

MALDIVES

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SUSTAINABLE DEVELOPMENT

The 1,192 coral islands which make up the Republic of Maldives are grouped into 26 natural atolls spread across an area of 90,000 square kilometres in the Indian Ocean, south west of Sri Lanka. Renowned for its natural beauty of white sand beaches and crystal clear lagoons, high-end tourism has fuelled the country's economic expansion in recent decades. A substantial public investment program is currently underway to bring about much needed upgrades to the country's infrastructure to keep pace with future development in tourism and facilitate the diversification of the economy.

Improving Infrastructure

The government has embarked on a number of landmark projects which in turn are fuelling construction and real estate development. One key project is the expansion of Ibrahim Nasr International Airport (INIA) which is currently underway. This \$750-800 million investment, financed by soft loans from China's EXIM bank and GCC funds, will see the development of a second runway, expansion of the cargo and sea plane terminals as well as a state of the art passenger terminal with the capacity to handle 7 million arrivals compared to the current 1.2 million. Together with the development of numerous smaller domestic airports and harbours, it is expected to have transformational implications for Maldives with the ability to develop it from purely a niche luxury destination to a larger, more diverse market. Plans to develop 100 new islands and step up marketing campaigns are already underway and the country hopes to sustainably accommodate an ambitious 7.5 million yearly visitors by 2018.

"The Maldives' tourism is reaching a whole new level," stated President Yameen in July. "Most of the leading international

companies in the hospitality industry are investing in the Maldives. With the latest amendments to the Tourism Act, the administration is confident that the number of resorts will continue to grow."

Another priority project is the \$300 million Malé-Hulhulé bridge which will link the capital city Malé to the airport and neighbouring Hulhumalé island, allowing increased convenience and comfort for the 20,000 Maldivians who currently travel between the islands by boat. The bridge is expected to come online by 2018 and the project is ahead of schedule. Reclamation of the 240 hectares of land, for what will become Hulhumalé Phase II, has already been completed. It is being developed as an integrated project with a technology park and an international financial centre co-integrated with housing, entertainment, tourism and commercial developments. The project will directly contribute to easing congestion in Malé by motivating young people to relocate to Hulhumalé.

The main commercial port in Malé will also be relocated to the adjacent industrial island of Thilafushi, allowing the new port to accommodate growing trade volumes. It will combine state of the art technology together with warehousing facilities and

a free zone, with the ability to cater to an annual capacity of 480,000 TEUs on its full completion. The government is currently in negotiations with an international partner to pursue this project as a joint partnership with the existing port operator, Maldives Ports Limited.

Facilitating Investment

While considerable external debt has been taken on to finance these infrastructure investments - the Malé-Hulhumalé Bridge is being built with Chinese loans, while several Arab funds have committed to projects within Hulhumalé - private foreign investment is also on the rise as the government works on strengthening the investment climate. In 2014, a Special Economic Zones Law was introduced providing tax incentives, increased investment security and a relaxed regulatory regime for large-scale government investment projects which are proposed to be funded through private capital.

"We are witnessing a sustained increase in foreign investment into the country, and it is the policy of the government to increase FDI flows to deliver its strategic priorities. The government

ECONOMY

pursues a very liberal regime on FDI with 100% foreign ownership as well as no restrictions on repatriation of capital and profits. Furthermore, we also boast the highest investment return in Asia with investors achieving between 7-14%," says Mohamed Saeed, Minister of Economic Development. "We are in the process of establishing a mercantile court, and believe that Maldives could be a possible base for future arbitrations, given the number of international luxury brands which are already present and trust doing business in Maldives."

Protecting Paradise

The Maldives tourism industry flourishes in a delicate environmental balance. Threats from global warming and unsustainable tourist activities are taken extremely seriously to ensure that its marine life, clear blue waters and white sandy beaches remain well protected. In order to minimise environmental impact, all developments in the Maldives are strictly regulated with a mandatory environmental impact assessment (EIA) required before any project starts. Currently, foreign ownership is limited to a 25-year lease and only uninhabited islands are released by the government for tourism development. Resort buildings are not allowed to cover more than 30% of an island and should not be higher than the surrounding natural vegetation.

