the resorts. However, the informants, when probed, were accepting of the fact that the closure might prolong depending on how the pandemic evolves over time.

The general feedback received indicated that, the informants will find alternative ways of coping for the next few months either through cost cutting measures and/or casual work. Majority of the interviewees were not considering changing jobs or shift careers and hope to return to resort work when operations resume. According to informants, this is because there are limited employment opportunities elsewhere with alternative options being construction work, fishing and fish processing or agriculture and generally the incomes earned in these activities are lower than that in resorts.

Two informants, one male and one female, identified that they have already invested time and money in getting an education in the hospitality sector (diploma or degree) and therefore, they are quite not keen on diverging into something else. Feedback indicated that irrespective of age and gender, informants perceive resort employment as an 'end-game', i.e. is the most lucrative job sector in the country. Feedback also indicated that, most informants appear to be more concerned about job security than the matter of having been forced into a no-pay leave. Only one informant had a positive mindset of changing their career paths, but that also was conditioned on securing a job that paid them a comfortable salary.

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).

3. Preliminary Recommendations

Recommendations for the Government of Maldives

- **Establish collaborative dialogue between the government and the tourism business sector and jointly develop a recovery plan for the tourism sector.** The consultations held with the government, private sector and business associations and employee associations to validate the findings of this research indicated that the tourism industry will experience low occupancy rate and slow growth to continue into 2021 until operations normalize to previous levels of growth. This indicates a prolonged impact on employment including increased risk of unemployment even amongst those who are currently retained for the April-June 2020 period. A strategic and planned approach to reopening and business continuity is key to minimizing the prolonged negative impact on employment and the consultations identified the need for a joint planning process between the government, the business actors and the associations to facilitate the smooth reopening of the tourism industry of the Maldives. Some of the actions that are proposed to be included in this tourism recovery plan are:
 - **Establish a business task force to support the Government.** The working group on economic recovery that has been formed under the government's national task force on resilience and economic recovery should be linked to the business task force to ensure regular dialogue, joint planning and validation of recovery interventions for the tourism sector. The business task force should include representatives of business associations and employee associations.
 - **Identify and establish new rules of tourism operation in the 'new normal' including SOPs for guest/employees' movement, regular testing, isolation, treatment and SOPs for supply logistics.** The Ministry of Tourism has circulated draft guidelines. A harmonized communication package with all protocols concerning tourism accommodation operations will need to be shared with all industry stakeholders ahead of the reopening of borders. Enforcement methods should be set up and rolled out prior to borders reopening.
 - **Identify and adopt coherent strategies for destination marketing and promotion to boost demand in the 'new normal'** including understanding the market and acting to restore confidence through communication on how tourists' health and safety will be managed from the point of arrival to departure in the new normal and diversifying markets and services to stimulate demand.
 - **Establish COVID-19 testing and treatment services across the country with targeted services for resorts and guest houses.** Localized testing and treatment zones can be established with human resource personnel, infrastructure and equipment for treatment/isolation facilities and intensive care treatment points within proximity. These zones should be identified based on local population, tourism beds / zones and proximity to island communities and resorts.
 - **Integrate strategies for enhancing productive employment for locals including women in the tourism sector.** Specific interventions are recommended below on new employment opportunities, new operational structure for employees' engagement and areas for skill development which should be a priority for the tourism sector recovery plan.
 - **Develop and enforce a national Occupation Health and Safety (OHS) standard for the resort sector employees tailored to the 'new normal' using available international best practice and specific standards for those working in service areas.** The standard should be part of the proposed tourism operations guideline package. This builds on the concerns raised by the resort employees with respect to their health and safety. The OHS will need to be strictly enforced through regular inspections. The OHS should allow a complaint redressal mechanism for employees on health and safety tied to the Labour Relations Authority (LRA).
 - **Financial relief for resorts in the context of prolonged delay in reopening and normalizing operations will be critical to employee retention in the longer term.** The financial relief package should have specific mitigation packages to stimulate demand, to retain jobs, incentivise and protect the most vulnerable people and sustain the self-employed. Similarly, given the prolonged nature of the crisis and its impact on the industry, it is recommended that emergency funds be set up to assist tourism businesses, large and MSMEs facing liquidity issues and avoid bankruptcy as a result of the crisis and assist through deferral of payments, bills, etc.
 - **Review tourism taxes, charges and fines and facilitate deferment of payments to allow resorts to manage cash flow and maintain employment retention until operations normalize.** Tax incentives should prioritize those resorts that are achieving full retention of employees, those that will invest in skill development of Maldivians in the resort work force and those that invest in diversifying the workforce to include women's participation.

