

A person wearing a snorkel mask and a blue shirt is swimming underwater. A large, spotted shark is swimming alongside them. The water is clear and blue.

# Nature-based Marine Tourism in the Coral Triangle

Exploring the potential for low-impact, high-value  
Nature-based Marine and Coastal Tourism

December 2015

Produced by 2iis Consulting in collaboration with



**CORAL TRIANGLE  
INITIATIVE**  
ON CORAL REEFS, FISHERIES AND FOOD SECURITY

Cover image © Diana Himmelspach

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This report was produced with the support of



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# | CONTENTS | Page 1 of 2

1	Foreword	1
2	Executive Summary	3
3	Background	5
	3.1 A focus on on-the-ground development in the Coral Triangle	
	3.2 Supporting the CTI-CFF Regional Plan of Action (RPoA)	
	3.3 Key threats in the Coral Triangle Region	
	3.4 Looking ahead to 2030	
	3.5 The need to be clear on the current state	
4	Defining Sustainable Nature-based Tourism	9
5	The Opportunity	10
6	Global and Regional Trends in Tourism and Nature-based Tourism	11
	6.1 Tourism as a driver of socio-economic progress	
	6.2 The Global Tourism Market: continuing strong growth to 2030	
	6.3 Tourism in the Asia Pacific and Southeast Asia	
	6.4 Which type of Tourism growth?	
	6.5 Global Nature-based Tourism: fast-growing, high value & resilient	
	6.6 Coastal and Marine Tourism: a snapshot	
	6.7 Some key risks relevant to tourism development in the Coral Triangle	
7	Tourism and Nature-based Marine Tourism in the Coral Triangle	28
	7.1 An overview of Tourism & Nature-based Tourism in the Coral Triangle	
	7.2 CTI-CFF Country Overviews	34
	7.2.1 Timor-Leste	35
	7.2.2 Solomon Islands	47
	7.2.3 Papua New Guinea	60
	7.2.4 Philippines	74
	7.2.5 Indonesia	88
	7.2.6 Malaysia	103
	7.3 Other areas within the Coral Triangle: Brunei Darussalam and Singapore	118
8	Existing Coral Triangle brands and Selected Tourism marketing approaches	119
	8.1 A brief overview of the Coral Triangle Brand Landscape	
	8.2 Overall reach and awareness of the Coral Triangle as a Brand	
	8.3 Case studies of existing Nature-based Tourism in the Coral Triangle	
	8.4 A look at a potential stepping-off point for a Coral Triangle Tourism Brand	

# | CONTENTS | Page 2 of 2

9	Learning from other Tourism Models	131
9.1	Learning from other institutional and marketing tourism models	
9.2	Australian National Landscapes Program (ANLP)	
9.3	Destination Europe 2020	
9.4	The Association of Southeast Asian Nations (ASEAN) Tourism Marketing Strategy 2012–15	
9.5	Further examples of relevant models to inform a Coral Triangle approach	
9.6	Summary of the key elements of other models.	
10	The potential for a Coral Triangle Nature-based Tourism Brand	141
10.1	Why develop a Coral-Triangle Nature-based Tourism Brand?	
10.2	The future value of a Coral Triangle Nature-based Tourism Brand	
10.3	A draft Coral Triangle Brand Architecture and Framework	
10.4	An initial summary of potential sites for NBMT in the Coral Triangle	
10.5	Initial structure for a CTI-CFF Nature-based Tourism Institutional Model	
11	An overview of key stakeholders	149
12	Information gaps and potential areas for further study	155
13	Conclusions	157
14	A draft roadmap for developing Nature-based Marine Tourism in the Coral Triangle	164
15	Acknowledgements	166
16	Appendices	168
17	References	177

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## | LIST OF MAPS, GRAPHICS, TABLES &amp; GRAPHS/CHARTS | Page 1 of 3

**A | TABLES**

Table 1:	International Tourist Receipts/ Value (2010–2014)	17
Table 2:	Domestic Tourism: Size and Growth (2014–2025)	18
Table 3:	Current and Forecast Value of Nature-based and Adventure Tourism (2015 vs. 2035)	23
Table 4/5:	Key Tourism Indicators in the 6 Coral Triangle Countries Parts A and B (2005–13)	30
Table 6:	Domestic Tourism in the Coral Triangle: Current Size and Growth (2014–2025)	32
Table 7:	Current and Forecast Value of Nature-based and Adventure Tourism in the Coral Triangle	32
Table 8:	Selected Timor-Leste Tourism Metrics (2005/6–13)	38
Table 9:	Current and Forecast Value of Nature-based and Adventure Tourism in Timor-Leste	44
Table 10:	Selected Solomon Islands Tourism Metrics (2005–13)	50
Table 11:	Solomon Islands Domestic Tourism Metrics (2014–25)	52
Table 12:	Current and Forecast Value of Nature-based and Adventure Tourism in the Solomon Islands	57
Table 13:	Selected Papua New Guinea Tourism Metrics (2005–12/13)	63
Table 14:	Papua New Guinea Tourist Source Markets (2010)	64
Table 15:	Papua New Guinea Domestic Tourism Metrics (2014–25)	65
Table 16:	Current and Forecast Value of Nature-based and Adventure Tourism in Papua New Guinea	71
Table 17:	Selected Philippines Tourism Metrics (2005–13)	77
Table 18:	Philippines Domestic Tourism Metrics (2014–25)	79
Table 19:	Overview of potential Nature-based, Adventure & Cultural Tourism in the Philippines	80
Table 20:	Forecast of Potential Foreign Ecotourists in the Philippines (2013–16)	84
Table 21:	Current and Forecast Value of Nature-based and Adventure Tourism in the Philippines	85
Table 22:	Overall Contribution of Tourism towards Revenue in Indonesia (2008–10)	90
Table 23:	Selected Indonesia Tourism Metrics (2005–13)	92
Table 24:	Indonesia, Source Countries of International Tourism Arrivals (2011)	93
Table 25:	Indonesia Domestic Tourism Metrics (2014–25)	94
Table 26:	Current and Forecast Value of Nature-based and Adventure Tourism in Indonesia	100
Table 27:	Selected Malaysia Tourism Metrics (2005–13)	106
Table 28:	Malaysia, Top 10 Source Countries of International Tourism Arrivals (2013)	107
Table 29:	Malaysia Domestic Tourism Metrics (2014–25)	108
Table 30:	Current and Forecast Value of Nature-based and Adventure Tourism in Malaysia	115
Table 31/32:	Key Tourism Indicators for Brunei Darussalam and Singapore, Parts A and B (2005–13)	118
Table 33:	Summary Table of Current Coral Triangle Brands, Organisations and Initiatives	121
Table 34:	Online Rankings for selected 'The Coral Triangle' search terms (08/12/2015)	123
Table 35:	Overall Regional Unprompted Awareness of the Coral Triangle (2012)	125
Table 36:	Overall Regional Prompted Awareness of the Coral Triangle (2012)	126
Table 37:	Other examples of relevant tourism models/ organisations to inform a potential CTI-CFF approach	139
Table 38:	Adjusted 2035 Forecast Value of Nature-based and Adventure Tourism in the CT	143
Table 39:	Initial List of Potential Sites for Nature-based Tourism	147
Table 40:	Overview of Key Stakeholders/ Actors involved with Nature-based Tourism in the Coral Triangle	152
Table 41:	A Draft Roadmap for Developing a Nature-based Tourism Brand for the Coral Triangle	165

## | LIST OF MAPS, GRAPHICS, TABLES & GRAPHS/CHARTS | Page 2 of 3

### **B | MAPS**

Map 1:	The Coral Triangle Implementation Area	6
Map 2:	The Coral Triangle Priority Geographies and Integration Sites	29
Map 3:	Timor-Leste, highlighting main regions and district boundaries	35
Map 4:	Marine Protected Areas (MPAs) and main areas of coral reef in Timor-Leste (2012)	45
Map 5:	Solomon Islands, highlighting main islands and centres of population	47
Map 6:	Marine Protected Areas (MPAs) and key areas of coral reef in the Solomon Islands (2012)	58
Map 7:	Papua New Guinea, highlighting main regions and islands	60
Map 8:	Marine Protected Areas (MPAs) and main areas of coral reef in Papua New Guinea (2012)	72
Map 9:	Philippines, highlighting main regions and islands	74
Map 10:	Marine Protected Areas (MPAs) and main areas of coral reef in the Philippines (2012)	86
Map 11:	Indonesia, highlighting administrative divisions and main regions and islands	88
Map 12:	Marine Protected Areas (MPAs) and main areas of coral reef in Indonesia (2012)	101
Map 13:	Malaysia, highlighting main regions	103
Map 14:	Overview of Tourist Regions in Malaysia	109
Map 15:	Marine Protected Areas (MPAs) and main areas of coral reef in Malaysia (2012)	116
Map 16:	Australia's 16 National Landscapes (from the Australian National Landscapes Program)	133

### **C | GRAPHICS**

Graphic 1:	Global Socio-Economic Forces Influencing Tourism	15
Graphic 2:	UNWTO International Tourism Global Summary 2014	16
Graphic 3:	Scale of Tourism Development/ Ecological Footprint (SDEF) Grid and Tourism Sustainability Vectors (Ivanov, 2013)	22
Graphic 4:	Emerging trends in Visitor Motivations and Behaviour	25
Graphic 5:	Philippines, Nature and Adventure Promotion	79
Graphic 6:	Destination Categorisation in Indonesia	95
Graphic 7:	The Coral Triangle – Amazon of the Oceans: example of current website content	130
Graphic 8:	Structure of ASEAN Tourism Marketing and Communications Working Group (MCWG)	138
Graphic 9:	Draft Architecture for potential Coral Triangle Brand and Nature-based Tourism sub-brand	144
Graphic 10:	Draft Framework for Nature-based Tourism Brand in the Coral Triangle	145
Graphic 11:	Draft Structure for Tourism Marketing and Communications Working Group (MCWG)	148
Graphic 12:	Key Actors and Stakeholders in Ecotourism Development in the Philippines	150
Graphic 13:	Institutional Relationships in Implementing the Philippines National Ecotourism Strategy	151
Graphic 14:	Overview of the Malaysian Government Departments Involved in Tourism	154

## | LIST OF MAPS, GRAPHICS, TABLES &amp; GRAPHS/CHARTS | Page 3 of 3

**D | GRAPHS/ CHARTS**

Graph 1:	Average Growth Rates in Emerging and Advanced Economies to 2030	13
Graph 2:	Growth in Inbound Tourism in Emerging and Advanced Economies	13
Graph 3:	Tourist Arrivals to Main Regions of the World, forecast to 2030	14
Graph 4:	Tourist Arrivals by Selected Sub-regions of the World, forecast to 2030	14
Graph 5:	Timor-Leste International Tourism Expenditure (2006–13)	36
Graph 6:	Timor-Leste International Tourism Arrivals (2006–12)	39
Graph 7:	Solomon Islands International Tourism Expenditure (2002–13)	48
Graph 8:	Solomon Islands, International Tourism Arrivals (2000–13)	50
Graph 9:	Solomon Islands, Source Countries of International Tourism Arrivals 2013	51
Graph 10:	Papua New Guinea International Tourism Expenditure (2001–12)	61
Graph 11:	Papua New Guinea International Tourism Arrivals (2002–13)	63
Graph 12:	Philippines International Tourism Expenditure (2002–13)	75
Graph 13:	Philippines International Tourism Arrivals (2002–13)	77
Graph 14:	Philippines, Top 10 Source Countries of International Tourism Arrivals (2014/15)	78
Graph 15:	Indonesia International Tourism Expenditure (2002–13)	89
Graph 16:	Indonesia International Tourism Arrivals (2002–13)	92
Graph 17:	Malaysia International Tourism Expenditure (2002–13)	104
Graph 18:	Malaysia International Tourism Arrivals (2002–13)	107
Graph 19:	Malaysia Forecast Potential for Additional 'Nature Adventure' Tourism	114

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## SECTIONS 1–2

- 1 | Foreword
- 2 | Executive Summary

# 1 | FOREWORD

This report is part of the **Developing and Promoting Sustainable Nature-based Tourism in the Coral Triangle** project. An initiative, supported by funding from the Australian Government, that looks to assist the 6 countries of the *Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF)* to develop and/or accelerate a long-term approach to more sustainable Nature-based Tourism in the Coral Triangle. The current CTI-CFF countries are Malaysia, Indonesia, Papua New Guinea, the Philippines, Solomon Islands and Timor-Leste.

The long-term vision that the broader initiative is designed to support is that: ***'The Coral Triangle region is a renowned sustainable tourism destination with economic benefits flowing to communities, governments and private enterprise, providing a strong incentive to protect and sustain the region's natural environment.'***<sup>1</sup>

The initiative will focus on the long-term business opportunity a Coral Triangle Nature-based Tourism Brand could present for the whole region and what would be necessary to support and promote it. It will look to help lay the foundations for a long-term transition to a more sustainable tourism model that could play a significant role in the future economic, social and environmental prosperity (and resilience) of the region. It is also intended to encourage and assist the Tourism Industry to accelerate its investment in Nature-based Tourism within the Coral Triangle.

This report looks to provide baseline data and analysis that will help highlight the most effective ways to lay these foundations, whilst also outlining some of the challenges likely to be faced and identifying some models from around the world that can help accelerate the Coral Triangle's Nature-based Tourism development.

Whilst it looks to provide an overview of all 6 of the CTI-CFF countries, given their greater current need for accelerated tourism development, there is an emphasis on Papua New Guinea, the Solomon Islands and Timor-Leste in certain parts of this report. Brunei Darussalam (as the recently announced 7<sup>th</sup> member country) and Singapore (as another country within the Coral Triangle Region) also feature briefly in the report.





## 2 | EXECUTIVE SUMMARY | Page 1 of 2

The **Nature-based Marine Tourism in the Coral Triangle** report summarises the current state of Tourism and Nature-based Tourism in the 6 countries that make up the CTI-CFF and explores some of the opportunities for growing low-impact, high-value nature-based marine and coastal tourism in the Coral Triangle region.

It identifies a very significant and growing opportunity for investment in this rapidly emerging tourism segment that has the potential to both provide socio-economic growth in all of the countries, whilst helping address some of the growing negative economic, social, environmental and cultural impacts that mass tourism currently has on the region.

It also provides the framework for the future development of a full business case for this investment, once further analysis and some initial Nature-based Tourism site identification work has been undertaken.

Specifically, this report initially explores the current state of the global tourism industry and outlines how, over the past few decades, tourism has become both a potential economic growth engine and an increasingly important vehicle to help drive development in emerging economies around the world.

It shows how tourism has been a global success story on a number of levels.

But this rapid tourism growth has not come without its impacts: from increased waste and infrastructure burdens, to the negative influence it can have on local indigenous communities, and the degradation of vital natural ecosystems – particularly with the rapid, often unplanned, development of mass tourism destinations.

This tourism growth is forecast to continue well into the middle of this century, driven primarily by the expansion of the middle classes globally and the associated increase in disposable income.

At the same time, 'nature-based', 'eco' and 'adventure' tourism have been growing rapidly and appear to provide a real opportunity to harness the global tourism growth trend, whilst minimising its impact at the community and country level. In fact, there is a growing body of evidence that the overall return on investment (ROI) for these categories of tourism far exceeds those of mass tourism; providing economic, social, environmental and cultural benefits to the people on the ground who often need those benefits most.

These benefits would be enough on their own to warrant close investigation of these rapidly emerging tourism segments, but when you also factor in the ever-increasing risks of climate change, the need to look at them as pathways to community and country climate resilience also becomes apparent.

The Coral Triangle is in a particularly strong position to take advantage of the growth in Nature and Adventure-based tourism. Not only does it sit within the Asia-Pacific region which is forecast to experience the fastest rate of tourism growth of any region in the world, but it sits in a region of significant biodiversity – a natural resource base that is very much underutilised currently when it comes to Nature and Adventure-based Tourism.

The review of the 6 CTI-CFF Countries identifies this current under-use, whilst also identifying a number of significant challenges that will need to be overcome to capitalise on the Nature-based Tourism opportunity in a well-managed and sustainable way that benefits many in each of the countries rather than just a few.

The country reviews also highlight that, whilst there are obvious differences across the 6 countries, from a tourism perspective there are also significant areas of common interest. One of these areas is clearly the Nature/ Adventure-based Tourism opportunity, which all of the countries have identified independently as a significant area of focus for future tourism development, for a variety of reasons.

## 2 | EXECUTIVE SUMMARY | Page 2 of 2

This opportunity is strongly supported by the forecast value for the segment that was modelled during this analysis. This value ranged from US \$210 million per year in Timor-Leste to over US \$50 billion in Indonesia in terms of Nature-based Tourism's potential contribution to each country's economy by 2035.

The overall value for the Coral Triangle countries combined is in the region of US \$120–US \$150 billion per annum by this date. Even though the lack of comprehensive Nature-based Tourism data identified through the report means these figures should be viewed with caution, they still identify a significant economic opportunity that provides a very strong base from which a full business case can be developed.

Having said that, leveraging this economic value effectively will not be a straightforward task given the many existing infrastructure challenges in each of the countries, coupled with the challenges inherent in building a multi-country regional approach. However, there are a number of examples from around the world that can be looked to for guidance – with *Destination Europe 2020*, *Australia's National Landscapes Program* and *ASEANs Tourism Marketing Strategy 2012–15* being three that are explored in some detail in this report.

These examples, along with some analysis of existing Coral Triangle brands and case studies of Nature-based Tourism already underway in the region, provide additional context and assistance in mapping out an initial roadmap for starting to open up the Nature-based Tourism opportunity in the CTI-CFF.

Included in this initial mapping process is a first draft of an architecture and framework for a potential Coral Triangle Nature-based Tourism Brand, and an initial idea of the institutional systems that could be needed to support it. These three draft outlines are included in this report for reference.

As stated in the foreword, this baseline analysis forms part of the first stage of the '**Developing and Promoting Sustainable Nature-based Tourism in the Coral Triangle**' project. It is also the first stage in fully outlining the business case for strategic investment in the Coral Triangle Nature-based Tourism segment, and developing a regional brand to support and drive it.

This report will be used extensively to inform both the communications strategy development for the project (taking part in January 2016) and also the site identification and selection process throughout much of 2016.

It will also be an important input to the extensive stakeholder consultations that will be undertaken from this point forward, and to act as a basis for a broad range of ongoing discussions about the opportunities for Nature-based Tourism in the Coral Triangle.

In that respect, this report is very much a tangible starting point for what could be a project with a significant and far-reaching development impact both within the Coral Triangle, and also across the wider region.

The Coral Triangle is a unique and inspiring region – and the countries that make it up are as diverse in their make up as the Coral Triangle is in its biodiversity. Leveraged together through a Coral Triangle Nature-based Tourism brand, the CTI-CFF has the opportunity to use that uniqueness to deliver tangible long-term benefits to communities throughout the region that really need them. To catalyse the slow but vital transition of the regions' tourism industry onto a more sustainable long-term growth path that can more fully support the socio-economic growth needs of all the Coral Triangle Countries. To ensure tourism plays a fuller role in the protection of this unique and life-supporting region.

And if even part of that can be achieved, it will make a strong business case, into a potentially great one.

## SECTIONS 3 – 5

3 | Background

4 | Defining Nature-based Tourism

5 | The Opportunity

### 3 | BACKGROUND

'Around the world today, marine tourism is facing a period of unprecedented growth, opportunities and challenges. The fast paced expansion of coastal and marine tourism has led to a range of serious environmental threats, while on the other hand there are consistent and pressing appeals for the industry to ensure sustainable economic gains for local communities.'

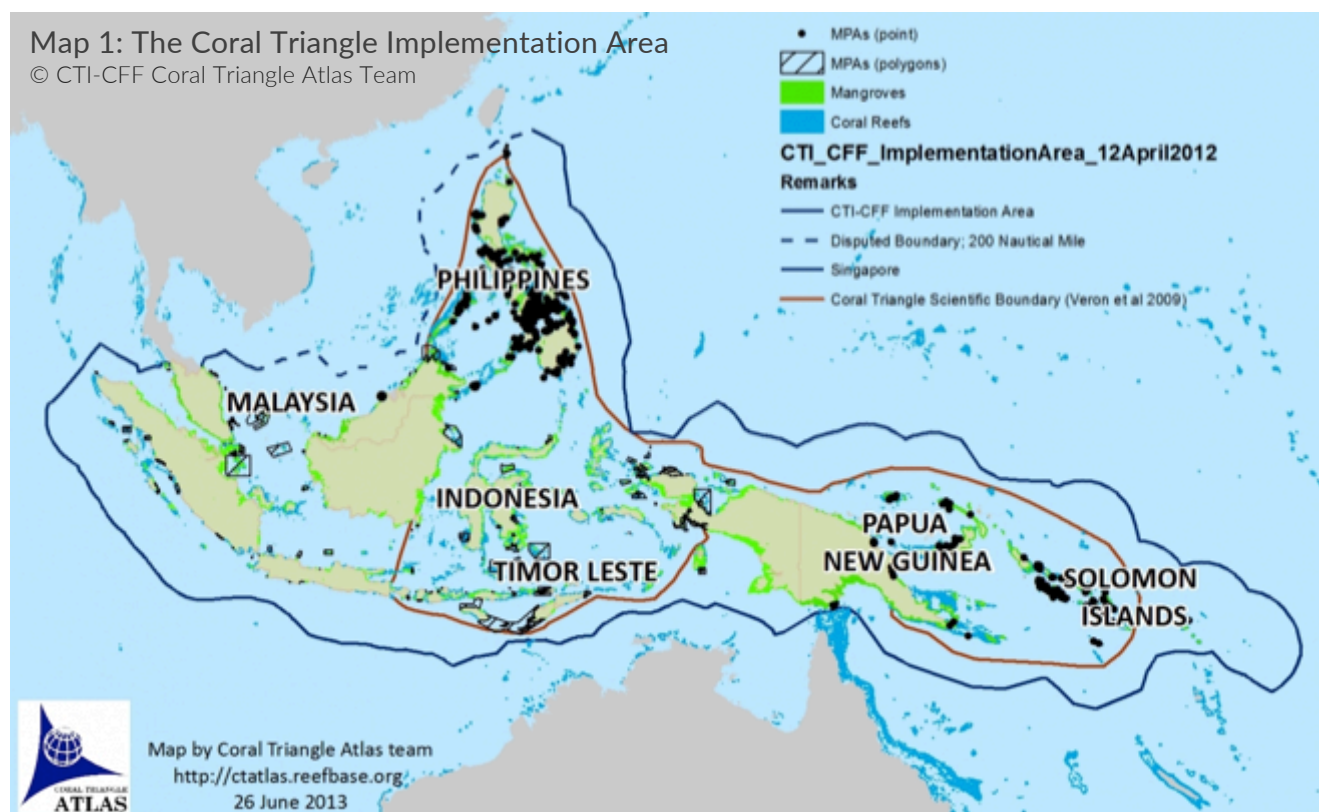
'While the fisheries benefits were significant from Marine Protected Areas, the greatest boost to household incomes came from new livelihoods, especially in tourism. The protected ecosystem, preserved coral reefs and clean and healthy oceans will attract more tourists to come and enjoy the underwater experience. Therefore preserving nature will eventually bring significant economic benefit for coastal communities, giving them hope for a better life.'

*Widi A. Pratikto, Ph.D., Executive Director of Regional Secretariat CTI-CFF  
4th CTI-CFF Regional Business Forum, 27 August 2015*

There is broad scientific consensus that the Coral Triangle represents a global epicentre of marine biodiversity. Spanning just 1.6% of the planet's oceans, within the Coral Triangle region are 76% of all known coral species, 37% of all known coral reef fish species, 53% of the world's coral reefs, the greatest extent of mangrove forests in the world, and spawning and juvenile growth areas for tuna and other globally-significant commercial fish species.<sup>2</sup> There are also 120 million people living within 10km of the coastline, many of whom depend on the Coral Triangle for their livelihoods.

The countries of the Coral Triangle region have long recognised that their marine and coastal resources are a cornerstone of their economies and societies, and that these resources are under increasing threat. Increasing pressures include rapid development of coastal areas for tourism, over-fishing, unsustainable fishing practices, land-based sources of marine pollution, coastal habitat conversion and climate change.<sup>3</sup>

Recognising the need to safeguard the region's marine and coastal biological resources, the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF) was formed in 2007.



### 3.1 A focus on on-the-ground development in the Coral Triangle

The CTI-CFF is a multilateral partnership between the Governments of Indonesia, Malaysia, Papua New Guinea, the Philippines, Solomon Islands and Timor-Leste (CT6).

A key challenge for the CTI-CFF is to ensure agreements that evolve at high levels deliver benefits to local economies and communities. To help achieve this, the CTI-CFF looks to encourage industries that depend on the Coral Triangle's resources to start co-investing in the ocean's natural capital, thereby securing their business and supporting food and jobs for coastal societies. Tourism is obviously one such industry that is already established to varying degrees in each of the 6 CTI-CFF countries.

The current level of government and private sector ambition for economic development in the region is high. However, there are many challenges to ensuring a sustainable rate and path of economic development. The abundance of natural resources combined with challenges in the availability of skilled professionals and a lack of suitable finance may result in growth based on unsustainable exploitative practices. Such growth may deliver short-term benefits for some, but is not viable in the long-term.

Within this context, there is much interest in the Coral Triangle countries around tourism development. A wide variety of in-country initiatives under various tourism banners already exist and there has been narrative of '*responsible tourism*' within the NGO community. However, the CTI-CFF has not been strongly focused on tourism development and would therefore benefit from a galvanising regional initiative that showcases the Coral Triangle's extraordinary natural and cultural values, whilst also providing a path to its sustainable development.<sup>4</sup>

The ***Coral Triangle Nature-based Tourism Initiative***, of which this report forms Stage 1, looks to lay the groundwork for this 'galvanising regional initiative'.

### 3.2 Supporting the CTI-CFF Regional Plan of Action (RPoA)

The ***Coral Triangle Nature-based Tourism Initiative*** is strongly aligned with existing CTI-CFF objectives and targets. For example, the Regional Plan of Action (RPoA) recognizes that the unparalleled marine and coastal living resources of the CT provide profound benefits to the 363 million people who reside within the six countries, along with benefits to many millions more outside the region. This includes provision of food security, livelihoods, and income to the 120 million people, particularly those living in coastal communities that depend directly on local marine and coastal resources.<sup>5</sup>

The RPoA also highlights that healthy marine resources contribute to a growing Nature-based Tourism industry in the region, generating tens of millions of US dollars annually and thousands of jobs. Specifically, tourism is identified as an important sector that contributes to the MPA and threatened species goals. Public-private partnerships that engage relevant industries can support the Coral Triangle MPA System by helping to mobilize new private sector financial and in-kind support for MPAs and promote industry best practices such as minimizing '*footprints*' of tourism facilities on nearby MPAs and supporting community-based tourism and community benefits from marine-based tourism around MPAs (***Goal 3, Target 1, Regional Actions 4 & 6***).<sup>6</sup>

Sustainable tourism is also identified as a sector that can help to improve the status of threatened species such as marine mammals (***Goal 5, Target 1; and Regional Action 5***).<sup>7</sup> A number of the Coral Triangle countries include national activities in relation to tourism (i.e., Timor-Leste's aim to strengthen tourism sector's contributions to MPAs and sustainable management of marine and coastal resources).<sup>8</sup>

Some of the long-term goals identified in the RPoA and central to the NBT initiative include:

- 1) Governments invest in enabling conditions for sustainable tourism;
- 2) Communities take stewardship over managing marine habitats and resources; and
- 3) Private sector invests in best tourism practices in the Coral Triangle.



### 3.3 Key Threats in the Coral Triangle Region

Full detail on the key threats in the Coral Triangle can be found in the Asian Development Banks' *'Regional state of the Coral Triangle'* report, which identifies overfishing and destructive fishing as the current most significant threats to coral reefs in the CT6 countries. The other major stressors are: excessive nutrient inputs and pollution, land and coastal development, and exploitation of threatened species.<sup>9</sup>

Climate change and its increasing impact on the region also provides an underlying threat that adds to the sense of urgency driving the need to find ways to build resilience in the region.

Overall, over 80% of the coral reefs across the Coral Triangle are at risk (under medium and high potential threat), and over half are at high-risk; primarily from coastal development and fishing-related pressures.<sup>10</sup>

Threats specifically related to tourism include rapid and poorly planned coastal development putting pressure on available resources and polluting coastal ecosystems, and untreated water and lack of management of household waste, and waste from tourism operations in the current mass tourism centres.

Specific to dive tourism and water sports, anchor damage and trampling or touching of coral reefs and marine wildlife can cause irreversible damage to sensitive habitats.<sup>11</sup>

A final key tourism-related threat is the fact that communities often see or receive few incentives from the tourism sector to support conservation and sustainable use of the areas. Indeed, in many cases, illegal destructive fishing and overfishing occurs near tourism spots, further reducing the future value of coastal ecosystems as a beautiful, and productive, tourism asset.

### 3.4 Looking ahead to 2030

The issues facing the Coral Triangle are complex and the solutions to them are not always clear-cut or simple to implement. In looking to use a more sustainable tourism model to help support the economic growth and wellbeing of the region, a long-term view will be necessary.

A 15–20 year timeframe to 2030/35 is a good starting point for a project of this nature. This will allow for the necessary structural changes to take place in each country and for infrastructure developments and longer-term investments to take hold. 2035 also aligns with the long-range forecasts that have been made regarding Nature-based Tourism in this report.

It will also be helpful to think of this as a 15–20 year initiative to help manage some of the unrealistic expectations of immediate wholesale economic benefits accruing from Nature-based Tourism that may currently exist in some parts of the Coral Triangle.

### 3.5 The need to be clear on the current state

Even with a 15–20 year timeframe as a starting point, the ***Coral Triangle Nature-based Tourism Initiative*** is an ambitious project. To be successful it will need a long-term commitment from all 6 of the CTI-CFF member countries and a significant level of investment from both the public and private sectors.

Because of the level of commitment and investment needed, it is essential to understand as much as possible about the current state of Nature-based Tourism in the Coral Triangle, hence this report.

Understanding the current landscape and looking to global examples of best practice will help ensure the decisions taken and investments made now will have the greatest chance of success in achieving the ambitious tourism-related development goals of the CTI-CFF.

## 4 | DEFINING SUSTAINABLE NATURE-BASED MARINE TOURISM

The classification and segmentation of the various categories of sustainable tourism are not precisely defined (or constant) within the tourism industry and there is ongoing debate about the various sub-categories and exactly how they should be defined.

Given this reports' focus is on Sustainable Nature-based Marine Tourism, there is obviously a need for a consistent definition to ensure clarity. For the purposes of this document, the following definition of Nature-based Tourism has been used:

***'Nature-based Tourism is any type of tourism that relies on experiences directly related to natural attractions and includes Ecotourism, adventure tourism, extractive tourism, wildlife tourism and nature retreats'.***<sup>12</sup>

To clearly define Sustainable Tourism, we have relied upon the UN World Tourism Organisation (UNWTO), which defines it as:

***'Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities'.***<sup>13</sup>

And finally, we are further focused on tourism in Marine and Coastal areas, defined by the International Coastal and Marine Tourism Society (ICMTS) as follows:

***'Coastal and marine tourism includes those recreational activities which involve travel away from one's place of residence which have as their host or focus the marine environment and/or the coastal zone.'***

***The marine environment is defined as those waters that are saline and tide-affected. The coastal zone is defined as those areas of land which border the marine environment. The coastal zone extends inland to the first major change in topography beyond which coastal processes have little influence.***

<b><i>Examples of coastal ecosystems:</i></b>	<b><i>Estuaries, coastal dunes, rocky coasts, sandy beaches, coastal cliffs, intertidal (littoral) areas.</i></b>
<b><i>Examples of marine ecosystems:</i></b>	<b><i>Coral reefs, benthic zones, kelp forests, rocky reefs, continental shelves, sea-mounts, hydro-thermal vents, open oceans, polar oceans.</i></b>
<b><i>Oceanic zones:</i></b>	<b><i>Epipelagic, mesopelagic, bathypelagic, abyssopelagic, hadalpelagic.</i></b>
<b><i>Coastal zones:</i></b>	<b><i>Inshore, littoral, foreshore, backshore.'</i></b> <sup>14</sup>

Further detail on tourism definitions can be found in Appendix A.

## 5 | THE OPPORTUNITY

There is a clear opportunity for Nature-based Marine Tourism to play a strong role in supporting sustainable economic development in the Coral Triangle region. The key is how this opportunity is translated into reality.

The Coral Triangle is a unique region environmentally, culturally, socially and economically. It is well placed to benefit from the forecast strong growth in global tourism, particularly Nature-based Tourism, given its exceptional natural resource base.

But grasping this opportunity requires careful management. There is a significant risk that the over-development and environmental degradation that the CTI-CFF was created to help address could actually be accelerated by uncontrolled expansion of mass tourism and/or poorly managed Nature-based Tourism. In fact, there are already multiple examples in the region where significant negative tourism impacts are being felt in a variety of ways.

Conversely, carefully planned targeting of the rapidly expanding Nature-based Tourism segment will have multiple benefits for all 6 countries in the Coral Triangle Region – particularly for Papua New Guinea (PNG), the Solomon Islands and Timor-Leste.

One other significant area of potential opportunity that should not be underestimated rests in the project being able to provide the CTI-CFF countries with the chance to work together on a pro-active, economic growth-based initiative that could help improve the value of their respective tourist industries whilst also improving social & environmental outcomes. This could have the benefit of generating considerable additional momentum to some of the other initiatives already underway within the CTI-CFF.

To start exploring the opportunity and how best to manage it, this report first takes a look at the global tourism market and the trends relevant to the Coral Triangle region, before analysing each of the 6 CTI-CFF countries in more detail. This 'baseline' is then supplemented by selected tourism and brand development examples from around the region and world that could provide some initial guidance on how to best leverage the significant opportunity Nature-based Tourism seems to offer.



## SECTION 6

### GLOBAL TRENDS IN TOURISM AND NATURE-BASED TOURISM

## 6 | GLOBAL TRENDS IN TOURISM AND NATURE-BASED TOURISM

### 6.1 Tourism as a driver of socio-economic progress

As one of the fastest growing economic sectors in the world and with its close links to development, the last 50 years have seen tourism recognised as a key potential driver of socio-economic progress.

According to the United Nations World Tourism Organisation (UNWTO), 2014 saw tourism make up 9% of global GDP, over 9% of global employment (equivalent to over 200 million people worldwide) and more than US \$1.5 trillion of global exports.



### WHY TOURISM MATTERS

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In 80% of all countries tourism is one of the five top export earners, and in 60 countries it is the number one source of foreign income. The tourism industry is a particularly important revenue generator for developing nations and is the leading source of foreign exchange for 83% of developing countries.<sup>15</sup>

It also has a strong potential positive socio-economic impact on developing/ emerging countries – particularly when the focus is on more sustainable forms of tourism. In 2010, for example, it was called out as a critical sector to help achieve existing, and future, Millennium Development Goals:

*'Tourism, one of the world's top job creators and a lead export sector, especially for developing countries, can play a significant role in the achievement of MDG 1: eradication of poverty, MDG 3: gender equality, MDG 7: environmental sustainability and MDG 8: global partnerships for development.'*

UNWTO. Tourism and the Millennium Development Goals. 2010

### 6.2 The Global Tourism Market: strong growth forecast to 2030

Despite occasional downturns, tourism over the last 65 years has seen virtually uninterrupted growth.

International tourist arrivals have increased from 25 million globally in 1950, to 278 million in 1980, 527 million in 1995, and 1,133 million in 2014. After growth of 4.3% in 2014, 2015 is forecast to see slightly slower tourist arrivals growth, estimated at 3.7%.<sup>16</sup>

Similarly, international tourism receipts earned by destinations worldwide have increased from US \$2 billion in 1950 to US \$104 billion in 1980, US \$415 billion in 1995 and US \$1,245 billion in 2014.<sup>9</sup>

According to the UNWTO's long term forecast *Tourism Towards 2030*, international arrivals are expected to reach nearly 1.6 billion by the year 2020 and are expected to increase by 3.3% a year globally between 2010 and 2030 to reach 1.8 billion by that year.



## 6.2 The Global Tourism Market: strong growth forecast to 2030

Between 2010 and 2030, arrivals in emerging destinations are forecast to increase at +4.4% a year, twice the rate of those in advanced economies at +2.2% a year (*Graph 1*). The overall market share of emerging economies increased from 30% in 1980 to 45% in 2014, and is expected to reach 57% by 2030.<sup>17</sup>

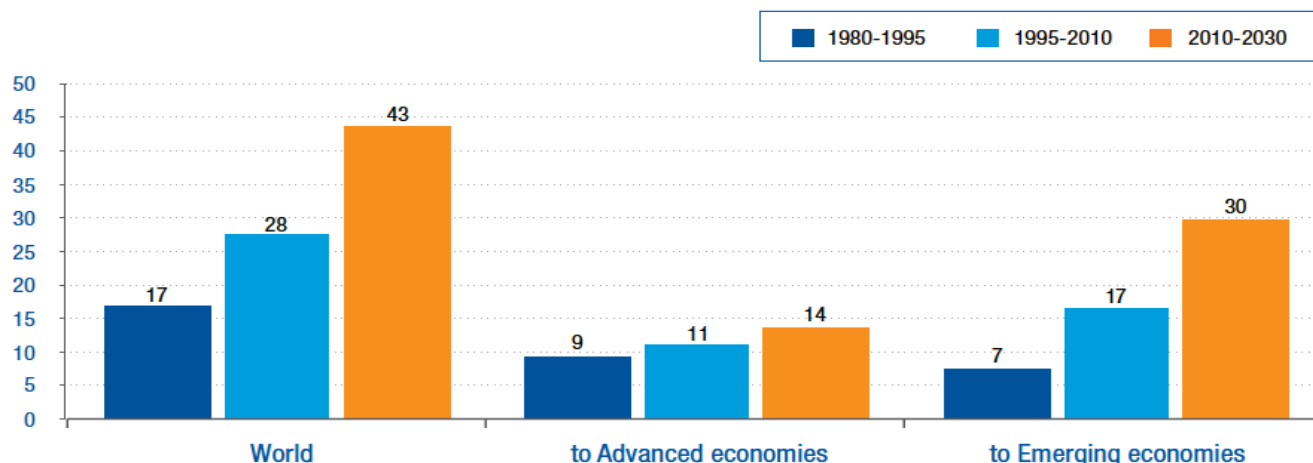
**Graph 1: Average Growth Rates in Emerging and Advanced Economies to 2030**

Source: UNWTO, Tourism Towards 2030

### Inbound tourism, advanced and emerging economies

#### International Tourist Arrivals, absolute change over previous year, million

© UNWTO | Tourism Towards 2030: Global Overview. 2011, p. 13



In actual tourist numbers, this means emerging economies will overtake advanced economies somewhere between 2015–18, and by 2030 will receive the equivalent of over 1 billion international tourist arrivals. Over the same time period, advanced economies will see their total tourist arrivals exceed 750 million as their rate of growth remains relatively steady (*Graph 2*).

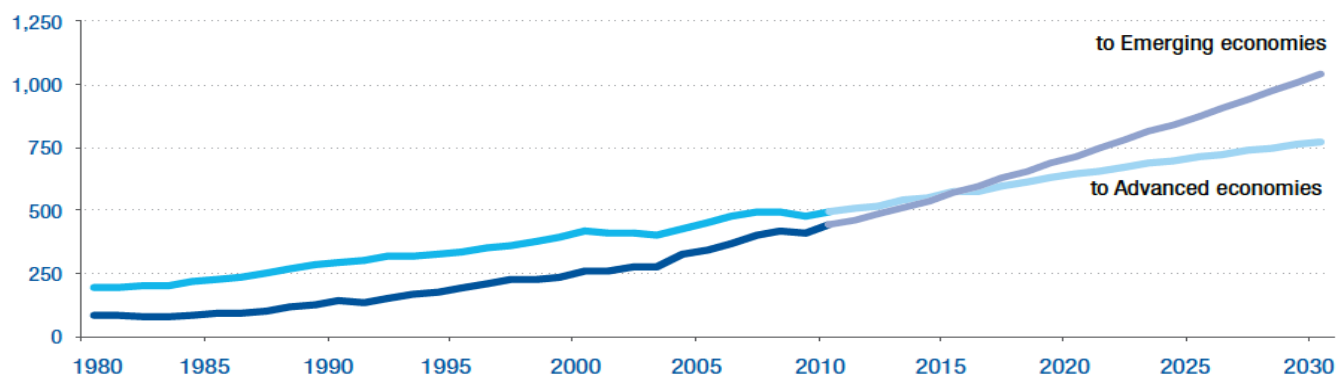
**Graph 2: Growth in Inbound Tourism in Emerging and Advanced Economies**

Source: UNWTO, Tourism Towards 2030

### Inbound tourism, advanced and emerging economies

#### International Tourist Arrivals, million

© UNWTO | Tourism Towards 2030: Global Overview. 2011, p. 12



Looking at Asia and the Pacific specifically, tourism growth is forecast to be the fastest of any region to 2030 – and this is before taking into account domestic tourism, which is also growing. 2030 will see the Asia and the Pacific region, at 535 million arrivals, in clear second place after Europe at 744 million (*Graph 3, overleaf*).

## 6.2 The Global Tourism Market: strong growth forecast to 2030

The Americas (248 million), Middle East (149 million) and Africa (134 million) make up the other forecasts for total international arrivals in 2030.

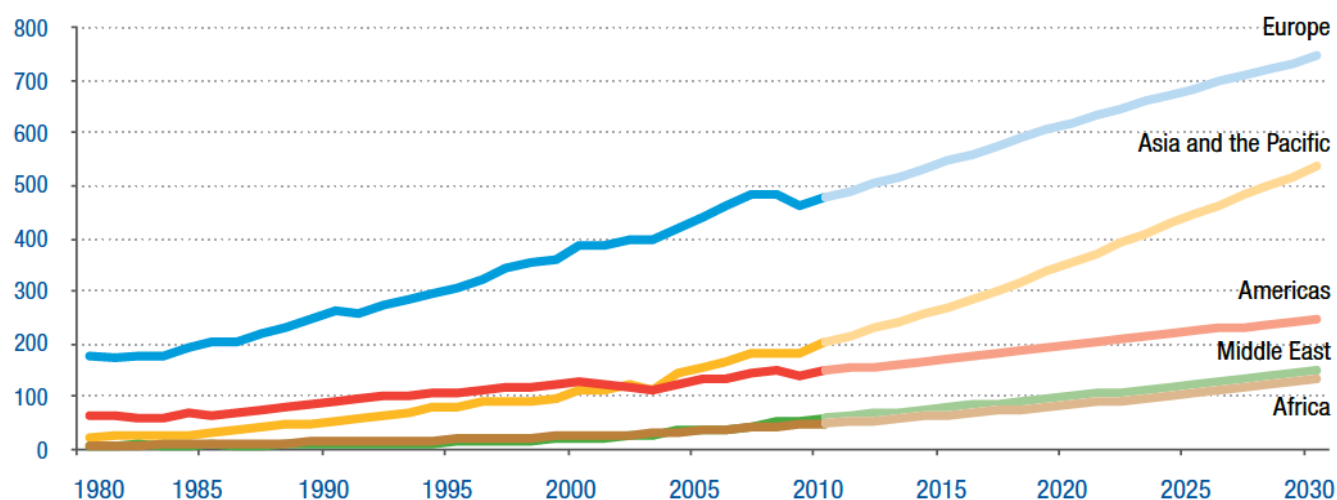
Graph 3: Tourist Arrivals to Main Regions of the World, forecast to 2030

Source: UNWTO, Tourism Towards 2030

### Inbound tourism by region of destination

#### International Tourist Arrivals, million

© UNWTO | Tourism Towards 2030: Global Overview. 2011, p. 15



And finally, looking at sub-regions, Southeast Asia will also perform strongly, moving from the 6<sup>th</sup> to 4<sup>th</sup> largest sub-region by 2030, at 222 million arrivals (Graph 4, top 4 sub-regions in 2030 only shown).

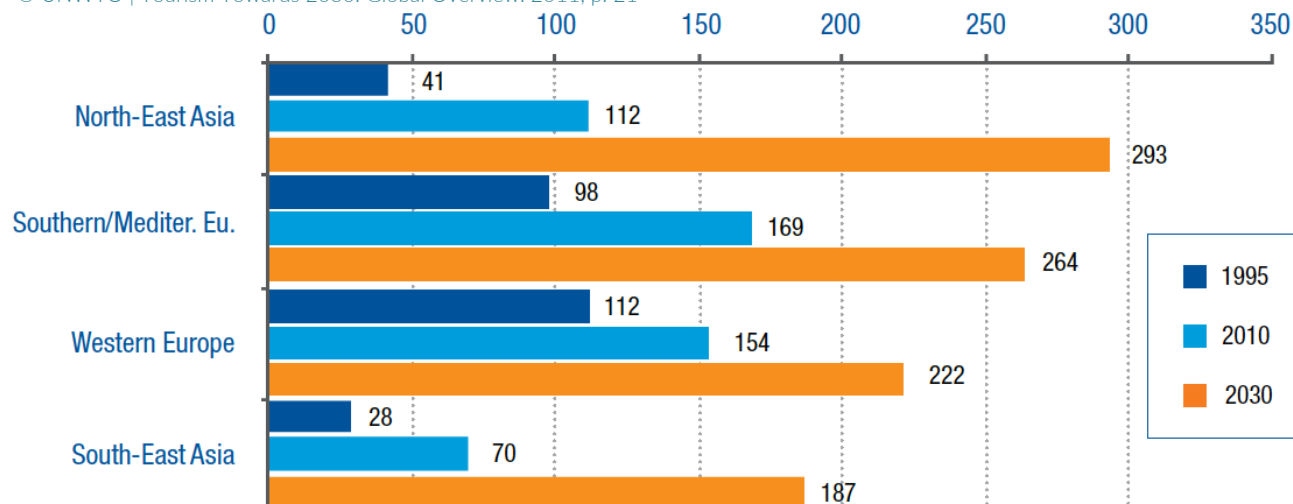
Graph 4: Tourist Arrivals by Selected Sub-regions of the World, forecast to 2030

Source: UNWTO, Tourism Towards 2030

### International tourism by (sub)region of destination

#### International tourist arrivals, million

© UNWTO | Tourism Towards 2030: Global Overview. 2011, p. 21



## 6.2 The Global Tourism Market: strong growth forecast to 2030

### The Growth Drivers and Socio-economic Forces influencing Tourism

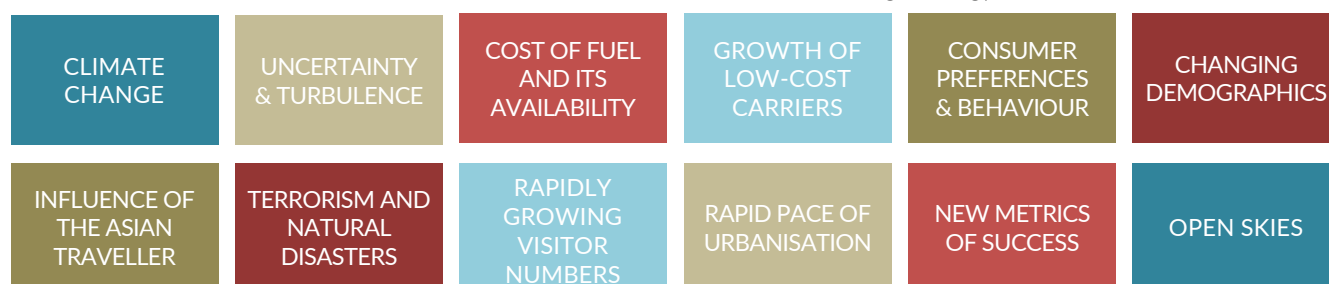
There are 2 primary drivers behind the existing and forecast growth in global Tourism:

- 1) **Continued expansion of the middle classes worldwide**, leading to increased disposable income for tourism. According to the OECD, the global middle class is predicted to increase from 1.8 billion in 2009 to 3.2 billion by 2020 and 4.9 billion by 2030. The bulk of this growth is forecast to come from Asia with the region representing 66% of the global middle-class population and 59% of middle-class consumption by 2030, compared to 28% and 23%, respectively, in 2009.<sup>18</sup>
- 2) **Forecast Global GDP Growth Rates**, driving overall economic growth and supporting the growth of the middle classes. World Bank forecasts indicate that over the next 3 years, overall GDP growth is expected to rise moderately, to 3.0 percent in 2015, and average about 3.3 percent through 2017. In developing countries, growth is projected to gradually accelerate, rising from 4.4 percent in 2014 to 4.8 percent in 2015 and 5.4 percent by 2017. High-income countries are likely to see GDP growth of 2.2 percent in 2015–17, up from 1.8 percent in 2014.<sup>19</sup>

There is also a set of social and economic forces influencing tourism over the medium to long-term, most of which are broadly accepted to be consistent throughout the world.

### Graphic 1: Global Socio-Economic Forces Influencing Tourism

Source: The Association of Southeast Asian Nations. *ASEAN Tourism Marketing Strategy (ATMS) 2012-2015*.



Whilst it is not possible to analyse each of these 12 trends in this report, there are 5 that have particular relevance to the **Coral Triangle Nature-based Tourism Initiative**:

- 1) **Climate Change**: this will influence the viability of certain destinations and change travel behaviour, but will also have a positive benefit for destinations that are clearly based on sustainability.
- 2) **Consumer Preferences and Behaviour**: the pace of change is becoming more rapid in mass tourism, but of particular relevance here is the rapid growth in the number of consumers seeking Nature and Adventure-based experiences. This consumer preference is also markedly more stable.
- 3) **Influence of the Asian Traveller**: particularly given the strength of the domestic tourism market in 3 of the 6 CTI-CFF countries, the trend for Asian consumers to become more mobile and seek more adventurous experiences is likely to further accelerate Nature/ Adventure-based tourism growth.
- 4) **Rapidly Growing Visitor Numbers**: this is no longer viewed as a wholly positive development given the significant negative impacts this can bring to economic, cultural and social environments. Sustainable development is more and more viewed as essential for the long-term health of tourism.
- 5) **New Metrics of Success**: poverty reduction, heritage protection and environmental stewardship are more and more being viewed as essential parts of overall tourism development.

More detail on each of these forces, and their likely influence on tourism, is available on pages 14–17 of the 'ASEAN Tourism Marketing Strategy (ATMS) 2012-2015' document available for download here: [www.aseantourism.travel/download/doc/doc/2486](http://www.aseantourism.travel/download/doc/doc/2486).

### 6.3 Tourism in the Asia Pacific and Southeast Asia

#### Tourism in the Asia Pacific

The Asia Pacific region now accounts for 30% of the US \$1,246 billion global tourism market by value, making it the second largest region after Europe (41%).

In 2014, Asia and the Pacific grew strongly, welcoming 263 million international tourists, 14 million up from 2013 (+5%). The region earned US \$377 billion in tourism receipts, up by US \$16 billion over 2014, (+4% in real terms). See the Infographic below and Table 1 on page 17 for more detail.

Graphic 2: UNWTO International Tourism Global Summary 2014



The Asia Pacific also has the second highest spend per arrival at US \$1,430 vs. the Americas (US \$1,510), Middle East (US \$970), Europe (US \$870) and Africa (US \$650). The global average spend in 2014 was US \$1,100 per arrival.<sup>20</sup>

Looking ahead to 2030, extremely strong growth is the overarching theme, with Asia and the Pacific forecast to gain the most new arrivals of any region. New international tourist arrivals are projected to increase from 204 million in 2010 to 535 million in 2030 (+331 million/ +162%).<sup>21</sup>

## 6.3 Tourism in the Asia Pacific and Southeast Asia

### Tourism in the Asia Pacific (continued)

Overall expenditure will also continue rising, with the Asia Pacific region predicted to see the fastest growth in inbound expenditure over the next five years.<sup>22</sup>

In terms of the reasons behind travel, leisure, recreation and holidays will remain the pre-dominant category with 54% of all international arrivals to the Asia Pacific in 2030. Travel for visiting family and relatives (VFR), health, religion and other purposes will represent 31%, business and professional travel the remaining 15%.<sup>23</sup> The overall share between these 3 categories is not forecast to shift dramatically.

### Tourism in Southeast Asia and the Pacific

After several years of fast growth (+11.6% from 2010–12), Southeast Asia, where Indonesia, Malaysia, the Philippines and Timor-Leste are categorised by the UNWTO, showed minimal growth of +0.4% in 2014. This flattening of growth was mainly driven by the political unrest in Thailand (-7%), which balanced out the strong continued growth in Malaysia, Indonesia and Cambodia (all +7%) and Myanmar (+51%).<sup>24</sup>

Southeast Asia welcomed 96.7 million international tourists in 2014<sup>25</sup>, earning US \$106.8 billion in tourist receipts, an 8.6% share of the global market (Table 1).

**Table 1: International Tourist Receipts/ Value (2010–2014)**

(Source: Data as collected by UNWTO May 2015 | © UNWTO, Tourism Highlights 2015)

	International Tourism Receipts				Market share (%)	Receipts (US\$)		
	Local currencies, constant prices (% change)					(billion)		per arrival
	11/10	12/11	13/12	14*/13	2014*	2013	2014*	2014*
World	4.6	3.9	5.1	3.7	100	1,197	1,245	1,100
Advanced economies¹	5.8	3.7	5.7	3.2	65.5	784	815	1,320
Emerging economies¹	2.5	4.4	4.0	4.6	34.5	413	430	840
By UNWTO regions:								
Europe	5.0	1.9	4.2	3.6	40.9	491.7	508.9	870
Northern Europe	2.6	3.3	7.6	5.3	6.5	74.8	80.8	1,130
Western Europe	4.0	2.9	2.2	1.5	13.7	167.1	171.1	980
Central/Eastern Europe	6.5	4.4	3.5	-0.8	4.6	60.3	57.7	480
Southern/Medit. Europe	6.2	-0.4	4.8	6.2	16.0	189.5	199.2	930
- of which EU-28	4.2	1.5	3.9	3.7	33.9	405.3	422.6	930
Asia and the Pacific	8.6	6.7	8.6	4.1	30.3	360.7	376.8	1,430
North-East Asia	9.2	8.0	9.3	5.1	15.9	184.9	198.1	1,450
South-East Asia	13.3	10.7	10.8	0.4	8.6	108.2	106.8	1,100
Oceania	-3.6	-1.9	2.4	7.2	3.6	42.9	44.8	3,390
South Asia	11.9	-0.6	6.4	7.8	2.2	24.7	27.2	1,590
Americas	4.6	4.7	4.7	3.1	22.0	264.2	274.0	1,510
North America	5.1	5.0	5.1	2.2	16.9	204.5	210.9	1,750
Caribbean	-0.8	1.6	4.0	6.1	2.2	25.4	27.1	1,210
Central America	7.4	8.3	3.4	7.5	0.8	9.4	10.2	1,060
South America	5.3	4.0	3.2	5.7	2.1	24.9	25.8	900
Africa	2.3	6.0	2.6	2.9	2.9	35.5	36.4	650
North Africa	-5.5	8.2	-1.0	3.4	0.8	10.2	10.6	530
Subsaharan Africa	5.8	5.1	4.0	2.8	2.1	25.3	25.9	720
Middle East	-15.6	0.9	-6.9	5.7	4.0	45.2	49.3	970



## 6.3 Tourism in the Asia Pacific and Southeast Asia

### Tourism in Southeast Asia and the Pacific (continued)

Oceania on the other hand, where the Solomon Islands and PNG are categorised by the UNWTO, showed much stronger growth of +7.2% in 2014 with US \$44.8 billion in international tourism receipts (3.6% market share) and 13.2 million international arrivals.<sup>26</sup>

As with the broader Asia Pacific region, future growth in Southeast Asia and the Pacific is forecast to be strong. The World Travel and Tourism Council (WTTC), for example, estimates that travel and tourism's total contribution to the region's GDP will grow by 5.6% per annum to 2025 (2<sup>nd</sup> fastest globally after South Asia), with the sector's total contribution to employment increasing by 2.7% per annum over the same period.<sup>27</sup>

The other key trend particularly relevant to the region rests in the strong growth in both the middle classes in countries that have the potential to provide tourists to Southeast Asia (China and India for example), and also the projected increase in intra-regional air travel that Southeast Asia could benefit from greatly if their tourism development is managed well.<sup>28</sup>

### Domestic Tourism: Global and Regional Trends to 2025

Whilst the majority of the global tourism industry seems more heavily focused on international tourism statistics, the domestic tourism market is also an important area to consider when looking at the Coral Triangle.

Overall the total size of domestic tourism was estimated at over 5.5 billion trips globally in 2014 (against 1.1 billion international trips).<sup>29</sup> This equates to US \$3,642 billion in overall value (*Table 2*), almost 3 times larger than the US \$1,245 billion in value of the International market as noted at the start of this section (p. 16).

As outlined in *Table 2*, the global domestic tourism market is forecast to grow by 3.8% per annum to 2025 when it will reach an overall value of US \$5,465 billion; over this time its share of GDP will decline slightly from 4.7% to 4.1%.

Both the Asia Pacific region and Southeast Asia sub-region are forecast to grow ahead of the global trend, at 5.0% and 4.9% respectively. This will see the Asia Pacific's domestic tourism market grow from US \$1,163 billion to US \$5,465 billion, whilst overall share of GDP declines from 5.0% to 4.0%.

**Table 2: Domestic Tourism: Size and Growth (2014–2025)**

Source: World Travel and Tourism Council (WTTC). *Travel and Tourism Economic Impact 2015, Southeast Asia*.

REGION/ SCALE	Current Domestic Tourism			Forecast Domestic Tourism		
	2014		2015	2025		
	US \$ Billion (Value)	% of Total GDP	Forecast Growth (%)	US \$ Billion (Value)	% of Total GDP	Growth * (%)
<b>Worldwide</b>	3,642.1	4.7	+3.7	5,465.0	4.1	+3.8
<b>Asia Pacific</b>	1,162.7	5.0	+5.8	2,001.0	4.0	+5.0
<b>Southeast Asia</b>	106.7	4.4	+5.8	182.0	3.1	+4.9

\*2015-25 annualised real growth adjusted for inflation.

### 6.3 Tourism in the Asia Pacific and Southeast Asia

#### Domestic Tourism: Global and Regional Trends to 2025 (continued)

In the Southeast Asian domestic tourism market, overall value is forecast to grow from US \$1,163 billion to US \$5,465 billion, whilst overall share of GDP declines from 4.4% to 3.1%.

The predicted % of GDP declines to 2025 are worth commenting on; one of the main reasons for the decline across the board relates to the statistical forecast that the overall cost of tourism will decline relative to overall economic growth. It should be noted that there are a wide range of assumptions that could change this, ranging from climate change impacts to the degradation of tourism sites from over-use, so this forecast decline should be viewed with some degree of caution.

Two final comments on what's driving the fast rate of tourism growth forecast for Southeast Asia. Alongside the upwards growth trend in international travel, the Asian sector in general has been growing rapidly due both to the rise in the domestic/ regional market noted above (made possible by strong economic growth with a corresponding increase in disposable income and leisure time), but also due to the general easing of travel restrictions and overall liberalisation of air transport (the 'Open Skies' policy being one example). The final key driver has been the ongoing development of low cost carriers throughout the Asia Pacific region driving costs down to Indonesia, Malaysia and the Philippines in particular.<sup>30</sup>

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## 6.4 Which Type of Tourism Growth?

If international, domestic and intraregional tourism forecasts for the region and sub-regions in which the Coral Triangle countries sit all appear to be strong in terms of both volume and value out to 2030, surely that inevitably leads to the improved economic, social and environmental outcomes for local communities identified by the UN as one of the greatest potential benefits of tourism?

Unfortunately, on-the-ground experience, not only in the Southeast Asia and Pacific regions, but also from other parts of the world experiencing rapid mass/ mainstream tourism development, shows us that this is not automatically the case – in fact the opposite is too often true.

### Some Challenges with Mass and Mainstream Tourism Development

Some examples of the considerable challenges faced through rapidly expanding mass tourism include:

- 1) **Overwhelming pressure on the existing carrying capacity of local resources**  
Rapid growth of international, regional and domestic demand for tourism experiences can put extreme pressure on an area and rapidly exceed the carrying capacity of local resources, utilities and existing infrastructure.
- 2) **Rapid unplanned and exploitative development of coastal areas**  
The pressure described above often leads to poorly planned and under-regulated development of tourism infrastructure. This can broadly be categorised as a ‘develop fast–clean up later’ approach, which has obvious, far-reaching impacts on local economies and communities.
- 3) **Extreme pressure on already under-resourced Government structures**  
Existing government and governance structures are often already under-resourced and the pressure of rapid tourism development, alongside other essential economic and societal priorities, can quickly overwhelm them. This not only has immediate impacts in terms of unplanned or poorly planned developments, but also creates considerable limitations to long-term planning whilst disrupting the often considerable efforts underway to build more sustainable tourism structures.
- 4) **Pressure on the existing resources of human capital within the tourism industry**  
One of the key elements of successful tourism development rests with the people working within the sector. As with point 3 above, this human capital can quickly be overwhelmed, leading to both a rapid decline in the overall quality of the tourism products/ experiences and significant reductions in the capacity for future planning.
- 5) **‘Leakage’ of tourism’s potential economic benefits**  
Because mass-tourism tends to attract overseas or ‘out-of-area’ investment, local communities often never feel the full economic benefits as the profits are either syphoned offshore or, in some cases, go to local political elites rather than to local populations.
- 6) **Cultural degradation**  
Influxes of large volumes of people from outside an area inevitably affect local societies and their culture. Given the diversity of cultures and ethnic groups prevalent in the CTI-CFF countries, the potential for long-term negative impacts on the various cultural groups is high.
- 7) **Introduction or exacerbation of ‘societal ills’**  
Connected to cultural degradation, mass tourism also often has other unwanted negative consequences, from the introduction or increased consumption of alcohol and drugs to the exposure of local populations to more mainstream attitudes (which could be as simple as teenaged girls dressing in ‘more revealing’ clothing). This is particularly relevant to the Coral Triangle given the high proportions of different religious groups in CTI-CFF countries (e.g. Muslims in Malaysia and Indonesia).

## 6.4 Which Type of Tourism Growth?

### Some Challenges with Mass and Mainstream Tourism Development (continued)

#### 8) **Direct environmental degradation**

Rapid expansion of tourism infrastructure carries obvious risks to local environments. Whilst good environmental controls might exist, because of some of the inter-related challenges described above, they are often not followed. This means the tourism industry in certain areas can largely be unregulated and a significant gap opens up between formal policies and practical realities.

#### 9) **Higher overall economic and social cost to service each tourist**

Finally, mainstream/ mass-tourists not only spend less per person in the countries they visit (*see section 6.5*), they also provide a greater overall economic burden on the host country through factors like their higher overall infrastructure demands and additional policing costs given the more 'hedonistic' pursuits they tend to undertake. This increased economic cost is then further exacerbated by the increased social costs they also tend to impose as described above.

Given the Asian Coral Triangle countries have one of the highest human population densities in the world, all of these problems are then further exacerbated by the urgent demands already placed on ecosystems and social structures simply by the volume of people seeking a path out of, sometimes extreme, poverty.

Taken together, these issues present some significant and complex challenges for the future.

At the most basic level, it is without doubt true that many of the local communities in which tourism development has already occurred in the region are only receiving a fraction of the overall benefit that a more carefully managed and balanced tourism industry could provide. And this current imbalance is only going to grow if current growth and development trajectories are maintained with no change in tourism industry practices.

More sustainable models of tourism do not, however, provide the answer to all of this on their own.

What they can provide is a more thoughtful and integrated approach to managing some of the complexity inherent in economic and social development that has a much greater chance of creating sustainable, long-term economic growth for local communities. As an added benefit it can also help conserve the ecosystem on which that local community (and in the case of the Coral Triangle, a proportion of the rest of the world via the importance of its fish stocks) tends to rely.

This does not mean the complete avoidance of mass and more mainstream tourism; there is clearly a place and a need for a variety of tourism models going into the future.

What it does mean is that countries and regions need to think carefully about the mix of tourism they want to aspire to and start planning for this mix more comprehensively now.

