THE WORLD BANK IFC International Finance Corporation

Indian Ocean Tourism and Regional Integration:

Is this the moment?

MAY 2, 2013 PORT LOUIS, MAURITIUS

Financial & Private Sector Development

For your consideration…

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

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1. The World Bank and Private Sector Development:

Why now?

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Why the World Bank? Why now?

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

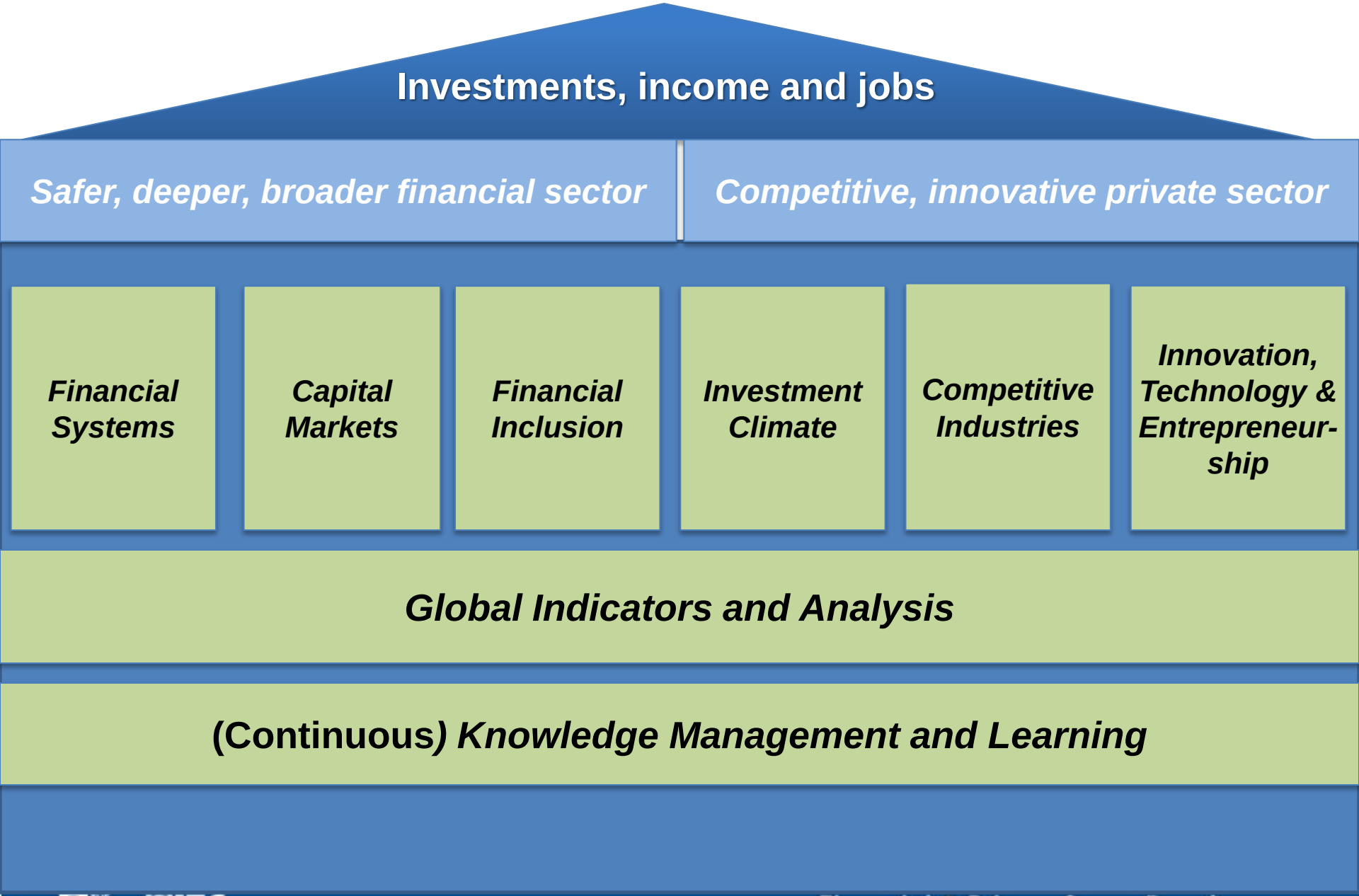
150 million of unemployed people in developing countries