- **Build in environmental and social sustainability into recovery packages** including incentives and recognition for successful delivery.
- **Identify avenues for restructuring of the resort operation model in the ‘new normal’ and identify emerging employment opportunities within this alternative model.** The consultations held with government, private sector and business associations and employee associations to validate the findings of this research indicated the following areas for tourism sector reconfiguration and associated new employment opportunities:
- **Reduce onsite employee living to enhance health and safety on resorts through establishing living and commuter facilities between resorts and neighbouring inhabited islands.** Businesses and the government can jointly invest in developing selected islands in a given 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 such as women. Investments in employee families can help to increase motivation, productivity and minimize employee turnover for resorts. This new model will be conducive to managing health and safety standards, social distancing and exclusivity of resorts for visitors.
 - **Support digitalization of resort operation functions and facilitate transition to virtual operations for areas such as human resource management, procurement/purchasing, finance, administration, reservations and telephone operators.** The report indicates that 14 percent of resident resort population work in administration. By taking these departments online, resorts can minimize on-site employees, increase productivity and engage more diverse groups in employment including women and persons with disabilities that have barriers to living onsite.
 - **Identify new job profiles and job categories that will be required by resorts and guest houses. These would be the new employment opportunities that can absorb the unemployed.** Some positions identified from our consultation with stakeholders include health and safety officers /data and monitoring officers, mental health counsellors, Business Continuity Planning (BCP) advisors/specialists. In addition, the new testing and treatment capacity across the country will generate employment for both health and non-health personnel.
- **Implement strategies for the waiting period for resort employees.** The initial feedback received during the research indicated that the resorts will be closed for three months and that the waiting period is until at the end of June 2020. However, consultations held with the government, private sector and business associations and employee associations to validate the findings of this research indicated that although many resorts aim to reopen in July 2020, it will be done with very low occupancy levels. Therefore, unless operations normalize which according to the resort management survey findings point to the end of the year and while experts now indicate that it will be after the first quarter of 2021. The more prolonged the waiting period, the more likely that more will be affected with dismissal than current levels observed in this assessment. With this context in mind, we propose the following interventions targeting employees during this waiting period.
- **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 for the next three months or beyond except 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 this waiting period.
 - **Identify ways to engage affected employees in community-based activities.** 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 for emergency response work, for developing community-based infrastructure for future responses and for launching alternative livelihood schemes such as agriculture.
 - **Conduct training and skill development for those affected.** The assessment shows that majority of those affected are young (below 30 years of age) and many that were interviewed expressed interest to participate in hospitality-related training. Given the departure of foreign employees and concerns of resort managers to enable them to return when borders re-open provides the opportunity to utilize the

waiting period for upskilling Maldivians to fill jobs held by foreign expatriate workers particularly at middle management and upper management levels. Similarly, from the point of view of BCP, 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 various entry points to increase the role of Maldivians in resort management which can be achieved through skills training programmes. The training can be delivered through different modalities from short-term specialised and free online training during the waiting period (such as marketing, language course), on the job training and apprenticeship programme when resorts reopen in collaboration with resort management and TVET, targeted training and job placements for the new job categories that are emerging in the 'new normal' context and long-term investments in upskilling and training for professional categories (includes areas but not limited to diving, culinary arts, marketing and market intelligence and digital skills). Partnerships can be identified with tourism industry stakeholders and international hospitality schools to design programmes to equip Maldivian youth with experience in international standards and brands that embrace diversity, culture and by ensuring they are multilingual. Similarly, partnership with industry brands and hotel chains to design internship opportunities for school leavers, young people and long serving employees in order to train a highly skilled pool of adaptable employees should be explored. Investments for training can be sourced from the government's existing TVET programme, free online programmes and human capital development projects funded by international development partners. The training should be targeted to those who are unemployed, who are at risk of unemployment if the resuming of resort operations is delayed and those who are already out of the labour force such as women and persons with disabilities (PWDs) who have negligible share in the industry's employment. Similarly, the government should encourage and award start-ups to enhance innovative digital solutions to the crisis for the tourism sector.

■ **Facilitate labour governance reforms.** The crisis impacts 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 institutional response on labour issues in the future including in future crises.

