Indian Ocean Tourism and Regional Integration: Is this the moment?

MAY 2, 2013
PORT LOUIS, MAURITIUS
For your consideration...

1. The World Bank and Private Sector Development: Why now?
2. Indian Ocean Tourism and Regional Integration: Is this the moment?
3. The Case of Singapore: The Power of Public and Private Collaboration
1. The World Bank and Private Sector Development: Why now?
**Why the World Bank? Why now?**

Developing (and developed) countries have an unprecedented challenge to create jobs and wealth.

- **150 million** of unemployed people in developing countries
- **Under 40%** of women participate in the global economy
- **1 million** jobs needed per month for a decade in Africa and South Asia alone to keep up with regional demographics
- **350 million** jobs needed in next ten years to meet the global population surge
What will it take?

Investments, income and jobs

Safer, deeper, broader financial sector

Competitive, innovative private sector

Financial Systems
Capital Markets
Financial Inclusion
Investment Climate
Competitive Industries
Innovation, Technology & Entrepreneurship

Global Indicators and Analysis

(Continuous) Knowledge Management and Learning
How can the goal be achieved?

**Economy-wide**
- Long-term shifts in broad development

**Industry-level**
- Unlocking industry potential for investment, growth, productivity, and jobs

**Firm-level**
- More immediate development outcomes (through better financing and agile strategies)
2. Indian Ocean Tourism and Regional Integration: Is this the moment?
A “region” with diverse players…

<table>
<thead>
<tr>
<th></th>
<th>Comoros</th>
<th>Madagascar</th>
<th>Mauritius</th>
<th>Seychelles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size (km²)</strong></td>
<td>2,235</td>
<td>587,041</td>
<td>2,040</td>
<td>455</td>
</tr>
<tr>
<td><strong>Coastline (km)</strong></td>
<td>340</td>
<td>4,828</td>
<td>177</td>
<td>491</td>
</tr>
<tr>
<td><strong>Population (millions)</strong></td>
<td>.75</td>
<td>22.6</td>
<td>1.3</td>
<td>.09</td>
</tr>
<tr>
<td><strong>GDP (million USD)</strong></td>
<td>872</td>
<td>21,370</td>
<td>20,260</td>
<td>2,410</td>
</tr>
<tr>
<td><strong>GDP Per Capita (USD)</strong></td>
<td>1,300</td>
<td>1,000</td>
<td>15,600</td>
<td>26,200</td>
</tr>
<tr>
<td><strong>Human Development Index (of 186)</strong></td>
<td>169</td>
<td>151</td>
<td>80</td>
<td>46</td>
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</tbody>
</table>

...and in varied stages of tourism development.

Consider …
the contribution of tourism to Indian Ocean economies

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</thead>
<tbody>
<tr>
<td>Direct Contribution to GDP</td>
<td>3.2%</td>
<td>5.4%</td>
<td>12.6%</td>
<td>24.8%</td>
</tr>
<tr>
<td>Direct Contribution to GDP Ranking (of 181)</td>
<td>95</td>
<td>52</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>Direct Contribution to Employment</td>
<td>2.7%</td>
<td>4.3%</td>
<td>12.0%</td>
<td>25.8%</td>
</tr>
<tr>
<td>Direct Contribution to Employment Ranking</td>
<td>114</td>
<td>67</td>
<td>18</td>
<td>2</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>3.4%</td>
<td>15.5%</td>
<td>6.6%</td>
<td>38.4%</td>
</tr>
<tr>
<td>Capital Investment Ranking</td>
<td>131</td>
<td>26</td>
<td>76</td>
<td>4</td>
</tr>
</tbody>
</table>

Sources: WTTC (2012a, 2012b, 2012c, 2012d)
…and the paths of international tourism arrivals over the past decade.

Indian Ocean regional tourism integration can be challenging…Why?

1. Different levels and types of tourism development
2. Varying levels of commitment towards regional integration
3. Mixed results of previous attempts
4. Interconnectivity handicap
The current state of intra-regional air connectivity...

