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TOURISM AS A DRIVER OF GROWTH IN THE PACIFIC

A PATHWAY TO GROWTH AND PROSPERITY FOR PACIFIC ISLAND COUNTRIES

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PSDI
THE PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE
A technical assistance facility undertaken in partnership with
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NEW ZEALAND FOREIGN AFFAIRS & TRADE Aid Programme
ADB

KEY FINDINGS AND RECOMMENDATIONS

Tourism to the Pacific is increasing and will be a key driver of economic growth in the coming decade. Yet despite more visitors to the Pacific, tourism growth is not inevitable for all countries in the region.

This brief identifies the trends driving this increase. To secure and sustainably harness the benefits of this growth, this brief recommends that Pacific island countries create an enabling environment for tourism through interventions in four areas: tourism policy, strategy, and the regulatory environment; infrastructure; human resources; and product development and marketing.

*Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, Vanuatu

CONTENTS

5 **Introduction**

8 **Tourism Growth Drivers and Prospects**

8 Demand

8 Supply

11 **Making Tourism Work**

12 Tourism Policy, Regulatory Environment, and Strategy

13 Infrastructure

15 Human Resources

17 Marketing and Product Development

17 Waterfront Developments

19 **Private Sector Participation and Public-Private Partnerships**

20 **The Way Forward**

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COVER PHOTO COURTESY OF **COOK ISLANDS TOURISM CORPORATION**

Tourism will be a key source of employment and income growth, as well as poverty alleviation.

CREATING MARKET OPPORTUNITIES. Tourists browse handicrafts during a tour in Papua New Guinea (photo courtesy of Papua New Guinea Tourism Promotion Authority).

INTRODUCTION

Tourism will be one of the most important drivers of economic growth in the Pacific over the next decade. The demand for authentic cultural and natural experiences has been increasing globally, particularly among the island countries of the Pacific. Several of these Pacific island countries are already developing their assets and experiences into growing tourism sectors (Table 1).

As a key source of employment and income in Pacific island countries tourism is pivotal to poverty alleviation. Tourism sector development offers Pacific island countries a path to economic security that dovetails with broader development goals around infrastructure and employment.

Table 1: Key Drivers of Tourism in the Pacific

DEMAND	SUPPLY
Economic growth in Australia and New Zealand fueling increased Pacific tourism	New air carriers, hotel brands, and cruise lines responding to demand
Improved air access, product offers, and marketing	A greater number of special experiences being developed to meet customer demand
Increased demand for Pacific cruises	Pacific governments taking proactive strategic approaches to tourism

Source: Authors' research.

The purpose of this paper—a first for ADB in the Pacific—is to highlight the trends and opportunities driving tourism growth, as well as to outline the challenges that need to be addressed. It calls for improvements to infrastructure and the creation of coherent tourism strategies that are well-integrated with national development plans. By identifying the emerging challenges and opportunities, it is hoped this paper will help Pacific island countries design and implement strategies to capture and maximize the benefits of tourism and do so sustainably.[1]

Success in utilizing tourism as an engine for sustainable growth and development varies from country to country. This is due, in part, to the existence of national tourism strategies and policies, and how they are implemented. Implementation, in turn, affects developments and pressure points in critical infrastructure, competitive product offers, as well as marketing, access to research, human resource capacity building, and investment at a country level.

[1] This policy brief summarizes the results of diagnostic work undertaken by the Asian Development Bank (ADB) in 2016 and 2017. It looks at opportunities for ADB, working with other development partners, to contribute to the development of tourism in the Pacific, both on a regional basis and at a country level.

OFFERING UNIQUE EXPERIENCES.
The sun sets over the ocean in Kimbe, Papua New Guinea (photo by ADB).

Tourism is one of the world's fastest-growing industries and an increasingly important source of employment for many countries. According to the United Nations World Tourism Organization (UNWTO), tourism grew by an average of 3.9% annually from 2005 to 2015, and generated 1.23 billion international arrivals and $1.26 trillion in international tourism receipts in 2016.[2] The World Travel & Tourism Council's data shows that the industry generated 298 million jobs worldwide in 2016 (nearly 10% of all employment), and will climb steadily to nearly 381 million jobs in the following decade.