Under 40% of women participate in the global economy

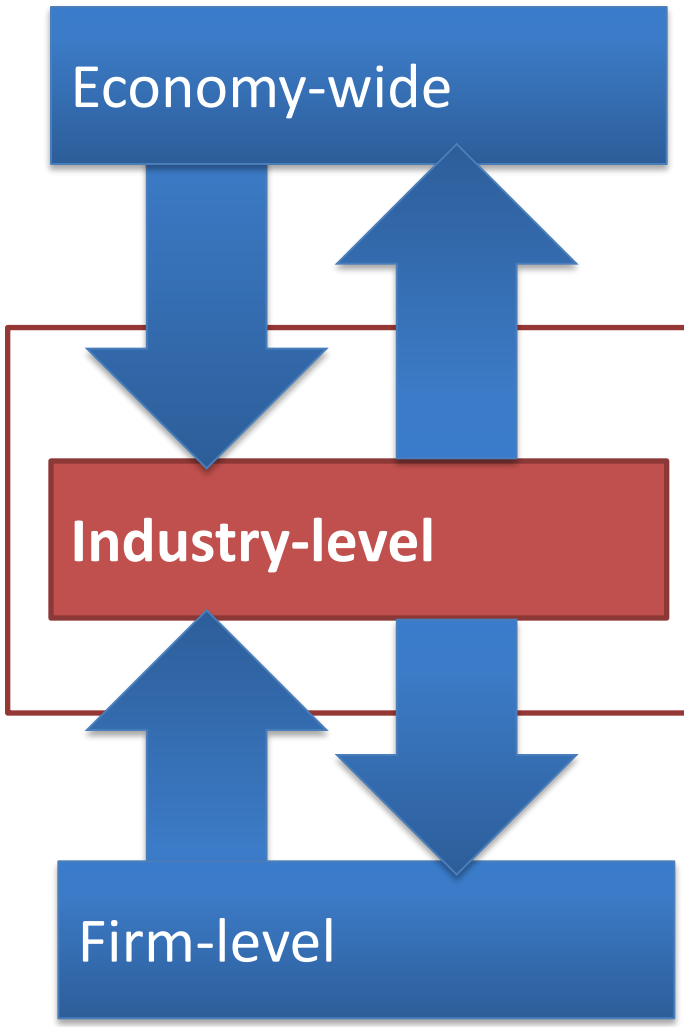
1 million jobs needed per month for a decade in Africa and South Asia alone to keep up with regional demographics

350 million jobs needed in next ten years to meet the global population surge

What will it take?



How can the goal be achieved?



Long-term shifts in broad development

Unlocking industry potential for **investment, growth, productivity, and jobs**

More immediate development outcomes (through better financing and agile strategies)

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2. Indian Ocean Tourism and Regional Integration:

Is this the moment?