At the theoretical level, Ivanov's SDEF Grid ('Scale of Tourism Development / Ecological Footprint') provides a useful starting point for developing a roadmap to a more sustainable overall tourism industry in a country or region (*Table 3 overleaf*).<sup>31</sup>

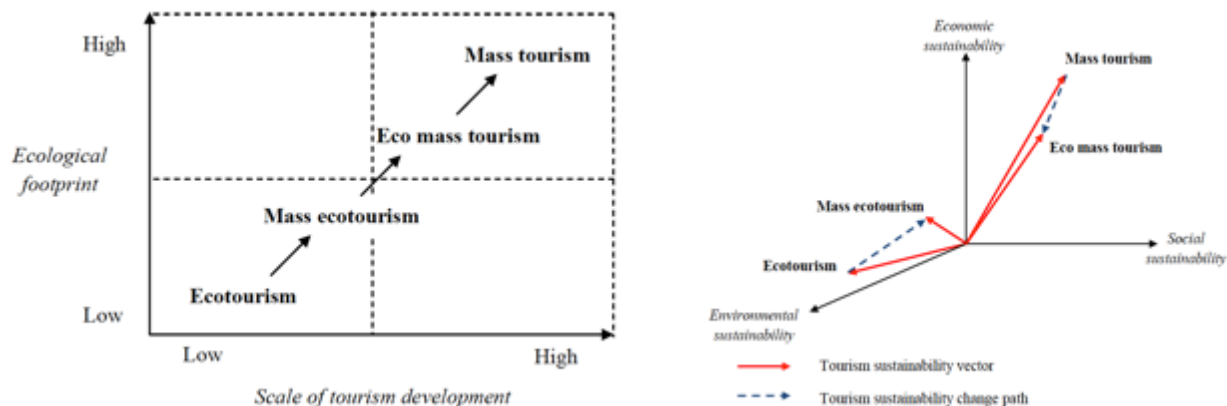
The SDEF grid outlines 2 potential additional tourism definitions, 'Mass Ecotourism' and 'Eco Mass Tourism' that sit between the usual 'Ecotourism' and 'Mass Tourism' extremes. It then explores the overall economic, social and environmental impact of each type and looks at the potential sustainability change path for each type and what that might imply. For the Coral Triangle project, Nature-based Tourism will mainly sit within the 'Ecotourism' definition, but over time could clearly stretch into 'Mass Ecotourism', whilst also providing insights to help Mass Tourism move towards 'Eco Mass Tourism'.

## 6.4 Which Type of Tourism Growth?

### Some Challenges with Mass and Mainstream Tourism Development (continued)

**Graphic 3: Scale of Tourism Development/ Ecological Footprint (SDEF) Grid & Tourism Sustainability Vectors**

Source: Ivanov, S., & Ivanova, M. (2013). *Mass Ecotourism vs. Eco mass tourism*.



*Note: This is a very brief look at this area of research – as noted in Section 12, it is an area worthy of further study.*

Exploring tourism development in this context, clearly opens up a pathway to creating a more balanced overall industry in the Coral Triangle over the mid to long-term.

This 'balanced' approach to tourism is a far from easy strategic and practical task. It requires the co-ordination and collaboration of a broad array of government departments, communities, businesses and other stakeholders. In the case of the Coral Triangle, regional complexities also need to be factored in.

It also requires a longer-term and more measured view that is often challenging for National Governments, given they often have more pressing priorities within short electoral cycles. Not least of these priorities from a tourism perspective is a fairly constant drive for 'volume', often at the expense of other critical factors.

Having said that, the very structure of the CTI-CFF and its more mid to long-term focus could provide a more stable structure to start to explore this balanced and segmented approach.

Taking this approach, whilst not easy, will have a multitude of far-reaching benefits way beyond that of just addressing some of the 9 challenges outlined earlier in this section.

For a start, it has the potential to fully unlock some of the great economic and social development potential that tourism clearly has for communities throughout the Coral Triangle.

And in the case of Nature-based Tourism, increasing the proportion of this segment of tourism by even a few percentage points in a country can have a true triple (or even quadruple) impact on the bottom line: increased economic growth, accelerated societal development, long-term environmental protection and management, and increased resilience to the impacts of climate change.

As will be seen in the rest of this report, a great opportunity exists to start this journey towards a more balanced tourism industry in the Coral Triangle. The potential scale, proportion and type of Nature-based Tourism varies in each country, but, whatever form it might take each country starts with that potential clearly ahead of it.

Section 7 explores each of the six CTI-CFF countries' potential for Nature-based Tourism growth, but, before that, a more detailed look at the overall scale of, and potential for, the global Nature and Adventure-based Tourism segment is needed.



## 6.5 Global Nature-based Tourism: fast-growing, high value & resilient

### The overall opportunity for Nature-based Tourism

Nature-based Tourism is often called out as the fastest growing tourism segment globally, has inherently higher-value per visitor than more mainstream forms of tourism, and is notably more resilient to the periodic downturns that impact tourism due to economic, societal, health or environmental reasons.

Underpinning all this is its much lower overall impact on the communities and environments of host countries and a real potential for it to help accelerate a country's development path over a sustained period of time.

With that in mind, it is surprising that there have not been more in-depth studies of the overall value and potential of Nature-based Tourism; or even just a greater volume of segmented data available from tourism bodies like the UNWTO and WTTC, and development bodies like the World Bank and Asian Development Bank.

From the data that is available, however, the overall potential for nature-based, eco and/or adventure tourism to help grow a country's tourism sector, whilst simultaneously reducing the negative economic, environmental and societal impact of the more mainstream types of tourism, is clearly significant.

Given the increasing pressures that many parts of the world are under from climate change, over-population and declining natural resources (to name just three), the potentially pivotal nature of Nature-based Tourism in addressing or preparing for some of these future risks is also apparent.

Over the past two decades, both Nature and Adventure-based Tourism have developed to be part of the fastest-growing segments within the tourism industry. As far back as 2004, for example, Nature-based Tourism was estimated to be growing three times faster than the tourism industry as a whole.<sup>32</sup>

The combined annual growth rate of Nature-based and Adventure Tourism is estimated to be between 10–30% by the UNWTO and WTTC, with its overall share of the world tourism and travel market currently estimated at between 20–25%.<sup>33</sup> By 2035 this share is conservatively forecast to grow to between 35–45%.<sup>34</sup>

**Table 3: Current and Forecast Value of Nature-based and Adventure Tourism (2015 vs. 2035)**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Forecast to 2035*		
	Total Tourism Market (US\$)	Nature/ Adventure- Based Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism	
		20% Share (US\$)	25% Share (US\$)		35% Share (US\$)	45% Share (US\$)
<b>Global</b>	\$1,246 billion	\$249 billion	\$311.5 billion	\$2,214 billion	\$775 billion	\$996 billion
<b>Asia Pacific</b>	\$377 billion	\$75.5 billion	\$94.3 billion	\$670 billion	\$234.5 billion	\$301.5 billion
<b>Coral Triangle (CTI-CFF Countries)</b>	\$98.7 billion	\$19.7 billion	\$24.7 billion	\$454.3 billion	\$159 billion	\$204.4 billion

\*2035 forecast is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.



## 6.5 Global Nature-based Tourism: fast-growing, high value & resilient

### The overall opportunity for Nature-based Tourism (continued)

Looking at the estimated current size of Nature/Adventure-Based tourism in Table 3 (above), it is clear that, as well as being a rapidly growing segment, this is already an established market – even if the exact numbers should be viewed with caution because of the current lack of segmented global data.

At somewhere between US \$19.7 billion – US \$24.6 billion in the Coral Triangle Countries, this places the size of the total Coral Triangle Nature/ Adventure-Based Tourism market as already equivalent to Malaysia's total domestic and international tourism market's combined (estimated at US \$25 billion in 2013/14; see Table 27 in section 7.2).

Looking ahead to 2035, the upper estimated range of US \$204.4 billion would make the Nature/ Adventure-based tourism sector twice the current size of all 6 CTI-CFI countries total international and domestic tourism industries. To put it mildly, there is clearly potential available to be unlocked.

Alongside this total value is the increased economic value generated for the host country by each Nature-based Tourist – because they tend to stay longer and spend more. This means some of the challenges with mass tourism growth outlined in section 6.4 can be significantly mitigated.

Again, broad-based data is not readily available, but one credible study in 2009 by Tourism Research Australia (part of the Australian Government's Department of Resources, Energy & Tourism) found that an international Nature-based Tourist spent AUS \$5,898 per trip compared to the average international tourist spend of AUS \$3,614 per trip – a 63% increase. This is mainly attributable to the greater length of stay at 42 nights vs. 21 on average. Australia also commands a high proportion of Nature-based Tourists, at 64% of the total number of international visitors.<sup>35</sup>

To put it even more mathematically bluntly, this means you can deliver the same economic return with approximately 40% less tourists at a Nature-based destination than a more traditional destination – without factoring in the additional social and environmental costs of more traditional mass tourism.

It should also be noted that this additional economic value does not factor in the extra social, environmental and cultural capital generated by the fact that Nature-based Tourists tend to travel with a much lighter social, ecological and cultural footprint.

A final area of significance with regards to Nature/Adventure-based Tourism is its overall 'resilience' to the traditional shocks that regularly cause downturns in the global tourism industry (e.g. economic downturns, regional/ country instability, significant health scares, terrorism attacks).

Because of the demographics and underlying motivations of Nature/Adventure-based Tourists, they tend to be much more willing to travel independently, put up with a greater degree of hardship to reach a destination and generally take on more risk when it comes to travelling to 'less safe' destinations.

This means that they are more likely to see their travel plans through when more traditional tourists cancel, are often the first to travel to areas affected by natural or man-made disasters when they are made accessible again, and are much less put-off by heightened travel risks in general.

Again, this further reinforces the overall value in having a greater proportion of Nature-based and Adventure Tourists in any country's international (and domestic) tourist base.

## 6.5 Global Nature-based Tourism: fast-growing, high value & resilient (continued)

### Emerging Trends relevant to Nature-based Tourism

Lastly, a look at some of the relevant emerging trends in visitor motivations and behaviour.

#### Graphic 4: Emerging trends in Visitor Motivations and Behaviour

Source: The Association of Southeast Asian Nations. *ASEAN Tourism Marketing Strategy (ATMS) 2012-2015*.



As with the socio-economic trends, it is not possible to analyse each of these 10 trends in detail, but half of them have particular relevance to the ***Coral Triangle Nature-based Tourism Initiative***:

- 1) **Experiential Travel:** this is about both getting away from the traditional sites and experiencing 'travel we live' rather than 'travel we look at'. Interestingly it is also growing in popularity because of the greater benefits it has for a local population.
- 2) **The Green Movement:** this growing trend continues to move towards the mainstream and has obvious ramifications for this project.
- 3) **The Redefinition of Backpacking:** two parts of this particular trend are relevant:
  - a) The continuing trend for backpackers to be more environmentally aware and make travel decisions based on this motivation, and
  - b) The rise of the 'Flashpacker' – tourists in their 30s and 40s with more disposable income, but still looking for authentic experiences. This type of tourist perfectly fits with the overall target market for Nature-based experiences.
- 4) **Increasing Importance of Niche/ Interest/ Activity-based Tourism:** again, this trend is clearly relevant; as is the important role the Internet has played in making this type of more sophisticated segmentation profitable.
- 5) **Voluntourism:** this area is growing at a rapid rate and involves people looking to integrate into a new culture, give back, pass on their skills, enjoy a rewarding experience etc.

More detail on each of these trends, and their likely influence on tourism, is available on pages 14–17 of the 'ASEAN Tourism Marketing Strategy (ATMS) 2012-2015' document available for download here: [www.aseantourism.travel/download/doc/doc/2486](http://www.aseantourism.travel/download/doc/doc/2486).

## 6.6 Coastal and Marine Tourism

One final section of tourism to take a quick look at prior to looking at the 6 CTI-CFF countries in detail is Coastal and Marine Tourism.

It is estimated that 85% of all tourism worldwide takes place in coastal areas, generating an estimated US \$1,050 billion in annual revenues in 2014.<sup>36</sup> Coastal and marine tourism is by far the largest segment of the global tourism market.

Given the nature of the Coral Triangle region, it can be assumed that it actually receives an even greater proportion of people visiting for coastal and marine tourism than other parts of the world. But even at the global average of 85%, that still equates to over 33.5 million international visitors travelling to the Coral Triangle and 418 million domestic trips being made for marine and coastal tourism purposes. Taken together, they generated an estimated US \$83.7 billion in revenue in 2014 (see Tables 4 & 5 in Section 7.2, p. 30).

Obviously, this includes all forms of tourism activity, from traditional 3S's tourism (sun, sea and sand) to niche tourism activities like 'eco-volontourism'.

Looking closer at Nature-based Tourism activities, especially reef-based activities, it is estimated that every year, millions of tourists travel to tropical resort destinations to experience the beauty and vibrancy of coral reef ecosystems.<sup>37</sup> For example, 2 million people visit Australia's Great Barrier Reef alone (earning US \$1.4 billion in tourism revenue),<sup>38</sup> and an estimated 6 million+ people engage in scuba diving and 20 million+ in snorkelling every year. A large proportion of these divers and snorkelers actively seek out coral reef ecosystems.<sup>39</sup>

Underpinning all this value generated, and to support the desire by a large and growing, number of people to travel to, and enjoy, coastal and marine environments, is the overarching need to ensure tourism development in coastal and marine areas is part of Integrated Coastal Zone Management.

As the United Nations World Tourism Organisation (UNWTO) puts it in their 2015 report on the role of tourism in supporting Goal 14 of the UN's Sustainable Development Goals (SDGs):

***'Coastal and maritime tourism, tourism's biggest segments, particularly for Small Island Developing States' (SIDS), rely on healthy marine ecosystems. Tourism development must be a part of Integrated Coastal Zone Management in order to help conserve and preserve fragile marine ecosystems and serve as a vehicle to promote a blue economy, in line with Target 14.7: "by 2030 increase the economic benefits to SIDS and LDCs from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism".'***

**Goal 14 of the UN Sustainable Development Goals (SDGs):**

*Conserve and sustainably use the oceans, seas and marine resources for sustainable development.*

Source: UNWTO 2015 Tourism and the Sustainable Development Goals.

## 6.7 Key Risks Relevant to Tourism Development in the Coral Triangle

To conclude this section, it is worth briefly outlining a number of recurring risks that negatively impact tourism globally that are of particular relevance for this project.

The following list does not set out to capture all the various risks, but rather to identify the 5 key ones that have a potential overall impact on Coral Triangle Tourism.

### 1) Global Economic Downturns

Economic downturns have a significant impact on global tourism activity, with the Asian Financial Crisis of 1997/98 and Global Financial Crisis (GFC) that started in 2007 being 2 recent examples that have directly affected the countries in the Coral Triangle.

### 2) Political Upheaval/ Unrest

Coups, political unrest and ethnic violence have obvious impacts in terms of immediate reductions in tourist numbers, but also over the longer-term as they affect people's overall long-term perception of the safety of particular countries.

### 3) Health Outbreaks/ Crises

The SARS outbreak of 2002 and Bird Flu crisis of 2006 provide clear examples of the impacts that health pandemics/ epidemics can have on travel and tourism. The Coral Triangle Countries were all affected by these outbreaks to a certain degree.

Ebola is the latest health outbreak to affect global travel in 2014/15, to Africa in particular.

### 4) Terrorism

Unfortunately terrorism remains a threat in various parts of the world. Attacks like the 2005 Bali bombings have both immediate and longer-term ramifications for tourism to parts of the Coral Triangle. The Philippines and Indonesia have been particularly impacted by terrorism in recent years.

The recent Paris attacks of November 2015 have also reinforced the risks associated with terrorism.

### 5) Natural Disasters

Being in the Pacific Rim of Fire, the region is susceptible to earthquakes, volcanic eruptions and seismic shifts that have resulted in a range of natural disasters – the Boxing Day tsunami in 2004 being a particularly tragic example.

Climate change is also posing an increasing threat as tropical storms, hurricanes and typhoons become more intense. Typhoon Koppu being a recent example that severely affected the Philippines in 2015.

Air pollution is also a growing problem – both from man-made industrial pollution and the growing number of wide-scale forest fires that are becoming more frequent in the region.

All of these risks have the potential to significantly impact any effort to grow Nature-based Tourism in the region and will require consideration during later stages of the project.

A more detailed look at some of the specific country level risks can be found in each of the 6 CTI-CFF country overviews in the following Section.

## SECTION 7

### TOURISM & NATURE-BASED MARINE TOURISM IN THE CORAL TRIANGLE

Includes Country Overviews

Timor-Leste

Solomon Islands

Papua New Guinea

Philippines

Indonesia

Malaysia

Brunei Darussalam and Singapore (Key data only)

## 7 | TOURISM & NATURE-BASED MARINE TOURISM IN THE CORAL TRIANGLE

### 7.1 An overview of Tourism and Nature-based Tourism in the Coral Triangle

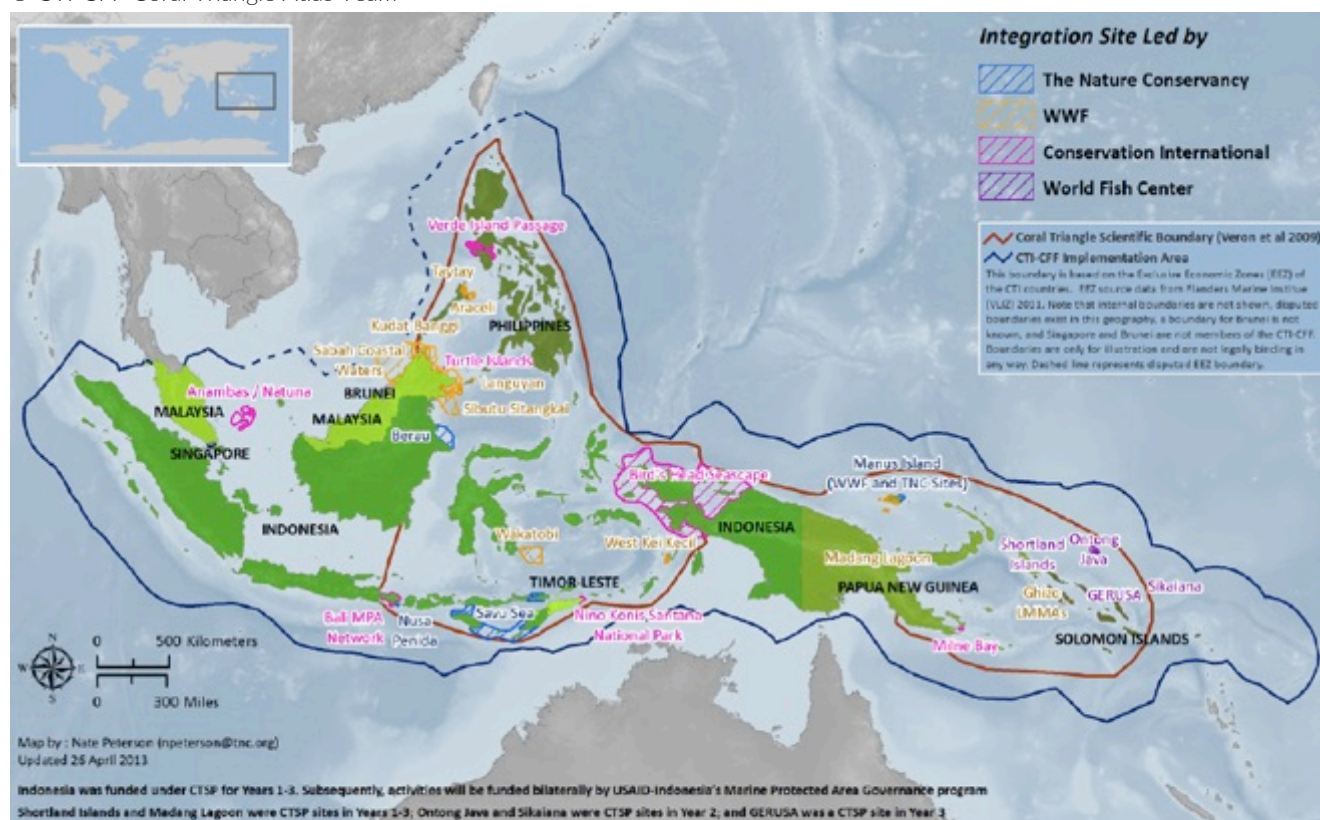
According to the 2002 *Reefs at Risk* report of the World Resources Institute (WRI), coral reefs in Southeast Asia are worth an estimated US \$700,000 to US \$111,000 per square kilometre of reef for tourism. Considering that the Coral Triangle has 96,577 km<sup>2</sup> of coral reefs, it is estimated that the annual benefits derived directly from the reef is therefore no less than US \$10 billion.<sup>40</sup>

With a total estimated value of US \$102.3 billion (see *Tables 4 and 5 on the next page*), international and domestic tourism is a vital component of the Coral Triangle countries' current and future economies, whilst also being a significant source of its foreign exchange revenues and generated over 11.5 million jobs (3.75% of total employment) in Southeast Asia in 2014.<sup>41</sup> The tourism sector also ranks as one of the top 4 among goods and services export sectors in each of the 6 Coral Triangle countries.<sup>42</sup>

This overall value of tourism, set against both the increasing pressure on other sources of natural capital from rapidly growing populations, and the ongoing need for overall economic and social development in many parts of the region, is at the heart of the importance of this particular project. In a region with so much complexity and so many challenges, tourism (and Nature-based Tourism in particular) has the potential to provide a singular focus and clear long-term goal that all 6 countries could drive towards.

#### Map 2: The Coral Triangle Priority Geographies and Integration Sites

© CTI-CFF Coral Triangle Atlas Team





## 7.1 An overview of Tourism and Nature-based Tourism in the Coral Triangle

### A Snapshot of the Total Tourism Market in the Coral Triangle

Table 4: Key Tourism Indicators in the 6 Coral Triangle Countries Part A

Sources: World Bank, United Nations Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council

COUNTRY	Est. Value of Tourism (% GDP)	WTTC Rank		Visitor Arrivals (2005)	Visitor Arrivals (2013)	Rate of Increase (%)	Target Arrivals (Per/ yr.)	Spend/ Visitor (US \$ - 2013)	Contribution to GDP (US \$ - 2035)
		Size	Growth						
<b>Timor-Leste</b>	1.5% (2015)	Not Ranked		14,000 (2006)	58,000	+314%	N/A*	\$982.76	No forecast data available
<b>Solomon Islands</b>	5% (2015)	178	106	9,000	24,400	+171%	32,500 by 2019	\$2,803.28	\$0.4 billion
<b>Papua New Guinea</b>	3% (2015)	161	15	69,000	174,000 (2012)	+152%	415,000 by 2017	\$1,208.33	\$2.1 billion
<b>Philippines</b>	11.2% (2014)	36	47	2.6 million	4.7 million	+78%	5.5 million (Torres 2015)	\$1,794.49	\$53.9 billion
<b>Indonesia</b>	9% (2014)	17	12	5.0 million	8.8 million	+76%	10.5 million	\$1,167.92	\$212.1 billion
<b>Malaysia</b>	14.9% (2014)	26	39	16.4 million	25.7 million	+57%	29.4 million	\$1,737.26	\$185.5 billion
<b>TOTALS</b>	<b>9% Global Average</b>	Out of 184 Countries		<b>24.1 million</b>	<b>39.5 million</b>	<b>63%</b>	<b>46 million+</b>	<b>\$1,615.67</b>	<b>\$454.3 billion</b>

\*Timor-Leste's Strategic Development Plan 2011–2030 only states that the 2030 target is "a large number of international visitors".

Table 5: Key Tourism Indicators in the 6 Coral Triangle Countries Part B

Sources: World Bank, United Nations Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council

COUNTRY	International Tourism Expenditure			Domestic Tourism		Current Estimated Govt. Tourism Budget (US\$)
	2005	2013	Growth Rate	# of Trips	Est. Value US \$	
<b>Timor-Leste (2006–2013)</b>	US \$2.3 million (2006)	US \$57 million	+2,378% <sup>#</sup>	No data available	No data available	US \$7.4 million <sup>43</sup> (Currency is US \$)
<b>Solomon Islands</b>	US \$11.2 million	US \$68.4 million	+511%	35,000 (Estimate only)	US \$29 million	US \$13 million over 5 yrs. (SI \$105 million) <sup>44</sup>
<b>Papua New Guinea (2005–2012)</b>	US \$56.6 million	US \$203 million (2012)	+259%*	375,000 (Estimate only)	US \$292 million (2014)	US \$6.75 million + US \$3.4million for Kokoda (30.2 million Kina) <sup>45</sup>
<b>Philippines</b>	US \$3.3 billion	US \$8.4 billion	+156%	41 million (2014)	US \$17.7 billion (2014)	US \$61.4 million (PHP 2.9 billion) <sup>46</sup>
<b>Indonesia</b>	US \$4.7 billion	US \$10.3 billion	+117%	234 million (2014)	US \$36.7 billion (2014)	US \$98.4 million (1.3 Trillion Rupiah) <sup>47</sup>
<b>Malaysia</b>	US \$4.3 billion	US \$12 billion	+175%	217.5 million (2014)	US \$16.6 billion (2014)	US \$75 million (MYR 316 million) <sup>48</sup>
<b>TOTALS</b>	<b>US \$12.44 billion</b>	<b>US \$30.96 billion</b>	<b>+149%</b>	<b>492.9 million</b>	<b>US \$71.3 billion</b>	<b>US \$265.4 million</b>

\*Papua New Guinea growth rate measured from 2005 to 2012. <sup>#</sup>Timor-Leste growth rate measured from 2006 to 2013.

## 7.1 An overview of Tourism and Nature-based Tourism in the Coral Triangle

### A Snapshot of the Total Tourism Market in the Coral Triangle (continued)

With a domestic tourism market of US \$71.3 billion (excluding Timor-Leste) and international tourism market of US \$31 billion, the total tourism market in the 6 CTI-CFF countries is currently estimated to be worth US \$102.3 billion. *See Tables 4 and 5 on previous page for all data in this section.*

The total volume of tourists (domestic and international) was just over 0.5 billion (533 million) in 2013. As detailed in section 6.2, tourism volume has been growing steadily both globally and in the Southeast Asia and Pacific regions, with this growth trend expected to continue and, if anything accelerate slightly.

On the subject of overall tourism growth in the Coral Triangle, this has already been covered in some detail in Section 6 as the global and regional trends certainly apply to the Coral Triangle. The factor that is particularly significant in the Coral Triangle are the growth in the middle classes leading to dramatic increases in both in-country tourism and intra-regional tourism.

### The Coral Triangle's International Tourism Market

There were an estimated 39.5 million international visitor arrivals in 2013, an increase of 63% since 2005 when 24.1 million visitor arrivals were recorded. All countries showed growth, with rates varying from +57% (Malaysia) to +314% (Timor-Leste). Fluctuations over that time are outlined in more detail in the individual country sections.

The estimated value of tourism in each country in 2014 or 2015 fluctuated considerably from 1.5% in Timor-Leste, to 14.9% in what can probably be described as the most sophisticated tourism market of the 6 countries, Malaysia. The average global contribution of tourism to GDP is just over 9%.

Looking ahead, the overall contribution to GDP of international tourism is forecast to reach US \$454.3 billion by 2035 (again, excluding Timor-Leste). Country values are predicted to range from a US \$0.4 billion contribution to GDP in the Solomon Islands, to US \$212.1 billion in Indonesia.

Looking at international tourism expenditure, this was valued at US \$30.96 billion in 2013, an increase of US \$18.5 billion since 2005 (+149%). Expenditure totals in 2013 varied from US \$57 million in Timor-Leste (+2,378% vs. 2006 – NB no data for 2005) to US \$ 12 billion in Malaysia (+175%). Again, more details on expenditure for each country can be found in section 7.2.

Spend per visitor was US \$1,615.67 in 2013, against a global average of US \$1,100 and Asia Pacific region average of US 1,430. As can be seen in Table 4 on the previous page, this is strongly driven by the high spend/ visitor in the Solomon Islands (US \$2,803, high travel costs the most significant factor), along with high average spends in the Philippines (US \$1,795, again access costs are a factor) and Malaysia (\$1,737, mainly due to higher value tourists).

Finally, overall WTTC rankings are included in Table 4 for both absolute size and rate of growth (apart from for Timor-Leste, which is not one of the 184 countries currently ranked). The Solomon Islands ranks 178<sup>th</sup> in size/ 106<sup>th</sup> by growth, Papua New Guinea 161<sup>st</sup>/15<sup>th</sup>, Philippines 36<sup>th</sup>/47<sup>th</sup>, Indonesia 17<sup>th</sup>/12<sup>th</sup> and Malaysia 26<sup>th</sup>/19<sup>th</sup>.

Looking at Table 4 again, it can be seen that the countries are not ordered purely by overall size (Indonesia is currently the largest overall in tourist volume terms due primarily to the value of its domestic market). The order is based on a combination of total size, growth and % contribution of tourism to GDP. This methodology places Malaysia as the most developed tourism market, followed by Indonesia, the Philippines, Papua New Guinea, Solomon Islands and then Timor-Leste. More detail on this ranking, and four rough categories for the 6 countries can be found in the conclusions on page 158. The data tables throughout this report reflect these rough categories by grouping the relevant countries together.

## 7.1 An overview of Tourism and Nature-based Tourism in the Coral Triangle

### The Coral Triangle's Domestic Tourism Market

At a value in 2014 of US \$71.3 billion, the Coral Triangle's domestic tourism market has grown to over two and a quarter times the size of the international market outlined above. This value is expected to grow at an average of 5.5% per annum to reach a value of US \$124.6 billion in 2025.

*See Table 6 below for all data in this section unless noted (NB Timor-Leste data for domestic travel is not currently available).*

Domestic tourist numbers are also significantly higher with an estimated 493 million trips occurring in 2014 in the Coral Triangle countries. This equates to approximately 380 million domestic tourists at an average of 1.3 trips per year. Against the 40 million international visitors recorded in 2013, it can be seen that the domestic market is a considerable opportunity for both tourism as a whole, but also for Nature-based Tourism in the Coral Triangle specifically (Tables 4 & 5).

As can be seen in Table 6 below, there is a huge difference in the scale of domestic tourism in the 6 countries. With no domestic tourist data available for Timor-Leste (although it can be assumed that the domestic tourism market is of a similar or slightly greater size than the Solomon Islands given Timor-Leste has a 1.1 million population vs. the Solomons' 575,000), the estimated numbers of domestic tourists are included in Table 5 above, they are: the Solomon Islands 35,000, Papua New Guinea 375,000, the Philippines 41 million, Malaysia 217.5 million, and Indonesia 234 million.

In terms of growth, the overall market is expected to grow by almost 75% in terms of value over the next 10 years, with the actual number of trips and domestic visitors likely to grow at a slightly lower rate as the overall value of each trip increases (NB precise data is not available for forecast trips or visitors in 2025).

**Table 6: Domestic Tourism in the Coral Triangle: Current Size and Growth (2014–2025)**

Sources: World Travel and Tourism Council (WTTC). Travel and Tourism Economic Impact 2015, CTI-CFF Countries

COUNTRY	Current Domestic Tourism			Forecast Domestic Tourism		
	2014		2015	2025		
	Est. Value (US\$ )	% of Total GDP	Forecast Growth (%)	Est. Value (US\$ )	% of Total GDP	Growth * (%)
<b>Timor-Leste</b>	No Data Currently Available			No Data Currently Available		
<b>Solomon Islands</b>	US \$29.0 million	2.4%	+2.4%	US \$50.7 million	2.7%	+5.5%
<b>Papua New Guinea</b>	US \$291.9 million	1.8%	+5.6%	US \$531.5 million	1.8%	+5.6%
<b>Philippines</b>	US \$17.7 billion	6.2%	+6.5%	US \$30.9 billion	6.3%	+5.1%
<b>Indonesia</b>	US \$36.7 billion	4.3%	+6.4%	US \$65.4 billion	4.3%	+5.3%
<b>Malaysia</b>	US \$16.6 billion	5.0%	+5.5%	US \$27.7 billion	5.5%	+4.7%
<b>TOTALS</b>	US \$71.3 billion			US \$124.6 billion		+5.3%

\*2015-25 annualised real growth adjusted for inflation.

## 7.1 An overview of Tourism and Nature-based Tourism in the Coral Triangle

### A Snapshot of the Nature-based / Adventure Tourism Market in the Coral Triangle

The overall Nature-based/ Adventure Tourism Market in the Coral Triangle was outlined in some detail in Section 6.5, and individual countries are covered in the following country overviews, so it is only worth reinforcing here the substantial opportunity that a potential US \$204.4 billion market could represent in 2035.

Each of the 6 CTI-CFF countries has strong Nature and Adventure-based Tourism potential and, as the remainder of this section will show, although that potential presents itself in different ways and each country faces different challenges in sustainably utilising that potential, there are significant areas of common interest that greatly strengthen the business case for regional investment in Nature-based Tourism via the CTI-CFF.

To start with though, the base case for this type of regional investment rests in the economic potential that exists for Nature-based Tourism – and that economic potential is certainly significant.

Table 7 looks at the potential value of Nature and Adventure-based Tourism based on current average global forecasts only; a more accurate forecast taking into account the specific characteristics of each country can be found in Section 10.2 (p. 143). For the purposes of this report, Nature and Adventure-based Tourism are most often combined given both these segments are identified as opportunities in each country.

**Table 7: Current and Forecast Value of Nature-based and Adventure Tourism in the Coral Triangle**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Forecast to 2035*		
	Total Tourism Market (US\$)	Nature-based & Adventure Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism	
		20% Share (US\$)	25% Share (US\$)		35% Share (US\$)	45% Share (US\$)
<b>Coral Triangle (CTI-CFF Countries)</b>	\$98.7 billion	\$19.7 billion	\$ 24.7 billion	\$454.3 billion	\$159 billion	\$204.4 billion
<b>Timor-Leste</b>	\$57 million (International value only)	\$11.4 million	\$14.3 million	Est. \$300 million (No current Data)	Est. \$105 million	Est. \$135 million
<b>Solomon Islands</b>	\$97.4 million	\$19.5 million	\$24.3 million	\$420 million	\$147 million	\$189 million
<b>Papua New Guinea</b>	\$496 million	\$99.2 million	\$124 million	\$2.1 billion	\$0.75 billion	\$0.95 billion
<b>Philippines</b>	\$26.1 billion	\$5.22 billion	\$5.22 billion	\$53.9 billion	\$18.9 billion	\$24.3 billion
<b>Indonesia</b>	\$47 billion	\$9.4 billion	\$11.8 billion	\$212.1 billion	\$74.2 billion	\$95.4 billion
<b>Malaysia</b>	\$25 billion	\$5.0 billion	\$6.25 billion	\$185.5 billion	\$64.9 billion	\$83.5 billion

\* 2035 forecast is based on global average share estimates only and is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.

## 7.2 Coral Triangle Country Overviews: Introduction

The following overviews provide a snapshot of tourism in the 6 countries that make up the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF).

They are not intended to be comprehensive reviews of the tourism industry in each country, but rather to provide selected information that will help inform future plans for developing the Nature-based Tourism Industry throughout the region.

The country overviews follow the order identified in the key metrics tables:

**Timor-Leste, the Solomon Islands, Papua New Guinea, the Philippines, Indonesia and Malaysia.**

As previously mentioned, 4 rough categories, or groupings, become apparent through the analysis:

- 1) Timor-Leste and the Solomon Islands;
- 2) Papua New Guinea;
- 3) The Philippines; and
- 4) Indonesia and Malaysia.

A rationale for this categorisation can be found in the conclusions on page 158.

Although not yet part of the CTI-CFF, **Brunei Darussalam** and **Singapore** also form part of the Coral Triangle, so some topline data is provided on them in Section 7.3. Further analysis of their tourism markets is outside the scope of this project, but would be a worthwhile additional study to complete the overall picture of the region. Both have an interesting tourism mix and structure that could provide further insight.

### A note on the data in the Country Overviews

*Where possible, every attempt has been made to provide a consistent view across the 6 countries.*

*However, given the disparate nature of tourism in the region and the lack of fully consistent tourism measurement across the different geographies, there are a number of areas that are not fully comparable. In a limited number of cases, this has meant refraining from using the most-up-to-date data for some countries to enable as much consistency as possible.*

*There are certainly gaps in the data (in this section and throughout the report), and some of it is not fully statistically verifiable given the disparate sources it has come from. However, it does provide an overview of the current baseline for tourism in the region, as well as starting to point some potential ways forward for Nature-based Tourism.*

*It should not be taken as fully accurate however, and errors should be assumed to exist. We apologise in advance for these errors where they occur and will happily correct any that we are made aware of.*

### 7.2.1 Timor-Leste Country Overview

(Source: UN Data/ United Nations Statistics Division unless indicated)

Size:	14,919 sq. km
Population:	1,152,000 (est. 2014)
Population growth rate:	1.7% (2010–15)
Population density:	77.5 per sq. km
GDP per Capita:	US \$4,362
Arrivals at National Borders:	58,000 (2013)
Estimated value of Tourism:	US \$57 Million per annum (World Development Bank, World Development Indicators 2015)
Global Tourism Ranking	Not Ranked



Map 3: Timor-Leste, highlighting main regions and district boundaries





## 7.2.1 Timor-Leste Country Overview

### A) The Importance of Tourism in Timor-Leste

**WTTC Tourism Ranking:** Not Ranked Currently (*i.e. outside the top 184 countries*)

**CTI-CFF Country Ranking:** 6 | *Based on a combination of % Contribution to GDP, Size and Level of Tourism Segmentation*

As Asia's newest country, Timor-Leste's tourism industry is, unsurprisingly, currently small and underdeveloped – as indicated by it not yet being ranked by the World Travel and Tourism Council (WTTC) or World Economic Forum. It suffers unavoidable volatility because of this lack of scale, reaching a value of US \$92 million in 2012 for example, before dropping almost 40% the following year to US \$57 million.<sup>49</sup>

The total contribution of tourism to GDP is the lowest of any of the 6 CTI-CFF countries at approximately 1.5%<sup>50</sup> – and this number should be viewed cautiously because of the challenges with accurately capturing tourism data in the country. Unlike the other 5 countries, there is no reliable forecast data to 2035 for Timor-Leste, although a rough estimate could put the potential contribution of tourism at US \$300 million by 2035 if the country roughly follows the Solomon Islands and PNG's forecast growth trajectories (*see Table 7, p. 33 for a 2035 estimate*). This forecast assumes ongoing political stability and the implementation of the majority of the Timor-Leste Governments' current tourism plans (and that tourism remains a continued focus going forward).

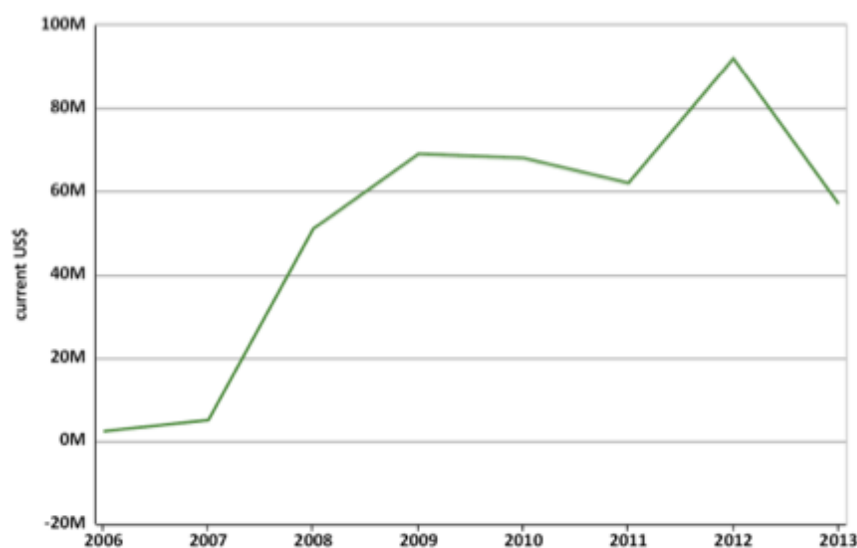
The main conclusion that can be drawn from Timor-Leste's International Tourism Expenditure trend between 2006–13 (*Graph 5 below*) is that tourism is growing relatively rapidly, but at a very uneven rate and is very susceptible to external (and internal) shocks. This volatility has resulted in expenditure growth rates varying wildly from -38% to +920% between 2006–13; obviously the overall low base makes the overall scale of shift appear more pronounced.

That said, at 1.5% of GDP there is clear potential to grow the industry given the global average is 9% and the average of the other CCTI-CFF countries is 8.5%. There is clearly also a strong desire within Government to grow the sector as a pillar of Timor-Leste's economy over the mid to long-term.

Unlike the other countries, no data is currently available for the number of people employed in tourism.

#### Graph 5: Timor-Leste International Tourism Expenditure (2006–13)

Source: The World Bank, WDI Indicators, October 2015



Source: [World Development Indicators \(WDI\)](#), October 2015

## 7.2.1 Timor-Leste Country Overview

### B) Timor-Leste's Overall Approach to Growing the Tourism Sector

The Timor-Leste Governments' vision for tourism development is outlined in the *Timor-Leste Strategic Development Plan 2011–2030* which, whilst it doesn't lay out clear measurable goals, does outline the strategic importance of the sector, the key impediments to tourism growth and an overall framework for development to start to unlock some of the benefits tourism can bring.

In looking at tourism, it is important to first set it in the context of the significant base development challenges that face the country.

Given the country is still establishing itself as a stable and peaceful nation state, there remain significant levels of extreme poverty, core infrastructure is often lacking and there is a pressing need to address the basic education, health care, nutrition, clean water, sanitation and housing needs of much of the population.

This overarching development goal is probably captured most simply in the following statement:

*'The economic vision of the Strategic Development Plan is that by 2030 Timor-Leste will have joined the ranks of upper middle income countries, eradicated extreme poverty and established a sustainable and diversified non-oil economy.'*<sup>51</sup>

Tourism is then outlined as one of the 5 key pillars for economic development alongside rural development, agriculture, petroleum and private sector investment.

*'With Timor-Leste's natural beauty, rich history and cultural heritage there is great potential to develop tourism as a major industry to underpin our economic development. A successful tourism industry will contribute income to the national and local economies, create jobs, build businesses and improve regional economic imbalances.'*<sup>52</sup>

In this context, tourism is very much identified and positioned as one of the potential tools that can help develop Timor-Leste as a nation through, not least, the generation of some foreign exchange revenue.

Whilst the Government recognises the significant infrastructure and human capital challenges that lie ahead if the market is to be developed, the potential benefits for individuals and communities are so significant that the focus on tourism is only likely to increase over time as some of the more pressing basic needs of the broader population start to be addressed.

The most obvious challenge with the overall approach, however, lies not in the strategy for tourism growth itself, but rather in the capacity the country has to properly implement the plan and invest sufficient human and financial capital over a sustained period of time.

This is a recurring theme in the Coral Triangle countries, but is particularly true of Timor-Leste.

For further detail on the Government's overall approach, the *Timor-Leste Strategic Development Plan 2011–2030* is available for download via:

[ <http://timor-leste.gov.tl/wp-content/uploads/2011/07/Timor-Leste-Strategic-Plan-2011-20301.pdf> ]

### C) The Current State of Timor-Leste's Tourism Industry

As noted in Part A of this country overview, the tourism industry is clearly at a very early stage of development, as would be expected in a country that is only 13 years' old.

Basic infrastructure challenges in terms of poor quality roads, limited accommodation and relatively expensive flights all provide clear limitations to the tourism sector's growth rate at present (see Part H for more detail on some of the current challenges facing Timor-Leste's tourism industry).

## 7.2.1 Timor-Leste Country Overview

### C) The Current State of Timor-Leste's Tourism Industry (continued)

The decades long 1975–1999 conflict has also had an impact on the rate of development of tourism in Timor-Leste; although this impact is lessening with each passing year since Timor-Leste became a sovereign state in May 2002, and, assuming ongoing political stability, will become a less and less relevant factor for tourism development into the future.

In terms of the current size of Timor-Leste's tourism industry, 2013 saw 58,000 international tourism arrivals (*Table 8 below*), an increase of +314% between 2006 and 2013. As with all Timor-Leste's metrics, percentage changes are often extreme because of the overall low numbers.

**Table 8: Selected Timor-Leste Tourism Metrics (2005/6–13)**

Sources: World Bank, World Travel and Tourism Council and Timor-Leste's Strategic Development Plan

Est. Value of Tourism (% GDP)	WTTC Rank		Visitor Arrivals (2006)	Visitor Arrivals (2012)	Rate of Increase (%)	Target Arrivals (Per/ yr.)	Spend/ Visitor (US \$ - 2013)	Contribution to GDP in 2035 (US \$)
	Size	Growth						
1.5% (2015)	Not Ranked		14,000	58,000	+314%	N/A*	\$982.76	No forecast data available

International Tourism Expenditure			Domestic Tourism		Current Estimated Govt. Tourism Budget (US\$)
2006	2013	Growth Rate	# of Trips	Est. Value US \$	
US \$2.3 million	US \$57 million	+2,378% <sup>#</sup>	No data available	No data available	US \$7.4 million <sup>53</sup>

COUNTRY	Current Domestic Tourism			Forecast Domestic Tourism		
	2014		2015	2025		
	Est. Value (US\$)	% of Total GDP	Forecast Growth (%)	Est. Value (US\$)	% of Total GDP	Growth * (%)
Timor-Leste	No Data Currently Available			No Data Currently Available		

\*Timor-Leste's Strategic Development Plan 2011–2030 only states that the 2030 target is "a large number of international visitors".

<sup>#</sup>Timor-Leste growth rate measured from 2006 to 2013, all other countries from 2005.

It is worth noting there are some discrepancies in visitor arrivals data between different sources. For example the World Bank specifies 40,000 arrivals in 2010 (*Graph 6*), whereas 28,824 is the number outlined in Timor-Leste's Strategic Development Plan.<sup>54</sup>

For the purposes of consistency with the other 5 CTI-CFF countries, World Bank data is used throughout for visitor arrivals.

Whatever the precise number, the overall international arrivals numbers can be said to be relatively small at present, but growing relatively rapidly at a very uneven rate.

As can be seen from Graph 6 overleaf, growth in arrivals averaged +48% between 2006–9, dropped -9% in 2010, before growing at an average of +21% in 2011 and 2012. These overall trends are as expected for a new industry trying to establish itself in a fledgling country that is dealing with a wide range of infrastructure challenges that clearly impact its ability to cater for tourists.

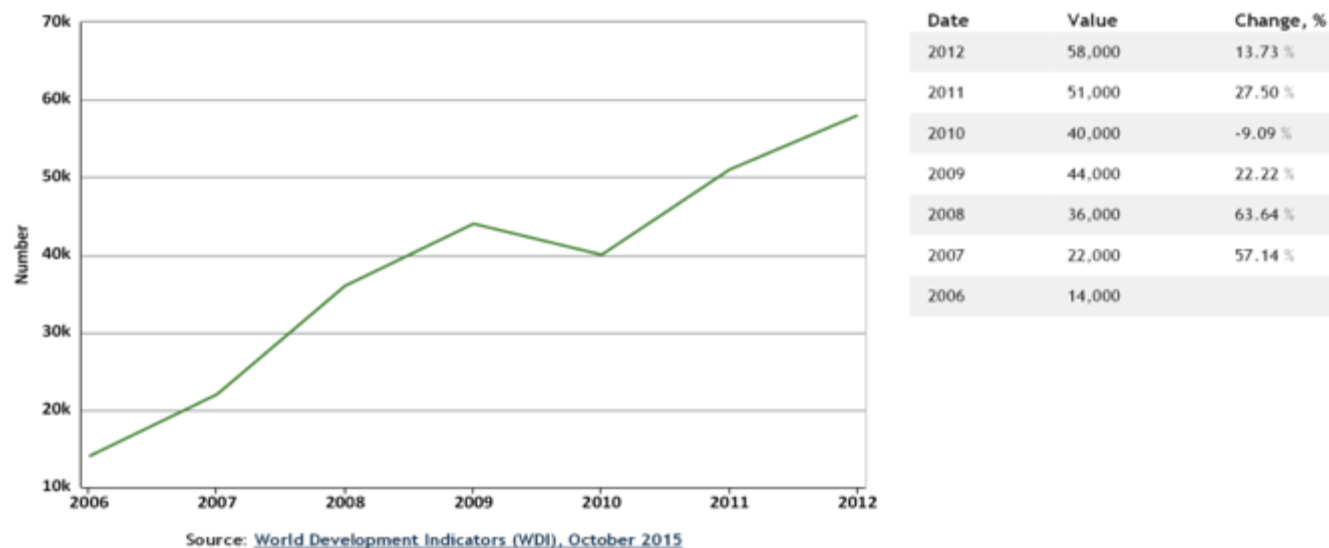
## 7.2.1 Timor-Leste Country Overview

### C) The Current State of Timor-Leste's Tourism Industry (continued)

Because 2013 arrivals data is not yet available, the significant downturn in arrivals that can be expected based on the 40% drop in expenditure in 2013 (*Graph 5, p. 36*) is not captured either in Table 8 or Graph 6. If they reflected this 40% drop precisely, then arrivals would have been 34,800 in 2013. More likely the drop in actual arrivals was not as marked, so a range from 34,800–45,000 is probably more accurate.

#### Graph 6: Timor-Leste International Tourism Arrivals (2006–12)

Source: The World Bank, WDI Indicators, October 2015



The expenditure growth rate in Table 8 is impressive at +2,378%, even allowing for the low base. Tourism expenditure increased from US \$2.3 million in 2006 to \$57 million in 2013, with a significant proportion of that expenditure likely to have been directed at Nature-based Tourism. For example, a recent Australian Aid funded Asia Foundation Timor-Leste Traveller Survey reported that 91% of foreign visitors indicated they would participate in activities relating to Timor-Leste's biodiversity.<sup>55</sup>

The spend/ visitor has been steadily growing to an estimated US \$980 in 2013. This is the lowest of the 3 CTI-CFF countries with emerging tourism markets: PNG currently sits at US \$1,208.33/visitor and Solomon Islands at US \$2,803.28/visitor. It is not, however that far off Indonesia at US \$1,168/visitor.

Detailed statistics regarding the current source countries for Timor-Leste are not readily available (this data does not seem to be reliably captured at points of entry as yet), but Australia, Portugal, Indonesia, China, Malaysia and Singapore are identified as future targets in the Strategic Development Plan<sup>56</sup> so can be assumed to provide significant source markets currently.

There has been one statistically robust recent traveller survey undertaken by the Asia Foundation (in 2014), which found the majority of arrivals were from Australia (39%), Indonesia (16%) and Portugal (9%). As will be seen in the other emerging countries' overviews, Australia is a significant source country for the Coral Triangle.<sup>57</sup>

And finally, it is not possible to assess the state of Timor-Leste's domestic tourism market in this report other than to comment that, from anecdotal evidence (and the current level of poverty), it is likely to be undeveloped, if not non-existent. A further gap in Timor-Leste's tourism data gathering capability clearly exists here; it will be useful in the future to understand the domestic market better to help inform the country's tourism development.

## 7.2.1 Timor-Leste Country Overview

### D) Key Promoted Regions

As well as the eastern part of the island of Timor, Timor-Leste encompasses the nearby islands of Atauro and Jaco, as well as Oecusse, an area separate from the rest of Timor-Leste within Indonesian West Timor.

Three Tourist Zones were identified in the 2011 Strategic Plan:<sup>58</sup>

- 1) **The Eastern Tourist Zone:** extending from Tutuala through to Com and Baucau and along the coastal road to Hera. This zone is intended to *'showcase pristine tropical beaches and stunning mountain scenery, and offer adventure trekking, historical Portuguese architecture and local village culture.'*
- 2) **The Central Tourist Zone:** including the capital of Dili as well as Atauro Island and the Maubisse region. Extensive tourist development planned in an attempt to provide visitors with *'the full range of services and options expected of a national capital. This will include extensive accommodation options to cater for visitors on all budgets, including high-end tourists seeking resort style accommodation.'*
- 3) **The Western Tourist Zone:** including a loop from Dili along the Great Northern Coast Road to Balibo, Maliana and the mountain areas of Bobonaro and then through the coffee plantations of Ermeraand. Western part of the Great North Coast Road is planned to *'provide a number of eco-lodge and resort style accommodations that draw on the heritage and history of local communities.'*

### E) Target Market and Reasons for Travel

Whilst minimal data is available, as with the Solomon Islands and PNG the target market for Timor-Leste is currently likely to be slightly older, more likely to undertake independent travel and have a relatively high disposable income.

Given Timor-Leste is arguably the most challenging of the 3 countries to travel in, the market will certainly be at the more adventurous end of the spectrum and willing to overlook basic inconveniences and risks to get the benefit of an 'off-the-beaten-track' experience.

The main reasons for travel can be assumed to fit with the existing offerings: Nature-Based experiences, diving, historic and cultural immersion, adventure and sports activities, and visits for religious and pilgrimage purposes. Again this is an assumption rather than being based on any specific tourism data.

However, this assumption is backed up by the Asia Foundation survey already mentioned. Additional findings from that survey found that:

*'...the vast majority of respondents (91%) indicated they would participate in activities relating to Timor-Leste's biodiversity. This included 35% of respondents who nominated wildlife appreciation, 31% snorkelling, 13% fishing and 12% scuba diving. 69% of respondents had intended to visit historical sites and experience cultural activities, while adventure-based activities of hiking and mountain-biking were nominated by over half of respondents as intended activities (56%).'*<sup>59</sup>

In terms of demographics, the survey goes on to report that:

*'39% were female, and 61% were male. Almost half (49%) of respondents were aged between 25 and 44 years of age. A relatively low proportion of respondents were aged 17-24 (10%) or over the age of 65 (6%).'*

*Forty-one percent of respondents traveled to Timor-Leste with family, and 19% of these respondents traveled with children. More than a third (35%) of respondents traveled alone, while only 4% of respondents traveled as part of a tour group.'*<sup>60</sup>

This is just one survey, so the findings are indicative only, but they certainly indicate strong potential for Nature and Adventure-based Tourism. The need for consistent tourism data collection & analysis in the future is also clearly evident given the current lack of reliable statistics and research.



### 7.2.1 Timor-Leste Country Overview

#### F) Tourism Promotion and Branding

Marketing and branding is still in the early stages of development and no clear recognisable positioning work has been undertaken nor integrated destination marketing produced for Timor-Leste.



The branding seems to mainly sit under 'Visit East Timor', with a simple website promoting the tourism offerings and some connected social media activity (also under 'Visit East Timor').

Future plans appear to include 'branding' Timor-Leste as an unspoilt boutique tourist destination and making use of the general goodwill towards Timor-Leste following its recent struggle for independence to promote increased visitation. Pragmatically, investment in marketing will 'evolve as the economy grows and our tourism industry matures.'<sup>61</sup>

There has been some sporadic use of '*Timor-Leste – Maravilhas do Oriente*' (loosely translated as 'Timor-Leste - the Wonder of the East') as a tagline, but this does not seem to be a consistent positioning.

'*There is still so much to see*' has also been used in one or two isolated pieces of communication, but as a secondary message only and it does not seem to be part of a long-term marketing plan.

In terms of the level of information available to tourists who wish to visit Timor-Leste, this is clearly in need of development as word of mouth currently appears to be the main marketing channel for tourism promotion, followed by the internet (which is reported as not containing sufficient information).<sup>62</sup>

The Asia Foundations' 2014 Survey of Travellers to Timor-Leste found, for example, that word-of-mouth recommendation was relied on by 75% of travellers to inform them ahead of their trip. This included half of respondents (51%) who obtained information about Timor-Leste from friends and/or family living in Timor-Leste; 31% of respondents found information about Timor-Leste from the internet; while traditional media sources were used by much smaller proportions of tourists (TV 5% and Radio 8%).

Overall, 25% of visitors reported that the amount of information they found about Timor-Leste prior to visiting was inadequate for their travels. This is then compounded by the fact that 31% of visitors then reported they could not find enough information about their travels once they were in the country.<sup>63</sup>

There is clearly an opportunity to keep improving the base level of tourism information available to overseas visitors – both when planning their trip and when actually in the country.

An overarching Coral Triangle brand would clearly be of assistance in this area, as, with minimal budget available for any substantial marketing activity to raise awareness of Timor-Leste as a tourist destination, the country would be one of those to benefit the most from any overall regional marketing activity.

The official website for Timor-Leste Tourism is [www.visiteasttimor.com](http://www.visiteasttimor.com).

A short tourism video is available to view via: <https://www.youtube.com/watch?v=UMW4UIKQyG8>





## 7.2.1 Timor-Leste Country Overview

### **G) Timor-Leste Tourism Promotion Governance and Estimated Annual Budget: in brief**

Overall responsibility for tourism development from a Government perspective sits in the Ministry of Tourism, Arts and Culture; the current Minister is Mr Francisco Kalbuady Lay. The Ministry of Tourism, Arts and Culture has overall responsibility for the Centres of Tourism and Tourist Information.

Responsibility for the environment sits in the Ministry of Commerce, Industry and Environment; the current minister is Mr Constâncio da Conceição Pinto.

The total budget for tourism promotion in Timor-Leste is estimated at US \$7.4 million for 2015.<sup>64</sup> With tourist revenues of US \$5.7 million in 2013, this level of investment would have represented a Marketing Investment Ratio (MIR) of 1:7.7, the lowest of all the countries. PNG (1:20) and the Solomons (1:26) sit above Timor-Leste and the Philippines is significantly above all 3 of them (1:137) – which is not surprising given the Philippines is at a different stage of tourism development.

Overall, the investment in tourism promotion is low, and additional investment will be needed both in terms of an increased promotional budget, but also in terms of long-term investment in human capital to improve the skills (and number) of those currently working in the tourism sector.

The **'Visit East Timor'** website is a relatively new addition to Timor-Leste's ability to promote its tourism offerings; it was launched in August 2014.

*See Appendix E for additional background on Timor-Leste's tourism structure.*

### **H) Key challenges for tourism development in Timor-Leste**

The infrastructure and basic development challenges have already been touched on, but it is worth quickly summarising some of the overall barriers that the country's tourism industry needs to overcome:

- 1) International accessibility  
Timor-Leste is remote and has relatively expensive air links. It is a challenging country to get to and then travel around within.<sup>65</sup>
- 2) Competitiveness;  
The international tourism market as a whole continues to become more competitive, and in the Southeast Asia region there are a wide array of tourism options competing for the tourist \$. Timor-Leste currently struggles in this market in terms of cost and accessibility.
- 3) Infrastructure and accommodation  
The road network is poor, accommodation limited and telecommunications/ technology often limited. In the 2014 Survey of Travellers to Timor-Leste, only 33% of respondents rated infrastructure, in relation to the ability to travel for leisure, as either 'good' or 'very good'.<sup>66</sup>
- 4) Inadequacy of tourism services;  
There is a lack of basic tourism information available and services like accommodation booking are often inadequate.<sup>67</sup>
- 5) Low levels of investment in Timor-Leste Tourism Promotion  
Awareness of the Timor-Leste as a tourism destination remain low and current levels of investment are both inadequate and often poorly targeted.<sup>68</sup>
- 6) Land ownership issues  
Investors looking to develop tourism infrastructure are faced with complex and confusing land ownership structures – this is a clear deterrent to foreign investment currently.<sup>69</sup>

## 7.2.1 Timor-Leste Country Overview

### H) Key challenges for tourism development in Timor-Leste (continued)

#### 8) Human Resources

The overall level of skilled tourism experts and employees is low. This makes it difficult to provide a basic level of tourism experience consistently throughout the country.<sup>70</sup>

#### 9) Lack of tourism and environmental awareness

The general population currently have little to no understanding of the expectations tourists have with regards to 'level of service'.

General levels of environmental awareness in the country are also low – not surprising given the high levels of poverty and low levels of education.<sup>71</sup>

All of these require addressing in some way to accelerate tourism development; a number of these are specifically referred to in the **Timor-Leste Strategic Development Plan, 2011–2030**:

*'Our tourism sector is at its early stages of development with limited, but growing, numbers of international tourists and an emerging tourist infrastructure. The poor condition of the country's road network, limited accommodation options and relatively expensive air links provide challenges to the sector's growth. These challenges will be addressed as we develop our economy and embark on a major program of infrastructure construction.'*<sup>72</sup>

### I) A brief look at the future for Tourism in Timor-Leste

Looking ahead, the Timor-Leste government has laid out a clear strategy for tourism growth to try to accelerate the move to a more established and stable tourism industry in the country.

*'With our traditional culture, the living history of our rural communities and the nation's beauty, Timor-Leste is able to provide visitors with a memorable experience. While our Southeast Asian region (neighbours) provide mature tourist offerings, Timor-Leste can attract visitors seeking boutique, adventure and eco-tourism experiences.'*

*'The following markets will be targeted: eco and marine tourism; historic and cultural tourism; adventure and sports tourism; religious and pilgrimage tourism; conference and convention tourism.'*<sup>73</sup>

There is a clear focus on the more niche forms of tourism that Nature-based Tourism forms a part of. This focus will make it easier in some respects as resources can be directed to fewer areas, however the scale of the infrastructure, tourism education and overall development challenges should certainly not be underestimated. Nor should the potential for the vested interests of foreign investors and large multinationals to derail them from the path on which the Strategic Plan is looking to set the country's tourism sector on.

Timor-Leste was the 3<sup>rd</sup> CTI-CFF country analysed and there are clear similarities with both PNG and the Solomon Islands in terms of where they are all looking for future tourism growth; whilst acknowledging that all 3 are at different stages and have different challenges and certainly some variances in how they are looking to capitalise on the tourism opportunity.

Timor-Leste is at the earliest stage of development (mainly due to it being Asia's youngest nation), but has a clear vision of the types of tourism it wants to grow and seems to have benefited from the more established markets around it in identifying potential pitfalls and hopefully identifying ways round some of them.

As with Papua New Guinea and the Solomon Islands, the greatest challenge facing Timor-Leste rests in actually implementing the various strategies laid out in its Strategic Development Plan. This will require a long-term commitment, consistent investment and a willingness to overcome the not inconsiderable short-term obstacles currently limiting tourism growth.

## 7.2.1 Timor-Leste Country Overview

### J) Nature-based Tourism in Timor-Leste

**Table 9: Current and Forecast Value of Nature-based and Adventure Tourism in Timor-Leste**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Forecast to 2035* (Based on current average global forecasts only)		
	Total Tourism Market (US\$)	Nature-based & Adventure Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism	
		20% Share (US\$)	25% Share (US\$)		35% Share (US\$)	45% Share (US\$)
<b>Coral Triangle (CTI-CFF Countries)</b>	\$98.7 billion	\$19.7 billion	\$ 24.7 billion	\$454.3 billion	\$159 billion	\$204.4 billion
<b>Timor-Leste</b>	\$57 million (International value only)	\$11.4 million	\$14.3 million	Est. \$300 million (No current Data)	Est. \$105 million	Est. \$135 million

\* 2035 forecast is based on global average share estimates only and is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.

Based on the estimated average global share of Nature-based and Adventure Tourism (NBT), Timor-Leste could already be generating US \$11.4 million–US \$14.3 million in this sector and is forecast to generate US \$105 million–US \$135 million by 2035 if it simply reflected average global tourism characteristics (Table 9).

Looking at the specific characteristics of Timor-Leste's current tourism market however, Timor-Leste clearly has above average share when it comes to Nature-based Tourism presently. Given the Government's clear long-term focus on this type of tourism, this share is only likely to grow.

Conservatively putting the share at 50%-60% (vs. the global average) would have Nature-based Tourism already generating US \$29 million–US \$34 million in economic value for Timor-Leste in 2014/15.

Looking ahead to 2035 and assuming conservative share growth to 70–80% would indicate an overall potential forecast value of US \$210 million–US \$240 million.

And these numbers are all, by their nature, conservative. They are based on a static set of assumptions and assume no accelerated investment in tourism and do not include the impact any regional Coral Triangle brand development would have. They also underestimate the impact continuing stability in the country will have as this reduces the perceived risk for tourists.

Overall, Timor-Leste could not only derive significant economic growth from Nature-based Tourism, but is one of the countries that could also end up with the majority of its tourism mix being based on the growing 'niche' forms of tourism and therefore miss out on many of the economic, social and cultural downsides of mass tourism.

The example of Costa Rica and its tourism sector almost entirely comprised of Ecotourism, and the 'Mass Ecotourism' categorisation outlined by Ivanov<sup>74</sup> referred to in Section 6.4 seem particularly relevant when considering the Nature-based Tourism opportunity in Timor-Leste.