- **Strengthen labour monitoring by the Labour Relations Authority.** The assessment highlighted several issues that might potentially be in conflict with the employment legal framework such as the existence of temporary contracts even if employees have completed two years of service with a given employer, employees with probation and or 'internship' status contracts even if they have completed the three months, the lack of discussion and dialogue when employees were given redundancy notice. These issues indicated 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.
- **Improve labour standards in third-party contracting undertaken by resorts and ensure only legal foreign migrant worker recruitment 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 various services of a resort operation. Several such services particularly relating to cleaning, maintenance and landscaping engage a high percentage of unskilled foreign expatriate labour from developing countries in the South Asia region, namely 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 and lack of protection for unskilled foreign expatriate workers, the following interventions are proposed as part of this assessment's recommendations; (a) develop a national voluntary charter of standards for treating unskilled foreign expatriate workers (or migrant labour force) and national-level advocacy with NGOs and business associations to promote these standards, (b) LRA to certify third party service providers and to recognize those service providers that meet the standards so that potential contractors such as resorts would give preference to LRA-certified third parties in the future and (c) 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.

- **Address underlying issues within the labour sector such as legal reforms and institutional capacity building to combat trafficking.** The consultations held with the government, private sector and business associations and employee associations to validate the findings of this research indicated that while several measures can be targeted to the tourism sector, underlying issues affecting employment and labour needs to be addressed to provide permanent or long-term solutions to the problems that have magnified during the crisis. Two such reforms proposed were to strengthen the employment law to bring about general amendments needed for employee wellbeing, job security and safety and specific amendments to revise and introduce an elaborate chapter on redundancy and chapter on health and safety. The other reform area is to end trafficking through strengthening the capacity of the institutions responsible for monitoring the foreign expatriate population and institutions responsible for investigating trafficking.
- **Strengthen labour market services and support systems.** The government established the online job portal JobCenter.mv and facilitated registration of employees that were being affected by the crisis from a very early stage. This intervention and the job portal is a stepping stone towards strengthening and providing a more comprehensive package of labour support services to those who are affected and can serve as a critical service point for those whose employment is impacted in the future. The following recommendations are made with respect to strengthening labour market services building on the operation of the online job portal.
- **Strengthen and streamline the employment statistics collection through one single agency.** The assessment process and execution indicated the limited data that is available on the employment situation of the country including statistics 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. It is therefore recommended that the tourism statistics regulation be revised to include regular data collection on employment statistics 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.
 - **Ensure JobCenter.mv portal registration continues and is developed further into a formal system for tracking unemployment.** This will ensure frequent reporting on job losses and regular monitoring of employment situation so that corrective measures can be implemented in a timely manner.
 - **Introduce job matching and career counselling services through the job portal for those whose employment is affected.** This is critical given that the impact on employment is likely to be prolonged beyond the 3 months period of resort closure.
 - **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 the terms offered and the legal aspects of their contracts. The online job portal services can be enhanced to provide awareness building and one on one counselling on contract negotiation and familiarization with employee rights. Similar services can be extended to Human Resources (HR) professionals.
 - **Increase advocacy on employment rights.** Continuous advocacy on employment and labour rights targeting employers and employees should be implemented with NGOs and business associations.
- **Harmonize and strengthen social protection with labour market services.** The Government of Maldives has introduced income support to those who have lost jobs and incomes with a monthly cash benefit of MVR5,000.00 for the period April to June 2020. The assessment findings validate the need for cash relief particularly for those who were made redundant and those who were put on 'no-pay'. Similarly, the assessment showed that income loss even with pay and employment retention was significant across the board. Therefore, the income support scheme is a step in the right direction to provide temporary relief which will improve the coping strategies of households and families affected. 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. This is because, the prolonged impact on employment is likely to be much beyond the three months and will take a year for normalizing. The recommendations made in this light are:

- **Ensure that the proposed cash benefit/income support is delivered in a fair and transparent manner.** The findings from the interviews held with resort employees indicated the need for clear and transparent system for receiving cash benefit/income support as government assistance. During the interviews, many enquired about the screening process and the lack of information available on the government's plans for extending financial assistance to individuals.
- **Develop a joint plan with resort employers to identify options for employee retention beyond the three months and to sustain employment retention until the end of the first quarter of 2021.** This would involve the government extending financial relief to the resorts with a concrete and clear strategy of employment retention.
- **Facilitate employees with health insurance** and discuss with insurance providers to introduce packages that integrate costs of sick pay, testing and treatment for COVID-19 and evacuation
- **Facilitate dialogue on the potential establishment of an investment fund for contingencies to mitigate employment impacts in future crises.** Explore the feasibility for a well-regulated fund for tourism employees through employer and employee contributions such as a monthly 'health and social payment' to be used by employees in contingencies and for HR development in the tourism sector. The fund can be supplemented with annual government contributions.