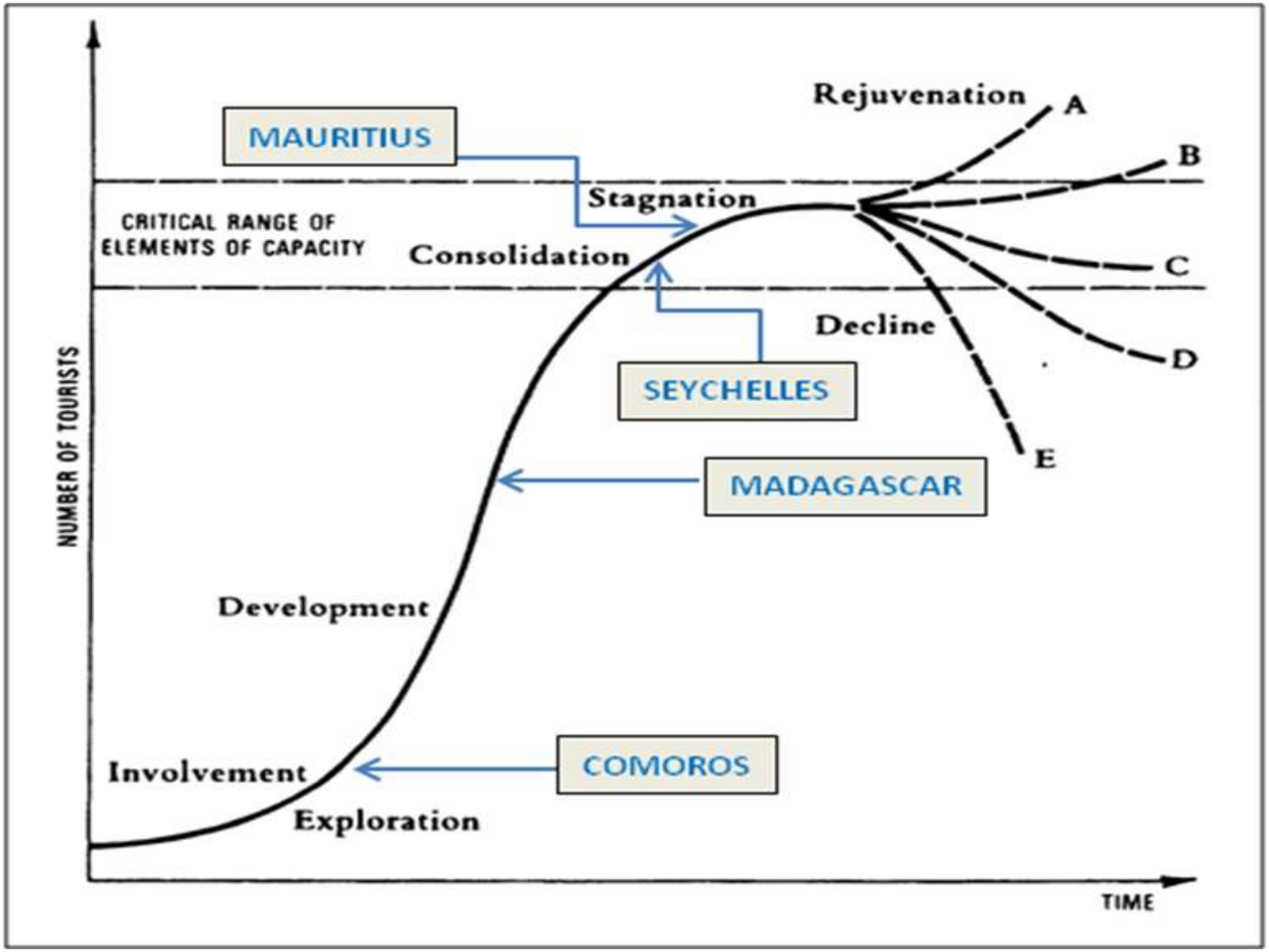
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A “region” with diverse players…

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

Sources: CIA Factbook (2013a, 2013b, 2013c, 2013d), UNDP (2013)

…and in varied stages of tourism development.



