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PRESS RELEASE

Signing of 'EU Support for a Resilient Recovery of SME Tourism Industry in the Maldives'

Male', 17 August 2021: The European Union is providing EUR 2 million as grant aid for the project 'EU Support for a Resilient Recovery of SME Tourism Industry in the Maldives'. The project agreement was signed by Ambassador of the European Union to the Maldives HE Denis Chaibi, and Managing Director of Maldives Fund Management Corporation Mr. Hassan Manik during a project launch event held this afternoon. The event was also attended by the Minister of Economic Development Uz. Fayyaz Ismail and Minister of Tourism Dr. Abdulla Mausoom.

The overall objective of the project is to enable the Maldives to create a more resilient and diversified economy by enabling tourism sector MSMEs to recover from the COVID-19 crisis. In addition to a EUR 1,400,000 direct transfer component, the project will also provide EUR 600,000 towards technical assistance which will be directed to training programs for beneficiaries aimed at high impact areas such as improving business operations, financial management, sustainable waste management and creating access to international markets. Furthermore, the technical assistance component will also support set-up of an OTA system which will act as a strategically important tool that is expected to play a crucial role in retaining value created by the industry and promoting growth of tourism related MSMEs.

MSMEs in the tourism sector have faced severe disruptions to business following the outbreak of the COVID-19 pandemic and required financial assistance to kick start operations parallel to the economic recovery efforts. Guesthouses and safari vessels are among MSMEs that have been particularly hard hit by the crisis, given that such MSMEs have lower financial buffers to weather a large shock to their businesses, and limited access to working capital finances or overdraft facilities beyond government facilitated economic relief loans.

The EU funded project has been designed to assist such MSMEs involved in the tourism sector – most specifically guesthouses and safari vessels with less than 40 beds. It is estimated that more than 600 MSMEs will benefit as recipients of the proposed grant and would be an immense assistance to such businesses struggling with reviving operations in the post COVID-19 recovery phase. All MSMEs with a valid operating license at the start of the COVID-19 crisis (Dec 19, Jan 20 or Feb 20) is eligible to apply for the assistance.

The Ministry of Economic Development H.E Uz Fayyaz Ismail appreciated the EU's generous assistance, stating that "the European Union has been a key contributor to the Maldives economy over the years. The direct grant scheme under the project will be an important and timely support package to MSMEs recovery efforts. In addition, the proposed OTA system has been a much-



awaited initiative and is expected to significantly benefit existing and future entrants to the sector”.

The Government of Maldives recognizes the economic benefits of fostering MSMEs in the tourism sector, as the growth of such businesses have added diversity to the tourism sector and encourages a direct impetus to the local economies through employment and entrepreneurship opportunities.

The Managing Director of Maldives Fund Management Corporation Mr. Hassan Manik, also expressed his appreciation “It is with great pleasure that we accept this generous donation from the EU to the Maldives, and we would like to thank the member states and their people for this contribution which gives the Maldives Tourism MSMEs an opportunity to get back on their feet following tough times amid the COVID-19 pandemic.”

H.E. Denis Chaibi said, “The EU is delighted to once more join hands with the Government of Maldives to uplift its most vibrant economic sector, the tourism industry, which was initially hard hit by the global travel restrictions imposed by the pandemic. Although parts of the tourism industry have recovered, some have been less resilient than others. This is why we are focusing our efforts on guesthouses and safari vessels, so that our funds will have a direct impact on local communities and in particular on women-led businesses. These operations are often more sustainable, with a focus on the environment, and offer opportunities for tourists to discover the unique and rich culture of the Maldives.”

This support is part of wider [assistance](#) provided by the European Union to the Maldives in response to the COVID-19 outbreak, which includes EUR 1 million to support the health sector and an EUR 20 million loan provided by the [European Investment Bank](#) for long-term economic recovery. The project launched today will also seek synergies with the other ongoing EU projects in the Maldives, including the SWITCH Asia programme – [PROMISE](#) (EUR 3 million) which aims to reduce marine litter among tourism clusters.

The **Maldives Fund Management Corporation (MFMC)** will act as lead implementing agency for the overall project via an in-house Project Management Unit (PMU) and contribute their expertise to the project. The Maldives Fund Management Corporation (MFMC) is a 100% state-owned company, with a mandate of fulfilling national development goals through increased private sector investment and addressing limitations in the local financial system. The company seeks to support sustainable economic transformation via innovative capital market solutions catering to the financing needs of the Maldivian economy, while embracing social and environmental responsibilities. The Maldives Fund Management Company is actively involved and is a key partner for the implementation of projects specifically earmarked to creating a more diversified economy in the Maldives.



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