As the number of people able to travel has increased, types of international holidays have grown.[3] According to the Germany-based tourism research consultancy IPK International, in their 2015–2016 Internationale Tourismus-Börse (ITB) World Travel Trends Report:

> More and more people are travelling abroad on holiday, with 34% growth between 2007 and 2014. Cruise holidays have boomed with a dynamic 248% increase over the seven years while city trips have soared by 82% to reach a 22% share of all holidays. In comparison, sun & beach holidays grew by 39% between 2007 and 2014 and make up 29% of all holidays. Tours have grown more slowly by 21%, and make up 20% of all holiday trips.

In six Pacific countries examined by ADB, international arrivals and receipts (two of the main measures of tourism growth) increased by at least 30% and 50%, respectively,

from 2005 to 2015 (Table 2). Fiji, with its established network of resorts and beach attractions, dominated the market, while Solomon Islands received just over 20,000 international visitors.

Table 2: Total International Arrivals to Six Pacific Island Countries, 2005 and 2015 ('000)

COUNTRY	2005	2015	% CHANGE
Cook Islands	88	125	42.0
Fiji	545	755	38.5
Papua New Guinea	69	184	166.6
Samoa	102	134	31.3
Solomon Islands	9	22	144.4
Vanuatu	62	90	45.2
Total	**875**	**1,310**	**49.7**

Source: United Nations World Tourism Organization; and individual national tourism data.

[2] UNWTO. 2017. *UNWTO World Tourism Barometer*. Madrid. Latest data available.
[3] IIPK International. 2015. *ITB World Travel Trends Report 2015/2016*. Berlin. Internationale Tourismus-Börse Berlin, known as ITB Berlin, is the world's largest tourism trade fair.

TOURISM GROWTH DRIVERS AND PROSPECTS

Based on several demand and supply factors that have driven tourism growth in the Pacific, prospects are promising for continued and sustainable growth.

Demand

As economies and incomes in the Pacific have continued to grow, especially in the main generating markets of Australia and New Zealand, tourism has also continued to grow. Outbound tourism demand from New Zealand to Pacific island countries grew 8.7% per year from 2014 to 2016. In Australia, the number of ocean cruise passengers grew 21% from 2015 to 2016 to 1,281,159, 42% of whom went to the south Pacific.[5] Prospects are also promising from other generating markets, particularly the People's Republic of China (PRC) and the United States, as well as from other dynamic economies, such as Canada and the Republic of Korea, and from Southeast Asian countries.

Tourism demand from the PRC is growing throughout the world, with more than 74 million outbound travelers in 2015. While only 363,000 of these visited the Pacific, this figure is growing rapidly; between 2012 and 2016 Chinese arrivals grew 59% (to 12,937) in Papua New Guinea (PNG), 53% (to 49,083) in Fiji, and sevenfold (to 64,995) in Palau.[6] A recent World Bank report suggested the PRC could provide more than a quarter of all visitors to the Pacific by 2026.[7]

Improved access, greater product diversity, increased marketing, and a safe visitor environment in the Pacific are all helping to drive growing demand from international markets.

Cruising has grown impressively in the region. The number of Australians taking international cruises has grown an average of 19.2% per year since 2006, while the number of New Zealanders doing so increased 65% between 2012 and 2017. In 2015, 384,000 Australians took a south Pacific cruise. Vanuatu has become a major cruise destination, with more than 200,000 passenger visitors in 2015 (up 69% from 2014) and 256,000 in 2016; and PNG is growing, with 14 different ports of call used by leading regional cruise provider Carnival Cruise Line.

