Designing and Delivering Sustainable Tourism Projects

Shaun Mann
Senior Tourism Specialist, World Bank Group
October 7th, 2016
Tourism delivers economic development that enables our clients to leverage natural and cultural endowments to achieve prosperous, livable, inclusive and resilient communities.
What We “Do” in Tourism?

- Inputs
- Destination Development
- Investment in Fixed Assets
- Asset Rehab & Mgmt
- Access
- Sustainable Tourism for Development
- Analysis
- Regulation & Governance
- Standards

Sustainable Tourism for Development

- Sector Planning & Strategy
- Marketing
- Monitoring & Impact
- Regulation & Governance
- Statistics
- Human Capital
- Investment in Fixed Assets
- Natural Heritage
- Environmental Planning
- Destination Development
- Asset Rehab & Mgmt
- Access
- Sustainable Tourism for Development
- Analysis
- Regulation & Governance
- Standards

World Bank Group
Lending Portfolio and Pipeline Related to Tourism

Active portfolio $1.1b

- SURR 56%
- T&C 11%
- ENR 6%
- Agriculture 1%

Pipeline $1.4b

- ENR 4%
- Transport & ICT 0%
- T&C 22%
- Surr 74%

<table>
<thead>
<tr>
<th>Category Name</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1%</td>
</tr>
<tr>
<td>ENR</td>
<td>6%</td>
</tr>
<tr>
<td>T&amp;C</td>
<td>11%</td>
</tr>
<tr>
<td>SURR</td>
<td>56%</td>
</tr>
</tbody>
</table>

**Trade and Competitiveness**
- Industry diagnostics
- Destination planning and development
- Tourism product diversification
- Market development
- Investment climate
- Access to finance for SMEs
- Business enabling environment

**Environment & Natural Resources**
- Biodiversity
- Blue economy
- Green urban space
- Protected area management
- Nature-based tourism
- Cross-border parks

**Social, Urban, Rural & Resilience**
- Rehabilitation of cultural assets
- Infrastructure investment
- Touristic circuit development
- Local economic development
- Disaster risk response

**Transport & ICT**
- Airport connectivity
- Airport rehabilitation
- Access to touristic attractions
- Linkage between agribusiness and tourism
- Supply chain
- Food security

**Cross Cutting Topics**
- Jobs
- Gender
- Climate Change
- Public-Private Partnership
- Governance
WBG Tourism Overview

- The aggregate WBG tourism portfolio and pipeline currently stand at approximately $3.6 billion – representing 186 projects that were executed across the WBG and delivered through a range of instruments*
- In the Bank’s active portfolio and pipeline, the estimated amount of specific support for tourism activities totals US$2.5b.
- On the knowledge side, there are 16 tourism related active ASAs
- 69 IFC investments (hotels & related infrastructure) for approximately $1b & 20 advisory projects
- In last 10 years, MIGA has executed 10 projects for $127m

<table>
<thead>
<tr>
<th>Global Practice and IFC</th>
<th>Project Count (active portfolio and Pipeline)</th>
<th>Comm Amt on Tourism ($million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social, Urban, Rural and Resilience</td>
<td>21</td>
<td>1,659.8</td>
</tr>
<tr>
<td>Trade &amp; Competitiveness</td>
<td>24</td>
<td>423.81</td>
</tr>
<tr>
<td>Environment &amp; Natural Resources</td>
<td>33</td>
<td>131.44</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Transport &amp; ICT*</td>
<td>8</td>
<td>304.3</td>
</tr>
<tr>
<td>Water</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Finance &amp; Markets</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>IFC Investment and Advisory</td>
<td>92</td>
<td>1,044.19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>186</strong></td>
<td><strong>3578.54</strong></td>
</tr>
</tbody>
</table>