■ **Invest in national statistical system and strengthening legal framework for statistics.** with adequate resources to ensure labour market and businesses statistics, required to monitor the economic recovery are made available for evidence-based decision making. Key recommendations are:

- **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 in.** Existing administrative data maintained by the Ministry of Economic Development, Maldives Inland Revenue Authority, Maldives Immigration and Maldives Pension Administration need to be standardised with common coding systems. Interoperability of the systems will allow data sharing mechanisms across relevant agencies to enable 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.
- **Conduct regular business surveys and maintain an updated statistical business register.** Business surveys targeted to key industries such as tourism, construction, 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 Tourism Satellite Accounts with relevant data gathered to study the direct and indirect benefits of the industry and impact on employment etc.** In a country like Maldives with the high dependence 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 how much tourism contributes to the economy and society.

Recommendations for the employers in the tourism sector

- Introduce measures to ensure smooth restarting of business and to improve management of employees in the 'new normal' context.
 - Ensure operational and employees' readiness for reopening by developing COVID-19 prevention. Develop protocols and codes of conduct for the employees and resort operations in the new normal context including adopting the proposed national occupational health and safety standard. This should include protocols for rapid testing for COVID-19 for employees in service areas. And protocols for employee's safety in the new normal including health checks if required and protocols for stay-home to be followed by symptomatic employees.
 - Ensure employees returning to work are fully trained for the new normal operations in partnership with health authorities. This includes training employees working in service areas such as front office, housekeeping and F&B to answer questions by visitors on the resort's protocols. Similarly, refreshers should be provided to staff on a regular basis on regarding infection control, hand hygiene and use of **Personal Protection Equipment**.
 - Purchase equipment and Personal Protection Equipment to eliminate or minimise to a reasonably practicable level the risks arising from COVID-19.
 - Assign a dedicated health and safety officer in resorts with knowledge and skills to manage and coordinate tasks related to COVID-19
 - Develop social distancing protocols and ensure clear communication to visitors and employees.
 - Establish social distancing protocols and guidelines in the office layout, in the back of the house operations, employee's accommodation and canteen and minimise employees working on site and enable operations that can be managed remotely to be set up.
 - Introduce technology integration and innovative solutions for operations in the new normal to enable contact tracing within legal boundaries, enable touchless payments and work from home islands/country for employees in non-service areas where possible.
 - Ensure continuous monitoring of wellbeing of employees mental and physical health by management and immediate supervisors and give constant reminders encouraging to follow public health safety measures
 - Support employees with trainings and apprenticeship schemes when resuming operations.

4. Appendices

4.1 Sampling Strategy for Resort Management Survey

For the selection of sample for resort islands, a weighed, two-stage, stratified sampling approach is used. In the first stage, resort islands are 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

The list of the name of the resort was obtained from Ministry of Tourism and the employment figures were collected from the resorts. 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 there 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

At the first sampling stage, we select 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 is based on the number of workers residing in the resorts.

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

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

Table 2. Allocation of resorts

Atolls	Total number of Resorts	Sample Number of Resorts
Republic	145	40
3 star	5	1
4 star	43	12
5 star	97	27

4.2 Sampling Strategy for in-depth interview of resort employees

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

Based on Table 3, it is clear that the majority of the employees/cases in the database have been impacted significantly. This shows that the frame used have 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

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

Stratum 1 includes the resorts which was selected for resorts management survey. And stratum 2 includes all other resorts. This stratification was important in order to justify the finding from resort management survey (see Appendix 5.1)

In stratum 1, all the 8 resorts was 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

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

Table 3 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%
GRAND TOTAL	776	100%

4.3 List of Key Informant Interviews with resort employees registered in the job centre 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	23 April 2020
#12	Male	Team 2 (AS/SM)	Conference call	25 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 3 (AS/AN)	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

Key Informant #	Male or Female	Facilitator Team (1,2,3)	Method - Online (zoom) or Phone or Others	Date
#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	25 April 2020

4.4 List of stakeholders consulted for validation of preliminary findings

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

4.5 Resort List based on Management and Star Rating

	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

Ministry of Economic Development

Boduthakurufaanu Magu, Male' 20125

Republic of Maldives

Phone: +960 3323668

Email: info@trade.gov.mv

Website: www.trade.gov.mv

Published on 28 May 2020

Copyright © The Ministry of Economic
Development, Government of Maldives and
United Nations Development Programme 2020



Ministry of Economic Development
Republic of Maldives