Supply

Air and cruise access has increased throughout the Pacific, with new carriers operating from Australia and New Zealand. New routes are being opened by regional carriers,

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[5] Cruise Lines International Association. 2016. Cruise Industry Source Market Report: *Ocean Cruise Passengers Australia 2016. Sydney.*
[6] UNWTO. 2018. *UNWTO World Tourism Barometer Vol. 16 – Advance Release.*
[7] World Bank. 2016. *Tourism. Pacific Possible. Washington, DC.*
[8] In a protective measure to ensure Fiji Airways remains profitable, Fiji has not signed the Pacific Islands Air Services Agreement, which would establish 'open skies' for all Pacific island countries.

Air Niugini, and Fiji Airways,[8] including flights from the PRC and Singapore, enabling travel from important new markets. Peak season charter flights from the PRC to Fiji have been particularly successful. Elsewhere, subsidized air connections by the Government of the Cook Islands has been successful in retaining existing northern hemisphere markets and opening up new source markets.

Hotel options have expanded, especially in Fiji, which has attracted more arrivals than all the other receiving countries combined. International hotels chains now have a major presence in the region, which in turn helps attract more visitors. Fiji has hotels from seven major chains, PNG has hotels from two, and Samoa and Vanuatu each have hotels from one major chain.

More focus has been placed on contemporary and competitively priced visitor experiences—especially adventure, ecotourism, and culture—based on substantial natural and cultural heritage assets, although many of these have yet to be developed to full potential.

There is a shortage of investment funds for major new tourism development and for refurbishment and upgrading facilities in the Pacific. Interest rates in Pacific island countries are comparatively high. While the sector attracts some investors from New Zealand and the PRC (specifically in Vanuatu), there is little investment from outside

SUPPORTING LOCAL EMPLOYMENT. Tourists are taken on a traditional canoe journey during a cruise stopover in Papua New Guinea (photo courtesy of Papua New Guinea Tourism Promotion Authority).

the region. In Fiji, properties have been developed through retail investment, and in Fiji, PNG, and Samoa major developments have been funded by national pension funds. There has been some cross-border investment within the region, but funding future growth remains problematic.

The receiving countries have progressively taken a more strategic approach in responding to the growing demand. In varying degrees, they are pursuing demand-driven tourism development and investment via stronger efforts to launch tourism strategies, plans, and policies. These efforts, some of which are assisted by development partners, are improving their capacity to research, analyze, and respond to tourism demand. Vanuatu and Fiji, for example, have been expanding their research to better target generating markets and respond with improved product development.

To sustain and maximize the benefits of this growth over the next decade, individual Pacific island countries will need to direct resources to securing the benefits of

Receiving countries are pursuing demand-driven tourism development and investment via stronger efforts to launch tourism strategies, plans, and policies.

increased tourism. This can be accomplished by improving infrastructure, developing human resources, encouraging new experiences, strengthening marketing, coordinating the resources of governments for an optimal policy and regulatory environment, and offering attractive investment frameworks.

MAKING TOURISM WORK

Despite recent progress, tourism growth in the Pacific cannot be taken for granted and assumed as inevitable. Tourism does not grow automatically without an enabling environment of public and private sector interventions. These interventions comprise strategies and actions in four critical development areas: (i) tourism policy, regulatory environment, and strategy; (ii) infrastructure; (iii) human resources; and (iv) marketing and product development.