An illustration.

The two best connected countries are Mauritius and Madagascar.

Mauritius does not have direct air links to Comoros while Madagascar is not connected with Seychelles.

Seychelles and Comoros are also not connected with one another.

Note: for illustrative and discussion purposes only; thicker lines are indicative of higher route frequency.
Why now may be the moment for integration efforts…

1. Increased commitment from the Indian Ocean Commission (COI)!
2. Emergence of the Vanilla Islands Organization (VIO)
3. Emergence of BRICS
4. Opportunity to tap increased support from donor organizations
5. Growing “sense of stability” and opportunity
What are the challenges?

1. Intra-regional air transport is limited, infrequent, and very expensive
2. Uneven level of tourism training institutions
3. Is quality/price of service truly competitive?
4. Limited packaging of multi-country itineraries
5. Gap in tapping cruise tourism
6. Limited visibility of region, especially in emerging markets
7. Uneven and inconsistent statistic collection cripples effectiveness of regional integration efforts
3. The Case of Singapore:
Integrated Resorts through Public/Private Collaboration
Singapore’s ambitious 2015 tourism targets…

<table>
<thead>
<tr>
<th>2004</th>
<th>2015 TARGETS</th>
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<tbody>
<tr>
<td>8mil visitors</td>
<td>17MIL VISITORS</td>
</tr>
<tr>
<td>S$10bil receipts</td>
<td>S$30BIL RECEIPTS</td>
</tr>
<tr>
<td>3% of total GDP</td>
<td>5-6% OF GDP</td>
</tr>
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</table>

…required holistic development of the tourism sector.

INFRASTRUCTURE DEVELOPMENT  
CAPABILITY DEVELOPMENT  
STAGING OF ICONIC MEGA EVENTS  
ANCHORING STRATEGIC TOURISM PRODUCTS
Key to Success: **Constant** Public and Private Sector Collaboration

1. **Private Sector Expertise and Investment w/Government Initiation and Monitoring:**

   **Public Sector – Initiation and Monitoring**
   - Land Parcels with Fixed Price
   - Oversight through IRWG
   - Request for Concepts
   - Request for Proposals
   - Proposal Evaluation

   **Private Sector – Concept and Execution**
   - Funding
   - Design & Concept
   - Resource Planning
   - Construction & Development
   - Staffing

2. **Multi-Agency Collaboration:**

   - Singapore Tourism Board (STB) – Chairman & Secretariat
   - Ministry of Trade & Industry
   - Singapore Tourism Board
   - Sentosa Development Corporation
   - Tourism Appeal
   - Economic Impact
   - Landlords
   - Overall Development

3. **Strategic Planning and Thorough Implementation:**

   - Informal input-gathering
   - Tourism 2015
   - Request for Concepts
   - Request for Proposals
   - Constant Monitoring
Leveraging on Las Vegas Sands’ excellent track record in MICE, Marina Bay Sands is a premium destination for business and leisure visitors, significantly strengthening Singapore’s MICE capabilities and offerings.

Resorts World Sentosa is a world-class tropical resort that offers the whole family a top-of-the-line, exciting and memorable leisure experience.
Singapore’s Economic Story: On Target for 2015 Success with its 2 New Integrated Resorts

**Tourism**

Truly transforming Singapore’s tourism landscape: both visitor arrivals and tourism receipts have increased significantly since the IRs’ openings in 2010.

**Employment**

The IRs directly hire more than 22,000 employees, and have spun off more than 40,000 jobs throughout the economy” (November 2012).

**Investments and Local Economy**

With total direct development investment amounting to more than S$13 billion, the 2 IRs contributed approximately 1.5% to GDP of Singapore in 2010, and more than 75% of contracts have been awarded to local firms.

Source: Singapore Tourism Board. 2012 figures are preliminary as of Apr 2013.
Indian Ocean Tourism and Regional Integration: 

*Is this the moment?*
Thank You!

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