"Preserving the environment has always been at the top of our agenda. Every project that undergoes development must pass a rigorous environmental impact assessment. No matter the project, all developers must ensure that environmental sustainability comes first," reiterates Thoriq Ibrahim, Minister of Environment and Energy.

Maldives' tourism is reaching a whole new level.

President Abdulla Yameen



Sustainable Seas

Tuna has long been the life blood of the Maldivian economy. Fishing is the second largest contributor to GDP after tourism and is vital to Maldivian livelihoods, particularly outside the capital of Malé. Maldives is the only country in the world that does not allow any fishing methods other than pole and line and hand line. "This wholly sustainable one-by-one method, which has been practiced for generations, protects the sharks, dolphins, turtles and other fish species which roam freely in the schools

which Maldivian fisherman fish from," explains Dr Mohamed Shainee, Minister of Fisheries and Agriculture, "our bycatch is essentially zero, making Maldives tuna a unique and premium product. A smaller, more sustainable fishing industry also means income is distributed among more fishermen thus sustaining more families". Maldivian fishing practices are in sharp contrast to methods such as purse seining, practiced by industrial fishing fleets, and the country plays an active role in encouraging more fisheries around the world to adopt sustainable practices. ■



L to R: Minister of Economic Development, Mohamed Saeed, Minister of Fisheries, Mohamed Shainee; Minister of Environment & Energy, Thoriq Ibrahim

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FISHERIES

LEADING THE WORLD IN SUSTAINABLE FISHING

After tourism, tuna is the major source of income in Maldives and its primary export. It is also an essential part of Maldivian livelihoods. MSC-certified Maldives pole and line caught fish is recognised worldwide as an icon of sustainability. HE Dr Mohamed Shainee, Minister of Fisheries & Agriculture discusses how this major pillar of the Maldives economy is being transformed to attract investment and promote sustainability.



HE Dr Mohamed Shainee,
Minister of Fisheries & Agriculture

How important is the fishing industry to Maldives?

Although tourism has officially taken over as the number one GDP contributor, fishing is still extremely important, particularly in the outer islands. It provides both jobs and protein. If tourism is the backbone of the country; then fisheries is the bloodline. We estimate 20-30% of the population is employed in the fisheries sector. In terms of foreign exchange 80% of exports are fish related products so it is also an important contributor to the economy.

What is being done to ensure the long term sustainability of Maldives' marine resources?

Maldives is recognised as having the most sustainable tuna in the world. Our fishermen have been catching fish one by one using pole and line and hand line methods for centuries. Today we continue to practice no net, 100% selective fishery resulting in zero bycatch, whereas other methods such as purse seine can generate as much as 20% bycatch. Our method protects the sharks, dolphins, turtles and other fish species which roam freely in the schools we fish from.

The government takes sustainability extremely seriously as we are conscious that we only produce a small quantity of fish which can be sold in the market at a premium due to its sustainable status. By maintaining this practice we can employ over 2000 vessels to fish our annual catch of 100 - 120,000 tonnes, which could be caught by just five purse seiners.

There are three pillars to sustainability: economic, social and ecological. The tendency is to focus exclusively on the ecological but we are bringing a gold standard to fisheries by focusing on all three pillars. Sustainable fishing ensures the survival of both our fisheries and our fishermen. That's the way we want to keep it, which is why Maldives has zero subsidies, one of the principles of sustainability is that the system must be resilient, economically feasible and self-sustaining.

How would you like to see the fishing industry develop?

The President has a comprehensive economic transformation policy. Part of the plan is value addition and diversification of the

fisheries. We announced when we took office that, by end of the five year term, we do not want to be exporting any raw material out of Maldives. We want to add value to it, create jobs and realise the full benefit of our sustainable fish.