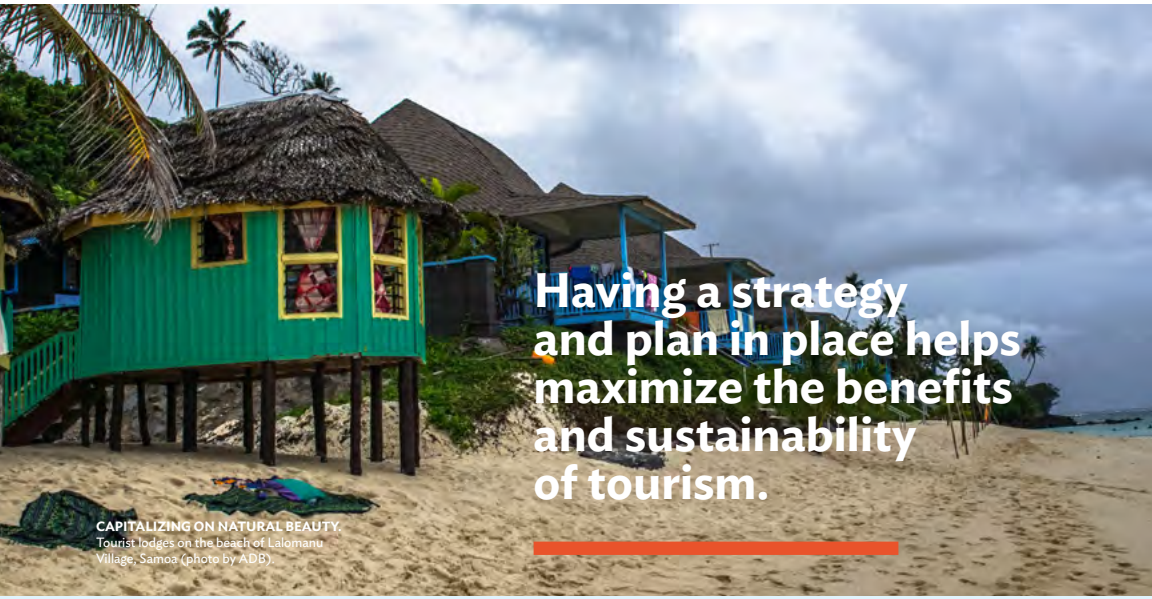
THE NEED FOR ENABLING INFRASTRUCTURE. Tourists board a local flight in Papua New Guinea (photo courtesy of Papua New Guinea Tourism Promotion Authority).

Tourism Policy, Regulatory Environment, and Strategy

Policy, regulatory environment, and strategy guide tourism development overall, particularly in relation to the multiple stakeholders and interests from the other three development areas, as well as other industry sectors, such as agriculture and transportation. Countries may succeed without cohesive tourism strategies, but having a strategy and plan in place helps maximize the benefits and sustainability of tourism. When these elements are missing, or lacking in implementation, the effectiveness of other development areas, such as infrastructure, is diminished.

For example, improving a secondary airport alone—without undertaking marketing to attract more airlines and flights, expanding accommodation for more visitors, and identifying experiences to offer visitors—would be an incomplete solution. Regulatory issues such as building safety, food preparation standards, and labor protections—among others—also feature as important pieces of tourism policy and strategy. Small island destinations, whether in the Pacific, the Caribbean, or the Indian Ocean, are particularly affected by incomplete strategies.

A national tourism policy is particularly important in that it guides decision-making by the tourism administration and other government agencies, as well as by the private sector. A tourism policy is often included as part of the country's national tourism strategy and/or master plan. PNG, for example, set its tourism policy in 2006 within



Having a strategy and plan in place helps maximize the benefits and sustainability of tourism.

CAPITALIZING ON NATURAL BEAUTY. Tourist lodges on the beach of Lalomanu Village, Samoa (photo by ADB).

[9] Government of Papua New Guinea. 2006. *Papua New Guinea Tourism Sector Review and Master Plan. (2007–2017)*. Port Moresby.
[10] Government of Fiji. 2017. Fijian Tourism 2021. Suva (draft).

its national tourism master plan, which provided a 10-year road map on developing the sector through interlinked strategies and recommendations.[9] In Fiji, a similar road map was recently included in the country's draft plan, Fijian Tourism 2021, which specifies nine thematic areas and 29 strategies to address the country's challenges and sustainably grow tourism. [10] Most of the other Pacific island countries where tourism is recognized as a sector for economic growth also have similar national tourism policies and strategies or master plans.

Developing a tourism policy and strategy is, however, only part of the tourism development challenges. Putting the policy into practice and implementing the strategy can be even more challenging aspects. Since tourism depends on many other sectors, and thus nearly every government agency, coordinating this diverse set of interests and budgeting toward the most effective possible actions are considerable challenges. These challenges cannot be effectively addressed without private sector investment and operational involvement. It is equally important that tourism features as part of a country's national development strategy and plans. External assistance can bring a fresh perspective and help implement this complicated process.