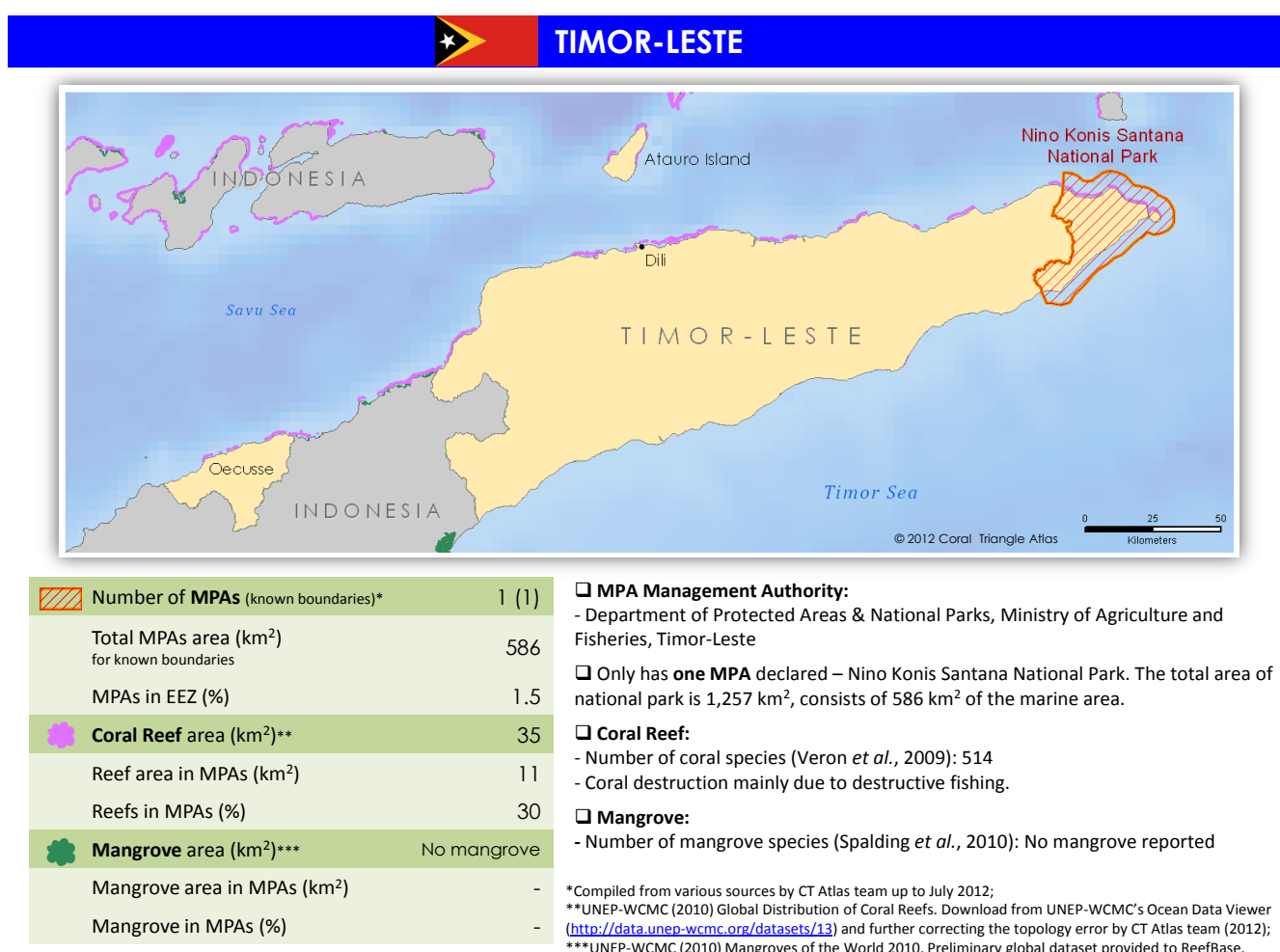
## 7.2.1 Timor-Leste Country Overview

### K) Identified Marine Protected Areas (MPAs) and Potential Development Sites

Timor-Leste has 1 Marine Protected Area (MPA), the Nino Konis Santana National Park covering 586km<sup>2</sup>. Overall there are 35km<sup>2</sup> of coral reef with 11km<sup>2</sup> within the MPA (30%).

Looking at areas well known for diving can provide an initial idea of potential areas to explore for Nature-based Marine Tourism opportunities. There are 5 main areas (outside the Nino Konis Santana National Park) often referred to in various travel and diving websites that reflect the locations of high Coral Reef density below. These sites are: 1) Directly around Dili (Tasi Tolu, the Pertamina Jetty and Dili Rock), 2) West Coast sites and 3) East Coast sites (the reef areas highlighted below to the left and right of Dili), 4) Atauro and 5) Jaco Island (remote and uninhabited, within Konis Santana NP).

Map 4: Marine Protected Areas (MPAs) and main areas of coral reef in Timor-Leste (July 2012)



The main areas that initially seem best suited to Nature-based Marine Tourism are the Nino Konis Santana National Park, Atauro Island, the dive sites identified above and the Eastern Tourist Zone.

The potential for targeted site development coupled with more integrated promotion and marketing will be explored in more detail in the destination selection stage of the NBMT project. There is also a summary table of potential sites for all the countries and a number of potential approaches to site selection outlined in Section 10.4 (p. 147).

## 7.2.1 Timor-Leste Country Overview

### L) Selected observations on Timor-Leste's Tourism industry

Timor-Leste is a young country, with an equally young and therefore undeveloped tourism industry – its lack of ranking by the World Travel and Tourism Council and exclusion from the World Economic Forum's Travel & Tourism Competitiveness Report is a fairly clear indicator of this.

Given the country's overwhelming need for basic development, it faces many challenges in other areas like health, education, nutrition and basic infrastructure that are understandable distractions from the (relatively) more peripheral issue of tourism development.

That said, it has clearly called out tourism as one of its 5 economic growth pillars and has a clear and concise vision of what it wants tourism to achieve in terms of economic growth and helping its people and communities out of poverty.

It has made a clear decision to focus on *'eco and marine tourism; historic and cultural tourism; adventure and sports tourism; religious and pilgrimage tourism; conference and convention tourism.'*<sup>75</sup>

It has the natural, cultural and historical resources available for tourism – even if they are often currently inaccessible and expensive to reach.

It has friendly people – albeit they do not currently understand the demands of foreign tourists.

And it is already attracting the type of consumers who are looking for this type of tourism – in small and fluctuating numbers currently, but they are still coming in spite of all the impediments they face.

All these together, mean Timor-Leste has the potential to avoid significant mass tourism (and all the negative impacts it can bring) almost entirely, and instead build its tourism industry based on a mix of 'niche eco-tourism' and 'mass eco-tourism'.

In terms of a potential Coral Triangle NBT brand, overall it arguably stands to benefit the most from a brand and any regional marketing activity. Not just because the potential value by 2035 is so comparatively high for Timor-Leste at US \$210 million–US \$240 million, but also because any awareness driving and communication about the Coral Triangle will help fill one of their most significant current barriers in terms of general awareness of Tourism in Timor-Leste– and a barrier they will struggle to overcome at their current levels of tourism promotion investment.

Timor-Leste has many structural, cultural, economic and logistical challenges ahead of it to fully develop its tourism industry in a way that genuinely supports its aspirations as a country. However, a focus by the CTI-CFF on accelerating the structured development of Nature-based Tourism in the Coral Triangle, alongside a regional brand to drive the sector as a whole, will support both the continued development of the tourism sector, but also likely have broader socio-economic benefits for other areas of the country, in part simply by freeing up some of the country's stretched resources to focus on them.

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### NOTE ON FUTURE AMENDMENTS TO THIS SECTION

Further detail on the current state of Timor-Leste's Tourism Sector will be added to this section after the field visit by PT Hatfield Indonesia that will take place in mid-late December 2015. The Field Report, authored by Dr Lida Pet-Soede, will be titled ***'Observations on Nature Based Tourism In Timor-Leste'***.

Key elements of the field visits already undertaken to the Solomon Islands and Papua New Guinea in late November 2015 have already been incorporated into the following 2 sections.

## 7.2.2 Solomon Islands Country Overview

(Source: UN Data/ United Nations Statistics Division unless indicated)

Size:	28,896 sq. km
Population:	573,000 (est. 2014)
Population growth rate:	2.1% (2010–15)
Population density:	19.8 per sq. km
GDP per Capita:	US \$1,911
Arrivals at National Borders:	24,400 (2013)
Estimated value of Tourism:	US \$62.2 Million per annum SI \$517.9 M in 2013 <i>The Solomon Islands National Tourism Development Strategy 2015–2019.</i>
Global Tourism Ranking:	178 (Size)   106 (Growth). World Travel and Tourism Council (WTTC).



Map 5: Solomon Islands, highlighting main islands and centres of population



### A) The Importance of Tourism in the Solomon Islands

WTTC Tourism Ranking: 178<sup>/184</sup> (Size) | 106<sup>/184</sup> (Growth)

CTI-CFF Country Ranking: 5 | Based on a combination of % Contribution to GDP, Size and Level of Tourism Segmentation

Ranked at number 178 out of the 184 countries currently evaluated by the WTTC, but growing comparatively quickly as the 106<sup>th</sup> fastest, The Solomon Islands has a small tourism market on a global scale, but it has been growing rapidly over the last decade.

The Solomon Islands actually only received 24,400 international visitors in 2013 vs. 58,000 to Timor-Leste, but because of the higher overall value to GDP, high spend per visitor, existence of (limited) domestic tourism and a comparatively strong business market is ranked just ahead of it at number 5 in the overall ranking of Coral Triangle countries, that take into account a range of metrics and factors.



## 7.2.2 Solomon Islands Country Overview

### A) The Importance of Tourism in the Solomon Islands (continued)

One other advantage the Solomon Islands' tourism industry has is simply through having been established for longer, although current trends do not keep it ahead for long as Timor-Leste's larger population and overall growth trend are forecast to put it ahead in the next 3–5 years.

In terms of the number of international visitors per head of local population, the 2 countries are also more or less level with each other currently; the Solomon Islands sits at 1 tourist per 23 head of population vs. Timor-Leste at 1 per 20. These levels are extremely low overall, comparing with 1 tourist per 1.2 head of population in Malaysia for example.<sup>76</sup>

Tourism in the Solomon Islands had an estimated overall value of between US \$62 million–\$68 million per annum in 2012,<sup>77</sup> with estimates putting the total contribution of travel and tourism at 5% of The Solomon Island's GDP in 2015. This compares unfavourably to some of its Pacific Island neighbours, with Fiji at 13% of GDP and Vanuatu at almost 18%. However, from a Coral Triangle perspective it is ahead of both Papua New Guinea (3% of GDP) and Timor-Leste (1.5%). (Table 4, p.30)

This 5% contribution to GDP by tourism can be compared with 36.5% for agriculture and 6.5% for industry; the rest of the Solomon Islands' GDP is captured as 'services' (which includes tourism) at 56%.<sup>78</sup>

On current trends the Solomon Island's tourism industry is forecast to grow to 9% of GDP by 2035, equating to a value of over US \$0.4 billion.<sup>79</sup> This would move it level with the global average.

Despite underperforming compared to other Pacific Island countries, as can be seen in Graph 7 international tourism expenditure in the Solomon Islands has risen rapidly – by 511% between 2005–2012 (off a base of US \$11.2 million). This is the 2<sup>nd</sup> most rapid rise of all the Coral Triangle countries.

This strong rise has occurred since the conclusion of the *Ethnic Tension* that took place from 1998–2003. Prior to that, tourism was in slow decline and halved in value from just under US \$20 million in 1996 to US \$18 million in 2003 (Graph 7 above).

An estimated 24,000 people are currently employed in tourism, just over 4% of the total population.<sup>80</sup>

### Graph 7: Solomon Islands International Tourism Expenditure 2002–13

Source: The World Bank, WDI Indicators, October 2015



## 7.2.2 Solomon Islands Country Overview

### B) The Solomon Island's Overall Approach to Growing the Tourism Sector

The Government of the Solomon Islands has very strong views on the importance of the sector to future sustainable growth, placing it right at the heart of their agenda. ***The Solomon Islands National Tourism Development Strategy 2015–2019*** was one of the country's first 'blue print development guidelines' produced after the November 2014 elections. In the foreword to this document, Bartholomew Parapolo, Minister for Culture and Tourism makes this statement about the importance of tourism:

*'The tourism sector plays an increasingly vital role in the economy of the Solomon Islands, and is becoming one of the drivers of economic growth, in terms of an ever-increasing foreign exchange earner, contributing direct, indirect and induced employment to many Solomon Islanders and contributes a fair percentage to the country's GDP. Tourism is here to stay and as the Government continues to search for a sustainable path towards economic development, tourism is seen as one of the most likely viable economic option for our developing country'*<sup>81</sup>

This view on tourism's importance is reinforced in the vision laid out in the document:

*'The Vision for the Tourism Sector in the Solomon Islands is: **Enhancing Economic Growth through Sustainable Tourism Development for a Better Solomon Islands.**'*<sup>82</sup>

Specific objectives for sustainable tourism growth to the end of 2019 are also outlined in the Strategy. Tourism is intended to:

- *'Be a major source of income for Solomon Islanders generating over 700 million SI\$ (US \$86.5 million) for the economy;*
- *Be a growing sector, representing over 7% of national GDP;*
- *Increase the number of those employed in the workforce through tourism to 30,000 (+6,000);*
- *Increase the total number of arrivals to 32,500 (equating to 9.2% growth per annum);*
- *Increase the size of the holiday market to 12,500 arrivals (equating to 20% growth per annum);*
- *Increase the number of cruise ship visits to 28 per annum (equating to 20% growth per annum);*
- *Be a major source of demand for the operation of international and domestic aviation;*
- *Support the formalisation and sustainable management of marine and land based protected areas.'*<sup>83</sup>

As described in the Timor-Leste country overview, the challenge for Solomon Islands perhaps rests less in the overarching strategy for tourism development and more in the implementation.

There are a number of examples throughout the Pacific Islands of funding being provided to assist in the development of strategies and master plans, when the resources could perhaps have been better invested in helping the country implement and/or reinvigorate their current plan, rather than reinvent it. This is referred to as the 'strategy-implementation gap' in this report.

It could be argued that the Solomon Islands are in just this situation now – in fact, this is potentially another common theme affecting a number of CTI-CFF countries that warrants further investigation at a later date.

For further detail on the Government's overall approach, ***The Solomon Islands National Tourism Development Strategy 2015–2019*** is available for download via:

[ [http://media.wix.com/ugd/b287a6\\_b2e52c099df94d79aeb9b9de5591d3e0.pdf](http://media.wix.com/ugd/b287a6_b2e52c099df94d79aeb9b9de5591d3e0.pdf) ]

## 7.2.2 Solomon Islands Country Overview

### C) Current State of the Solomon Islands' Tourism Industry

The Solomon Islands tourism industry is underdeveloped compared with a number of other Pacific Islands, receiving less than 1% of the Pacific market share<sup>84</sup> and markedly underperforming a number of its comparable neighbours (Vanuatu and PNG are specifically called out for comparison in the *Solomon Islands National Tourism Development Strategy 2015–2019*).

Despite failing to keep pace with its Pacific neighbours, the tourism industry was still estimated to provide US \$68.4 million directly to the Solomon Islands economy in 2013 with a forecast contribution of US \$0.4 billion to GDP by 2035 (*Table 10*).

**Table 10: Selected Solomon Islands Tourism Metrics (2005–13)**

Sources: The World Bank, World Travel and Tourism Council and Solomon Islands Tourism Master Plan

Est. Value of Tourism (% GDP)	WTTC Rank		Visitor Arrivals (2005)	Visitor Arrivals (2013)	Rate of Increase (%)	Target Arrivals (Per/ yr.)	Spend/ Visitor (US \$ - 2013)	Contribution to GDP in 2035 (US \$)
	Size	Growth						
5% (2015)	178	106	9,000	24,400	+171%	32,500 by 2019	\$2,803.28	\$0.4 billion

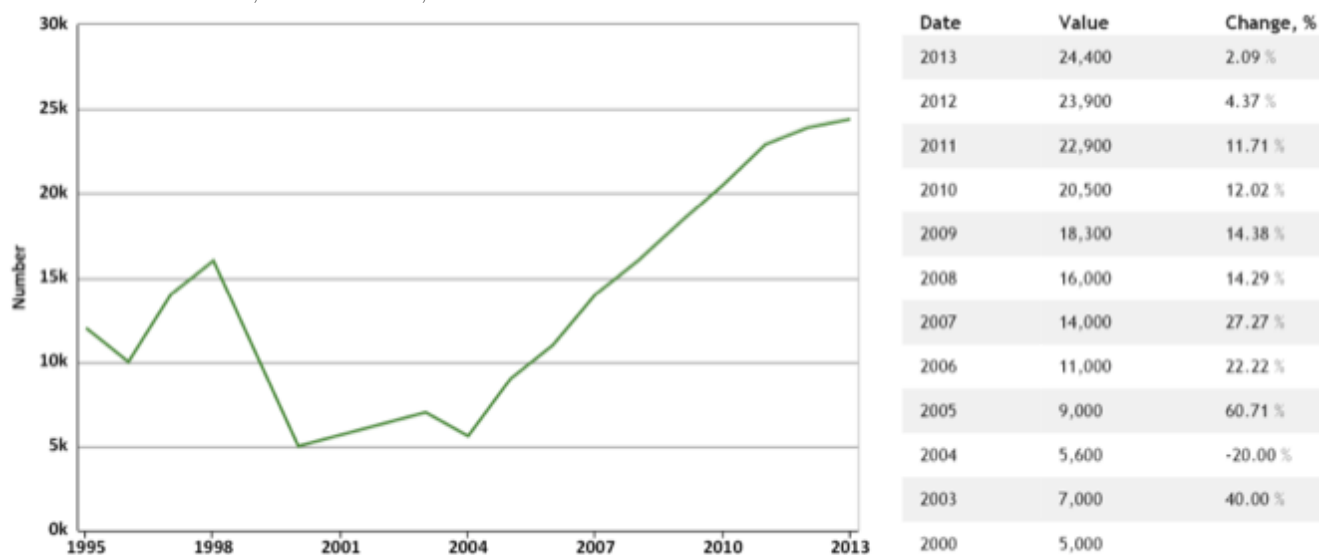
  

International Tourism Expenditure			Domestic Tourism		Current Estimated Govt. Tourism Budget (US\$)
2005	2013	Growth Rate	# of Trips	Est. Value US \$	
US \$11.2 million	US \$68.4 million	+511%	35,000 (Estimate only)	US \$29 million	US \$13 million over 5 yrs. (SI \$105 million) <sup>85</sup>

In percentage terms, as can be seen from Graph 8 below, arrivals have been growing by between 2% and 27% every year since 2005. The average annual growth during this time was just under 19%, which is an impressively consistent double-digit growth rate, despite the low starting point in terms of absolute tourist numbers (9,000 in 2005, 2 years post the conclusion of the *Ethnic Tension*).

**Graph 8: Solomon Islands International Tourism Arrivals (2000–13)**

Source: The World Bank, WDI Indicators, October 2015



Source: [World Development Indicators \(WDI\)](#), October 2015

## 7.2.2 Solomon Islands Country Overview

### C) Current State of the Solomon Islands' Tourism Industry (continued)

Tourism arrivals have risen steadily following the end of the *Ethnic Tension* in 2003, by between 1,000–3,500 per year to reach 24,400 in 2013 (*Graph 8 on previous page*), before a sharp decline was noted at the start of 2014 in the Tourism Development Strategy.<sup>86</sup>

This decline serves to reinforce the reality that the tourism industry in the Solomon Islands is still very sensitive to external influences due to its small scale and relatively early stage of development. In 2014, for example, the decline was identified as being due to severe flooding in Honiara, a downturn in business/corporate travel and the disruption to flights from Fiji.<sup>87</sup>

More generally, the tourism industry is still easily affected by factors like the recent weakening of the Australian dollar (leading to a decline in Australian visitors), whilst any global economic downturn will always affect locations like the Solomon Islands more than certain other parts of the world due to the remoteness and high relative expense of travelling there.

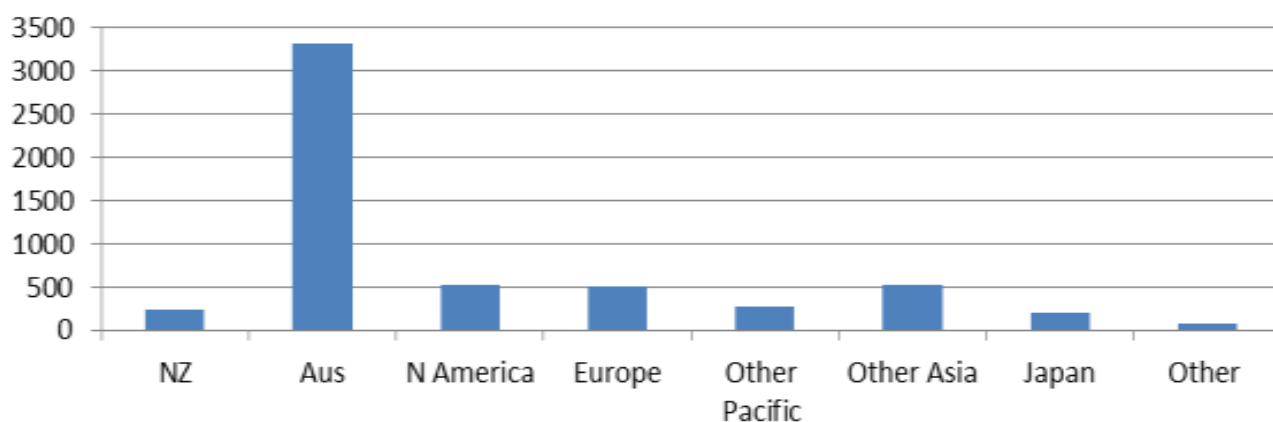
The spend/ visitor in the Solomon Islands is significantly higher than the other 5 CTI-CFF countries at an estimated US \$2,803 in 2013. The next lowest of the countries is the Philippines at US \$1,795/visitor followed by Malaysia at US \$1,737/visitor, PNG at US \$1,208.33/visitor, Indonesia at US \$1,168/visitor and Timor-Leste at US \$983/visitor.

This high average spend is driven by 2 main factors: the overall inaccessibility and therefore high cost, and the higher level of disposable income visitors to the Solomon Islands tend to have.

In terms of the main source countries for the Solomon Islands: Australia accounts for almost 46% of arrivals to the Solomon Islands and around 56% of all holiday arrivals.<sup>88</sup> New Zealand and Japan are the next largest countries in terms of numbers of arrivals, but are both at less than 5% of total arrivals (*Graph 9*).

#### Graph 9: Solomon Islands, Source Countries of International Tourism Arrivals (2013)

Source: Solomon Islands National Statistics Office 2013



Other source countries are then grouped in 'North America', 'Europe', 'Other Asia' and 'Other Pacific'. The Solomon Islands does not have approved destination status for Chinese tourists hence no visitors were arriving from there up to the end of 2014.

It is interesting to note that none of the other CTI-CFF countries feature strongly in the arrivals data for the Solomon Islands – any arrivals from these countries can be found in the 800 or so coming from 'Other Asia' and 'Other Pacific.'

## 7.2.2 Solomon Islands Country Overview

### C) Current State of the Solomon Islands' Tourism Industry (continued)

Lastly, domestic tourism. Whilst it seems insignificant when compared with the likes of Indonesia and Malaysia's domestic tourism market, at 2.4% of GDP in 2014 (US \$29 million) its value is still an important component of an economy the size of the Solomon Islands'.

The growth rate is forecast to double to +5.5% per year out to 2025, when it is estimated that Domestic Tourism will contribute just under US \$51 million to the Solomon Islands' GDP (Table 11).

In absolute number terms this equates to an estimated 35,000 domestic tourism trips per year currently (Table 10, p.38), with a rough forecast of 62,000 by 2025 based on the value forecast in Table 11.

Whilst a country of just over 573,000 people may never have the volume of domestic tourism that other countries can generate, there is likely to still be a small, but potentially high-value market, for a Nature-based Tourism offering to target.

If nothing else, developing the domestic market will help to even out the seasonality that is prevalent throughout the Pacific Islands region, but particularly in the Solomon Islands where there is the added factor of needing to rely on shifting cruise ship schedules.

**Table 11: Solomon Islands Domestic Tourism Metrics (2014–25)**

Sources: World Travel and Tourism Council (WTTTC)

COUNTRY	Current Domestic Tourism			Forecast Domestic Tourism		
	2014		2015	2025		
	Est. Value (US\$ )	% of Total GDP	Forecast Growth (%)	Est. Value (US\$ )	% of Total GDP	Growth * (%)
<b>Solomon Islands</b>	US \$29.0 million	2.4%	+2.4%	US \$50.7 million	2.7%	+5.5%

### D) Key Promoted Regions

The islands that make up the Solomons are grouped into nine regions or provinces:

1) Central; 2) Choiseul; 3) Guadalcanal; 4) Isabel; 5) Makira-Ulawa; 6) Malaita; 7) Rennell and Bellona; 8) Temotu; and 9) Western.

The national capital Honiara, on the island of Guadalcanal, is separately governed as the Capital Territory.

There is minimal promotion of regions or sites themselves currently, apart from the Kohave River and the man-made artificial islands around Langalanga and Lau Lagoons in the Malaita Province and Duff Islands in Temotu Province (where the "Salt Water" people live).

The focus areas for tourists are currently more easily identified by the distribution of accommodation. Currently almost 55% of accommodation is located in the capital, Honiara (on Guadalcanal), with a further 20% in the Western Province; 3-4% each in Makira, Renbel, Malaita and Central Provinces and the remaining 8% split across the other 4 regions or provinces.<sup>89</sup>

The Solomon Islands Tourist Website, [www.visitsolomons.com](http://www.visitsolomons.com), categorises this accommodation focus under: 1) Honiara accommodation; 2) Tailor-made for Eco Travellers; and 3) Cultural Village Stays.

There is a further grouping under 'Sample Trips': 1) Adventure; 2) Scuba Diving; and 3) Romance.

## 7.2.2 Solomon Islands Country Overview

### D) Key Promoted Regions (continued)

Looking ahead, plans for 2 Tourist Trails were specified in the *National Tourism Development Strategy*:

- 1) **A Western Province Adventure Trail:** extending from Honiara through to Munda, Gizo and Seghe. Linking key natural and cultural based attractions including those in the Marovo Lagoon; and
- 2) **A Guadalcanal and Central Province Culture and Nature Trail:** including Honiara and extending through the Florida's to include key nature based tourism sites, dive locations, culture and WWII.

### E) Target Market and Reasons for Travel

The Solomon Islands currently offer an '*off-the-beaten track, authentic Melanesian experience*',<sup>90</sup> with minimal to no traditional/ mainstream beach holiday options. Trekking, diving, surfing, snorkelling, swimming, kayaking, exploring WWII history and Melanesian cultural immersion are the main reasons for visiting. 'Live-aboard' boat holidays and Wilderness Lodges are also promoted.

The prevalence of nature/ eco-based holiday options in the Solomon Islands is quickly apparent.

The 3 categories currently promoted as reasons to travel by The Solomon Islands Tourist Board are 'Adventure', 'Scuba Diving' and 'Romance' which gives an indication of the current focus target markets.

Within these categories the majority fit into the 'Adventure' category (nature-based, activity-based, cultural and WWII tourists) followed by 'Romance' (primarily couples).

Those who come to the Solomon Islands for diving tend to be more experienced, with current estimates of the Solomon Islands international dive market between 1–2,000 per annum, split mainly between Australia and the USA.<sup>91</sup>

Given the high cost and challenging nature of both getting to and travelling around the Solomon Island's currently, it is no surprise that the current target market, like Timor-Leste is slightly older, more likely to undertake independent travel and with a relatively high disposable income.

### F) Solomon Islands Tourism Promotion Governance and Estimated Annual Budget: in brief

Overall responsibility for tourism development from a Government perspective sits in the Ministry of Culture and Tourism; the current Minister is Mr Bartholomew Parapolo.

Responsibility for the environment sits in the Ministry of the Environment, Climate Change, Disaster Management, Conservation and Meteorology; the current minister is Mr Samuel Manetoali.

The total budget for tourism promotion in the Solomon Islands is estimated at US \$13 million over 5 years (SI\$ 105 million)<sup>92</sup>; at US \$2.6 million per year, the lowest of all the CTI-CFF countries. With tourist revenues of US \$68.4 million in 2013, this level of investment would have represented a Marketing Investment Ratio (MIR) of 1:26, placing it above Timor-Leste (1:7.7) and PNG (1:20), but significantly below the Philippines (1:137) – which is not surprising given the Philippines is 2 tiers above the Solomons from a Tourism Marketing spend and overall tourism development perspective.

*The Solomon Islands National Tourism Development Strategy 2015–2019*, states:

*'The Department of Tourism is both understaffed and under-resourced to fulfil its existing mandate and functionality requirements. The budget for the Department in 2014 was SI \$10 million for the development budget and SI \$3 million for recurrent expenditure.'*



## 7.2.2 Solomon Islands Country Overview

### G) Tourism Promotion and Branding

The Solomon Islands tagline in 2014 was *'Solomon Islands. So Solomon, So Different.'* The emphasis was placed on adventure and diversity as well as being 'worlds apart, but not worlds away'. *'Hapi Isles'* is also used in some materials available within the country.<sup>93</sup>

Looking at current promotional material, it now seems to be focused more on an *'Unexplored'* positioning with the *'Visit Solomons'* tourism website having *'Seek the Unexplored'* as its homepage tagline and *'Discover the World's Best Secret'* as secondary messaging. The Solomons Islands Facebook page however, still has the *'So Different'* tagline.

Whilst it has a strong initial look, the *'Visit Solomons'* website is relatively basic in terms of the information it offers, with minimal in terms of more-in-depth content to bring the tourism offering to life. It offers some basic background, accommodation options, sample trips and the start of an *'Untold Stories of the Solomons'* section that looks like it is planned to be more content led.

A potential brand review is mentioned in the *National Tourism Development Strategy*, so this new website branding could be the result of that process.

The official website for Solomon Island Tourism is [www.visitsolomons.com.sb](http://www.visitsolomons.com.sb).

A video with an example of a Sustainable Tourism business in the Philippines is available via:

[ <https://vimeo.com/21627771> ]

Source: AP Press Television News.



## 7.2.2 Solomon Islands Country Overview

### H) Key challenges for tourism development in the Solomon Islands

The infrastructure and basic development challenges have already been touched on, but it is worth quickly summarising some of the overall barriers that the country's tourism industry needs to overcome:

- 1) International accessibility/ high cost  
The Solomon Islands are remote and have relatively expensive (and unreliable) air links. It is a challenging country to get to and then travel around within.<sup>94</sup>
- 2) High Government Debt  
This has a number of impacts on tourism, most notably affecting the ability for the country to invest sufficient capital in development.<sup>95</sup>
- 3) Poor/ limited travel Infrastructure and accommodation  
The travel infrastructure is generally poor, accommodation limited and telecommunications/ technology often limited. Airstrips are in need of upgrades in some instances.<sup>96</sup>
- 4) Limited capacity within government to plan and market tourism sector;  
Despite it being a priority, capacity is not sufficient to drive growth.<sup>97</sup>
- 5) Inadequacy of tourism services;  
There is a lack of basic tourism information available and services like accommodation booking are often inadequate.<sup>98</sup>
- 6) Human resource gaps  
The overall level of skilled tourism experts and employees is relatively low. This makes it difficult to provide a basic level of tourism experience consistently throughout the country.<sup>99</sup>
- 7) Lack of tourism awareness  
The general population currently have minimal understanding of the expectations tourists have with regards to 'level of service'.<sup>100</sup>
- 10) Low levels of investment in Solomon Islands Tourism Promotion  
Awareness of the Solomons as a tourism destination remains low and current levels of investment are both inadequate and often poorly targeted. Focusing tighter on the Nature-based/ Adventure segment would help address this in the short-term.<sup>101</sup>
- 11) Limited private sector involvement in destination marketing  
This exacerbates the low-level of investment identified above and makes destination marketing fragmented and inconsistent (and therefore confusing to potential visitors).<sup>102</sup>
- 12) Overall Distance/ Separation between Islands  
Just the simple geography of the Solomon Islands in terms of the separation between different islands makes co-ordination of tourism activities challenging.<sup>103</sup>

All of these require addressing in some way to accelerate tourism development; a number of these are referred to in ***The Solomon Islands National Tourism Development Strategy 2015–2019***:

***'At the heart of this strategy is growth via increasing the level of awareness and demand for what Solomon Islands has to offer, increasing our competitiveness through increased accessibility and improvement in tourism infrastructure, enhancing our tourism products and delivering them to the highest possible standard at each and every point of the tourist journey through better training.'***<sup>104</sup>

## 7.2.2 Solomon Islands Country Overview

### I) A brief look at the future for Tourism in the Solomon Islands

The industry is currently over-reliant on the business and corporate sectors and the holiday sector has been identified as the priority area for future development. There is no real mass tourism, and no plans to develop it given some of barriers already highlighted in Section H.

Small-scale niche tourism products have been identified as the areas of greatest opportunity, with expanding the still small but growing cruise market also highlighted as a current and future opportunity (approximately 17 cruise ships with 10,000 passengers are expected to visit various destinations in the Solomon Islands between June 2014 and December 2015.)<sup>105</sup>

Looking at the largest opportunity identified in its tourism strategy a little closer, the Solomon Islands has, like Timor-Leste and PNG, set its sights on small-scale niche tourism offerings. In fact, its focus on 'adventure tourism' is probably even more pronounced than either of them with a clear acknowledgement of the Solomon Island's low capacity to absorb large volumes of visitors, given its fragile environment and limited infrastructure.

The absence of tourism products needed to support mass tourism along with the relatively high cost of visiting (and likelihood of ever attracting high volumes of tourism being extremely low) are also clear limiting factors.

In contrast to this, the islands have a wide range of potential nature-based and cultural products – some of which already provide the basis for the existing tourism industry. Some limited infrastructure is also already in place around some of these current offerings.

The areas specifically identified by the Solomons' Government as development opportunities include:

*1) Small/ medium boutique resorts catering for environmental and cultural tourism; 2) Cultural and environmentally based attractions; 3) World War II attractions; 4) Water-based activities including diving, surfing and fishing; and 5) Tourism Trails.*<sup>106</sup>

The stated focus of the Tourism Promotion Authority is on the provinces that do not yet have many tourism operations, which basically means the areas other than the Western Province. However, as the Western Province has a steady stream of visitors coming throughout the year, it is important to connect the other provinces to these opportunities and learn from experiences in the Western Province.<sup>107</sup>

Significantly, the current Prime Minister is a visible champion for tourism. The tourism development plan was launched in May 2015 after a process that included the involvement of South Pacific Tourism Organisation (SPTO) and involved significant consultation in the provinces and also a final large consultation in Honiara. The government is allocating some budget for the plan, up to SI \$1 million SI\$ (US \$125,000) for the Tourism Authority (SITA). The idea is to get the Prime Minister's office to lead the tourism task force so there is a very clear and direct interest, with the intent being to get tourism higher up the agenda for national investment and development. A strategy coordination unit is being set up and representation of the Prime Ministers' office will be key.<sup>108</sup>

There is also a report that describes tourism opportunities for investors which indicates it is timely to promote at a regional level; the CTI-CFF is already partnering with the Secretariat of the Pacific Regional Environment Program (SPREP) at the regional level and the Solomon Islands Government partners with SPREP and the Secretariat of the Pacific Community (SPC) on tourism projects. The Tourism Ministry also considers that now is a good time to invest and develop tourism as it seems likely that logging activities and related revenues and jobs will go down in the future, so replacing a proportion of that with sustainable tourism jobs and revenues would obviously be beneficial.

Overall, whilst the Solomon Islands remain just ahead of Timor-Leste when it comes to certain elements of tourism development and infrastructure, many of the challenges they face are similar (see Section H, p. 55).

## 7.2.2 Solomon Islands Country Overview

### I) Nature-based Tourism in the Solomon Islands

**Table 12: Current and Forecast Value of Nature-based and Adventure Tourism in the Solomon Islands**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Forecast to 2035* (Based on current average global forecasts only)		
	Total Tourism Market (US\$)	Nature-based & Adventure Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism	
		20% Share (US\$)	25% Share (US\$)		35% Share (US\$)	45% Share (US\$)
<b>Coral Triangle (CTI-CFF Countries)</b>	\$98.7 billion	\$19.7 billion	\$ 24.7 billion	\$454.3 billion	\$159 billion	\$204.4 billion
<b>Solomon Islands</b>	\$97.4 million	\$19.5 million	\$24.3 million	\$420 million	\$147 million	\$189 million

\* 2035 forecast is based on global average share estimates only and is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.

Based on the estimated average global share of Nature-based and Adventure Tourism (NBT), The Solomon Islands could already be generating US \$19.5 million–US \$24.3 million in this sector and is forecast to generate US \$147 million–US \$189 million by 2035 if it simply reflected average global tourism characteristics (*Table 12*).

Looking at the specific characteristics of the Solomon Island's current tourism market however, as with Timor-Leste the market clearly skews towards Nature-based and Adventure tourism – probably even more so in the Solomons. Given the focus on this type of tourism called out in the ***National Tourism Development Strategy 2015–2019***, this share is only likely to grow.

Conservatively putting the share at 45%-55% (vs. the global average) would have NBT already generating US \$43.8 million–US \$53.6 million in economic value for the Solomon Islands in 2014/15.

Looking ahead to 2035 and assuming conservative share growth to 55–65% would indicate an overall potential forecast value of US \$231 million–US \$273 million.

And, as noted in the Timor-Leste overview, these numbers are all, by their nature, conservative. They are based on a static set of assumptions, assume no accelerated investment in tourism and do not include the impact any regional brand development would have.

Overall, like Timor-Leste, the Solomon Islands could certainly derive significant economic growth from Nature-based Tourism; probably even more so comparatively than all the other countries given the physical restrictions that exist and more-or-less prohibit mass tourism – or even 'Eco mass tourism'.<sup>109</sup> Given some infrastructure already exists, and there are initial signs that a market is starting to form, the Solomon Islands appears to be a few steps closer than Timor-Leste to being ready for any additional volume of Nature-based Tourists that regional Coral Triangle branding work would create.



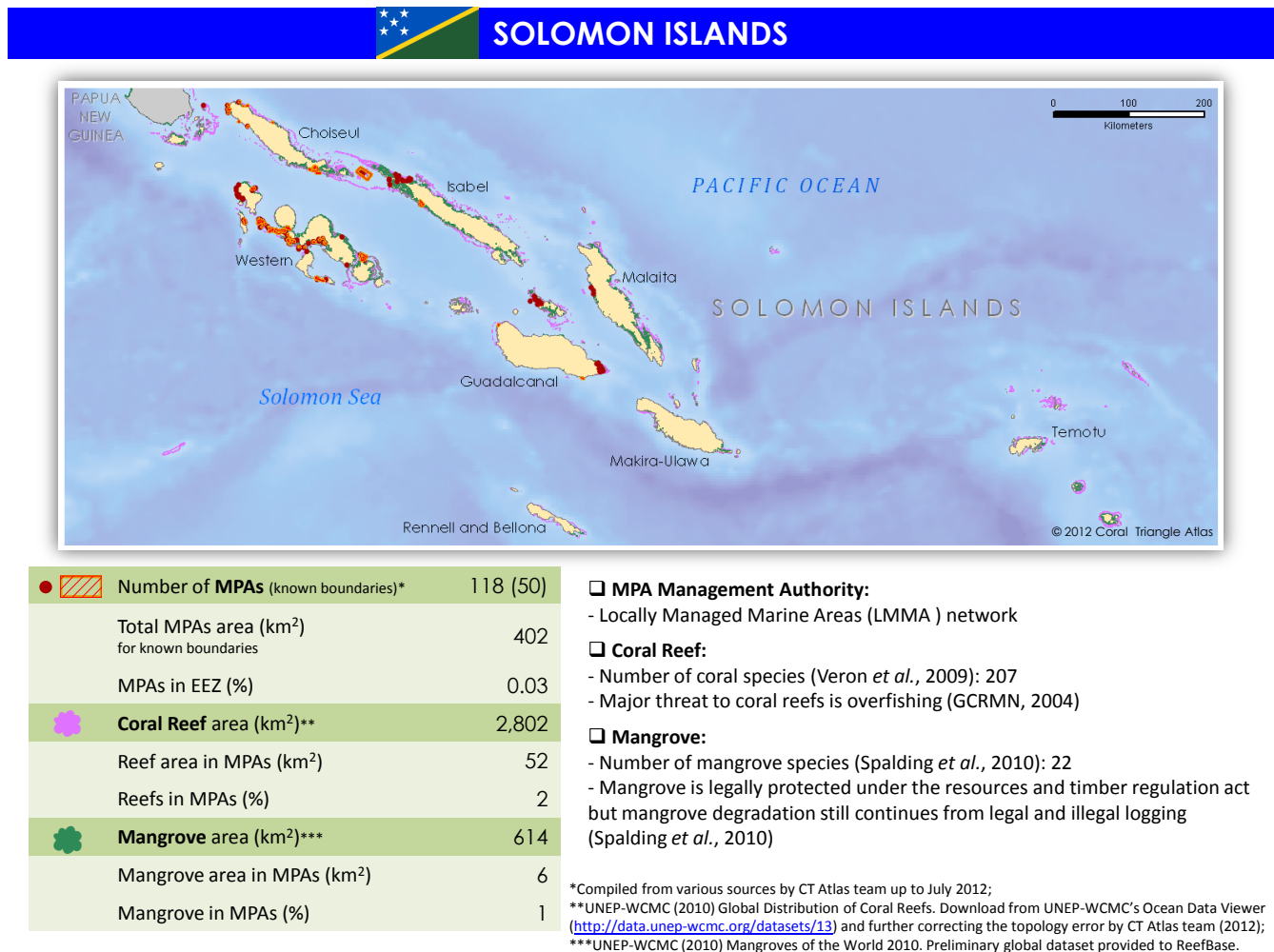
## 7.2.2 Solomon Islands Country Overview

### J) Identified Marine Protected Areas (MPAs)

The Solomon Islands have 118 Marine Protected Areas (MPAs), with those areas with known boundaries covering 402km<sup>2</sup>. Overall there are 2,802 km<sup>2</sup> of coral reef with just 52km<sup>2</sup> within an MPA (2%).

The major areas for diving obviously coincide with some of the key Coral Reef sites and are in Western Province, including around Gizo, Munda, Eastern and Western Marovo, as well as around Honiara, the Florida Islands and Iron Bottom Sound.

Map 6: Marine Protected Areas (MPAs) and key areas of Coral Reef in the Solomon Islands (July 2012)



An area that initially seems suited to Nature-based Marine Tourism is the Western Province; especially the area around the Arnavons, the Marova Lagoon and Gizo. The planned '*Guadalcanal and Central Province Culture and Nature Trail*' also has some potential Nature-based Tourism sites along it.

The potential for targeted site development coupled with more integrated promotion and marketing will be explored in more detail in the destination selection stage of the NBMT project. There is also a summary table of potential sites for all the countries and a number of potential approaches to site selection outlined in Section 10.4 (p. 147).

## 7.2.2 Solomon Islands Country Overview

### K) Selected observations on the Solomon Islands' tourism industry

The Solomon Islands, like Timor-Leste, are unranked by the World Economic Forum, but do feature at no. 178 (out of 184) for size and no. 106 for growth in the World Travel and Tourism Council rankings.

The ranking of 106 by the WTTC for growth does show that the overall growth prospects for tourism are forecast to be steady, although the Islands are obviously starting from a low base.

The Solomon Islands' face many similar infrastructure challenges to Timor-Leste – with the added complication of the disparate nature of the islands themselves, coupled with an even greater degree of isolation that makes travel to and within the country arguably more of a challenge here than anywhere else in the Coral Triangle. The infrastructure challenges have, to some degree, also been influenced in the recent past by the presence of RAMSI (Regional Assistance Mission to Solomon Islands).

The Solomon Islands have, like Timor-Leste and Papua New Guinea, stated that their mid to long-term aim is to focus on niche, small-scale tourism – with 'adventure tourism' as the absolute epicentre of what they are targeting. In some respects they seem the most focused on this niche of any of the countries, although this is the subjective view of this reports' author only.

From a bio-diversity and Nature-based Tourism perspective, the Solomons have all the basic natural resources in place. The focus currently seems to revolve around diving, surfing and sport fishing. There are special areas for witnessing nesting of leatherback turtles and to do some bird watching but those are not widely promoted.<sup>110</sup> This natural capital is not currently fully recognised within the country, let alone utilised.

It does, however, receive considerable focus in the recently created tourism strategy: ***The Solomon Islands National Tourism Development Strategy 2015–2019***, which is visibly supported by the Prime Minister and the country certainly seems to have the will to try and open up the Nature-based and Adventure Tourism opportunity – if not always the means.

As referred to a few times in this report, the implementation of the stated strategy is often where the real challenge lies. Given the strategy was only published this year, it is obviously too early to tell if this will be the case for the Solomons, but the challenges they face are significant and complex enough to indicate that they, like others in the CTI-CFF, will also face the 'strategy-implementation gap' in coming years.

In terms of benefitting from a regional Coral Triangle NBT brand, the impetus such a brand could provide to help open up the Solomon Islands' US \$231–US \$273 million Nature-based Tourism opportunity by 2035 is certainly considerable. The message consistency it could offer and ability to reach markets that the Solomon Island's current tourism marketing spend never could give it access to are obvious benefits. As is the momentum it could provide in terms of providing added support to accelerate the plans laid in the overall Tourism Development Strategy.

And as a last – positive – point; although the challenges in finding sustainable and balanced tourism growth are considerable, the fact that the Prime Minister's Office is looking to lead the tourism task force is both symbolically important, but also of huge potential pragmatic value given it will help to maintain a string focus on the importance of tourism to the Solomon Islands' future.

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Further detail on the current state of the Solomon Islands' Tourism Sector can be found in the November 2015 PT Hatfield Indonesia Field Report, authored by Dr Lida Pet-Soede and titled '***Observations on Nature Based Tourism in the Solomon Islands***.'

This field report also forms part of the ***Coral Triangle Nature-based Tourism Initiative***.



### 7.2.3 Papua New Guinea Country Overview

(Source: UN Data/ United Nations Statistics Division unless indicated)

Size:	462,840 sq. km
Population:	7,476,000 (est. 2014)
Population growth rate:	2.1% (2010–15)
Population density:	16.2 per sq. km
GDP per Capita:	US \$2,106
Arrivals at National Borders:	174,000 (2013)
Estimated value of Tourism:	US \$475.3 Million per annum K1.4 Billion. <i>PNG Tourism Master Plan 2010</i> .
Global Tourism Ranking:	161 (Size)   15 (Growth). World Travel and Tourism Council (WTTC).



Map 7: Papua New Guinea, highlighting main regions and islands (and Kokoda Trail)



#### A) The Importance of Tourism in Papua New Guinea

WTTC Tourism Ranking: 161<sup>/184</sup> (Size) | 15<sup>/184</sup> (Growth)

CTI-CFF Country Ranking: 4 | Based on a combination of % Contribution to GDP, Size and Level of Tourism Segmentation

Ranked at number 161 out of the 184 countries measured, but growing comparatively quickly as the 15<sup>th</sup> fastest growing tourism market in the world, Papua New Guinea has a small tourism market on the global scale, but with huge potential that is slowly starting to be realised despite the many limitations.

With an estimated overall contribution to GDP of \$475.3 Million per annum in 2012,<sup>111</sup> in spite of its relatively small size, tourism is steadily becoming a significant sector in PNG's economy. And that growth is

### 7.2.3 Papua New Guinea Country Overview

#### A) The Importance of Tourism in Papua New Guinea (continued)

happening despite the sometimes overwhelming effect the resources sector (mining in particular) has on perceptions of economic growth opportunities in the country. But resources booms are finite, and with the almost limitless supply of Nature-based and Adventure tourism resources in Papua New Guinea, tourism most certainly is not. At times, it can appear almost infinite in terms of its variety, scale and opportunity.

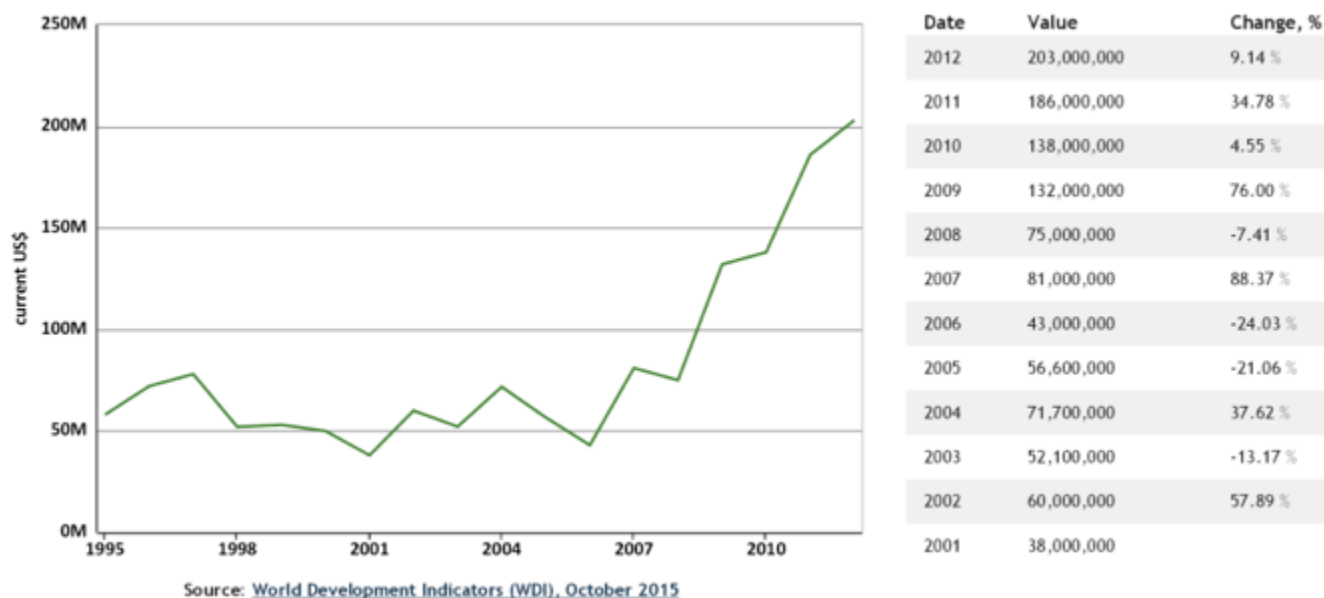
Current estimates put the total contribution of travel and tourism at 3% of Papua New Guinea's GDP in 2015 (vs. the 9% global average reported by the UNWTO, 5% in the Solomons, 1.5% in Timor-Leste and 9% in Indonesia).<sup>112</sup> This compares with agriculture at 27.6% of GDP, industry at 39.1% and services at 33.3%.<sup>113</sup> These numbers reflect both the significant size of resources and mining in the country, but also the fact that agriculture still provides a livelihood for 85% of the population, primarily via subsistence farming alongside some cash crops. Papua New Guinea is often referred to as a 'dual economy' because of these 2 dominant sectors.<sup>114</sup>

As can be seen from the World Bank's World Development Indicators (WDI) data in Graph 10, international tourism expenditure in PNG rose rapidly (off a small base) between 2005 and 2012, from US \$56.6 million to US \$203 million (+259%). Whilst this rate may have flattened slightly in the last 2 years, significant growth is forecast in what is still a relatively underdeveloped economic sector for PNG. It has been growing particularly strongly since 2007.

The forecast value of tourism to Papua New Guinea in 2035 is US \$2.1 billion, assuming a gradual reduction in the high current average overall growth rate over that period – and assuming some level of ongoing volatility in the country's tourism growth because of its current low level of overall development.<sup>115</sup>

#### Graph 10: Papua New Guinea International Tourism Expenditure 2001–2012

Source: The World Bank, WDI Indicators, October 2015



No accurate tourism employment numbers are currently available, although the Government of Papua New Guinea forecasts an 'additional 13,000' would be created if the **Papua New Guinea Tourism Sector Review and Master Plan (2007–17)** was fully implemented.<sup>116</sup> As a point of comparison, the Fiji tourism industry currently creates about 4,000 direct and 40,000 indirect jobs a year.<sup>117</sup>

### 7.2.3 Papua New Guinea Country Overview

#### **B) Papua New Guinea's Overall Approach to Growing the Tourism Sector**

The Papua New Guinea government clearly recognises the overall importance of the sector – especially given its potential to help reduce poverty, accelerate community development and become an economic growth engine for PNG could point to a long-term, sustainable future growth path for the country beyond the current resources boom.

This focus is captured most obviously in the *Papua New Guinea Tourism Sector Review and Master Plan (2007–17)*, which provides an overall framework for tourism development.

The vision included in this document is that:

*'...by 2017 PNG Tourism is a growing and sustainable industry which:*

- 1) Is recognized globally as a destination which offers a range of unique niche adventure tourism experiences;*
- 2) Generates significant investment and employment through profitable business opportunities and subsequently the development of the economy;*
- 3) Celebrates, protects and enhances our unique cultural heritage and natural environment by showcasing these attributes;*
- 4) Provides visitors with an enjoyable, distinct and memorable experience;*
- 5) Demonstrates partnership and collaboration across all stakeholders; and*
- 6) Provides a broad distribution of benefits across PNG thereby improving the lifestyles of rural and urban communities.'*<sup>118</sup>

It is significant that the focus in PNG is already firmly on 'unique niche adventure tourism experiences'. The Government has also clearly identified the importance of PNG's natural environment and cultural heritage alongside the clear business, community development and employment opportunities.

Underpinning this vision is an overall 10-year goal (2007–17) to:

*'Increase the overall economic value of tourism to the nation by doubling the number of tourists on holiday in PNG every five years and maximizing sustainable tourism growth for the social and environmental benefit for all Papua New Guineans.'*<sup>119</sup>

The theme identified in the Timor-Leste and Solomon Islands overviews continues here, as PNG provides a further example of a potential strategy to implementation gap. The tourism sector – infrastructure in particular – remains undeveloped, and, in spite of the resources boom and associated revenue streams, has not received sufficient investment to start it on a path to becoming a sustainable source of economic growth and prosperity for the country.

For further detail on the Government's overall approach, *Papua New Guinea Tourism Sector Review and Master Plan (2007–17)* is available for download via:

[ <http://www.tpa.papuanewguinea.travel/PicsHotel/PNGTA/Brochure/TPAFactsheets/Tourism Master Plan.pdf> ]

#### **C) Current State of PNG's Tourism Industry**

Despite the fairly rapid recent growth identified in section A, Papua New Guinea's tourism sector is still very undeveloped, with virtually no infrastructure outside of Port Moresby (and limited tourist connections out of the Capitol) and ongoing challenges in securing enough investment to grow the sector.

Whilst other countries in the region have successfully started to develop their tourism markets, Papua New Guinea has underperformed. For example, its share of the South Pacific regional market is currently only 5% of total arrivals, and less than 2% of the overall holiday market in the region.<sup>120</sup>

### 7.2.3 Papua New Guinea Country Overview

#### C) Current State of PNG's Tourism Industry (continued)

Papua New Guinea is ranked 4<sup>th</sup> overall in the CTI-CFF due to it receiving 174,000 international tourists (vs. 24,400 to the Solomons and 58,000 to Timor-Leste), generating US \$ 203 million in expenditure (vs. US \$68.4 million and US \$57 million) and having a domestic tourism market approximately 10 times the size of the Solomons. Its GDP % of 3% is lower than the Solomon Islands, but all other main metrics place it ahead.

Despite underperforming compared with some of its regional neighbours, the tourism industry was still estimated to provide US \$203 million directly to Papua New Guinea's economy in 2013 with a forecast contribution of US \$2.1 billion to GDP by 2035 (Table 13).

**Table 13: Selected Papua New Guinea Tourism Metrics (2005–12/13)**

Sources: The World Bank, World Travel and Tourism Council and PNG Tourism Master Plan

Est. Value of Tourism (% GDP)	WTTC Rank		Visitor Arrivals (2005)	Visitor Arrivals (2012)	Rate of Increase (%)	Target Arrivals (Per/ yr.)	Spend/ Visitor (US \$ - 2013)	Contribution to GDP in 2035 (US \$)
	Size	Growth						
3% (2015)	161	15	69,000	174,000	+152%	415,000 by 2017	\$1,208.33	\$2.1 billion

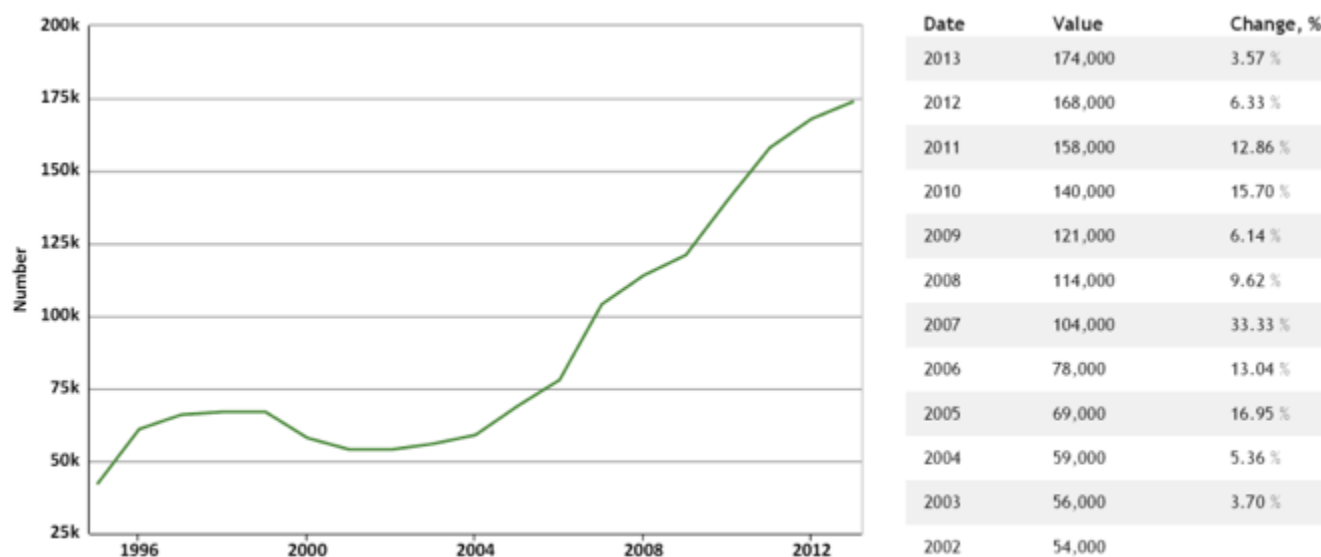
  

International Tourism Expenditure			Domestic Tourism		Current Estimated Govt. Tourism Budget (US\$)
2005	2012	Growth Rate	# of Trips	Est. Value US \$	
US \$56.6 million	US \$203 million (2012)	+259%*	375,000 (Estimate only)	US \$292 million (2014)	US \$6.75 million + US \$3.4million for Kokoda (30.2 million Kina) <sup>121</sup>

In terms of the overall size of Papua New Guinea's tourism industry, arrivals have been increasing at a rapid rate (+152% between 2005–12), and after the decline from 1999–2003 have increased at rates varying between 3.7%–33.3% (Graph 11).

**Graph 11: Papua New Guinea International Tourism Arrivals (2002–13)**

Source: The World Bank, WDI Indicators, October 2015



Source: World Development Indicators (WDI), October 2015

### 7.2.3 Papua New Guinea Country Overview

#### C) Current State of PNG's Tourism Industry (continued)

Growth is currently forecast to remain strong going forward – even if high double-digit growth rates are likely to be unsustainable over the longer-term. However, this forecast growth will be strongly dependant on continuing political stability in the region and will also continue to be closely tied to global economic stability and growth (particularly in Australia, given the dominance of tourists from here).

The spend/ visitor in Papua New Guinea is the second lowest of the 6 CTI-CFF countries at an estimated US \$1,208 in 2013. The lowest of the countries in terms of average spend is Timor-Leste at US \$983/visitor, with Indonesia just above PNG at US \$1,168/visitor, followed by the Philippines at US \$1,795/visitor, Malaysia at US \$1,737/visitor and the Solomon Islands at US \$2,803/visitor (*Table 4, p. 30*).

Looking at Table 14, PNG's tourism market is dominated by Australian visitors, who made up over 44% of the country's tourists in 2010. The USA (12.8%), Japan (8.9%), UK (6.8%), other Europe (6.1%), the Philippines (4.7%), Germany (4.5%) and New Zealand (3.1%) make up the other significant source countries.

**Table 14: Papua New Guinea Tourist Source Markets (2010)**

Source: PNG Tourism Sector Review and Master Plan, 2007–17

#### ***Total Tourist Expenditure by Market Area (in 2010)***

Country	Average length of Stay	Tourist Arrivals	Daily Expdt.	Average /Head Expenditure		Total Expenditure		%tage Share
				Kina	US\$	Kina	('000 US\$)	
Australia	13	16,744	872	11,336	4,052.62	189,809,984	67,857,069	43.6
New Zealand	14	874	1,107	15,498	5,540.54	13,545,252	4,842,428	3.1
Pacific Islands	28	496	190	5,320	1,901.90	2,638,720	943,342	0.6
Japan	11	2,350	1,500	16,500	5,898.75	38,775,000	13,862,063	8.9
China	14	583	857	12,000	4,290.00	6,996,000	2,501,070	1.6
Philippines	14	1586	913	12,786	4,571.00	20,278,596	7,249,598	4.7
Other Asia	14	454	712	9,968	3,563.56	4,525,472	1,617,856	1.1
United Kingdom	21	1934	775	15,500	5,541.25	29,977,000	10,716,778	6.8
Germany	20	998	986	19,722	7,050.62	19,682,556	7,036,514	4.5
France	16	294	1,281	20,500	7,328.75	6,027,000	2,154,653	1.4
Other Europe	14	1,405	1,357	19,008	6,795.36	26,706,240	9,547,481	6.1
USA	16	3,220	1,088	17,410	6,224.08	56,060,200	20,041,522	12.8
Canada	25	547	466	11,667	4,170.95	6,381,849	2,281,511	1.5
Africa	12	126	833	10,000	3,575.00	1,260,000	450,450	0.3
Other Countries	19	605	1,078	20,500	7,328.75	12,402,500	4,433,894	2.9
<b>Total Average</b>	<b>16.3</b>	<b>32,216</b>	<b>947.81</b>	<b>15,449</b>	<b>5,523.13</b>	<b>435,066,369</b>	<b>155,536,227</b>	<b>100</b>

The current tourism focus markets highlighted in PNG's master plan reflect the current visitor data and are Australia, USA, Japan and UK/Germany.<sup>122</sup>

PNG has minimal mass tourism currently, primarily due to the limited number of cheap airfares, hotels and tours available to the country. The country is known more for its adventure and Ecotourism, and is also renowned as a diving destination (an area that has been strongly promoted recently). There is also a heavy reliance on business and Government travel; in 2004 for example, 63% of total airline arrivals were for business.<sup>123</sup>

There are limited (to no) segmented statistics available for the Nature-based Tourism sector in PNG. However, given the overall focus of PNG's Tourism Promotion Authority on 'unique niche adventure tourism experiences', and the nature of the country's tourism offerings, it can be assumed that somewhere between 70–90% of the current value of international leisure tourism is based on the natural environment. This is explored in more detail in Section I (p. 67).



### 7.2.3 Papua New Guinea Country Overview

#### C) Current State of PNG's Tourism Industry (continued)

Lastly, PNG's domestic tourism market. Whilst still relatively small when compared with the likes of Indonesia (US \$36.7 billion) and the Philippines' (US \$17.7 billion), the domestic tourism market, at 1.8% of GDP in 2014 (US \$292 million) is still an important component of PNG's economy.

Growth is forecast to remain a strong at +5.5% per year to 2025, when it is estimated that Domestic Tourism will contribute over US \$0.5 billion (US \$531.5 million) to PNGs' GDP (Table 15).

In absolute number terms this equates to an estimated 375,000 domestic tourism trips per year currently (Table 13, p.63), with an estimated forecast of 683,000 trips by 2025 based on the forecast in Table 15.

At over US \$½ billion in value and more than 680,000 trips per year, that represents a sizeable opportunity to be explored. And 680,000 trips would indicate approximately 520,000 individuals traveling domestically – only 6.5% of the projected population. This low % is probably fair given the current stage of development PNG is at, but there is clear upside in the overall proportion of people being able to travel within the country as PNG, hopefully, continues in a socio-economic growth path.

**Table 15: Papua New Guinea Domestic Tourism Metrics (2014–25)**

Sources: World Travel and Tourism Council (WTTTC)

COUNTRY	Current Domestic Tourism			Forecast Domestic Tourism		
	2014		2015	2025		
	Est. Value (US\$ )	% of Total GDP	Forecast Growth (%)	Est. Value (US\$ )	% of Total GDP	Growth * (%)
<b>Papua New Guinea</b>	US \$291.9 million	1.8%	+5.6%	US \$531.5	1.8%	+5.6%

\* Papua New Guinea growth rate measured from 2005 to 2012. All other countries growth rate measured to 2013.

The PNG Tourism Sector Review and Master Plan forecast tourism would be worth K1.78 billion (US \$604 million) in revenue terms by 2015. Tourist expenditure in 2015 was forecast to be K727 million, whilst total employment in tourism would increase by 13,000 by the same year. Accurate review data is not available for these goals as yet, but although these targets may not all have been met, it is fair to say that the potential for tourism growth in PNG remains strong – the question (as with much of the region) is how the growth can be best managed to deliver the broadest long-term benefits to the whole country.<sup>124</sup>

#### D) Key Promoted Regions

Papua New Guinea is divided into 4 Regions made up of 19 Provinces (reflected in overall tourism promotion):

1) Highlands Region

Simbu, Eastern Highlands, Enga, Hela, Jiwaka, Southern Highlands, and Western Highlands.

