

NOVEMBER 2021 – ADB ASIAN THINK TANK DEVELOPMENT FORUM 2021

Pacific Tourism post COVID-19

PSDI | THE PACIFIC
PRIVATE SECTOR
DEVELOPMENT
INITIATIVE

A technical assistance program delivered in partnership with:



Re-opening Pacific Tourism post COVID-19

- Different approaches across ADBs Pacific Member Countries
- Bilateral 'travel bubbles' initially the great hope for safe re-opening
 - **Palau:** 'Travel bubble' commenced in April 2021; halted after 7 weeks; only 2% of pre-pandemic arrivals in April-May
 - **Cook Islands:** May 2021 'travel bubble' with New Zealand. Bookings were strong; bubble halted after 3 months
- Re-opening by vaccination status now a focus for tourism dependent economies
- Less tourism dependent economies may be slower to reopen

Pacific Tourism & the Challenge of Re-opening

- Difficult for smaller economies to put sufficient protocols in place
- Can disadvantage smaller operators
- Visitor dispersal a greater issue than pre pandemic
- Regional collaboration and price cutting
- What does a 'build back better' actually look like?
- Balancing economic advancement with greater sustainability
- Challenges in Cook Islands compared to Vanuatu

PSDI Tourism Snapshots (14)

- Sector overview: challenges & opportunities
 - Covers: demand, supply, policy & planning, sector organization, environment & infrastructure and impacts of COVID-19
 - Based on 2019 indicators – ‘pre pandemic’ data
 - Identifies challenges and opportunities post pandemic
 - Developed via consultations with NTOs, private sector, donors
 - Complemented by secondary research
 - Underpins PSDI Phase IV Tourism Workplan and provides a guide for donors, Pacific island countries and regional tourism stakeholders
- Available at: <https://pacificpsdi.org>



INTRODUCTION

The Republic of Palau is a global leader in sustainable tourism, offering visitors a pristine natural environment, and well-developed tourism infrastructure. Palau's world-class diving and the famous Rock Islands and Jellyfish Lake are at the core of its tourist offering, but the country is also home to lush inland nature reserves and a range of accommodation and restaurants.

Palau's economy is driven by tourism. Tourism receipts contribute an estimated 38% of Palau's gross domestic product (GDP) (Pacific Tourism Organisation [SPTO] 2020).¹ Tourism employment was estimated at 2,690 in 2018 (SPTO 2019)—representing 45% of the country's total employment—however, only 24% of tourism jobs, or 650 positions, were held by Palauans (Graduate School USA 2019).

The Government of Palau aims to transition the tourism sector to focus on sustainability and higher-yield visitors. Significant policy initiatives—such as limiting charter flights and changing immigration laws to protect the environment—demonstrate the government's commitment to this goal. However, key challenges remain to be addressed, including local labor shortages, infrastructure constraints, and preventing future environmental degradation.

1. The Asian Development Bank (2020) suggests tourism's contribution to GDP could be as high as 40% to 50%.

PSDI Regional Tourism Assessment

- Regional Challenges and Recommendations for Recovery & Resilience
 - Part one: Evaluating the challenges after COVID-19
 - Covers: demand, supply, policy & planning, sector organization, environment & infrastructure
 - Impact of COVID-19 on Pacific tourism; recovery forecasts
 - Initial recommendations for recovery
 - Part two: to follow mid 2021, focus on building resilience and ensuring greater local benefit from the sector
- Available at: <https://pacificpsdi.org>



PSDI Phase IV Tourism Workplan 2021: Tourism Data and Evidence Based Planning

1. Support to SPTO in standardizing tourism data

- Robust indicators vital for measuring the ‘value’ of tourism
 - Includes: arrival numbers, economic indicators, employment data
 - Additionally: extent of economic leakage, disaggregation of data, for example by gender
- The value of tourism should be measured alongside its ‘cost’
 - Impact on supporting infrastructure, environmental and social indicators, carrying capacity
 - Robust data can be used to guide market segmentation, destination marketing, pricing.

PSDI Phase IV Tourism Workplan 2021: Crisis Management & Building Resilience

1. Building crisis response and resilience

- Consideration of short-term planning, medium term 'build back better' and long-term resilience
- Findings will be made publicly available and support PSDI work from 2022 onwards

2. A regional framework for the re-opening of tourism

- Support SPTO with guidelines, considerations and planning support
- Available to all ADB member countries to support economies of scale and best practice protocols.

PSDI Phase IV Tourism Workplan 2021: Financing Sustainable Tourism

1. Improving access to tourism finance

- Short-term financing following COVID-19/ longer-term sustainability planning
- Collaboration with PSDI Financing Growth team. Demand-driven country level support.

2. An assessment of tourism taxation mechanisms

- Investigate types of taxation/ demand elasticity and taxation spend and sustainability
- Findings to be made available mid 2022. Country level support on a request basis.

PSDI Phase IV Tourism Workplan 2021: Enabling Sustainable Tourism

1. Assessment of the regulatory environment for tourism

- Regional mapping of tourism governance, regulation, licencing and standards, as well as environmental and land-use planning. Assessment of current practices and strategies for best practice approach
- Planned work to commence early 2022. Country level support on a request basis.

2. Women and Tourism: Understanding the value chain

- Analysis on the value of the informal sector and the role of women in tourism
- Opportunities to increase the benefit of tourism for local communities and women
- Work commencing in Fiji early 2022. Collaboration with other Pacific countries on a request basis.

Questions?

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