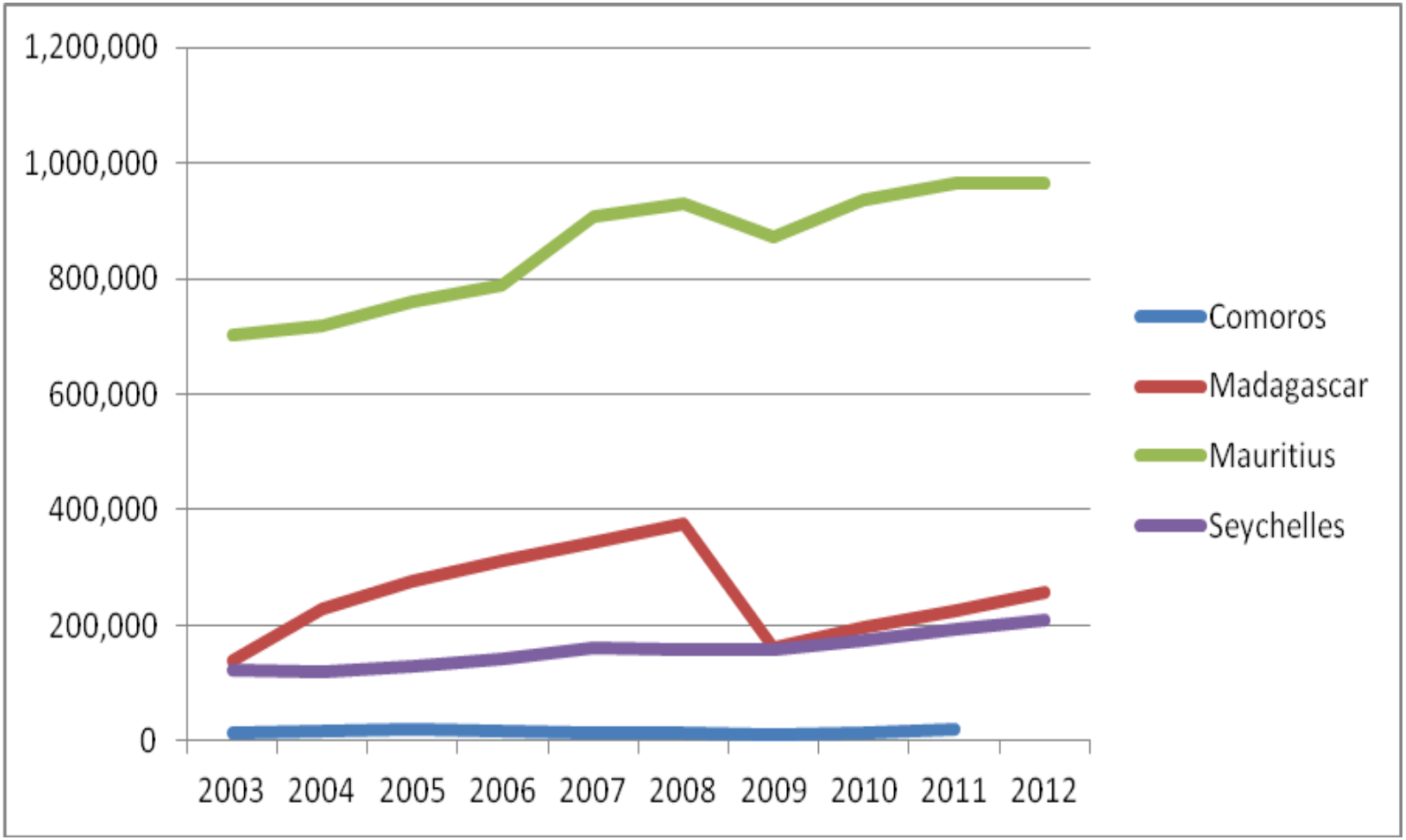
Source: Butler, R. W. (1980) and World Bank ,Indian Ocean Regional Integration Tourism research (2013)

Consider …
the contribution of tourism to Indian Ocean economies

	Comoros	Madagascar	Mauritius	Seychelles
Direct Contribution to GDP	3.2%	5.4%	12.6%	24.8%
Direct Contribution to GDP Ranking (of 181)	95	52	16	3
Direct Contribution to Employment	2.7%	4.3%	12.0%	25.8%
Direct Contribution to Employment Ranking	114	67	18	2
Capital Investment	3.4%	15.5%	6.6%	38.4%
Capital Investment Ranking	131	26	76	4

Sources: WTTC (2012a, 2012b, 2012c, 2012d)

…and the paths of international tourism arrivals over the past decade.



Sources: Madagascar Ministry of Tourism (2013), Rajeriarison, P. (2012), Seychelles National Bureau of Statistics (2012), UNWTO (2013), World Bank (2012a)

Indian Ocean regional tourism integration can be challenging…Why?