2) Islands Region

East New Britain, Manus, New Ireland, Bougainville (North Solomons), and West New Britain.

3) Momase Region

East Sepik, Madang, Morobe, and West Sepik (Sandaun).

4) Papua Region

Central, Gulf, Milne Bay, Northern Province (Oro), Western (Fly), and the National Capital District.



### 7.2.3 Papua New Guinea Country Overview

#### D) Key Promoted Regions (continued)

PNG makes much of the diversity of its landscapes: from *'jungle-clad mountains; to the flooded delta regions; to the sandy white beaches and pristine coral atolls of the coastal and island provinces.'*<sup>125</sup>

The *'largest area of intact rainforest outside of the Amazon', 'rugged mountain terrain and deep cave systems', 'great rivers' and 'some of the world's best diving'*<sup>25</sup> are also used to describe some of the Nature and Adventure-based tourism opportunities that exist within the country.

The areas promoted at the macro-level, however, are mostly general regions/ landscapes with one exception being a focus on specific areas for diving:

**'Papua New Guinea...enjoys some of the world's best diving around its warm coastal waters, with striking coral reefs around the mainland coast and the islands of the Bismarck Sea and the Milne Bay area.'**<sup>25</sup>

Recent PNG materials call out Port Moresby, Tufi, Mount Hagen, Goroka, Tari, Sepik, Rabaul and Kavieng as key areas of interest.<sup>126</sup> The Kokoda Trail is also a particular focus for the Australian market and is currently receiving significant government investment (US \$3.4 million) to develop it.

It is generally understood that, while Nature-based Tourism experiences can be had anywhere in PNG, that Kimbe, West New Britain, Alotao and Milne bay and the islands around Kavieng in New Ireland (and some places in East New Britain) are the most developed for these type of tourism experiences.<sup>127</sup>

#### E) Target Market and Reasons for Travel

As a demanding, yet incredibly biologically, culturally and geographically diverse country, PNG is very much for 'DIY travellers' who love a diverse cultural, natural and/ or historical journey in a country of exceptional biodiversity.

The main reasons identified for visiting PNG are: culture, diving, surfing, hiking, art collecting, photography, eco touring, sport fishing and WW2 History.<sup>128</sup>

The overall niche positioning leads PNG to a target an older, higher income tourist, who is willing to travel further and pay more for a more unique experience. In 2009 for example, 55% of arrivals were over 40 and 25% over 60.<sup>129</sup> This fits with the more demanding nature of a PNG tourism experience and the challenges in reaching the country in the first place.

Given the intimidating nature of Port Moresby, which has a strong reputation for high crime rates and a general lack of safety, PNG is currently less attractive to families and those who do not have the desire to take on riskier travel experiences.

A significant number of the tourists from Australia come to PNG specifically to visit the Kokoda Trail as the primary reason for their visit.

Nature-based Tourism evolves around surfing, diving, sport fishing, and bird watching. The war history related tourism is not aimed at a nature experience per se, and neither is the cruise-related tourism.<sup>130</sup>

The Papua New Guinea Tourism Promotion Authority captures all of the above quite succinctly by placing all types of tourism experiences under the one heading on its website: *'Adventures'*.

### 7.2.3 Papua New Guinea Country Overview

#### F) Tourism Promotion and Branding

Up to mid 2006, PNG branded itself under the 'Papua New Guinea Experience' tagline. This was superseded in 2009 by 'Papua New Guinea. A Million Different Journeys'.



This change has been accompanied by some investment in online marketing and the opening of an Australian Tourism Promotion office. Anecdotally, the new approach has been successful; it certainly provides flexibility for ongoing marketing and is relatively straightforward to integrate with any future Coral Triangle Nature-based Tourism brand.

Taglines currently in use also include:

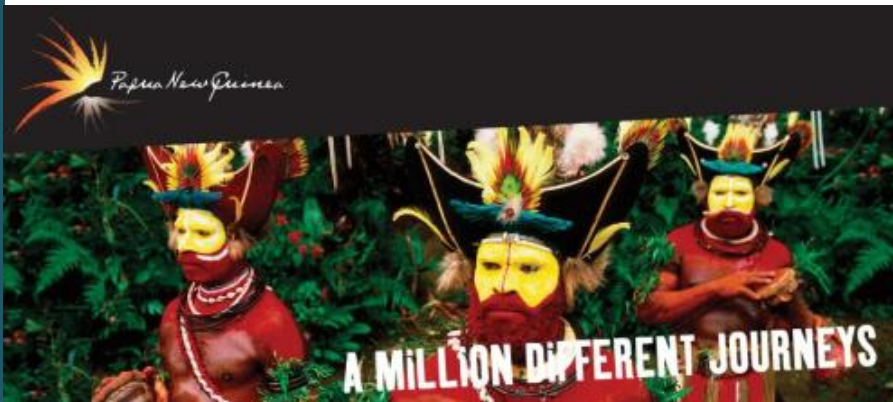
'Papua New Guinea. Land of the unexpected' and 'Papua New Guinea. Land of mystery'

Materials produced by the PNG Tourism Promotion Authority (TPA) and of individual operators use pictures of local people extensively and appear to focus more on land based activities. Marine related culture pictures are hardly featured at present.<sup>131</sup>

As a good representation of the materials more widely available, the Air Niugini inflight magazine has a good focus on all PNG province geographies and provides a systematic presentation of the specialties for each province.<sup>132</sup> It can be assumed that other materials available outside the country (e.g. in Australia's TPA office) take a similar approach.

The tourism department is also investing in certain iconic products like the Kokoda Track and has also recently been promoting kayaking in a group of islands near Kavieng (the TPA even provides the kayaks).<sup>133</sup>

A number of videos promoting Papua New Guinea Tourism are on: [www.papuanewguinea.travel/videogallery](http://www.papuanewguinea.travel/videogallery)



### 7.2.3 Papua New Guinea Country Overview

#### G) Papua New Guinea Tourism Promotion Governance and Estimated Annual Budget: in brief

Overall responsibility for tourism development from a Government perspective sits in the Ministry of Tourism, Arts and Culture; the current Minister is the Hon. Boka Kondra.

Responsibility for the environment sits in the Ministry of the Environment and Conservation and Climate Change; the current minister is the Hon. John Pundari,

The main promotional body for Tourism in PNG is the PNG Tourism Promotion Authority (TPA).

***The Papua New Guinea Tourism Sector Review and Master Plan (2007–17)*** recommended the replacement of the Tourism Promotion Authority with ‘a new industry driven body to oversee and coordinate destination marketing, called ‘Tourism PNG’.<sup>134</sup> This does not appear to have taken place as yet.

The total budget for tourism promotion in Papua New Guinea is estimated at US \$10.1 million for 2015 (including US \$3.5 million specifically for The Kokoda Track) – the second lowest of all the CTI-CFF countries. This places it behind the Solomons (US \$13 million) and significantly behind the Philippines (US \$61.4 million). With international tourist revenues of US \$203 million in 2013, this level of investment would have represented a Marketing Investment Ratio (MIR) of 1:20 (and 1:30 excluding Kokoda), placing it above Timor-Leste (1:7.7) but below the Solomons (1:26).

See Appendix E for additional background on the PNG TPA.

#### H) Key challenges for tourism development in Papua New Guinea

The infrastructure and basic development challenges have already been touched on, but it is worth quickly summarising some of the overall barriers that the country's tourism industry needs to overcome. PNG probably has the highest number of (relatively) significant barriers to tourism development currently, although existing resources income could provide access to higher potential investment levels than Timor-Leste or the Solomons can currently sustain.

A selection of the key challenges include:

- 1) Low levels of holiday visitation and low market awareness  
PNG is little known as a holiday destination; hence visitor numbers for leisure tourism remain low. Overall budget for tourism remains inadequate to drive targeted growth.<sup>135</sup>
- 2) Security risks (particularly for tourists in cities) and an overall negative image;  
Port Moresby has a particularly negative image outside of the country; despite efforts to address the issues, it remains an intimidating entry point to the country. Crime levels are perceived as higher in PNG than other neighbouring countries.<sup>136</sup>
- 3) Relatively high cost of international and domestic airfares & low reliability of air services  
As with Timor-Leste and the Solomons, basis access is an ongoing issue.<sup>137</sup>
- 4) Poor Road Network and travel infrastructure  
This makes getting immediate access to destinations outside of Port Moresby a challenge. Immediately limits the market for tourists to the more adventurous and ‘risk averse’.<sup>138</sup>
- 5) Limited capacity within government to plan and market the tourism sector  
A common challenge for the emerging countries in the CTI-CFF who have limited resources and a wide range of social/ economic development challenges.<sup>139</sup>
- 6) Consumer concerns over high risks of Malaria, Dengue Fever and HIV/AIDS  
Overall risk of contracting these is perceived as higher – compounded by the additional concern over inadequate health facilities.<sup>140</sup>

### 7.2.3 Papua New Guinea Country Overview

#### H) Key challenges for tourism development in Papua New Guinea (continued)

- 7) Low community and government awareness of tourism benefits and needs  
The general population currently have little to no understanding of the expectations tourists have with regards to 'level of service'.<sup>141</sup>  
General levels of environmental awareness in the country are also low – not surprising given the high levels of poverty and relatively low levels of education.<sup>142</sup>
- 8) Limited private sector involvement in destination marketing  
This exacerbates the low-level of investment identified in point 1 and makes destination marketing fragmented and inconsistent (and therefore confusing to potential visitors).<sup>143</sup>
- 9) Weak provincial tourism bureaus and associations  
The overall level of skilled tourism experts and employees is low. This makes it difficult to provide a basic level of tourism experience consistently throughout the country.<sup>144</sup>
- 10) No system of accommodation and product standards  
There is a lack of basic tourism information available; services like accommodation booking are often inadequate.
- 11) High cost of operations e.g. security and utilities  
A significant potential deterrent to investment as increases up entry costs.<sup>145</sup>
- 12) Poor access to internet/ telecommunications in rural areas  
Makes basic tourist tasks like booking accommodation challenging. Although telecommunications has seen investment recently and quality is now good (but costs are very high).<sup>146</sup>
- 13) Poor coordination within government departments and tourism historically a low priority  
Lack of integration of tourism efforts has resulted in misdirected and wasted resources. Until recently, PNG had other higher priorities; the resources sector still remains a potential inhibitor to adequate focus being placed on the tourism opportunity.<sup>147</sup>
- 14) Complexity of land tenure system and site access issues  
Investors looking to develop tourism infrastructure are faced with complex and confusing land ownership structures – this is a clear deterrent to foreign investment currently.<sup>148</sup>

All of these require addressing in some way to accelerate tourism development; the overall need for structural change and investment is referred to in ***The Papua New Guinea Tourism Sector Review and Master Plan (2007–17)***:

*'The undertaking of this Tourism Sector Review and development of the Tourism Master Plan is the first stage in supporting the development of the sector, but the key will be in the commitment to implementation and the creation of strong institutions to support investment by the private sector. The implementation of this Plan will require commitment and coordination from a wide range of stakeholders; commitment is required to a 'whole of government' approach' and to the funding and implementation of this policy from the highest level of government.*

*The Government should place a much higher emphasis on tourism development in all its policies. The tourism portfolio should receive high status and future ministerial appointments (...) given extremely careful consideration.*

*Implementation of the Tourism Master Plan will be vital and financial resources will be needed for this to happen. This funding should be structured in such a way that ensures continuity in the years to come.'*<sup>149</sup>



### 7.2.3 Papua New Guinea Country Overview

#### **I) A brief look at the future for Tourism in Papua New Guinea**

*The Papua New Guinea Tourism Sector Review and Master Plan (2007–17)* has been referenced a number of times already in this section. It provides an excellent overview of the direction Papua New Guinea wishes to take its Tourism sector.

In some respects, the type of tourism to focus on is the easy part. It seems to present itself in front of you wherever you turn in Papua New Guinea, with natural and cultural resources throughout the country (as soon as you leave the slightly intimidating confines of Port Moresby).

Leveraging those natural and cultural resources for the benefit of as much of the country as possible is the slightly more complex part.

To help with the complexity of the challenges facing PNG's tourism development, the tourism master plan called out the need to focus a work program on five key areas:

- 1) Marketing the Destination;
- 2) Product Development and Investment;
- 3) Transport and Infrastructure;
- 4) Human Resource Development; and
- 5) Institutions and Industry Partnerships.<sup>150</sup>

With the current 10 year master plan entering its final 2 years, it can be assumed that at least some progress has been made in these 5 areas – possibly considerable progress in some of them – but current tourism experiences and the overall growth trend explored at the start of this section would indicate that there is still significant work to be done.

That said, having a plan to report back against and then build on is infinitely easier than starting from scratch. The challenge will be to undertake an honest appraisal of the results of the current plan and then seek ways to accelerate the implementation of the most critical structural changes that were identified in the plan whilst addressing some of the weaker areas.

In spite of all the significant structural challenges for PNG's tourism sector, the good news is that, on the demand side, peoples' desire for Nature-based and Adventure Tourism experiences looks set to continue to expand rapidly globally. The question will be how much of (the right part) of that opportunity Papua New Guinea is able to capture.

#### **J) Nature-based Tourism in Papua New Guinea**

First and foremost, Papua New Guinea has all the natural assets to support Nature-based Tourism.

It has very high levels of endemic birds and wildlife and its nature areas are still very extensive. With Papua New Guinea's low population, its wilderness is mostly empty, and in most places untouched and in its original state. The culture of PNG is also very diverse and strong; numerous festivals are held throughout the country and tribal art and crafts are readily for sale.<sup>151</sup>

### 7.2.3 Papua New Guinea Country Overview

#### J) Nature-based Tourism in Papua New Guinea (continued)

**Table 16: Current and Forecast Value of Nature-based and Adventure Tourism in Papua New Guinea**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Forecast to 2035* (Based on current average global forecasts only)		
	Total Tourism Market (US\$)	Nature-based & Adventure Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism	
		20% Share (US\$)	25% Share (US\$)		35% Share (US\$)	45% Share (US\$)
<b>Coral Triangle (CTI-CFF Countries)</b>	\$98.7 billion	\$19.7 billion	\$ 24.7 billion	\$454.3 Billion	\$159 billion	\$204.4 billion
<b>Papua New Guinea</b>	\$496 Million	\$99.2 million	\$124 million	\$2.1 Billion	\$0.75 billion	\$0.95 billion

\* 2035 forecast is based on global average share estimates only and is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.

Based on the estimated average global share of Nature-based and Adventure Tourism (NBT), Papua New Guinea could already be generating US \$99.2 million–US \$124 million in this sector and is forecast to generate US \$750 million–US \$950 million by 2035 if it simply reflected average global tourism characteristics (*Table 16*).

Looking at the specific characteristics of PNG's current tourism market however, as with Timor-Leste and the Solomons, the market clearly skews towards Nature-based and Adventure tourism – in PNG's case probably towards Nature-based Tourism more than any of the other countries.

Given the focus on this type of tourism called out in *The Papua New Guinea Tourism Sector Review and Master Plan*, and the almost unrivalled natural capital available in the country, this share is only going to grow.

Conservatively putting the share at 50%-60% (vs. the global average) would have NBT already generating US \$248 million–US \$298 million in economic value for PNG in 2014/15.

Looking ahead to 2035 and assuming conservative share growth to 60–70%, would indicate an overall potential forecast value of US \$1.3 billion–US \$1.5 billion.

And, as already noted in the Timor-Leste and Solomon Islands sections, these numbers are all, by their nature, conservative.

The overall impression after undertaking the review of PNG is that, of all the countries, it has the potential to generate the greatest share of its tourism revenue directly from Nature-based Tourism (even as high as 80–90%). The base levels of natural resources available to it are just so significant.

That said, there are considerable pressures from other sectors (especially mining and resource extraction) that have a greater potential to prevent Nature-based Tourism growth than in other countries; these conflicting pressures will require careful management.

The potential is certainly there, though, for both a significant amount of niche and, in the longer-term, more mainstream (e.g. Mass Eco-tourism) Nature-based Tourism activities.



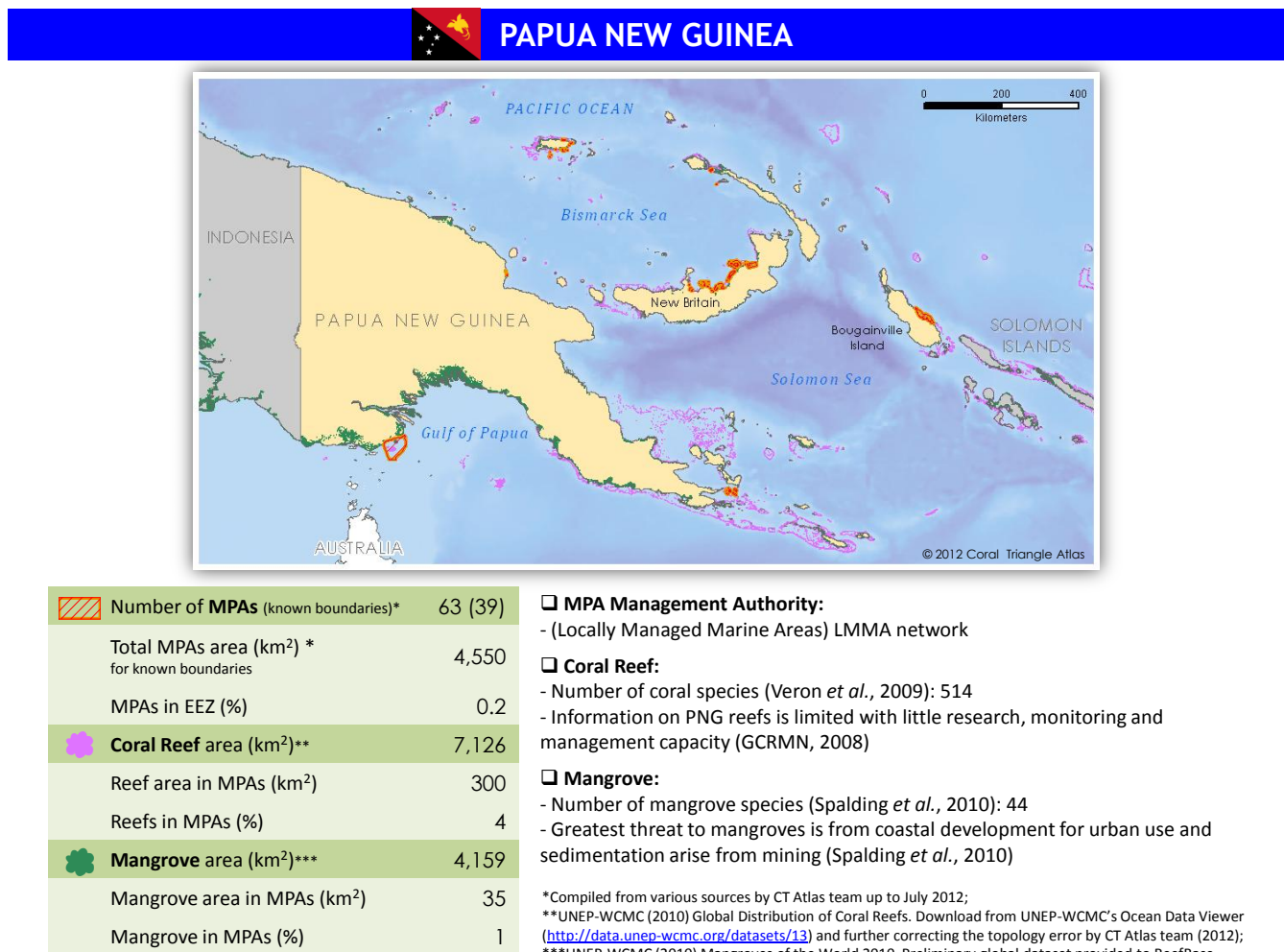
### 7.2.3 Papua New Guinea Country Overview

#### K) Identified Marine Protected Areas (MPAs)

Papua New Guinea has 63 Marine Protected Areas (MPAs), with those areas with known boundaries covering 4,550km<sup>2</sup>. Overall there are 7,126km<sup>2</sup> of coral reef with just 300km<sup>2</sup> within an MPA (4%).

Looking at the map of MPAs below, and given the 7,127km<sup>2</sup> of coral reef, there is clearly the potential for targeted site in a significant proportion of PNG. Considering dive sites as potential initial identifier, 5 areas are most often called out: East New Britain Province (Rabaul, Walindi and Hoskins), New Ireland Province (Kavieng) and Madanga.

Map 8: Marine Protected Areas (MPAs) and main areas of coral reef in Papua New Guinea (July 2012)



The main areas that initially seem best suited to Nature-based Marine Tourism are in Kimbe, West and East New Britain and Milne bay, Alotau, the Islands of the Bismarck Sea and the islands around Kavieng in New Ireland.

The potential for targeted site development coupled with more integrated promotion and marketing will be explored in more detail in the destination selection stage of the NBMT project. There is also a summary table of potential sites for all the countries and a number of potential approaches to site selection outlined in Section 10.4 (p. 147).

### 7.2.3 Papua New Guinea Country Overview

#### L) Selected observations on Papua New Guinea's tourism industry

Papua New Guinea (PNG), like Timor-Leste and the Solomon Islands, is unranked by the World Economic Forum, but does feature at no. 161 (out of 184) for size and no. 15 for growth in the World Travel and Tourism Council (WTTC) rankings.

The ranking of 15 by the WTTC for growth gives a good indicator of one of the characteristics of PNG – it has significant tourism growth potential. The next key characteristic is a direct counter to that potential; it also has many basic infrastructure and socio-economic development challenges that are currently severely restricting that potential. From a tourism point of view, these infrastructure challenges are certainly restrictive, although they have at least been recognised as such at the highest levels of government.

The resources boom in PNG is both a blessing and a curse. It obviously provides economic growth and employment opportunities to the country; but at the same time is a significant and often overwhelming distraction from the development of tourism as a more sustainable, long-term pathway to prosperity for the country.

From a bio-diversity point of view, Papua New Guinea is arguably second to none in the region, with its forests alone providing habitat for around 250 species of mammals, 20,000 species of plants, 1,500 species of trees and 750 species of birds. The world's largest mangrove expanses can also be found in PNG.<sup>152</sup> Combined with the marine biodiversity of the Coral Triangle, PNG certainly has the natural resource base (probably the highest of the CTI-CFF countries) to support a single-minded focus on growing the higher-yielding Nature-based Tourism market. Hence the hypothesis earlier in this section that 80–90% of PNG's tourism market could eventually be nature-based.

That said, the challenges in realising this potential should not be under-estimated. Despite the generally strong strategies laid out in the *Papua New Guinea Tourism Sector Review and Master Plan (2007–17)*, and in spite of definite steps being made in certain parts of the tourism sector, the reality is that significant progress is yet to be made. This does not mean the strategies in the master plan are necessarily wrong, but rather that their implementation has too often been undertaken in an ad hoc and ineffective way.

In terms of benefitting from a regional Coral Triangle NBT brand, the impetus such a brand could provide to help open up the US \$1.2–US \$1.5 billion Nature-based Tourism opportunity by 2035 is certainly considerable. The message consistency it could offer and ability to reach markets that PNG's current tourism marketing would struggle to are obvious benefits. But so is the potential for an overarching brand to help overcome some of the negative perceptions PNG currently suffers from internationally.

Like the Solomon Islands and Timor-Leste, Papua New Guinea' faces many challenges as it attempts to accelerate the growth of its tourism industry to more fully support the whole nation's development goals. These will not be solved simply by building the Nature and Adventure-based Tourism sector in the region, but doing so will certainly help it start down a more sustainable and integrated tourism development path that has potential broad socio-economic benefits for the broader community.

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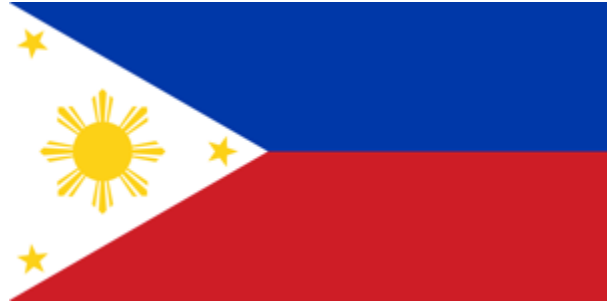
Further detail on the current state of the Papua New Guinea Tourism Sector can be found in the November 2015 PT Hatfield Indonesia Field Report, authored by Dr Lida Pet-Soede and titled '*Observations on Nature Based Tourism In Papua New Guinea*'.

This field report also forms part of the *Coral Triangle Nature-based Tourism Initiative*.

### 7.2.4 Philippines Country Overview

(Source: UN Data/ United Nations Statistics Division unless indicated)

Size:	300,000 sq. km
Population:	100,097,000 (est. 2014)
Population growth rate:	1.7% per annum (2010–15)
Population density:	333.7 per sq. km
GDP per Capita:	US \$2,765
Arrivals at National Borders:	4,681,000 (2013) Including nationals residing abroad.
Estimated value of Tourism:	US \$29 Billion per annum PHP 1,411.1 Billion. World Development Bank, World Development Indicators 2015.
Global Tourism Ranking:	36 (Size)   47 (Growth). World Travel and Tourism Council (WTTC).



Map 9: Philippines, highlighting main regions and islands



## 7.2.4 Philippines Country Overview

### A) The importance of tourism in the Philippines

**WTTC Tourism Ranking:** 36<sup>/184</sup> (Size) | 47 (Growth) **WEF Travel & Tourism Competitive Index:** 74<sup>/140</sup>  
**CTI-CFF Country Ranking:** 3 | *Based on a combination of % Contribution to GDP, Size and Level of Tourism Segmentation*

The Philippines has a large and growing tourism industry (both international and domestic), ranked by the WTTC in 2014 at number 36 in the world in terms of size and the 47<sup>th</sup> fastest growing.<sup>153</sup> The World Economic Forum's overall Travel and Tourism Competitive Index (TCCI), ranked the Philippines at 74<sup>th</sup> out of 140 countries in 2015, against Indonesia in 50<sup>th</sup> and Malaysia in 25<sup>th</sup>.

From a Coral Triangle ranking point of view, it was the easiest to rank of all the countries at number 3 as pretty much all of its metrics place it between the emerging countries (Timor-Leste, Solomon Islands and PNG) and just below Indonesia and Malaysia. The only question related to % GDP as the Philippines' tourism industry generates 2.2% more than Indonesia from a contribution to GDP point of view.

The total value of Travel & Tourism in the Philippines was US \$29 Billion (PHP 1,411.1 Billion) in 2014 and is forecast to rise by 5.7% pa to US \$54.7 Billion (PHP 2,581.8 Billion) by 2025.<sup>154</sup>

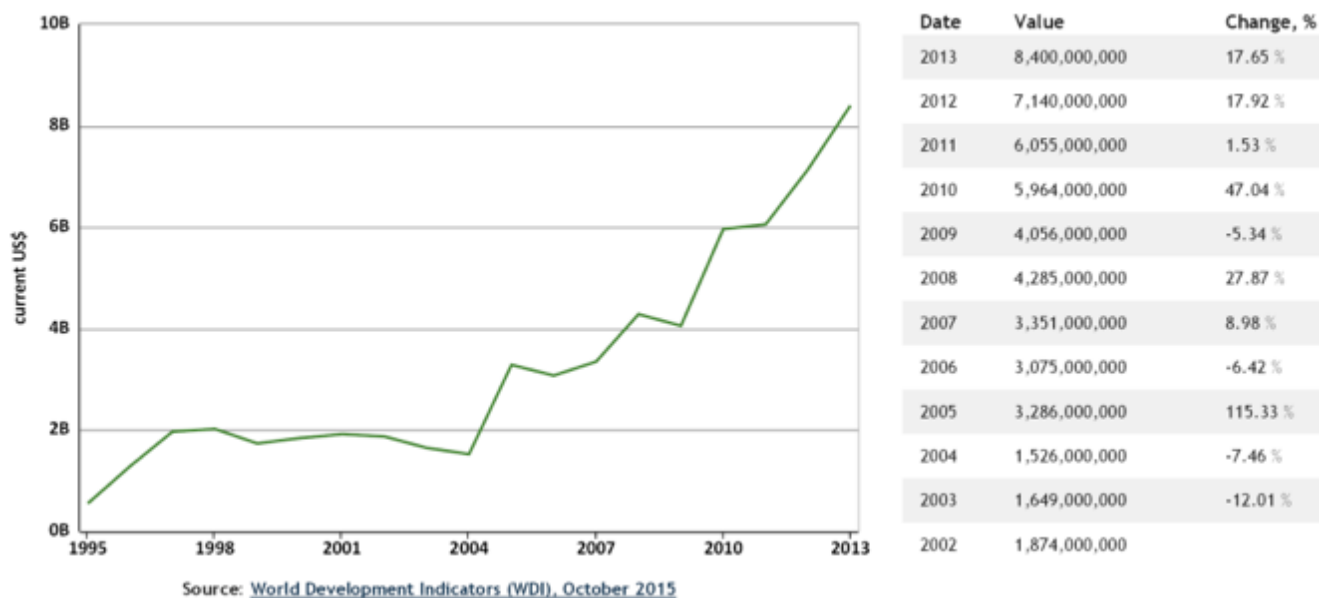
Tourisms' total contribution to GDP stands at 11.2% (2014) and is forecast to rise slightly to 11.8% of GDP in 2025. This places it between Malaysia and Indonesia, and ahead of the global average of 9%.<sup>155</sup> If the reported trends are accurate however, Indonesia (currently at 9%) will overtake it from a GDP perspective in the next 2–5 years.<sup>156</sup>

The Philippines' economy is the 39<sup>th</sup> largest in the world and, as a newly industrialized country, has been shifting rapidly from an agriculture-based economy to a services and manufacturing based one.

The service sector, of which tourism is part, has been the fastest growing in recent years and in 2014 accounted for 56% of GDP vs. industry at 30% and agriculture at 14%. As a standalone sector, tourism is reported to regularly be in the top 4 alongside the industrial and agriculture sectors.<sup>157</sup>

### Graph 12: Philippines International Tourism Expenditure (2002–13)

Source: The World Bank, WDI Indicators, October 2015



## 7.2.4 Philippines Country Overview

### B) The Philippine's Overall Approach to Growing the Tourism Sector

The Philippines have slowly built up their strategic plans for tourism until, from an Ecotourism/ Nature-based Tourism perspective, are probably the clearest of all the Coral Triangle countries in terms of what the desired outcomes are, along with some fairly detailed modelling of the potential size of the market.

As with the most of the CTI-CFF countries, the challenges lie more with their 'strategy-implementation gap', and trying to effectively implement their various strategies, whilst also trying to balance the sustainability objectives against the ongoing pressures of increasing tourist numbers.

There are a large number of relevant policy and strategy documents relating to tourism and Ecotourism in the Philippines, for the purpose of this report the focus is on the current **National Ecotourism Strategy**.

In that document it describes the overarching context, developed in 1999, that states:

*'...in the Philippine context, Ecotourism will take place in both natural and cultural heritage areas that require careful management. The activities associated with Ecotourism will contribute to environmental education, including fostering awareness of environmental problems. Developing Ecotourism will involve the empowerment of local communities to participate in and benefit from tourism. Ecotourism will also provide visitor satisfaction.'*<sup>158</sup>

This context was used to help formulate the first **National Ecotourism Strategy** that ran from 2002–2012.

The current **National Ecotourism Strategy 2013–2022 (NES)** has as its stated vision:

*'The Philippines,,(shall be)...a globally competitive Ecotourism destination with its wealth of natural beauty and cultural richness, conscious of the need to conserve, enhance, sustain and develop these assets and ensure equitable sharing of benefits among its people.'*<sup>159</sup>

The long-term goal of the NES is then defined as:

*"Environmentally and socially responsible Ecotourism development that safeguards the integrity and diversity of its natural resources, provides education and enjoyment to visitors and delivers larger and more widely distributed income and employment opportunities to the local communities and their constituents, especially the women, youth, indigenous peoples, and other vulnerable groups."*<sup>160</sup>

And finally, the overall objective of the NES is stated as being to *'develop and manage globally competitive Ecotourism sites, products and markets that will contribute to inclusive growth.'*<sup>161</sup>

This objective is planned to be achieved via eight strategies:

Strategy 1: Developing and marketing diversified and competitive Ecotourism products;

Strategy 2: Creating conducive environment for Ecotourism investments;

Strategy 3: Maximizing economic benefits for the host communities;

Strategy 4: Promoting and developing a culture of Ecotourism;

Strategy 5: Strengthening institutional capacity;

Strategy 6: Developing and strengthening partnerships;

Strategy 7: Establishing mechanisms for sustainable financing;

Strategy 8: Monitoring outcomes and impacts.<sup>162</sup>

For further detail on the Philippine Government's overall approach, the current **National Ecotourism Strategy 2013–2022 (NES)** is available for download via the link below:

<http://e-services.tourism.gov.ph:8080/didcs/Static%20Documents/National%20Ecotourism%20Strategy%20and%20Action%20Plan%202013-2022.pdf>

## 7.2.4 Philippines Country Overview

### C) Current State of the Philippines' Tourism Industry

International tourism expenditure makes up around 25% of the total tourist market<sup>163</sup> and was worth US \$8.4 Billion in 2013 (Table 17). Expenditure growth rates have fluctuated over the last decade or so from -12% in 2003 to +47% in 2010, however the overall trend has been upwards (+156% in total between 2005–13), but with significant year-by-year fluctuations, which makes consistent planning and stable development challenging.

**Table 17: Selected Philippines Tourism Metrics (2005–13)**

Sources: The World Bank, World Travel and Tourism Council and Solomon Islands statistics.

Est. Value of Tourism (% GDP)	WTTC Rank		Visitor Arrivals (2005)	Visitor Arrivals (2013)	Rate of Increase (%)	Target Arrivals (Per/ yr.)	Spend/ Visitor (US \$ - 2013)	Contribution to GDP in 2035 (US \$)
	Size	Growth						
11.2% (2014)	36	47	2.6 million	4.7 million	+78%	5.5 million (Torres 2015)	\$1,794.49	\$53.9 billion

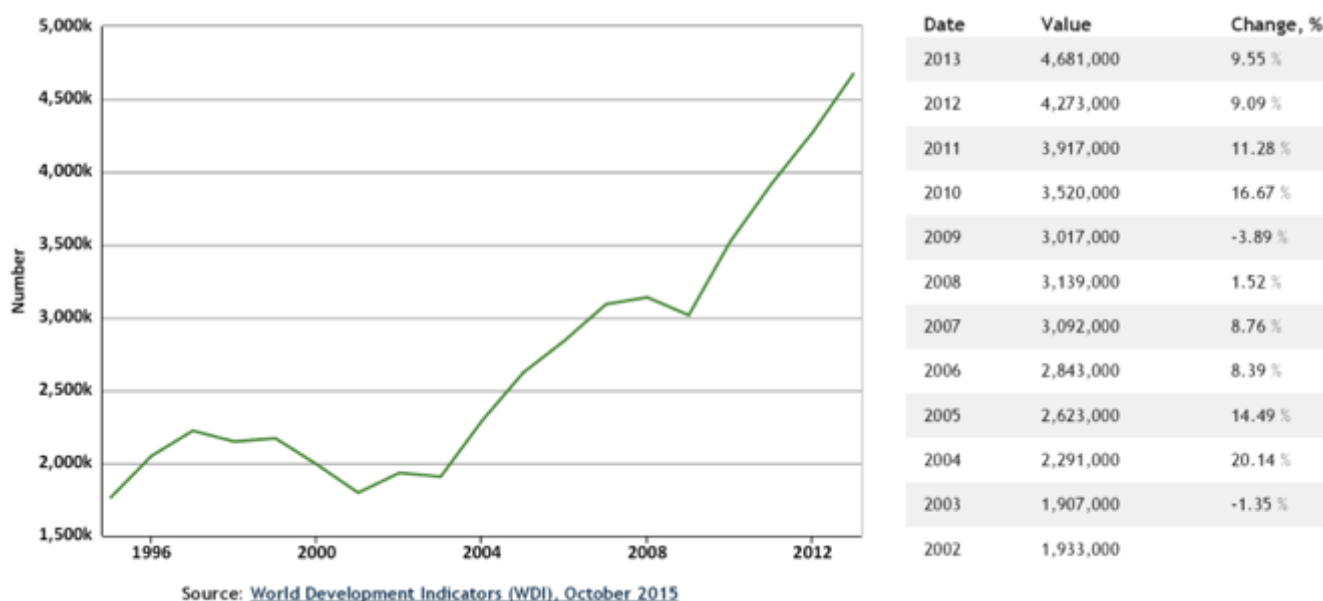
International Tourism Expenditure			Domestic Tourism		Current Estimated Govt. Tourism Budget (US\$)
2005	2013	Growth Rate	# of Trips	Est. Value US \$	
US \$3.3 billion	US \$8.4 billion	+156%	41 million (2014)	US \$17.7 billion (2014)	US \$61.4 million (PHP 2.9 billion) <sup>164</sup>

Table 17 (above) shows international tourism expenditure rising by +156% from 2005–12, which is more than double the 78% growth rate for visitor arrivals and sits between Malaysia at +175% and Indonesia at +117%.

The split between leisure and business tourism spending is 71% and 29% respectively; it is much less of a business and conference destination than the likes of Malaysia, Fiji and, to a lesser extent, Indonesia.<sup>165</sup>

**Graph 13: Philippines International Tourism Arrivals (2002–13)**

Source: The World Bank, WDI Indicators, October 2015





## 7.2.4 Philippines Country Overview

### C) Current State of the Philippines' Tourism Industry (continued)

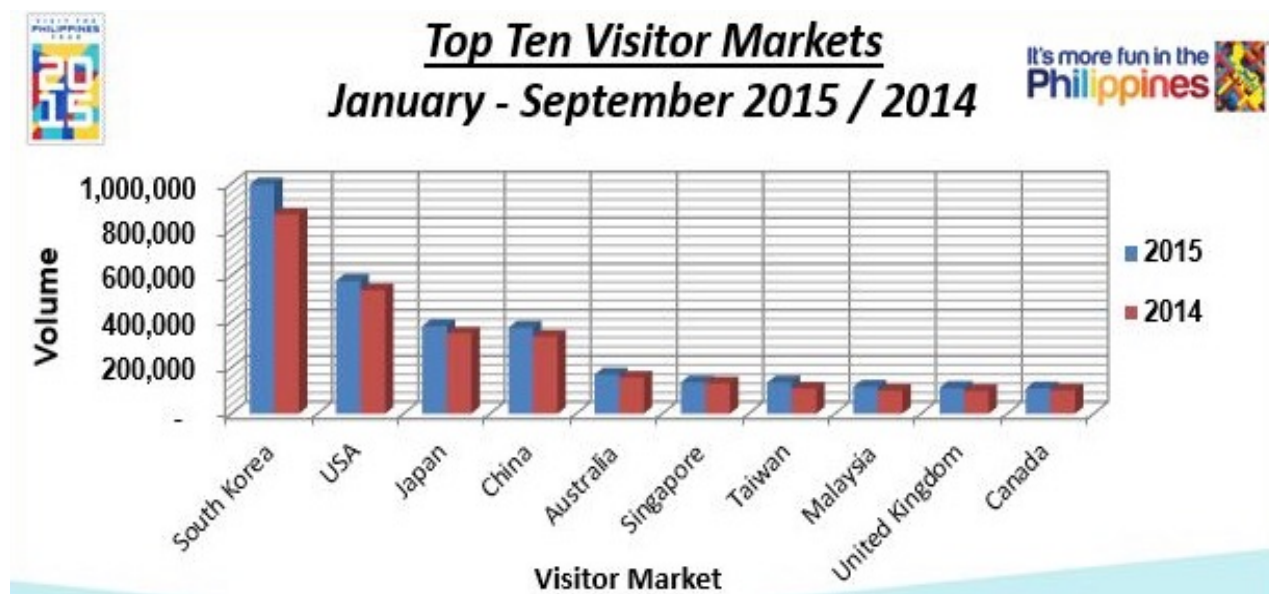
From 2007 onwards, the number of international arrivals has risen steadily to 4.7 million in 2013 according to the World Bank (*Graph 13*), with 5.5 million the target for arrivals in 2015.<sup>166</sup> This includes a large number of ethnic Filipinos on international passports ('Balibakans') returning to visit Friends and relatives (VFR). The National Tourism Development Plan for 2011–2016 projected that this number could reach 10 million by the end of 2016 – although this looks unlikely at current growth rates.<sup>167</sup>

Spend per international visitor was US \$1,795 in 2013 against the Asia Pacific average of US \$1,430 and Coral Triangle average of \$1,615.67. This spend level ranks it 3<sup>rd</sup> of the CT countries; unlike Malaysia which has a high spend due to its developed market status or the Solomon Islands due to its remoteness, one of the key influences in the Philippines is the relatively high level of gambling from international Asian visitors.<sup>168</sup>

Tourism and travels' total contribution to employment in the Philippines was 11.1% in 2014 (4,232,000 jobs). This is expected to rise by 2.5% in 2015 to 4,338,000 jobs and then by 2.6% pa to 5,613,000 jobs in 2025 (11.3% of total). Employment levels can be very variable year-on-year however as they tend to reflect the variations in the overall tourism market described earlier. This kind of movement is fairly common for a country at the 'mid-developing' phase, as the Philippines could be described as being at.

**Graph 14: Philippines, Top 10 Source Countries of International Tourism Arrivals (2014/15)**

Source: Philippines Department of Tourism, October 2015



South Korea is the primary source market for Philippines in terms of tourist arrivals and grew to over 900,000 in 2015 (*Graph 11*). NB data in the graph is for between January and September 2014–15 only.

The next 4 primary markets are the USA at nearly 600,000, China, which drew level with Japan at 325,000 in 2015, and Australia at just under 200,000 arrivals. Singapore, Taiwan, Malaysia, the United Kingdom and Canada make up the rest of the top 10, with between 50,000–120,000 tourists per year.

At 75% of the Philippines' tourism market, and with 41 million trips in 2014, the domestic side of the market is almost 10 times the size of the international side. Domestic tourist trips reached 41 million in 2012, but are projected to have declined to 35 million in 2016<sup>169</sup>. This is not a long-term decline, but

## 7.2.4 Philippines Country Overview

### C) Current State of the Philippines' Tourism Industry (continued)

rather reflects the overall volatility described previously. The total value of domestic tourism was US \$17.7 Billion in 2014, just under double the value of international tourism (Tables 17 and 18).<sup>170</sup>

**Table 18: Philippines Domestic Tourism Metrics (2014–25)**

Sources: World Travel and Tourism Council (WTTC)

COUNTRY	Current Domestic Tourism			Forecast Domestic Tourism		
	2014		2015	2025		
	Est. Value (US\$ )	% of Total GDP	Forecast Growth (%)	Est. Value (US\$ )	% of Total GDP	Growth * (%)
<b>Philippines</b>	US \$17.7 billion	6.2%	+6.5%	US \$30.9 billion	6.3%	+5.1%

### D) Key Promoted Regions

The Philippines is made up 7,107 islands that are categorized broadly under three main island groups:

- 1) Luzon; 2) Visayas; and 3) Mindanao.

These are then divided into 18 regions and 82 provinces; the 18 regions are:

- 1) In Luzon: Ilocos Region; Cagayan Valley; Central Luzon; Calabarzon, Mimaropa; Bicol Region; Cordillera Administrative Region (CAR); National Capital Region (NCR).
- 2) In Visayas: Western Visayas; Central Visayas; Eastern Visayas.
- 3) In Mindanao: Zamboanga Peninsula; Northern Mindanao; Davao Region; Soccsksargen; Caraga; the Autonomous Region of Muslim Mindanao.

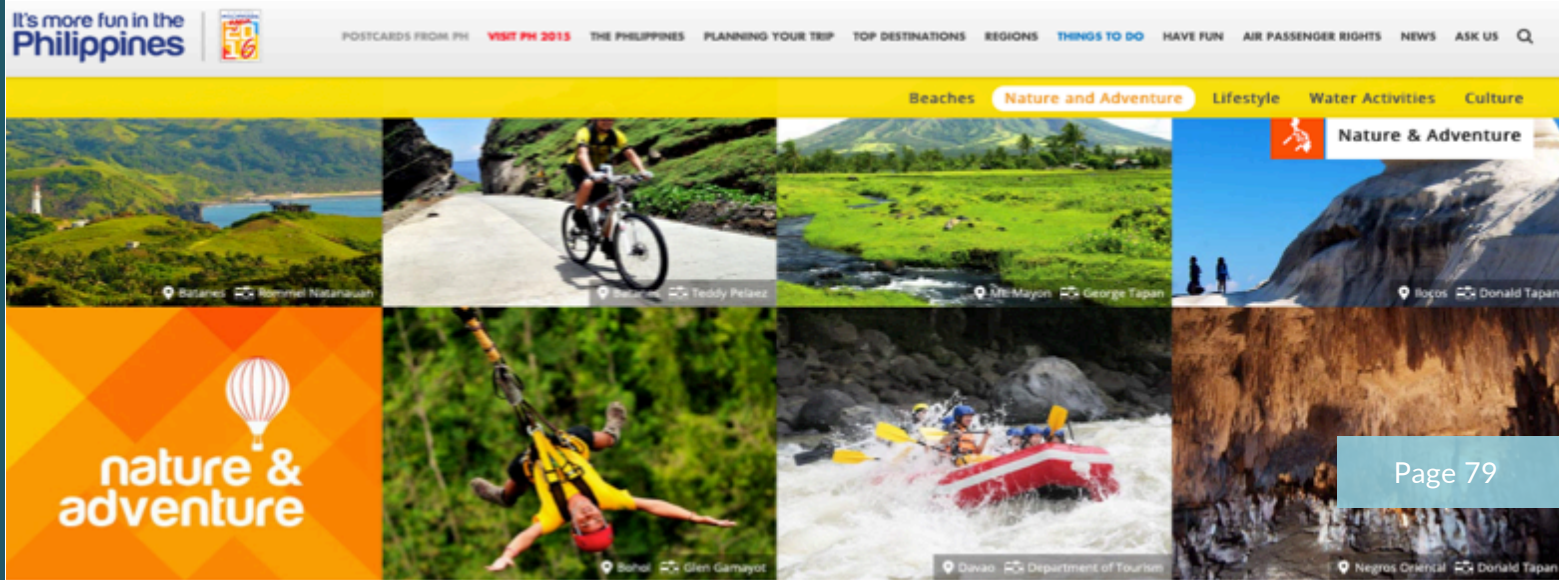
The tourism offering is provided through nine 'cluster destinations'<sup>171</sup> that combine some of the administrative regions to try and simplify the offering for tourists. They are also referred to generally as 'regions' on the main tourism website and are as follows:

- 1) Central Visayas; 2) Metro Manila and Calabarzon; 3) Central Luzon; 4) Palawan; 5) Western Visayas; 6) Davao Gulf and Coast; 7) Northern Mindanao; 8) Bicol; and 9) Laoag–Vigan.

As well as promoting these regions, 5 categories are also promoted to, again, try to simplify the geographical complexity and overwhelming choice for potential tourists:

- 1) Beaches; 2) Nature & Adventure Lifestyle; 3) Water Activities; and 4) Culture.

Graphic 5: Philippines, Nature and Adventure Promotion on [www.itsmorefuninthephilippines.com](http://www.itsmorefuninthephilippines.com)



## 7.2.4 Philippines Country Overview

### E) Target Market and Reasons for Travel

With over 7,100 Islands, the Philippines offers a wide range of tourism options, from relaxing on deserted strips of sand to tropical adventure paradises – with the beach never too far away. Given its recent heavy Spanish influence, the Philippines are also very distinct culturally from other nations in the region.

Adventure and Nature-based Tourism offerings are plentiful, but the Philippines also has more traditional tourism offerings – from beach holidays to more standard luxury resorts.

Trekking, diving, surfing, snorkelling, swimming, kayaking, exploring WWII history – or just island hopping – are all reasons to visit the Philippines. Given it has more mainstream offerings as well, it also caters for couples, families and older tourists as well as the backpackers/ ‘flashpackers’.

The Philippines is known for having a large market of ethnic Filipinos or “Balibakans” returning to visit friends and relatives (VFR), but a high proportion of other international visitors are Asian and predominantly male (the so called ‘3G market – Golf, Girls and Gambling’, which thrives despite the countries strong Catholic influences).

The domestic market tends to be relatively unadventurous, often simply returning to hometowns for religious festivals and saint days. There is, however some evidence of a growing ‘adventure’ or ‘activity’ market amongst the younger generation.<sup>172</sup>

The Palawan Islands have a significant tourism diving market – that the local community is very much dependant on for its subsistence. Whale shark watching in Donsol is also a specific activity given prominence as a tourism ‘halo’ activity (i.e. heavily promoted as a main offering of the Philippines).

The Philippines are not as high cost and challenging to access and travel around as the emerging countries already covered in this report, but getting around the islands can still incur significant costs so is not in the same ‘budget category’ as Thailand or Vietnam for example.

**Table 19: Overview of potential Nature-based, Adventure & Cultural Tourism in the Philippines**

<b>NATURAL AREAS/RESOURCES</b>	<b>Mountains, Volcanoes, Hills, Forests, Caves, Karst Formations, Marshes, Lakes, Rivers, White Beaches, Mangroves, Coral Reefs Flora and Fauna, Landscapes, Seascapes</b>
<b>CULTURE/TRADITION</b>	<b>Festivals, Fiestas, Cuisine, Historical Sites, Archeological Sites, Rituals, Costumes</b>
<b>PRODUCTS/ACTIVITIES</b>	<b>Mountaineering/Trekking, Hiking, Spelunking, Biking, Bird-watching, Whitewater Rafting, Kayaking, Scuba Diving, Snorkeling, Dolphin-/Whale-/Whaleshark-watching, Firefly-watching, Research</b>

### F) Philippines Tourism Promotion Governance and Estimated Annual Budget: in brief

Overall responsibility for tourism development from a Government perspective sits in the Department of Tourism; the current Secretary is Mr Ramon Jimenez Jr. The main promotional body for Tourism is the Philippines Tourism Promotions Board (PTPB).

Responsibility for the environment sits in the Department of the Environment and Natural Resources; the current Secretary is Mr Ramon J.P. Paje,



## 7.2.4 Philippines Country Overview

### F) Philippines Tourism Promotion Governance and Estimated Annual Budget: in brief (continued)

The Department of Tourism worked in partnership with the Department of Environment and Natural Resources–Biodiversity Management Bureau (DENR-BMB) to develop the *National Ecotourism Strategy 2013–2022 (NES)*.

The total budget for tourism promotion in the Philippines is estimated at US \$61.4 million for 2015 – the third highest of all the CTI-CFF countries, just behind Malaysia (US \$75 million) and Indonesia (US \$98.4 million). With international tourist revenues of US \$8.4 billion in 2013, this level of investment would have represented a Marketing Investment Ratio (MIR) of 1:137 the second highest of all the countries, behind Malaysia at 1:160 and ahead of Indonesia at 1:105.

See Appendix E for additional background on the Philippines TPA.

### G) Tourism Promotion and Branding

Tourism promotion currently sits underneath *'It's more fun in the Philippines'*, an award-winning campaign that provides great flexibility both for overall halo advertising as well as specific destination, activity and product marketing.

It is also able to appeal to a wide range of demographics and it already appears to have been extensively tailored to target specific demographics and target countries.

Given the ease with which the campaign is able to be tailored, a wide range of marketing materials have already been produced including a 2½ minute video that is worth viewing to get an overview of the tourism offerings as well as how they position the coral reef and Nature-based Marine Tourism within all their other offerings. Available via: [ <https://www.youtube.com/watch?v=ADNgEHFDYzo> ]

This campaign superseded the *'WOW Philippines'* campaign in 2012 and, given its apparent (anecdotal) success, looks likely to be a feature of Philippines tourism promotion for a while yet.

The campaign is worthy of separate analysis to further inform the broader NBT project.

[www.itsmorefuninthephilippines.com](http://www.itsmorefuninthephilippines.com)



# It's more fun in the Philippines

This is not a campaign. It's the truth.



**Note:** a campaign with a similar tagline ran in Switzerland in the 1950s.



## 7.2.4 Philippines Country Overview

### H) Key challenges for tourism development in the Philippines

Given its more advanced level of Tourism development (and overall scale), the Philippines has less of the more basic infrastructure challenges faced by the emerging countries, but still has some key issues restricting tourism growth:

- 1) High cost of travel via air and overall challenges with flight accessibility  
This is reported as improving in recent years, but high costs, low competition and high levels of competition from other countries in the region all restrict visitor numbers.<sup>173</sup>
- 2) Increasing numbers of mass tourists impact overall carrying capacity of local infrastructure & resources  
This is already having an impact in parts of the country and will only increase in overall impact if not effectively managed.<sup>174</sup>
- 3) Negative environmental impacts of mass tourism  
Connected to the above. There are already areas of the Philippines (around Manila most obviously) where significant impacts from tourism are being felt.<sup>175</sup>
- 4) Natural disaster risk  
The Philippines is in an active volcanic region – the ‘Pacific Rim of Fire’ and the country is also prone to severe typhoons and tropical storms, which are forecast to increase in intensity with climate change.<sup>176</sup>
- 5) Security risk for tourists/ terrorism threat  
Terrorism has been a recent issue – travel warnings are a fairly frequent occurrence. Manila has relatively high rates of crime, drugs are an issue and the ‘sex trade’ is often visible.<sup>177</sup>
- 6) Negative perceptions caused by high proportion of male visitors seeking sex in the Philippines  
As outlined in the overview of the current state of the industry, a relatively high proportion of male visitors travel to the Philippines for sex.<sup>178</sup>
- 7) Substandard internal travel infrastructure  
Again, some improvements have been made following the creation of the NES, but significant challenges still remain in the basic standard of infrastructure.<sup>179</sup>
- 8) Ineffective environmental controls and inadequate screening of tourism sites  
This is particularly relevant with the new focus on Ecotourism. Consistent controls need to be implemented – and have been identified as critical through the NES. A strong overall framework is included in this plan but no actual results to date could be found during research for this project.<sup>180</sup>
- 9) Low community and government awareness of tourism benefits and needs  
General levels of the need (and the economic and social opportunity that could derive from) environmental protection in the country are also low. Raising these levels will be important if the Nature-based Tourism opportunity is to be realised.<sup>181</sup>
- 10) Inability to consistently increase overall value (or yield) per visitor  
Given the issues related to mass tourism, the Philippines needs to increase its overall value per tourist to ensure a more balanced long-term tourist sector.<sup>182</sup>
- 11) Poor coordination within government and inconsistent priority given to tourism  
This can lead to inefficient allocation of resources and conflicting short-term priorities.<sup>183</sup>

## 7.2.4 Philippines Country Overview

### H) Key challenges for tourism development in the Philippines (continued)

All of these require addressing in some way to further accelerate tourism development in the Philippines; the overall need for further work to address some of these challenges – particularly in the area of Ecotourism development – is outlined in the Philippines' **National Ecotourism Strategy 2013–2022 (NES)**:

*'...it is imperative to update the NES and formulate one that would cover another 10 years, which could sustain the development of (...) Ecotourism in the Philippines. Other key imperatives in updating the NES are the recently issued policies and plans that provide better frameworks for Ecotourism development, offering fresher mandates to promote and implement Ecotourism programs and projects. These include the new Tourism Law (Republic Act or RA 9593), the Philippine Development Plan (PDP), and the recently formulated National Tourism Development Plan (NTDP), among others.'*<sup>184</sup>

### I) A brief look at the future for Tourism in the Philippines

Whilst the Philippines has other future priorities as well as Nature-based and eco tourism, most notably cruise ship based tourism and the Asian gambling market, its plans for Nature and Adventure-based tourism are very clearly laid out.

The **Philippine Development Plan 2011–2016** first identifies tourism as a priority sector for development.

This is then expanded on in the **National Tourism Development Plan 2011–2016 (NTDP)**, that has 'Nature-based Tourism products' (including Ecotourism) as one of the nine product portfolios identified as opportunities for future Philippine tourism growth.

The **National Ecotourism Strategy 2013–2022 (NES)** then sits alongside the NTDP. Looking at the NES in more detail, there has clearly been a significant effort made to try and quantify the overall opportunity for Ecotourism in particular.

Whilst the relatively poor quality and inconsistent data around eco and Nature-based Tourism has forced some fairly broad assumptions on to the forecasts, they do provide the Philippines with a starting point to be able to set-goals, measure progress and learn as they move down this deliberately more sustainable path. Table 20 on the following page details the potential foreign Ecotourists; a similar format has also been followed for domestic Ecotourists in the NES document.

Based on the data for both foreign and domestic Ecotourists, the total potential number of international and domestic Ecotourists combined was forecast to be between 1,251,293 and 14,176,500.<sup>185</sup>

Financially, the potential value of foreign Ecotourism was then forecast to range from US\$ 81.2 Million (PHP 3.8 Billion) in 2013 to US\$ 1.4 billion (PHP 66.1 Billion) in 2016. Domestic Ecotourism was forecast to potentially range from US\$ 201 Million (PHP 9.5 Billion) to US \$ 2.2 Billion (PHP 102 Billion) over the same period.<sup>186</sup>

The forecasts in the NES end by outlining that potential maximum earnings from Ecotourism could reach 'US \$3.3 Billion (PHP 157 Billion) by 2016.'<sup>187</sup> This would represent somewhere between 12–15% of the total tourism market on current trends.

The challenges with moving from a strategy such as the one outlined in the NES to effective implementation have been outlined in the previous sections on Timor-Leste, the Solomons and PNG. The strategy also relies on continued focus from the Philippine Government (which does seem to be prioritising tourism development) and continued stability in the region (as with all the countries).



## 7.2.4 Philippines Country Overview

### I) A brief look at the future for Tourism in the Philippines (continued)

Other areas of future focus outlined in the NES worth noting include detail on the value of visitors to Protected Areas and the potential for growth in that area; and a recognition that significant investment will be needed outside of Cebu and Boracay to 'move the Super Region's tourism sector on to a more sustainable growth trajectory'.<sup>188</sup>

**Table 20: Forecast of Potential Foreign Ecotourists in the Philippines (2013–16)**

Source: Philippines Biodiversity Management Bureau (BMB), Department of Environment and Natural Resources (DENR) and Department of tourism (DOT). *National Ecotourism Strategy & Action Plan 2013-2022*.

REGIONS	LOW ASSUMPTION				HIGH ASSUMPTION			
	2013	2014	2015	2016	2013	2014	2015	2016
NCR (National Capital Region)	41,330	49,233	58,647	69,861	413,303	492,331	586,470	698,609
CAR (Cordillera Autonomous Regions)	2,063	2,457	2,927	3,487	20,630	24,575	29,274	34,871
Region I (Ilocos Region)	529	631	751	895	5,293	6,306	7,511	8,948
Region II (Cagayan Valley)	723	861	1,026	1,222	7,231	8,614	10,261	12,223
Region III (Central Luzon)	3,568	4,251	5,063	6,032	35,683	42,506	50,634	60,316
Region IV-A (CALABARZON)	8,041	9,578	11,410	13,592	80,409	95,784	114,098	135,915
Region IV-B (MIMAROPA)	4,050	4,824	5,746	6,845	40,497	48,240	57,464	68,452
Region V (Bicol Region)	16,376	19,507	23,237	27,680	163,756	195,068	232,368	276,799
Region VI (Western Visayas)	12,382	14,750	17,570	20,930	123,824	147,500	175,704	209,301
Region VII (Central Visayas)	23,982	28,568	34,030	40,537	239,821	285,678	340,302	405,372
Region VIII (Eastern Visayas)	583	695	827	986	5,831	6,946	8,274	9,856
Region IX (Zamboanga Peninsula)	135	161	191	228	1,350	1,608	1,915	2,281
Region X (Northern Mindanao)	2,087	2,486	2,962	3,528	20,873	24,865	29,619	35,282
Region XI (Davao Region)	1,451	1,729	2,059	2,453	14,514	17,289	20,595	24,532
Region XII (SOCCSARGEN)	97	115	138	164	969	1,155	1,376	1,639
Region XIII (CARAGA)	923	1,100	1,310	1,560	9,231	10,996	13,099	15,604
<b>TOTAL</b>	<b>118,320</b>	<b>140,946</b>	<b>167,894</b>	<b>200,000</b>	<b>1,183,215</b>	<b>1,409,461</b>	<b>1,678,964</b>	<b>2,000,000</b>

## 7.2.4 Philippines Country Overview

### J) Nature-based Tourism in Papua the Philippines

**Table 21: Current and Forecast Value of Nature-based and Adventure Tourism in the Philippines**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Forecast to 2035* (Based on current average global forecasts only)		
	Total Tourism Market (US\$)	Nature-based & Adventure Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism	
		20% Share (US\$)	25% Share (US\$)		35% Share (US\$)	45% Share (US\$)
<b>Coral Triangle (CTI-CFF Countries)</b>	\$98.7 billion	\$19.7 billion	\$ 24.7 billion	\$454.3 billion	\$159 billion	\$204.4 billion
<b>Philippines</b>	\$26.1 Billion	\$5.22 billion	\$6.53 billion	\$53.9 billion	\$18.9 billion	\$24.3 billion

\* 2035 forecast is based on global average share estimates only and is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.

Based on the estimated average global share of Nature-based and Adventure Tourism (NBT), the Philippines could already be generating between US \$26.1 billion–US \$6.5 billion in this sector, and is forecast to generate US \$18.9 billion–US \$24.3 billion by 2035 if it simply reflected average global tourism characteristics (*Table 21*).

Looking at the specific characteristics of the Philippine's current tourism market, unlike Timor-Leste, the Solomon Islands and PNG, the market is certainly more mainstream – although it still has significant potential for growing the share of its Nature-based and Adventure Tourism offerings. There is also a considerable domestic market that provides potentially much greater potential than the international market.

Given the *National Ecotourism Strategy 2013–2022 (NES)* has Ecotourism at 12–15% of the total market in 2016,<sup>189</sup> it can conservatively be assumed that the broader Nature-based and Adventure Tourism market is somewhere in the region of twice the size of Ecotourism size currently, i.e. 25–30% (US \$6.53 billion–US \$7.83 billion).

Looking ahead to 2035 and assuming conservative share growth to 40–50%, would indicate an overall potential forecast value of US \$21.6 billion–US \$27.0 billion.

Adding even half of that additional value would take the Philippines' tourism industry to a value of between 15–20% of GDP. That does not mean completely abandoning mainstream forms of tourism, but rather shifting the overall proportions of the tourism mix to end up with a more balanced industry that has a greater percentage of higher-value tourists from the Nature and Adventure-based segments – who are also less environmentally, culturally and socially costly to the country overall.

It is not possible to accurately model the precise mix that would be most economically beneficial to the Philippines with the data currently to hand, however it could be of benefit to undertake deeper research and modelling into the optimal tourism mix for the Philippines (and all the other CTI-CFF countries) to further understand the future role and importance of Nature-based Tourism – and to continue to identify the economic, social and cultural value it could provide throughout the region.