*As of October, 2015
Lending Portfolio and Pipeline: Where We Are

### Active portfolio
- **AFR**: 16%
- **LAC**: 10%
- **EAP**: 14%
- **ECA**: 30%
- **MNA**: 30%

### Pipeline
- **AFR**: 12%
- **LAC**: 2%
- **EAP**: 25%
- **ECA**: 16%
- **MNA**: 7%
- **SAR**: 16%

### Portfolio and Pipeline:
- **AFR**
  - **Portfolio**: Transport 81%, SURR 17%
  - **Pipeline**: SURR 100%
- **EAP**
  - **Portfolio**: SURR 97%
  - **Pipeline**: SURR 57%, T&C 43%
- **ECA**
  - **Portfolio**: SURR 100%
  - **Pipeline**: SURR 96%, T&C 4%
- **MNA**
  - **Portfolio**: Transport 81%
  - **Pipeline**: SURR 96%, T&C 6%
- **SAR**
  - **Pipeline**: SURR 96%, ENR 4%
- **LCR**
  - **Portfolio**: SURR 69%, T&C 6%
  - **Pipeline**: T&C 91%, Transport 9%

**Legend:**
- Active portfolio
- Pipeline
- Both active portfolio and pipeline
The biggest challenges for Sustainable Tourism projects are outside the domain of the line ministry:

**Getting going**
- Political economy around the tourism sector
- Governance; National/Local
- Social and economic inclusion
- In-country capacity/infrastructure

**Implementing**
- Whole of government approach
- National, regional, local connections and champions
- Public private dialogue
- Quick wins
OUTCOMES & IMPACTS
Sustainable Jobs and Investments, Inclusive Growth, Improved Quality of Living for Host Communities, and Improved Sustainability of Endowments
The Right Advice and Investments at the Right Time

1. High risk destinations and local sponsors –
2. Established local sponsors with some track record – less risky
3. Good times. Bigger players (brands) entering the market. Good occupancies – lowest risk
4. Decision time for destination and sponsor. Important that strategies are aligned – high risk
6. Rejuvenation
7. Destination in decline – high risk
8. Direction taken and destination revives. Good times again – low risk
Moving Forward
An Integrated Sustainable Tourism Solution

- The “Resilient Natural Resources for Growth (REGROW)” Project focuses on developing and conserving nature-based tourism assets, enhancing local economic benefits in Southern Tanzania, and improving landscape management. ($100+m, pipeline)
- Recently approved Development Policy Operation (DPO) aims to establish an enabling environment for competitive, job-creating industries including tourism. Prior actions focused on streamlining the regulatory framework for the tourism sector, and reducing the regulatory burden of government interventions.
- Private Sector Competitiveness Project currently supporting the development of a National Tourism Strategy for Tanzania.
- Program on business investment climate advisory services currently under preparation.

- Regional Development Program targeting four regions ($200m)
- IFC credits to investors incentivized under the project (Pi4Pi)
- Joint WB-IFC advisory analytical work
- Rolling out of the Georgia program in Armenia and Azerbaijan

- Albania Project for Integrated Urban and Tourism development. ($70m, pipeline)
- WB Skills Development Project ($12m)
- CIIP Grant ($1m) to link & mobilize stakeholders at the destination level.
- GIZ, SECO, DfID, USAID, World Bank, working on a National Tourism Strategy

- Program on business investment climate advisory services currently under preparation.
Recent Case: Georgia Regional Economic Development III

Key Challenges

- Lack of an integrated circuit development approach
- Decaying infrastructure and historical buildings
- Lack of site management plans and tourism faculties at most cultural heritage sites along the circuits
- Seasonality
- Limited hotel capacity and concentration of hotels in renovated cities
- Limited number of food and beverage facilities
- Lack of DMOs and destination promotions
- Lack of information, communications and cooperation to attract private investment
- Inadequate skills for an integrated service-based economy

Institutional Capacity

- Lack of information, communications and cooperation to attract private investment
- Inadequate skills for an integrated service-based economy

Tourism Economy

- Limited number of food and beverage facilities
- Decaying infrastructure and historical buildings
- Lack of site management plans and tourism faculties at most cultural heritage sites along the circuits
- Seasonality

Infrastructure Services

- Lack of an integrated circuit development approach
- Decaying infrastructure and historical buildings
- Lack of site management plans and tourism faculties at most cultural heritage sites along the circuits
- Seasonality