Development partners, such as the New Zealand Ministry of Foreign Affairs and Trade and the World Bank, have stepped in to assist some Pacific island countries with developing strategies and the governance structures needed for their implementation. In Vanuatu, for example, the New Zealand Ministry of Foreign Affairs and Trade has been assisting with the development and implementation of the Vanuatu Strategic Tourism Action Plan, 2013–2018, which in turn is in line with Vanuatu 2030, the country's new National Sustainable Development Plan and the 2012 Trade Policy Framework.[11] Similarly, in Samoa, the country's Tourism Sector Plan supports its Strategy for the Development of Samoa.[12]

Infrastructure

Tourism growth is generating pressure on existing public infrastructure in the Pacific, particularly airports, cruise ship ports, roads, energy, water, and waste management. In the Cook Islands, where tourism accounts for approximately 70% of GDP, tourism-related demand accounts for 80% of energy consumption, and the country has one of the highest electricity tariffs in the region. Water and wastewater management are subject to major investment programs, in part to meet demand, in part to protect precious tourist resources such as Muri Lagoon. In PNG, the Asian Development Bank (ADB) is financing a comprehensive national airport development program to expand safe and secure access to centers throughout the country that are inaccessible by road. ADB has also been providing transaction advisory services in PNG to develop a new international terminal at Port Moresby International Airport through a public-private partnership (PPP). In Solomon Islands, the Ministry of Development Planning and

[11] Government of Vanuatu. 2013. *Vanuatu Strategic Tourism Action Plan. 2014–2018.* Port Vila.
[12] Government of Samoa. 2014. *Samoa Tourism Sector Plan. 2014–2019.* Apia.

PRESSURE ON EXISTING INFRASTRUCTURE. Taxis wait to collect passengers disembarking at the port in Honiara, Solomon Islands (photo by ADB).

Aid Coordination and the Ministry of Infrastructure Development have long lists of priority projects for improved airports, roads, wharves, water and sanitation, solid waste management, energy, and information and communication technology.

In every developing country in the Pacific region, infrastructure needs to meet the basic requirements of local people are extensive. Broad investment is needed in infrastructure that will enable this while helping sustainably grow the tourism sector. Ideally, the private sector could play a critical role in helping to finance infrastructure, but this may require the development of PPPs and concession agreements. Sometimes, as in the case of airports, opportunities could exist for private sector ownership and/or management. There are many global examples of international airport companies investing in airports in developing countries. Singapore-based Changi Airports International, Spain's AENA, Frankfurt-based FRAPORT, and Turkey's TAV all own and/or operate numerous airports outside their home countries. Cruise ports also offer opportunities for private sector development. In Vanuatu, for example, Royal

As tourism demand grows throughout the Pacific, infrastructure will need to keep pace, both to facilitate and stimulate the growth, as well as to manage and help sustain growth.

Caribbean International financed a common-use jetty for passenger transfers on Mystery Island that accommodated larger vessels and increased economic benefits for the country.

To ensure sustainability and maximum benefits for each country as tourism demand grows throughout the Pacific, infrastructure will need to keep pace, both to facilitate and stimulate the growth, as well as to manage and help sustain the growth. Inadequate infrastructure—whether it is electricity supply, air connectivity, waste management, and/or visitor facilities—could stymie or even reverse growth.

Human Resources and Small and Medium-sized Enterprises

Increased employment demand is a key outcome of tourism growth. This presents opportunities for the Pacific as new hotels and cruise ship companies seek more staff. This often results, however, in imported labor. In the Cook Islands, for example,

Increased employment demand is a key outcome of tourism growth.

MULTIPLE BENEFITS OF WATERFRONT DEVELOPMENT.
A street vendor sells water on the Dili waterfront (photo by ADB).

experienced staff from Fiji and the Philippines make up a significant share of the hotel labor force because the Cook Islands resident population of approximately 11,700 cannot provide sufficient workers. Palau faces a similar problem of a population too small to provide enough people trained in hospitality. However, with improved tourism training and education, countries with high unemployment, such as Samoa and Solomon Islands, could increase the proportion of positions met by local staff and potentially provide staff for other Pacific island countries. The Government of Australia has established a network of training centers through the Australia Pacific Technical College, which operates high-level hospitality and food service training, but these training centers cannot meet the increasing demand for staff, particularly quality chefs. Additional training resources are a priority for the region.