Of our 100-120,000 tonne annual catch 40-50% is consumed domestically leaving a disposable catch of about 60,000 tonnes. When we took office, 30-40,000 tonnes were being exported as raw material. But now we have a plan in place. The state fish company has invested in a cannery with a capacity of 50 tonnes, or more in two shifts, a private company already has 80 tonne capacity and we have given the go ahead to another private operator for 20-25 tonnes. With all this capacity coming online we hope to absorb our full disposable catch, which will increase profits by two or three fold compared to raw material prices, whilst providing more jobs.

What efforts are being made to promote Maldivian fish?

We work together with private companies and the state fish company to promote Maldives fishery. We have created the Fisheries Promotion Board with a clear mission to reinvigorate the sector and ensure fishermen are able to earn a decent income. We hold regular promotions at major seafood exhibitions around the world.

What is your message to investors?

Look at the facts. The Maldives economy is growing. The tourism industry average return is one of the highest in the world. The processing and value addition of fisheries is 100 per cent open to foreign investment, as is agriculture. We are the cleanest and greenest fishery in the world that is certified by the Marine Stewardship Council (MSC) the leading world standard for sustainable fisheries. There are opportunities to make real business and the government welcomes foreign investments. It is taking steps such as strengthening the legal framework and actions such as establishing a mercantile court, to make business flourish and build confidence in foreign investors. This is the right time to invest in Maldives. ■

CYPREA MARINE FOODS

Cyprea Marine Foods Pvt. Ltd. is a strategic business unit of Cyprea Pvt. Ltd, involved in harvesting, processing and distributing yellow fin tuna in the Maldives.

Our processing factory at Himmafushi Island is designed to process and export fresh fish in chilled and frozen form. It is the first privately built EU Standard processing facility in the Maldives. CMF meets the highest standards of EU regulations and is proud to have been recognised as one of the best factories in South East Asia.

The company operates a fleet of 18 fishing vessel out of which six are owned by the company. The others operate on a contract basis and all vessels are registered under the Maldives Ministry of Fisheries & Agriculture.

We are committed to both maintaining and improving the already prominent quality of Maldivian fresh and frozen tuna in European markets and widening its range of products. CMF is well-positioned and fully-equipped to further develop the quality and range of its products. CMF Processing Factory has implemented the highest standards of ISO-22000:2005 Food Safety Management System.

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HORIZON FISHERIES

Established in 2003, Horizon Fisheries main activities include the collection, storage, processing and marketing of can and pouch tuna and tuna related products. Its main partners include UK, Germany, Switzerland, USA, Thailand and China.

Our new world-class canned tuna processing factory is capable of processing 80 MT per day of raw material for Canning, Pouching and as Cooked Loins, 15 MT per day at the Fresh Tuna Loins plant, and 10 MT Super Frozen Loins. We are committed to producing and delivering the highest quality tuna products caught by the traditional and most sustainable method of Pole and Line. One by one method.

Our Skipjack is MSC certified.

Horizon Fisheries Pvt. Ltd. is a leader in the fisheries industry in the Maldives and is committed to maintaining the highest ethical standards and delivering quality products to our customers.

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ENSIS FISHERIES

Ensis Fisheries has been a major exporter of fresh chilled tuna from the Maldives, since 2002. It has gained a strong reputation in the major markets of Europe as a reliable supplier of sustainable tuna from the Maldives Ocean.

Our state-of-the-art fish processing plant is ideally located within 10 minutes' drive of the airport and 20 minutes of the main seaport giving us excellent logistical advantages. We own our own fleet of refrigerated trucks to transport the products in temperature controlled conditions preserving the integrity of the cold chain from harvest to the customer. We work closely with and support our local fishing communities, to bring change for the better.

Ensis Fisheries recently announced its decision to open a USD15 million fish-canning factory in Hulhumalé with a capacity to process 25 metric tonnes of fish at a time. The project will be completed by April 2017 and is expected to secure deals with both the EU and US markets and create 250 new jobs.