1. Different levels and types of tourism development
2. Varying levels of commitment towards regional integration
3. Mixed results of previous attempts
4. Interconnectivity handicap

The current state of intra-regional air connectivity… An illustration.



Note: for illustrative and discussion purposes only; thicker lines are indicative of higher route frequency

The two best connected countries are Mauritius and Madagascar.

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

Seychelles and Comoros are also not connected with one another.

Why now may be the moment for integration efforts…

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

What are the challenges?

1. **Intra-regional air transport is limited, infrequent, and *very* expensive**
2. **Uneven level of tourism training institutions**
3. **Is quality/price of service truly competitive?**
4. **Limited packaging of multi-country itineraries**
5. **Gap in tapping cruise tourism**
6. **Limited visibility of region, especially in emerging markets**
7. **Uneven and inconsistent statistic collection cripples effectiveness of regional integration efforts**

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3. The Case of Singapore:

Integrated Resorts through Public/Private Collaboration

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Singapore's ambitious 2015 tourism targets…

2004	2015 TARGETS
8mil visitors	17MIL VISITORS
S$10bil receipts	S$30BIL RECEIPTS
3% of total GDP	5-6% OF GDP

…required holistic development of the tourism sector.

INFRASTRUCTURE DEVELOPMENT

CAPABILITY DEVELOPMENT

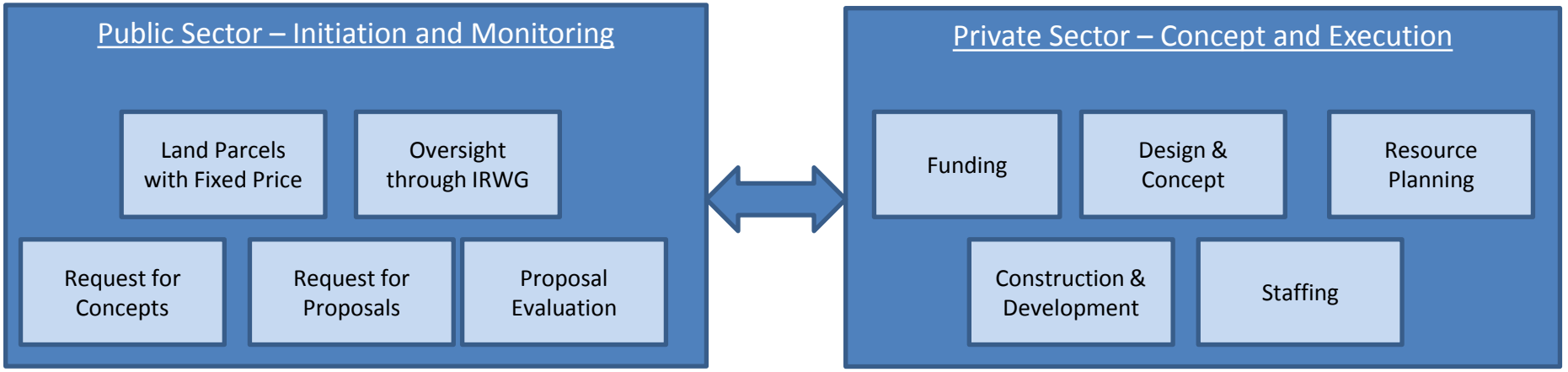
STAGING OF ICONIC MEGA EVENTS

ANCHORING STRATEGIC TOURISM PRODUCTS



Key to Success:
Constant Public and Private Sector Collaboration