MAKING TOURISM WORK: WATERFRONT DEVELOPMENTS

A practical application of dedicated tourism infrastructure to generate experiences that attract visitors is the development of foreshore or waterfront sites. While often orientated toward the cruise market, by helping cultivate destination popularity, waterfront developments draw all kinds of tourists as well as residents. Waterfront development allows for the creation of more appealing and accessible attractions such as restaurants, marketplaces, promenades, and accommodation. Along with increased recreation opportunities for both visitors and residents, these developments boost opportunities for local businesses.

In some Pacific destinations, well-established, centrally located traditional marketplaces offer a colorful local cultural experience for visitors. For local artisans and food producers, these marketplaces provide access to international visitors. Improved waterfront facilities will encourage growing numbers of cruise tourists to go ashore, experience the local atmosphere, and visit marketplaces, as well as other shopping and sightseeing attractions, in addition to the option of taking a day tour.

There are many global examples of successful waterfront developments creating significant visitor attractions. In the Pacific, the Government of New Zealand-funded development of the Port Vila waterfront has created an attractive environment for cruise visitors and local residents, and waterfront developments are also planned for Apia, Samoa. These complement major initiatives supported by other development partners to establish new port infrastructure in Luganville, Vanuatu, where the Government of the People's Republic of China funded construction of a new wharf and cruise terminal, and in Port Vila, Vanuatu, where the Government of Japan funded construction of additional wharf facilities.

There are similar opportunities in other Pacific waterfront cities, such as Honiara or Suva, where cruise port-appeal could be further enhanced, and visitor spending increased, by developing the waterfront to better meet the needs of the cruise visitor market. Coupled with marketing to promote the waterfront as a visitor destination, such developments will draw visitors and create new business opportunities for local traders.

Source: Authors' research.

Marketing and Product Development

Market- or demand-based development is a key path to increased competitiveness for the entire region. A key constraint has been research capacity to provide the data necessary for targeted development and marketing. The International Finance Corporation has been assisting Pacific island countries with implementing visitor departure surveys, an essential tool in measuring visitor characteristics. The South Pacific Tourism Organisation has undertaken market surveys, but further support is needed to use the data more effectively and to undertake deeper research now that the initial data sources exist.

Pacific tourism depends on a triple bottom line of sustainability: sociocultural assets, environmental assets, and financial stability.

DRAWING ON SOCIOCULTURAL ASSETS. A child plays on a beach on the outskirts of Honiara (photo by ADB).

While the Pacific has natural and cultural assets that are well-recognized, the preservation and protection of these assets are a priority in an age of increasing homogenization of visitor experiences. Sustainability is a Pacific-wide priority because the cultural differentiation of each country distinguishes the Pacific from competing small island destinations in other regions. Armed with richer visitor data, Pacific island countries can leverage their cultural differentiation, develop and match tourism experiences for key generating markets, and more effectively grow market share.

PRIVATE SECTOR PARTICIPATION AND PUBLIC-PRIVATE PARTNERSHIPS

Private sector participation is essential to developing and sustaining competitive tourism destinations around the world. Governments alone cannot drive, or fund, tourism sector development, while the private sector needs help navigating regulations and accessing resources—especially land and infrastructure. As emphasized by the UNWTO, while tourism is mainly a private sector activity, it nonetheless requires government support to foster a political and business environment conducive to growth.[13]

Integral to this is ensuring that investors can develop and operate profitable tourism businesses. Without private capital invested in accommodation, other facilities, and services for visitors, there is little point developing and marketing a country's tourism attractions. Yet to create an environment conducive to private sector investment in tourism, governments need to provide infrastructure necessary for tourism activities; basic health, safety, and security services; and effective management of public lands, such as beaches, mountains, and national parks.