Interventions under lending operation

- Infrastructure Investment: Urban regeneration and tourism circuit development; Provision of Public Infrastructure to Attract Private Investments

Intermediate indicators

- Piped household water connections that are benefiting from rehabilitation works
- Improved access roads to selected tourism attraction sites
- Number of parks and museum upgraded
- Number of tourism facilities constructed at cultural heritage sites along the tourist circuit
- Increased number of tourism related enterprises (souvenir and handcraft shop, family and guest houses, restaurants)
- Increased hotel beds in circuit areas

PDO Indicators

- Increased number of hours per day of piped water services in project areas
- Number of people in urban areas provided with access to all-season roads within a 500 meter range under the project
- Increased volume of private sector investments in targeted areas
- Number of jobs created by activities linked to support tourism industry (disaggregated by gender)
- Increased annual number of visitors at Project sites
- Number of regional destination management offices established and operational to ensure sustainability

PDO

- To improve infrastructure services and institutional capacity to support increased contribution of tourism in the local economy in the selected region.

Impact beyond and post Project

- Job Creation
- Regional economic development
- Inclusive growth
Recent Case: China Gansu II

Key Challenges

- Lack of overall vision
- Rapid growth in the number of visitors
- Uncontrolled soils erosion and landslides
- Weak linkages with local communities
- Basic service delivery needs
- Enabling environment for local enterprises and private sector investment
- Inadequate technical skills for destination management and heritage conservation
- Inadequate skills for small business

Institutional Capacity

- Capacity Building, Institutional Strengthening, and Project Management Support

Social Aspect

- Community Basic Services Delivery

Threats to Cultural and Natural Heritage Sites

- Heritage Conservation and Tourism Services Improvement

Intermediate indicators

- Number of cultural heritage sites conserved
- Number of sites with soil erosion and landslides risks addressed
- Number of museums established
- Number of visitor centers established
- Length of pathways improved in scenic areas

PDO Indicators

- Direct project beneficiaries
- Increase in spending by tourists in project sites
- Number of people with improved access in rural areas
- Number of tourism related small business supported
- Number of museums established
- Number of visitor centers established
- Length of pathways improved in scenic areas
- Tourism related small business supported by new community organization
- Beneficiaries that feel Project investments reflected their needs
- Improved quality of conservation techniques and visitor management in project sites

PDO

- To conserve cultural and natural heritage, enhance tourism services and improve community services in selected project sites in Gansu province.

Job Creation

Local economic development

Inclusive growth

Impact beyond and post Project

World Bank Group
Recent Case: Mozambique Conservation Areas for Biodiversity and Development

Key Challenges
- Low capacity of new institutions
- Need regulatory changes to promote investment in nature-based tourism
- Insufficient and unpredictable budget and low human resources capacity
- Need additional rules and regulations
- Lack of infrastructure investments
- Wildlife poaching
- Illegal mining and logging
- Remote areas with limited basic services to the population
- Significant delays and little transparency on the sharing of tourism benefits

Interventions under lending operation
- Strengthening Institutions for Conservation Area Management
- Conservation Areas Management
- Promotion of Tourism in Conservation Areas
- Support Sustainable Livelihoods of Communities

Intermediate indicators
- Score on the institutional capacity tool for ANAC
- Percentage of Law Enforcement areas regularly patrolled in targeted CAs
- ANAC’s annual revenues collected from targeted CAs
- ANAC’s annual revenues
- Percentage of staff needed at ANAC that are operational
- Annual Biofund disbursement to the conservation areas
- Percentage of planned priority infrastructure completed

PDO Indicators
- Increase in the average Management Effectiveness Tracking Tool score of the targeted conservation areas
- Total annual revenues generated from tourism activities in targeted conservation areas and their zones of influence
- Number of jobs created in tourism and conservation in targeted CAs and their zones of influence
- % of communities with signed “community conservation contracts” in targeted CAs

Impact beyond and post Project
- To increase the effective management of the Conservation Areas and enhance the living conditions of communities in and around these Conservation Areas
- Improved resilience
- Increased productivity in the growth sector
- Inclusive growth

PDO

World Bank Group