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



2. Multi-Agency Collaboration:

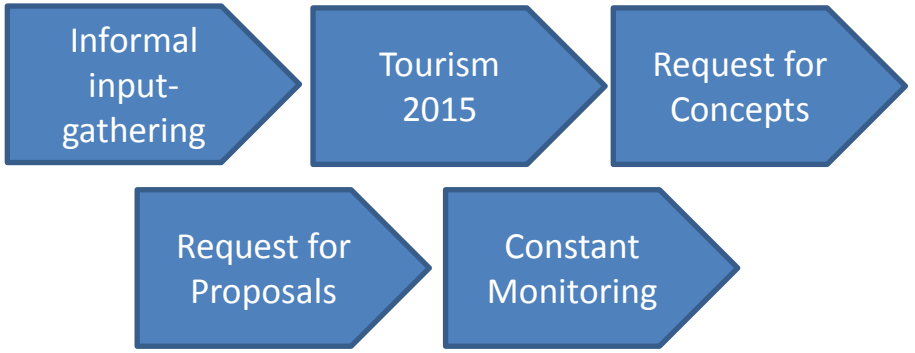
Singapore Tourism Board (STB) – Chairman & Secretariat

Ministry of Trade & Industry
Singapore Tourism Board
Sentosa Development Corporation

- Tourism Appeal
- Economic Impact
- Landlords
- Overall Development

- **URA** – Planning parameters, design and site development
- **LTA** – Accessibility into the IRs
- **MOM** - Manpower issues
- **MHA / CRA** – Regulations related to casinos
- **MCYS** – social safeguards (e.g. entrance levy, exclusion orders)

3. Strategic Planning and Thorough Implementation:



Singapore's Integrated Resorts: Comprehensive approach through public and private sector collaboration



MARINA BAY Sands SINGAPORE

Leveraging on Las Vegas Sands' excellent track record in MICE, Marina Bay Sands is a premium destination for **business and leisure visitors**, significantly strengthening Singapore's MICE capabilities and offerings.



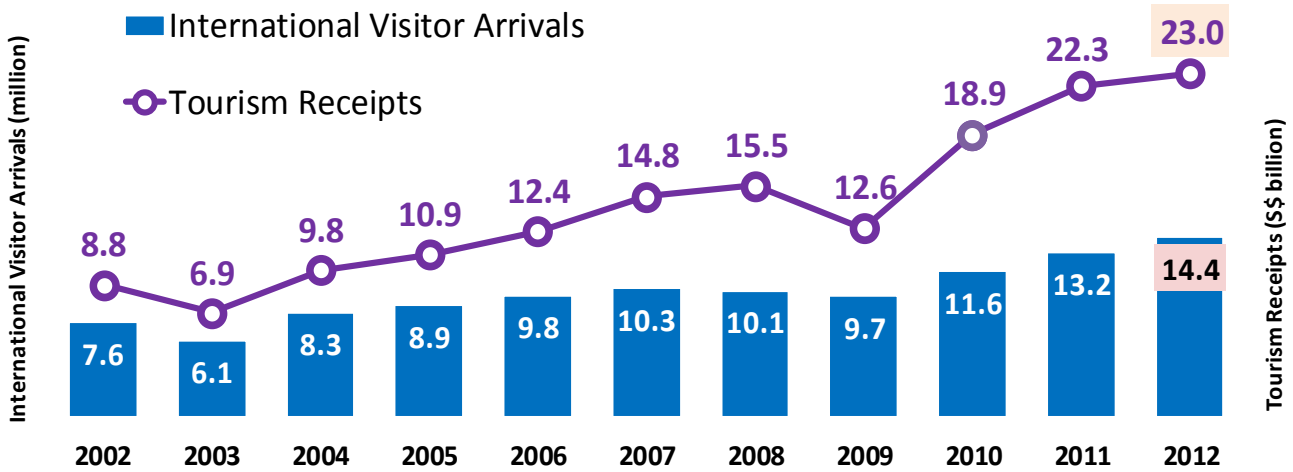
Resorts World Sentosa SINGAPORE

Resorts World Sentosa is a world-class tropical resort that offers the **whole family** a top-of-mind, exciting and memorable **leisure experience**.

Singapore's Economic Story: On Target for 2015 Success with its 2 New Integrated Resorts

Tourism

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



Source: Singapore Tourism Board. 2012 figures are preliminary as of Apr 2013.

Employment

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

Investments and Local Economy

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

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Thank You!

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