



Sustainable Shores, Resilient Horizons

Marking Global Tourism Resilient Day

#CroweInsights
Insights for decision-makers

On 6th February 2023, the United Nations General Assembly passed a resolution proclaiming 17 February as Global Tourism Resilience Day, emphasizing the need to foster sustainable development of tourism. This decision was influenced by the disruptive and profound impact of the COVID-19 pandemic on the tourism industry. Additionally, it drew upon precedent UN resolutions, conferences and agendas highlighting environmental sustainability and bolstering industry resilience.



Economic Vulnerability

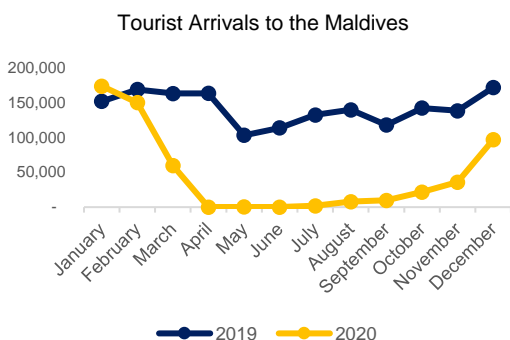
Since the introduction of tourism in the 1970s, the Maldives has experienced a notable transition from the status of a Least Developed Country. Tourism was responsible for generating over 30% of government revenue before the COVID-19 pandemic, and is the largest employer in the country, with over 44,000 employees working in tourist resorts in 2019 alone. Over the past five years, tourism has consistently played a pivotal role in the nation's GDP, accounting for no less than 20% annually until the onset of the COVID-19 pandemic, during which the contribution of tourism declined to 11%.

Tourist arrivals experienced a sharp drop of 67.4% in 2020, a 15-year low for the country. Along with this, the country experienced a historic 34% decline in GDP in 2020, clearly illustrating the economic vulnerability of the Maldives and the overreliance on tourism industry.



Environmental Fragility

The concept of resilience is critical, especially in delicate environments such as the Maldives due to the vulnerability of the ecosystem to environmental stressors. The unique natural heritage such as low-lying atolls and delicate marine habitats must be preserved for future generations.





Enterprise Risk Management

ERM plays a vital role in ensuring sustainability and resilience, providing a structured framework to anticipate, mitigate and respond to potential threats. With growing emphasis on sustainability and ESG, exemplified by standards such as IFRS S1, robust enterprise-level risk management has become increasingly indispensable.



ERM in Tourism

ERM provides unquestionable synergies to achieve the objectives of tourism resilience and sustainability in the long run. The proactive approach to risk mitigation not only enhances the capacity to withstand shocks such as natural disasters and global economic crises, but also contributes positively to the preservation of the environment and the well-being of local communities.



An Integrated Approach

By incorporating a comprehensive risk management framework with well-informed sustainability practices, tourism establishments can reap a host of advantages that transcend conventional risk mitigation. This holistic approach not only fortifies resilience against climate and sustainability risks, but also ensures long-term viability and success in a dynamic and rapidly evolving global marketplace.

Integrating Enterprise Risk Management (ERM) principles into tourism resilience and sustainability efforts is paramount for safeguarding the sector's future. As custodians of destinations and businesses, there is a pressing need for stakeholders to prioritize resilience and sustainability initiatives.

For more information please contact:



Ahmed Amir
Director, Advisory
ahmed.amir@crowe.mv

+960 330 9585



Aishath Malha
Manager, Advisory
aishath.malha@crowe.mv



Milhath Maya Yoonus
Financial Analyst
milhath.maya@crowe.mv



Aminath Risala
Risk Analyst
aminath.risala@crowe.mv