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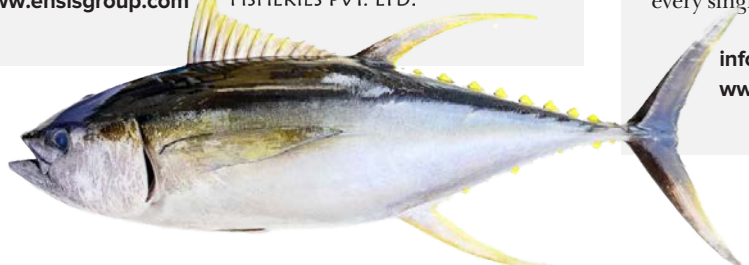
MIFCO

Tuna fishing in Maldives has a rich history. Building on this legacy, Mifco, together with Maldivian fishermen, presents an eco-friendly and sustainable approach in tuna fishing, unrivalled expertise in tuna sourcing, a state of the art production facility together with innovative production techniques, and above all, our passion for exquisite tuna!

Established in 1993, Maldives Industrial Fisheries Company Limited, owned by the government, serves the Maldivian fisheries industry by purchasing tuna directly from fishermen and processing it for export to international markets as frozen, chilled, and canned, Katsuobushi or other tuna value-added products. Mifco owns three EU approved factories and a fleet of on-board freezing and collector vessels across three regions of Maldives.

Working hand in hand with our customers, our products are offered with the added value of sustainability and quality assurance, enabling them to diversify their business opportunities. We are proud to be the only MSC certified skipjack fishery in the world which is also endorsed by Greenpeace. With precise tractability, we ensure that every single tuna product tastes delicious!

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CROWN & CHAMPA RESORTS



Established in 2000, hotel management company, Crown & Champa Resorts, currently operates seven resorts and one city hotel in the Maldives, which are owned by various Maldivian and foreign partners, whose common interest is to work together to achieve better business performance. Resorts under management include: Komandoo Island Resort & Spa, Kuredu Island Resort & Spa, Meeru Island Resort & Spa, Veligandu Island Resort & Spa, Vilamendhoo Island Resort & Spa and Champa Central Hotel, Male'.

New Offerings

Two new 5 star adult-only resort developments are currently underway in the Lhaviyani Atoll just a scenic 40-minute seaplane flight from Male':

Hurawalhi Island Resort & Spa, a superbly designed resort comprising 90 spacious ocean, pool and beach villas and optional all-inclusive plan is scheduled to open in November 2016. This all-villa resort will offer some of the best snorkeling and diving in the whole Maldives and feature the world's largest underwater restaurant, 5.8.

Kudadoo Island Resort & Spa, opening summer 2017, will offer 15 exclusive ocean pool villas, also available to rent as your

own private island. Surrounded by a beautiful lagoon and long stretches of white sandy beach, it will be the only resort on the island, 150 meters long by 100 meters wide.

In addition, Veligandu will undergo an upgrade next year and all rooms and public areas will be refurbished. Meeru will also be upgraded with all jacuzzi water villas refurbished and a new Kid's Club opened.

Investment

While the major focus of investment continues to be in the tourism sector, the company has diversified its interests into other sectors further contributing to the growth of the Maldivian economy. Tree Top Investments, a sister company, is investing US\$80 million to build a modern tertiary hospital in Hulhumale' which is expected to not only transform the healthcare landscape of the Maldives but also compete with the region's leading hospitals in delivering excellence in healthcare and service. It is currently under construction and scheduled for completion in 2017. Tree Top also owns the only Finance and Leasing Company in the Maldives catering to the finance requirements of the Maldivian SME sector. ■



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ISMAIL RASHEED, CEO & MD DHIRAAGU

Q&A

The Maldives' largest telecommunication services provider has been enriching lives and enabling businesses and industries to develop across the country for 27 years. A key enabler of the tourism industry, it is credited with introducing mobile telephony and internet to the country. Following the establishment of its submarine fibre optic backbone network across the length of the Maldives, it has been relentless in expanding its broadband service to reach the entire country including the remotest of inhabited islands.