Increasingly in the Pacific, governments and the private sector are coming together through PPPs to develop new infrastructure for transport and tourism, to manage facilities such as ports, or to create new employment opportunities. UNWTO cites an example from Vanuatu, where the Government of Vanuatu discounted Carnival Cruises' port fees in return for the cruise line training and employing a quota of ni-Vanuatu on its ships. After launching the partnership, a need for improved employee preparation prior to commencing employment was identified and has been provided through the Australia-Pacific Technical College in Port Vila.

[13] UNWTO. 2015. Public-Private Partnerships: Tourism Development. Madrid.

THE WAY FORWARD

Pacific tourism depends on a triple bottom line of sustainability: sociocultural assets, environmental and/or natural assets, and financial and/or economic assets. Investing in the triple bottom line also helps strengthen resilience to the threats of climate change. In looking to the future, Pacific island countries must address several shared challenges:

Elevate Tourism Planning

They must ensure that the enabling environment and the investment climate for tourism are optimized through interagency and public–private sector coordination. Tourism must be integrated with public policy and within the operating plans of national ministries and agencies, and provincial and local governments.

Create and Apply Tourism Strategies

They need to develop and implement tourism strategies that maximize the benefits and sustainability of tourism, thus maximizing positive impacts such as job and income growth and quality visitor experiences and spending. In PNG and Solomon Islands, where tourism revenues are comparatively small, development or review of tourism policies would be the first step to increasing tourist numbers and spending. In Vanuatu, where tourist numbers are expected to surge, a review of the country's tourism strategy should focus on sustainability. And in Fiji, whose tourism industry is the region's most established and profitable, a strategic plan could draw on the range of major resorts to grow the 'Meetings, Incentives, Conferences, and Events' market.

Link Infrastructure to Tourism

They should raise the importance of tourism in infrastructure planning, recognizing the potential benefits of new infrastructure in facilitating tourism development, managing increased volumes, dispersing to new areas, and/or protecting natural assets. Across the Pacific this could involve improving airports and ports to receive more and larger aircraft and ships, and developing secondary airports and seaports; upgrading access roads to sites and attractions; and, for all countries except Samoa, expanding access to low-cost and, ideally, renewable energy. Other infrastructure developments that would benefit tourism include improved water supply and sewage treatment facilities in Fiji and Vanuatu.

Foster Secondary Attractions

They should move away from the concentration of visitors in one or two centers, fostering secondary tourism destinations as the holiday places of the future. The early identification of potential tourist locations will enable managed and sustainable development, land use and infrastructure planning, skills development, and the establishment of secondary services. In PNG, for example, Madang could be upgraded

ACCOMMODATING INCREASED DEMAND. Rarotonga in the Cook Islands offers visitors a range of high-end resorts (photo courtesy of Cook Islands Tourism Corporation).

The preservation and protection of natural and cultural assets is a priority in an age of increasing homogenization of visitor experiences.

as a tourist destination, especially for cruises, Mount Wilhelm could become an attraction if access was improved, and the Baiyer River Sanctuary could be restored. In the Cook Islands, the long-term goal of increasing visitors to Aitutaki and other islands should be progressed.

Improve Waterfront Areas

They should encourage the development or improvement of waterfront areas (see box on page 17: Waterfront Developments). Waterfront developments stimulate local business and investment, boost employment, and generate leisure and recreation opportunities and attractions for both visitors and residents. Their development may entail visitor centers, foreshore walking areas, and public toilets, all of which are lacking throughout the region. Development options are available for waterfront areas in Apia, Honiara, as well as Luganville, Main Wharf, and Port Vila in Vanuatu that would make them better spaces for tourists and locals alike.

A PATHWAY TO ECONOMIC GROWTH.
The commercial district of Central Apia, capital of Samoa (photo by ADB).