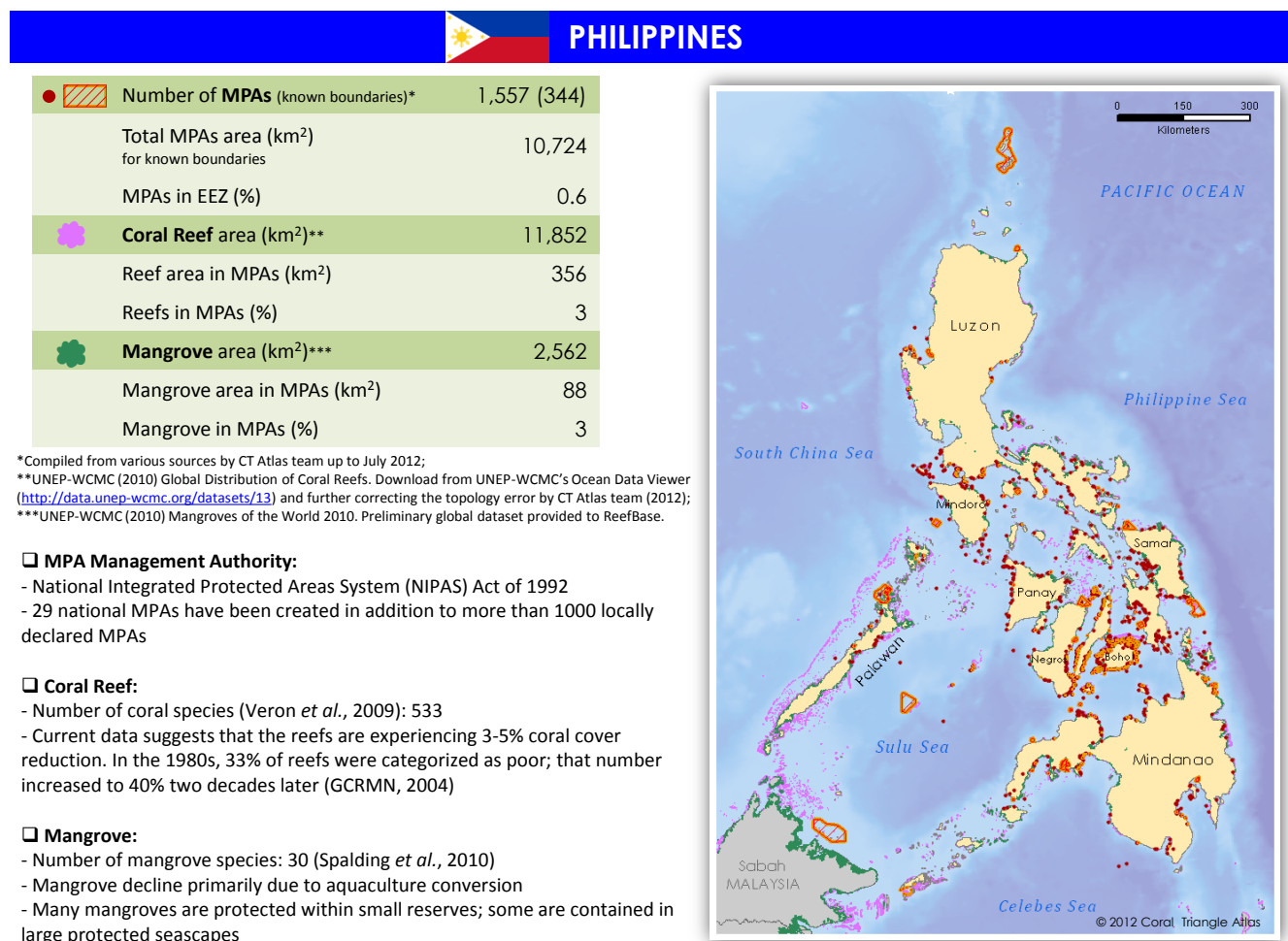
## 7.2.4 Philippines Country Overview

### K) Identified Marine Protected Areas (MPAs)

The Philippines has 1,557 Marine Protected Areas (MPAs), with those areas with known boundaries covering 10,724km<sup>2</sup>. Overall there are 11,852km<sup>2</sup> of coral reef with 356km<sup>2</sup> within an MPA (3%).

Given the size of the country, and the nearly 12,000km<sup>2</sup> of coral reef scattered throughout the country, there are numerous potential areas for Nature-based Tourism. Some of those identified as diving sites that could provide an initial idea of areas to explore further are: Anilao; Apo Island, Reef and Marine Sanctuary; Balicasag; Boracay; Coron; Dumaguete; Malapascua; and Puerto Galera.

Map 10: Marine Protected Areas (MPAs) and main areas of coral reef in the Philippines (July 2012)



In addition to the dive sites, some areas that initially seem suited to Nature-based Marine Tourism are Palawan Island (Palawan Province) and Donsol (Sorsogon).

The potential for targeted site development coupled with more integrated promotion and marketing will be explored in more detail in the destination selection stage of the NBMT project. There is also a summary table of potential sites for all the countries and a number of potential approaches to site selection outlined in Section 10.4 (p. 147).

## 7.2.4 Philippines Country Overview

### L) Selected observations on The Philippines' tourism industry

In some ways, the Philippines sits slightly apart from the other 5 countries in the CTI-CFF from a tourism perspective. In terms of the pure volume of tourists it receives, for example, it sits at just under 50 million – compared with PNG's estimated 500–600K tourists below it, and the 250 million+ of Malaysia and Indonesia above. A similar story can be found with regards to its contribution to GDP percentage, which, at 11.2% is above Indonesia, but below Malaysia and its spend/ visitor, which is above all bar the Solomon Islands.

Looking at the rankings, the WTTC places it at number 36 in terms of size and at 47 in terms of growth. The World Economic Forum places it at 74<sup>th</sup> (against Indonesia in 50<sup>th</sup> and Malaysia in 25<sup>th</sup>). It was the easiest of all the countries to place in the middle at number 3 with regards to its overall Coral Triangle ranking.

This 'mixed performance' theme continues when you dig a little deeper into tourism in the Philippines. With **'It's More Fun in the Philippines'**, it arguably has the most effective tourism positioning and marketing of the CTI-CFF countries (in spite of it allegedly being 'borrowed' from a Switzerland tourism campaign in the 1950s). At the same time, it also (arguably) has the least consistent tourism product offerings of the 3 developed countries, so sometimes seems to struggle to live up to this strong brand promise.

In spite of 'being in the middle', the Philippines are not immune from the infrastructure and mass tourism challenges faced by the emerging countries. They also seem to have been the most significantly affected already by the rising impacts of climate change in the region (at least in terms of public perception through recent natural disasters like Typhoon Koppu).

Underlay all that with some of the negative perceptions outlined in the Philippines' key challenges section (from terrorism to infrastructure gaps to high travel costs to the Manila sex industry) and, for very different reasons, the country's tourism sector seems to be going through a period of transition just like Indonesia.

After saying all that, of all the countries analysed here, the Philippines has gone the furthest in trying to explore the Nature-based Tourism opportunity in hard number terms (albeit through a tighter focus on the Ecotourism sub-segment). This additional effort is evident when reviewing the **'Philippine Development Plan 2011–2016'**, **'National Tourism Development Plan 2011–2016 (NTDP)'** and **'National Ecotourism Strategy 2013–2022 (NES)'**, all of which point to both the significance of tourism to the economic and social development of the Philippines as a whole, and also the need to focus on niche opportunities like Ecotourism and Nature-based/ Adventure tourism. This focus has, in part, been driven by the growing understanding of the potential for their strong natural resource base (particular their marine resources) to be of broad benefit to the communities of the Philippines, if managed effectively.

The 2035 Nature-based and Adventure Tourism forecasts place the potential value at US \$21.6 billion–US \$27.0 billion for the Philippines (*Table 39, Section 13, p. 142*) – a forecast it would be worthwhile exploring further alongside the detailed modelling undertaken for the NES.

If nothing else, the significant potential value of Nature-based Tourism outlined for the Philippines in this report should provide further impetus for the country to keep exploring the path it has laid out in its own strategic plans. The potential development of a regional Coral Triangle brand would also complement these plans exceptionally well, and, as well as helping provide accelerated growth for the Ecotourism sector, could also help provide the incentives to step change their destination development plans to even out some of the inconsistencies that currently seem to exist in their tourism offerings.

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#### Further Data

*For some additional statistical analysis, the Country/ Economy Profiles in the World Economic Forum's Travel & Tourism Competitiveness Report 2015 are worth reviewing. Amongst overall data profiles of a country's tourism sector, they also provide environmental sustainability metrics. They are currently only available for Indonesia, Malaysia & the Philippines. Available for download via: [ [http://www3.weforum.org/docs/TT15/WEF\\_Global\\_Travel&Tourism\\_Report\\_2015.pdf](http://www3.weforum.org/docs/TT15/WEF_Global_Travel&Tourism_Report_2015.pdf) ]*



## 7.2.5 Indonesia Country Overview

(Source: UN Data/ United Nations Statistics Division unless indicated)

Size:	1,910,931 sq. km
Population:	252,812,000 (est. 2014)
Population growth rate:	1.2% (2010–15)
Population density:	132.7 per sq. km
GDP per Capita:	US \$3,475
Arrivals at National Borders:	8.8 Million (2013)
Estimated value of Tourism:	US \$86.9 Billion per annum IDR 1,195 Trillion (2011)

*International Labour Organisation. Strategic Plan for Sustainable Tourism and Green Jobs for Indonesia. 2012.*

Global Tourism Ranking: 17 (Size) | 12 (Growth). World Travel and Tourism Council (WTTTC).



Map 11: Indonesia, highlighting administrative divisions and main regions and islands



### A) The Importance of Tourism in Indonesia

WTTTC Tourism Ranking: 17<sup>th</sup> (Size) | 12 (Growth) WEF Travel & Tourism Competitive Index: 50<sup>th</sup> (140)

CTI-CFF Country Ranking: 2 | Based on a combination of % Contribution to GDP, Size and Level of Tourism Segmentation

Indonesia has a significant, fast developing and increasingly segmented tourism industry – with a particularly large domestic tourist market. It is ranked at number 17<sup>th</sup> in the world in terms of size and is the 12<sup>th</sup> fastest growing.<sup>190</sup> This makes it the largest and also fastest growing of the 6 CTI-CFF countries.

From a Coral Triangle ranking point of view, Indonesia and Malaysia were the hardest to rank, as they both score highest on certain different measures. Indonesia is the largest in terms of overall value

## 7.2.5 Indonesia Country Overview

### A) The Importance of Tourism in Indonesia (continued)

from its domestic and international tourist spend, and is forecast to be the fastest growing. However, it ended up in 2<sup>nd</sup> place because of its lower % GDP contribution and much lower overall spend/ visitor. That said, it is almost as easy to build an argument for it to be in 1<sup>st</sup> place as in 2<sup>nd</sup>, however the World Economic Forum (WEF) Travel and Tourism Competitive Index ranking of 50<sup>th</sup>, nudges it into 2<sup>nd</sup> place.

Tourism started slowly in the 1970s in Indonesia, restricted in the early stages by internal policy barriers, currency appreciation induced by an oil boom and high costs compared to neighbouring destinations.

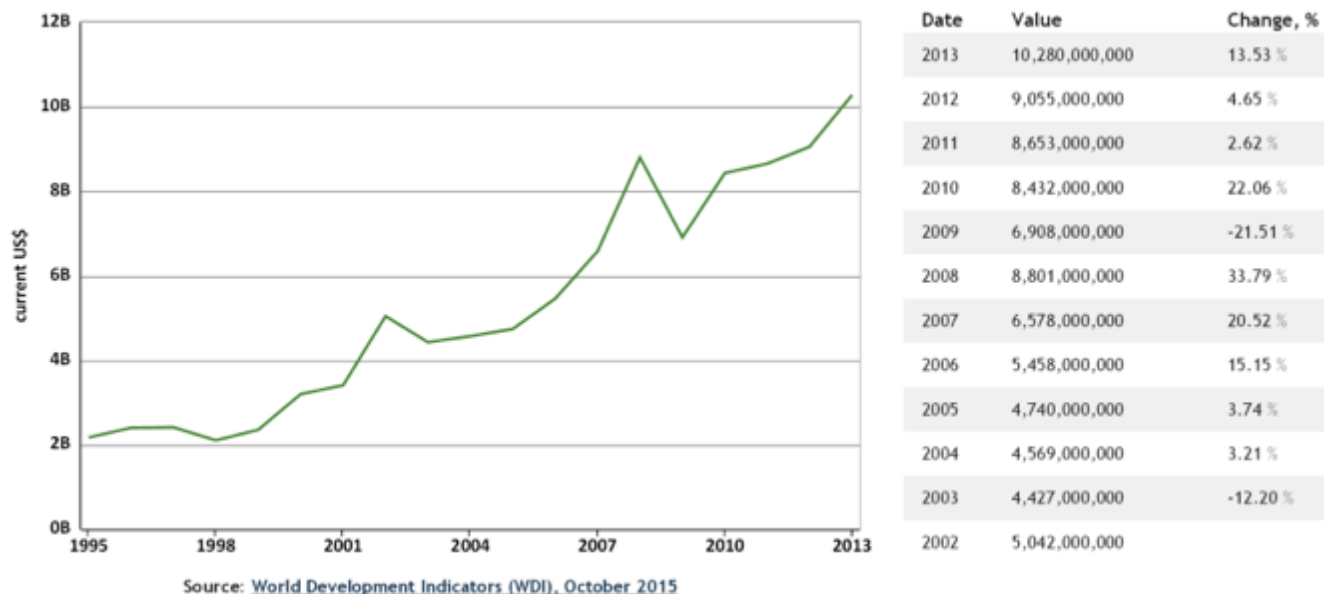
From the 1980s onwards though, the industry has grown strongly and from 562,000 tourists in 1980, the industry had grown to 8.8 million arrivals by 2013,<sup>191</sup> and is aiming for 10 million arrivals in 2015.<sup>192</sup> When you then add a domestic tourism market that has been growing strongly due to overall enhanced welfare in the country and a burgeoning middle class, it quickly becomes clear that the overall scale of tourism – and its importance – is extremely significant in Indonesia.

The overall value of tourism was estimated at US \$86.9 Billion in 2011 and is forecast to rise to US \$212.1 Billion by 2035. The current total contribution of tourism to GDP in 2014 was 9%,<sup>193</sup> with a stated target of 14% by 2019,<sup>194</sup> which would take it above the global average (9%), the Philippines (11.2%) and alongside Malaysia (14.9%).

International tourism expenditure makes up around 23% of the market<sup>195</sup> and exceeded US \$10 Billion for the first time in 2013 (Graph 14) with expenditure growth rates fluctuating over the last decade between -21.5% in 2009 (post Global Financial Crisis) and + 33.8% in 2008. 2009 was in fact the only year with a decline during that period.

### Graph 15: Indonesia International Tourism Expenditure (2002–13)

Source: The World Bank, WDI Indicators, October 2015



Reinforcing the overall importance of tourism, is its contribution towards Indonesia's total revenue; tourism consistently ranks in the top 5 commodities (Table 22, overleaf) and in 2010, for example, was the 5<sup>th</sup> most important contributor after oil & gas, palm oil, coal and rubber with a value of US \$550.6 Million (IDR 7.6 Trillion). NB this value includes the total value of 'Tourism and the Creative Economy', as the data is captured this way.



## 7.2.5 Indonesia Country Overview

### A) The Importance of Tourism in Indonesia (continued)

Table 22: Overall Contribution of Tourism towards Revenue in Indonesia (2008–10)

Source: Indonesian Ministry Of Tourism and Creative Economy. Presented at APEC Russia, 24/07/2012

No	Commodities	2008	2009	2010
1	Oil & Gas	29.126,30	19.018,30	28.039,60
2	Palm Oil	12.375,57	10.367,62	13.468,97
3	Coal	10.656,24	9.539,5	11.976,3
4	Rubber	7.579,66	4.870,68	9.314,97
5	Tourism	7.348	6.298,02	7.603,45
6	Garments	6.092,06	5.735,60	6.598,11
7	Electrical	5.253,74	4.580,18	6.337,50
8	Textiles	4.127,97	3.602,78	4.721,77
9	Pulp & Paper	3.796,91	3.405,01	4.241,79
10	Food	2.997,17	2.960,73	3.620,86

Given its overall economic significance, it is not surprising that the government is firmly focused on growing the industry. It recently announced a quadrupling of the tourism promotion budget to US \$98.4 million (1.3 Trillion Rupiah), mainly to be focused on a 'further marketing push in international markets'.<sup>196</sup>

Indonesia continues to target strong growth and has ambitions to compete strongly against the likes of Malaysia, Thailand and Singapore; ASEAN neighbours who remain ahead of Indonesia in terms of attracting overseas visitors; although Indonesia's forecast growth will take it ahead of Malaysia within the next 10 years.

### B) Indonesia's Overall Approach to Growing the Tourism Sector

Indonesia has developed a number of strategic tourism plans in recent years with the *Tourism Mid-Term Strategic Plan (RENSTRA)* and 2012's *Strategic Plan for Sustainable Tourism and Green Jobs for Indonesia* being two of the most notable.

The Government is challenged currently by two somewhat divergent objectives: the desire to assertively grow the size and value of tourism in Indonesia to accelerate overall economic growth; and the growing realisation of the pressures that mass-tourism can bring on the economic, social and environmental resources and fabric of the country.

There was a significant attempt to address this in 2012 through the publication of the *Strategic Plan for Sustainable Tourism and Green Jobs for Indonesia*, which included the following statement from the then Minister of Tourism and Creative Economy, Mari Elku Pangestu:

*"The Strategic Plan, which outlines (a) strategic framework for sustainable tourism planning, and offers a number of key strategies as well as their implementation strategies, would be an important reference to achieve sustainability and green jobs in tourism. Using this strategic plan, we hope that sustainability and green job(s) can be mainstreamed in every policy related to tourism development in Indonesia"*

This is a far-reaching and detailed document, developed with the support of both Australian Aid and the International Labour Organisation (ILO).

## 7.2.5 Indonesia Country Overview

### B) Indonesia's Overall Approach to Growing the Tourism Sector (continued)

The strategic plan both lays out the overall strategic framework and implementation strategies for tourism in Indonesia, but also places more sustainable tourism, in particular, as a critical actor in the ongoing complexity of development in Indonesia – particular from a cultural and economic perspective:

*'The complexity of Indonesia due to its size and diversity of the people and the geographic realities of the region puts tourism in a special position. Tourism is more than just the non-oil and gas foreign exchange earner, it is a national economic driver generated by domestic and international demand. Many policy and legal documents consistently mention the role of tourism covering the unity and unification of the nation (kesatuan dan persatuan). In this regard, the socio-cultural dimension is becoming more relevant for Indonesia's tourism sustainable development.'*<sup>197</sup>

Just two small parts of the document are reproduced here to provide an overview of 1) the strategic intent, and 2) the intended approach to implementation:

#### 1) The Strategic Framework for Sustainable Tourism Development:

Key Strategy 1: Change of Mindset of All Stakeholders;

Key Strategy 2: Sustainable Tourism Indicator development, adaptation and adoption;

Key Strategy 3: Accustomization of the New Mindset on Green Jobs and Sustainable Tourism;

Key Strategy 4: Introduction of Control Mechanisms and Enforcement.

#### 2) The 10 'Implementation Strategies':

Implementation Strategy 1: Mainstream and Promote Green Jobs through Sustainable Tourism;

Implementation Strategy 2: Prioritise Poverty Reduction in Tourism;

Implementation Strategy 3: Enhance Opportunities for Youth Employment in the Tourism Sector and Youth Tourism;

Implementation Strategy 4: Support the Ministry of Women and Child Protection in Combating Against Gender and Child Protection Issues;

Implementation Strategy 5: Implement a System of Voluntary Codes/Standards for Sustainable Tourism;

Implementation Strategy 6: Set Tourism Related Education, Training and Research as priority in the National Education and Research Agenda;

Implementation Strategy 7: Identify Potential and Committed Local Partners;

Implementation Strategy 8: Conduct Selective and Creative Marketing;

Implementation Strategy 9: Apply a Sustainable Approach in Tourism Planning;

Implementation Strategy 10: Establish a Single Coordinative Body for Tourism Development.<sup>198</sup>

The approach outlined is certainly comprehensive, and has plans that would appear, on face value, to be able to at least start to address some of the systemic barriers to sustainable tourism growth that currently exist in Indonesia. However, given how comprehensive and far-ranging they are, they will certainly take time to implement even half of them effectively – bringing us back to the issue of implementation effectiveness and the 'strategy-implementation gap' once again.

For further detail on the Indonesian Government's overall approach, the '*Strategic Plan for Sustainable Tourism and Green Jobs for Indonesia*' is available for download via:

- [[http://www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---sector/documents/publication/wcms\\_208097.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_208097.pdf)].

## 7.2.5 Indonesia Country Overview

### C) Current State of Indonesia's Tourism Industry

Indonesia's Tourism Industry is large, varied and growing. It is also, more than any of the other markets, dominated by Domestic Tourism – although the Philippines has a similarly large domestic market by value, but is dwarfed in terms of overall Indonesian domestic tourist numbers (41 million vs. 234 million).

International tourism expenditure makes up around 28% of the total Indonesian tourist market<sup>199</sup> and was worth US \$10.3 Billion in 2013. Expenditure growth rates have fluctuated over the last decade or so from -21% in 2007 to +34% in 2008, however the overall trend has been upwards (+117% in total between 2005–13), although with significant year-by-year fluctuations that have more or less followed the overall global tourism trend. However, the SARS and Bird Flu epidemics were 2 particular global 'shocks' that affected Indonesia's tourism market more than the average. (Table 23 and Graph 15).

**Table 23: Selected Indonesia Tourism Metrics (2005–13)**

(Sources: World Bank, World Travel and Tourism Council and Malaysian Tourism Promotion Board (MTPB) Statistics)

Est. Value of Tourism (% GDP)	WTTC Rank		Visitor Arrivals (2005)	Visitor Arrivals (2013)	Rate of Increase (%)	Target Arrivals (Per/ yr.)	Spend/ Visitor (US \$ - 2013)	Contribution to GDP in 2035 (US \$)
	Size	Growth						
9% (2014)	17	12	5.0 million	8.8 million	+76%	10.5 million	\$1,167.92	\$212.1 billion

International Tourism Expenditure			Domestic Tourism		Current Estimated Govt. Tourism Budget (US\$)
2005	2013	Growth Rate	# of Trips	Est. Value \$	
US \$4.7 Billion	US \$10.3 billion	+117%	234 million (2014)	US \$36.7 billion (2014)	US \$98.4 million (1.3 Trillion Rupiah) <sup>200</sup>

From 2007 onwards, the number of international arrivals has risen steadily to 8.8 million in 2013 according to the World Bank (Graph 16) and is likely to exceed 10 million in 2015.<sup>201</sup>

**Graph 16: Indonesia International Tourism Arrivals (2002–13)**

Source: The World Bank, WDI Indicators, October 2015



Source: World Development Indicators (WDI), October 2015

Date	Value	Change, %
2013	8,802,000	9.42 %
2012	8,044,000	5.15 %
2011	7,650,000	9.24 %
2010	7,003,000	10.74 %
2009	6,324,000	1.44 %
2008	6,234,000	13.22 %
2007	5,506,000	13.04 %
2006	4,871,000	-2.62 %
2005	5,002,000	-6.00 %
2004	5,321,000	19.12 %
2003	4,467,000	-11.25 %
2002	5,033,000	

## 7.2.5 Indonesia Country Overview

### C) Current State of Indonesia's Tourism Industry (continued)

The overall growth rate in international tourism arrivals was +117% between 2005–12, which, although strong and significantly ahead of the visitor arrivals growth rate, was behind both the Philippines (+156%) and Malaysia (+175%). However, Indonesia currently ranks as the 12<sup>th</sup> fastest growing country globally from a tourism perspective (out of 184 countries), so is likely to start closing these gaps in the near future.<sup>202</sup>

Spend per visitor was US \$1,168 in 2013<sup>203</sup> and is fairly stable at that level, being recorded at just under \$1,200/visitor in 2015.<sup>204</sup> The average for the Asia Pacific region was US \$1,430 in 2014<sup>205</sup> and is \$1,615.67 for the CTI-CFF countries. Indonesia's is the 5<sup>th</sup> lowest, mainly due to its dominant domestic market.

Looking at the split between leisure and business tourism spending, this is weighted heavily towards leisure, at 79% of Indonesia's total tourism spending in 2014.<sup>206</sup>

Tourism is also an important, if fluctuating source of employment; the estimated total contribution of travel and tourism was 8.4% of total employment in 2014 (9,814,000 jobs). This is expected to rise by 3.3% in 2015 to 10,140,500 jobs and by 1.8% pa to 12,127,000 jobs in 2025.<sup>207</sup> To illustrate the volatility of tourism employment, tourism's total contribution was 4.6% in 2006 and 9.1% in 2004.<sup>208</sup>

**Table 24: Indonesia, Source Countries of International Tourism Arrivals (2011)**

Source: The Indonesian Central Bureau of Statistics (IBPS) 2012

NO	MARKET	2011	2010	(+/-)	DIFF.
1	SINGAPORE	478,680	470,629	8,051	1.71
2	MALAYSIA	459,586	413,407	46,179	11.17
3	AUSTRALIA	342,161	316,265	25,896	8.19
4	CHINA	264,715	189,249	75,466	39.88
5	JAPAN	166,774	160,619	6,155	3.83
6	KOREA	131,387	120,538	10,849	9.00
7	USA	81,197	72,941	8,256	11.32
8	UNITED KINGDOM	77,049	74,045	3,004	4.06
9	CHINESE TAIPEI	76,579	80,686	-4,107	(5.09)
10	INDIA	72,264	64,877	7,387	11.39
11	FRANCE	62,142	60,105	2,037	3.39
12	GERMANY	54,248	49,825	4,423	8.88
13	THE NETHERLANDS	52,339	54,303	-1,964	(3.62)
14	PHILIPPINES	46,412	40,393	6,019	14.90
15	RUSSIA	43,531	41,485	2,046	4.93
16	MIDDLE EAST	37,093	30,871	6,222	20.15
17	OTHERS	734,622	682,992	51,630	7.56
	TOTAL	3,180,779	2,923,230	257,549	8.81

Indonesia's 3 primary markets are Singapore, Malaysia and Australia. The first two driven mainly by proximity, and the 3<sup>rd</sup> by the popularity of Bali, in particular, with the Australian market.

China was 4<sup>th</sup> in 2011, but given the ongoing focus on this market is likely to have overtaken Australia since then in terms of importance (it increased by almost 40% between 2010–11 alone).

## 7.2.5 Indonesia Country Overview

### C) Current State of Indonesia's Tourism Industry (continued)

Japan, Korea, USA, United Kingdom, Chinese Taipei and India make up the rest of the top 10, with European countries making up 4 of the next 6.

Domestically, it is estimated that 234 million trips were made within Indonesia in 2010 and that domestic tourism grew by just over 20% between 2001–10.<sup>209</sup> The most recent data indicates that this market has continued to grow, reaching 251 million trips in 2014; of which 90% is estimated to be for tourism.<sup>210</sup>

**Table 25: Indonesia's Domestic Tourism Metrics (2014–25)**

Sources: World Travel and Tourism Council (WTTC)

COUNTRY	Current Domestic Tourism			Forecast Domestic Tourism		
	2014		2015	2025		
	Est. Value (US\$ )	% of Total GDP	Forecast Growth (%)	Est. Value (US\$ )	% of Total GDP	Growth * (%)
Indonesia	US \$36.7 billion	4.3%	+6.4%	US \$65.4 billion	4.3%	+5.3%

Overall, domestic tourism now represents over 72% of the total spend on tourism in Indonesia.<sup>211</sup> The strength of the domestic market (US \$36.7 Billion in 2014) has the potential to start acting as something of an 'insulator' for Indonesia, protecting it (to an extent) from the fluctuations of the international tourism market. That being said, for the near future, Indonesia remains particularly susceptible to the types of tourism downturns brought about by significant events like the Global Financial Crisis of 2007 or SARS epidemic of 2002.

Combining the international and domestic markets placed Indonesia in the top 10 markets for tourism globally in 2011 (by tourist and traveller numbers).<sup>212</sup>

Whilst it might have called out the need for a greater focus on sustainable tourism in its '*Strategic Plan for Sustainable Tourism and Green Jobs for Indonesia*', the market in Indonesia remains weighted towards mass and more mainstream tourism offerings.

There are notable exceptions (Borobudur, Bali and dive tourism in many of the islands for example), but the current tourism marketing strategy is attracting more tourists (particularly from within Asia) looking for traditional '3 S' (sun, sea & sand) or luxury-style tourism, rather than tourists seeking more niche, higher-value offerings.

That's not to say the market isn't currently varied – it is – but there is a clear disconnect between the long-term stated desire (and need) for more sustainable tourism, and the current shorter-term actions.

The root causes of this situation are outlined in some detail in the *Sustainable Tourism & Green Jobs* document, along with a range of measure to help try to address them and provide a long-term solution and development path. The following excerpt provides a succinct summary:

*'With abundant natural and cultural resources and a significant domestic and international market potential, Indonesia is confronted by issues in terms of utilizing these assets in a socially, economically, & environmentally sustainable manner. Tourism planning and administration remains lacking in integration among many different ministries and government units. Indonesia's sizeable informal economy, as well as its lack of skilled human...*



## 7.2.5 Indonesia Country Overview

### C) Current State of Indonesia's Tourism Industry (continued)

*'...resources in tourism and hospitality threatens to undermine national development goals and weaken the country's overall competitiveness, whilst short term economic benefit orientation of the sector, despite its quantitative growth, poses direct and indirect threats to environmental welfare and people's quality of life.'*<sup>213</sup>

As a final overall measure of current tourism performance, Indonesia ranks 50<sup>th</sup> in the 2015 World Economic Forum (WEF) Travel and Tourism Competitiveness Index with a score of 4.0. Indonesia has been steadily climbing up these rankings from 70<sup>th</sup> in 2013, 74<sup>th</sup> in 2011 and 81<sup>st</sup> in 2009. In terms of comparison, Malaysia currently ranks 25<sup>th</sup> and the Philippines 74<sup>th</sup> (with 141 countries ranked overall).

### D) Key Promoted Regions

Given the size and nature of the country, tourism promotion tends to focus on the main islands/ island groups as a way of segmenting the country for potential tourists. These islands are:

1) Sumatra; 2) Java; 3) Sulawesi; 4) Kalimantan; 5) Bali & Nusantara Islands; and 6) Papua and the Maluku Archipelago.

On exploring each island/ region the 34 provinces are then used as the next level of detail.

Graphic 6: Destination Categorisation in Indonesia [www.indonesia.travel/](http://www.indonesia.travel/)



Alongside this approach, key areas or sites are also highlighted, with the first 10 destinations that appear on [www.indonesia.travel](http://www.indonesia.travel/) as follows:

1) Bali; 2) Raja Ampat; 3) Borobudur; 4) Bromo Tengger Semeru National Park; 5) The Island Of Flores; 6) Mount Bromo; 7) Tana Toraja; 8) Makassar; 9) Padang; and 10) Jakarta.

A number of areas are also promoted for diving, including Weh Island in Sumatra & Raja Ampat in Papua.



## 7.2.5 Indonesia Country Overview

### E) Target Market and Reasons for Travel

Indonesia is the world's 4<sup>th</sup> most highly populated country in the world and breathtakingly diverse. This diversity is reflected in the tourist offering, from high-end luxury to classic backpacking/ 'flashpacking', and pretty much everything in between.

Given this diversity of tourist offering, the target market is naturally fairly broad covering a variety of demographics and number of countries (as demonstrated in the Source Countries' table on p. 93). The Nature-based Tourists are likely to reflect this breadth (especially vs. the more challenging countries in the Coral Triangle like Papua New Guinea and Timor-Leste), and can be assumed to include younger and older travellers, as well as more families.

The reasons for traveling to Indonesia that appear to be targeted are also broad and include:

1) Diving; 2) Theme Parks; 3) Surfing & Adventure; 4) Water Sports; 5) Spas; 6) Golf; 7) Hiking; 8) Trekking & Eco tours; and 9) Traditional Villages. Business travel is also a significant market.

Adventure and Nature-based Tourism offerings are plentiful, with diving heavily promoted – and clearly a reason many tourists visit and then return.

Culturally the offering is also very strong, with temples like Borobudur, Tunah Lot, Uluwatu and the Prambanan Temples being the ones usually most heavily promoted.

### F) Indonesia Tourism Promotion Governance and Estimated Annual Budget: in brief

Overall responsibility for tourism development from a Government perspective sits in the Ministry of Tourism and Creative Economy; the current Minister is Dr Mari Elka Pangestu. The main promotional body for Tourism is the Indonesia Tourism Promotions Board (ITPB).

Responsibility for the environment sits in the Ministry of Environment and Forestry; the current Secretary is Dr. Siti Nurbaya Bakar.

The total budget for tourism promotion in Indonesia is estimated at US \$98.4 million for 2015 – the highest of all the CTI-CFF countries. The next largest tourism budgets are invested by Malaysia (US \$75 million) and the Philippines (US \$61.4 million). With international tourist revenues of US \$10.3 billion in 2013, this level of investment would have represented a Marketing Investment Ratio (MIR) of 1:105 the third highest of all the countries, behind the Philippines at 1:137 and Malaysia at 1:160.

*See Appendix E for additional background on the Indonesia TPA.*

### G) Tourism Promotion and Branding

'**Wonderful Indonesia**' has been running as the tagline for tourism since 2011 and pretty much all materials promoting tourism in the country now sit under this branding approach. In contrast to the 4 countries covered so far in this report, the marketing for Indonesia is extensive, fairly well integrated and has obviously received fairly consistent investment since it was launched.

The approach allows flexibility for all the various marketing components that sit underneath it and a wide range of tailored materials have been produced.

The positioning is fairly straightforward in terms of celebrating Indonesia as a destination and obviously has straightforward global appeal in terms of being understood by a large number of countries/ cultures.



## 7.2.5 Indonesia Country Overview

### G) Tourism Promotion and Branding

However, it is not particularly strong in terms of defining what is unique about Indonesia, and pretty much any country in the Coral Triangle could use it. Having said that, the breadth of tourism offerings in Indonesia – and just the sheer scale of the country – require a fairly homogenous marketing approach to ensure it remains flexible and scalable enough.

As expected given the overall size of marketing investment, there is a considerable amount of marketing collateral under this campaign – like the Philippines this includes a 5 minute promotional video that captures the diversity of tourism in the country: [ [https://www.youtube.com/watch?v=XxtAH\\_--QVU](https://www.youtube.com/watch?v=XxtAH_--QVU) ].

When the quadrupling of Indonesia's tourism promotion budget to US \$98.4 million was announced earlier this year, it was also announced that the activity being supported by that budget would remain under the Wonderful Indonesia tagline and positioning.

The official website for Indonesia Tourism is [www.indonesia.travel](http://www.indonesia.travel).



## 7.2.5 Indonesia Country Overview

### H) Key challenges for tourism development in Indonesia

The infrastructure and basic development challenges have already been touched on, but it is worth quickly summarising some of the specific barriers that Indonesia's tourism industry needs to overcome:

In spite of its more advanced level of tourism development than the emerging countries, Indonesia still has some basic issues restricting future tourism growth, as well as some that come purely with the scale of the country:

- 1) Overall Economic Leakage of Tourism Benefits  
A high proportion of the economic benefits of tourism currently never reach local populations.  
*'Based on observations, interviews and experiences from other developing countries, leakages from certain operations of tourism business may exceed 50%'.<sup>214</sup>*
- 2) Increasing numbers of mass tourists impact overall carrying capacity of local infrastructure & resources  
This is already occurring in parts of the country and will only increase if not effectively managed.<sup>215</sup>
- 3) Negative environmental impacts of mass tourism  
Identified by the Indonesian Government as a risk and is already clearly happening in many parts of the country. Bali and Lake Toba are often referred to as examples of this, but there are a large number of sites throughout the country experiencing this currently.<sup>216</sup>
- 4) Lack of tourism products of a suitable quality or consistency  
There are minimal Ecotourism products available currently and general quality of offerings intra-regionally (and outside main centres) is very inconsistent. Accommodation is also often inconsistent or limited.<sup>217</sup>
- 5) Natural disaster risk  
As with all countries in the area, rising impacts of climate change are an ongoing challenge and threat.  
The recent volcanic eruption in Indonesia also showed the importance of well-coordinated transport and logistics system to deal with thousands of stranded tourists and travellers when faced with this risk.
- 6) Capacity of Indonesia's major airport infrastructure and general substandard infrastructure  
Currently inadequate for existing numbers of arrivals; in many cases in need of major upgrades.<sup>218</sup>
- 7) Negative perceptions caused by logging and habitat destruction  
Indonesia, like Malaysia, suffers from a negative image internationally due to logging activities in rainforests and the destruction of Orang-utan habitats for palm oil plantations.<sup>219</sup>
- 8) Extremely poor public destination planning coordination, effectiveness, and control.  
*'All provinces have had a tourism Master Plan in some form and quality and some of the 383 local governments also have one or are reflecting on its creation. However, whether these plans have been prepared through a process with a sustainable approach, have ever or will become a guide for development is still questionable.'*<sup>220</sup>
- 9) Ineffective environmental controls and inadequate screening of tourism sites  
This exacerbates the extremely poor planning process; environmental controls are often either inadequate, not enforced – or both. This area appears particularly pronounced in Indonesia vs. the other CTI-CFF countries – partly because of the overall scale of the country.<sup>221</sup>
- 10) Competing land uses causing degradation of Ecotourism sites  
An example is Lake Toba (North Sumatra), which has experienced considerable environmental degradation and conflicting uses (fishery and the construction of a hydro power plant) that have led to significantly reduced tourism.<sup>222</sup>
- 11) Poor coordination within government and inconsistent priority given to tourism  
This can lead to inefficient allocation of resources and conflicting short-term priorities.<sup>223</sup>
- 12) Negative socio-cultural impacts  
Economic benefits from tourism are often not felt by local communities – who instead just feel the negative impacts through degradation of socio-cultural values. Communities in Bali or Bandung are often cited as examples.<sup>224</sup>

## 7.2.5 Indonesia Country Overview

### H) Key challenges for tourism development in the Indonesia (continued)

#### 13) Low community and government awareness of tourism benefits and needs

General levels of understanding of the need (and the economic and social opportunity that could derive from) environmental protection in the country are relatively low. Raising these levels will be important if the Nature-based Tourism opportunity is to be realised.<sup>225</sup>

As with all the CTI-CFF countries, all of these require addressing in some way to accelerate tourism development; the overall importance of improving tourism planning, and addressing some of the challenges outlined above, is referred to in the ***Strategic Plan for Sustainable Tourism and Green Jobs for Indonesia***:

*'As Indonesia's international and domestic tourism growth continues, there will be even greater stress on what are in some cases already threatened or vulnerable natural and cultural environments. This places urgency on the need to increase the awareness and practices for sustainable tourism approaches by industry and tourists alike.'*<sup>226</sup>

### I) A brief look at the future for Tourism in Indonesia

With over 250 million people, more than 14,000 islands (according to the UN, some sources quote up to 17,000), 34 provinces, hundreds of distinct ethnic groups, a myriad of different ecosystems and countless cultural experiences, Indonesia is often called one of the most diverse tourism destinations in the world.

Despite this diversity of natural and cultural resource available for tourism, the current lack of infrastructure and inadequate human resources to manage much of the existing domestic and international tourism has led to significant negative impacts on key tourism sites.<sup>227</sup> This is resulting in overall reductions in the social, cultural and environmental resource base of Indonesia in a number of areas in the country.<sup>228</sup>

Looking to the future, it seems that Indonesia is at a fairly significant crossroads. There are clearly opportunities offered by the diversity of potential tourist offerings in the country, overall global tourism growth forecast, domestic tourism market growth and, overlaying all that, the rapid increase in demand for Nature and Adventure-based tourism around the world.

However, Indonesia does not currently seem ready to embrace these opportunities and remains on a path of unsustainable tourism growth that the countries' social and environmental resource base will be unable to sustain. Part of this is due to the very real challenges posed in a country as large and fragmented as Indonesia, however another part is down to how much focus (and how many resources) there currently appears to be on the sustainable tourism sector.

Having said all that, there has obviously been significant effort put behind initiatives like the ***Strategic Plan for Sustainable Tourism & Green Jobs for Indonesia*** that provide some clear indicators of what a sustainable, economically and socially successful tourism industry could look like.

There is a real opportunity for Indonesia to grasp the opportunity provided by the global boom in Nature and Adventure-based tourism and use it as a strategic lever to shift a greater proportion of tourism growth into higher-value, lower-impact tourism sectors (that also happens to be more resilient to global events), whilst looking to slow the rate of growth of mass-tourism and start to slowly shift it to a more sustainable long-term model as well. The Strategic Plan summarises this higher-level goal as follow:

*'...sustainable tourism, if well planned and managed, can make a direct and positive contribution to Indonesia's achievement of the Millennium Development Goals, inclusive of poverty reduction, rural development, preservation of culture and society, gender equity, and environmental protection. Employment creation remains a centrepiece of this strategy with the promotion of decent green jobs for the development of environmentally-friendly products, services and public works.'*<sup>229</sup>

## 7.2.5 Indonesia Country Overview

### J) Nature-based Tourism in Indonesia

**Table 26: Current and Forecast Value of Nature-based and Adventure Tourism in Indonesia**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Forecast to 2035* (Based on current average global forecasts only)		
	Total Tourism Market (US\$)	Nature-based & Adventure Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism	
		20% Share (US\$)	25% Share (US\$)		35% Share (US\$)	45% Share (US\$)
<b>Coral Triangle (CTI-CFF Countries)</b>	\$98.7 billion	\$19.7 billion	\$ 24.7 billion	\$454.3 billion	\$159 billion	\$204.4 billion
<b>Indonesia</b>	\$47 Billion	\$9.4 billion	\$11.8 billion	\$212.1 billion	\$74.2 billion	\$95.4 billion

\* 2035 forecast is based on global average share estimates only and is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.

Based on the estimated average global share of Nature-based and Adventure Tourism (NBT), Indonesia could already be generating between US \$9.4 billion–US \$11.8 billion in this sector, and is forecast to generate US \$74.2 billion–US \$95.4.3 billion by 2035, simply by reflecting average global tourism characteristics (Table 26).

Looking more closely at the specific characteristics of Indonesia's current tourism market, unlike the emerging countries, the market is much more broad and mainstream—even more so than the Philippines. As seen in this overview however, the very fact that it is so broad and diverse means its Nature-based and Adventure offerings are of a significant size.

Even just assuming Indonesia has a slightly lower share of Nature-based Tourism than the Philippines (vs. the global average), i.e. 25–27.5%, it can conservatively be estimated that the Nature-based and Adventure Tourism market is somewhere in the region of US \$11.8 billion–US \$12.9 billion in Indonesia currently.

Looking ahead to 2035 and assuming conservative share growth to 25–30% would indicate an overall potential forecast value of US \$46.4 billion–US \$55.7 billion.

Adding even half of that additional value would almost double the value of Indonesia's tourism industry to GDP (12.5–17.5%). As with the Philippines, that does not equate to completely abandoning the mainstream forms of tourism already in existence, but rather shifting the overall proportions of the tourism mix to include a greater number of higher-value Nature-based Tourists.

As suggested in previous sections, it could be of benefit to undertake deeper research and modelling into the optimal tourism mix for Indonesia (and all the other countries) to further understand the future role for Nature-based Tourism in the region and further model the overall socio-economic value that could be generated for Indonesia.



## 7.2.5 Indonesia Country Overview

### K) Identified Marine Protected Areas (MPAs)

Indonesia has 166 Marine Protected Areas (MPAs), covering 187,221km<sup>2</sup>. Overall there are 19,805km<sup>2</sup> of coral reef with 6,291km<sup>2</sup> within an MPA (32%).

Given the scale of the country, number of islands and sheer quantity of potential sites, it is not possible to provide much more than a selection of dive sites in a range of locations: Bali Islands; Banda Islands; Bangka and Belitung Islands; Bunaken Island; Komodo Islands; Lombok Island; Raja Ampat Islands; the Sangihe and Talaud Archipelago; Sumbawa and Flores Islands; Wakatobi Islands; and the Weh Islands.

Map 12: Marine Protected Areas (MPAs) and main areas of coral reef in Indonesia (July 2012)



Outside of the dive sites identified above, an area that also seems suited to Nature-based Marine Tourism is the Lesser Sunda Ecoregion/ Seascape.

The potential for targeted site development coupled with more integrated promotion and marketing will be explored in more detail in the destination selection stage of the NBMT project. There is also a summary table of potential sites for all the countries and a number of potential approaches to site selection outlined in Section 10.4 (p. 147).

## 7.2.5 Indonesia Country Overview

### L) Selected observations on Indonesia's tourism industry

Indonesia is a country of extremes when it comes to tourism. From pristine and breathtaking marine-based offerings; to much more hedonistic (and socially/ environmentally damaging) mainstream offerings. Just the sheer scale of its combined domestic and international tourism sector at 242 million people in 2013/14 (*Table 23, p. 92*) gives an indication of the challenges facing it if it is to survive the forecast tourism growth rates for the region.

Indonesia's' World Travel and Tourism Council (WTTC) ranking of 17 for size and 12 for growth (both out of 184), alongside the World Economic Forums' (WEF) Travel & Tourism Competitive Index ranking of 50 (out of 140), place it in second place in the overall Coral Triangle rankings. As with Malaysia and, to a lesser extent the Philippines, its scale and overall tourism management structure place it in a good position to provide further technical assistance to help accelerate the development of the emerging tourism markets of Timor-Leste, Solomon Islands and Papua New Guinea.

Indonesia could be said to be in a period of transition currently. It seems to be caught between the old model of endless volume growth and chasing increasing overall tourism numbers; and the reality that this model needs to change – and rapidly. Indonesia is already suffering from significant negative social, economic and environmental impacts from tourism, and relying on the old model for growth is only going to exacerbate them. Of all the countries, they perhaps have the most incentive to urgently explore what their optimal 'balanced' tourism market could look like, as they are probably already losing tourism market share (certainly in the locations where the tourism impacts are most obvious).

Their tourism infrastructure is also severely under stress in a number of areas – again, similar issues to those faced in other CTI-CFF countries, with the added pressure of sheer numbers simply multiplying the effects.

This need for change seems to be increasingly understood by the Indonesian Government, and is certainly reflected in the ***Strategic Plan for Sustainable Tourism & Green Jobs for Indonesia***. However, there are clearly entrenched systemic gaps when it comes to translating plans such as this into tangible action at the local level – again, a strategy-implementation gap that requires to be closed if the transformation they need – and seem to be looking for – is to be realised.

On the positive side – and as mentioned right at the head of this page – they have a considerable stock of natural resources on which they could draw - the challenge will be in creating adequate systems and processes of management to ensure the long-term sustainability of those natural resources. Indonesia has plentiful examples from the recent past where those systems have not been up to the task.

However, as a clear incentive to start to invest in those management systems (and in creating a more-balanced tourism sector overall), the potential estimated value of US \$46.4 billion–US \$55.7 billion that Nature-based Tourism could provide to Indonesia by 2035 (*Table 39, p. 1XX*), should be enough to at least get the development process started.

Coupled with the additional momentum that a regional Coral Triangle brand could provide in terms of helping accelerate the growth curve of the more niche-based Nature-based and Adventure sectors, there appears to be a strong opportunity for Indonesia to start to move through its 'period of transition' at a more rapid rate.

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### Further Data

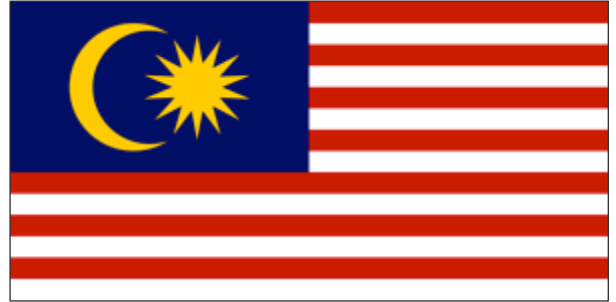
*For some additional statistical analysis, the Country/ Economy Profiles in the World Economic Forum's Travel & Tourism Competitiveness Report 2015 are worth reviewing. Amongst overall data profiles of a country's tourism sector, they also provide environmental sustainability metrics. They are currently only available for Indonesia, Malaysia & the Philippines.*

*Available for download via: [ [http://www3.weforum.org/docs/TT15/WEF\\_Global\\_Travel&Tourism\\_Report\\_2015.pdf](http://www3.weforum.org/docs/TT15/WEF_Global_Travel&Tourism_Report_2015.pdf) ]*

### 7.2.6 Malaysia Country Overview

(Source: UN Data/ United Nations Statistics Division unless indicated)

Size:	330,290 sq. km
Population:	30,188,000 (est. 2014)
Population growth rate:	1.6% per annum (2010–15)
Population density:	91.5 per sq. km
GDP per Capita:	US \$10,514
Arrivals at National Borders:	25,715,000 (2013)
	Including Singapore residents crossing the frontier through Johore Causeway.
Estimated value of Tourism:	US \$37.7 Billion per annum
	MYR 161.0 Billion. World Development Bank, World Development Indicators 2015.
Global Tourism Ranking:	26 (Size)   39 (Growth). World Travel and Tourism Council (WTTC).



Map 13: Malaysia, highlighting main regions



#### A) The Importance of Tourism in Malaysia

WTTC Tourism Ranking: 26<sup>184</sup> (Size) | 39 (Growth) WEF Travel & Tourism Competitive Index: 25<sup>140</sup>

CTI-CFF Country Ranking: 1 | Based on a combination of % Contribution to GDP, Size and Level of Tourism Segmentation

Malaysia's tourism industry is smaller than Indonesia's in terms of total size (ranked 26<sup>th</sup> by the World Travel and Tourism Council in 2015 against Indonesia in 17<sup>th</sup> and the Philippines in 36<sup>th</sup>),<sup>230</sup> but on almost every other measure Malaysia currently has the strongest, most established and most resilient tourism market in the Coral Triangle. Malaysia primarily ranks below Indonesia in terms of size because of the scale and value of Indonesia's domestic tourism coupled with the difference in population (38 million in Malaysia vs. 253 million).

From a Coral Triangle overall point of view, as outlined in the Indonesia section, arguments could be made for Indonesia or Malaysia to be ranked first. However, the overall level of % GDP contribution of tourism and more advanced level of tourism segmentation overall, led to Malaysia being ranked number 1.

## 7.2.6 Malaysia Country Overview

### A) The Importance of Tourism in Malaysia (continued)

This ranking is reinforced by the World Economic Forums overall Travel and Tourism Competitive Index (TCCI), which ranks Malaysia at 25<sup>th</sup> out of the 140 countries in 2015, against Indonesia in 50<sup>th</sup> and the Philippines in 74<sup>th</sup>. Timor-Leste, Solomon Islands and PNG are currently outside the top 140 countries.

The total contribution of Travel and Tourism to GDP in Malaysia was US \$37.7 Billion (MYR 161.0 Billion) in 2014, and is forecast to rise by 4.5% pa to US \$ 61.4 Billion (MYR 262.2 Billion) in 2025<sup>231</sup> and US \$185.5 Billion (MYR 792 Billion) by 2035.<sup>232</sup>

In terms of Tourism's % contribution to GDP, Malaysia is significantly ahead of the global average and all the other Coral Triangle countries at 14.9% and is forecast to steadily grow to 15.8% of GDP by 2025.<sup>233</sup> Tourism was also the second largest contributor of foreign currency earnings to Malaysia in 2014.<sup>234</sup>

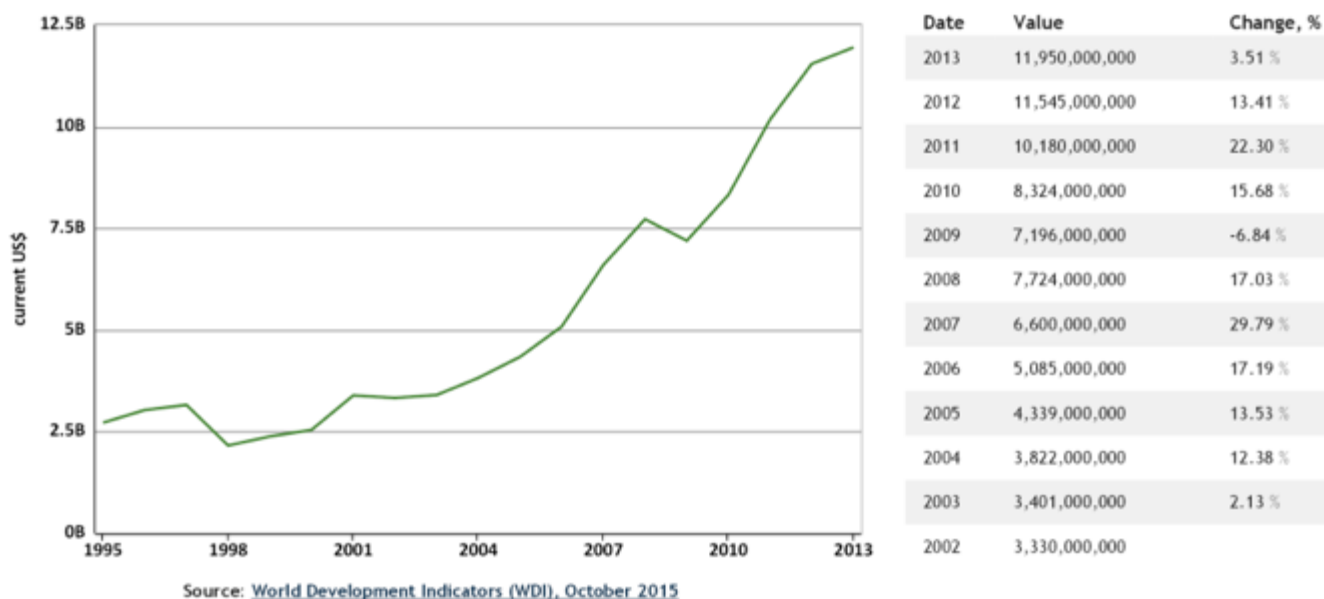
Malaysia experienced rapid economic development in the late 20<sup>th</sup> Century and is on track to attain formal developed nation status by 2020.<sup>235</sup> The service industries (including tourism) are now the major revenue earners and largest contributors to Malaysia's GDP at 46%, compared with manufacturing at 30%, agriculture at 9.3% and mining at 7.3%.

International tourism expenditure makes up around 48% of the total tourist market<sup>236</sup> and was worth close to US \$12 Billion in 2013 (*Graph 17*). Expenditure growth rates have fluctuated over the last decade from -6.9% in 2009 (post GFC) to + 29.8% in 2007. As with Indonesia, 2009 was the only year with a decline during that period.

Domestic tourism reached 217.5 million trips in 2014 (+12.5% vs. 2013), with domestic tourism trips from the urban and rural areas increasing by 15.5% and 6.1% respectively between 2013 and 2014. The overall spend from domestic visitors amounted to US \$13 Billion (MYR 55.5 Billion) in 2014.<sup>237</sup>

### Graph 17: Malaysia International Tourism Expenditure (2002–13)

Source: The World Bank, WDI Indicators, October 2015



## 7.2.6 Malaysia Country Overview

### **B) Malaysia's Overall Approach to Growing the Tourism Sector**

Since the formation of the Tourism Development Corporation (TDC) in 1972, Malaysia has consistently invested in the sector both in terms of human resources and budgets, but also in terms of attempting to formulate and implement effective long-term tourism policy.<sup>238</sup>

Malaysia's Ministry of Culture and Tourism was created in 1987 and extended into the Ministry of Culture, Arts and Tourism (MOCAT) in 1990. This was followed in 1992 by the creation of the Malaysia Tourism Promotion Board (MTPB) or Tourism Malaysia.<sup>239</sup> See section 11.3, p. 154 for a diagrammatic overview of the Malaysian Government's current Tourism Framework.

As well as looking to tourism as an economic growth engine and important source of foreign income, Malaysian tourist policy has incorporated elements of sustainable tourism for over 2 decades now. The 1992 **Malaysian National Tourism Policy** identified 'Ecotourism' as an industry to be targeted because of its potential as a high growth niche market and an Ecotourism plan was subsequently released in 1996.<sup>240</sup>

Since then, Malaysia has promoted Ecotourism, Nature-based Tourism (NBT) and Adventure-based tourism fairly consistently (especially with regard to Sabah and Sarawak). Although there is (once again) an absence of robust data, it can be hypothesised that this focus on NBT and Adventure-based tourism has been contributing to Malaysia's higher than average spend/ visitor over the long-term. Deeper analysis could be undertaken to establish if this was the case.

The latest strategic plan for tourism development is the '**Malaysia Tourism Transformation Plan (MTTP:2020:36:168)**' that provides strategic plans for tourism to 2020. The **Economic Transformation Programme: a Roadmap for Malaysia (ETP)** handbook also includes a good summary of Malaysia's focus in a chapter on Tourism (Chapter 10). The foreword includes this statement from the Minister of Tourism:

*'The tourism sector will continue to be in the forefront of Malaysia's economic development. This sustainable and high-yield sector will continue to drive Malaysia's economy, providing income and job opportunities to the Rakyat (tr. 'people').*

*Malaysia has a strong global tourism position today. We are the 9th most visited country in the world and we receive RM1 billion (US \$ 230 million) receipts per week from foreign visitors. Realising the advantage and strong position we possess in the tourism industry globally, the Government is committed to further develop this sector together with the private sector for the benefit of the Rakyat.*

*We have set sight on the target of 2020:36:168. That is in the year 2020, Malaysia will receive 36 million tourist arrivals and RM168 billion tourist receipts (US \$40.1 billion). This would mean the industry will grow by 3 times and tourism will contribute RM3 billion receipts per week (US \$716 million) to the country in 2020.'*<sup>241</sup>

Set against this strong vision, is a clear understanding of what the wrong type of growth could mean:

*'Despite the industry's strong historical growth of 14% over the last decade and 12% over the last five years, it has predominantly been dependent on growth in the number of arrivals rather than on yield per tourist. If this trend were to continue, Malaysia would have to depend on mass tourism arrivals'.....'Mass tourism brings with it two separate concerns. The first is a high dependence on a few neighbouring countries for low yield tourists. The second is Malaysia's capacity to accommodate a higher number of tourists before compromising on the quality of its offerings.'*<sup>242</sup>

For further detail on the Malaysian Government's overall approach, the chapter on Tourism in the '**Economic Transformation Programme: a Roadmap for Malaysia (ETP)**' handbook is available for download via: [ [http://etp.pemandu.gov.my/upload/etp\\_handbook\\_chapter\\_10\\_tourism.pdf](http://etp.pemandu.gov.my/upload/etp_handbook_chapter_10_tourism.pdf) ]



## 7.2.6 Malaysia Country Overview

### C) Current State of Malaysia's tourism industry

Malaysia's Tourism Industry is sophisticated and well developed, with offerings split across a broad range of products and generally well supported by marketing and promotion. Despite this size, it continues to grow at a fairly constant rate, reflecting the growth trends outlined in Section 6 of this report fairly closely. Like Indonesia and the Philippines, it also has a significant domestic tourism market. Although, given the overall higher level of development, Malaysia's domestic tourism market is, not surprisingly, more advanced overall with a higher proportion of the population making more trips, more often.

International tourism expenditure makes up around 48% of the total Malaysian tourist market,<sup>243</sup> and was worth US \$12 Billion in 2013, the most of any of the countries. Expenditure growth rates have fluctuated over the last decade or so from -7% in 2009 to +30% in 2007, however the overall trend has been upwards (+175% in total between 2005–13), with 2009 being the only year with a decline between 2002–13. (Table 27, below and Graph 17, p.104).

Malaysia's international tourism expenditure growth rate of +175% from 2005–13 both significantly outstrips its 57% growth rate for visitor arrivals, and is also the highest of the 3 more developed Coral Triangle countries: Indonesia +117% and the Philippines +156%.

The expenditure rate outstripping the arrivals rate is notable because it is a strong indicator that Malaysia is successfully developing its tourism offering to attract higher-value tourists overall rather than just a high-number of lower-spending visitors (which matches its stated goal of increasing tourist yields).

**Table 27: Selected Malaysia Tourism Metrics (2005–13)**

Sources: The World Bank, World Travel and Tourism Council and World Travel and Tourism Council, Malaysia Tourism Board

Est. Value of Tourism (% GDP)	WTTC Rank		Visitor Arrivals (2005)	Visitor Arrivals (2013)	Rate of Increase (%)	Target Arrivals (Per/ yr.)	Spend/ Visitor (US \$ - 2013)	Contribution to GDP in 2035 (US \$)
	Size	Growth						
14.9% (2014)	26	39	16.4 million	25.7 million	+57%	29.4 Million	\$1,737.26	\$185.5 billion

International Tourism Expenditure			Domestic Tourism		Current Estimated Govt. Tourism Budget (US\$)
2005	2013	Growth Rate	# of Trips	Est. Value \$	
US \$4.3 billion	US \$12 billion	+175%	217.5 million (2014)	US \$16.6 billion (2014)	US \$75 million (MYR 316 million) <sup>244</sup>

From 2007 onwards, the number of international arrivals has risen steadily to 25.7 million in 2013 (Table 27), and could potentially exceed 30 million in 2015.<sup>245</sup>

International arrivals growth rates have grown strongly over the last decade, with rates ranging from +0.6% in 2011 to +49% in 2004, and with an overall growth rate of +57% between 2005–13). Just prior to that, 2003 was the only year that experienced a decline between 2002–13 (-20% due to the SARS outbreak). Table 27 and Graph 18, below.

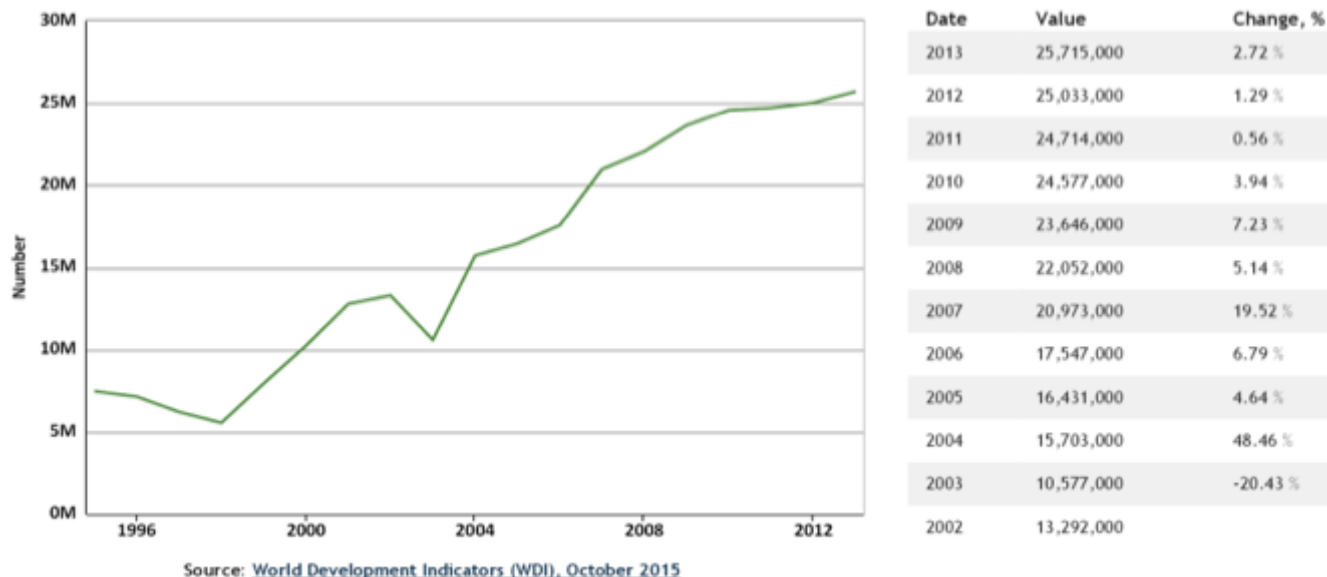
Spend per international visitor was US \$1,737 in 2013 against the Asia Pacific average of US \$1,430 and Coral Triangle average of \$1,615.67. It is higher than all the Coral Triangle countries apart from the Solomon Islands at \$2,803, which has a particularly high spend due to its reliance on the niche adventure market.<sup>246</sup> Compared with Singapore and Thailand however, it has lower 'yields per tourist' and is targeting yield as an area of focus.<sup>247</sup>

## 7.2.6 Malaysia Country Overview

### C) Current State of Malaysia's tourism industry (continued)

Graph 18: Malaysia International Tourism Arrivals (2002–13)

Source: The World Bank, WDI Indicators, October 2015



Looking at source countries, Singapore is by far the number one market for Malaysia in terms of tourist arrivals at 13.0 million (52%), although this high number is obviously heavily influenced by the location of Singapore at the bottom of the Malay Peninsular (*Table 28*).

Table 28: Malaysia, Top 10 Source Countries of International Tourism Arrivals (2013)

Source: Tourism Malaysia. 2013)

		Number of Tourists Arrivals (million)	Total of Tourist Arrivals (%)
<b>Singapore</b>		<b>13.01</b>	<b>51.99</b>
<b>Indonesia</b>		<b>2.38</b>	<b>9.52</b>
<b>China (including Hong Kong &amp; Macau)</b>		<b>1.56</b>	<b>6.23</b>
<b>Thailand</b>		<b>1.26</b>	<b>5.05</b>
<b>Brunei</b>		<b>1.25</b>	<b>5.03</b>
<b>India</b>		<b>0.69</b>	<b>2.76</b>
<b>Philippines</b>		<b>0.51</b>	<b>2.03</b>
<b>Australia</b>		<b>0.5</b>	<b>2.03</b>
<b>Japan</b>		<b>0.47</b>	<b>1.88</b>
<b>United Kingdom</b>		<b>0.4</b>	<b>1.61</b>

## 7.2.6 Malaysia Country Overview

### C) Current State of Malaysia's tourism industry (continued)

The next 4 primary markets are Indonesia (9.5%), China—including Hong Kong and Macau (6.2%), Thailand (5.1%) and Brunei (5%); all of which provide greater than 1.25 million tourists per year.

India, the Philippines, Australia, Japan and the United Kingdom make up the rest of the top 10, with between 400,000–690,000 tourists per year.