Please introduce Dhiraagu's operations?

We offer total telecommunication solutions with a comprehensive range of mobile, internet, data and fixed line services throughout the Maldives. Our operations are based in 10 strategically located centres across the country, we provide the widest coverage in Maldives, which includes all of the country's 199 inhabited islands, all resort islands and all major industrial islands. We have a customer base of over 400,000 and we are the largest telecommunications provider in the Maldives.

We provide total solutions and cater to specific needs ranging from simple telephone services to complex integrated private networking solutions for global corporate customers. Over 95% of the corporate segment, including many of the top global brands in the tourism sector, are our customers.

How challenging is it to provide telecommunications services in Maldives?

We have a very challenging topography, with over a 1000 tiny coral islands that are geographically dispersed. The dispersal of the population over 200 islands, means each island requires its setup for service. Providing connectivity to the outside world from the middle of Indian Ocean is also challenging. Previously we relied on satellite-based services for our international connectivity but ten years ago we built the country's first international submarine cable to Sri Lanka, connecting Maldives to the major cable systems of the world, providing faster and reliable quality of service to our customers. In 2012, we made a strategic investment by laying a domestic submarine cable system along the length of the country, from north to south to form the backbone of our network. This makes it possible for us to provide superior services to our customers and businesses that require high speed connectivity and quality of services that is comparable to international standards.



In 2012, we made a strategic investment by laying a domestic submarine cable system along the length of the country, from north to south to form the backbone of our network.

How has Dhiraagu maintained its position as market leader?

I am pleased to say that despite the competition, we have maintained our leadership position in all business lines, a position we want to maintain. We have the largest 3G and 4G LTE network across the country. We were the first operator to provide 3G mobile broadband services to the entire country. As of today, we have covered over 55% of the population with 4G LTE. We have also introduced 4G LTE-Advanced and become the first to provide the service in South Asia. What really differentiates Dhiraagu from other operators is our focus on customer experience. I believe that this is the reason why we have been able to lead the market. More importantly, we have a very passionate and dedicated team behind our success.

What is Dhiraagu's involvement in the upcoming mega projects?

We align our plans with the government's vision for the country and we are fully geared to provide our support and services to key projects anywhere in the country. For example, we are working closely with the government in the Male'-Hulhulé bridge project and we are discussing to roll out fibre services across the bridge. We were also ready to provide our services to Hulhumalé and we played a key role in the urbanization process. The same goes for the expansion of tourism in the country. Many of the established global brands have invested in the Maldives and despite the challenging topography of the nation, right from the initial stages of construction, we have been there to support them with total communication solutions.

What importance does Dhiraagu place on CSR in Maldives?

Corporate Social Responsibility is a top priority for the company. It is more than just giving to the community though. It is also about good governance, running the company in a responsible manner, treating staff equally, respecting laws and being environmentally conscious. We are involved in key projects in the area of child protection and support and in empowering youth. One of our most important community programmes is our Apprenticeship Programme. Dhiraagu Apprenticeship Programme is an educational and training programme which increases the employability of youth by enhancing their work-

skills which has been successfully running for the past 9 years. We are also a signatory to the United Nations Global Compact (UNGC), the largest voluntary CSR initiative in the world and we are committed to undertake sustainable business practices that positively make a difference to our people, our community and our environment.

What message would you send to investors considering Maldives as an investment destination?

Dhiraagu is a good example of a longstanding and successful foreign partnership with the government of Maldives. It has brought significant social and economic development to the country and delivered good shareholder returns. It also illustrates the government's openness to foreign investment.

As the leading telecom service provider, we ensure seamless connectivity and make sure that total communication needs are met. This will provide a peace of mind whether you visit the country as a tourist or as a potential investor. ■

Dhiraagu is a good example of a longstanding and successful foreign partnership with the government of Maldives.



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