Train Local Workers

They need to develop a skilled Pacific workforce that can respond to future needs of the hospitality, transport, and visitor services sectors, and potentially provide a resource for all Pacific island countries, as well as for Australia and New Zealand, where short-term employment demand at peak season is significant. The Cook Islands and Palau, whose populations are too small to meet the demand for trained workers, could nonetheless maximize local employment in better-paid positions by establishing hospitality training facilities. In Vanuatu, the expansion of technical and vocational education and training would see more locals employed by the growing cruise sector. In Fiji, a supplying country for hospitality workers, a 'Centre for Excellence in Food' would prepare local workers for roles in high-end resorts providing fine dining.

Engage Small and Medium-sized Enterprises

They should support small and medium-sized enterprises (SMEs) to diversify the tourism sector and tourist experiences. With limited access to finance constraining

Sustainable tourism can generate employment and income growth across an economy, serving as a catalyst and source of funding for the preservation and protection of natural and cultural assets.

SME growth, all countries should consider—or further develop where already established—better-suited commercial finance frameworks, such as movable assets financing. Initiatives supporting the sale of local products and produce to the tourist market could also help SMEs benefit from and contribute to tourism growth.

Sell the Pacific Brand

They should raise the global profile of the Pacific through well-researched and targeted marketing and through building niche markets based on existing and potential market demand. Included within this is enhanced research capacity and product development that builds on the cultural differentiation of Pacific island countries. This could involve identifying and highlighting unique attractions within each country, such as the wreck diving, Marovo Lagoon, underwater volcano, and fascinating societies of Solomon Islands Western Province.

Work Together

They need to maximize regional cooperation to maximize national benefits, especially for improving connectivity, product development, and joint marketing, workforce development and training, exchanging best practices for governance, and destination management. In terms of marketing, this could be done through supporting the market research and capacity building of the South Pacific Tourism Organisation, and through the creation of a regional 'tourism intelligence center'. A regional cruise crew training center would see more Pacific people working on cruise ships. Elsewhere, hydrographic mapping and destination appraisals are needed to expand cruise itineraries in the region. Consideration should also be given to recommendations from the World Bank's Pacific Possible report, such as using Fiji as a regional cruise ship base, and collectively targeting the PRC and retiree markets.

Realizing the opportunities that sustainable tourism provides for future economic growth and a pathway to self-sufficiency can contribute to achieving other social and economic priorities in Pacific island countries, such as demands for health services, education, and even basic transport. Sustainable tourism can generate employment and income growth across an economy, serving as a catalyst and source of funding for the preservation and protection of natural and cultural assets. Development banks, such as ADB, could play an important role in assisting this search for economic growth through tourism. They could serve as a source of technical assistance; provide development financing to expand investment in infrastructure such as transport, electricity, information and communication technologies, water supply, sanitation and other urban services; coordinate with other development partners in mobilizing cofinancing; and apply experience from other regions in expanding tourism in the Pacific.

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Sustainable tourism can contribute to achieving other social and economic priorities in Pacific island countries.

BUILDING LOCAL COMMUNITIES.
Families play at the popular tourist destination of Lalomanu Village in Upolu, Samoa (photo by ADB).

TOURISM AS A DRIVER OF GROWTH IN THE PACIFIC

A Pathway to Growth and Prosperity for Pacific Island Countries

Tourism in the Pacific is increasing and will be a key driver of economic growth in the coming decade. Yet despite more visitors to the Pacific, tourism growth is not inevitable for all countries in the region. This brief identifies the trends driving this increase. To secure and sustainably harness the benefits of this growth, this brief recommends that Pacific island countries create an enabling environment for tourism through interventions in four areas: tourism policy, strategy, and the regulatory environment; infrastructure; human resources; and product development and marketing.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to a large share of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

About the Pacific Private Sector Development Initiative

PSDI is a technical assistance program undertaken in partnership with the Government of Australia, the Government of New Zealand, and the Asian Development Bank. PSDI supports ADB's 14 Pacific developing member countries to improve the enabling environment for business and to support inclusive, private sector–led economic growth. The support of the Australian and New Zealand governments and ADB has enabled PSDI to operate in the region for more than 10 years and assist with more than 300 reforms.

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