Tourism and travels' total contribution to employment was 13% in 2014 (1,770,000 jobs) and is expected to keep rising: by 3.1% in 2015 to 1,824,000 jobs and by 3.2% pa to 2,489,000 jobs in 2025.<sup>248</sup> The overall employment contribution very accurately reflects the overall contribution of tourism to GDP; a strong indicator that the sector has matured and is now moving into a phase of segmentation and directly targeted growth of specific sectors. The average salary within the sector is relatively low compared with other sectors however. For example, Malaysians working in hotels and restaurants make on average RM1,084 per/month (US \$250) vs. RM2,114 (US \$490) in financial services and RM2,621 (US \$605) in the oil, gas and energy sector.<sup>249</sup>

Looking at the split between leisure and business tourism spending, this is very even in Malaysia with 51.2% of total tourism spending for business in 2014 vs. 48.8% for leisure, again reinforcing the overall sophistication of Malaysia's tourism sector.<sup>250</sup>

**Table 29: Malaysia's Domestic Tourism Metrics (2014–25)**

Sources: World Travel and Tourism Council (WTTC)

COUNTRY	Current Domestic Tourism			Forecast Domestic Tourism		
	2014		2015	2025		
	Est. Value (US\$ )	% of Total GDP	Forecast Growth (%)	Est. Value (US\$ )	% of Total GDP	Growth * (%)
<b>Malaysia</b>	US \$16.6 billion	5.0%	+5.5%	US \$27.7 billion	5.5%	+4.7%

With 217.5 million trips in 2014, the domestic side of the market is 10 times the size of the international side. It is also much more developed than the likes of Indonesia, as evidenced by the fact that Malaysia's population is only 12% the size of Indonesia's, but its domestic tourism market is 87% the size.<sup>251</sup>

Overall, at US \$13 billion in value, domestic tourism represents 52% of the total spend on tourism in Malaysia.<sup>252</sup> This balance between domestic and international tourism income, like the equal split between leisure and business income, further reinforces the additional stages of tourism development that Malaysia has been through compared to the Philippines and Indonesia.

As the final overall measure of current tourism performance, Malaysia ranks 25<sup>th</sup> in the 2015 World Economic Forum (WEF) Travel and Tourism Competitiveness Index, against Indonesia in 50<sup>th</sup> and the Philippines in 74<sup>th</sup> (141 countries ranked overall).

## 7.2.6 Malaysia Country Overview

### D) Key Promoted Regions

Whilst perhaps not as varied as Indonesia, diversity has also long been a word used to describe both the country and tourism in Malaysia, and this can certainly be seen when looking at the key regions currently promoted for tourism.

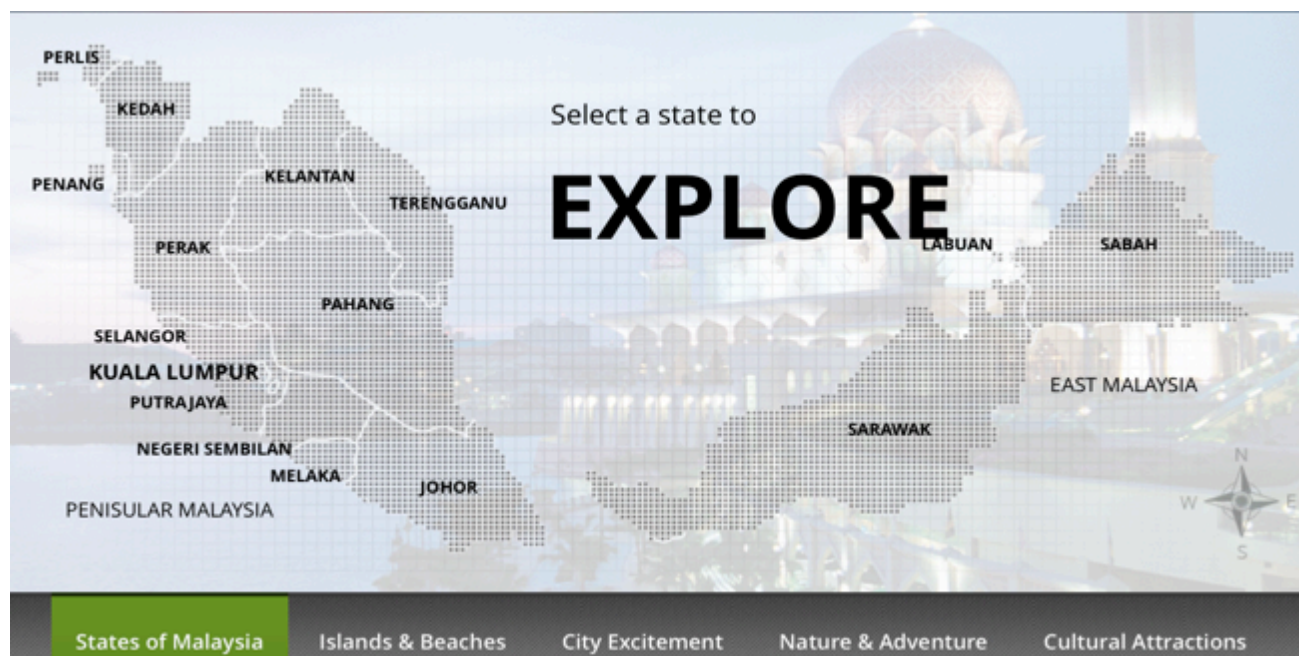
Malaysia has 2 federal territories (Kuala Lumpur and Putrajaya), and 11 states that form the Malaysia Peninsular. These 11 states are:

1) Johor; 2) Kedah; 3) Kelantan; 4) Malacca; 5) Negeri Sembilan; 6) Pahang; 7) Penang; 8) Perak; 9) Perlis; 10) Selangor; and 11) Terengganu.

The peninsular (West Malaysia) is then separated by the South China Sea from East Malaysia, which includes 2 additional states (Sabah and Sarawak) on the island of Borneo and a third federal territory, the island of Labuan.

Map 14 below is how these areas are promoted with 'States of Malaysia', 'Islands & Beaches', 'City Excitement', 'Nature & Adventure' and 'Cultural Attractions' the way they are segmented online.

Map 14: Overview of Tourist Regions in Malaysia [[www.tourism.gov.my](http://www.tourism.gov.my)]



Given the diversity of the tourist offering, the target market is naturally fairly broad covering a variety of demographics and number of countries (as demonstrated in the source countries' table on p. 107). Like Indonesia, the Nature-based Tourists are likely to reflect this breadth (especially vs. the more challenging countries in the Coral Triangle), and can be assumed to include younger and older travellers, as well as more families and couples.

The reasons for traveling to Malaysia that appear to be targeted are also broad and include:

1) Diving; 2) Theme Parks; 3) Surfing & Adventure; 4) Water Sports; 5) Spas; 6) Golf; 7) Hiking; 8) Trekking & Eco tours; and 9) Traditional Villages.

Adventure and Nature-based Tourism offerings are relatively heavily promoted; the multi-racial nature of Malaysia, with Malays, Chinese, Indians and the various (and numerous) indigenous peoples of Sabah and Sarawak, is also heavily used to promote tourism.



## 7.2.6 Malaysia Country Overview

### E) Target Market and Reasons for Travel

Malaysia caters for just about every type of tourist, from business travellers to families to adventure travellers and cultural junkies. They have a well-developed product offering and have started to segment and target their marketing activities to focus more on some of these market segments.

They call out 25 key 'Experiences' on the Tourism Malaysia website which promote the full range of available activities from diving and trekking to high-end shopping.

Tourists wanting nature-based and adventure-style experiences are well catered for, with strong potential for cultural experiences to be included in any trip. The 1Malaysia 'Volontourism Program' (27,313 participants in 130 activities in 2013)<sup>253</sup> and Malaysia Homestay Plant-a-Tree programs are specific examples of the types of offerings that have been promoted in the past.

Demonstrating the diversity of tourism on offer, The Lonely Planet voted it one of the World's Top 10 Destinations to visit in 2014 whilst CNN voted Kuala Lumpur the 4th Best Shopping City in the world in 2013.

### F) Tourism Promotion and Branding

Tourism promotion currently sits underneath '*Malaysia Truly Asia*', although the marketing strategy is now well developed so there are a number of sub-brands, destination-led and event-led brands.

For example, 2014 had the Visit Malaysia 2014 campaign of events and 2015 has been branded as the Malaysia Year of Festivals (MyFest) 2015.

Reinforcing the sense of targeted and sophisticated marketing techniques being employed, Tourism Malaysia launched an integrated Digital Marketing Programme in 2015 and is also currently employing #beautifulMalaysia as a social media-led promotion of the diversity of the country.

The official website for Tourism Malaysia is [www.tourism.gov.my](http://www.tourism.gov.my) and Malaysia's recent promotional video is available via: <https://youtu.be/uZ3tB1UO1hM>.





## 7.2.6 Malaysia Country Overview

### **G) Tourism Promotion Governance and Estimated Annual Budget: in brief**

Overall responsibility for tourism development from a Government perspective sits in the Ministry of Culture, Arts and Tourism (MOTAC); the current Minister is Seri Mohamed Nazri bin Abdul Aziz.

The Ministry of Tourism control tourism administration in Malaysia, but the implementation of tourism destination planning and infrastructure development comes under the Federal Government. The main promotional body is Tourism Malaysia.

Responsibility for the environment sits in the Ministry of Natural Resources and the Environment; the current Minister is Datuk Seri Dr Wan Junaidi Tuanku Jaafar.

The total budget for tourism promotion in Malaysia is estimated at US \$75 million for 2015 – the second highest of the CTI-CFF countries. This places it just behind Indonesia (US \$98.4 million) and ahead of the Philippines (US \$61.4 million). With international tourist revenues of US \$12.0 billion in 2013, this level of investment would have represented a Marketing Investment Ratio (MIR) of 1:160 the highest of all the countries, ahead of the Philippines at 1:137 and ahead of Indonesia at 1:105.

*See Appendix E for some additional background on Malaysian Tourism Policy.*

### **H) Key challenges for tourism development in Malaysia**

The infrastructure and basic development challenges have already been touched on, but it is worth quickly summarising some of the specific barriers that Malaysia's tourism industry needs to overcome:

Given its advanced level of tourism development (and sophistication), Malaysia has less of the basic infrastructure challenges faced by the emerging countries, but still has some key issues restricting future tourism growth:

- 1) Limited connection to priority medium-haul destinations  
Malaysia's flight connections are overly weighted towards long and short-haul destinations. Increasing visitor yield will need improvements in medium-haul connections.<sup>254</sup>
- 2) Increasing numbers of mass tourists impact overall carrying capacity of local infrastructure & resources  
This is already having an impact in some parts of the country and will only increase in overall impact if not more effectively managed.<sup>255</sup>
- 3) Negative environmental impacts of mass tourism  
Already identified by Malaysian Government as a risk. There are already areas of Malaysia where significant impacts from tourism are being felt; the virtual extinction of Leatherback Turtles from Malaysian waters is one example of the tangible impact of this that is often cited.<sup>256</sup>
- 4) Inability to consistently increase overall value (or yield) per visitor  
Given the issues related to mass tourism above, Malaysia has identified increasing overall yield per tourist as an ongoing priority to ensure a more balanced long-term tourist sector.<sup>257</sup>
- 5) Natural disaster risk  
As with all countries in the area, rising impacts of climate change are an ongoing challenge and threat.
- 6) High levels of competition  
There are a high number of competitors in the region offering similar tourism experiences – hence the importance of differentiation.<sup>258</sup>
- 7) Negative perceptions caused by logging and habitat destruction  
Malaysia, like Indonesia, suffers from a negative image internationally due to logging activities in rainforests and the destruction of Orang-utan habitats for palm oil plantations.<sup>259</sup>

## 7.2.6 Malaysia Country Overview

### H) Key challenges for tourism development in the Malaysia (continued)

- 8) Ineffective environmental controls and inadequate screening of tourism sites  
This is particularly relevant with Malaysia's new focus on Ecotourism. Consistent controls need to be implemented – and have been identified as lacking in certain parts of the country previously (e.g. damage to reef from development at Tioman's Salang beach).<sup>260</sup>
- 9) Low community and government awareness of tourism benefits and needs  
General levels of the need (and the economic and social opportunity that could derive from) environmental protection in the country are relatively low. Raising these levels will be important if the Nature-based Tourism opportunity is to be realised.<sup>261</sup>
- 10) Poor coordination within government and inconsistent priority given to tourism  
This can lead to inefficient allocation of resources and conflicting short-term priorities. Given Nature-based Tourism development tends to cut across different Government Ministries, there needs to be a high level of collaboration, which is often complex and challenging to manage.<sup>262</sup>
- 11) Poor planning and managing of Ecotourism sites  
Malaysia has had complaints from tourists regarding poor planning of accommodation; i.e. not taking into account carrying capacities of environmentally sensitive sites, resulting in 'overcrowding, congestion and problems of sewage and waste disposal'.<sup>263</sup>

All of these require addressing in some way to accelerate tourism development; the overall need for structural change and investment is referred to in the **Malaysian Government's Economic Transformation Plan: A Roadmap for Malaysia (ETP)**:

*'It is imperative that tourists be given a continuously positive experience from arrival through to departure to ensure they leave Malaysia with pleasant memories, which may result in repeat visits and positive word-of-mouth to friends and family. There are many aspects to the tourism environment that can be improved, ranging from taxi services, overall information access, funding access for private entrepreneurs, safety and maintenance of tourism products and infrastructure.*

*It is imperative that the Ministry of Tourism works with all the related agencies, industry players and other stakeholders to provide the enabling environment for the industry to flourish and for Malaysia to become a key tourism country. The Ministry of Tourism should also look at continuous development of tourism campaigns such as "Think Tourism Act Tourism" to promote awareness amongst Malaysians that tourism is a key industry for the country.'*<sup>264</sup>

### I) A brief look at the future for Tourism in Malaysia

Looking to the future, Malaysia has made a clear decision to focus on increasing value per tourist – or 'yield' as they describe it in the **Economic Transformation Plan (ETP)** – at least to 2020, and given it is at the core of their strategy, very likely beyond.

In 2014, Malaysia outlined its mid-term plans for tourism in the **Malaysia Tourism Transformation Plan (MTTP:2020:36:168)** that had goals for 2020 of 36 million tourists and US \$51.38 Billion in receipts whilst attracting 'More Tourists to Stay Longer, Spend More and Repeat Visits'.<sup>265</sup>

The plan retains the long-term vision to:

*'To develop the (Malaysian) tourism industry in a sustainable manner and to maximize its potential as a primary and new growth sector which generates substantial economic activities and employment for Malaysians.'*<sup>266</sup>

Looking at the detail of proposed implementation in the Tourism section of the ETP, twelve 'Entry Point Projects' (EPPs) have been identified across five themes to enhance overall tourism yields.<sup>267</sup>

## 7.2.6 Malaysia Country Overview

### I) A brief look at the future for Tourism in Malaysia (continued)

#### Theme 1: Affordable Luxury

EPP 1: Positioning Malaysia as a duty-free shopping destination for tourist goods;

EPP 2: Designating Kuala Lumpur City Centre-Bukit Bintang area as a vibrant shopping precinct; and

EPP 3: Establishing three new premium outlets in Malaysia.

#### Theme 2: Nature Adventure

EPP 4: Establishing Malaysia as a global biodiversity hub.

#### Theme 3: Family Fun

EPP 5: Developing an eco-nature integrated resort in Sabah; and

EPP 6: Creating a Straits Riviera.

#### Theme 4: Events, Entertainment, Spa and Sports

EPP 7: Targeting more international events;

EPP 8: Establishing dedicated entertainment zones;

EPP 9a: Developing local expertise and better regulating the spa industry; and

EPP 9b: Expanding sports tourism offerings in Malaysia beyond hosting events.

#### Theme 5: Business Tourism

EPP 10: Establishing Malaysia as a leading business tourism destination.

#### Cross-theme projects: Medium-haul connectivity; Better quality hotels

EPP 11: Enhancing connectivity to priority medium-haul markets; and

EPP 12: Improving rates, mix and quality of hotels.

EPPs 4 and 5 are the ones of interest from a Nature-based Tourism perspective, with EPP 11 and 12 also having general relevance given they look to improve tourism overall:

#### EPP 4: Establishing Malaysia as a global biodiversity hub

The Global Biodiversity Hub (GBH) is designed to act an accreditation body with the objective of attracting international attention to *'Malaysia's outstanding biodiversity, promoting responsible tourism and fostering sustainable management of Malaysia's natural areas.'*<sup>268</sup>

There is also significant investment detailed in the strategic plan:

***'Nature adventure: RM0.9 billion (US \$214 million) to identify and analyse the proposed Rainforest Discovery Centre and fund upgrading activities at sites selected to be part of the Global Biodiversity Hub'.***

In the plan, 2015 is designated as the year that this biodiversity hub start to be promoted – but nothing of this nature was identified during the research for this report.

#### EPP 5: Developing an Eco-nature integrated resort in Sabah<sup>269</sup>

Malaysia has identified Sabah as a location to develop an 'Eco-nature Integrated Resort' to be:

*'...a showcase of green development, with energy-efficient buildings, renewable energy, recycling and electric transportation, as well as displaying Sabah's rich biodiversity, through a mangrove education centre. It will leverage on Malaysia's competitive advantages in Ecotourism and biodiversity, with attractions such as a river and rainforest safari, nature lodges, a mangrove centre and a discovery cove.'*

There is clearly potential to link the development of a Coral Triangle Nature-based brand to these two particular EPPs, but also more broadly to engage with the Malaysian Government on its overall goal of increasing the yields of its tourism mix vs. targeting volume as this also intersects directly with the NBT projects goals.

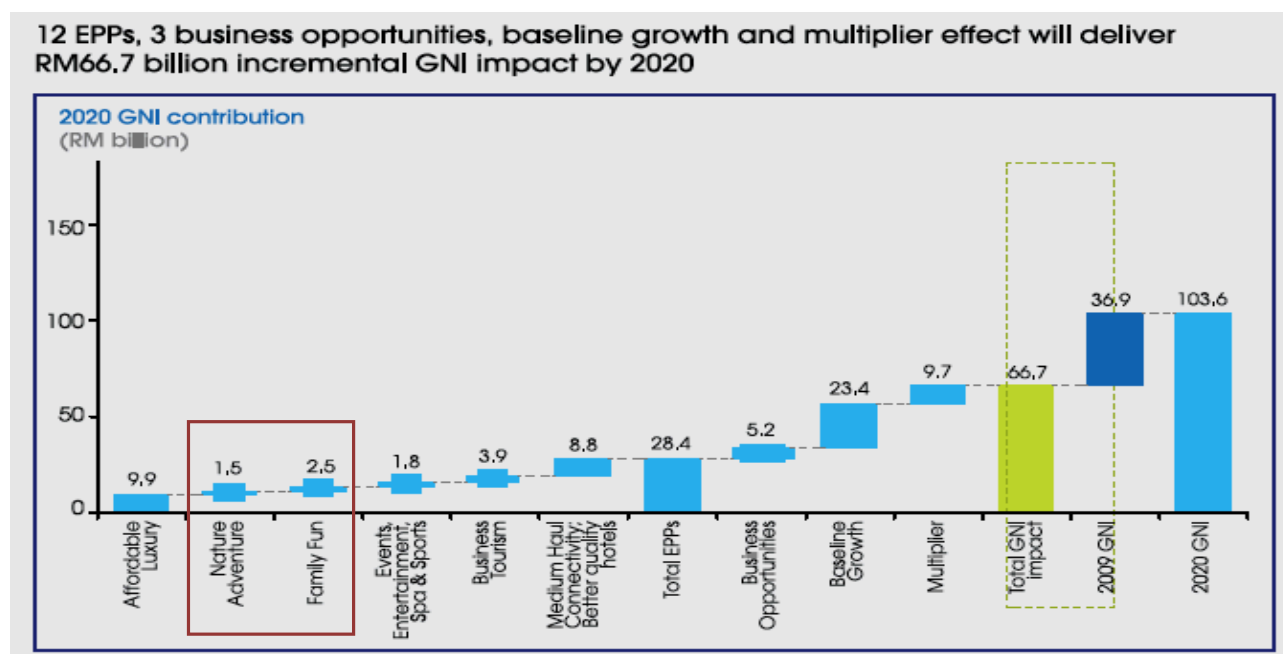
## 7.2.6 Malaysia Country Overview

One final element worth noting from Malaysia's plans for tourism development is the work they have done in modelling the potential growth from 'Nature Adventure' tourism.

This work (an example from it is included as Graph 19 below) could help inform the work on the optimal tourism mix for the CTI-Countries identified in this report as a potential area for deeper analysis. It would be beneficial to explore this in more detail as part of the next phase of this project; for example there may be an opportunity to combine some of the work done by Malaysia with that done by the Philippines on Ecotourism (see Table 20 in the Philippines country overview). This deeper analysis could help define the opportunity for NBT even further.

### Graph 19: Malaysia Forecast Potential for Additional 'Nature Adventure' Tourism

Source: Malaysia's Economic Transformation Plan (ETP); pp. 323



Looking at this graph, Nature Adventure and Family Fun (where the eco-integrated resort in Sabah sits) are forecast to contribute 14% of the additional contribution to Gross National Income (GNI). It would be interesting to understand the workings behind this modelling further to see what application it could have to the Nature-based Tourism project.

To conclude, below is Malaysia's statement of intent regarding biodiversity (and by inference Nature-based Tourism) and its future importance for the country:

'Moving forward, Malaysia aims to become one of the best presenters of biodiversity in the world. We target to have a recognised network of different biodiversity sites of international calibre, which will be developed or rehabilitated and allow for tourist participation in rehabilitation Ecotourism activities.'<sup>270</sup>

## 7.2.6 Malaysia Country Overview

### J) Nature-based Tourism in Malaysia

**Table 30: Current and Forecast Value of Nature-based and Adventure Tourism in Malaysia**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Forecast to 2035* (Based on current average global forecasts only)		
	Total Tourism Market (US\$)	Nature-based & Adventure Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism	
		20% Share (US\$)	25% Share (US\$)		35% Share (US\$)	45% Share (US\$)
<b>Coral Triangle (CTI-CFF Countries)</b>	\$98.7 billion	\$19.7 billion	\$ 24.7 billion	\$454.3 billion	\$159 billion	\$204.4 billion
<b>Malaysia</b>	\$25 billion	\$5.0 billion	\$6.25 billion	\$185.5 billion	\$64.9 billion	\$83.5 billion

\* 2035 forecast is based on global average share estimates only and is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.

Based on the estimated average global share of Nature-based and Adventure Tourism (NBT), Malaysia could already be generating between US \$5.0 billion–US \$6.25 billion in this sector and is forecast to generate US \$64.9 billion–US \$83.5 billion by 2035, if it simply reflected the average global tourism characteristics (*Table 30*).

Unlike the emerging countries, the Malaysian tourism market is broad and appears to be the most sophisticated from a segmentation and targeting point of view of all 6 CTI-CFF countries. Within this segmentation, there are clear Nature and Adventure-based Tourism offerings of a significant size and, generally speaking, Malaysia's Nature and Adventure-based Tourism offerings appear to be of the most consistent quality in the Coral Triangle.

Malaysia estimated that 10% of total tourist arrivals were Ecotourism-related in 2010.<sup>271</sup> Even just assuming the Nature-based Tourism category is approximately twice this size, i.e. 25–27.5% (giving Malaysia a similar share of Nature-based Tourism to Indonesia vs. the global average), it can conservatively be estimated that the Nature and Adventure-based Tourism market is somewhere in the region of US \$6.25 billion–US \$6.88 billion in Malaysia currently.

Looking ahead to 2035 and assuming conservative share growth to 27.5–32.5% (again, similar to Indonesia) would indicate an overall value of US \$51.0 billion–US \$60.3 billion.

Adding even half of that additional value would likely increase the overall value of Malaysia's tourism industry to approximately 17.5–20% of GDP. As with the Philippines and Indonesia, that does not equate to completely abandoning the more mainstream forms of tourism already in existence, but rather shifting the overall proportions of the tourism mix to include a greater number of higher-value Nature and Adventure-based Tourists.

As suggested in previous sections, it could be of benefit to undertake deeper research and modelling into the optimal tourism mix for Malaysia (and all the other countries) to further understand the future role for Nature-based Tourism.



## 7.2.6 Malaysia Country Overview

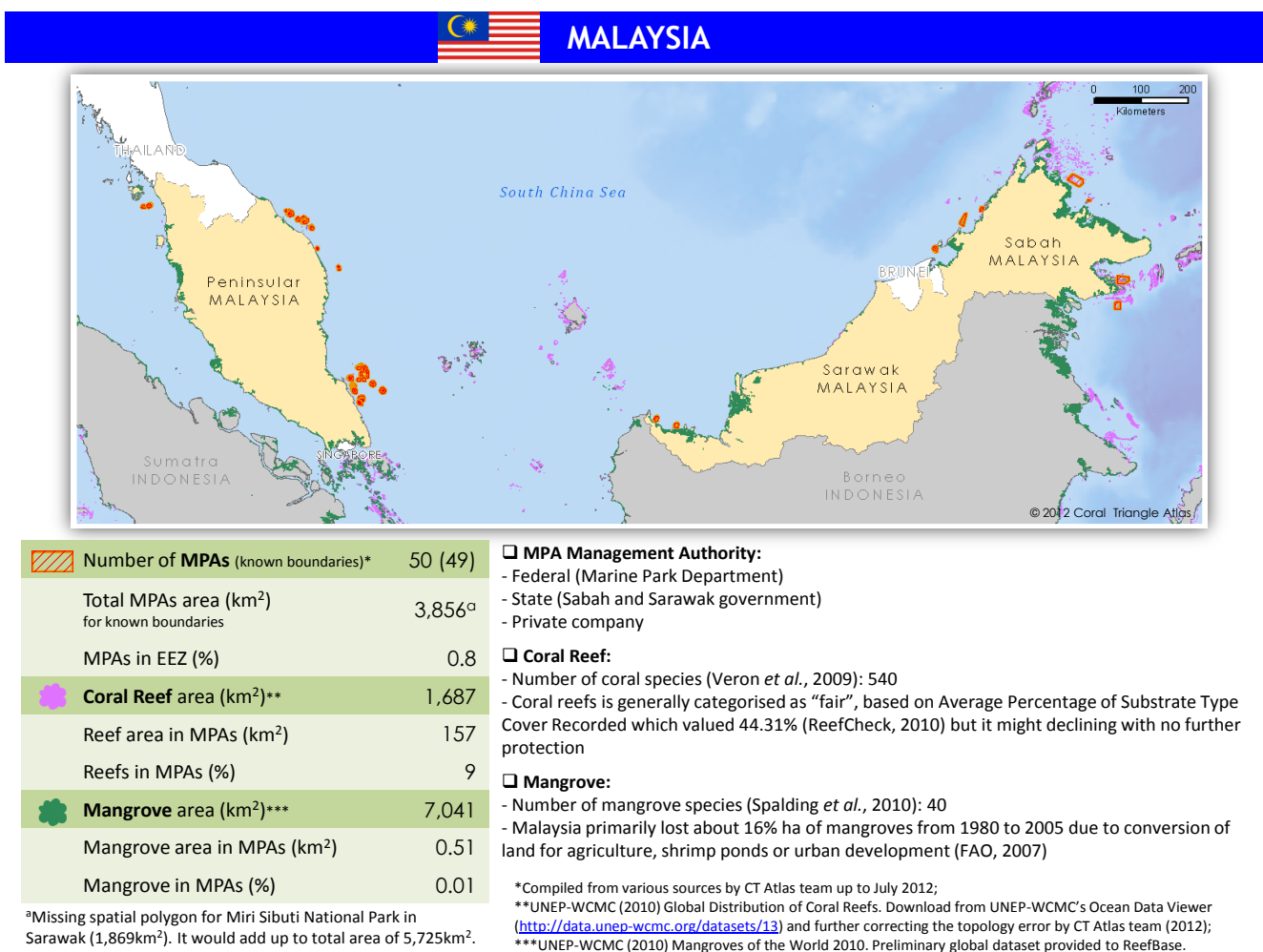
### K) Identified Marine Protected Areas (MPAs)

Malaysia has 50 Marine Protected Areas (MPAs), with those areas with known boundaries covering 3,856km<sup>2</sup>. Overall there are 1,687km<sup>2</sup> of coral reef with 157km<sup>2</sup> within an MPA (9%).

Areas highlighted for diving that could provide an entry point into Nature-based Marine Tourism sites include: Kuching; Lankayan Island; Lumu; Miri; Perhentian Islands; Redang; Semporna; Sipadan; Tioman; and Tunku Abdul Rahman National Park, Kota Kinabalu.

There are also some sites identified as key turtle watching sites: Rantau Abang and Tanjung Jara Beach in Terengganu; Turtle Bay on Pangkor Island.

Map 15: Marine Protected Areas (MPAs) and main areas of coral reef in Malaysia (July 2012)



As well as the sites above, the main areas that also seem suited to Nature-based Marine Tourism are in Sabah (e.g. Sipadan and Mabul), the Matang Mangroves Forest in Perak, and possibly through the Biodiversity Hub, which is also in Sabah.

The potential for targeted site development coupled with more integrated promotion and marketing will be explored in more detail in the destination selection stage of the NBMT project. There is also a summary table of potential sites for all the countries and a number of potential approaches to site selection outlined in Section 10.4 (p. 147).

## 7.2.6 Malaysia Country Overview

### L) Selected observations on Malaysia's tourism industry

Through the analysis undertaken in this section, Malaysia has been ranked first overall; mainly due to it being the tourism market that is most sophisticated in how it approaches the segmentation of its current and future tourism, but also based on % Contribution to GDP and overall size.

Malaysia's World Travel and Tourism Council (WTTC) ranking of 26 for size and 39 for growth (both out of 184), alongside the World Economic Forums' (WEF) Travel & Tourism Competitive Index ranking of 25 (out of 140) reinforce the overall strength of Malaysia as a key tourism market in the Coral Triangle. It also identifies the potential for it to provide further technical assistance to help accelerate the development of the emerging tourism markets of Timor-Leste, Solomon Islands and Papua New Guinea.

Malaysia's tourism market is certainly the most developed of the CTI-CFF countries, although as they themselves outline in their **Malaysia Tourism Transformation Plan (MTTP:2020:36:168)**, they are still considerably behind both Singapore and Thailand in terms of increasing the 'yield' per tourist, and therefore reducing their current over-reliance on growth in the number of arrivals per year (and therefore mass tourism).<sup>272</sup>

They are also not immune to tourism infrastructure challenges (albeit of a different nature to those in the emerging countries) and certainly have considerable (and growing) social and environmental challenges to deal with that are currently being often being exacerbated by tourism growth (particular mass tourism) in a number of ways, from local pollution to over-stressed local facilities to overcrowding.

As with the other 5 countries, there is no question that Malaysia has the natural-resource base available for a significant Nature-based Tourism sector. However, instances of environmental degradation and biodiversity reduction (like the example cited in the MTTP of the virtual extinction of Leatherback Turtles) show that there are considerable pressures being exerted on these resources currently.

Like the other countries, they have a substantial and well put-together Tourism Plan (the MTP already referred to), which specifically refers to growing tourism yield as well as an EPP (*Entry Point Project*) that focuses exclusively on 'Nature-Adventure'. Both these objectives fit with the model outlined later in this report.

In terms of the potential benefits from a regional Coral Triangle NBT brand, there is a clear opportunity for Malaysia to use it to help accelerate its efforts to capture a larger share of the Nature-Adventure tourism sector, whilst also shifting the overall mix of its tourism industry away from volume and towards the higher-yielding niche tourists. In this sense, it probably has the clearest and most structured way of integrating it into its existing strategic plans – although this is mainly because of the higher level of segmentation in its plan vs. actually having an increased economic opportunity to make use of. Although, with a potential overall value of US \$51.0 billion–US \$60.3 billion (*Table 39*), the economic potential for Malaysia in capitalising on Nature and Adventure-based Tourism doesn't really need any further enhancing.

Like the other CTI-CFF countries with more developed tourism sectors, Malaysia still faces considerable hurdles as it tries to find its way to a more balanced, sustainably growing and community supporting tourism sector. However, the Coral Triangle Nature-based Tourism model being suggested through this project could certainly play a not insignificant role in helping it over some of those hurdles.

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### Further Data

*For some additional statistical analysis, the Country/ Economy Profiles in the World Economic Forum's Travel & Tourism Competitiveness Report 2015 are worth reviewing. Amongst overall data profiles of a country's tourism sector, they also provide environmental sustainability metrics. They are currently only available for the Philippines, Indonesia & Malaysia.*

*Available for download via: [ [http://www3.weforum.org/docs/TT15/WEF\\_Global\\_Travel&Tourism\\_Report\\_2015.pdf](http://www3.weforum.org/docs/TT15/WEF_Global_Travel&Tourism_Report_2015.pdf) ]*

### 7.3 Other areas within the Coral Triangle: Brunei Darussalam and Singapore

Although not part yet of the CTI-CFF, **Brunei Darussalam** (the planned 7<sup>th</sup> CTI-CFF Country) and **Singapore** also form part of the Coral Triangle, so some topline data is provided on their respective tourism markets in Tables 31 and 32 below.

In terms of comparative rankings, the World Economic Forum Tourism and Travel Competitive Index ranks Singapore in 11th place – Brunei Darussalam is not ranked. As Table 31 shows, Singapore ranks 37th in terms of size currently and 57th in terms of growth (World Travel and Tourism Council rankings); Brunei Darussalam is 139th and 158th respectively.

In terms of the overall Coral Triangle Ranking, Singapore would likely be in either 1st or 2nd given all its metrics are strong apart from the overall volume of domestic tourism (low mainly due to population size). Brunei Darussalam would likely fit between the Philippines and Papua New Guinea.

**Table 31: Key Tourism Indicators for Brunei Darussalam and Singapore (2005–13)**

Sources: The World Bank, United Nations Statistics Division, UN World Tourism Organisation, and Country Tourism Boards.

COUNTRY	Est. Value of Tourism (% GDP)	WTTC Rank		Visitor Arrivals (2005)	Visitor Arrivals (2013)	Rate of Increase (%)	Target Arrivals (Per/ yr.)	Spend/ Visitor (US \$ - 2013)	Contribution to GDP in 2035 (US \$)
		Size	Growth						
<b>Brunei</b>	6.8%	139	158	126,000	225,000	+79%	252,000 (+12%)	US \$2,627	US \$2.1 billion
<b>Singapore</b>	10.1%	37	57	4.7 Million	11.9 Million	+153%	15.5 million (2015)	US \$2,067	US \$129.3 billion

**Table 32: International Tourism Expenditure Growth Rates and Estimated Government Tourism Budgets for Brunei and Singapore (2005–13)** Source: The World Bank, World Development Indicators unless otherwise indicated.

COUNTRY	International Tourism Expenditure			Domestic Tourism		Current Estimated Govt. Tourism Budget (US\$)
	2005	2013	Growth Rate	# of Trips	Est. Value \$	
<b>Brunei</b>	US \$374 million	US \$591 million	+63%	3 million	US \$411.1 million	US \$212,660 (B\$ 300,000) <sup>273</sup>
<b>Singapore</b>	US \$10.1 billion	US \$24.6 billion	+144%	7 million (Estimated)	US \$8.4 billion	US \$25.5 million (2015) <sup>274</sup>

From a Nature-based Tourism perspective, **Brunei** has made recent public statements on its importance. *'In an effort to develop the tourism industry, the Ministry of Industry and Primary Resources (MIPR), through the Department of Tourism Development, is aiming to brand Brunei as a country of prestige focused on its natural environment.'*<sup>275</sup>

An overview on the Brunei Darussalam Government's overall approach to tourism is available via:  
[ [http://dtxtq4w60xqpww.cloudfront.net/sites/all/files/pdf/brunei\\_presentation\\_2.pdf](http://dtxtq4w60xqpww.cloudfront.net/sites/all/files/pdf/brunei_presentation_2.pdf) ]

**Singapore** meanwhile has called out a focus on 'Quality Tourism' & growing yields (in part due to growing impacts). *'Amidst the trends, opportunities, and challenges, the Singapore Tourism Board envisions the type and nature of tourism development it wishes to pursue as Quality Tourism.'*

An overview of the Singapore Government's overall approach to tourism is available via:  
[ [https://www.stb.gov.sg/news-and-publications/publications/Documents/TIC\\_Discussion\\_Paper.pdf](https://www.stb.gov.sg/news-and-publications/publications/Documents/TIC_Discussion_Paper.pdf) ]

**NOTE:** Further analysis of Brunei and Singapore's tourism markets is outside the scope of this project, but would be a worthwhile additional study to complete the overall picture of the Coral Triangle region.

### Note

*Some overall conclusions from the CTI-CFF Country Analysis in Section 7 are included in Section 13. A summary of the adjusted potential value of Nature-based Tourism in each country can be found in Section 10.2 (page 143).*

## SECTION 8

### EXISTING CORAL TRIANGLE BRANDS AND SELECTED TOURISM MARKETING APPROACHES

## 8 | EXISTING CORAL TRIANGLE BRANDS AND SELECTED TOURISM MARKETING APPROACHES

### 8.1 A brief overview of the Coral Triangle Brand Landscape

On first investigating the current Coral Triangle brand landscape, 2 things quickly become apparent:

- 1) **There are a range of disparate organisations and companies using Coral Triangle branding** of one kind or another throughout the region – although the total number is comparatively small; and
- 2) **Few of them are actually truly consumer facing** from the point of view of capitalising on some of the commercial opportunities that a brand connected to the Coral Triangle could potentially do.

Then if you start to dig deeper into existing tourism brands specifically connected to the Coral Triangle, what strikes you next is the fact that there are very few, if any, credible tourism brands operating at scale across the Coral Triangle. There are some examples of small-scale operators (especially diving) and individual tourism offerings, but very little that actually fully brands the Coral Triangle as ‘**a uniquely desirable region in which to travel and enjoy some of the world’s most biodiverse marine environments**’.<sup>276</sup>

Even after spending a quite considerable amount of time researching the Coral Triangle region for this baseline report, this finding still surprises me. In commercial terms, at an estimated US \$122.7–US \$148.3 billion in value by 2035 for Nature-based and Adventure Tourism alone (see Table 38, p. 143), this opportunity remaining largely untapped till now seems highly improbable, and it is certainly difficult to see the opportunity not being utilised more comprehensively in the very near future.

Having said that, the nature of some of the challenges facing tourism development outlined in each of the country overviews do explain at least some of the reasons why Coral Triangle Nature-based Tourism remains a largely untapped opportunity. As does the multi-country nature of the region, that makes a co-ordinated and consistent approach to branding and promoting the tourism opportunities in the Coral Triangle difficult to initiate.



Yet, as Section 9 demonstrates, there are a number of examples where this type of complexity is successfully being simplified, and coordinated multi-state/region/country tourism promotion is taking place. In some cases the destination management and tourism experience side of the equation is more developed than the overall brand offering (and vice versa), but the end result is a concerted effort to unlock some of the commercial opportunities that exist for tourism in certain regions of the world.

#### A) A brief overview of the Coral Triangle Brand Landscape

As mentioned above, there are a number of disparate brands operating in the Coral Triangle. Some of these can be seen in Table 33 (overleaf) and include the **CTI-CFF** brand itself (and a number of sub-brands like the **Regional Business Forum** and **Coral Triangle Support Partnership**), the **Coral Triangle Centre**, **My Coral Triangle** (WWF) and **Coral Triangle Adventures** (a tour operator) amongst others.

The brands contained within this table have been selected to give an indication of the existing range. There are a number of other Coral Triangle brands – including those for specific campaigns operated by different local and international NGOs (**Conservation International**, **The Nature Conservancy** and **WWF** for example).





## 8.1 A brief overview of the Coral Triangle Brand Landscape (continued)

Other organisations like the Asian Development Bank also make fairly regular use of the term ‘The Coral Triangle’. For the purpose of an initial overview, however, only the 10 most prominent and relevant Coral Triangle brands are included below. Those selected for inclusion are the ones that come up most frequently and consistently when looking for information on the Coral Triangle – including when specifically seeking out tourism-related information.

**Table 33: Summary Table of Current Coral Triangle Brands, Organisations and Initiatives**





Various online sources.

ORGANISATION	LOGO/ BRANDING	DESCRIPTION	WEBSITE
Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security		Site for a multilateral partnership of six countries to address the urgent threats facing the coastal and marine resources of one of the most biologically diverse and ecologically rich regions on earth.	<a href="http://www.coraltriangleinitiative.org">www.coraltriangleinitiative.org</a>
The Coral Triangle Amazon of the Oceans		A non-profit enterprise supported by the WWF that tells the story of this 'million square kilometre marine bioregion in words, pictures & video.'	<a href="http://www.thecoraltriangle.com">www.thecoraltriangle.com</a>
The Coral Triangle Centre		'A learning centre of excellence in marine and coastal resources management'. Focused on building local capacity to encourage long-term conservation in the Coral Triangle.	<a href="http://www.coraltrianglecenter.org">www.coraltrianglecenter.org</a>
The Coral Triangle Atlas		Coral Triangle online GIS database, providing governments, NGOs and researchers with a view of spatial data at the regional scale. Supported by multiple partners, <a href="http://ctatlas.reefbase.org/partners.aspx">http://ctatlas.reefbase.org/partners.aspx</a>	<a href="http://www.ctatlas.reefbase.org">www.ctatlas.reefbase.org</a>
Coral Triangle Regional Business Forum		Regional business forum created by the CTI-CFF & other development partners to engage with the private sector to try to encourage business solutions that are both economically profitable and sustainable.	<a href="http://www.ctibusinessforum.net">www.ctibusinessforum.net</a>
Branding for Coral Triangle Regional Business Forum Bali   August 2015		Logo specifically created for the 4 <sup>th</sup> CTI-CFF Regional Business Forum held in Nusa Dua, Bali, Indonesia from 27–29 August 2015.	Via CTI Business Forum website details above.

## 8.1 A brief overview of the Coral Triangle Brand Landscape (continued)

Table 33: Summary Table of Current Coral Triangle Brands, Organisations and Initiatives (continued)

Various online sources.

ORGANISATION	LOGO	DESCRIPTION	WEBSITE
Coral Triangle Support Partnership		A partnership of WWF, Conservation International and The Nature Conservancy funded by USAID to support the CTI-CFF governments. Focused on policy, fisheries management, marine protected areas and climate change adaptation.	No standalone website. Overview available via: <a href="http://www.worldwildlife.org/partnerships/coral-triangle-support-partnership">www.worldwildlife.org/partnerships/coral-triangle-support-partnership</a>
CoralTriangle.org		Site on the Coral Triangle independently authored by Eric Madeja (photographer) and Ken Kassem (ex. WWF). Includes (limited) tourism section.	<a href="http://www.coraltriangle.org">www.coraltriangle.org</a>
Coral Triangle Adventures		Coral Triangle Tourism operator providing specialised snorkelling tours in the region. Independent and relatively small scale.	<a href="http://www.coraltriangleadventures.com">www.coraltriangleadventures.com</a>
My Coral Triangle		WWF campaign site with background content on the CT and opportunity to 'buy a spot' via an interactive map. Also includes overview of WWF's conservation projects.	<a href="http://www.mycoraltriangle.com">www.mycoraltriangle.com</a>

Looking at the above, with the exception of **The Coral Triangle (Amazon of the Oceans)** and **Coral Triangle Adventures** (and, to a lesser degree, **My Coral Triangle** and **CoralTriangle.org**), the overall brand landscape is currently focused on the provision of general information and statistics about the Coral Triangle and its importance, alongside detailed information about protection efforts.

This means that those interested in conservation or the region as a whole, academics and specialists in marine and reef environments are relatively well catered for. Policy-makers also have access to detailed information and some data – including those interested in the CTI-CFF as an institutional structure.

However, for potential tourists (or potential investors in tourism) the current brand landscape is much more restricted. **The Coral Triangle (Amazon of the Oceans)** is currently the only prominent resource for tourism information on the Coral Triangle as a whole – and even this site has minimal actual locations featured and is more focused on content and imagery that seeks to bring the region to life from a brand perspective. More detail on this particular website can be found in Section 8.4 (p. 130).

**My Coral Triangle** (which links to the *CT- Amazon of the Oceans* site for tourism information) and **CoralTriangle.org** have some limited information on tourism opportunities, but are more focused on either conservation and outlining its importance from a biodiversity point of view, or providing generic background on the Coral Triangle.

## 8.1 A brief overview of the Coral Triangle Brand Landscape (continued)

This lack of entry-level Coral Triangle tourism information is strongly reinforced if you then undertake online search analysis looking at selected search terms related to the Coral Triangle generally, and tourism in the area specifically. Table 34 (below) shows a selection of results from this type of analysis and ranks a number of websites based on their prominence in two main search engines (Google and Bing).

It should be noted that only 3 search terms are included in this report. Other term like *'Nature-based Tourism in the CT'*, *'Ecotourism in the CT'*, *'Best Dive Holidays in the CT'* were also used, but the below provides a good representation of the current online brand landscape as other search terms did not produce significantly different results.

**Table 34: Online Rankings for selected 'The Coral Triangle' search terms**

Source: Search engine analysis undertaken by 2iis Consulting (08/12/15).

#	TOP 10 RANKED SOURCES UNDER SELECTED SEARCH TERMS [Google + Bing 08/12/15]		
	'The Coral Triangle'	'Tourism in the Coral Triangle'	'What are the top 10 places to visit in The Coral Triangle?'
1	Coral Triangle   Places   WWF worldwildlife.org/places/coral-triangle	WWF   Coral Triangle wwf.panda.org › What We Do › Priority Places	Five Best Places To Swim With Mantas In The Coral Triangle   ATO thecoraltriangle.com/content/.../10/the-five...
2	WWF   Coral Triangle wwf.panda.org › What We Do › Priority Places	The Coral Triangle's Ecotourism Destinations   WWF www.mycoraltriangle.com/coralweb/stories/	The world's best coral reefs   Telegraph www.telegraph.co.uk › Travel › Activity and adventure
3	WWF   Coral Triangle facts wwf.panda.org › What We Do › Priority Places › Coral Triangle, SE Asia	Coastal/Marine Tourism Trends in the Coral Triangle and ... www.responsibletravel.org/.../final_report_alice_crabtree_jan_08.pdf	10 of the world's best snorkeling destinations   CNN.com www.cnn.com/2015/08/09/travel/best-snorkeling-destinations/
4	Coral Triangle   Wikipedia, the free encyclopedia en.wikipedia.org/wiki/Coral_Triangle	Tourism   Coral Triangle www.coraltriangle.org/tourism/Tourism-CoralTriangle-MarineConservati...	Top 10 Best Diving Sites in Indonesia   Indonesia Travel Guide allindonesiatravel.com/top-10-best-diving-sites..
5	The Coral Triangle   ATO (Amazon of The Oceans – ATO) www.thecoraltriangle.com/	4th CTI-CFF Regional Business Forum - Coral Triangle ... www.coraltriangleinitiative.org/events/...	Tourism   Coral Triangle www.coraltriangle.org/tourism/Tourism-CoralTriangle-MarineConservati...
6	Coral Triangle Center Ensuring coral reefs for life coraltrianglecenter.org/	The Coral Triangle   ATO (Amazon of The Oceans – ATO) www.thecoraltriangle.com/	The best coral reefs in the world   Audley Travel www.audleytravel.com › Blog › 2015 › June
7	Coral Triangle   WWF www.mycoraltriangle.com/	About - The Coral Triangle   ATO www.thecoraltriangle.com/about	Coral Triangle   Places   WWF www.worldwildlife.org/places/coral-triangle
8	Coral Triangle Initiative on Coral Reefs Fisheries and Food ... www.coraltriangleinitiative.org/	Coral Triangle   Places   WWF www.worldwildlife.org/places/coral-triangle	The Coral Triangle: Amazon of the Oceans   National voices. nationalgeographic.com/2014/09/18/the-coral-
9	The Coral Triangle Nature Conservation, Environment Issues www.nature.org › Where We Work › Regions › Asia and Pacific	Profit, sustainability in the Coral Triangle   The Jakarta Post www.thejakartapost.com/news/.../profit-sustainability-coral-triangle.html	Top 10 Islands in the Polynesian Triangle   Places To See In ... www.placestoseeinyourlifetime.com/top-10-islands-in-the-polynesian-tri...
10	WWF   Coral Triangle   WWF - Australia www.wwf.org.au › ... › Oceans and marine › WWF's priority ocean places	Sustainable Marine Eco-Tourism and the Coral Triangle ... https://aimwebmarketing100.files.wordpress.com/.../andaya-bhattacharya...	Tubbataha Reef: Exploring the Biodiversity of the Coral ...   WWF wwf.panda.org › ... › Coral Triangle, SE Asia › Facts › Destinations

## 8.1 A brief overview of the Coral Triangle Brand Landscape (continued)

Table 35: Summary of Top-Ranked Coral Triangle Brands/ Sources of information (08/12/2015)

Organisation/ Brand	Mentions	%	Ranked in Top 3	Organisation/ Brand	Mentions	%	Ranked in Top 3
1  World Wide Fund For Nature (WWF)	10 (of 30)	33%	5/9 (56%)	6=   The Coral Triangle Centre	1 (of 30)	3%	-
2   Media (5) Daily Telegraph (UK); CNN; All Indonesia Travel; Jakarta Post; National Geographic.	5 (of 30)	17%	2/9 (22%)	7=   The Nature Conservancy	1 (of 30)	3%	-
3   The Coral Triangle Amazon of the Oceans	4 (of 30)	13%	1/9 (11%)	7 =   Sustainable Marine Eco Tourism report ('by LT-10B')	1 (of 30)	3%	-
4   Coral Triangle Initiative [CTI-CFF]	2 (of 30)	7%	-	7=   Others (4) Audley Travel, Places to see; Responsible Travel; Wikipedia.	All 1 (4 of 30)	3%	1/9 (11%)
5=   TheCoralTriangle.org	1 (of 30)	3%	-				

There are a number of observations to be made about the search analysis summarised in Tables 34 and 35).

Firstly, the overall lack of specific coral triangle tourism information is extremely clear, as already outlined.

Secondly, that much of the overall awareness of the Coral Triangle appears to currently be driven by NGO activity. 63% of all the online sources featured in the rankings are NGOs, with 10 (33%) being from the World Wide Fund for Nature (WWF) alone – or 47% if you also include the 4 times the 'Coral Triangle, Amazon of the Oceans' site is mentioned (WWF is a partner of this site). The other NGOs featured are the Coral Triangle Centre and The Nature Conservancy (both at 3%).

WWF's dominance in terms of driving awareness is reinforced when looking at the organisations or brands that feature in the top 3 of each category. At 5 out of the 9 ranked in the top 3 (56%) – 6 (67%) including the 'Coral Triangle, ATO' site - WWF is clearly leading the overall awareness building side of the Coral Triangle region. This effectively means it has been driving and defining the overall Coral Triangle brand in the absence of any other coordinated and integrated brand activity – even if, as can be seen in Section 8.2, the overall Coral Triangle Brand is still very much in its infancy from an awareness and 'brand affinity/ love' perspective.

The 'Coral Triangle, Amazon of the Oceans' site provides the most common initial entry point into tourism in the Coral Triangle (even if this is not necessarily what it was originally intended to provide) and is, with 13% share of voice, also the 3<sup>rd</sup> most significant driver of awareness. (See Section 8.4 for further exploration of this web platform).

The various media outlets combined are the 2<sup>nd</sup> most significant driver – especially with regards to the more focused 'What are the top 10 places to visit in The Coral Triangle?' category, where they fill the 2<sup>nd</sup> and 3<sup>rd</sup> positions. It is obviously relevant that they are combined however; no one media outlet is particularly prominent in writing about or driving awareness of the Coral Triangle.

The Coral Triangle Initiative (CTI-CFF) features in 4<sup>th</sup> with 2 mentions (7%), which is actually a comparatively strong result given its focus is neither consumer facing nor tourism centric.

It is also interesting to note that only one of the CTI-CFF countries (Indonesia via [www.allindonesiatravel.com](http://www.allindonesiatravel.com)) is actually featured in the table, indicating both the overall lack of awareness about the Coral Triangle and also illustrating the lack of awareness driving each country has done to date around tourism in the Coral Triangle.

It is also particularly interesting that none of the global travel guides feature at all in the top-level search for the Coral Triangle. Organisations like Lonely Planet and Rough Guides could be expected to feature at least within the top 30 positions – this is an opportunity that could be explored further (e.g. a specific Coral Triangle Lonely Planet Guide).

## 8.2 Overall reach and awareness of the Coral Triangle as a brand

If we start with the understanding outlined in Section 8.1 that there is effectively a 'brand vacuum'<sup>a</sup> when it comes to Coral Triangle tourism brands (with NGOs – especially WWF – currently filling the gap), then add in the relatively short-time period that the Coral Triangle has been comprehensively promoted as an entity (arguably from approximately 2008/9),<sup>277</sup> then it is no surprise that overall awareness remains low.

On looking at overall awareness of the Coral Triangle as an entity (this term is used deliberately vs. brand, given there has been minimal genuine brand development undertaken), it is also not surprising that there is minimal credible data available on current brand metrics for the Coral Triangle. Given the disparate nature of the 'brand' per se, held as it is within a range of organisations as summarised in Table 33, there has been no underlying motivation to properly track the brand. Certainly not in the detailed and sophisticated fashion that brands of the regional scale and potential of the Coral Triangle could be expected to. This means there is no way of really benchmarking brand measures like advocacy, current attributes or brand affinity/ love.

There is, however, at least some relatively statistically representative data from 2012 that provides some indication of the current awareness of the Coral Triangle 'brand' that has built up recently in the region (there is none available with regards to global reach – or indeed regional reach outside of Southeast Asia).

Looking at this 2012 study, it asked 2 particular questions that can provide a basic idea of current levels of awareness of the Coral Triangle – even if the next level down (brand understanding) is not clear.

These questions were asked in urban centres in 7 countries (including 3 from the CTI-CFF):

**Indonesia, Malaysia, Philippines**, Singapore, Taiwan, Thailand and Vietnam.

The questions, which explored unprompted and prompted awareness levels of the Coral Triangle, and a summary of the results, are included below in Tables 35 and 36.

**Table 35: Overall Regional Unprompted Awareness of the Coral Triangle (2012)**

Source: Dentsu Asia and GMI. *Koga Coral Triangle D-AIR Research*. 2012.<sup>278</sup>

### 1) UNPROMPTED AWARENESS

Q52a. Have you ever heard of '*the Coral Triangle*'?

	REGIONAL	COUNTRY						
		Indonesia	Malaysia	Philippines	Singapore	Taiwan	Thailand	Vietnam
No	48%	29%	47%	64%	67%	53%	40%	34%
Not Sure	29%	29%	30%	19%	19%	32%	30%	40%
Yes	24%	42%	23%	17%	13%	15%	30%	26%

	Age Group			Gender	
	18 to 24	25 to 34	35 to 44	Female	Male
No	50%	46%	47%	47%	49%
Not Sure	28%	28%	29%	31%	26%
Yes	22%	26%	24%	22%	26%

Overall unprompted awareness was estimated at 24% in 2012, with Indonesia demonstrating the highest level at 42% followed by Thailand (30%), Vietnam (26%) and then Malaysia (23%). It is significant that 29% of respondents were 'not sure', a very high level that again reinforces the view that there has been neither an integrated marketing push, nor sufficient time for the Coral Triangle (CT) brand to be built.

<sup>a</sup> A 'brand vacuum' refers to a significant commercial or product opportunity that no brand is currently capitalising on. Multinational FMCG companies in particular look to find these opportunities and then develop products and brands to fill them.



## 8.2 Overall reach and awareness of the Coral Triangle as a brand (continued)

From a demographics perspective, slightly higher numbers of 25–34 year olds were aware of the CT at 26%, vs. 24% of 35–44 yr. olds and then 22% of 18–24 yr. olds; Males were also very slightly more likely to have heard of the Coral Triangle (26% vs. 22%), with more Females being 'not sure' (31% vs. 26%).

Looking at prompted awareness, it appears that the majority of those 'not sure' identified above, quickly shift to being aware when the Coral Triangle is explained. An indicator both that latent awareness is high, and also that there is a large receptive market in the region for any prospective Coral Triangle brand.

**Table 36: Overall Regional Prompted Awareness of the Coral Triangle (2012)**

Source: Dentsu Asia and GMI. *Koga Coral Triangle D-AIR Research*. 2012.<sup>279</sup>

### 2) PROMPTED AWARENESS

Q52b. 'The Coral Triangle is an area covering parts of Indonesia, Malaysia, Philippines and other countries in the Asia-Pacific region with the highest concentration of corals in the world.' Now, after reading this short description on Coral Triangle, do you think you are aware/ know about '*the Coral Triangle*'?

		COUNTRY						
	REGIONAL	Indonesia	Malaysia	Philippines	Singapore	Taiwan	Thailand	Vietnam
No	27%	18%	23%	17%	35%	31%	31%	29%
Yes	73%	82%	77%	83%	65%	69%	69%	71%

	Age Group			Gender	
	18 to 24	25 to 34	35 to 44	Female	Male
No	29%	28%	24%	28%	25%
Yes	72%	72%	76%	72%	75%

Overall, almost ¾ of respondents were aware of the Coral Triangle when prompted (73%), with Indonesia remaining the highest at 82%. Interestingly, the 2 other CTI-CFF countries (Malaysia and the Philippines) show significant shifts in awareness when prompted: Malaysia from 23% to 77% and the Philippines from 17% to 83%. From a demographics point of view, older respondents (35 to 44) moved to the most aware at 76% with both other age groups on 72%. Males remained slightly more aware (75% vs. 72%).

Whilst this study is certainly interesting in identifying that approximately a quarter of people in cities in some of the regional centres are aware of the Coral Triangle as an entity, of most potential interest is the high number of those 'not sure', which gives a very good initial indication of the regional potential of a CT brand.

That said, the results above are from one small regional study only, and there is currently no data for other parts of the world. Although with regional awareness at 24%, it could be hypothesised that global awareness would be somewhere below 5%; and realistically probably closer to 1–2.5%.

### A view on the cumulative effect of recent NGO brand and campaign activity on awareness

One other area that it would be interesting to understand more about is the cumulative impact that all the various NGO Coral Triangle campaigns have had on overall awareness – particularly WWF given its apparent dominance, but also others including The Nature Conservancy and Conservation International.

Each of these NGOs will be tracking their campaigns in some way, but it is unlikely there will be any consistent measures currently. This could be of significant benefit for any future brand planning, as it would certainly make sense strategically to try to ensure that any Coral Triangle NGO campaigns were built into the overall brand architecture. This suggestion is captured in the draft architecture in Section 10.3, p. 144.

## 8.2 Overall reach and awareness of the Coral Triangle as a brand (continued)

### Future brand measurement and tracking needs

There is a clear and critical need for further detailed brand measurement to be undertaken; the current level of data is, in reality, both too limited and unreliable to fully inform the decisions that will need to be made about investing effectively in growing a Coral Triangle brand over the longer-term.

There will also need to be a system of ongoing brand tracking set-up to ensure future brand metrics are captured, measured and then used to inform strategic brand growth plans. Initial thoughts on how this could fit into an overall brand management structure are included in Section 10.5 on p. 148.

## 8.3 Case studies of existing Nature-based Tourism in the Coral Triangle

Examples of low-impact, low-volume, and high-value or high profile Nature-based Tourism already exist in parts of the Coral Triangle and a selection of them are worth including in this report as a way of providing a snapshot of the sector as it currently exists.

Often, these examples are small local enterprises serving a small market of backpackers and adventurous travellers who go to great lengths to visit remote areas where nature and wildlife are relatively untouched. Some of these enterprises are initiated by local communities or engage local communities throughout the enterprise. In some cases, international enterprises have established their brand through marketing unique high-value nature and community-related experience for elite travellers.<sup>280</sup>

The following is a small cross-section of some current Nature-based Tourism operations in each of the Coral Triangle countries. They are not intended to be representative of the offerings in each country, but rather to highlight some examples of varying scales and with a range of different characteristics.

### 8.3.1 Timor-Leste: Dive Timor Lorosae, Dili<sup>281</sup>

[ [www.divetimor.com](http://www.divetimor.com) ]

Based in Dili, Dive Timor Lorosae (DTL) was one of the first dive shops established in Timor-Leste just over 10 years ago and is the country's only PADI 5 Star Instructor Development Centre.

DTL offer a full range of professional PADI dive courses and daily diving trips. They have their own Hotel/Apartment, Guest House and Backpacker accommodation in Central Dili.

They work with local organizations to organize regular beach clean ups to raise awareness about marine debris, and to mark World Oceans Day and Coral Triangle Day. They also work with organisations to undertake underwater scientific expeditions & biodiversity monitoring.



### 8.3.2 Solomon Islands: Oravae Cottage, Gizo<sup>282</sup>

[ [www.oravaecottage.com](http://www.oravaecottage.com) ]

Oravae Cottage is a collection of 3 small guesthouses located on a private island overlooking a lagoon just off the mainland near Gizo.

The company has helped establish a locally managed marine area around their premises and relies on solar power and tank water to ensure a low environmental impact. They have also established coral and clam farming projects and work with local schools to raise awareness on the importance of marine conservation.



© Oravae Cottage

### 8.3 Case studies of existing Nature-based Tourism in the Coral Triangle

#### 8.3.3 Papua New Guinea: Madang Resort Hotel, Madang<sup>283</sup> [ [www.madangresort.com](http://www.madangresort.com) ]

The Madang Resort Hotel is a more mainstream resort based at the entrance to Madang Harbour, facing onto Dallman Passage and Yamilon Lagoon.

Niugini Diving Adventures, a dive shop and PADI Dive training facility, is part of the resort complex.

The company promotes sustainable management of marine and forest resources by the local communities to foster community tourism as part of its sustainable development agenda.

The town and province of Madang is described as *'a place where travellers can experience a diverse range of cultural and natural attractions.'*<sup>284</sup>



© Mandang Resort Hotel

#### 8.3.4 Philippines: Lagen Island Resort, El Nido<sup>285</sup> [ [www.elnidoresorts.com](http://www.elnidoresorts.com) ]

Set in a cove surrounded by primary forest, Lagen Island Resort promotes itself as a showcase of El Nido's flora and fauna, with opportunities for wildlife sightings.

El Nido Resorts (which includes Lagen Island) have been involved in preventing illegal fishing, rehabilitating watersheds and environmental education programs.

In 2011, El Nido Resorts was selected to take part in the European Union-sponsored 'Zero Carbon Resorts' programme, which aims to reduce the tourism industry's carbon footprint.<sup>286</sup> El Nido was also the recipient of the 'WildAsia Responsible Tourism Award 2009' and was a finalist for the 'Tourism for Tomorrow Awards 2007'.



© Lagen Island Resorts

#### 8.3.5 Indonesia: Misool Eco Resort, Papua<sup>287</sup> [ [www.misoolecoresort.com](http://www.misoolecoresort.com) ]

Located on a private island off West Papua, Misool Eco Resort is a collection of 9 luxury cottages, with the resort structured financially to also provide a direct contribution to local marine conservation activities.

Misool Eco Resort has gone to great lengths to reduce both the impact of its own operations, whilst also extending its environmental responsibility to the area surrounding the resort.<sup>288</sup>

With the with the full cooperation of the local community, Misool established a 465km<sup>2</sup> No-Take Zone, with local staff regularly patrolling the area to prevent fishing and shark finning.

For its environmental efforts, Misool was highly commended by the 'Virgin Responsible Tourism Awards' in 2009, while it also received an 'Ocean Award' in 2011.<sup>289</sup>



© Tobias Zimmer



### 8.3 Case studies of existing Nature-based Tourism in the Coral Triangle

#### 8.3.6 Malaysia: Kuala Sepetang Eco Tourism<sup>290</sup> (Near Matang Mangroves Forest Reserve, Perak)

[ [www.kualasepetang.com](http://www.kualasepetang.com) ]

Kuala Sepetang Eco Tourism is a tour provider based in Kuala Sepetang, adjacent to the Matang Mangrove Forest Reserve.

They focus is on promoting responsible tourism, environmental conservation and education, and providing tours that are both low impact and sustainable – and involve the local community.

As well as general tours to the mangrove forest, they also offer Indo-Pacific Humpback and Irrawaddy River Dolphin viewing tours, Firefly viewing tours, and river tours including bird watching.

The Matang Mangrove Forest Reserve is Peninsular Malaysia's largest surviving spread of mangrove forest, most of which has been extensively cleared for development. The 40,000-hectare area was gazetted as a Permanent Forest Reserve in 1906 and is recognized as one of the best-managed sustainable mangrove ecosystem in the world.<sup>291</sup>



#### 8.3.7 The Importance of Community Involvement and Ownership

A number of the case studies above include examples of community involvement at varying levels.

The importance of involving local communities in tourism development was also very apparent through the country overview sections – both in terms of preventing the potential movement of most of the economic benefits from tourism development offshore, and also in terms of ensuring the most significant social and economic benefits can be returned to the people and communities that need them most.

It is worth reinforcing this point now as we both think about the potential sites and types of operations that should be part of a future Nature-based Tourism sector in the Coral Triangle, and also as we start to think about future opportunities for Nature-based Tourism more broadly and a potential brand more specifically.



## 8.4 A look at a potential stepping-off point for a Coral Triangle Tourism Brand

To conclude this section, it is worth taking a slightly more detailed look at one particular existing 'brand': **The Coral Triangle – Amazon of the Oceans Platform.** [ [www.thecoraltriangle.com](http://www.thecoraltriangle.com) ]

This initiative was started in 2012 as a standalone website and is described as follows:

*'The Coral Triangle website is a non-profit enterprise supported by the WWF that tells the story of this million square kilometre marine bioregion in words, pictures and video'.... 'There's a strong emphasis on travel, with stories, insights and helpful tips on some of the region's most beguiling destinations, dive paradises and surf spots written by industry insiders, travel writers and locals. Our tourism portal is a quick and easy way for visitors to find out about the best responsible travel experience in the region, from live-aboard cruises to spa hotels, dive resorts to budget beach cabanas.'*<sup>292</sup>

Its original vision was ‘to create an innovative online platform that brings together media and social networks with Coral Triangle information and messages to shine a spotlight on the Coral Triangle and motivate audiences to take action in support of the conservation work being done in the region.’ ... (and) ... ‘to complement the more technical content available on the CTI-CFF website and other partner websites.’

Whilst it was not originally created with a tourism focus, The Coral Triangle Platform is already:

- 1) Performing relatively strongly with a 13% share of voice (*Table 35, p. 124*) for the Coral Triangle – with minimal marketing or promotional support, and receiving over 6,000 unique visitors/month;<sup>293</sup>
- 2) Providing some strong travel content (although limited in terms of practical accommodation options); and
- 3) Past the initial stages of build, so would provide some clear efficiencies in terms of development costs.

It would therefore seem to make strategic (and financial) sense to explore the potential for building onto this platform, rather than starting again. Doing this would also provide some initial structure for a draft brand architecture to build on.

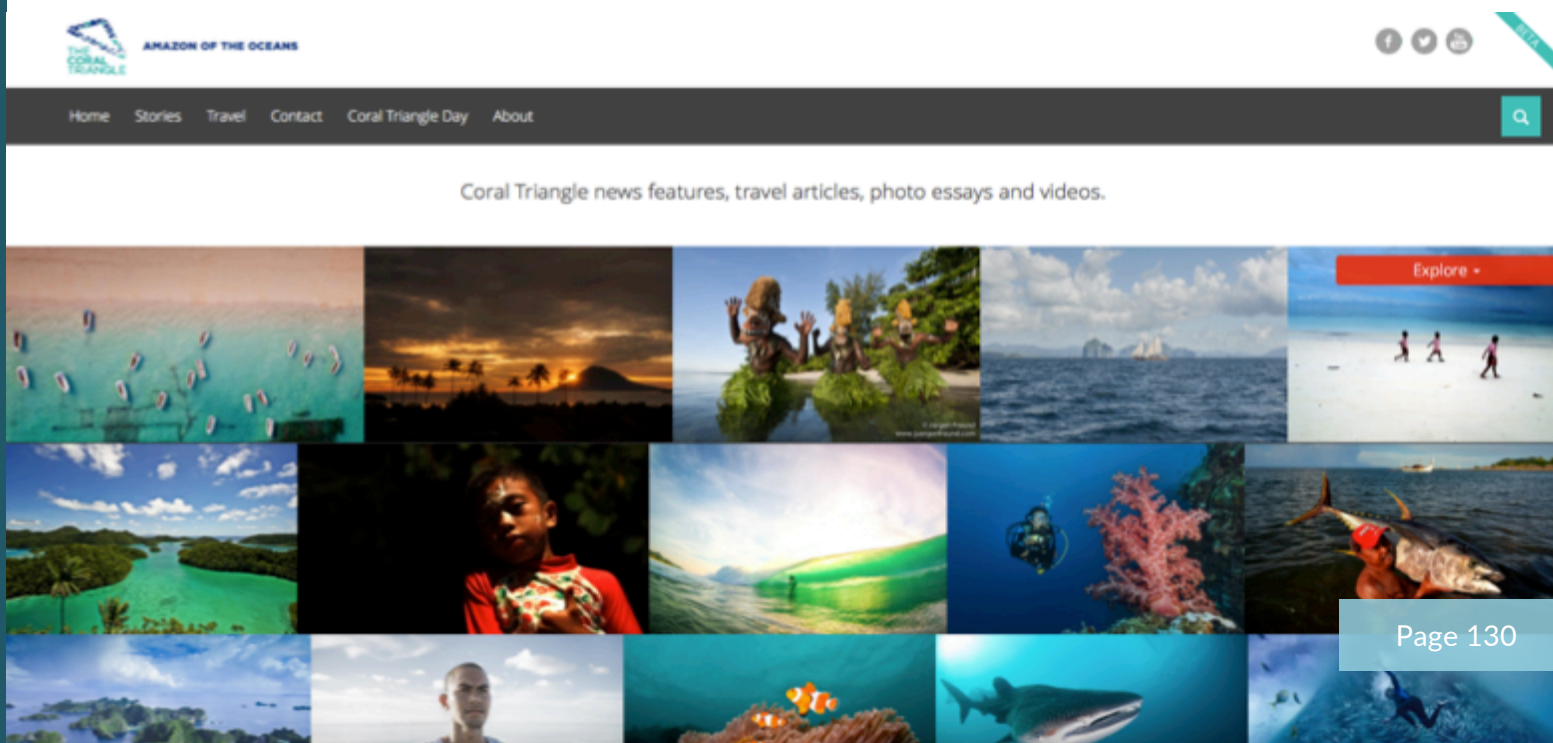
## Potential Brand Evolution and 'The Amazon of the Oceans' positioning

If the option to explore using this existing brand as part of the initial foundations for the overall brand is deemed relevant, it would be advisable to undertake a full audit of the brand as it currently stands.

This should include a review of the ‘Amazon of the Oceans’ positioning line, which, on initial review, would seem to be detracting from the core of the brand by referencing a separate region of significant biodiversity. However, this may not be the case amongst the brand’s target consumers, so should be properly reviewed – possibly alongside a selection of other potential positioning lines.

Graphic 7: The Coral Triangle – Amazon of the Oceans: example of current website content

Site run as a non-profit enterprise by Spindrift Creative with the support of the World Wide Fund For Nature (WWF).





## SECTION 9

### LEARNING FROM OTHER TOURISM MODELS

## 9 | LEARNING FROM OTHER TOURISM MODELS

### 9.1 Learning from other Institutional and Marketing Tourism Models

In exploring the potential for Nature-based Tourism in the Coral Triangle and ways to accelerate its development, it is worth looking to other models for examples of best practice.

For the purpose of this baseline report, 3 models have been highlighted as of particular relevance:

- 1) *Australia's National Landscapes Program*;
- 2) *Europe 20:20*; and
- 3) The Association of Southeast Asian Nations *ASEAN Tourism Marketing Strategy 2012–15*.

In looking at these three examples, the objective is to identify the key elements, structures and processes that can be used to help inform the development of a '*CTI-CFF Nature-based Tourism Model*'.

A number of other examples of interest are also included in a summary table at the end of this section.

### 9.2 Australia's National Landscapes Program

Australia has an exceptional range of ecosystems, landscapes and wildlife, so it is no surprise that much of its tourism industry relies on the natural environment.

Of all Australia's tourism segments, Nature-based Tourism is the most significant. In 2014 it accounted for 62% of international and 16% of domestic tourism, attracting 5.6 million visitors and generating just under AUS \$50 Billion in revenue.<sup>294</sup>

Established in 2005, *Australia's National Landscapes Program (ANLP)* was designed as a long-term strategic partnership between tourism and conservation with 4 main aims:

- 1) Promote Australia's world class, high quality visitor experiences;
- 2) Increase the value of tourism to regional economies through growing dispersal;
- 3) Enhance the role of protected areas in those economies; and
- 4) Build support for protecting Australia's natural & cultural assets.<sup>295</sup>

Together these 4 aims, when integrated properly with a long-term marketing strategy, were intended to help grow domestic and international awareness of the unique landscapes on offer in Australia, leading to increased visitation by higher-value tourists.

It also had an underlying intent to make Australia's wealth of over 9,000 national parks, protected areas, and reserves 'digestible' for both domestic and international visitors.<sup>296</sup>

#### Main Australian National Landscape Program Elements: what worked

The most effective elements that can help inform the development of the Coral Triangle model are:

- 1) The overarching vision, brand strategy and architecture  
This was a core initial focus when developing Australia's National Landscapes Program.
- 2) An integrated organisational framework: whilst this didn't work perfectly, the intent was to try and create a framework to manage the complexity inherent in programs like this (where there are a multitude of stakeholders and multi-layered institutional arrangements). For example, to ensure the involvement of local communities and stakeholders, Steering Committees were established within each landscape.

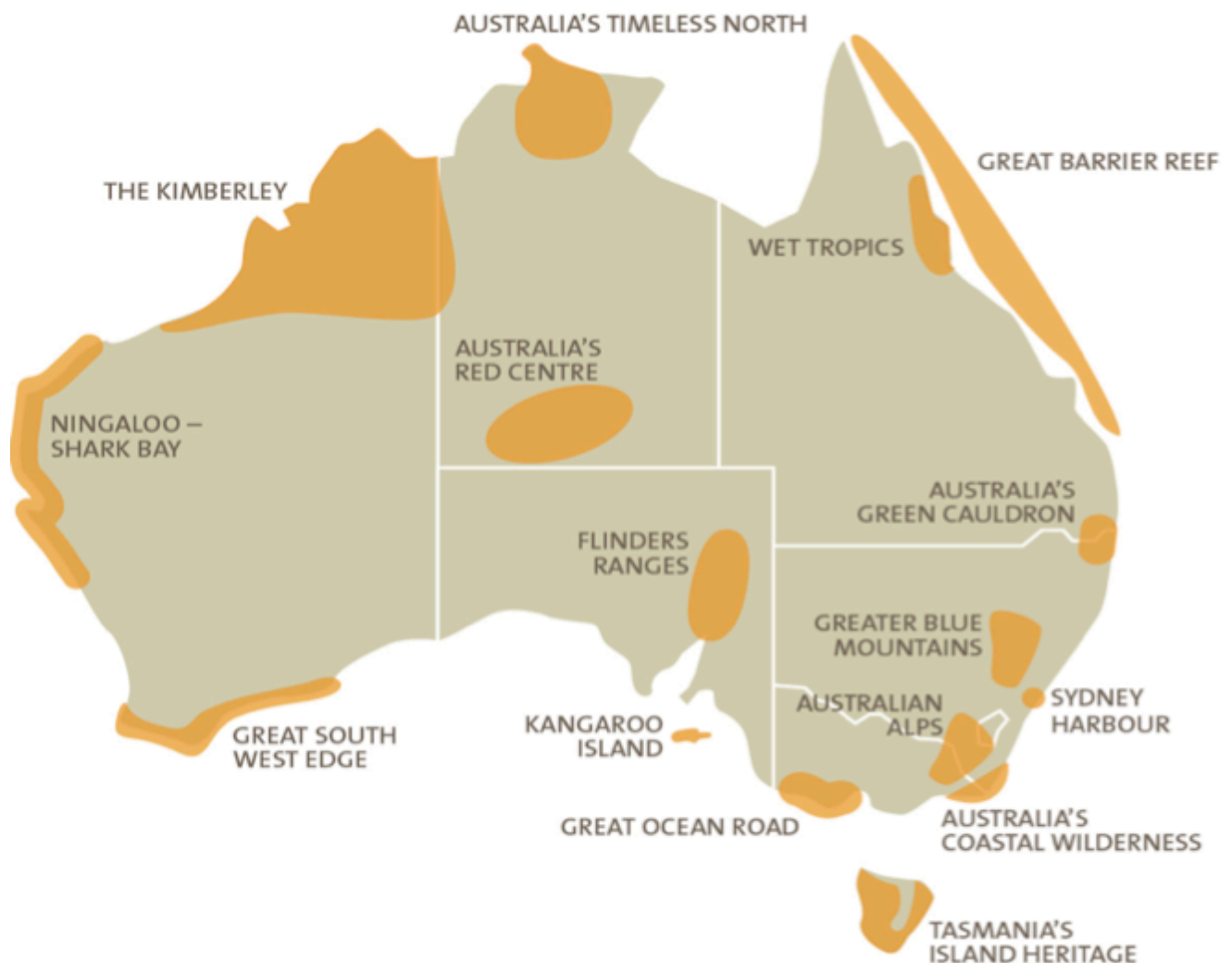


## 9.2 Australia's National Landscapes Program

### Main Australian National Landscape Program Elements: what worked (continued)

- 3) A process for effectively engaging local stakeholder groups  
In a number of the landscapes this led directly to product and experience development.
- 4) The Experience Development Strategy (EDS) framework  
This included identifying experience themes for each landscape as well as the signature or hero experiences that the destination could lead with in marketing and promotion efforts. The framework provides an effective model for destination development, but needs to be complemented by capacity building with the industry as to how to deliver the experiences.
- 5) Creation of a model that is less reliant on ongoing Government support  
The National Landscapes where the industry was committed and driving the process are now more sustainable and resilient when Government, or other institutional support, becomes limited.
- 6) Taking a longer-term view: a clear attempt was made to create a sustainable program with flexibility built into it at the planning stage, to try to give it the ability to evolve over the longer-term.

Map 16: An Overview of Australia's 16 Current National Landscapes



## 9.2 Australia's National Landscapes Program

### Main Australian National Landscape Program Elements: what didn't work

The most relevant elements of the program that were less effective and should be re-worked before applying them to any Coral Triangle program are:

- 1) Insufficient time allowed up front for engaging all relevant stakeholders effectively  
When the ANLP was initiated in 2005 by Parks Australia and Tourism Australia, it was basically a 'world-first program' of a type that had never really been attempted before. The initial planning phase appears to have been over-ambitious, with inadequate time devoted to ensuring all the key stakeholders fully understood the objectives of the program and what it really entailed. This led to a lack of top-level understanding (and hence buy-in) in some areas of the complex network of stakeholder groups. Ultimately, this meant it has not been as successful in some areas (notably overall marketing – see point 3) as it could have been.
- 2) Self-selection process didn't always identify best destinations  
The process of regions self selecting themselves as National Landscapes (NLs) was not necessarily the optimal approach and, whilst having a broad upper limit in the number of NLs made sense, some destinations that offer distinctive experiences may have 'missed out'.
- 3) Lack of understanding of the overall marketing strategy  
The overall strategy behind the ANLP is sound, but relatively complex. A number of key people never seem to have understood that the program was an overarching long-term strategy rather than just about placing a logo on some marketing materials. Skill levels were also highly varied which added to the lack of shared understanding. One outcome of this is the actual use of 'Australia's National Landscapes' as a consumer-facing term, when it was never intended to be anything more than an internal project title.
- 4) Positioning of each Destination needs to be consumer-facing  
Not all the 16 destinations' positioning are strong consumer-facing propositions (e.g. Australia's Green Cauldron and Timeless North). These came about for different, locally driven reasons, but both seem to have stemmed from a lack of understanding about the overall program intent.
- 5) Product experience needs to deliver on the marketing promise  
This will be particularly true in the Coral Triangle, where there are large disparities between the tourism offerings across the 6 countries.
- 6) Underestimating the implementation complexity  
This was a new approach that hadn't been done before – and was therefore inherently complex and challenging. Additional planning time would have been beneficial – and is a clear learning for the CTI-CFF where the complexity is greater just through the involvement of multiple countries.
- 7) Perceived competition between different levels of governance  
An important issue that arose with NLs was the perception in many of them that the steering committees were a 'competitor' to the regional tourism organisation. This caused some major issues in some locations, including with State Tourism Offices. Ideally, the governance will be held within the same organisation.
- 8) Not fully translating the theory into practise  
Whilst the theory was well thought through, some of the planning for implementation was less than optimal, leading to significant gaps between what was meant to happen, and what actually did.

## 9.2 Australia's National Landscapes Program

### What this could mean for the Coral Triangle

The above is very much a topline summary of learnings from the ANLP. Translating the above into some initial recommendations, below are 12 areas for consideration:

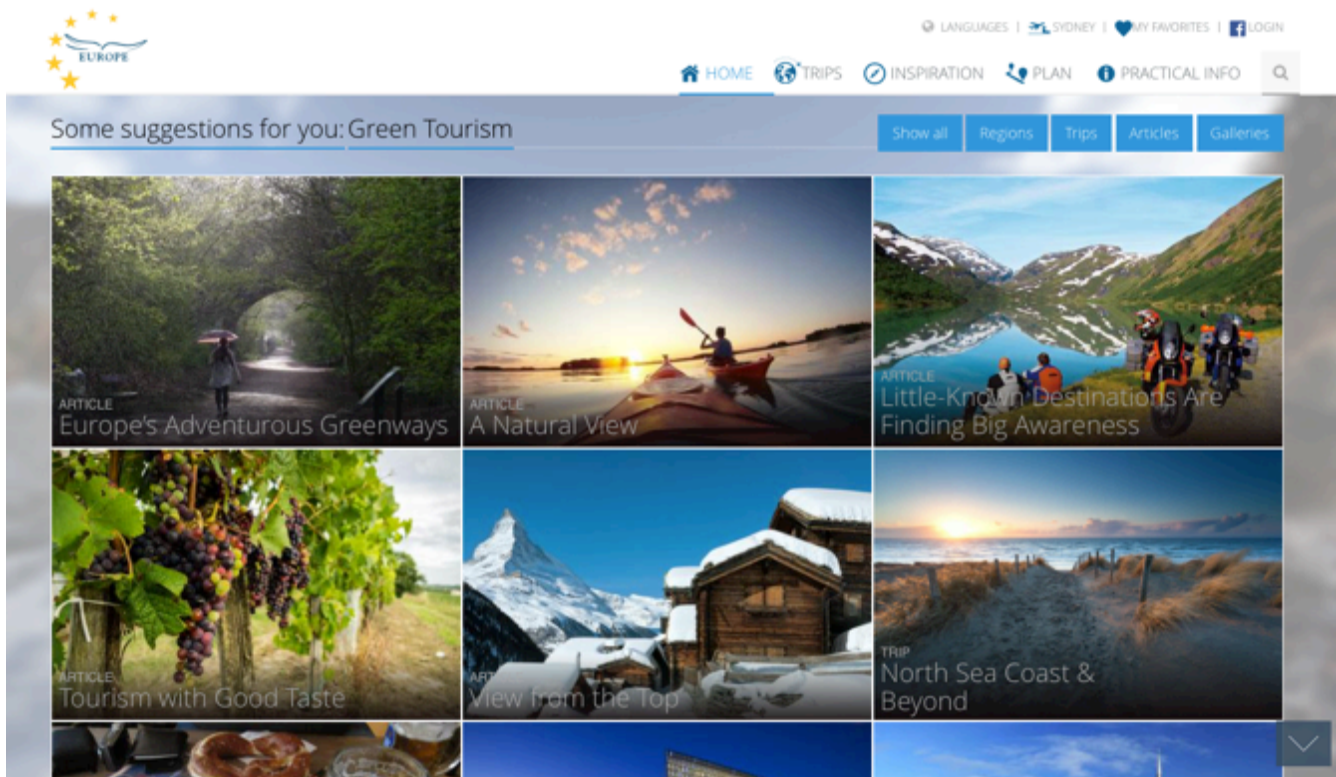
- 1) **Allow a significant amount of time for planning** and ensure all key senior stakeholders fully understand the objectives of the program before moving to implementation;
- 2) **Ensuring direct overlap with existing tourism governance** or, at a minimum, a very close relationship is critical to long term success and buy in;
- 3) **Ensure there is adequate time and resource to build overall capacity** and understanding of the initiative (e.g. it's not just about a logo, it's a long-term strategy for growth);
- 4) **Create a strong overarching brand for the Coral Triangle NBT initiative** that provides the framework to link the positioning of each site/seascape. It is critical that the branding and positioning is focused, avoids trying to appeal to all markets and delivers on the emotional connection with the target market. The framework for integrating with the individual country positioning also needs to be fully considered.
- 5) **Need to ensure quality research and market insights are used** to inform branding/positioning, as well as marketing and experience development.
- 6) **Understanding the context for the Coral Triangle NBT initiative**, including the relationship between the selected sites and other eco-tourism or Nature-based Tourism sites within the CTI member countries, as well as their broader tourism marketing objectives, campaigns or programs. This has become a critical issue in Australia with State Governments not supporting NLs because they see it as favouring some destinations at the expense of others that also offer distinctive nature-based experiences.
- 7) **Consider the term of the commitment and governance arrangements, and ensure all stakeholders from across the CTI member countries are involved, engaged, feel ownership and have the necessary skills and capacity.** The Australian National Landscapes program has recently been transitioned from a Government-led program to an industry-led initiative. Ecotourism Australia has received a small amount of funding to support the transition and act as the focal point for National Landscapes into the future. However, the transition was challenging and many stakeholders felt disaffected when the Government stepped back from having a direct involvement in the program. This has been reinforced by the absence of a Nature-based Tourism marketing strategy for Australia.
- 8) **Spend time on establishing the right long-term structure** for the initiative and ensure investment levels are adequate. Make sure this structure is properly integrated across all relevant stakeholders and departments within the CTI-CFF countries;
- 9) **Build the brand architecture and marketing strategies relatively early** and then test and refine them until they work across the entire Coral Triangle region;
- 10) **Spend time researching and locating the correct initial destinations**, and then ensure the product delivery lives up to the marketing promise;
- 11) **Explore the potential for a phased approach** – i.e. start relatively small and get the offering right, before rolling out and marketing more heavily;
- 12) **Specifically for the Coral Triangle, language and cultural sensitivities will be more challenging** than in Australia – although issues with indigenous groups were experienced through the ANLP.

For more background, a summary of the Australia National Landscapes Program can be downloaded via: [ [http://www.tourism.australia.com/documents/corporate/NL\\_Program\\_Summary\\_2011.pdf](http://www.tourism.australia.com/documents/corporate/NL_Program_Summary_2011.pdf) ]

*The above findings are based on information provided by Charlotte Prouse and Carl Solomon of Destination Marketing Store (DMS), and Janet Mackay from TRC Tourism, all of whom worked on the Australian National Landscapes Program.*



### 9.3 Destination Europe 2020 | [www.visiteurope.com](http://www.visiteurope.com) |



Destination Europe 2020 involves an organisational agreement and cooperatively developed strategy to integrate European marketing across the European Union. It positions the initiative underneath 'Europe, the world's No. 1 tourist destination – a new political framework for tourism in Europe' and is described as:

*'...a joint initiative of the European Travel Commission (ETC) and European Commission (EEC) that aims to design a long-term strategy to promote Europe as a tourist destination in long-haul markets. By focusing on pan-European themes, digital marketing and a deeper involvement of the tourism industry, the initiative impacts how Europe is branded, promoted, and sold by destination marketing organisations and the travel industry, in major long-haul markets as well as in Europe.'*<sup>297</sup>

Work already produced through the initiative has included: consumer campaigns, industry consultation, video development such as a 'Euroshorts' video competition, interactive applications to aid the traveller in trip planning and insight into outbound travel from key markets.

#### What this could mean for the Coral Triangle

There are 2 main areas of this program that could help in the design of a Coral Triangle tourism brand:

##### 1) Overall Governance Structure

Whilst the Australian National Landscapes Program includes the complexity of National, State/Territory and Local Governments, it does not involve a multi-country organisational agreement and pan-country collaboration like Destination Europe 2020.

The nature of the European Union has obviously helped facilitate the creation of this initiative, but the CTI-CFF could play a similar role in the Coral Triangle.

Minimal detailed information has been sourced thus far, but reviewing the details of the structure behind this program would be an area worth exploring.

### 9.3 Destination Europe 2020 | [www.visiteurope.com](http://www.visiteurope.com) |

#### What this could mean for the Coral Triangle (continued)

#### 2) **Consumer-facing Destination Marketing Strategy and Execution**

The other area that fills one of the gaps not covered by the ANLP, is in the consumer-facing marketing activities that have been undertaken.

These have been varied and have included campaigns targeting the USA (a 'Trip Inspirer App') and China (blogging campaign).

One of the other interesting elements is the structure of the main web portal - [www.visiteurope.com](http://www.visiteurope.com). This contains overall content and messaging that controls the initial experience of visitors to the site, before then integrating with each of the European countries' own tourism sites via sub-pages that reflect the messaging on the 'gateway site'. It also has categories of tourism content that are presented as requested by the user (e.g. 'Ecotourism').

It must be said however, that the overall 'Halo' branding is not particularly strong or well-developed yet – the logo for example simply reflects some of the EEC's branding, which is not particularly strong or motivating from a tourism point of view.

Again, it would be worth seeking further detailed insights into the overall marketing strategy from the Marketing team at Destination Europe 2020.

### 9.4 The Association of Southeast Asian Nations (ASEAN) Tourism Marketing Strategy 2012–15

The Association of Southeast Asian Nations (ASEAN) was established in 1967 with the signing of the ASEAN Declaration (Bangkok Declaration) by the 'Founding Fathers of ASEAN': Indonesia, Malaysia, Philippines, Singapore and Thailand. Since then Brunei Darussalam, Vietnam, Lao PDR, Myanmar and Cambodia have also joined to take membership to 10.

A tourism agreement was concluded at the Seventh ASEAN Summit in 2001 that has seen a number of initiatives undertaken, with the **ASEAN Tourism Marketing Strategy (ATMS) 2012–15** being one of the more recent ones.

The strategy document is a comprehensive one; it covers overall vision and strategy, target markets, product and experience development, branding, research, distribution channels and strategies, and an overall management structure for the initiative.

#### What this could mean for the Coral Triangle

There are 3 main insights from this program that complement the learnings from the ANLP and Destination Europe 2020:

#### 1) **The importance of research and measurement**

The ASEAN Tourism Market Research Group (ATMRG) was set-up as an integral part of the strategy.

The importance of clear, consistent and credible data has been clearly seen when compiling this report. A central tourism research resource will be invaluable for the Coral Triangle initiative – with the obvious potential there to collaborate and partner with the existing ATMRG.



## 9.4 The Association of Southeast Asian Nations (ASEAN) Tourism Marketing Strategy 2012–15

What this could mean for the Coral Triangle (continued)

### 2) The need to clearly identify your target markets (Countries and Demographics)

The ASEAN Tourism Marketing Strategy includes a section on target markets that has a clear distinction between mass tourism and 'niche/ interest based segments'. This reinforces the need identified through the country analysis for all the countries in the CT – and for the region overall – to be very clear on the tourism mix being targeted, and therefore where they come from, and who they are.

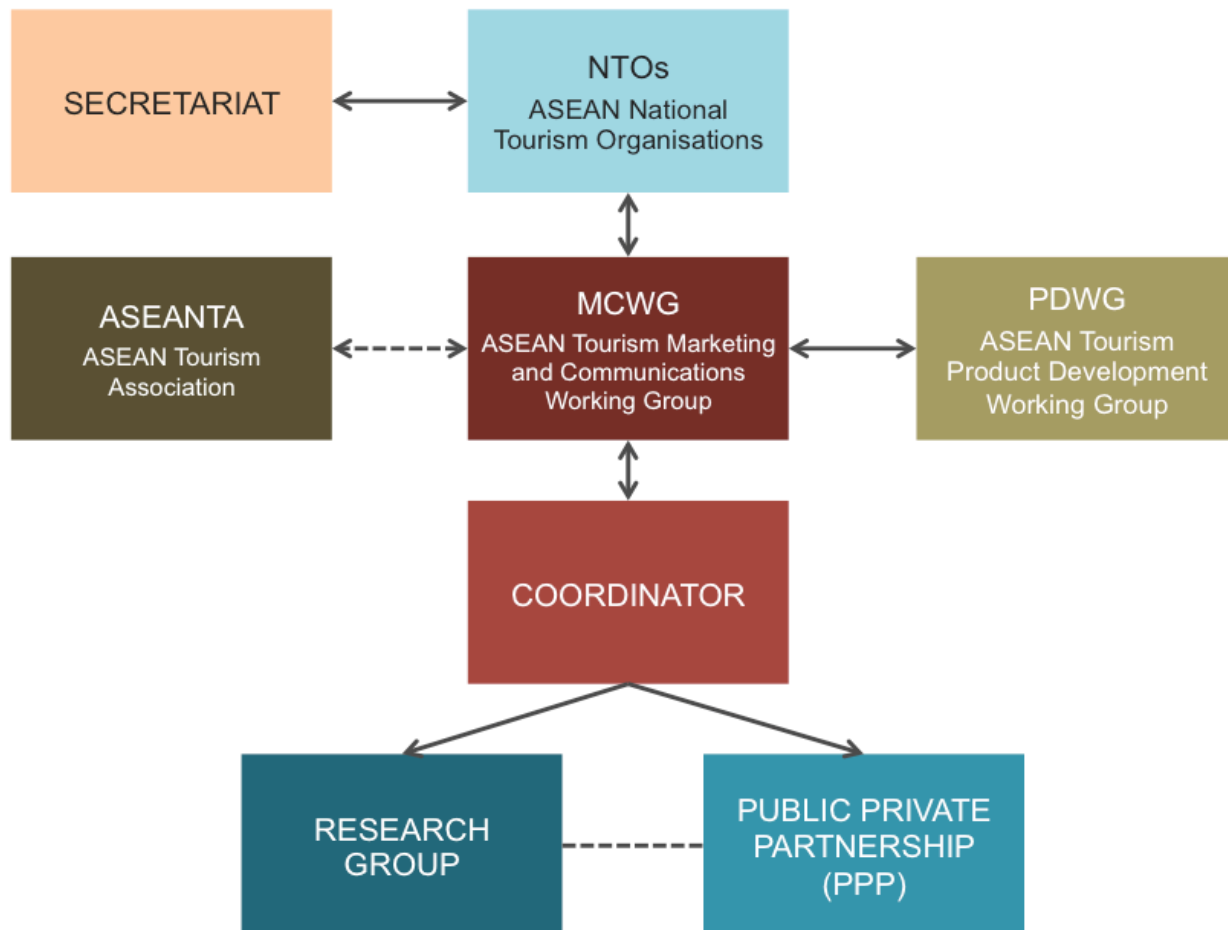
Doing this then leads to the marketing and communication strategies that will be needed to grow those particular markets.

### 3) An example of a management structure and dedicated resource allocation

The third area is a particularly relevant structure for resourcing. This is identified as a 'proposed management structure', so final structure needs to be confirmed, but it provides a good starting point for identifying the best structure for the Coral Triangle's Tourism focus to ensure enough flexibility for impactful marketing activities to be undertaken (*Graphic 8*).

**Graphic 8: Structure of ASEAN Tourism Marketing and Communications Working Group (MCWG)**

Source: ASEAN Tourism Marketing Strategy (ATMS) 2012–15. 2011: pp. 65.



The current ASEAN Tourism Marketing Strategy (ATMS) 2012–15, can be downloaded via:

[ [www.asean.org/resources/publications/asean-publications/item/asean-tourism-marketing-strategy-2012-2015-2](http://www.asean.org/resources/publications/asean-publications/item/asean-tourism-marketing-strategy-2012-2015-2) ]

## 9.5 Further examples of relevant models to inform a Coral Triangle approach

Table 37: Other examples of relevant tourism models/ organisations to inform potential CTI-CFF approach

MODEL	SUMMARY AND KEY CHARACTERISTICS
<p><b>Caribbean Tourism Organization (CTO)</b></p> <p>Trade organization whose main objective is to provide the services and information necessary for the development of sustainable tourism for the economic and social benefit of the Caribbean people.</p> <p><a href="http://www.onecaribbean.org">www.onecaribbean.org</a></p>	<p>The CTO, the region's tourism development agency, has over 30 Dutch, English, French and Spanish country members and a myriad of private sector allied members. The CTO's vision is to position the Caribbean as the most desirable, year round, warm weather destination. Its purpose is 'Leading Sustainable Tourism – One Sea, One Voice, One Caribbean'. CTO was established in 1989 with the merger of the Caribbean Tourism Association and the Caribbean Tourism Research and Development Center.</p> <p>Funding of the CTO is accomplished by Countries paying membership dues and contributing to a Regional Marketing Fund (RMF). The dues and the RMF payments are based on a tourism arrivals formula, thus ensuring an equitable distribution of the financial obligation across the 30+ member-countries.</p> <p>The Tourism Ministerial Council is comprised of Ministers and Commissioners of Tourism, Secretaries of State for Tourism or others of equivalent rank.</p>
<p><b>Central American Tourism Council (CCT)</b></p> <p>Integrated regional marketing that includes different country's coastal, marine and island resources and attractions.</p> <p><a href="http://www.sica.int/cct/">www.sica.int/cct/</a> [Spanish Language Site]</p>	<p>The Central American Tourism Council (CCT) was created in 1965 and is a subsidiary body of the Central American Integration System.</p> <p>Made up of the National Ministries and Directorates of Tourism and has a permanent office called the Central American Tourism Integrated Secretariats (SICA) which provides managerial and technical support for implementation of Council priorities. The directing authority is made up of the national Ministers and Directors of Tourism. Functions include to:</p> <ul style="list-style-type: none"> <li>- Facilitate and promote tourism development in the Central American region;</li> <li>- Integrate tourism promotion into the other functions of the various governmental agencies and organizations at the national and regional level, in order to become more effective in their efforts towards tourism development in Central America.</li> </ul>
<p><b>Mediterranean Experience of Ecotourism (MEET) initiative</b></p> <p>Aims to improve the sustainability and the rationalization in distribution of the tourism sector in the Mediterranean region.</p> <p><a href="http://www.meetnetwork.org">www.meetnetwork.org</a></p>	<p>The Mediterranean Experience of Ecotourism (MEET) project aims to improve the sustainability and the rationalization in distribution of the tourism sector in the Mediterranean region.</p> <p>This strategic project involves 10 countries of the Mediterranean: Italy, France, Spain, Jordan, Lebanon, Egypt, Malta, Cyprus, Greece and Tunisia.</p> <p>The overall goal of the initiative is to "Develop an Ecotourism model for Mediterranean Protected Areas (PAs) based on the 'European Charter for Sustainable Tourism' to promote a better seasonal distribution of tourism flows."</p>
<p><b>PAN Parks</b></p> <p>Innovative initiative to create a network of Europe's best wilderness areas stretching from the Arctic to the Mediterranean.</p> <p>1998 - 2014</p>	<p>Founded by the WWF, the non-profit PAN Parks Foundation aimed to raise awareness of, and help protect, some of the most important natural areas in Europe. It ran from 1998– 2014.</p> <p>It combined nature conservation and economic development through sustainable tourism development to provide a method of promoting best practice in protected area management.</p> <p>It also sought to create a strong brand underpinned by a comprehensive verification process of managed protected sites.</p> <p>PAN Parks was set up in partnership with Dutch tourism company Molecaten.</p>

## 9.5 Further examples of relevant models to inform a Coral Triangle approach

Table 37: Other examples of relevant tourism models/ organisations (continued)

MODEL	SUMMARY AND KEY CHARACTERISTICS
<p>Sustainable Travel International (STI)</p> <p>Connects conservation goals with co-development of local alliances and financial support by creating integrated travel &amp; tourism plans that include impact monitoring tools.</p> <p><a href="http://www.sustainabletravel.org">www.sustainabletravel.org</a></p>	<p>STI aims to help address interrelated problems including climate change, overcrowding and unsustainable development. This is done by building coalitions across industries and geographies that address the long-term health of the region. These public-private-partnerships bring together corporations, destinations, donor organizations, and other NGOs to support the long-term health and viability of the regional tourism sector to:</p> <ul style="list-style-type: none"> <li>- Build local capacity to grow a strong vibrant tourism economy</li> <li>- Safeguard natural and cultural heritage</li> <li>- Improve local livelihood opportunities</li> <li>- Improve regional competitiveness</li> </ul>
<p>South America Tourist Office (SATO)</p> <p>Privately run company specialising in Central American Travel.</p> <p><a href="http://www.southamericatourism.com">www.southamericatourism.com</a></p>	<p>SATO is a specialist South American travel agent that is included here as an example of regional/ continent-wide tourism promotion.</p> <p>The tourism offerings are categorized both by country and also by 'South American Circuits', which include Nature-based tours like 'Wildlife and Ruins'.</p>

## 9.6 Summary of the key elements of other models.

The 3 examples chosen for slightly deeper analysis were selected for the complimentary nature of the insights they can provide to the potential Coral Triangle brand development project. The other 6 examples summarised in Table 34 provide additional detail in similar areas to those listed below – including an example of a funding structure for the Caribbean Tourism Organisation.

The key elements of the 3 main examples that can help inform a potential Coral Triangle Nature-based Tourism model and brand include:

### 1) *Australia's National Landscapes Project*

- Overall planning and implementation insights – allow time to get the governance structure right;
- Learnings from the destination positioning process, e.g. make sure they are consumer facing;
- Overall brand architecture and marketing strategy – complex and time-consuming, but critical;
- Highlights importance of not rushing a complex project involving multiple stakeholders across multiple locations – especially the early stages;
- Shows need to allocate resources to 'skill-up' the right people for the initiative.

### 2) *Europe 20:20*

- Insights into overall governance structure of a multi-country tourism initiative;
- Marketing strategy and implementation insights – including a practical example of a content strategy that manages and integrates content across multiple countries and destinations.

### 3) *ASEAN Tourism Marketing Strategy 2012–15*

- The importance of research and measurement;
- The need to clearly identify your target markets (Countries and Demographics);
- An example of a management structure and dedicated resource allocation.



## SECTION 10

### EXPLORING THE POTENTIAL FOR A CORAL TRIANGLE NATURE-BASED TOURISM BRAND

## 10 | THE POTENTIAL FOR A CORAL TRIANGLE NATURE-BASED TOURISM BRAND

### 10.1 Why develop a Coral-Triangle Nature-based Tourism Brand?

Developing strong, effective and profitable brands is a complex and often time-consuming process.

It requires a single-minded vision, absolute clarity around the business objectives that the brand is looking to achieve, and a commitment to some degree of long-term investment (of time, people resource and capital) to build the brand over time.

Before making this type of long-term commitment to develop a Coral Triangle Nature-based Tourism Brand, it is essential therefore to keep asking the question ‘why?’

It has become clear through the analysis undertaken for this report that there are a number of very clear answers to that question.

The first answer relates to the obvious need for accelerated socio-economic development in many Coral Triangle communities (particularly in PNG, the Solomons and Timor-Leste), and the strong potential role that tourism can play to answer this need.

The second relates to the rapidly increasing global demand for niche tourism experiences like Nature-based Tourism and Adventure tourism that was described in Sections 6 and 7.

The third relates to the increasingly urgent need for some of the CTI-CFF countries to start to transition away from an over-reliance on mass tourism (and the negative impacts it can bring), towards a more balanced tourism model with a greater proportion of higher yielding tourists. With the ever-increasing forecasts for global tourism numbers, the urgency behind this increases year by year.

The fourth relates to the clear opportunity that exists to use a brand to help leverage the ecological and cultural diversity of the Coral Triangle to deliver sustainable economic benefits, regional value from the CTI-CFF, and strong incentives for better environmental management in key regions of biodiversity.

The fifth relates to the significant potential value that a well-managed and sustainably grown Nature-based Tourism sector could generate for all the Coral Triangle countries – one that no tourism brand is currently capitalising on (the ‘brand vacuum’ highlighted at the start of Section 8.2, p. 125).

And the final one relates to the potential for a Coral Triangle Nature-based Tourism brand to operate as a ‘halo brand’ for the entire region. This means that, although the brand would initially focus tightly on promoting specific sites and regions in the Coral Triangle countries, its aspirational nature, and likely use of strong imagery of unique and beautiful Coral Triangle environments, will ultimately have a net positive impact on promoting the entire region as a tourism destination.

These six areas certainly provide a strong initial basis for a business case to invest in a Coral Triangle Nature-based Tourism Brand. However, the underlying criteria for investing in any brand ultimately rests in what the hard numbers tell you: in simple terms, what financial return can be expected from a particular strategic investment in any brand.

Or in the Coral Triangle’s case, what economic value could be generated from a coordinated and concerted effort to develop, sustainably manage, brand and then promote some of the outstanding examples of Nature-based Tourism that either exist, or could be developed, in the region?

## 10.2 The future value of a Coral Triangle Nature-based Tourism Brand

This economic value question was answered through the individual country overviews in Section 7, but is worth summarising again here given its significance in supporting the business case for brand investment.

In spite of the clear gaps in data that exist both globally and regionally with regards to Nature-based Tourism – and have been referenced frequently in this report as a key area that requires future analysis – the initial financial basis for investing in Nature-based Tourism appears sound. Even allowing for the poor base data, the potential value of Nature-based Tourism is measured in the billions not millions.

Table 38 (below) summarises all the forecasting and modelling of Nature-based and Adventure Tourism undertaken in the country overviews (Sections 7.2–7.3). The figures contained in this table are not claimed to be statistically accurate due to the data inconsistencies, however, as a general indicator of the potential value of Nature-based Tourism they are certainly instructive, and indicate (at the very least) that further exploration of the opportunity is most certainly warranted.

With an estimated forecast value of between US \$120–US \$150 billion per annum by 2035, even if we assume an absolute worst case scenario on the data integrity and take 50% of that forecast value, a potential market of US \$60–US \$75 billion per annum would still strongly support the business case for investment in a Coral Triangle Brand.

**Table 38: Adjusted 2035 Forecast Value of Nature-based and Adventure Tourism in the Coral Triangle**

Sources: UN Statistics Division, UN World Tourism Organisation, World Travel and Tourism Council, CTI-CFF Countries

REGION/ SCALE	Estimated Value in 2015			Adjusted Forecast to 2035*				
	Total Tourism Market (US\$)	Nature-based & Adventure Tourism		Total Tourism Market (US\$)	Nature-based & Adventure Tourism			
		15% Share (US\$)	25% Share (US\$)		Share (%)	Value (US \$)	Share (%)	Value (US \$)
<b>Coral Triangle</b>	\$98.7 billion	\$14.8 billion	\$24.7 billion	\$454.3 billion	27%	\$122.7 billion	33%	\$148.3 billion
<b>Timor-Leste</b>	\$57 million (Intl. only)	\$8.6 million	\$14.3 million	Est. \$300 million (No current Data)	70%	\$210 million	80%	\$240 million
<b>Solomon Islands</b>	\$97.4 million	\$14.6 million	\$24.3 million	\$420 million	55%	\$231 million	65%	\$273 million
<b>Papua New Guinea</b>	\$496 million	\$74.4 million	\$124 million	\$2.1 billion	60%	\$1.3 billion	70%	\$1.5 billion
<b>Philippines</b>	\$26.1 billion	\$3.9 billion	\$5.22 billion	\$53.9 billion	40%	\$21.6 billion	50%	\$27.0 billion
<b>Indonesia</b>	\$47 billion	\$7.1 billion	\$11.8 billion	\$212.1 billion	25%	\$53.0 billion	30%	\$63.6 billion
<b>Malaysia</b>	\$25 billion	\$3.8 billion	\$6.25 billion	\$185.5 billion	27.5%	\$46.4 billion	32.5%	\$55.7 billion

\*2035 forecast is modelled on UN, WTTC and CTI-CFF Country data. Given the wide variety of variables, it should be taken as indicative only.

## 10.2 The future value of a Coral Triangle Nature-based Tourism Brand (continued)

Significantly adding to all this is the fact that every country in the CTI-CFF stands to benefit from growth in Nature-based Tourism – and are all looking to invest to some degree in the segment anyway. This identifies one further benefit of investing in a regional brand; the opportunity to make those individual country-level investments much more efficient and effective through the economies of scale that could be achieved through a single brand.

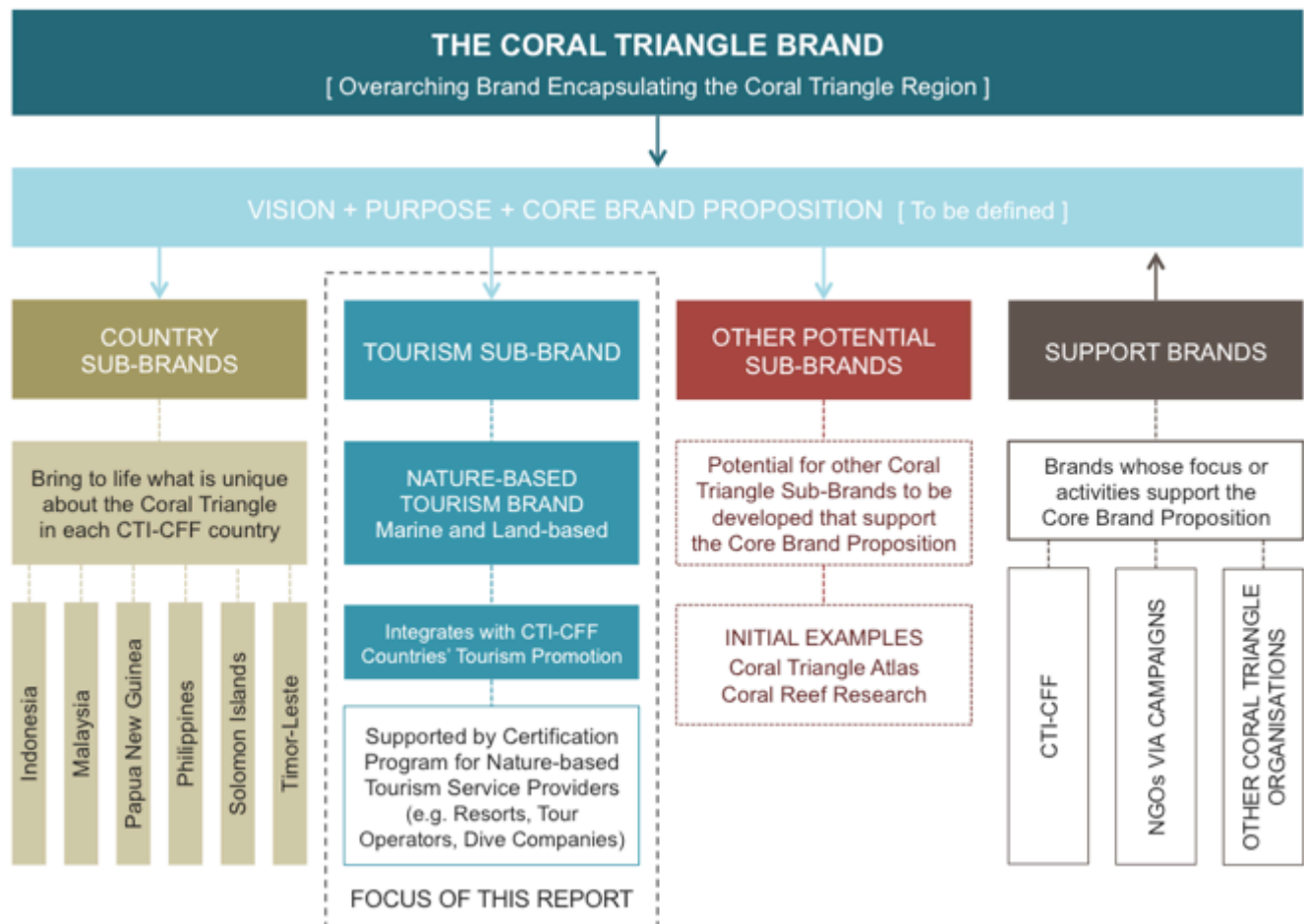
## 10.3 A draft Coral Triangle Brand Architecture and Framework

Having established there is at least a strong initial base for further developing the business case to invest in a Coral Triangle Nature-based Tourism brand, it is worth taking a very brief look at what the overall brand architecture could look like and what CTI-CFF Institutional structures might be required to support it.

Before doing so, it should be stressed that the following is merely a hypothetical exploration of what developing a Coral Triangle brand could look like and an initial look at a resource framework. It is included to promote discussion only – and draws heavily on the practises observed in other comparable tourism models like Destination Europe 2020, the Australian National Landscapes Program, and ASEANs' Tourism Marketing Strategy 2012–15 (see Section 9 for detail on these models).

### Graphic 9: Draft Architecture for potential Coral Triangle Brand and Nature-based Tourism sub-brand

Draft by 2iis Consulting for illustration purposes only. Full brand architecture would need to be created in consultation with the CTI-CFF.



### 10.3 A draft Coral Triangle Brand Architecture and Framework

In looking at a potential Nature-based Tourism Brand, it is first necessary to look at an overall brand framework for the Coral Triangle as a whole. Although the ultimate outcome of this project is intended to be the creation of a Nature-based Tourism Brand to promote specific regions, this is just a small part of the overall Coral Triangle brand, so it will be important to at least map out what the larger (master) brand consists of, to ensure the smaller Nature-based component fits within it.

Graphic 9 (previous page) is an initial draft of what an overall brand architecture could look like. It consists of the overall Coral Triangle brand with a number of potential sub-brands identified and a thought on how some of the existing NGO Coral Triangle activity mentioned in Section 8 could be more directly linked in and used to more consistently build the overall Coral Triangle brand.

Defining the overall Coral Triangle Brand would initially only require a vision, purpose and core brand proposition to be drafted – as these would be used as the basis for developing the Nature-based Tourism sub-brand. Full development of all branding materials is not essential initially, as the important output is an overall vision and framework that the Nature-based sub-brand fits into.

Looking then at the Nature-based Tourism Brand specifically, Graphic 10 outlines how this could be structured – starting with the destinations at the base and moving up through the regions and countries.

#### Graphic 10: Draft Framework for Nature-based Tourism Brand in the Coral Triangle

Draft by 2iis Consulting for illustration purposes only. Full detail would need to be developed in consultation with CTI-CFF Countries (Based on Australian National Landscapes structures and frameworks)





### 10.3 A draft Coral Triangle Brand Architecture and Framework

The initial framework above draws heavily on both the Australian National Landscapes model and also incorporates some of the learnings from the other tourism models in Section 9 and Table 37. As with the Brand Architecture, it is very much an example of the type of framework that would need to be developed, and is included as part of this baseline analysis to inform the next stage of the broader project.

### 10.4 An initial summary of potential sites for NBMT in the Coral Triangle

Looking at the draft brand framework outlined above in Graphic 10, identifying suitable sites for Nature-based Tourism (particularly in Papua New Guinea, the Solomon Islands and Timor-Leste) early on will obviously be important given they form the basis for the brand proposition that will need to be developed.

There are a variety of ways these sites can be identified, and the purpose of this baseline analysis is not to go into detail in terms of site selection. However some observations are included here – along with a draft initial list of potential sites identified through the country analysis undertaken (*Table 39 on next page*).

In terms of some observations regarding an approach to site selection, there initially seem to be two possible approaches – or potentially a third that involves a combination of the following:

#### 1) Integrate with existing CTMPAs

The first option for this project could be to consider regions around a selection of the protected areas that have already been screened to become one of the CTI-CFF CTMPAs (Coral Triangle Marine Protected Areas). These are all areas of high regional or global conservation value and have already achieved a certain level of effective management.

#### 2) Integrate with National (Sustainable) Tourism Strategies

The second option could be to consider provinces or other formal administrative units that have already been identified by the CTI-CFF National Governments for further tourism development, and to then consider which sites in those areas have high conservation values.

Either way, it will be important to retain close links with the conservation and livelihood targets of the Regional Plan of Action (RPoA) for the CTI-CFF. Eventually, this project is intended to support the broader application of Nature-based Tourism tools (developed through the initial sites) to more Coral Triangle areas and sites.

Initial consultations for the selection of destinations in Timor-Leste, Solomon Islands and Papua New Guinea are already underway with a variety of experts and government officials from these countries.



## 10.4 An initial summary of potential sites for NBMT in the Coral Triangle

Separate to the 2 approaches outlined above, the following table summarises the areas/ regions and some potential sites that could also form an initial list of sites for selection (and could be cross-referenced with the above options). These were identified through the CTI-CFF Country analysis and are from a variety of sources.

**Table 39: Initial List of Potential Sites for Nature-based Tourism in the CTI-CFF Countries**

Sources: CTI-CFF Country Tourism Strategies, National Tourism Offices, Online Research.

Country	Region/ Area/ Province	Sites/ Locations
<b>Timor-Leste</b>	<ul style="list-style-type: none"> <li>- Lautem District</li> <li>- Lesser Sunda Islands</li> <li>- The Eastern Tourist Zone</li> </ul>	<ul style="list-style-type: none"> <li>- Nino Konis Santana National Park including Jaco Island</li> <li>- Atauro Island</li> <li>- Various in this proposed zone</li> </ul>
<b>Solomon Islands</b>	<ul style="list-style-type: none"> <li>- Western Province</li> <li>- Various around the Islands</li> </ul>	<ul style="list-style-type: none"> <li>- Arnavons, the Marova Lagoon and Gizo</li> <li>- Munda, Eastern and Western Marovo, around Honiara, the Florida Islands and Iron Bottom Sound</li> </ul>
<b>Papua New Guinea</b>	<ul style="list-style-type: none"> <li>- West New Britain</li> <li>- New Ireland</li> <li>- The Islands Region</li> <li>- New Britain</li> <li>- Madang</li> </ul>	<ul style="list-style-type: none"> <li>- Kimbe</li> <li>- Milne Bay, Alotau and the islands around Kavieng</li> <li>- The Islands of the Bismarck Sea</li> <li>- Rabaul, Walindi and Hoskins</li> <li>- Various locations in Madang Province</li> </ul>
<b>Philippines</b>	<ul style="list-style-type: none"> <li>- Palawan Province</li> <li>- Sorsogon</li> <li>- Various dive sites</li> </ul>	<ul style="list-style-type: none"> <li>- Palawan Island</li> <li>- Donsol (whale sharks)</li> <li>- Anilao, Apo Island (Reef and Marine Sanctuary), Balicasag, Boracay, Coron, Dumaguete, Malapascua, and Puerto Galera</li> </ul>
<b>Indonesia</b>	<ul style="list-style-type: none"> <li>- Lesser Sunda Ecoregion/ Seascape</li> <li>- Selected dive sites</li> </ul>	<ul style="list-style-type: none"> <li>- Various sites in this seascape.</li> <li>- Komodo Islands, Bunaken Island, Raja Ampat Islands, Bali Islands, Sumbawa and Flores Islands, Lombok Island, Bangka and Belitung Islands, Banda Islands, Wakatobi Islands, and the Sangihe and Talaud Archipelago.</li> </ul>
<b>Malaysia</b>	<ul style="list-style-type: none"> <li>- Saba</li> <li>- Perak</li> <li>- Areas highlighted for diving</li> <li>- Turtle watching sites</li> </ul>	<ul style="list-style-type: none"> <li>- Various including Sipadan and Mabul; Global Biodiversity Hub is also in Sabah.</li> <li>- Matang Mangroves Forest Reserve.</li> <li>- Kuching, Lankayan Island, Lumu, Miri, Perhentian Islands, Redang, Semporna, Sipadan, Tioman, and Tunku Abdul Rahman National Park, Kota Kinabalu..</li> <li>- Rantau Abang and Tanjung Jara Beach in Terengganu, Turtle Bay on Pangkor Island.</li> </ul>

## 10.5 Initial structure for a CTI-CFF Nature-based Tourism Institutional Model

Whilst outlining potential architecture and frameworks, the final area worth touching on relates to the internal structures and resource that will be needed to build and manage a standalone Coral Triangle Tourism Brand.

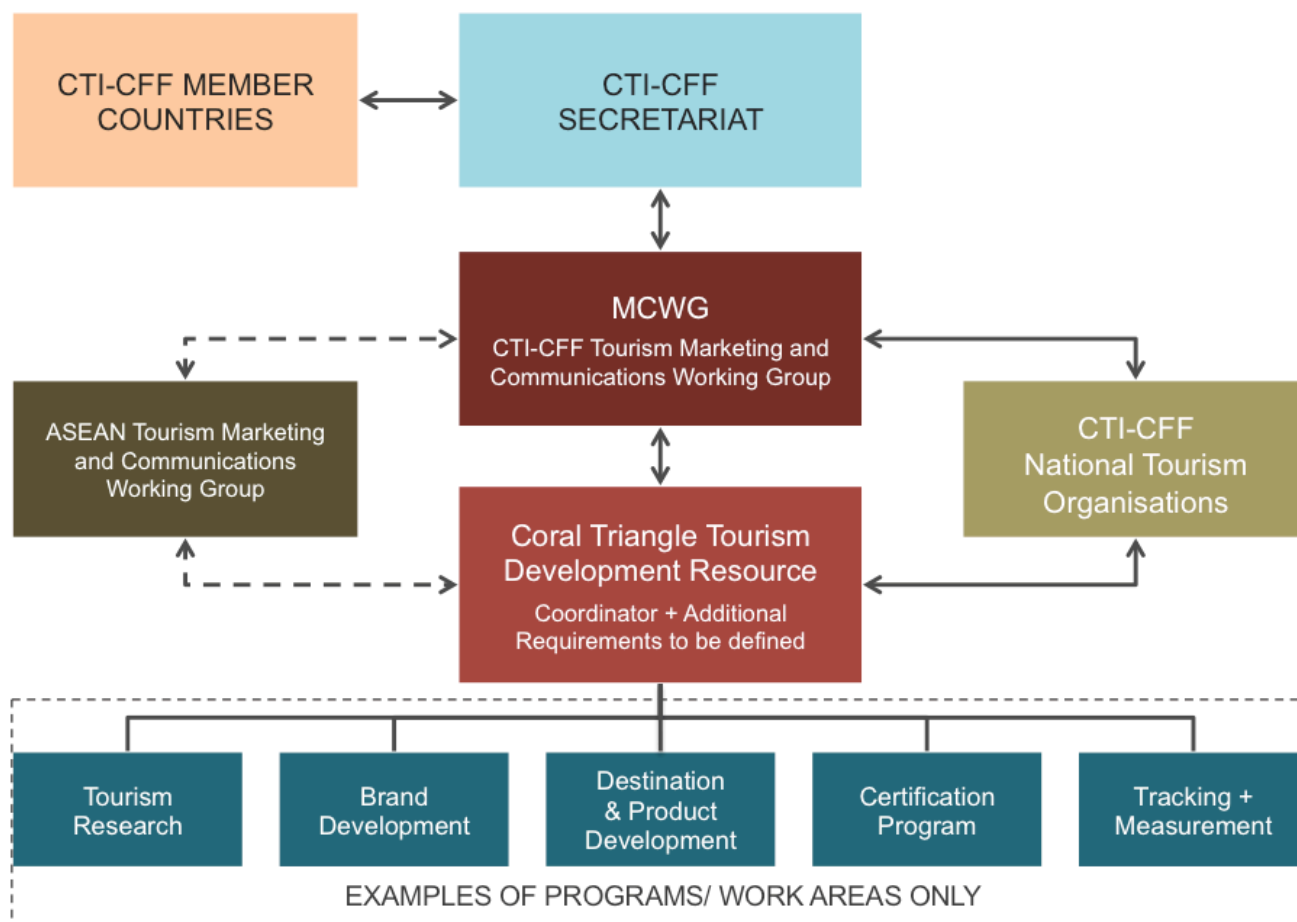
Whilst not essential, it appears to make sense that the resources that would be required to build and run the brand would sit within the existing CTI-CFF Secretariat structure. However, it is important that there is sufficient autonomy in whatever structure is set-up to enable strategic decisions about building the brand to be made quickly and relatively independently. The largest risk actually rests in the multi-country nature of the CTI-CFF, as, without careful planning, this could result in an extremely arduous and slow decision-making process. This will need to be factored in to future project planning stages, and there is also the potential to seek more detailed guidance from the teams that work on the Australian National Landscapes Program and Destination Europe 2020.

The below graphic outlines a potential structure for a CTI-CFF Tourism Marketing and Communications Working Group. It uses the ASEAN Marketing and Communications Working Group structure as a base given this group has similar multi-country challenges.

As with all the draft frameworks in this section, it is illustrative only and intended to inform future discussions rather than being an outright recommendation.

### Graphic 11: Draft Structure for a CTI-CFF Tourism Marketing and Communications Working Group (MCWG)

Draft by 2iis Consulting for illustration purposes only. Full detail would need to be developed in consultation with CTI-CFF Countries (Based on ASEAN MCWG structure)



## SECTIONS 11–12

11 | AN OVERVIEW OF KEY STAKEHOLDERS

12 | INFORMATION GAPS AND POTENTIAL AREAS  
FOR FURTHER STUDY

## 11 | AN OVERVIEW OF KEY STAKEHOLDERS

There are a broad range of inter-related stakeholders and actors involved in Tourism and Nature-based Tourism in the Coral Triangle, with differing responsibilities, perspectives and levels of influence on the sector. Just the sheer variety and number of them makes for a certain degree of complexity when looking to both manage tourisms' impacts on local communities and environments, and also find ways to positively influence the future growth trajectory of the sector.

### 11.1 Some examples of stakeholder frameworks and institutional relationships

The overview titled '*Key actors and Stakeholders in Ecotourism Development*' contained in the Philippines' *National Ecotourism Strategy & Action Plan 2013-2022* (p. 58 and Graphic 12 below) provides a good initial framework and outlines a number of the various stakeholder categories that influence tourism development. However, it does not necessarily capture the complexity of the inter-relationships that can exist between the different stakeholder groups contained within these categories.

#### Graphic 12: Key Actors and Stakeholders in Ecotourism Development in the Philippines

Source: Biodiversity Management Bureau (BMB), Department of Environment and Natural Resources (DENR) and Department of tourism (DOT). *National Ecotourism Strategy & Action Plan 2013-2022*. P. 58



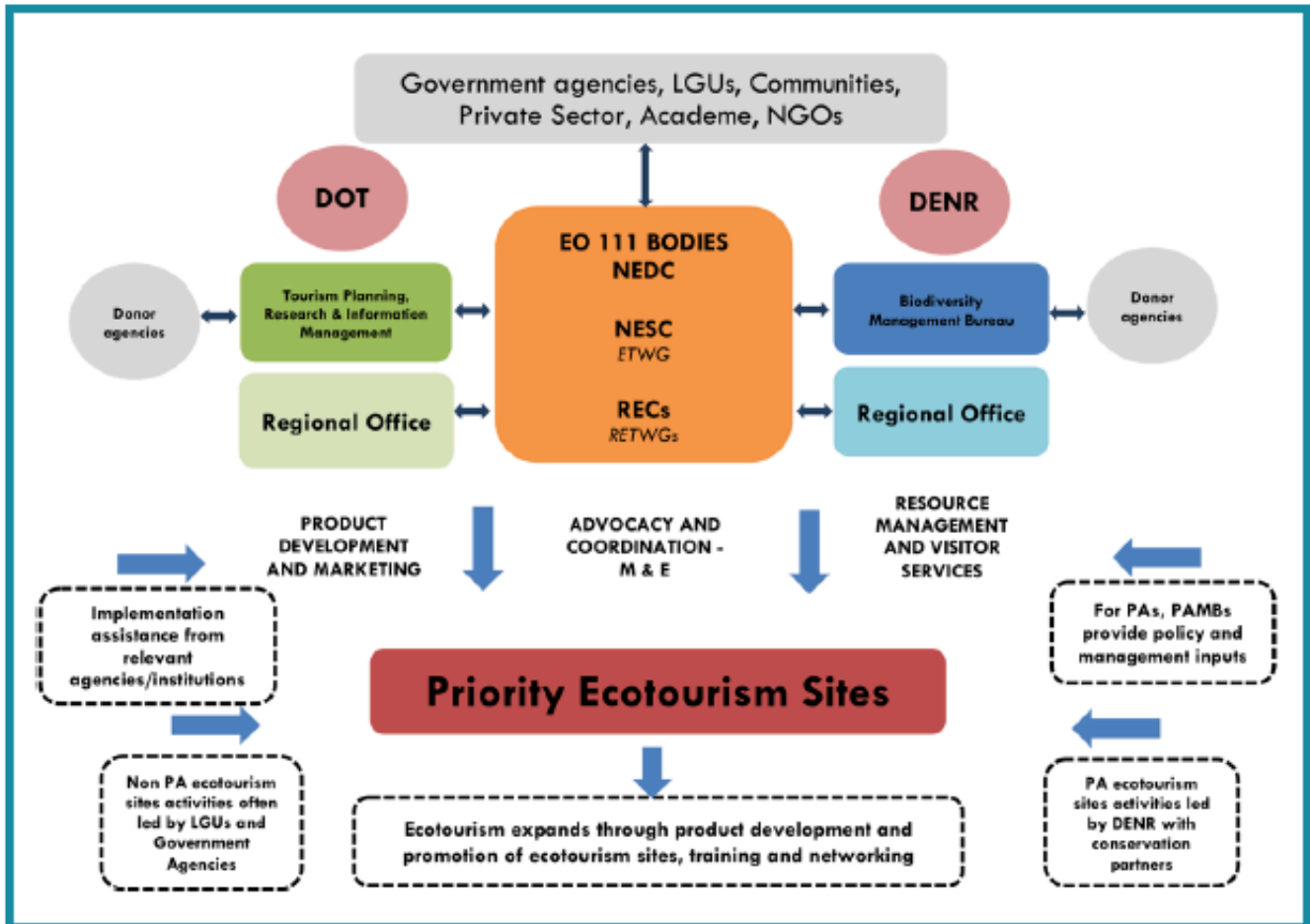


### 11.1 Some examples of stakeholder frameworks and institutional relationships

The same document also contains a good example of the type of relationships that can exist when looking to implement a national Nature-based/ Ecotourism strategy and highlights the importance of looking to define roles and responsibilities as clearly as possible (*Graphic 13*). The Philippines' framework is just one example, each country in the CTI-CFF will have similar institutional frameworks for their own tourism strategies, of varying degrees of complexity.

#### Graphic 13: Institutional Relationships in Implementing the Philippines National Ecotourism Strategy

Source: Biodiversity Management Bureau (BMB), Department of Environment and Natural Resources (DENR) and Department of tourism (DOT). *National Ecotourism Strategy & Action Plan 2013-2022*. P. 58



DOT – Department of Tourism; DENR – The Department of Environment and Natural Resources (DENR); EO – Executive Order; NEDC – National Ecotourism Development Council; NESC – National Ecotourism Steering Committee; REC – Regional Ecotourism Committees; WG – Working Group; M & E – Monitoring and Evaluation; PA – Protected Area; PAMB – Protected Area Management Board; LGU – Local Government Unit.

## 11.2 A Summary of Current and Potential Stakeholders for the Coral Triangle

The following table is a summary of some of the various stakeholders currently (or potentially) involved in the development of Nature and Adventure-based Tourism in the Coral Triangle. It is an initial overview only, and will need to be further refined as the **Coral Triangle Nature-based Tourism Initiative** project develops. It does, however, provide an insight into the overall complexity of the region's tourism sector.

**Table 40: Overview of Key Stakeholders/ Actors involved with Nature-based Tourism in the Coral Triangle**

CATEGORY	STAKEHOLDERS/ ACTORS
Coral Triangle Initiative	Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF)
National Governments Including CTI-CFF National Coordinating Committees	<p><u>CTI-CFF Member Countries</u> 1) Indonesia; 2) Malaysia; 3) Papua New Guinea; 4) Philippines; 5) Solomon Islands; 6) Timor-Leste.</p> <p><u>Other Coral Triangle Countries</u> 1) Brunei Darussalam (7<sup>th</sup> CTI-CFF Country); 2) Singapore.</p> <p><u>CTI-CFF Development Partners</u> 1) Australian Government; 2) US Government.</p>
Government Ministries/ Departments  <i>Note: exact Ministries and Departments involved varies from country to country. Will require individual country mapping later in the project.</i>	<p><u>Primary Ministries/ Departments</u> Ministry of Tourism; Ministry of the Environment; Ministry of Culture; Marine Department/ Ministry; Ecotourism Department/ Ministry; Wildlife/ National Parks Department; Prime Minister's/ Presidents Office (or equivalent).</p> <p><u>Secondary Ministries/ Departments</u> Agriculture/ Fisheries/ Forestry; Employment; Finance; Foreign Affairs; Infrastructure (Roads, Transport, Housing, Town &amp; Country Planning etc.); Primary Industry; Science/ Technology.</p>
Local Government	State, Regional and Provincial Governments/ Councils; Municipal Governments; Local Government; (Indigenous Land Title owners).
Tourism Promotion Boards	<ul style="list-style-type: none"> <li>- All relevant Tourism Boards within CTI-CFF Countries;</li> <li>- Tourism promotion/ marketing departments and offices.</li> <li>- Source Countries' Tourism Promotion Boards.</li> </ul>
Global Tourism Organisations/ Bodies	<ul style="list-style-type: none"> <li>- ASEAN Tourism Association;</li> <li>- Asia-Pacific Economic Cooperation (APEC) Tourism Charter;</li> <li>- Pacific Asia Travel Association (PATA);</li> <li>- The Global Sustainable Tourism Council (GSTC);</li> <li>- UN World Tourism Organization (UNWTO);</li> <li>- World Travel and Tourism Council (WTTC);</li> <li>- Other Travel/ Tourism Associations (e.g. IATA, TTRA).</li> </ul>
Regional Multi-lateral Collaborations	<ul style="list-style-type: none"> <li>- BIMP EAGA (Brunei Darussalam-Indonesia-Malaysia-The Philippines East ASEAN Growth Area)</li> <li>- SPREP (Secretariat of the Pacific Regional Environment Programme)</li> <li>- MSGSEC (Melanesian Spearhead Group Secretariat)</li> </ul>
Coral Triangle Organisations/ Institutions/ Brands	The Coral Triangle (Amazon of the Oceans); The Coral Triangle Centre; The Coral Triangle Atlas; Coral Triangle Regional Business Forum; Coral Triangle Support Partnership; coraltriangle.org; My Coral Triangle.

## 11.2 A Summary of Current and Potential Stakeholders for the Coral Triangle

**Table 40: Overview of Key Stakeholders/ Actors involved with Nature-based Tourism in the Coral Triangle**  
(Continued)

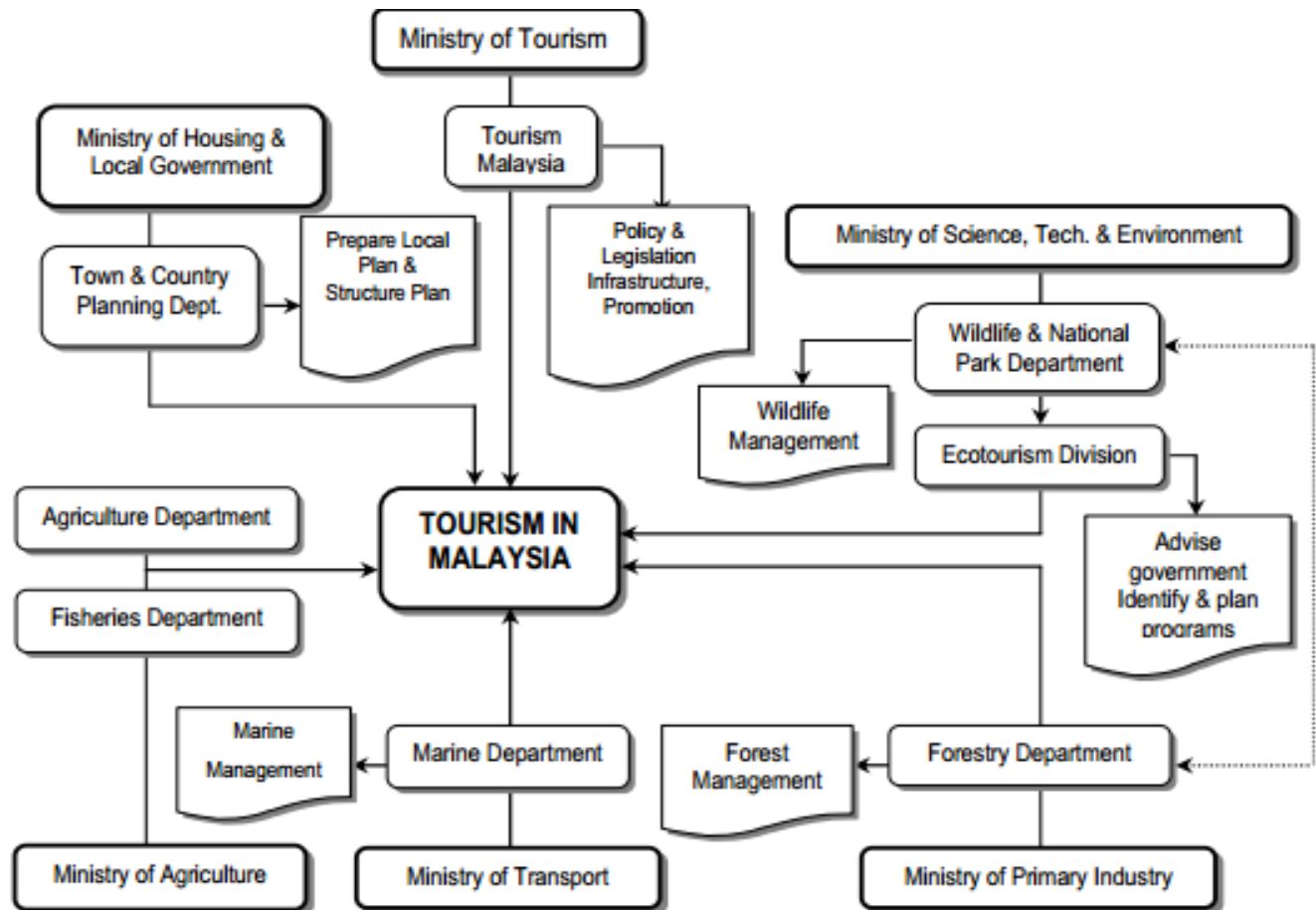
CATEGORY	STAKEHOLDERS/ ACTORS
Other Global Organisations/ Bodies	<ul style="list-style-type: none"> <li>- International Labour Organisation (ILO);</li> <li>- United Nations Environment Programme (UNEP);</li> <li>- United Nations Conference on Trade and Development (UNCTAD);</li> <li>- World Commission on Protected Areas (IUCN WCPA).</li> </ul>
Non-Government Organisations (NGOs)	BirdLife International; Conservation International (CI); Coral Triangle Centre (CTC); Flora and Fauna International (FFI); International Institute for Environment and Development (IIED); The Earthwatch Institute; The International Ecotourism Society (TIES); The Nature Conservancy (TNC); Wetlands International; Wildlife Conservation Society (WCS); Worldwide Fund for Nature (WWF).
Aid Agencies/ Potential Institutional Support	Australian National Landscapes Program; Association of Southeast Asian Nations (ASEAN); Asian Development Bank (ADB); USAID; World Bank.
Local Communities and Businesses	<ul style="list-style-type: none"> <li>- Business owners – both directly and indirectly involved in tourism;</li> <li>- Local handicraft makers producing tourist souvenirs;</li> <li>- Local NGOs/ business forums/ civic bodies.</li> <li>- Local populations – either potentially benefiting or being impacted by tourism development.</li> </ul>
Tourism Industry	<ul style="list-style-type: none"> <li>- Expedition outfitters, recreational equipment manufacturers;</li> <li>- Financial services companies catering to tourists;</li> <li>- Hotel and restaurant chains;</li> <li>- International Hotel and Restaurant Association (IHRA);</li> <li>- International Council of Cruise Lines (ICCL);</li> <li>- Professional Association of Diving Instructors (PADI);</li> <li>- Tour Operators, incl. International Federation of Tour Operators (IFTO);</li> <li>- Travel agents; major tourism companies and travel insurers;</li> <li>- Online travel providers, e.g. booking.com and tripadvisor.com</li> </ul>
Tourists and Potential Visitors	<ul style="list-style-type: none"> <li>- Existing tourists – International and Domestic;</li> <li>- Target countries potential tourist populations: short, medium &amp; long haul.</li> </ul>
Investors and Potential Investors	<ul style="list-style-type: none"> <li>- Corporates/ Corporate Foundations (e.g. Kathmandu).</li> <li>- Private Foundations and Trusts (e.g. Innovation Funding);</li> <li>- Cruise Ship Operators;</li> <li>- Hotel Chains and Travel Companies;</li> <li>- Individuals (e.g. wealthy business or political leaders/ citizens who want to create long-term legacy);</li> <li>- Previous Aid Funders (e.g. Australia Aid; Global Environment Facility– GEF; USAID; UNDP);</li> </ul>
Other Potential Stakeholders	<ul style="list-style-type: none"> <li>- Airlines and transport providers;</li> <li>- Airports (privately owned);</li> <li>- Labour Unions;</li> <li>- Media Organisations, e.g. Travel Media;</li> <li>- Publishers, e.g. Lonely Planet (BBC).</li> </ul>

### 11.3 A brief look at Government tourism development structures

And finally, in terms of looking specifically at the role of government in tourism development and the cross-department nature of the sector, the overview below of the various Malaysian Government Ministries and Departments involved directly and indirectly in tourism is a good example of what will exist to a greater or lesser extent in each country.

**Graphic 14: Overview of the Malaysian Government Departments Involved in Tourism**

Source: Tourism Malaysia. Tourism Development in Malaysia: a review of Federal Government Policies 2015. Modified from Mohamed 2002.



Note: some of the names of the Ministries and Departments in this diagram will have changed since it was originally created.

## 12 | INFORMATION GAPS AND POTENTIAL AREAS FOR FURTHER STUDY

During the compiling of this report, a number of information gaps were identified and certain areas presented themselves as being worthy of further study. There were also some areas of analysis and fact finding that naturally fall outside the scope of this particular part of the project.

### 12.1 Nature-based Tourism (NBT) statistics and analysis

#### a) Nature-based Tourism Data and Analysis

Given the current growth and potential for Nature-based Tourism (alongside other categories like Adventure Tourism, Wildlife Tourism, Ecotourism etc.), it is surprising that more in-depth studies have not been undertaken. Because of that, the data in this report on Nature-based Tourism is not as accurate or complete as was originally intended.

Whilst it is sufficient for the project's immediate needs, a strong case could be made for the need to undertake some specific, more-detailed research into the current state of Nature-based Tourism in the region.

Given the potential scale of it, approaching the UNWTO or WTTC could be considered.

#### b) Nature-based Tourism Opportunity in each Country/ Future 'Balanced Tourism' Mix

Given the significant scope of this initial baseline analysis, only a topline look could be taken at each CTI-CFF country's Nature-based Tourism opportunity. This is also connected to the above point on the general availability and statistical reliability of current Nature-based Tourism data.

Further analysis is certainly required – potentially in collaboration with the national tourism statistics bodies in the CTI-CFF countries.

The ideal would be to more accurately model the optimal mix of tourism types for each country (e.g. Nature-based vs. eco vs. mass eco vs. mainstream etc.)

#### c) Scale of Tourism Development/ Ecological Footprint (SDEF) Grid

The model looking at mass Ecotourism and eco mass tourism (Ivanov, S., & Ivanova, M. 2013. *Mass Ecotourism vs. Eco mass tourism*) briefly touched on in Section 6.4 is certainly worth analysing further to help inform both the points above.

### 12.2 CTI-CFF Country specific gaps/ areas for further analysis

#### a) Strategy to Implementation Gap

There appeared to be a consistent theme across the countries of having clear and well-thought out strategy documents, but then inconsistent and/ or ineffective implementation.

This area is definitely worthy of further study to validate this hypothesis and potentially make some recommendations to help rectify the issue into the future, if found to be the case.

#### b) Inconsistent Metrics across the CTI-CFF countries

It was sometimes challenging to fairly compare countries because of a lack of standardisation of measurement. Identifying a standard format of tourism metrics for the CTI-CFF (and potentially creating 'dashboards' of metrics that are reported against regularly) could be of benefit over the longer-term.

#### c) Philippines Tourism Promotion Campaign

Given the award-winning nature of the 'It's more fun in the Philippines' campaign, it would be beneficial to analyse the campaign in detail as a way of informing future plans for the CT Nature-based Tourism brand.



## 12.2 CTI-CFF Country specific gaps/ areas for further analysis (continued)

### d) Malaysia and Philippines past analysis

It would be interesting to learn more about the detailed modeling undertaken by Malaysia for their *Economic Transformation Programme: a Roadmap for Malaysia (ETP)* and the Philippines for their *National Ecotourism Strategy 2013–2022 (NES)*. This could help inform the need for additional NBT analysis identified in points 12.1 a) and b).

It could also be interesting to see whether Malaysia's ongoing focus on Nature and Adventure-based Tourism has been contributing to Malaysia's higher than average spend/ visitor over the long-term (as outlined in Malaysia's country overview, p. 105).

### e) Brunei Darussalam and Singapore

Further analysis of Brunei Darussalam and Singapore's tourism markets was outside the scope of this project, but would be a worthwhile additional study to complete the overall picture of the Coral Triangle region.

## 12.3 Coral Triangle brand analysis

### a) Overall CT brand health measures

Given there has never been a need to track the overall Coral Triangle brand in a holistic way, the current level of data is extremely limited. An initial study will be required along with an ongoing system to track brand scores across the region. It would be most logical for whichever organisation/ ends up running the Coral Triangle Tourism brand to have overall accountability for this brand tracking and measurement (e.g. the proposed CTI-CFF Tourism Marketing and Communications Working Group in Section 10.5).

## 12.4 General areas for potential further study

### a) Potential Investors in Coral Triangle Nature-based Tourism

In building the business case, it will be useful to learn more about who is currently invested in Nature-based Tourism in the Coral Triangle to help attract others. For example: what are their motivations, why did they first invest, how did they find out about the opportunity?

### b) Institutional Structures for multi-country tourism initiatives

It is clear that the success of any Coral Triangle brand marketing would rely heavily on the structure used to underpin it. Further detail on Europe 2020 and Australia's National Landscapes Program would be beneficial to understand the exact structure of the governance and funding agreements.

### c) Partnership with International Tourist Guide Publisher

The gap in overall promotion of the Coral Triangle as a region in travel guides is apparent. There could be potential to partner with an organisation like the Lonely Planet/ BBC on a region specific guide.

This could also be worthy of investigation as part of the brand architecture process to get some insight into best practise from a tourism branding point of view (i.e. which countries or regions market themselves particularly well in Lonely Planet's opinion?)

# SECTION 13

## CONCLUSIONS

## 13 | CONCLUSIONS

### **Tourism is forecast to grow, but so are its impacts**

The Global Tourism Industry is growing rapidly, and is forecast by the UN World Tourism Organisation (UNWTO) to continue doing so well into mid-century.

While this growth provides clear positive socio-economic opportunities for emerging countries around the world – including, to varying degrees, all of the CTI-CFF countries, it also brings with it significant, and increasingly prevalent, negative impacts. Particularly for those countries experiencing the bulk of their growth via mass, mainstream tourism.

These impacts are not just environmental; they also directly affect the social and cultural fabric, and economic performance of countries, often exacerbating the very problems that tourism development is intended to help solve.

As outlined in the country overviews, these negative impacts are clearly seen throughout the 6 CTI-CFF countries, and with the rate of tourism growth forecast to be stronger in the Asia Pacific region than anywhere else in the world, this indicates the negative impacts are likely to grow faster in this region as well.

However, the CTI-CFF countries have, in the main, recognised this fact and all include some reference in their tourism strategies to the need to move away from, or avoid altogether, an over-reliance on mass tourism in the future. How far they have actually managed to achieve this shift – or even to start the process – is up for debate, but the first step in actually recognising the problem they face appears to have been universally taken by all the countries.

### **The niche-tourism opportunity is growing rapidly around the world**

Set against this growing realisation that the forecast growth in mass tourism comes with increasing negative impacts and diminishing socio-economic benefits, is the global niche tourism opportunity that has been building steadily over the last 2 decades and now seems to be in a period of rapid expansion.

Within this growth in niche tourism sit two segments that are of particular relevance to the Coral Triangle: Nature-based and Adventure-based Tourism. Both of these are already well established globally, and forecast by the World Travel and Tourism Council to be among the fastest growing tourism sectors out to 2035.

There is also a growing body of evidence that the overall return on investment (ROI) for these types of niche tourism far exceeds those of mass and/ or mainstream tourism; providing economic, social, environmental and cultural benefits to the people on the ground who often need those benefits most.

These benefits would be enough on their own to warrant close investigation of the opportunity, but when you also factor in the ever-increasing risks of climate change to the Coral Triangle region, the need to look at them as pathways to community climate resilience also becomes apparent.

### **The Coral Triangle is uniquely well positioned to leverage this niche-tourism trend**

Given the Coral Triangle's natural resource base, the region is particularly well suited to take advantage of the forecast growth in the Nature and Activity-based tourism segments, and also has the opportunity to build a strong and differentiated competitive advantage in the global tourism market through them.

As outlined through the country overviews and in Section 10 of this report, the accelerating growth of these sectors presents the Coral Triangle with an opportunity to develop a Nature and Adventure-based Tourism segment that has a forecast value somewhere in the region of US \$120–US \$150 billion per annum by 2035.

Even though the lack of overall Nature-based Tourism data currently means these forecast figures should be

## 13 Conclusions | Page 2 of 6

### **The Coral Triangle is uniquely well positioned to leverage this niche-tourism trend** (continued)

viewed with caution, they still identify a significant economic opportunity that provides a very strong base from which a full business case can be developed.

In exploring each country's capacity to unlock the Nature/ Adventure-based Tourism opportunity, it was clear that each of them have identified the opportunity as existing in some shape or form. This opportunity identification ranged from some highly detailed Ecotourism forecasts undertaken by the Philippines, to a more general commitment to focusing on Nature-based Tourism as opposed to mass tourism by Timor-Leste, but all included it in their future tourism growth strategies at some level.

The discrepancy in emphasis on Nature/ Adventure-based Tourism highlights the overall discrepancies that exist between the countries – although there were more similarities from a Tourism (particularly Nature-based Tourism) perspective than was originally anticipated.

### **Whilst there are differences, the 6 CTI-CFF Countries also have significant common interests**

Ranging in size from just over ½ million people in the Solomon Islands, to over ¼ billion people in Indonesia, there is clearly a huge variance within the 6 countries that currently make up the CTI-CFF. In touching very briefly on Brunei Darussalam and Singapore in the analysis, this variance was added to even more.

There are a number of ways this variance could be categorised. For the purposes of this report, the 6 CTI-CFF countries were placed in 4 categories, loosely based on a number of the tourism metrics used to undertake the analysis. This categorisation is by its very nature subjective, and is only really useful in illustrating, in as simple a way as possible, the various stages each country's tourism industry is at.

### **The 4 Approximate Categories for the 6 current CTI-CFF Countries**

#### **1) The Solomon Islands and Timor-Leste**

- a) Both of a similar size and at an early stage of tourism development with significant structural/ infrastructure challenges;
- b) Identified Nature-based Tourism as a major (if not the major) focus for tourism growth;
- c) Significant opportunity for tourism to benefit the entire country's economy, culture and society if sustainable growth of suitable tourism sectors can be achieved;
- d) Exceptional natural resource base for Nature and Adventure-based Tourism.

#### **2) Papua New Guinea**

- a) With a population of 7.5 million, a step up in overall size (Solomons 575K; Timor-Leste 1.1M), and the tourism industry is also comparatively further developed – although PNG still faces a large range of infrastructure challenges. It also faces increasing pressure from resource exploitation;
- b) Nature-based Tourism is a clear focus in their plans alongside cultural tourism development;
- c) Clear opportunity for tourism to significantly benefit broad segments of the population – if a path through PNG's development challenges can be found;
- d) Also at a stage where they need to start developing the overall industry to become more sophisticated, with destination development, increased promotion and capacity building just beginning to be explored.
- e) Arguably the strongest natural resource base for Nature-based Tourism given high overall biodiversity.

#### **3) Philippines**

- a) A significant step up to the Philippines (100M population) and there is clear separation between it and the 3 'emerging' tourism markets of the Solomon Islands, Timor-Leste and Papua New Guinea;
- b) Another step-up in terms of tourism development – although infrastructure development remains a challenge and the tourism 'product' delivered can be inconsistent and fail to live up to the considerable promise set-up by the ongoing *'It's More Fun in the Philippines'* tourism campaign;

## 13 Conclusions | Page 3 of 6

Whilst there are differences, the 6 CTI-CFF Countries also have significant common interests

### The 4 rough Categories for the CTI-CFF Countries (continued)

#### 3) Philippines (continued)

- c) Has identified the Nature-based Tourism opportunity – although has categorised it as ‘Ecotourism’ – and appears to have undertaken the most detailed forecasting and modelling of the opportunity it presents;
- d) Strong natural resource base that has already seen some development for Nature and Adventure-based Tourism in certain parts of the country;
- e) Potential domestic tourism opportunity for NBT that does not currently exist in emerging countries;
- f) Already showing evidence of some significant negative impacts from mass/ mainstream tourism.

#### 4) Indonesia and Malaysia

- a) Both more ‘developed’ tourism markets in comparison with the other 4 countries (although both view themselves as below Singapore), with Malaysia the most sophisticated in terms of segmentation;
- b) Although tourism markets are further developed, still face infrastructure challenges – in particular through impacts from the ever-growing burden of increasing tourist volume. Both have identified the need to move away from relying on volume growth in the future (Malaysia is particularly clear on this);
- c) Strong and diverse natural resource base in both countries, which are partially developed for Nature-based activities in certain regions. Both have outlined a desire to develop the segment/ niche in their various Tourism Strategic Plans, with the domestic opportunity potentially greater than the international one;
- d) Probably have the opportunity to move the most rapidly of the CTI-CFF Countries in developing the Nature-based Tourism segment – and potentially the strongest motivation to do so given the level of negative impacts currently being felt. Focusing on Nature and Adventure-based Tourism could help accelerate their need to develop higher-yielding, lower impact tourism segments;
- e) Both have the resource capacity to provide tourism ‘technical assistance’ to the 3 emerging countries.

As mentioned, these categories are very approximate, as each country has its own nuances when it comes to the tourism development challenges and opportunities they face. These are captured in more detail in each individual country section, which all conclude with a summary of some selected observations.

### **A clear opportunity for Nature/ Adventure-based Tourism in the Coral Triangle Region**

Having emphasised some of the differences, it is striking that each of the 6 countries have independently identified the Nature & Adventure-based Tourism segment as an opportunity; an opportunity supported by the forecast value for the segment, which ranges from US \$210 million per year in Timor-Leste to over US \$50 billion in Indonesia in terms of its potential value to the economy of each country by 2035. A summary of country forecasts can be found in Section 10 (*Table 38 p. 143*), with full details within the country overviews.

This overall potential value is just one part of the equation however. Nature-based Tourism also provides an opportunity for the emerging countries to build their tourism industries in a way that both supports their communities and economy, whilst also providing them with a way to avoid some of the negative impacts that mass tourism could bring. For the more developed countries it provides a potential path to a more balanced mix of tourism that relies less on mass tourism, and would also provide significant socio-economic and cultural benefits to their many and varied communities. This is one of the areas strongly recommended for further analysis through the report.

Having said all that, leveraging the clear economic, social and cultural benefits that could accrue from developing Nature and Adventure-based Tourism in the Coral Triangle is not a straightforward task. The tourism infrastructure challenges in each of the countries are, as already mentioned, significant; but so too are the challenges of building a regional approach that harnesses the 6 CTI-Countries’ stated intentions to grow the Nature-based tourism segment, and then translates them into sustained and concerted action that successfully opens up the forecast US \$150 billion opportunity (by 2035) for the benefit of all the countries.



## 13 Conclusions | Page 4 of 6

### Existing Models can provide some guidance to inform a CTI-CFF Nature-based Tourism Model

Whilst it may be complex, as covered in this report, there are some good examples of where similar tourism programs are being successfully implemented in various geographies around the world. A number of these were looked at in some detail, and three in particular can provide some useful guidance for a potential Nature-based Tourism model in the CTI-CFF:

- 1) **The Australian National Landscapes Program,**
- 2) **Destination Europe 2020; and**
- 3) **The ASEAN Tourism Marketing Strategy 2012–15.**

These provided a number of insights, with the following being of particular significance:

- a) Overall planning: take time to get the program structure, implementation plan and institutional structure right to give the program the greatest chance of long-term success;
- b) Stakeholder engagement: don't underestimate the need to ensure all stakeholders are fully engaged and understand the opportunity – and the time this takes. Aim to get it done right, rather than fast;
- c) Governance structure: ensure this allows for enough autonomy for those running the program;
- d) Site Selection and Destination Management: this drives the overall program and its success depends on this component being undertaken well. Take time in site selection, criteria setting and overall process development.
- e) Overall brand architecture and marketing strategy: this is complex and time-consuming, but critical. Ensure an overall view of the brand architecture is developed early and remember this is about overall brand strategy, not just about creating a new logo;
- f) Capacity development: there will be gaps in understanding and capability in the CTI-CFF that will need addressing over the mid to long-term. Ensure adequate resources are invested in this area.

See Section 9 (p. 131) for more detail on other tourism models and the guidance they can provide to the CTI-CFF.

### There is a clear (and strong) role for a Regional Coral Triangle Nature-based Tourism Brand

What all of the above leads to is the identification of a clear role that a Coral Triangle Nature-based Tourism Brand could play; both in terms of opening up the Nature-based Tourism opportunity for all the CTI-CFF countries, and also acting as something of a catalyst to help each of them overcome some of the specific challenges they face in their tourism development. It could also help all the countries compete in the increasingly competitive tourism market, through more efficient use of limited tourism promotion budgets and by building a clear regional competitive advantage in Nature/ Adventure-based Tourism in the Coral Triangle.

There is also evidence found throughout the analysis in this report of an extremely strong market for Coral Triangle Nature-based Tourism, that a Brand is needed to fully capitalise on. Section 8 (p.119) highlighted the existence of a clear 'brand vacuum' when it comes to tourism in the Coral Triangle. Filling this brand vacuum would be a relatively easy task, with the *Coral Triangle, Amazon of the Oceans* platform one of the existing brands that appears most able to evolve to do so. Exploring this as a potential option is worth undertaking as part of the next stage of the project.

Focusing on growing the Nature-based Tourism opportunity also has the potential to provide a unifying focus for all six CTI-CFF countries (or for all eight of the Coral Triangle countries given similar tourism opportunities exist in Brunei Darussalam and Singapore), and could provide a single development pathway that all can benefit from over a considerable period of time.

## 13 Conclusions | Page 5 of 6

### However, there are also some clear watch-outs in developing such a brand

The tendency may be to move too rapidly on this project, when the reality is the complexity involved demands some careful planning, full stakeholder engagement and a number of the steps currently planned for later stages of the project to be completed before progressing too far.

The site selection and destination management steps are particularly important to explore fully and ensure they can support the aspirational nature of the brand that would need to be created. The real opportunity for any tourism brand rests in promoting regions not individual sites or resorts, so the areas selected will also need to be able to support this broader approach over time – and to have the necessary management frameworks either in place or able to be put in place.

As outlined in Section 10.3 (p. 144), it will be important to build an overall brand architecture and also to start developing the necessary resource frameworks to give the Nature-based Tourism opportunity the greatest chance of success. Examples of a Brand Architecture and Framework, and a draft Structure for a CTI-CFF Tourism Marketing and Communications Working Group are included in Section 10 for reference.

In terms of Stakeholder engagement an initial list of the broad range of inter-related stakeholders and actors involved in Tourism and Nature-based Tourism in the Coral Triangle is provided in Section 11. It is absolutely essential that further work is done in mapping these stakeholders and engaging them effectively. Some additional frameworks outlining some of the key relationships within the stakeholder universe are also included in Section 11 to help facilitate this in later stages of the project.

### How to leverage the opportunity from here – continuing to build the business case

Just based purely on the potential economic value of Nature-based Tourism identified through this report, there is clearly a strong initial business case that should be explored as fully as possible. Add in the inter-related social, cultural and environmental benefits, and the potential to reduce some of the future impacts of poorly managed tourism growth and the business case becomes even stronger. And with the final addition of the fact that Nature and Adventure-based Tourism are all segments that each of the countries is looking to invest in, then the conditions certainly appear conducive to some significant investment in Nature and Adventure-based Tourism in the Coral Triangle.

This baseline analysis is the first stage in documenting this business case (and the conclusions form the initial framework for it). This report will also be of immediate use to inform both the communications strategy development for the project (taking place in January 2016) and also the ongoing site identification and selection process that continues through much of 2016.

It will also be an important input to the extensive stakeholder consultations that will be undertaken from this point forward, and to act as a basis for a broad range of ongoing discussions about the opportunities for Nature-based Tourism in the Coral Triangle.

In that respect, this report is very much a tangible starting point for what could be a project with a significant and far-reaching development impact both within the Coral Triangle, and also across the wider region.

The Coral Triangle is a unique and inspiring region – and the countries that make it up are as diverse in their make up as the Coral Triangle is in its biodiversity. Leveraged together through a Coral Triangle Nature-based Tourism brand, the CTI-CFF has the opportunity to use that uniqueness to deliver tangible long-term benefits to communities throughout the region that really need them. To catalyse the slow but vital transition of the regions' tourism industry onto a more sustainable long-term growth path that can more fully support the socio-economic growth needs of all the Coral Triangle Countries. To ensure tourism plays a fuller role in the protection of this unique and life-supporting region.

And if even part of that can be achieved, it will make a strong business case, into a potentially great one.

## 13 Conclusions | Page 6 of 6

### Key Recommendations for Further Analysis

A range of areas were identified as either gaps or being worthy of further analysis. The most significant in terms of the immediate next stage of this project are as follows:

1) Future Tourism Mix in the CTI-CFF Countries

Explore potential for a detailed study of what a 'balanced' tourism mix in each of the CTI-CFF Countries could look like. The ideal would be to more accurately model the optimal mix of tourism types for each country (e.g. Nature-based vs. eco vs. mass eco vs. mainstream etc.).

2) Institutional Structures for multi-country tourism initiatives

Follow-up with existing programs (particularly Destination Europe 2020) for additional detail on the structures required to build sustainable and successful multi-country tourism initiatives.

3) Nature-based Tourism Data and Analysis

Given the gaps identified in the availability of Nature-based Tourism data, further analysis (potentially in partnership with the Asian Development Bank, UNWTO or WTTC) is needed to more accurately quantify the Coral Triangle Nature-based Tourism opportunity. Each CTI-CFF country's Tourism Office should also be contacted regarding the existence of potential additional data.

4) Brand Development + Measurement

Continue to investigate other potential sources of current Coral Triangle brand data and explore potential for a research study into Coral Triangle brand measures with the CTI-CFF Communications team. Also consider discussing potential use of The Coral Triangle web platform with current site owner.

*See Section 12 for more detail on current data gaps and other potential areas for further analysis.*



## SECTION 14

### A DRAFT ROADMAP FOR DEVELOPING NATURE BASED MARINE TOURISM IN THE CORAL TRIANGLE

## 14 | A DRAFT ROADMAP FOR DEVELOPING NATURE-BASED MARINE TOURISM IN THE CORAL TRIANGLE

As a final element of this baseline report, it is worth looking briefly to the future and considering the overall outline of what a program to build a Coral Triangle Nature-based Tourism (NBT) Brand could look like.

A draft Roadmap is included below as a summary of the likely main areas of work that would need to be undertaken to successfully initiate a Coral Triangle NBT Brand. It should be viewed very much as an overview, and only captures the most significant elements; however, it does provide a sense of the scope of the project and, importantly, its timeframe. It also incorporates the core elements of the broader project plan where relevant.

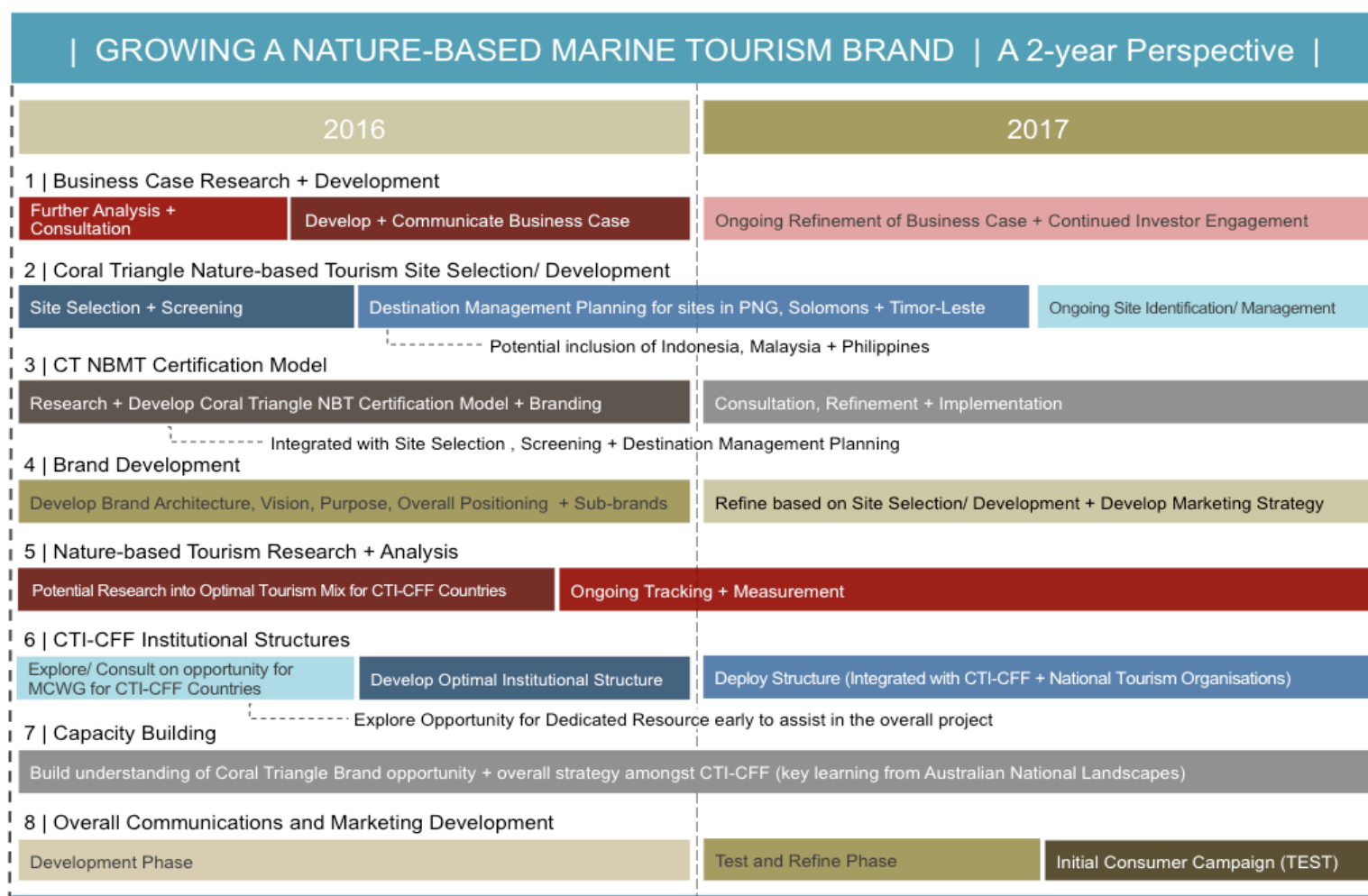
The development of a Coral Triangle NBT Brand will not (and should not) be a rapid process. It requires careful planning, ongoing research and broad consultation with a range of stakeholders, both before and during the essential detailed work on the site selection and destination management. It is particularly important that sufficient time is allowed for these site development elements of the project to be undertaken as they will ultimately be a major factor in determining the long-term success of the initiative.

The brand development work itself is in some respects a secondary priority. Whilst it will need to be undertaken in parallel with the other elements, it relies on the site selection work to drive it and, equally as important, the consultation process to ensure the correct institutional structures are in place within the CTI-CFF to support it.

A more detailed work plan can be found in the *Coral Triangle Nature-based Tourism Initiative* project plan.

**Table 41: A draft Roadmap for Developing a Nature-based Tourism Brand in the Coral Triangle**

See Appendix C for a full-page printable version of this draft Roadmap.





## SECTIONS 15–17

15 | ACKNOWLEDGEMENTS

16 | APPENDICES

17 | REFERENCES

## 15 | ACKNOWLEDGEMENTS

This report draws on a wide variety of publically available data and numerous information sources.

Particularly useful have been a number of reports published by:

The Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF); the six National CTI-CFF countries' Tourism Promotion Boards; Association of South East Asian Nations (ASEAN); Asian Development Bank (ADB); Australian Government Department of the Environment; Asia-Pacific Economic Cooperation (APEC); Conservation International (CI); Coral Triangle Centre (CTC); Global Sustainable Tourism Council (GSTC); International Air Transport Association (IATA); International Institute for Environment and Development (IIED); International Labour Organisation (ILO); Secretariat of the Pacific Regional Environment Programme (SPREP); The Earthwatch Institute; The International Ecotourism Society (TIES); The Nature Conservancy (TNC); The World Bank; Tourism Australia; Pacific Asia Travel Association (PATA); United Nations Conference on Trade and Development (UNCTAD); United Nations Environment Program (UNEP); United Nations World Tourism Organisation (UNWTO); United Nations Statistics Division; Wetlands International; World Commission on Protected Areas (IUCN WCPA); World Economic Forum (WEF); World Travel and Tourism Council (WTTC); and the World Wide Fund For Nature (WWF).

This report benefited from information provided and comments made by representatives of the six CTI-CFF countries: Indonesia, Malaysia, Papua New Guinea, the Philippines, Solomon Islands, and Timor-Leste.

Substantive input to the brand and marketing analysis section was provided by Paolo Mangahas, Communications Manager WWF Coral Triangle Programme and Johnny Langenheim, Owner of Spindrift Creative and curator of [www.thecoraltriangle.com](http://www.thecoraltriangle.com).

A number of individuals also provided valuable comments and input to the report including Carl Solomon and Charlotte Prouse, Directors of Destination Marketing Store (DMS), Janet Mackay, Director of TRC Tourism, and Keith Richards, Director Raleo Ltd and Chair of the Consumer Panel of the Civil Aviation Authority.

Jackie Thomas, Leader, WWF Coral Triangle Programme and Dr. Lida Pet-Soede, PT Hatfield Indonesia (previously at WWF-Indonesia) provided overall direction and supervision.

### Report Imagery

The majority of the imagery used in this report has been generously provided by James Morgan, a multi award-winning film director and photojournalist.

James has extensive experience working in the Coral Triangle region both independently and in collaboration with WWF. His in-depth photographic features have appeared in National Geographic, The Guardian, BBC, Sunday Times and many others. His images regularly lead campaigns for the World Wildlife Fund and USAID and are published and exhibited around the world.

To see more of his work, please visit [www.jamesmorgan.co.uk](http://www.jamesmorgan.co.uk).

## 16 | APPENDICES

### Appendix A: Definitions of ‘Nature-based Tourism’ and Related Terms

TERM	DEFINITION
Tourism	‘The sum of government and private sector activities that shape and serve the needs and manage the consequences of holiday, business and other travel’. (Pierce et al, 1998, cited in Higginbottom, 2004, p.2)
Nature-based Tourism	‘The segment in the tourism market in which people travel with the primary purpose of visiting a natural destination.’ (March 2003 Symposium “Tiger in the Forest: Sustainable Nature-based Tourism in Southeast Asia”)
Nature Tourism	‘Travel to unspoiled places to experience and enjoy nature’. (Honey, 2002, cited in Christ et al, 2003)
Adventure Tourism	“nature tourism with a kick – nature tourism with a degree of risk taking and physical endurance”. (Honey, 2002, cited in Christ et al, 2003)
Ecotourism	“Traveling to relatively undisturbed or uncontaminated natural areas with the specific objective of studying, admiring, and enjoying the scenery and its wild plants and animals, as well as any existing cultural manifestations (both past and present) found in these areas’. (Ceballos-Lascurain, 1987, cited in Blamey, 2003)  ‘Responsible travel to natural areas that conserves the environment and sustains the well-being of local people’. (Honey, 2002, cited in Christ et al, 2003)
Wildlife Tourism	‘Based on encounters with non-domesticated (non-human) animals in either the animals’ natural environment or in captivity. It includes activities historically classified as ‘non-consumptive’ ... as well as those that involve killing or capturing animals ...’ (Higginbottom 2004, p.2)
Sustainable Tourism	‘Seeks to minimize the negative footprint of tourism developments and at the same time contribute to conservation and community development in the areas being developed’ (Christ et al, 2003)  Tourists people who “travel to and stay in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited’. (UNWTO, 1995)

## Appendix B: Additional Statistics on CTI-CFF Countries

### Population Statistics of CTI-CFF Countries

Source: Asian Development Bank. Regional state of the Coral Triangle—Coral Triangle marine resources: their status, economies, and management. 2014: pp. 1.

Key Features	Indonesia	Malaysia	Papua New Guinea	Philippines	Solomon Islands	Timor- Leste	Total
Population (2009) <sup>a</sup>	231,370,000	27,900,000	6,348,000	92,226,600	515,870	1,039,936	359,400,406
Mean annual population growth rate (%) <sup>b</sup> (2007–2011)	1.4	1.8	2.8	1.8	2.3	2.4	1.7
Land area (km <sup>2</sup> ) <sup>c</sup>	1,900,000	329,847	460,000	300,000	28,000	14,874	3,032,721
Population density (people/land area [km <sup>2</sup> ]), (2009)	122	85	14	307	18	70	119
Population living within 10 km of the coastline <sup>d</sup>	64,783,600	8,928,000	1,460,040	43,346,502	433,331	551,166	119,502,639
Percentage of population living within 10 km of the coastline (%) <sup>d</sup>	28	32	23	47	84	53	33

km = kilometer, km<sup>2</sup> = square kilometer.

Sources:

<sup>a</sup> Asian Development Bank (ADB). 2011. *Key Indicators for Asia and the Pacific 2011*. Manila.

<sup>b</sup> ADB. 2012. *Key Indicators for Asia and the Pacific 2012*. Manila.

<sup>c</sup> Country State of the Coral Triangle reports.

<sup>d</sup> Center for International Earth Science Information Network (CIESIN). 2007. CIESIN. National Aggregates of Geospatial Data: Population, Landscape and Climate Estimates, v.2 (PLACE II), Palisades, NY: CIESIN, Columbia University.

## | GROWING A NATURE-BASED MARINE TOURISM BRAND | A 2-year Perspective |

2016

### 1 | Business Case Research + Development

Further Analysis + Consultation

Develop + Communicate Business Case

### 2 | Coral Triangle Nature-based Tourism Site Selection/ Development

Site Selection + Screening

Destination Management Planning for sites in PNG, Solomons + Timor-Leste

Ongoing Site Identification/ Management

----- Potential inclusion of Indonesia, Malaysia + Philippines

### 3 | CT NBMT Certification Model

Research + Develop Coral Triangle NBT Certification Model + Branding

Consultation, Refinement + Implementation

### 4 | Brand Development

----- Integrated with Site Selection , Screening + Destination Management Planning

Develop Brand Architecture, Vision, Purpose, Overall Positioning + Sub-brands

Refine based on Site Selection/ Development + Develop Marketing Strategy

### 5 | Nature-based Tourism Research + Analysis

Potential Research into Optimal Tourism Mix for CTI-CFF Countries

Ongoing Tracking + Measurement

### 6 | CTI-CFF Institutional Structures

Explore/ Consult on opportunity for MCWG for CTI-CFF Countries

Develop Optimal Institutional Structure

Deploy Structure (Integrated with CTI-CFF + National Tourism Organisations)

### 7 | Capacity Building

----- Explore Opportunity for Dedicated Resource early to assist in the overall project

Build understanding of Coral Triangle Brand opportunity + overall strategy amongst CTI-CFF (key learning from Australian National Landscapes)

### 8 | Overall Communications and Marketing Development

Development Phase

Test and Refine Phase

Initial Consumer Campaign (TEST)

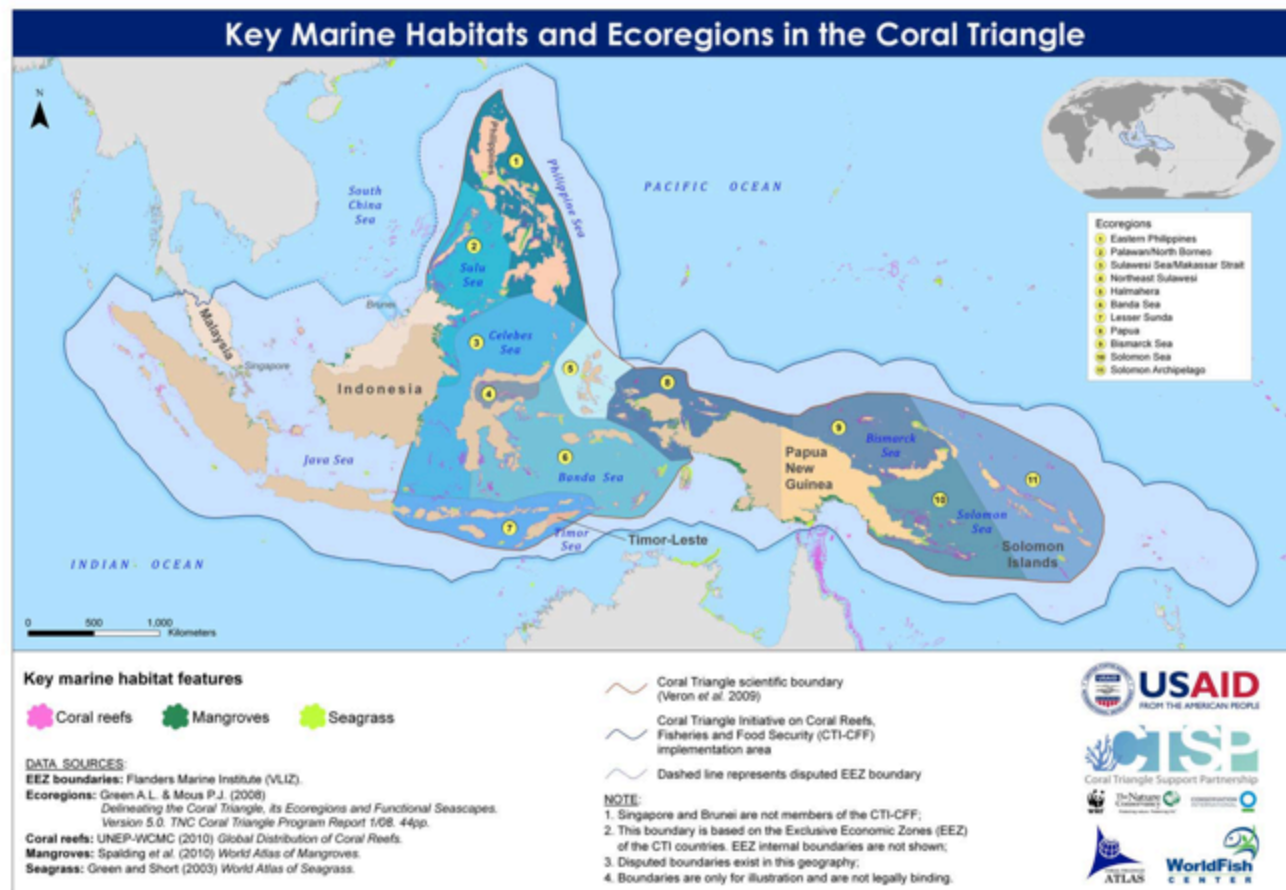
2017

Ongoing Refinement of Business Case + Continued Investor Engagement



## Appendix D: Map of Coral Triangle Key Marine Habitats and Functional Seascapes

Source: Coral Triangle Atlas



## Appendix E: CTI-CFF Country Tourist Ministries and Key Legislation

Compiled by Ruby Finlen, The Nature Conservancy.

From the 'Coral Triangle Initiative and tourism related policy' draft report. 2015.

### 1 | Timor-Leste Ministry of Tourism, Trade and Industry

The Ministry of Tourism, Trade and Industry (MTTI) is the Government's main body in charge of designing, regulating, executing, coordinating and assessing the policy as defined and approved by the Council of Ministers for the areas of Tourism, Trade and Industry (*Democratic Republic of Timor-Leste* 2008).

The Government of Timor-Leste's Ministry of Tourism, Trade and Industry has developed a number of strategies to help promote the tourism sector in the country through initiatives including:

- a) Strengthen National Tourism Directorate and private sector role;
- a) Marketing and Product Development;
- b) Environment and Tourism Planning;
- c) Tourism Awareness Campaign;
- d) Eco-tourism Development;
- e) Infrastructure and Facilities Development by Attracting Foreign Investors; and
- f) Establish the Inter-ministerial Commission.

### 2 | The Papua New Guinea Tourism Promotion Authority

The Papua New Guinea Tourism Promotion Authority is a statutory body wholly funded by the Government of Papua New Guinea and established under the Papua New Guinea Tourism Promotion Act 1993 (PNG Tourism Promotion Authority 2008).

The organization is governed by the PNG Tourism Promotion Authority Board which includes the Chairman of the Parliamentary Committee on Tourism, a deputy head of the Department of Finance and Treasury, the CEO of PNGTPA and seven other members that represent the interests of the tourism sector including hoteliers, tour operators, the airlines, banks and financial institution, tourist attractions, and the niche tourism sector associations.

The PNGTPA's primary function is to maximize the economic benefits of tourism in PNG through:

- a) The provision of tourism policy advice and its implementation and the promotion of PNG as a desired tourist destination;
- b) Encouraging the provision, development and expansion of tourism infrastructure, facilities and products;
- c) Assisting, guiding and facilitating new investment by local and international tourism entrepreneurs;
- d) Increasing awareness, encouraging, assisting and promoting high levels of service, education and management within the tourism industry, and;
- e) Monitoring and reporting the trends as well as the effects of international tourism on PNG.
- f) It is expected that over the next five years the TPA will further increase marketing initiatives abroad to attract both leisure and business visitors. A new tagline launched in June 2009 – Papua New Guinea, a million different journeys – provides excellent opportunities for imagery and diversity within marketing initiatives. Ecotourism, adventure tourism, cruise ship destinations and bird watching are but a taste of what to expect (Papua New Guinea Tourism Promotion Authority).

#### PNG Tourism Promotion Authority Act 1993

This Act established the Tourism Promotion Authority and defines its functions, regulations and powers striving to:

Foster the development of tourism in Papua New Guinea and, within the tourism sector, monitor and report the effects of international tourism on Papua New Guinea society, culture and environment; and

- a) Carry out other functions that take into account environmental protection

Source: FAOLEX. 2006.

## Appendix E: CTI-CFF Country Tourist Ministries and Key Legislation

Compiled by Ruby Finlen, The Nature Conservancy.

From the 'Coral Triangle Initiative and tourism related policy' draft report. 2015.

### 3 | The Philippine Department of Tourism (DOT)

The Philippine Department of Tourism (DOT) is the primary planning, programming, implementing and regulatory government agency responsible for the development and promotion of the tourism industry. (Source: Palabyab 2009).

- a) Agencies that operate and are attached to the Department of Tourism are:
- b) Tourism Infrastructure and Enterprise Zone Authority (TIEZA); formerly known as the Philippine Tourism Authority (PTA);
- c) The Tourism Promotions Board (TBA), which aims to formulate and implement integrated domestic and international promotions and marketing programs while marketing the Philippines as a major convention destination through regular advertisement abroad;
- d) Duty Free Philippines Corporation;
- e) Intramuros Administration;
- f) National Parks Development Committee;
- g) Philippine Retirement Authority; and
- h) Philippine Commission on Sports Scuba Diving.

#### The Tourism Act of 2009

This Act, formerly known as the RA 9593, is an act that sets forth a national policy for tourism as an engine of investment, employment, growth and national development.

The Act has enabled the establishment of TEZs (Greenfield Tourism Zones) areas with new development, and Brownfield Tourism Zones, areas with existing infrastructure or development. These areas can be defined as continuous territories and/or identified as tourist destinations in a strategic location with accessible transportation to be used to catalyse the development of neighbouring communities. With regard to overlapping jurisdiction, all existing tourism areas under general or special laws shall be organized into Tourism Enterprise Zones (TEZ), and control may be delegated to any other agency under DOT supervision.

#### Other related policies in the Philippines (Source: Huttche et al. 2002)

- a) The primary mandate for coastal management has been largely devolved to local government under the Local Government Code of 1991 (Republic Act No. 7160) and more recently defined further in the Fisheries Code of 1998 (Republic Act No. 8550);
- b) Coastal management may be viewed as one of the inherent functions of TEZs in accordance with their general powers for management within their territorial jurisdictions, which include municipal waters out to a distance of 15 km from the coastline;
- c) Protected areas declared under the National Integrated Protected Area System (NIPAS) Act of 1992 are managed by a locally constituted Protected Area Management Board (PAMB) which also provides a major role for local government unit (LGU) participation; and
- d) Coastal tourism development in the Philippines is most often regulated by the local government unit where it is located due to the devolution of management authority to local governments in the Philippines. Thus, the type and quality of coastal and marine tourism enterprises that occur in the Philippines vary significantly from one place to another.

## Appendix E: CTI-CFF Country Tourist Ministries and Key Legislation

Compiled by Ruby Finlen, The Nature Conservancy.

From the 'Coral Triangle Initiative and tourism related policy' draft report. 2015.

### 4 | Ministry of Culture and Tourism, Republic of Indonesia

The Ministry of Culture and Tourism is a department within the Government of Indonesia that undertakes the task of helping the President in performing government's affairs in the field of culture and tourism.

Key responsibilities include:

- a) Formulating national policy, implementing policy, and technical policy in culture and tourism areas;
- b) Implementing government affair as according to its area;
- c) Managing the ministry properties;
- d) Monitoring the implementation of the duty; and
- e) Delivering report evaluations, suggestions & considerations to the President of the Republic of Indonesia.

Source: *Kementerian Sekretariat Negara Republik Indonesia* 2010.

### 5 | Malaysia National Tourism Policy

The National Tourism Policy (NTP) has been designed as part of the Malaysia Tourism Promotion Board Act 1992 to be implemented over a period of 10 years. It is intended to create a strong, sustainable, viable, and competitive tourism industry in Malaysia, so as to make it a main contributor to the economy. It has provided a long-term direction for the planning, development, and marketing of the tourism industry in Malaysia.

Its objectives are to:

- a) Generate foreign policies;
- b) Encourage equitable economic and social development;
- c) Promote rural enterprise;
- d) Generate employment;
- e) Accelerate rural/urban integration and cultural exchange;
- f) Encourage the participation of various ethnic communities in the tourism sector;
- g) Create and improve image of Malaysia internationally; and
- h) Forge national unity.

Source: *Anuar et al.* 2013.

## Appendix F: Selected Organisations in the Tourism Sector <sup>b</sup> | 298

### 1 | Tourism associations and organisations.

#### **United Nations World Tourism Organisation (UNWTO).**

The World Tourism Organization (UNWTO) is a specialized agency of the United Nations with its headquarters in Madrid. UNWTO's membership includes 156 countries, 6 territories, two permanent observers and over 400 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.

The task of the UNWTO is to "promote and develop the tourism industry as a contributor to economic development, international understanding, peace, prosperity, and respect for freedom and human rights for everyone without distinction". The key issues of the UNWTO's programme include sustainability, education and training, tourism trends and marketing, statistics, destination management, ethics in tourism ("UNWTO Global Code of Ethics for Tourism"), crisis management and technical cooperation. UNWTO pays particular attention to the interests of developing countries and is committed to the United Nations Millennium Development Goals (MDGs) geared towards reducing poverty.

UNWTO co-manages the Global Partnership for Tourism's Coordinating Office and is the Lead for the 10YFP Programme on Sustainable Tourism.

#### **World Travel & Tourism Council (WTTC).**

The WTTC is a forum for business leaders in the tourism industry with chief executives of some one hundred of the world's leading travel and tourism companies as its members, promoting partnerships with the public sector.

WTTC advocates to international institutions and governments that their policies and regulatory frameworks are supportive of the sustainable growth of the tourism sector. The WTTC's members' global reach and level of seniority means that they are in a unique position to drive these greener practices into core business models. The WTTC is a member of the Multi-Stakeholder Advisory Committee of the 10YFP Programme on Sustainable Tourism.

#### **Tour Operators' Initiative for Sustainable Tourism Development (TOI)**

The TOI is a voluntary, non-profit-association, uniting tourism stakeholders from around the world to promote the development, operation and marketing of tourism in a sustainable way. The initiative has the support of the UNWTO, currently hosting the TOI Secretariat, the United Nations Environment Programme (UNEP) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), which are also full members.

The main aims of the TOI are to help destinations to benefit socially, economically and culturally from tourism development, to ensure that the economic benefits are equitably shared by all stakeholders, to encourage and catalyse initiatives and efforts to achieve sustainable tourism development across all sectors of the tourism industry, and to promote changes in the behavior of tourists.

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<sup>b</sup> The tourism sector is defined here as private and public entities promoting tourism destinations or developing tourism services.

## Appendix F: Selected Organisations in the Tourism Sector (continued)

### 2 | Public-private partnership initiatives

#### **Global Partnership for Sustainable Tourism**

The Global Partnership for Sustainable Tourism is a global initiative launched in 2011 to inject sustainability principles into the mainstream of tourism policies, development, and operations.

The secretariat of the GTSC is hosted by the United Nations Environment Programme, Division of Technology, Industry, and Economics (UNEP-DTIE) in Paris.

Its mission is to develop partnerships with governments, destinations, enterprises and consumers based on sustainable tourism principles to support the adoption of clear policies and management practices, share knowledge and experience and implement innovative and transformative projects with the aim of scaling up and mainstreaming sustainable tourism practices, worldwide.

#### **Global Sustainable Tourism Council (GSTC)**

The Global Sustainable Tourism Criteria (GSTC Criteria) is a set of common guidelines created with the input of international experts, groups and companies, defining sustainable tourism in a way that is actionable, measurable and credible, setting a minimum standard of sustainability for tourism businesses and destinations worldwide. It is the only standard in tourism recognised by the ISEAL Alliance, the global entity that works on strengthening the credibility and impact of sustainability standard systems.

### 3 | Travel Foundations

#### **The Travel Foundation**

The Travel Foundation, based in London, is an independent charity working with the travel industry to promote sustainable tourism that is good for local communities, the environment, holidaymakers and tourism businesses. The Travel Foundation was co-founded by the UK government and ABTA (The UK Travel Association) in 2003.

The majority of its funding comes from the partner travel companies and their customers, with charitable trusts also contributing. Through its projects, the Travel Foundation aims to demonstrate the good the sustainable tourism can do ensure local people benefit economically, to develop close links between local suppliers and hoteliers/ operators, to provide appropriate education and training wherever necessary, and to protect the natural environment, local culture and traditions.

#### **Futouris e.V.**

Futouris, based in Berlin, is an independent non-profit organization, founded in 2009 under the patronage of the German Travel Association DRV (Deutscher ReiseVerband). The Sustainability Commission of DRV acts as an advisory committee to Futouris. The members and initiators of Futouris consist of international companies from the tourism industry.

Futouris' mission is the improvement of living conditions, the preservation of biological diversity and environmental and climate protection. To support this mission, the member companies are actively developing new project ideas in collaboration with a worldwide network of specialists and local organisations.



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# PROJECT PARTNERS

## The Coral Triangle Initiative on Coral Reefs, Fisheries & Food Security (CTI-CFF)

The Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF) was established in 2009 to support the protection of the region's values and sustainable use of its marine resources. The CTI-CFF is a multilateral non-binding partnership agreement between 6 countries (Indonesia, Malaysia, Papua New Guinea, Philippines, Solomon Islands, and Timor-Leste).

A key challenge of the CTI-CFF is to ensure agreements that evolve at high levels deliver benefits to local economies and communities. To help achieve this, a key objective of the CTI-CFF is to encourage industries that depend on the CT's resources, like Tourism, to start co-investing in the ocean's natural capital, thereby securing their business and supporting food and jobs for coastal societies.

## The Australian Government

The 'Developing and Promoting Sustainable Nature-based Tourism in the Coral Triangle' Project, of which this report is part of, is supported through funding from the Australian Government's Coral Triangle Initiative Support Program. Australia has been a partner of the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF) since 2009.

## The World Wide Fund for Nature in the Coral Triangle

WWF has been pioneering conservation in the Coral Triangle for more than two decades, collaborating with partners in the private sector, governmental agencies and civil society. By providing technical expertise and funding, and promoting innovative public-private partnerships, WWF is committed to safeguard the health of the region's natural resources and to secure the millions of livelihoods that depend upon them.

## James Morgan

Much of the imagery used throughout this report is by James Morgan. James is a multi award-winning film director and photojournalist who has extensive experience working in the Coral Triangle region both independently and in collaboration with WWF. His in-depth photographic features have appeared in National Geographic, The Guardian, BBC, Sunday Times and many others. His images regularly lead campaigns for the World Wide Fund for Nature (WWF) and USAID, and are published and exhibited around the world. To see more of his work, please visit [www.jamesmorgan.co.uk](http://www.jamesmorgan.co.uk).

## 2iis Consulting

2iis is an independent consultancy that helps organisations build strategic solutions to some of the world's more complex challenges. This includes guidance on strategy; research; marketing and brand development; organisational development; sustainability & climate change; partnership creation; and project design & planning. Clients include not-for-profits, social enterprises, businesses, government departments, community organisations, cleantech innovators and academic institutions – and the individuals leading within them.



**CORAL TRIANGLE  
INITIATIVE**  
ON CORAL REEFS, FISHERIES AND FOOD SECURITY







'It is my hope that by planting the seeds in developing the Coral Triangle as a sustainable marine tourism destination, future generations 100 years from now will stand amongst the shores of the Coral Triangle and be in awe of the legacy of a pristine coastal and marine environment that we will have left behind.'

U.S. Ambassador to Indonesia Robert Blake  
4th CTI-CFF Regional Business Forum, August 27-29, 2015





Funded by:



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